

INNOSPEC INC.

CORPORATE GOVERNANCE GUIDELINES

December 2006

1. Selection and Composition of the Board

- (a) **Board Membership Criteria.** The Board seeks to select Directors with the skills and experience to assist management in the operation of Innospec's business and to act on behalf of the shareholder body as a whole. The Nominating and Governance Committee is responsible for reviewing the appropriate skills and characteristics required of Board members taking into account the attributes of the existing Board members. This assessment should include issues regarding judgment, experience as well as an understanding of the technology relevant to Innospec's business activities. Independence, financial literacy, legal knowledge, personal integrity, sound business judgment, the location of the prospective Director's residence and the ability to devote significant time to Board activities are also factors to be taken into account.
- (b) **Board Membership Selection.** The Nominating and Governance Committee which is composed entirely of independent Directors is responsible for carrying out the screening process to identify individuals qualified to become board members and to recommend to the full Board the selection of Directors to fill new and existing positions as members of the Board and of Board committees.
- (c) **Director Orientation and Continuing Education.** The Board and management will conduct orientation for new Directors to become familiar with Innospec's business operations, strategies, financial matters, ethics policies and corporate governance policies. It is the responsibility of management and the Nominating and Corporate Governance Committee to advise Directors about continuing education opportunities which they are encouraged to pursue.
- (d) **Term Limits.** The Board does not believe that it should establish term limits.

2. Board Operations

- (a) **Size of the Board.** The Board currently consists of six Directors but believes that a smaller or larger Board may be appropriate at any given time depending on the circumstances.
- (b) **Director Independence.** A majority of Board members shall be independent Directors who have no material relationship to Innospec consistent with the standards promulgated with the listing standards of the Exchange on which the Company is listed.
- (c) **Director Responsibilities.** The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of Innospec and its shareholders. In discharging their obligation, Directors are entitled to rely on the honesty and integrity of Innospec's senior executives and its outside advisors and auditors. The Directors shall also be entitled to have the Innospec purchase Directors' and officers' liability insurance on their behalf in an amount that is deemed by the Board to be adequate. The Board meets no less than quarterly and Directors are expected to attend all Board meetings and meetings of

committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data relevant to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed to the Directors well in advance of the meeting, in time for the Directors to review these materials in advance of the meeting. At the beginning of each year, the Board shall establish a schedule of Board meetings. The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is also free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

- (d) **Executive Sessions.** The non-management Directors will meet in executive session at least quarterly. If non-management Directors include Directors who are not independent, there shall be held at least once yearly an executive session consisting only of independent Directors. The presiding Director for purpose of leading these meetings shall be the Chairman of the Board unless the non-management Directors determine otherwise.
- (e) **Performance Evaluation.** The Audit Committee will perform a self-evaluation at least annually to determine whether it is functioning effectively. In addition, the Board will perform a self evaluation triennially. The purpose of the evaluation is to determine the effectiveness of the Board, the committees and the individual members.
- (f) **Director Compensation.** The Board will periodically review Director compensation in comparison with other similarly situated companies to ensure that Board and committee compensation is reasonable and competitive. Directors who are employees of Innospec will not be separately compensated for Board membership. In order to align Board membership with the long-term interests of Innospec's shareholders, the Board believes that a significant portion of Director compensation should be in the form of Innospec stock.
- (g) **Director Access to Management.** Board members will have complete access to Innospec management. Board members will ensure that this contact is not distracting to business operations and that the Chief Executive Officer is appropriately informed.
- (h) **Director Access to Advisors.** The Board, as well each committee, may retain at any time, at the expense of Innospec, outside financial, legal, compensation or other advisors it deems appropriate.

3. Board Committee Structure

The current Board committees are: Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. The Audit Committee, the Nominating and Corporate Governance Committee and the Compensation have promulgated charters that have been approved by the Board.

- (a) **Audit Committee.** The Audit Committee oversees the Company's auditing, accounting, financial reporting and internal control functions, appoints the Company's independent accounting firm and approves its services. All members must not only be independent Directors but meet all additional independence requirements applicable to Audit Committee members as required by the Exchange on which the Company is listed and the Securities Exchange Commission.

- (b) **Nominating and Corporate Governance Committee.** The Nominating and Corporate Governance Committee considers and recommends to the Board nominees for officers and nominees for election as Directors, oversees evaluation of the Board, develops and recommends corporate governance policies to the Board and oversees implementation. All members are independent Directors.
- (c) **Compensation Committee.** The Compensation Committee makes recommendations to the Board concerning Directors' compensation and determines senior officers' compensation. All members are independent Directors.

4. Leadership Development

- (a) **Selection of Chief Executive Officer and Management Succession.** The Board is responsible for adopting policies and principles for Chief Executive Officer selection. The Board will, in consultation with the Chief Executive Officer, adopt policies regarding succession in the event that the Chief Executive Officer is unable to discharge his duties.
- (b) **Code of Ethics.** The Board has adopted a Code of Ethics applicable to all Innospec officers, directors and employees.