

Statement on Modern Slavery – 2023

Policy Statement

At Croda, we are committed to eradicating modern slavery and human trafficking in all its forms from our business and our supply chains. We ensure that everyone who works for Croda benefits from a working environment in which their fundamental human rights are respected and we are taking the appropriate steps to ensure that all organizations within our supply chains uphold these principles.

The information within this statement details policies, processes, and actions we have taken to ensure that slavery and human trafficking are not taking place in any part of our business and supply chains. This statement covers the activities of all businesses in all jurisdictions within the Croda International plc (“Croda”) group of companies and is our Modern Slavery Statement for the year ended 31 December 2022 required under the provisions of the Modern Slavery Act 2015.

Our Business

Our Purpose is to use Smart science to improve lives™, enabled by our distinctive values-led culture that governs how we work with one another and guides our relationships with all of our partners. We combine our knowledge, passion and entrepreneurial spirit to create, make and sell speciality ingredients that are relied on by industries and consumers around the world. everywhere.

We have a global footprint and operate in two main markets – Consumer Care and Life Sciences. We develop innovative and sustainable ingredients that provide functionality to Consumer Care formulations, enabling customers to differentiate their products. We develop components and systems for the delivery of Active Pharmaceutical Ingredients, enabling delivery of the next generation of biologic drugs and vaccines. We are an innovation partner to crop science companies, developing delivery systems to meet the sustainability challenges and enable next generation solutions.

2022 Highlights

- Sales of £2,089.3m and adjusted profit before tax of £496.1m
- Over 5,800 employees
- 92 locations across 39 countries within Asia Pacific, Europe and EEMEA, Latin America and North America

Croda purchases directly from thousands of suppliers across the globe to meet the product and service needs of our operations. In 2022 57% of Croda raw material volume was comprised of organic raw materials purchased from bio-based resources. This percentage reduced from our 2021 rate of 69% due to the divestment of a majority of our PTIC business. Regardless, we have chosen to retain our ambitious target for 75% of our organic raw materials to be bio-based by 2030.

This transition away from petrochemical feedstocks through sustainable innovation has a positive climate impact, avoiding the release of additional fossil carbon into the atmosphere at the end of life of our ingredients. We recognize that our commitment to increase our purchases of raw materials from within global agricultural supply chains creates a high level of responsibility to ensure there is no modern slavery and human trafficking within our supplier networks.

Croda has clear public Commitments to sustainability which include our aim to be Climate, Land and People positive by 2030. The details of these Commitments and our actions to ensure we achieve them are contained within the 2022 Croda Annual Sustainability Report.

A complete description of our business model and values as well as our key reporting and policy statements can be found on our website at www.croda.com.

Our Policies in Relation to Modern Slavery

Group Policy on Modern Slavery

This policy sets out the Croda International Plc stance on modern slavery. Croda is committed to acting ethically and with integrity in all our business dealings and has a zero-tolerance approach to modern slavery. We will ensure compliance with this policy within our business and take appropriate steps to mitigate the risk of any modern slavery taking place within our supply chains.

Group Human Rights Policy

Croda is committed to respecting the human rights of everyone in all aspects of our operations. We have a responsibility to ensure that human rights are understood and observed in all countries where we operate. We support the principles set out in the following international standards:

- UN Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- The International Labour Organization's Fundamental Convention

Group Code of Conduct

Our Code of Conduct sets out the standards that we will work to, our expectations of each other, and confirms the responsibility of everyone to speak-up and report suspected or actual breaches of our policies. Within this Code of Conduct, it specifies that we will seek to protect the human rights of every person involved in our operations and supply chains by:

- Ensuring that no forced, trafficked or child labour is used in any of our operations or supply chain through effective monitoring and auditing;
- Taking immediate action if any evidence of the use of forced, trafficked, or child labour is found, and supporting the victims of these situations; and
- Creating a safe working environment free from bullying and harassment.

