

INNOSPEC INC.  
Form DEF 14A  
March 20, 2015  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

INNOSPEC INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(5) Total fee paid:

Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**AND**

**PROXY STATEMENT**

**2015**

March 20, 2015

Dear Fellow Stockholder:

It is with great pleasure that we invite you to our 2015 Annual Meeting of Stockholders. The meeting will be held on Wednesday, May 6, 2015 at 10.00 a.m. Eastern Daylight Time at the offices of Smith, Gambrell & Russell, LLP, 1301 Avenue of the Americas, 21<sup>st</sup> Floor, New York NY, 10019.

**Important notice regarding availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 6, 2015:**

We are continuing to take advantage of the Securities and Exchange Commission (the "SEC") rules that allow companies to furnish proxy materials to stockholders via the internet. This electronic process gives you fast, convenient access to materials, reduces impact on the environment and reduces our printing and mailing costs. As you have received a Notice Regarding the Availability of Proxy Materials ("Notice") by mail, you will not receive a printed copy of the proxy materials, unless you specifically request one. If you would still like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials which are included in the Notice.

Whether or not you plan to attend the annual meeting, your vote on matters to be acted upon at the meeting is important to us. We hope that you will vote by telephone or via the internet by following the instructions on your Notice or proxy card. Alternatively, if you have requested written proxy materials, you may vote by signing, dating and returning your proxy card. If you are a holder of record and you sign and return your proxy card without specifying your voting choices, your proxy will be voted in accordance with the Board of Directors' recommendations as set out in the Proxy Statement.

If you are a beneficial holder of our stock (i.e. with shares held in "street name"), we urge you to give voting instructions to your broker so that your vote can be counted. This is important because brokers are not able to cast votes with respect to the election of directors or executive compensation unless they have received instructions from the beneficial owner of stock.

If you have any questions concerning the meeting, please contact Mr. David E. Williams, Innospec's Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary at 303-792-5554 or david.e.williams@innospecinc.com.

Thank you for your continued support. We look forward to seeing those of you who will be able to attend the 2015 Annual Meeting of Stockholders.

Sincerely,

Patrick S. Williams

President and Chief Executive Officer

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**INNOSPEC INC.**

**8310 South Valley Highway, Suite 350**

**Englewood, CO 80112**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

<b>Date and time</b>	Wednesday, May 6, 2015, 10.00 a.m. Eastern Daylight Time	
<b>Place</b>	At the offices of Smith, Gambrell & Russell, LLP  1301 Avenue of the Americas  21 <sup>st</sup> Floor  New York  NY 10019  U.S.	
<b>Proposals</b>	Proposal 1 Proposal 2 Proposal 3	Re-election of two class II directors Advisory approval of the Corporation's executive compensation Ratification of the appointment of the Corporation's independent registered public accounting firm.
<b>Record Date</b>	March 12, 2015	
<b>To obtain Proxy Materials</b>	Internet	<a href="http://www.envisionreports.com/iosp">www.envisionreports.com/iosp</a> (for stockholders of record)  <a href="http://www.edocumentview.com/iosp">www.edocumentview.com/iosp</a> (for beneficial owners with shares held in street name ) Telephone 1-866-641-4276 (for stockholders of record) Email <a href="mailto:investorvote@computershare.com">investorvote@computershare.com</a> with Proxy Materials Innospec Inc. in the subject line
<b>Voting Methods</b>	Internet	<a href="http://www.envisionreports.com/iosp">www.envisionreports.com/iosp</a> (for stockholders of record)  <a href="http://www.proxyvote.com">www.proxyvote.com</a> (for beneficial owners with shares held in street name ) Telephone Use the toll-free number shown on the proxy card Written ballot Complete and return a proxy card (if you received a paper copy) In person Attend and vote at the meeting

Stockholders may also transact any other business properly brought before the meeting. At this time, the Board of Directors knows of no other proposals or matters to be presented.

On behalf of the Board of Directors:

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David E. Williams

Vice President, General Counsel,

Chief Compliance Officer and Corporate Secretary

March 20, 2015

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**PROXY STATEMENT**

**INFORMATION ABOUT THE 2015 ANNUAL MEETING OF STOCKHOLDERS AND VOTING**

***Why did you send me the Notice Regarding Availability of Proxy Materials?***

We sent you the Notice Regarding the Availability of Proxy Materials ( Notice ) because the Board of Directors of Innospec Inc. ( Innospec or the Corporation ) is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders, which will be held on Wednesday, May 6, 2015 at 10.00 a.m. Eastern Daylight Time, at the offices of Smith, Gambrell & Russell LLP, 1301 Avenue of the Americas, 21<sup>st</sup> Floor, New York, NY 10019, U.S.

