

## Innospec Sustainable Palm Sourcing Policy

Innospec recognizes 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 Innospec 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 understands the importance of its role in encouraging the transition to more sustainable practices.

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

Innospec is committed to using palm oil and palm kernel oil derivatives from sustainable sources in its manufactured products based on the following principles and actions. These further strengthen Innospec's commitment beyond the [RSPO Principles & Criteria 2018](#), RSPO Certification and compliance with all relevant national and international laws and conventions.

- **No Deforestation**
  - No development, conversion, nor degradation on High Conservation Value (HCV) or High Carbon Stock (HCS) areas in compliance with the cut-off data of November 2018 set by the RSPO Principles and Criteria.
  - No burning in preparation for new planting or re-planting.
  - No production, sourcing or financial investments that cause or contribute to deforestation or loss of natural forest as a result of conversion to agriculture or other non-forest land use; conversion to tree plantation; or severe and sustained degradation.
  - Reduce the impact on the environment through targeted reductions of greenhouse gas (GHG) emissions.
  - Apply the initiatives as set out by the [Accountability Framework initiative recommendations](#), the [Palm Oil Innovation group](#) and [High Carbon Stock Approach \(HCSA\)](#).
- **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 in line with the UN Guiding Principles on Business and Human Rights (UNGPs).
  - 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, recognizing those land-tenure rights and ensuring adequate compensation or remediation where they are infringed upon.
  - 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.

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- Prohibition of forced, slave, and child labor, discrimination, gender-based violence and harassment of all workers, and the right to freedom of association and collective bargaining in line with the International Labor Organization (ILO) Principles.
  - The upholding of legal and decent working hours and safe working conditions, guaranteeing and promoting the payment of minimum and living wages, and fair benefits for all workers regardless of their gender, marital status, age, religion, ethnicity, nationality and socio-economic status.
  - Ensuring the health and safety of all workers and the security of environment and human rights defenders.
  - The active engagement of right-holders in matters that might affect them, and the provision of remediation where adverse impacts on human rights have occurred.
  - Responsible development of new land areas, which does not result in 'land grabbing'.
- **Smallholder Inclusion**
    - Promote the inclusion of smallholders into the supply chain, by promoting greater access to market and fair prices.
    - Provide support to smallholders to help increase yields, address social and environmental issues and improve livelihoods.
    - Ensure fair and transparent treatment and dealings and a living income for smallholders.
- **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 the supply chain initially targeting 100% transparency at mill level by 2025 and ultimately to plantation level.
- **Efficient Risk monitoring**
    - Risk assessment at geographical level (provinces, districts & mills) focused on environmental, social and regulatory risks.
    - Identification of priority areas, mills and suppliers to be considered for engagement and/or risk mitigation.
- **Supplier and Stakeholder Engagement and Positive Impact**
    - Communicate to 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 and indirect) with Innospec's Principles for Sustainable Palm and Palm Oil Derivatives Sourcing.
    - Engage with and support 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.

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- Identification of a sustainable field project connected to the priority sourcing areas located in Innospec's supply chain, with specific attention to multi-stakeholder initiatives that have a positive impact on environmental and social issues.
- **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.
  - Requirement for 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.

