

CRODA

Supplier Code of Conduct Croda International PLC



Revision: December 2022

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Dear Valued Supplier to Croda:

These past two years have been particularly challenging for all of us, with Covid-19 health concerns, supply disruptions, supply chain challenges, and overall difficulties in securing the materials needed to meet the needs of our customers. I would like to use this opportunity to say THANK YOU for your hard work and dedication in meeting the needs of Croda.

During these difficult times, Croda has been able to maintain its high focus on sustainable supply chains. We have set ambitious targets towards our aim to be Climate, Land, and People positive, and we want to continue this journey with our supplier partners who share these similar values.

During the upcoming year, we will be conducting engagement sessions with suppliers to continue our focus on sustainable sourcing for which we have made the following public commitments:

- Supplier Assessments – By the end of 2024, all key suppliers will be required to achieve a minimum of the average score from EcoVadis (or equivalent) or will have an action plan with timelines to close gaps.
- Supplier Carbon Reduction Targets – By the end of 2024, key suppliers representing at least 50% of our raw material volumes will be required to sign up publicly to SBTi or equivalent carbon reduction targets.
- Transparent and Certified Sustainable Supply Chains – By the end of 2024, suppliers of crop-based raw materials will be required to provide supply chain transparency in a fully traceable and certified sustainable manner.
- Sustainable Innovation – By 2030, over 75% of our organic raw materials by weight will be bio-based, absorbing carbon from the atmosphere as they grow.
- Croda Science Based Targets (SBTs) for Climate – By 2030, we will have achieved our SBTs, reducing scope 1 and 2 emissions by 46.2% from a 2018 baseline, in line with limiting global warming to 1.5°C, and reducing upstream scope 3 emissions. Thereafter, by 2050 we will be a net zero organisation.

Measurement of Scope 3 carbon is a challenge for all organisations. Croda is a member of Together for Sustainability (TfS), and TfS has worked with the WBCSB and the GHG Protocol to develop Scope 3 metrics specific to the chemicals industry. You will receive more information regarding this new Product Carbon Footprint (PCF) methodology from Croda, our TfS partners, and the WBCSD in the upcoming year.

Thank you again for your continued support of Croda and our sustainable sourcing ambitions.

Kind regards,

Michelle Fargen

Michelle Fargen
Global Head of Procurement and Sustainable Sourcing

Supplier Code of Conduct

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 must ensure that those organisations with whom we interact, including our suppliers and their representatives, live up to our values and standards and share this responsibility. Our use of the term “suppliers” not only refers to our suppliers of raw materials, goods, and services, but also contractors, consultants, agents, distributors, and all other third parties within Croda supply chains.

In addition to this Supplier Code of Conduct, any third parties performing services for or on behalf of Croda are also required to comply with our corporate Code of Conduct.

This revision of our Supplier Code of Conduct provides further guidance regarding Croda supplier requirements and expectations and also highlights how suppliers can achieve preferred status and access to increased business with Croda. Our Supplier Code of Conduct as well as our corporate Code of Conduct can be found on our website using this link: [Policies and procedures | Croda](#).

Sustainability

Our Commitment is to be the most sustainable supplier of innovative ingredients. We will create, make, and sell solutions to tackle some of the biggest challenges the world is facing. By 2030 we will be Climate, Land and People Positive. Our delivery of positive impacts and measurable contribution to the UN SDGs will be further amplified through our work within our supply chains. Therefore, we expect our suppliers to be fully aligned and partner with us to achieve our stated objectives.

Climate Positive

We will continue to reduce our carbon footprint and increase our use of bio-based raw materials, whilst the benefits in use of our ingredients will enable more carbon to be saved than we emit through our operations and supply chain.

Reducing Emissions

We will achieve our science-based targets (SBTs) by reducing our emissions in line with limiting the global temperature rise to 1.5°C above pre-industrial levels, maximising the use of renewable energy in our operations.

Because a majority of our carbon emissions are from Scope 3 upstream purchased goods and services, it is critical that we partner with suppliers who have signed up to SBTi or have similar publicly announced carbon reduction targets. Suppliers will be required to provide us with the Scope 3 carbon associated with the products and services sold to Croda. This joined up approach will enable suppliers, Croda, and Croda customers to work closely together to achieve our carbon reduction ambitions.

Sustainable Innovation

We will accelerate the transition to bio-based products, moving away from fossil/petrochemical feedstocks. We are actively seeking bio-based alternatives to our petrochemical based raw

materials, and we want to partner with suppliers in their efforts in exploring these new innovations.