The Proxy Statement summarizes the information you need to vote at the 2015 Annual Meeting of Stockholders. You do not need to attend the 2015 Annual Meeting of Stockholders in person to vote your stock. You may simply vote by telephone, over the internet, or, if you have requested written proxy materials, by completing, signing and returning the accompanying proxy card.

Innospec intends to commence distribution of the Notice to stockholders on or about March 20, 2015.

***What proposals will be voted on at the Annual Meeting of Stockholders?***

Stockholders are being asked to consider and vote on three proposals at the 2015 Annual Meeting of Stockholders. The following is a summary of the proposals and the voting recommendations of the Board:

**SUMMARY OF PROPOSALS**

<b>Proposal</b>		<b>How the Board Recommends You Vote</b>
1	Re-election of two class II directors	FOR
2	Advisory approval of the Corporation's executive compensation	FOR
3	Ratification of the appointment of the Corporation's independent registered public accounting firm	FOR

***Are proxy materials available on the Internet?***

***Important notice regarding availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 6, 2015.***

Yes. Our Proxy Statement, including proxy card, for the 2015 Annual Meeting of Stockholders and our 2014 Annual Report on Form 10-K are available at <http://www.envisionreports.com/iosp> for stockholders of record and <http://www.proxyvote.com> for beneficial holders.

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### ***Who is entitled to vote at the meeting?***

March 12, 2015 is the record date for the 2015 Annual Meeting of Stockholders. If you owned Innospec Common Stock at the close of business on March 12, 2015, you are entitled to vote. On this record date, we had 24,301,986 of our Common Stock outstanding and entitled to vote at the 2015 Annual Meeting of Stockholders. Our Common Stock is our only class of voting stock.

### ***How many votes do I have?***

You have one vote for each share of Common Stock that you owned at the close of business on March 12, 2015. Your Notice indicates the number of shares of Common Stock you are entitled to vote.

### ***What is the difference between holding stock as a stockholder of record and as a beneficial owner?***

Although many stockholders are the record holders of their stock, others hold their stock beneficially, which means it is held through a stockbroker, bank or other nominee rather than directly in the stockholder's own name. As summarized below, there are some differences between stock held of record and that owned beneficially.

#### **Stockholder of Record**

If your shares of Common Stock are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares, the stockholder of record and the Notice is being sent to you directly at your address of record. As the stockholder of record you have the right to grant your voting proxy directly to Innospec or to vote in person at the Annual Meeting of Stockholders. You may vote by telephone or via the internet as described below under the heading *Information about the Annual Meeting of Stockholders and Voting - May I vote by telephone or via the internet?*

#### **Beneficial Owner**

If your Common Stock is held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of stock held in street name and our proxy materials are being forwarded to you by your broker or nominee who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker or nominee on how to vote your stock and are also invited to attend the 2015 Annual Meeting of Stockholders. However, since you are not the stockholder of record, you may only vote these shares in person at the 2015 Annual Meeting of Stockholders if you follow the instructions described below under the heading *Information about the 2015 Annual Meeting of Stockholders and Voting - How do I vote in person at the 2015 Annual Meeting of Stockholders?* Your broker or nominee has provided a voting instruction card for you to use in directing your broker or nominee as to how to vote your stock. You may also vote by telephone or via the internet by following your broker or other nominee's directions as described below under the heading *Information about the 2015 Annual Meeting of Stockholders and Voting - May I vote by telephone or via the internet?*

### ***How do I vote by proxy if I am a stockholder of record?***

If you are a stockholder of record and you properly fill in your proxy card and it is received by us in time to vote, or you vote by internet or telephone, your proxy (i.e. one of the individuals named on your proxy card) will vote your stock as you have directed. If you sign the proxy card (including electronic signature in the case of Internet or telephonic voting,) but do not make specific choices, your proxy will vote your stock as recommended by the Board as follows:

- <sup>1</sup> **FOR** the re-election of two class II directors;
- <sup>1</sup> **FOR** the approval, on an advisory basis, of executive compensation;
- <sup>1</sup> **FOR** the ratification of the appointment of the Corporation's independent registered public accounting firm.