Supplier Code of Conduct

This document outlines our expectations for suppliers, including alignment with our sustainability ambitions and key principles. As an international business with suppliers and representatives throughout the world, Croda International Plc and its subsidiaries accept that we have an important role to play in trading responsibly, with honesty and integrity at all times. We therefore want to ensure that those organisations with whom we interact, our suppliers and their representatives, live up to our values and standards and share this responsibility.

Supplier Due Diligence, Modern Slavery

This policy strengthens our approach by clearly defining our requirements for supplier due diligence assessments, determining supplier risk, acceptable scoring, and expectations for Corrective Action Plans (CAPs) for areas needing performance improvement.

Croda Statement on Human Rights in the Palm Sector

Responsibly addressing the social and environmental issues associated with palm raw materials purchasing is a priority for Croda. We are a founder member of the Action for Sustainable Derivatives (ASD), who overlay environmental and social risk data and assessments to enable members like Croda to focus our transparency, risk management, and engagement efforts to improve practices. In 2022, we worked with the ASD to publish our Grievance Policy in the palm derivatives sector. Croda defines a grievance 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.

Whistleblowing Policy

At Croda, we are committed to conducting our business throughout the world with honesty and integrity. These are the standards we expect from all of our employees, agents, distributors and any other third-parties we engage to act on our behalf. Employees are encouraged to, as soon as practicable, notify their line managers if there has, or they suspect there has been any suspected wrongdoing connected with Croda, including a breach of the Group Policy on Modern Slavery. We also welcome reports of wrongdoing from those outside our company. We have a Speak-Up reporting line that offers an anonymous route to reporting issues to us.

Our Governance

The Croda Ethics Committee, chaired by the Group General Counsel and Company Secretary, is a sub-committee of our Executive Committee and supports the Executive Committee and the Board in reinforcing the importance of ethics and compliance. The Ethics Committee has continued to meet quarterly in support of Croda's culture of integrity, honesty and openness, and to promote the importance of ethics and compliance across the group and among our supply chain partners. The Committee monitors ethics compliance (including modern slavery), confirms policy, and identifies opportunities to further mitigate risk.

Addressing Modern Slavery within Croda Operations

Croda has more than 5,800 employees working at our 92 locations across 39 countries within Asia Pacific, Europe and EEMEA, Latin America and North America. Our people are a priority within our global strategy and focus on a sustainable environment.

Diversity, Inclusion & Fair Treatment

We will create an inclusive work environment where everyone can fulfil their potential in a workplace that recognises the value of diversity. Croda commits to:

- Ensuring that employees are treated fairly and equitably and free from bias;
- Protecting employees from any form of bullying or harassment;
- Respecting employee rights to join a trade union or other collective employee representative body;
- Providing fair wages that meet or exceed the minimum legal or industry standards; and
- Providing fair and transparent policies and procedures to manage employee concerns or disciplinary matters.

Working Conditions

We provide fair working conditions for all employees including terms and conditions of employment, remuneration, working hours, health and safety, resting time, holiday entitlements and benefits. These are applied according to territory-specific statutory requirements.

Human Rights

We will seek to protect the human rights of every person involved in our operations and supply chains. Croda commits to:

- Ensuring that no forced, trafficked or child labour is used in any of our operations or supply chain by effective monitoring and auditing;
- Taking immediate action if any evidence of the use of forced, trafficked, or child labour is found, and support the victims of these situations; and
- Creating a safe working environment free from bullying and harassment.

Fair Income

In 2018, Croda gained accreditation in the UK as a Living Wage Employer from the Living Wage Foundation. We extended our work to be a Living Wage Employer globally, completing an assessment of all employees worldwide in 2021. This was done in partnership with the Fair Wage Network, establishing a Living Wage in each of the countries in which we operate and ensuring all employees receive this as a minimum, even more important in light of the global cost of living crisis. We are now working with the Fair Wage Network to gain accreditation for our work and to ensure our progress stands up to external scrutiny. In 2022, we also began the process of ensuring all our regular contractors are paid a Living Wage and plan to achieve this milestone before the end of 2024.

Addressing Modern Slavery within Croda Supply Chains

Croda purchases directly from thousands of suppliers across the globe to meet the product and service needs of our operations. Croda considers our supply chains to be an integral part of our own operations. We therefore want to ensure that those organisations with whom we interact, our suppliers and their representatives, live up to our values and standards and share this responsibility.