Land Positive

Our products will enable more land to be saved than is used to grow our bio-based raw materials. Our innovation will help customers to protect biodiversity and to mitigate the impact of climate change and land degradation, increasing the availability of land suitable for growing crops.

We want to partner with suppliers who can help us better understand the overall biodiversity impacts of the crop based raw materials sold to Croda, as well as the work they are doing to mitigate negative impacts and improve nature conditions.

Crop Science Innovation

We will invest in innovation projects and partnerships to support crop and seed enhancement in mitigating the impact of a changing climate and land degradation. We are happy to explore these opportunities with suppliers to Croda.

People Positive

We will apply our innovation to increase our positive impact on society. We are improving the lives of our own employees and people around the world by developing ingredients to improve health and wellbeing as well as encouraging and promoting diversity.

Fundamentals

Our social licence to operate is built on trust and is the foundation of everything we do. We consider all stakeholders in our ecosystem and strive to adopt best practices in environment, labour and human rights, ethics, and sustainable procurement.

Sustainable Sourcing and Supplier Partnerships

We will ensure that all our key suppliers are operating safely, ethically, and responsibly, and will promote the equitable sharing of benefits within the supply chain. All temporary and permanent Croda employees are paid a living wage, and we also expect this also from our preferred suppliers.

We have implemented a sustainable sourcing scorecard to measure the performance of our suppliers against our stated requirements. These scorecards will be a key consideration when awarding future business to supply Croda. We would also like to work with suppliers to improve performance and achieve our mutual sustainability goals.

Scorecard Key Criteria:

1. EcoVadis assessment
 - Minimum score of 45
 - Work to address Corrective Actions, if required
 - Continuous improvement
2. CDP assessment scores for climate, water, and forests
3. Carbon reduction targets approved by SBTi or equivalent
4. Provision of Product Carbon Footprint (PCF) data for products sold to Croda

5. Transparent and certified sustainable supply chains (crop based RMs)
 - Supply chain transparency data provided to Transitions (palm, soya)
 - Third party certification (i.e. RSPO for palm)
6. NDPE No Deforestation, No Peat, No Exploitation (palm)
 - Public commitment to NDPE
 - Established grievance policy and procedures

Key Principles

Croda requires that all suppliers respect the Key Principles of this Supplier Code of Conduct and adopt practices within their operations and supply chains that are aligned with our requirements.

Legal Requirements

Croda requires our suppliers to abide by all applicable local, regional, and international laws, regulations, and standards in the markets where they operate. Where local laws or standards differ from this Supplier Code of Conduct, we expect suppliers to comply with the more stringent standards and principles.

Conflict of Interest

Supplier must avoid conflicts of interest that may influence business relationships.

Human Rights

Suppliers must adopt policies that are consistent with the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, the UK Modern Slavery laws, and similar local laws. Such policies include:

- **No Discrimination** – There must be no discrimination in hiring, compensation, access to training, promotion, termination, or retirement based on race, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- **Child Labour Shall Not be Used** – There shall be no recruitment or use of child labour.
- **Employment is Freely Chosen** – There shall be no forced or compulsory labour in any form, including bonded, trafficked or prison labour. Workers are free to leave work and terminate their employment upon reasonable notice without penalty and employers must not retain any personal identification, travel documents or wages as conditions of employment.
- **No Harsh or Inhumane Treatment is Allowed** – Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation are prohibited.
- **Living Wages are Paid** – Wages and benefits paid for a standard working week must meet national legal standards or industry benchmark standards. In any event wages should be enough to meet basic needs and to provide some discretionary income. All workers shall be provided with written and understandable information about employment conditions in respect to wages before they enter employment.

- **Working Hours are Not Excessive** – Working hours must comply with national laws and benchmark industry standards, whichever affords greater protection.
- **Freedom of Association and the Right to Collective Bargaining** – Workers have the right to join or form trade unions of their own choosing and to bargain collectively.

Health and Safety

Suppliers must manage the working environment to ensure safe and hygienic working conditions, while continuously striving to eliminate accidents and injury to health.

- **Working Conditions** – A safe and hygienic working environment shall be provided with access to clean toilet facilities and potable water.
- **Employee Training** – Policies and Procedures regarding the prevention of ill health and injury must be implemented through the training of all employees to a level relevant to their role. Worker training shall be regular and recorded.
- **Performance Monitoring** – Health and safety performance shall be continually measured, and systems must be in place to manage and mitigate risk.