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If any other matter is presented at the meeting, your vote will be cast in accordance with the best judgment of the individuals named on your proxy card. As of the date of printing this Proxy Statement, we know of no such other matters that need to be acted on at the Annual Meeting of Stockholders.

### *How do I give voting instructions if I am a beneficial holder?*

If you are a beneficial owner of stock, your broker will communicate with you directly and ask you how you want your stock to be voted. If you give the broker voting instructions, the broker will vote your stock as you direct. If you do not give the broker voting instructions, one of two things can happen, depending on the type of proposal in question. Brokers have discretionary power to vote your stock with respect to routine matters, but they do not have discretionary power to vote your stock on non-routine matters. Brokers holding stock beneficially owned by their clients do not have the ability to cast votes with respect to the election of directors or executive compensation unless they have received instructions from the beneficial owner of the stock because these are considered non-routine matters. **It is therefore important that you provide voting instructions to your broker if your shares of Common Stock are held beneficially through a broker so that your vote with respect to directors and executive compensation, and any other matter treated as non-routine, is counted.**

### *May I vote by telephone or via the internet?*

Yes, you may vote by telephone or via the internet. We encourage you to do so because your vote will be tabulated faster than if you mailed it. Please note the following depending on whether you are a stockholder of record or a beneficial owner whose shares are held by a bank or broker in street name .

If you are a stockholder of record, you may vote electronically through the internet at [www.envisionreports.com/iosp](http://www.envisionreports.com/iosp) or by telephone Toll Free 1-800-652-8683 within U.S.A., U.S. Territories and Canada.

If you are a beneficial owner and hold your stock in street name, you may vote electronically through the internet at [www.proxyvote.com](http://www.proxyvote.com) and you should contact your bank or broker to determine whether you will be able to vote by telephone.

Whether or not you plan to attend the 2015 Annual Meeting of Stockholders in person, we urge you to vote. Doing so by returning the proxy card or voting by telephone or via the internet will not affect your ultimate right to attend and vote in person.

Proxies submitted by the internet or telephone must be received by 1.00 a.m. Eastern Time on May 6, 2015.

### *May I revoke my proxy?*

Yes. If you change your mind after you vote, you may revoke your proxy by following any of the procedures described below. To revoke your proxy:

<sup>1</sup> Send in another signed proxy with a later date or resubmit your vote by telephone or the internet;

<sup>1</sup> Send a letter revoking your proxy to Mr. David E. Williams, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary at Innospec Inc., 8310 South Valley Highway, Englewood, CO 80112, U.S.; or

<sup>1</sup> Attend the 2015 Annual Meeting of Stockholders and vote in person.

If you wish to revoke your proxy, you must do so sufficiently in advance to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken.

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***How do I vote in person at the 2015 Annual Meeting of Stockholders?***

If you are a stockholder of record, you may attend the meeting and vote your shares in person. If you choose to do so, please bring your Notice, or proxy card showing your control number and proof of identification.

If you are the beneficial owner of stock held in street name, you may vote your shares in person only if you obtain a signed proxy from the stockholder of record giving you the right to vote the stock. To do so, you must bring to the 2015 Annual Meeting of Stockholders proof of identification, an account statement or letter from the broker, bank or other nominee indicating that you are the owner of the stock and a signed proxy from the stockholder of record giving you the right to vote the stock. The account statement or letter must show that you were the beneficial owner of the stock on March 12, 2015.

Even if you plan to attend the 2015 Annual Meeting of Stockholders in person, Innospec recommends that you vote your stock in advance by internet or telephone, or by returning the accompanying proxy card, as described above so that your vote will be counted if you later decide not to attend the 2015 Annual Meeting of Stockholders.

***What votes need to be present to hold the 2015 Annual Meeting of Stockholders?***

To have a quorum for our 2015 Annual Meeting of Stockholders, the holders of a majority of the shares of Common Stock outstanding and entitled to vote need to be present in person or by proxy. Abstentions and broker non-votes are treated as present and entitled to vote and are counted in the quorum.

