

CRODA

Croda Policy on Grievances in the Palm Sector

Responsibly addressing the social and environmental issues associated with Palm Oil (PO) and Palm Kernel Oil (PKO) is a priority for Croda. In addition to sourcing palm raw materials from RSPO certified supply chains, Croda is a founding member of the Action for Sustainable Derivatives (ASD).

Action for Sustainable Derivatives (ASD) is an industry-led collaboration which seeks to achieve the responsible production and sourcing of palm oil derivatives. By promoting collective transparency, risk management and engagement, the ASD ambition is to create a palm derivatives supply chain that is free from deforestation, respects human rights, and supports local livelihoods. ASD supports its Corporate Members to accelerate compliance of their upstream supply chains with No Deforestation, No Peat, and No Exploitation (NDPE) policy commitments.

Grievances in the Palm Sector

Croda defines a grievance related to palm oil as any complaint, allegation or concern we identify that is inconsistent with the Croda Supplier Code of Conduct, our Responsible Palm Sourcing Policy, or any relevant Croda corporate policies on governance and human rights. Grievances may cover both environmental and social concerns.

In early 2021 the ASD organization outlined the ASD Collective Statement on Human Rights which includes specific documentation regarding human rights grievances. Croda is aligned with ASD and has signed off on this policy.

ASD Human Rights Approach

ASD is aware of the prevalence and complexity of issues driving human rights abuses in palm production, whether in the form of forced labor, violence against women and at-risk groups, child labor, or otherwise. ASD condemns human rights abuses in all forms and in accordance, with the UN Guiding Principles on Business and Human Rights, is committed to proactive human rights due diligence in the palm derivatives supply chain. This includes working to prevent and mitigate impacts as well as the investigation and remedy of reported grievances.

ASD recognizes the unique position of corporate downstream users of palm derivatives to proactively safeguard human rights. While many share NDPE commitments, they also face similar barriers to progress presented by a supply chain characterized by fragmentation, high complexity, opacity, and the presence of numerous intermediaries. ASD works to bring alignment within the palm derivatives sector and identify opportunities for collective action both within the ASD group and more widely with organizations active in the human rights and sustainable palm space.

ASD Framework for Action

ASD has developed a framework for action tailored to the palm derivatives sector which outlines levers of influence to address and uphold human rights in palm production. This framework includes:

- **Collective Transparency:** ASD provides annual supply chain mapping for its individual corporate members and collectively for the palm derivatives sector to provide visibility of source to the refinery, crusher, and producer group. ASD identifies and informs members of potential linkages between their supply chains and reported human rights grievances.
- **Risk Prioritization & Dynamic Monitoring:** With an aggregated and anonymized collective sourcing list, ASD has been able to leverage and overlay environmental and social risk data and assessments. ASD identifies the priority geographies for members to focus engagement efforts to improve practices.

Approaches are continuously updated in line with industry developments, e.g. the NDPE Implementation Reporting Framework. The ASD is also investigating proactive monitoring alerts to NDPE non-compliance and where possible, identifying synergies with other industry stakeholders.

Impact Strategy

Having established a common framework that identifies key sourcing areas and collective supply chains, the ASD is further developing its impact strategy, focused on:

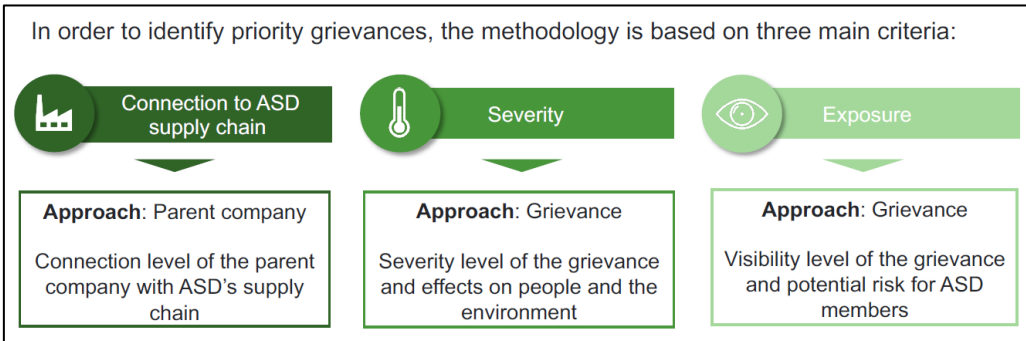
- **Collective Supply Chain Engagement:** ASD aligns corporate member expectations to support transparency and sustainability in the palm derivatives supply chain.

