

## **Implementation of Innospec’s Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy Action Plan and Progress Update.**

To fulfill the commitments outlined in Innospec’s Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy, we have or are in the process of implementing the following action and time scales:

- **Sustainable Sourcing of Palm Policy**
  - We developed our first Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy in 2014 and have subsequently reviewed and updated the policy annually to reflect best practice. In 2018, as part of our commitment to increased transparency, we published our policy on our website.
  
- **RSPO Membership, Certification and Certified Raw Materials / Products**
  - Innospec has been an Ordinary member of RSPO since 2013. Full details of our progress can be found on the [RSPO web site members page](#).
  - Since 2015, all Innospec manufacturing facilities that handle, or process palm or palm kernel oil derivatives have a valid RSPO mass balance (MB) certification enabling us to offer sustainably certified products to our customers on request.
  - We continue to increase the amount of RSPO MB certified raw materials purchased by Innospec to reach our target of only using sustainable palm and palm kernel oil derivatives in our manufactured products by 2030 – On going activity.
  - We continue to encourage those suppliers not able to offer RSPO certified raw materials to do so – On going activity.
  - We continue to promote and increase the sale of RSPO certified products to our customers – On going activity.
  
- **Transparency and Risk Assessment**
  - In 2018, we initiated a transparency and risk-mapping exercise using an independent third party, to provide an understanding of our 2017 palm based raw material volumes. This gave transparency levels of 99% up to the refineries, 95% to the Mills and 20% to the plantations. It also provided a risk assessment\* of the deforestation, social and regulatory risks at geographical level.
  - In 2018, following a large acquisition, we doubled the volume of palm oil and palm oil derivatives handled compared to 2017 and introduced a number of new suppliers who had not previously taken part in transparency exercises. This impacted our transparency results for 2018 volumes for which we achieved ;99% transparency up to the refineries, 92% transparency to the Mills and 11 % transparency to the plantations. We also updated our risk assessment\* at geographical level based on 2018 volumes.
  - In 2019, we committed to conducting the transparency and risk-mapping exercise on an annual basis, with a target of reaching 100% transparency at the mill level for 2020 Palm volumes.

- Following increased engagement with our suppliers in 2019, we were able to improve the transparency of our 2019 palm volumes achieving 98% transparency up to the refineries, 94% transparency to the Mills and 16 % Transparency to the plantations. We also updated our risk assessment\* at geographical level based on 2019 volumes.
  - In 2020, Innospec joined the collaborative initiative; [Action for Sustainable Derivatives \(ASD\)](#) which aims to develop a harmonized approach to supply chain transparency, risk monitoring and evaluation. Our 2019 palm volume assessment was conducted through our membership of the ASD.
  - In 2020, we committed to the disclosure of the output of our annual transparency exercise on our website.
  - Following increased engagement with our suppliers in 2020, we were able to improve the transparency of our 2020 palm volumes at refinery and plantation level to 99% and 36 % respectively and updated our risk assessment\* at geographical level. Our transparency level to the mills remained at 94% falling short of our target of achieving 100% transparency to the Mill level by the end of 2020. This was due to the introduction of a number of new suppliers and general complexities of the palm supply chain.
  - In 2022, we will continue to work with our direct and indirect suppliers and collective engagement through our membership of ASD to increase transparency at mill level to 100% – On going activity.
- **Supplier & Stakeholder Engagement**
    - In 2019, we developed and applied a methodology to evaluate and monitor our direct suppliers along with identified mills and refineries for their public commitments to the compliance of NDPE principles. Monitoring and evaluation including the public reporting of grievances raised, time-bound action plans and reporting progress towards NDPE compliance.
    - In 2021, we aligned our methodology for direct & indirect supplier evaluation with the common approach agreed by the ASD members.
    - In 2022, we will communicate our Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy to our direct suppliers, ensuring they are aware of the requirement for them to implement the principles throughout their operations - On going 2022.
    - We will engage with and support our direct suppliers to develop time bound action plans to address any identified areas of non-compliance with our Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy – On-going 2022.
    - Through our membership of the ASD, we will identify a sustainable field project, connected to the priority sourcing areas identified in Innospec supply chain during our risk mapping exercise, to take forward in 2022/2023.

- **Grievance**
  - In 2020, as part of our continued efforts to increase transparency, we published our [Palm Supply Grievance Procedure](#). The procedure details the process to be followed and time scales to ensure any palm grievance or concern received is investigated and resolved.
  - In 2021, we published a palm grievance tracker on our web site. The tracker lists the grievances that have been raised to Innospec regarding our palm oil supply chain relating to an alleged breach of our Sustainable Palm oil and palm kernel oil derivatives Policy. It also provides a link to the outcome of our internal investigation.

**Further details of these activities and progress can be found at:**

- [RSPO web site members page](#)
- [www.innospecsustainability.com/environment/sustainable-sourcing](http://www.innospecsustainability.com/environment/sustainable-sourcing)



**RSPO-1106327**