Environmental Management

An environmental management system (EMS) with the applicable statutory and international standards regarding environmental protection must be in place to maximise resource efficiency, whilst minimising risk and negative impact. Suppliers and representatives will continually strive towards improving the efficiency and sustainability of their operations. Such EMS must manage, but is not limited to:

- Emissions
- Water use and discharge
- Waste
- Energy usage
- Raw materials sourcing

Bribery and Corruption

Suppliers shall adhere to the highest standards of ethical requirements to prohibit bribery and corruption. The offering, paying, soliciting or acceptance of bribes including facilitation payments is strictly prohibited. At a minimum, suppliers and their representatives must comply with the standards outlined in the UK Bribery Act of 2010 and the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), as applicable.

- **Bribes** – A bribe may involve giving or offering any form of gift, consideration, reward, hospitality, kickbacks, favours, gratuities, or any other advantage to someone in business or government to obtain or retain a commercial advantage.
- **Facilitation Payments** – Facilitation payments are payments or fees requested by government officials to speed up or facilitate the performance of routine government action (such as the provision of a visa or customs clearance).
- **Corruption** – There will be no engagement in commercial espionage, covert surveillance of competitors, or other activities that would lead to an unfair competitive advantage or breach of anti-trust legislation.

Tax Evasion

Suppliers, who perform services for or on behalf of Croda must comply with the standard outlined in the UK Criminal Finances Act 2017 including implementing reasonable procedures for the prevention of the facilitation of tax evasion.

Conflict Minerals

Suppliers shall take reasonable efforts to avoid in its products the use of raw materials which directly or indirectly finance armed groups or organisations that violate human rights.

Animal Welfare

Animal testing, also known as animal experimentation, animal research and in vivo testing, is the use of non-human animals in experiments that seek to control the variables that affect the behaviour or biological system under study.

Suppliers should not undertake or commission the use of vertebrate animals in determining safety or toxicological data for Croda supplied raw materials except where there is a regulatory requirement, and no alternative methods exist.

Suppliers are required to answer and provide data on any animal testing performed. The minimum data required is:

- Species
- Date of test
- Test method
- Concentration of test substance
- Reason for testing

If the supplier has a reference number for the testing this should be recorded alongside the minimum data above.

Confidentiality

The confidentiality of information exchanged during business must be respected and shall not be used for questionable purposes or for individual gain. False information must not be provided during commercial negotiations.

Quality

Suppliers must ensure that any goods supplied shall be without fault and of the best available design, quality, material, and workmanship.

Any services supplied shall be provided by appropriately qualified and trained personnel with due care and diligence.

Reporting Violations

Suppliers shall report any violations or suspected violations of applicable laws, regulations, and this Supplier Code of Conduct to Croda. Suppliers may report a violation confidentially using the [Croda Speak Up Hotline](#).

Audit and Termination of Agreements

Croda will seek assurance that its suppliers adhere to the principles of this Supplier Code of Conduct and that they take responsibility to ensure compliance within their own supply chains.

- **Assessments & Audits** – Croda reserves the rights to verify supplier and representative compliance with this Supplier Code of Conduct. This will include requiring suppliers to report information to EcoVadis, our sustainability reporting partner.
- **Remediation** – Where assessments or audits demonstrate shortcomings in any areas, the supplier and representatives must communicate and implement a time-bound programme of improvement leading to conformance.
- **Termination** – In the event that a supplier or representative fails to meet the requirements of this Supplier Code of Conduct and there are no actions made toward remediation, Croda reserves the right to terminate the supplier agreement and take other actions as outlined by law or contractual language.

Additional Resources

Additional resources for topics critical to doing business with Croda can be found at the following links (click the link to access the web page):

[Croda Sustainability Reports](#)

[Policies and Procedures | Croda](#)

[Croda Modern Slavery Statements](#)

[Croda Statement on Grievances in the Palm Sector](#)

Supplier Acknowledgement

Croda would like to ensure that our suppliers receive, review, and understand our Supplier Code of Conduct requirements. We aspire to partner only with suppliers who share our ethics, values, and commitments to being Climate, Land, and People positive.

As a recipient of this information, we would like to ask that you share this Supplier Code of Conduct with the appropriate individuals within your leadership, sales, procurement, and operational teams.

We will retain all records of electronic transmissions from Croda to supplier companies.

Save as amended by this notification and acknowledgement, the terms of any Frame Agreement between your organisation and Croda shall remain in full force and effect. This notice shall be governed by and construed in accordance with English Law or other local country law, as applicable.

This Supplier Code of Conduct may be updated from time to time. The most current version of the Code can be found on the Croda website at www.croda.com.