***What vote is required to approve each proposal?***

For Proposal 1, the affirmative vote of a plurality of the votes cast by holders of all stock entitled to vote on such proposal at the 2015 Annual Meeting of Stockholders is required. While directors are elected by a plurality vote, we have a majority vote director resignation policy, as described below.

As Proposal 2 is an advisory vote, there is no specified vote requirement for approval. However, Innospec will consider that the affirmative vote of the majority of the stock present (in person or represented by proxy) and entitled to vote on such proposal reflects the advice of the stockholders.

For Proposal 3, the affirmative vote of the majority of the stock present (in person or represented by proxy) and entitled to vote on such proposal at the 2015 Annual Meeting of Stockholders is required.

<b>Proposal</b>		<b>Vote Required</b>	<b>Broker Discretionary Voting Allowed</b>
Proposal 1	Re-election of two class II directors	Plurality of votes cast	No
Proposal 2	Advisory approval of the Corporation's executive compensation	As an advisory vote, no specified requirement for approval	No
Proposal 3	Ratification of the appointment of the Corporation's independent registered public accounting firm	Majority of stock present in person or by proxy	Yes

***What is our Majority Vote Director Resignation Policy?***

According to the procedure set forth in the Corporation's Corporate Governance Guidelines, in an uncontested election, any nominee for director (including incumbent directors) who receives a greater

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number of votes withheld from his or her election than votes for such election must tender his or her resignation promptly to the Board of Directors following certification of the stockholder vote. Upon receipt of the resignation, the Nominating and Corporate Governance Committee will consider the resignation offer and recommend to the Board of Directors whether to accept it. The Board of Directors will act on the Nominating and Corporate Governance Committee's recommendation within 120 days following certification of the stockholder vote. The Nominating and Corporate Governance Committee and the Board of Directors may consider such factors they deem relevant in deciding whether to accept a Director's resignation. Thereafter, the Board will promptly disclose its decision whether to accept the Director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a Current Report on Form 8-K furnished to the SEC. This resignation policy does not apply to contested director elections.

### ***How are votes counted?***

In the election of Innospec Directors, your vote may be cast FOR each of the nominees or your vote may be WITHHELD with respect to one or more of the nominees.

Your vote may be cast FOR, AGAINST or ABSTAIN for the advisory approval of executive compensation and for the ratification of the appointment of Innospec's independent registered public accounting firm.

If you sign (including electronic confirmations in the case of internet or telephone voting) your proxy card with no instructions on how to vote, your stock will be voted in accordance with the recommendations of the Board. If you sign (including electronic confirmation in the case of internet or telephone voting) your broker voting instruction card with no instructions on how to vote, your stock will be voted in the broker's discretion only with respect to routine matters but will not be voted with respect to non-routine matters. As described in *How do I give voting instructions if I am a beneficial holder?*, election of directors and executive compensation are considered non-routine matters. We will appoint one or more inspectors of election to count votes cast in person or by proxy.

### ***What is the effect of broker non-votes and abstentions?***

A broker non-vote occurs when a broker holding stock for a beneficial owner does not or cannot vote on a particular proposal because the broker does not have discretionary voting power for that particular proposal and has not received instructions from the beneficial owner.

Common Stock owned by stockholders electing to abstain from voting with respect to any proposal will be counted towards the presence of a quorum. Common stock beneficially owned and voted by the beneficiary through a broker will be counted towards the presence of a quorum, even if there are broker non-votes with respect to some proposals, as long as the broker votes on at least one non-routine proposal.

Abstentions and instructions to withhold votes with respect to any nominee for director election (which uses a plurality standard) will result in those nominees receiving fewer votes but will not count as votes against the nominee. Broker non-votes will not be considered present and entitled to vote with respect to elections of directors and therefore will have no direct effect on the outcome of election of directors. Abstentions will be treated as present and entitled to vote with respect to Proposals 2 and 3 and, therefore, will have the effect of votes against these proposals. Broker non-votes will have no direct effect on the outcome of these proposals.

### ***What happens if the 2015 Annual Meeting of Stockholders is adjourned or postponed?***

Your proxy will still be effective and will be voted at the rescheduled 2015 Annual Meeting of Stockholders. You will still be able to change or revoke your proxy until it is voted.

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### ***Where can I find the voting results?***

Final voting results will be disclosed in a Form 8-K to be filed with the SEC, within four business days after the 2015 Annual Meeting of Stockholders. If official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available. You can find the Form 8-K on our website at [www.innospecinc.com](http://www.innospecinc.com).