ASD monitors and engages existing human rights and sustainable palm initiatives. For example, ASD aligns with the Consumer Goods Forum's (CGF) development of a common Human Rights Due Diligence (HRDD) approach via the Human Rights Coalition: Working to End Forced Labour.

ASD has further developed its engagement strategy to address prioritized grievances via a grievance taskforce, and more broadly, collective mechanisms to engage with indirect supply chain players (refineries, crushers, and producer mills) prioritized based on social and environmental risk profile.

- **Shared Strategy for Impact on the Ground:** ASD also deploys collective support to existing landscape projects through a collective funding model.

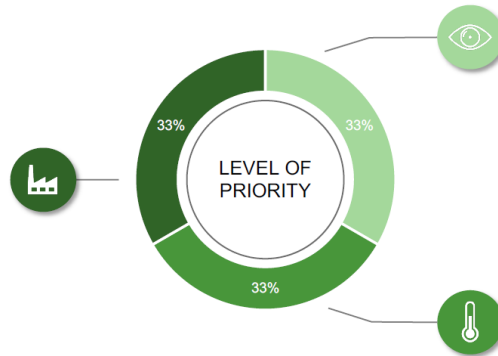
ASD Grievance Prioritization Procedure



Each criteria represents 33% of a total rating of 21 points – the higher the rating, the higher the priority

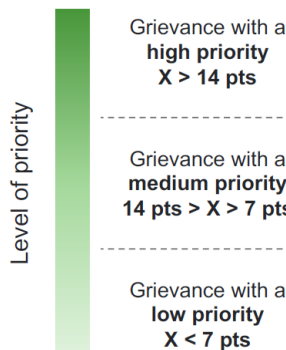
Grievances are evaluated across 3 sets of criteria with the same weight:

	Rating
Connection to supply	7
Facility targeted weight	2,5
Intermediary company	1
Parent company prevalence	1
Direct supplier	2,5
Severity	7
Intensity	3
Scale	2
Perseverance	2
Exposure	7
ASD member exposition	3
Complainant weight	2
Grievance exposure	2



A grievance is considered as high priority if its total rating is superior to 14 points

Definition of priority levels for grievances, which may change following the complete analysis of grievances to ensure relevancy:



A grievance will also be considered as high priority if:

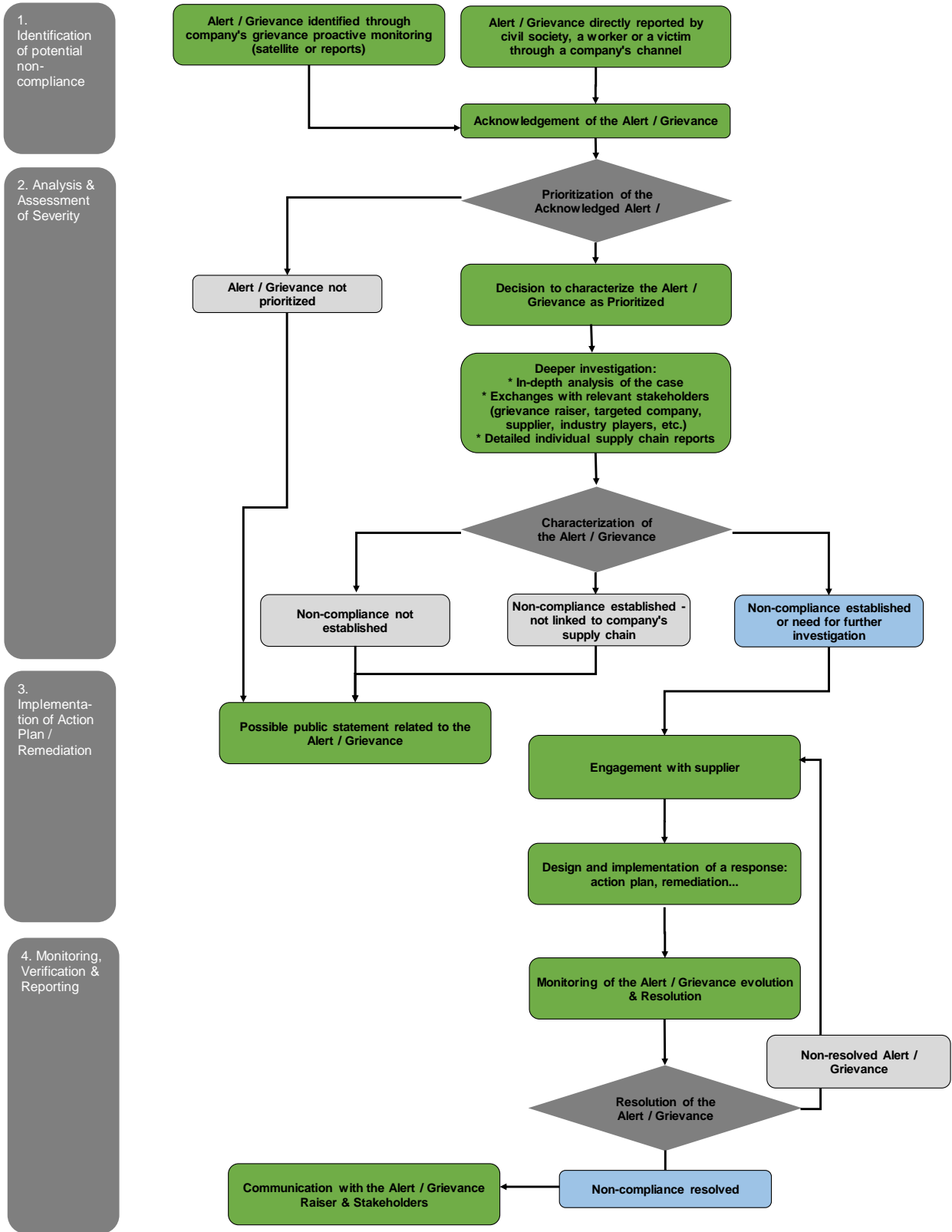
- One of the criteria exceeds 6pts
- A major trade restrictions is observed

Only grievances with a potential connection to the members can be considered as high

Croda Palm Grievance Procedure

The Croda Palm Grievance Procedure aligns with the United Nation's Guiding Principles (UNGPs) on Business and Human Rights, relevant RSPO policies, RSPO complaints procedure, and the RSPO principle of no tolerance for retaliation against grievance raisers and whistle-blowers.

Grievances identified via ASD prioritization procedure will be dealt with by Croda according to the following flow:



We will publicly release the list of grievances in our supply chain and disclose how we have responded to and addressed them.

Footnote: *Launched in late 2019, Action for Sustainable Derivatives is a sector-wide initiative that brings together companies in the cosmetics, home and personal care, healthcare, and oleochemicals industries to collectively tackle supply chain issues around palm oil.*

ASD facilitates the sharing of information, data, constraints, and solutions to accelerate wholesale transformation of the palm derivatives sector. ASD also acts as an operational platform, providing tools, methodologies, and concrete opportunities for its members to partner on specific topics. ASD's activities are rooted in its impact vision, mission, and strategic framework.

ASD operates in the pre-competitive space and complies with Anti-Trust Regulations.

ASD is co-managed and co-facilitated by BSR and Transitions, two organizations with extensive experience and expertise in supply chain sustainability and business collaborations.