

# Health and Wellbeing during COVID-19



“  
In the meantime,  
keep safe,  
prioritise looking  
after yourself and  
loved ones – your  
physical, mental  
and emotional  
health is far more  
important than  
anything else  
right now.”

**Steve Foots**  
CEO



Watch  
Smart science in action  
[www.croda.com](http://www.croda.com)

The statement to the left was the sign-off used by Steve Foots, CEO in one of the many company-wide updates he sent throughout the pandemic. This epitomises our attitude towards the importance of the health and wellbeing of our employees throughout the COVID-19 pandemic and beyond. The pandemic meant that we had to swiftly respond to changing needs to keep employees safe whilst working and continuing to manufacture our ingredients, many of which were used in items critical to combating the pandemic.

It wasn't just our CEO who gave regular updates, leaders in all our regions held town halls, recorded videos and sent out written communications. We also published short pulse surveys to provide employees with a way of giving anonymous feedback about how they were feeling and provide their perspective about how the Company was managing the crisis. Local managers also encouraged feedback and maintained contact with employees working remotely through online quizzes, virtual coffee breaks and even digital cocktail hours.

Early in the pandemic, we assured all employees that there were no plans to reduce employee numbers or reduce regular salary and benefits as a result of COVID-19. We understood some employees needed to

balance caring responsibilities and work, so we encouraged people to work flexibly. For those employees working onsite, we focused on making life as easy and as safe as possible, with remote handovers, provision of PPE including hand sanitiser, and training in new procedures to keep everyone safe.

We also worked to support employees in other ways, with mental health a key focus. In March our manufacturing site at Chocques, France, arranged for a hairdresser to visit site, giving employees a huge morale boost. We arranged for external specialists to support employee mental health and wellbeing through educational webinars and training sessions. Where employees, especially those working shifts, reported that they were struggling to access food essentials, which were in short supply at points during the first wave of the pandemic, we arranged for food and cleaning items to be available to them for home use.

We continued to operate as close to normal as possible throughout the pandemic. The support we gave employees was to help them do the best they could under such difficult circumstances.



# 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.

## Highlights

0.54

OSHA total recordable injury rate\*

9.7%

reduction in total water consumption since 2018



FAIRWAGE NETWORK

Partnered with the Fair Wage Network and assessment underway globally



We achieved a Platinum medal in EcoVadis, confirming our position in the top 1% of all companies assessed by EcoVadis in our industry

## Fundamentals by 2030

### Objectives

#### Health, Safety & Wellbeing:

We will protect the health, safety, and wellbeing at work of all of our people and contractors.

#### Process Safety:

We will protect the health and safety of all of our people, contractors and the communities in which we operate.

#### Environmental Stewardship:

We will protect the natural environment through the responsible management of our water consumption and waste production.

#### Fair Income:

We will contribute to sustainable and inclusive economic growth by ensuring that everyone working at Croda sites receives a fair income.

### Targets

- OSHA Total Recordable Injury Rate in the top 10% for the chemical industry
- 30% increase in positive responses to the wellbeing areas in our Global Employee Culture Survey
- Zero significant process safety incidents per year
- We will continue to investigate and apply learnings from minor incidents and near misses

- Reduce our water use impact by 50% from our 2018 baseline

- Everyone working at Croda locations, including temporary and permanent employees, and all contractors will receive a living wage that is monitored and reviewed annually

### Milestones

- Achieve OSHA Total Recordable Injury Rate of 0.3 by the end of 2024

- Conduct an independent peer review of our Process Risk Reviews (PRR) for high-hazard processes by the end of 2023
- Develop reporting capability against SASB process safety indicators by the end of 2021

- Develop and implement a methodology for water impact assessment by the end of 2021
- Reduce our water use impact by 25% from 2018 baseline by the end of 2024
- Eliminate process waste to landfill across our operations by the end of 2024

- All employees temporary and permanent will be paid a living wage by the end of 2022
- All regularly employed contractors will be paid a living wage by end of 2024

### 2020 progress

- OSHA Total Recordable Injury Rate of 0.54\*
- Five percentage point improvement to wellbeing questions compared to 2017

- A notice of violations was received relating to air permitting on the ethylene oxide plant at Atlas Point. Operation was ceased immediately pending corrective action
- 17 (out of 40) PRRs for high-hazard processes have been peer reviewed

- An operational error resulted in our Mill Hall site receiving a notice of violation for non-compliance with its effluent discharge permit, which impacted the municipal wastewater treatment plant
- Water impact methodology developed
- Reduction in total water withdrawal by 9.7% compared to 2018 baseline
- 11 out of our 19 principal sites now have zero process waste to landfill

- Partnered with the Fair Wage Network (FWN)
- Assessment of our pay against FWN targets is underway

### SDGs



\* excluding acquisitions and COVID-19.