### ***Will Innospec's independent accountants attend the 2015 Annual Meeting of Stockholders?***

A representative of KPMG Audit Plc ( KPMG ), our independent accountants, will attend the 2015 Annual Meeting of Stockholders and will have an opportunity to make a statement if they wish. They will also be available to answer questions at the meeting.

### ***Do Directors attend the 2015 Annual Meeting of Stockholders?***

Our Corporate Governance Guidelines provide that Directors are expected to attend our annual meetings of stockholders and any special meeting of stockholders called by Innospec to consider extraordinary business transactions. Unless they are unable to do so as a result of special circumstances, Directors are encouraged to attend all other special meetings of stockholders called by Innospec. All of our Directors then in office attended the 2014 Annual Meeting of Stockholders that was held on May 7, 2014.

### ***Can a stockholder or interested person communicate directly with our Board? If so, how?***

Any stockholder and other interested person who may desire to contact the Chairman or any of the Directors of Innospec may do so via the following e-mail address: [contact.board@innospecinc.com](mailto:contact.board@innospecinc.com), or by writing to them at Innospec Inc., 8310 South Valley Highway, Englewood, CO 80112, U.S. The Corporate Secretary or the Assistant General Counsel will review communications received electronically and forward them to the addressee of the communication. The Corporate Secretary will review the communications received by mail or courier and forward to the appropriate addressee.

### ***Whom should I call if I have any questions?***

If you have any questions about the 2015 Annual Meeting of Stockholders, voting or directions to attend the 2015 Annual Meeting of Stockholders, please contact Mr. David E. Williams, Innospec's Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary, at 303-792-5554 or at [david.e.williams@innospecinc.com](mailto:david.e.williams@innospecinc.com).

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**CORPORATE GOVERNANCE**

***Corporate Governance Principles***

Our Board of Directors believes that adherence to sound corporate governance policies and practices is important in ensuring that the Corporation is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of the stockholders. We have adopted a set of Corporate Governance Principles intended to reflect a set of core values that provide the foundation for our governance and management systems and our interactions with others. The Board of Directors believes that corporate governance is an evolving process and periodically reviews and updates the Corporate Governance Guidelines. For example, in 2013 the Board of Directors amended our Corporate Governance Guidelines to add a majority vote director resignation policy, as described above. A current copy of those principles can be found on our website under the heading Corporate Governance at [www.innospecinc.com/about-us/corporate-governance](http://www.innospecinc.com/about-us/corporate-governance), or by writing to Mr. David E. Williams, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary at Innospec Inc., 8310 South Valley Highway, Englewood, CO 80112, U.S.

***Corporation's Leadership Structure***

The Board believes that the roles of Chairman of the Board (a non-executive position) and Chief Executive Officer ( CEO ) should remain separate so as to enable the Board to provide effective guidance to management and promote oversight and accountability of management. This separation preserves the distinction between the management and oversight functions, maintaining the responsibility of management to help develop corporate strategy and the responsibility of the Board to review and provide input on corporate strategy. To fulfil the role, the Chairman of the Board, among other things: creates and maintains an effective working relationship between the Board and the Corporation's management; provides the CEO with on-going direction as to current Board needs, interests, views and expectations; and ensures that the Board agenda is appropriately directed to the matters of greatest importance to the Corporation.

The duties of the non-executive Chairman of the Board include:

- <sup>1</sup> presiding over all meetings of the Board;
- <sup>1</sup> preparing the agenda for Board meetings with the Corporate Secretary and in consultation with the CEO and other members of the Board;
- <sup>1</sup> calling and presiding over meetings of the independent Directors;
- <sup>1</sup> co-ordinating periodic review of management's strategic plan for the Corporation;
- <sup>1</sup> after consulting with other Board members and the CEO, making recommendations to the Nominating and Corporate Governance Committee as to the membership of various Board Committees and Committee Chairs;
- <sup>1</sup> managing the Board's process for Director self-assessment and evaluation of the Board;
- <sup>1</sup> presiding over all meetings of stockholders;
- <sup>1</sup> encouraging active participation by each member of the Board; and
- <sup>1</sup> performing such other duties and services as the Board may require.