Procurement Leadership

Using natural resources brings with it the responsibility to ensure there are no associated negative social or environmental impacts as well as the opportunity to advocate for, and contribute to, positive change. This can only be possible through intimate knowledge of our supply chains, collaboration with all parties within them, and complete transparency and traceability throughout.

Our global procurement teams, led by our Global Head of Procurement and Sustainable Sourcing, receive continuous information and education to help them engage with suppliers to influence and assist them to improve their own sustainability practices within their operations and supply chains, including the mitigation of modern slavery. This is at the very heart of SDG 17, Partnership for Goals where effective collaboration in the supply chain results in a greater positive impact.

Supplier Due Diligence

We have a partnership with EcoVadis for sustainability monitoring, using their universal scorecard, benchmarks, and performance improvement tools. This monitoring focuses on four areas: environment, labour and human rights, ethics, and sustainable procurement. Suppliers are assessed against all aspects of their treatment of their people, including a requirement to provide evidence of how they ensure the prevention of modern slavery within their operations and supply chains.

Our global procurement teams are trained at least annually on the use of EcoVadis to assess suppliers. This training reinforces the requirements within our Supplier Due Diligence, Modern Slavery policy, which provides additional guidance regarding the assessment of supplier risk, interpretation of EcoVadis assessment results, and supplier engagement to improve performance.

At the end of 2022, we confirmed that suppliers representing 81% of our spend have been evaluated for their responsible practices (2021: 65%). We will continue to work with all suppliers to gain even higher levels of participation in these assessments and to encourage them to address any gaps in their performance, significantly increasing our influence in the supply chain.

To date, we have not found any evidence of slavery and human trafficking in our supply chains through these assessments.

Assessing Supplier Risk

In line with our Supplier Due Diligence, Modern Slavery policy, Croda suppliers are prioritised for due diligence using a risk-based approach, as follows:

- Spend – The Croda spend with a supplier is a measure of the depth and scope of the supplier partnership.
- Geography – Croda will use the most current Global Slavery Index (2018) to determine supplier risk. This risk will be assessed based on the supplier corporate office location, the site location used by Croda, and/or the geography where the raw material supply chains originate (country of origin).
- Supplier Category – Due to the high importance Croda places on our use of renewable sources of raw materials, all suppliers within these key categories will be subject to these due diligence requirements.

This policy defines Croda requirements for timing of assessments, supplier assessment scores, and our approach to Corrective Action Plans (CAPs) to improve supplier performance.

Case study - High Risk Supply Chains – A Focus on Palm

Palm oil and palm kernel oil are critical raw materials for Croda. Based on our supplier risk assessment criteria, palm supply chains are classified as high risk based on spend, geography, and supplier category. We continue to demonstrate an industry leading approach to transparency and due diligence work done within our palm supply chains.

- Roundtable on Sustainable Palm Oil (RSPO) – Croda was an early adopter in converting global palm purchasing to RSPO certified supply chains. Through compliance to RSPO criteria, these supply chains minimise the negative impact of palm oil cultivation on the environment and communities in palm oil producing regions.

In 2022 89.3% of our global palm derivatives consumption was RSPO physically certified by Mass Balance (2021:85%). In Europe and the Americas we achieved 99% transformation to RSPO, whereas in Asia we continue to face challenges completing the conversion.

- Action for Sustainable Derivatives (ASD) – Croda is a founder member of the ASD, a collaboration of leading organisations in the beauty, personal care, health care, and oleochemicals sectors. The ASD has accelerated the transformation of the palm derivatives industry towards compliance with No Deforestation, No Peat, No Exploitation (NPDE) principles.

To ensure that Croda and other ASD member supply chains are meeting these requirements, the ASD works with a third-party sustainability consultancy, Transitions, to conduct investigations independently on behalf of ASD members. For 2021 purchasing (investigated in 2022), 100% of key suppliers of palm products to Croda participated in this due diligence. Supply chain transparency was achieved for 95.8% of volume to refineries, 94.0% of volume to mills, and 28.7% of volume to plantations.