## Objectives

### Supplier Partnership:

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.

### Knowledge Management:

We will manage our intellectual capital, ensuring employees acquire the knowledge and skills needed to promote the sustainable development of our business and promote lifelong learning opportunities for all.

### Quality Assurance:

We will maximise our resource efficiency and minimise all types of waste energy, water and materials across our operations.

### Product Stewardship:

We will take a leadership role in life cycle assessment of our ingredients and their impact on the life cycle of our customers' products. This will help the markets in which we operate move towards more circular economies and reduce consumer and employee exposure to chemical hazards.

### Responsible Business:

We will verify and maintain our position as the most sustainable supplier of innovative ingredients within our industry.

## Targets

- Ensure all key suppliers are responding to EcoVadis and engaging with us to improve practices

- Target to be finalised during 2021

- Achieve a 99.5% Right First Time (RFT) rate

- Full life cycle assessments (LCAs) for our top 100 ingredients

- Achieve outstanding CSR performance ratings across all themes within the EcoVadis assessment

## Milestones

- 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
- 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
- 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
- 100% of employees will receive a minimum of one week's training per year by the end of 2025

- Achieve a 99.0% RFT rate by the end of 2024

- Finalise our LCA methodology with external input and verification by the end of 2021
- Complete 40 LCAs by the end of 2024

- Achieve an EcoVadis score of at least 85 by end 2023

## 2020 progress

- 199 suppliers representing 50% of our spend have been evaluated by EcoVadis
- We exited 2020 with 85% of our palm derivatives RSPO certified and will achieve 100% in 2021
- We reviewed, updated, and issued our Supplier Code of Conduct

- Over 2,000 online training courses added to our learning management system and 22,000 individual courses were completed
- Over 250 managers trained on our Commitment
- An automated and robust process for measuring training hours is being rolled out globally

- Global initiative launched
- Business Director appointed
- One percentage point improvement achieved

- Product Stewardship working group established to define our LCA methodology
- Sustainability Impact Assessment developed to identify candidate products for full LCA

- Achieved Platinum EcoVadis sustainability recognition level, putting us in the top 1% in our sector

## SDGs



SDG 12.6  
SDG 12.7



SDG 4.3



SDG 12.2  
SDG 12.5



SDG 3.9



SDG 12.2



SDG 14.1



## Health, Safety & Wellbeing



### Health and Safety

It is a core principle at Croda that all employees should expect to return home at the end of their working day without having been harmed in the workplace. Five years ago, we set an OSHA total recordable injury rate (TRIR) target to be in the top quartile of chemical manufacturing companies – a measurable improvement towards our ultimate aim of zero harm at work. This would require improving from 0.8 recordable injuries per 200,000 hours worked to below 0.6 and, importantly, would result in a 25% reduction in work-related cases. On a like-for-like basis our target was achieved a year early and was maintained this year, demonstrating the underlying positive trend resulting from our focused attention in this very important area of our business. Last year we launched our 2030 Commitment in which we set a new target to have a total recordable injury rate in the top decile of the chemical industry and in this report, we are committing to achieve an interim milestone of 0.3 TRIR by the end of 2024.

As a recognised critical industry in all countries in which we operate, we worked tirelessly this year to adapt to the changing regulatory guidance and to share best practice across the Group to provide COVID-secure workplaces for those of our employees who were not able to work from home. We did experience a small number of possible work-related infections and, although somewhat subjective in causation, nevertheless reported them to the relevant authorities and added them to our TRIR statistics.

The Group made several acquisitions during the last five years, most notably in 2020, and generally these companies all had TRIRs above the Group average. This, together with the possible work-related COVID-19 cases resets our headline TRIR to 0.86 as we enter 2021 with an aim of reducing this to 0.3 by the end of 2024.

### Launch of the revised Croda Safety, Health and Environment Behaviour Standard

This year we revised and upgraded our behavioural standard to be complementary to our Purpose, Commitment and Difference. The standard was originally based on the work of organisational psychologists at the Keil Centre, and following this revision, now reinforces our values of ‘Responsible’, ‘Innovative’ and ‘Together’ by using the same vocabulary. It describes the safety, health and environmental behaviours expected of all employees at all levels in the organisation and gives examples of good and bad behaviours, providing a

simple and practical guide for all. With a particular focus on leadership, the standard was first introduced to the top 50 managers in the Company with a requirement for them to cascade to all employees and have meaningful discussions aimed at securing their commitment to improve.

Lindalu Bartsch, Managing Director Croda Latin America said: “It helps all employees in the organisation to have high standards for safety and creates the conscience for each employee, showing how important it is for everyone. I think it is key for a good organisation that the leadership takes this subject as fundamental, as it is at Croda. Now employees take better care of themselves and warn other people if they see an unsafe behaviour.”