***The Board's Role in Risk Management***

The Board's role in risk oversight and management is consistent with the Corporation's leadership structure, with the CEO and other members of senior management having responsibility for assessing and managing the Corporation's risk exposure, and the Board and its committees providing oversight in connection with these efforts. Risk management is an integral part of Board and committee deliberations throughout the year. As a part of its general oversight function, the Board monitors and evaluates how management operates the Corporation. When making any decisions and approving strategies the Board considers, among other things,

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the risks and exposure the Corporation faces, including operational and regulatory risks, their relative magnitude and management's plan for mitigating these risks. The Audit Committee considers risk issues associated with the Corporation's overall financial reporting, disclosure process and financial compliance. In addition to its regularly scheduled meetings, the Audit Committee meets with the Chief Financial Officer ( CFO ), the Head of Business Assurance and the independent registered public accounting firm in executive sessions at least quarterly. The Nominating and Corporate Governance Committee discusses legal compliance risks and issues at its regularly scheduled meetings and meets with the Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary during such meetings, including with respect to promoting compliance with anti-corruption and other important applicable laws. The Audit Committee and the Board annually review an assessment of the primary operational and regulatory risks facing the Corporation, their relative magnitude and management's plan for mitigating these risks. In addition, the Board discusses risks related to the Corporation's business strategy at periodic strategic planning meetings and at other meetings as appropriate.

### ***Director Independence***

The Board of Directors, after considering broadly all relevant facts and circumstances of which it is aware, including those matters set forth under Information about the Executive Officers - Family Relationships and under Certain Other Transactions and Relationships , has determined that a majority of its members are independent within the meaning of the NASDAQ Marketplace Rule 5605(a)(2) applicable on the date of this Proxy Statement.

We have also adopted standards for director independence that can be found on our web site [www.innospecinc.com/about-us/corporate-governance](http://www.innospecinc.com/about-us/corporate-governance).

The Board has determined that each member of the Board, who served during 2014 and/or who currently serves, except for Mr. P. Williams, meets the independence standards described above. Mr. P. Williams is not treated as independent because, as President and CEO, he is an employee of the Corporation.

Mr. Paller was treated as non-independent in 2011 and has now served the three year period required before he could be considered to be independent once more. Mr. Paller is Of Counsel at Smith, Gambrell & Russell, LLP, a law firm which has provided legal services to the Corporation for which the Corporation paid aggregate fees of \$6.5 million in the fiscal year 2011. As a result of the payment of these fees the Board determined that Mr. Paller could not be treated as an independent Director in 2011. As the fees paid to Mr. Paller's firm in 2012 (\$0.8 million) did not meet the threshold to cause him to be classed as non-independent in that year, 2012 was considered to be year one of the three-year period required before Mr. Paller could be considered independent once more. In 2013, the fees paid to Mr Paller's firm of \$0.6 million did not meet the threshold to cause him to be classed as non-independent in that year, accordingly, 2013 is considered year two of such three-year period. In 2014, the fees paid to Mr. Paller's firm of almost \$1.3 million again did not meet the threshold to cause Mr. Paller to be classed as non-independent in that year and therefore 2014 is the final year of the three-year period.

Accordingly, the Board of Directors, having considered all relevant facts and circumstances and determined at a Board Meeting held on February 17, 2015, that Mr. Paller could be determined independent in accordance with, both the NASDAQ rules and the Corporation's Corporate Governance Guidelines and at the same meeting the Board of Directors resolved that Mr. Paller be re-appointed to the Nominating and Corporate Governance Committee from the date of such Board Meeting.

### ***Executive Sessions of Independent and Non-Management Directors***

Executive sessions of independent and non-management Directors are led by the Chairman. An executive session is held in conjunction with each regularly scheduled Board meeting and other sessions may be called by the Chairman at his discretion or at the request of the Board. There were four executive sessions of non-management Directors during the fiscal year 2014.

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The Board will continue to monitor the standards for director independence established under applicable law or NASDAQ listing requirements and will ensure that the Corporation’s Corporate Governance Principles continue to be consistent with those standards.

