

## **Innospec Inc.: 2016 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 certain companies to disclose the steps they have taken, if any, to address the risk of human trafficking in their supply chains. These laws are designed to increase the amount of information available regarding the products companies buy and the entities they support. Innospec Inc. on behalf of itself and its subsidiaries (collectively, “Innospec”) publishes this statement in an effort to comply with these Acts. For purposes of the UK Modern Slavery Act, this statement addresses the 2016 financial year.

### **Internal Accountability**

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

This commitment is reflected in Innospec’s Code of Ethics, Anti-Corruption Policy and other corporate policies. Innospec’s Code of Ethics has always demanded that the Company’s directors, officers, employees and contractors maintain the highest ethical standards in carrying out business activities and has always required compliance with all applicable laws, rules and regulations. In 2016, Innospec amended its Code of Ethics to specifically address modern slavery issues by, among other things, explicitly requiring all employees to comply with modern slavery legislation and to promptly report any concerns or suspicions they may have in relation to the potential for modern slavery or human trafficking in any parts of our supply chain. The amended Code of Ethics also puts third parties on notice that violation of modern slavery laws would constitute a breach of contract with Innospec and encourages third parties to report relevant concerns. Innospec’s Code of Ethics and other corporate policies are available in several languages on our 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 modern slavery or human trafficking in Innospec’s supply chain. Trained personnel investigate all reports in a timely manner and confirmed violations are addressed with corrective actions.

### **Verification**

Innospec endeavors to comply with all labor and employment laws in the countries in which it operates and does not knowingly engage in any activities that constitute human trafficking, slavery, compulsory labor or unlawful child labor, and we expect our suppliers to follow the same ethical practices. As such, Innospec takes steps to verify and minimize the risks of slavery and human trafficking within our supply chain.

Potential suppliers are screened using compliance software which checks global debarment, sanctions and watch lists. Innospec is also prepared to create risk profiles for suppliers and action plans, if necessary, in order to mitigate supply chain risks.

In 2016, Innospec retained the services of EcoVadis to conduct a sustainability and risk assessment of its top 50 raw material suppliers worldwide. Among other things, EcoVadis' assessments evaluate supplier policies and actions to enforce compliance with internationally recognized human rights standards and fair labor practices. Innospec plans to expand that review and is identifying suppliers in high risk areas to participate. In 2016, Innospec also adopted an internal protocol to support review of, and response to, concerns regarding issues in its supply chain.

### **Auditing**

Innospec is vetting third-party auditors, as it considers further steps to evaluate supply chain risk and supplier compliance.

### **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 (through its standard terms and conditions of purchase) contracting suppliers to certify compliance with all applicable laws, including laws prohibiting slavery and human trafficking. See <http://www.innospecinc.com/about-us/innospec-trading-t-cs>.

### **Training**

Innospec has a robust legal and compliance training program supported by an external provider which administers seven core online training and testing modules each year. Courses cover a range of topics and are available in seven languages.

All employees are required to complete online training regarding the Code of Ethics, and most complete additional compliance courses. In 2016, Innospec employees and management responsible for dealing with suppliers were provided with live training on mitigating slave labor and human trafficking risks within the supply chain. In 2015 and 2016, Innospec also presented information to its Compliance Steering Group and the Board to raise awareness to these issues.

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

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Patrick S. Williams, President and Chief Executive Officer