

Innospec Sustainable Sourcing of Natural-based Raw Materials Policy

1. Purpose

Innospec sources a range of natural-based and agricultural raw materials that play an important role in our products and in global supply chains. These materials can offer efficiency and performance benefits when produced responsibly. However, Innospec recognizes that the production of certain agricultural and forest-risk commodities may also be associated with environmental and social risks, including deforestation, forest degradation, ecosystem conversion, and impacts on local and Indigenous communities, depending on where and how they are produced.

This policy sets out Innospec's principles, commitments, and expectations for the responsible sourcing of natural-based raw materials, with a primary focus on palm oil and palm kernel oil derivatives due to their relative risk profile and established transparency mechanisms. The policy also provides a proportionate, risk-based framework for addressing similar risks associated with other deforestation and NDPE (No Deforestation, No Peat, No Exploitation) risk commodities where relevant.

2. Applicability and Scope

This policy applies to all palm oil and palm kernel oil derivatives purchased globally by Innospec for use in its manufactured products. Where relevant, and based on a risk-based assessment, the principles and expectations set out in this policy also apply to other deforestation-risk or land-use-intensive commodities within Innospec's value chain.

The policy applies to Innospec's procurement activities and defines expectations for direct and indirect suppliers. Innospec operates primarily as a downstream user of processed materials and therefore seeks to use its influence to promote responsible practices throughout its supply chain, recognizing that it does not have direct operational control over upstream production.

This policy will be reviewed at least annually to ensure continued alignment with evolving regulatory requirements, including the EU Deforestation Regulation (Regulation (EU) 2023/1115) (EUDR), applicable national legislation, and Innospec's position and responsibilities within the value chain.

3. Context and Commitments

Innospec uses relatively small volumes of palm oil and palm kernel oil derivatives within certain product ranges and may also use limited quantities of materials derived from, or linked to, other forest-risk commodities. As an active participant in relevant supply chains and an ordinary member of the Roundtable on Sustainable Palm Oil (RSPO), Innospec recognizes its responsibility to support the transition towards more sustainable, transparent, and legally compliant sourcing practices.

Innospec is committed to sourcing palm oil and palm kernel oil derivatives from deforestation-free and legally compliant sustainable sources. These commitments align with, and in certain areas go beyond, the [2024 RSPO Principles & Criteria](#), RSPO certification requirements, and applicable national and international laws and regulations, reflecting Innospec's role as a downstream user of processed materials.

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Innospec is committed to complying with the EUDR where applicable. The Company will apply proportionate, risk-based due diligence to support compliance, including the collection and assessment of relevant supply-chain information to demonstrate legal compliance and deforestation-free status in line with the regulation's 31 December 2020 cut-off date.

4. Principles for Responsible Sourcing of Palm Oil and Other NDPE-Risk Commodities

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.

4.1. 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 \(HCSA\)](#).

4.2. No Development of Peat

- No new development on peatland regardless of depth.
- Use of RSPO Best Management Practices for existing plantations on peat.

4.3. 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.
- 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'.

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4.4. 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.

4.5. Transparent Supply Chains

- 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.

4.6. Risk Monitoring and Prioritization

- 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.

5. Implementation, Engagement and Accountability

Innospec communicates the requirements of this policy to relevant suppliers and expects them to implement these principles throughout their own operations and supply chains.

Implementation measures include:

- As a downstream user of processed materials, Innospec expects its suppliers to cooperate in providing accurate, complete, and timely information necessary to support EUDR due diligence and reporting requirements, and to engage constructively where risks or gaps are identified.
- Systematic evaluation of suppliers' compliance, including direct and indirect suppliers where feasible.
- Engagement with direct suppliers to develop time-bound action plans to address any identified areas of non-compliance.
- Disengagement from suppliers that are unwilling to comply with this policy or to implement agreed corrective actions.
- Participation in IJM field-level and multi-stakeholder partnership in priority sourcing region of Indonesia, that aims deliver positive social outcomes thorough the eradication of modern slavery in the palm oil sector.

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6. Grievance and Remediation

Innospec applies its [Palm Supply Grievance Procedure](#) to address grievances related to the implementation of this policy. All grievances are investigated and addressed in a timely and transparent manner.

Suppliers are required to notify Innospec of any non-conformance with this policy within their supply chains and to cooperate in remediation processes where adverse impacts are identified.

7. Reporting, Review and Continuous Improvement

Innospec publishes its action plan, timelines, and annual updates on progress against its sustainable sourcing commitments on its [website](#). The policy and its implementation will be reviewed at least annually to reflect regulatory developments, evolving best practice, and improvements in supply-chain transparency and risk management.



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