***Board Committees***

The Board maintains the following committees to assist it in discharging its oversight responsibilities. The current membership of each committee is indicated under Board Committee Membership below:

	Audit	Compensation	Nominating & Corporate Governance
Mr. Hugh G. C. Aldous	Member		Chair of Committee
Mr. Milton C. Blackmore		Member	Member
Mr. Martin M. Hale	Chair of Committee		
Mr. Lawrence J. Padfield		Member	Member until February 17, 2015
Mr. Robert I. Paller			Member. Re-appointed on February 17, 2015
Mr. Joachim Roeser	Member	Chair of Committee	

***Audit Committee***

The Audit Committee operates pursuant to a written Audit Committee Charter, and is responsible for monitoring and overseeing the Corporation’s internal controls and financial reporting process, the independent audit of the Corporation’s consolidated financial statements by the Corporation’s independent registered public accounting firm, KPMG, and the other responsibilities detailed in its Charter, including assisting the Board with its oversight of legal and regulatory compliance requirements. A current copy of the Audit Committee Charter is available on our website under Corporate Governance at: [www.innospecinc.com/about-us/corporate-governance](http://www.innospecinc.com/about-us/corporate-governance).

The Audit Committee members are Mr. Hale, Mr. Aldous and Mr. Roeser. Mr. Hale was appointed Chairman of the Audit Committee on February 20, 2002. Mr. Aldous was appointed to the Audit Committee on February 15, 2005. Mr. Roeser was appointed to the Audit Committee on May 9, 2012.

Each of the members of the Audit Committee meets the criteria for director independence required under the NASDAQ’s Marketplace Rules.

All Audit Committee members possess the required level of financial literacy and are independent for purposes of the Securities Exchange Act of 1934, as amended (the Exchange Act) and NASDAQ rules. The Board of Directors has determined that each of Messrs. Hale and Aldous qualify as Audit Committee Financial Experts, as such term is defined in Item 401(h) of Regulation S-K, and meet the standard for financial expertise as required by NASDAQ. The Board made this determination based on Mr. Hale’s forty plus years of experience as a securities analyst and portfolio manager with emphasis on balance sheet study and his direct experience having previously served on the Audit Committee of the Great Lakes Chemical Corporation (now Chemtura Corporation) for over twenty years (including five years as its chairman), and Mr. Aldous’ qualification as a chartered accountant and his previous role as a partner and Chief Executive Officer of Robson Rhodes LLP, Chartered Accountants and partner of Grant Thornton LLP, Chartered Accountants.

KPMG, the Corporation’s independent registered public accounting firm, reports directly to the Audit Committee. The Corporation’s Business Assurance group also reports directly to the Audit Committee.

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The Audit Committee meets with management and the Corporation's independent registered public accounting firm prior to the filing of the CEO and CFO's certifications with the SEC to receive information concerning, among other things, significant deficiencies or material weaknesses in the design or operation of internal controls.

Any stockholder or employee may submit at any time a good faith complaint regarding any questionable accounting, internal accounting controls, or auditing matters concerning the Corporation without fear of dismissal or retaliation of any kind. Employees are encouraged to report their concerns and complaints to the Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary or to the Audit Committee. Confidential, anonymous reports may be made by writing to: Mr. David E. Williams, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary, 8310 South Valley Highway, Englewood, CO 80112, U.S. The Audit Committee has adopted a Complaint Monitoring Procedure Policy to enable confidential and anonymous reporting to the Audit Committee. All complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters will be retained in accordance with the Corporation's document retention policy.

The Corporation limits the number of Audit Committees of SEC reporting companies on which its Audit Committee members may serve to three or less.

The Audit Committee Report appears later in this Proxy Statement.

### ***Compensation Committee***

The Compensation Committee operates under a written Compensation Committee Charter that governs its duties and standards of performance. A copy of the Compensation Committee Charter is available on our website under "Corporate Governance" at: [www.innospecinc.com/about-us/corporate-governance](http://www.innospecinc.com/about-us/corporate-governance).

The Compensation Committee members are Mr. Roeser, Mr. Blackmore and Mr. Padfield. The Compensation Committee reviews management compensation programs, recommends compensation terms and agreements for senior Executive Officers to the Board for Board approval, reviews changes in compensation for senior Executive Officers and Non-Executive Directors ( "NEDs" ) and administers the Corporation's stock option plans. Mr. Roeser was appointed to the Compensation Committee on July 28, 2008, and became its Chairman on October 1, 2009. Mr. Blackmore was appointed to the Committee on June 1, 2010. Mr. Padfield became a member of the Committee upon his appointment on December 1, 2012.