- No Deforestation, No Peat, No Exploitation (NPDE) – Our policy has been to preferentially source from suppliers with NDPE commitments. 81% of our palm volume is sourced from suppliers with published NDPE commitments. In 2023, we will follow up with suppliers not yet confirmed to ensure their commitment to NPDE.
- Sustainable Palm Index – The Sustainable Palm Index (SPI) is an evaluation scorecard for suppliers of palm-based derivatives, aimed at assessing the level of commitments, processes and achievements in terms of sustainable sourcing practices such as No Deforestation, no Peat, no Exploitation (NDPE) principles. In 2022, we participated in the SPI assessment of our palm oil derivatives volumes and actions taken in 2021, confirming compliance to the SPI. Our 2021 score increased to 87/100 (+ 2 ppts), despite more demanding criteria, against the average score of 52.
- Human Rights Grievance Policy – In 2022, we worked with the ASD to publish our Grievance Policy in the palm derivatives sector. Grievances may cover both environmental and social concerns. 75% of our palm volume is sourced from suppliers with established grievance procedures. In 2023, we will follow up with suppliers not yet confirmed to gain an understanding of their approach to grievances.

Our Plans for 2023

Croda did not let the global pandemic, geopolitical and supply chain disruptions distract us from our efforts to eradicating modern slavery from our own operations and our supply chains. Our commitment to this work will continue into 2023 and beyond.

Modern Slavery / Human Rights Risk Assessment

We have engaged a third-party consultancy to assist us in updating our human rights risk assessment at Croda. When undertaking this update, we will be assessing the level of risks based on the impact on people (rather than on Croda) as measured according to the UNGP's criteria: scale, scope and irremediability). By using this lens, we expect to gain deeper insights and a better understanding of where our greatest human rights risks. We will then identify and prioritise risks, identify and prioritise and corrective actions and agree timelines for implementation. At the same time this exercise allows us to further improve policy, training and overall global awareness and engagement on modern slavery and human rights topics.

Expanded Supplier Due Diligence

We have chosen EcoVadis as our preferred sustainability monitoring partner. To reinforce the importance of this due diligence, Croda has a stated target that, by the end of 2024, all key suppliers will be required to achieve a minimum average score from EcoVadis (or equivalent) or will have an action plan with timelines to close gaps. At the end of 2022, key suppliers representing 81% of targeted spend have been evaluated using EcoVadis and corrective actions have been assigned and prioritised. We will continue to expand these assessments to cover at least 90% of our spend by the end of 2023.

Expanded Use of RSPO Certified Palm

Our transformation to fully RSPO certified physical supply chains is nearly complete, with over 89% of our palm derivative volumes being certified. We are working to address the remaining RSPO supply chains and during 2023 we hope to achieve RSPO certification with fully transparent supply chains for 100% of Croda palm derivative purchases.

Expanded Policy for Castor Supply Chains

We have identified castor oil as a key Croda supply chain at risk for human rights violations. To replicate the great work we have done with our palm derivatives purchasing, in 2021 we joined the Sustainable Castor Association (SCA) who have developed the SUCCESS code (Sustainable Castor Caring for Environmental & Social Standards), a set of environmental and social criteria that farmers need to comply with in order to produce certified sustainable castor. Through our partnerships at SCA, we will continue work with suppliers to expand the availability of SUCCESS certified raw materials, so Croda achieves SUCCESS certified supply chain purchasing (similar to RSPO).

We will engage with additional certification sources to expand these reviews of our renewable raw materials supply chains.

This Modern Slavery Statement was approved by the Board of Directors of Croda International Plc.



For and on behalf of Croda International Plc and its subsidiaries*

Steve Foots

Chief Executive Officer

June 1, 2023

*Subsidiary companies of Croda International Plc meeting the criteria to require the preparation of an annual slavery and human trafficking statement, in accordance with section 54 of the Modern Slavery Act 2015, that are included within the scope of this Croda International Plc statement:

Croda Europe Limited