Innospec Inc.: 2020 Financial Year Statement Under the UK Modern Slavery Act and the California Transparency in Supply Chains Act

The UK Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act (SB 657) require that Innospec disclose the steps it has taken to address the risk of human trafficking in its supply chain. These laws are designed to increase the amount of information available regarding the products that it buys. Innospec Inc., on behalf of itself and its subsidiaries (collectively, “Innospec”), publishes this statement to comply with these Acts.

Internal Accountability

Innospec is committed to the highest standards of corporate governance and ethics. Compliance is a non-negotiable part of its business. As part of Innospec’s firm commitment to these values, it has, and continues to operate, cultivate and refine, a robust ethics and compliance program.

This commitment is reflected in Innospec’s Code of Conduct, Anti-Corruption Policy, Supplier Code of Conduct (see below) and other corporate policies. Innospec’s Code of Conduct has always demanded that the Company’s directors, officers, employees (including contract employees) maintain the highest ethical standards in carrying out business activities, and has always required compliance with all applicable laws, rules and regulations. Innospec’s Code of Conduct specifically addresses modern slavery issues by, among other things, explicitly requiring all directors, officers, employees (including contract employees) and third party representatives of Innospec (including agents and distributors) to comply with modern slavery legislation (which includes in relation to forced, bonded and child labor and human trafficking) and to promptly report all concerns and suspicions they may have in relation to the potential for modern slavery in any part of Innospec’s supply chain. It also puts contracted third parties on notice that violation of modern slavery laws would constitute a breach of their contract with Innospec, and encourages such third parties to report relevant concerns. Innospec’s Code of Conduct and other corporate policies are available in several languages on its website at http://www.innospecinc.com/about-us/corporate-governance.

Employees have many internal channels available to seek compliance guidance or to report concerns. In addition, Innospec maintains an externally-managed, anonymous reporting hotline that may be used to report, among other things, any concerns or suspicions regarding slavery or human trafficking in Innospec’s supply chain. Trained personnel investigate all reports in a timely manner, and confirmed violations are addressed with specific corrective actions.

Supplier Code of Conduct

In 2020, Innospec published a Supplier Code of Conduct that applies to all Innospec’s suppliers and which sets out the minimum standards that Innospec expects with regard to compliance with all relevant laws and regulations, including those concerned with business integrity, health, safety and the environment and human rights. Specifically, the Supplier Code of Conduct makes it clear that Innospec’s suppliers must not permit any form of forced, bonded, child labor or human trafficking or any form of unacceptable treatment of its workers including exploitation of children or involuntary servitude.

Verification

Innospec endeavors to comply with all labor laws in the various countries in which it operates. It does not knowingly engage in any activities that constitute slavery or human trafficking, and it expects and requires its third party representatives and its suppliers to follow the same ethical practices.
Innospec takes steps to identify and minimize the risks of slavery, child labor and human trafficking within its supply chain. All new potential suppliers are screened using compliance software which checks whether they appear on any global debarment, sanctions or watch lists. Innospec also creates risk profiles for new suppliers and, where necessary, action plans to mitigate potential supply chain risks.

Innospec engages EcoVadis to conduct corporate social responsibility risk assessments of its key suppliers and those operating out of high risk locations. Among other things, EcoVadis provides ongoing assessments to evaluate supplier policies and actions to enforce compliance with internationally recognized human rights standards and fair labor practices. Since December 2018 all new raw materials suppliers whose forecast annual spend is above agreed minimum value thresholds, regardless of location, are required to undergo an EcoVadis assessment.

Innospec also has an internal protocol to support its review of, and response to, concerns raised regarding its supply chain. Innospec may invoke sanctions against suppliers, up to and including termination of the business relationship, if they violate modern slavery laws.

**Certification**

Because Innospec does not control or direct the activities of its independent suppliers, it seeks assurances from them that they will not violate the law. Accordingly, Innospec requires its suppliers (through its standard terms and conditions of purchase) to confirm that they have complied with all applicable laws and regulations in connection with providing all goods and services to Innospec. This includes all applicable anti-slavery, child labor and human trafficking laws. All Innospec standard terms and conditions of purchase now contain a specific provision requiring suppliers to certify compliance with laws prohibiting slavery and human trafficking and adherence with the Supplier Code of Conduct see https://innospec.com/about-us/corporate-governance/innospec-trading-tcs/.

Innospec has identified certain parts of its business and supply chains where there is a potential risk of slavery, child labor and/or human trafficking e.g. the use by Innospec of palm oil (PO) and palm kernel oil (PKO) derivatives in a number of its personal care products. In 2013, Innospec became a member of the Roundtable on Sustainable Palm Oil (RSPO) whose principles stipulate, amongst other things, the fair treatment of workers according to local and international labor rights standards. By July 2015, Innospec had achieved RSPO Mass Balance (MB) Supply Chain certification and now maintains current valid certifications at all at its relevant manufacturing facilities. In 2019, Innospec reviewed and strengthened its Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy ("Palm Policy") and included a specific statement on the prohibition of forced, slave and child labor. In 2020, Innospec published its Palm Grievance procedure which sets out a clear process for the identification, investigation and resolution of external grievances concerning the implementation of Innospec’s Palm Policy, including allegations of modern slavery. In 2020, Innospec also joined the collaborative initiative, Action for Sustainable Derivatives (ASD) which aims to develop a harmonized approach to supply chain transparency, risk monitoring and evaluation. ASB brings together a number of companies to collectively standardize the tools and methodologies used to accelerate the compliance of their supply chain with NDPE compliance (no Deforestation, no Peat, no Exploitation). This includes the prevention of forced, slave and child labor. For further details of Innospec’s sustainable sourcing activities and copies of relevant certifications and of Innospec’s Sustainable Sourcing of Palm and Palm Kernel Oil Derivatives Policy, see https://innospecsustainability.com/environment/sustainable-sourcing.
Training

Innospec has a comprehensive and robust training program, supported by a new external training service provider, which administers online compliance training to all relevant employees throughout the year. Courses cover a wide range of compliance issues and are available in eight languages to reflect the global nature of Innospec’s business.

As a minimum, all Innospec employees are required to complete an online training course relating to the company’s Code of Conduct, which emphasizes the importance of compliance with all applicable laws and regulations, and the majority of employees complete several additional online courses covering various compliance topics, some delivered online and others delivered in person.

In 2020, Innospec developed an updated and more substantive mandatory on-line training module on modern slavery for roll out to employees from 2021, which highlights related risks and advises employees of modern slavery red flags and warning signs.

This statement has been approved by the Innospec Board of Directors.

Signed: 

Patrick S. Williams, President and Chief Executive Officer