Each of the Compensation Committee members meets the criteria for director independence required under the NASDAQ Marketplace Rules.

The Compensation Committee Report appears later in this Proxy Statement.

### **Compensation Committee Interlocks and Insider Participation**

During 2014 no Compensation Committee members were officers or employees of the Corporation, were former officers of the Corporation or were engaged in transactions with a related person that would be required to be disclosed by relevant SEC rules.

In addition, during 2014 none of the Corporation's Executive Officers served as directors or board committee members of other entities where any executive officers served as a Director of the Corporation or as a member of any of the Corporation's Board Committees.

### ***Nominating and Corporate Governance Committee***

The purpose of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members consistent with criteria approved by the Board, recommend to the Board the persons



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to be nominated by the Board for election as Directors at the 2015 Annual Meeting of Stockholders, develop and recommend to the Board a set of corporate governance principles and oversee the evaluation of the Board and management. The Nominating and Corporate Governance Committee monitors the work of Legal and Compliance in ensuring observance of those principles.

The members of the Nominating and Corporate Governance Committee are Mr. Aldous, Mr. Blackmore and Mr. Paller. Mr. Padfield also served for a time in place of Mr. Paller. Mr. Aldous was appointed to the Nominating and Corporate Governance Committee on July 28, 2008, as its Chairman. Mr. Blackmore was appointed to the Nominating and Corporate Governance Committee effective May 9, 2012. Mr. Padfield was appointed to the Nominating and Corporate Governance Committee on April 26, 2013 to replace Mr. Paller who resigned from the Committee on that date, having previously been appointed to the Nominating and Corporate Governance Committee on November 16, 2009. Mr. Paller was re-appointed on February 17, 2015 and Mr. Padfield stepped down on the same date.

The Nominating and Corporate Governance Committee also plays an advisory role to the Board in helping shape the corporate governance policy of the Corporation which extends to involvement in promoting legal compliance by the Corporation, including through meetings and reviews with the Corporation's Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary with respect to anti-corruption and other important laws that are applicable to the Corporation and its business, and providing an assessment of that review to the Board.

Each of the members of the Nominating and Corporate Governance Committee meets the criteria for director independence required under the NASDAQ Marketplace Rules.

The Nominating and Corporate Governance Committee operates under a written Nominating and Corporate Governance Committee Charter that governs its duties and standards of performance. A current copy of the Nominating and Corporate Governance Committee Charter is available on our website under the heading Corporate Governance at: [www.innospecinc.com/about-us/corporate-governance](http://www.innospecinc.com/about-us/corporate-governance).

The Nominating and Corporate Governance Committee uses a variety of methods for identifying and evaluating nominees for Director. The Nominating and Corporate Governance Committee considers each person's judgment, experience, independence, understanding of our business or other related industries and such factors as the committee determines relative in light of the needs of the Board of Directors and the Company. The Nominating and Corporate Governance Committee regularly assesses the appropriate size of the Board and whether vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee considers potential candidates for Director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, professional search firms, stockholders or other persons. The Board has not built diversity into the nominating process as a specific category required for potential Director candidates. The recruitment specification for new Directors concentrates on candidates who are seasoned executive officers, with significant relevant experience, both at board level and within industry.

These candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee and may be considered at any time during the year. The nominees for election at this year's Annual Meeting of Stockholders were recommended for nomination by NEDs of the Corporation.

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted stockholder nominations for election to the Board as described in the Corporate Governance Guidelines which may be found on the Corporation's website under the heading Corporate Governance at: [www.innospecinc.com/about-us/corporate-governance](http://www.innospecinc.com/about-us/corporate-governance). In order for any candidate to be considered by the Nominating and Corporate Governance Committee, and if nominated, included in the Proxy Statement, such

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recommendation should be received no later than the deadline for submission of stockholder proposals. See Stockholders' Proposals for the 2016 Annual Meeting of Stockholders. Recommendations should be sent to the Corporate Secretary and should specify the nominee's name, qualification for Board membership and any other information required by the Corporation's Bylaws. All properly submitted stockholder proposals for Director Nominees received by the Corporate Secretary will be submitted to the Nominating and Corporate Governance Committee for review and consideration. The Nominating and Corporate Governance Committee will consider stockholder recommendations for Director candidates, but the Nominating and