

## Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy

Innospec recognize that palm products are a valuable natural resource sourced from high-yielding and land-efficient plantations. Increasing demand for palm oil and palm kernel oil has led to the rapid expansion of palm oil plantations, which in turn has had an adverse effect on the environment and the local communities living in these areas.

Relatively small volumes of palm and palm kernel oil derivatives are used in some of our product ranges. However, as an active participant in the palm oil supply chain and an ordinary member of RSPO (Round Table on Sustainable Palm Oil), Innospec understand the importance of our role in encouraging the transition to more sustainable practices.

### Innospec's Principles for Sustainable Palm and Palm Oil Derivatives Sourcing

Innospec are committed to using palm oil and palm kernel oil derivatives from sustainable sources in our manufactured products based on the following principles and actions. These further strengthen our commitment beyond the [RSPO Principles & Criteria](#), RSPO Certification and compliance with all relevant national and international laws and conventions.

- **No Deforestation**
  - No development on High Conservation Value (HCV) or High Carbon Stock (HCS) areas.
  - No burning in preparation for new planting or re-planting.
  - Reduce the impact on the environment through targeted reductions of GHG emissions.
  - Apply the initiatives as set out by the [Palm Oil Innovation group](#) and [High Carbon Stock Approach](#).
- **No Development on Peat**
  - No new development on peatland regardless of depth.
  - Use of RSPO Best Management Practices for existing plantations on peat.
- **No Exploitation of People and Local Communities**
  - Respect and support internationally recognized human rights.
  - Application of Free, Prior and Informed consent (FPIC) process to support the rights of local and indigenous people to allow or deny operations planned on their lands.
  - Operating in accordance with local, national and international labor and human rights laws and regulations in order to respect and recognize the rights of workers, whether employed, temporary or migrant.
  - Prohibition of forced, slave and child labor and discrimination (including gender) and harassment of workers.
  - Ensuring the health and safety of all workers.
- **Smallholder Inclusion**
  - Promote the inclusion of smallholders into the supply chain.
  - Provide support to smallholders to help increase yields and address social and environmental issues.
  - Ensure fair smallholder treatment.

- **Transparent Supply Chain**
  - Upstream transparency of Innospec’s palm and palm kernel oil derivative raw material supply chain to enable the identification of our key impacted geographical regions.
  - Engagement with Innospec’s direct and indirect suppliers to achieve transparency within our supply chain initially targeting 100% transparency at Mill level by 2020 and ultimately to plantation level.
  
- **Efficient Risk monitoring**
  - Risk assessment at geographical level (provinces, districts & mills) focused on deforestation, social and regulatory risks.
  - Identification of priority areas, mills and suppliers to be considered for engagement and / or risk mitigation.
  
- **Supplier & Stakeholder Engagement**
  - Communicate to our direct suppliers the requirement for them to implement the principles detailed in this policy throughout their operations.
  - Conduct a systematic evaluation of suppliers’ compliance (direct & indirect) with Innospec’s Principles for Sustainable Palm and Palm Oil Derivatives Sourcing.
  - Engage with and support our direct suppliers to develop time bound action plans to address any identified areas of non-compliance.
  - Disengage with suppliers who are not willing to comply with or develop and adhere to time bound action plans to comply with Innospec’s Principles for Sustainable Palm and Palm Oil Derivatives Sourcing.
  - Identification of a sustainable field project connected to the priority sourcing areas located in Innospec’s supply chain.
  
- **Grievance**
  - Application of [Innospec’s Palm Supply Grievance Procedure](#) upon notification of any grievance concerning the implementation of this policy to ensure that it is investigated and resolved in a timely manner.
  - Require suppliers to report to Innospec any non-conformance with this policy within their supply chain.
  
- **Implementation Action Plan and Progress**
  - Publish our action plan, timeline and an annual update on our progress against our commitments on [Innospec’s Website](#).

This policy applies to all palm oil and palm oil derivatives purchased globally by Innospec and will be reviewed annually. The measures outlined in this policy will help us to achieve our long-term commitment of only using palm oil and palm kernel oil derivatives from sustainable sources in our manufactured products.