### Safety, Health and Environment Leadership programme for new acquisitions

It is Group policy that all locations comply with national legal requirements as an absolute minimum, but in addition, strive to comply with our own demanding internal standards. The Group has made several acquisitions in recent years where, more often than not, the acquired companies fall short of these internal standards, particularly in relation to safety performance. This year we introduced a specific training programme for the leadership teams of those acquired companies.

We recognise that as a Company with operations throughout the world, it is easy for leaders at sites to feel isolated from their peers and from the central organisation. This is particularly true of newly acquired sites who are often going through significant change, detaching themselves from previous owners whilst integrating into Croda which has different expectations. The programme is therefore designed to make these expectations very clear as well as helping to implement a robust management system for continual

### The SHE Behaviour Standard

Theme	Everyone	First line manager	Managers	Senior leaders
<b>Standards</b>	Show that you care	Ensure standards maintained	Set high standards	Set the vision
<b>Communication</b>	Speak up	Encourage the team	Communicate openly	Provide clarity
<b>Risk management</b>	Be mindful	Promote risk awareness	Confront risk	Manage risk
<b>Involvement</b>	Get involved	Involve the team	Involve the workforce	Engage the organisation

Our revised Safety, Health and Environment Behaviour Standard.



“ I am proud to be part of this programme and I can easily mention that the main advantage we’ve achieved so far, in my view, is the better alignment between the knowledge of sites by having access to the content and experience sharing. I am confident that this programme will also support new acquisitions and the continuous improvement in this vital area of our company.”

### Debora Esperanca

Operations Manager for Incotec, Holambra, Brazil

improvement such as changes to equipment, procedures, and training provision. Participants are encouraged to share their own experiences and critique each other’s efforts, thus building a group support network for best practice sharing.

The programme is now being adapted to help onboarding of future acquisitions and is already being trialled with teams at our most recent acquisitions – Avanti and Iberchem, accelerating their integration into the business and ensuring they meet our SHE performance expectations.

# Process Safety



**SDG Targets:**  
3.9 and 8.8

## Wellbeing

Protecting and enhancing the mental and physical health of our employees is key to ensuring everyone can give their best, as well as being fundamental to creating and maintaining an inclusive workplace. It underpins our values of ‘Together’ and ‘Innovative’, the latter being about creating a fun, lively and stimulating environment in which to work.

In 2020, due partly to the COVID-19 pandemic, all our regions focused on employee mental health. Activities included webinars with psychologists, an increase in the provision of Employee Assistance Programmes, yoga classes and access to the ‘Calm’ app used to aid meditation and sleep. This regional work was supplemented by online training in wellbeing, internally created podcasts and the provision of online information and tips for managing mental health.

Our metric here is to see an improvement in employee satisfaction related to wellbeing questions, through an increase in the percentage of positive responses in employee culture surveys. In 2020, we saw an increase in positive scores of over five percentage points related to our wellbeing questions, compared to scores in 2017.

In September 2020, the ECO plant at Atlas Point in Delaware, North America, received notices from a local regulator following higher than anticipated emissions to air during initial testing of some plant equipment. We immediately suspended operations at the ECO plant while corrective work was undertaken. Further testing took place in January 2021 to determine if the issues were resolved, and we expect to be fully operational in the first half of 2021.

An important component of our process safety assurance programme is the requirement for sites to conduct Process Risk Reviews (PRRs) of all hazardous process at regular intervals. The first five-year cycle of this was completed at the end of 2018 and we are now two years into the next cycle. An added level of assurance is provided by conducting independent reviews of our high-hazard processes and we are on track to complete these by the end of 2023. Next year we will develop the capability to report our process safety performance in accordance with the metrics described in the Sustainability Accounting Standards Board (SASB) accounting standard.

Output of the PRRs is used to provide detailed feedback to the local team with support provided to address immediate and long-term improvements. There has been positive engagement from the site teams with a shift towards self-reflection, driving enhanced critical analysis of the techniques employed and the risk conclusions drawn.

The key findings of these reviews will be used to develop further training and guidance in 2021, supporting our continual improvement in process safety competence.



A lot of hard work goes into completing our PRRs and we want to make sure that they deliver everything our sites need of them. It is great to see positive engagement during the feedback and a real drive from our process safety leaders to enhance the quality of these critical documents. Particular credit should go to the team at Shiga, in Japan, who have worked tirelessly this year, making significant strides, and setting some good practices to be shared with others.”

**Zoë Law**  
Group SHE Specialist



## TAKING CARE OF MENTAL WELLBEING IN UNCERTAINTY

When we are faced with uncertainty, our emotional resilience can be tested, particularly when a situation occurs that makes us feel a loss of control, disoriented or exposed. This can impact our mental wellbeing making us feel anxious or worried, and can even lead to more serious mental health problems.

The UK’s Health and Safety Executive identified six key areas that can cause stress in a work setting: relationships, role, demands, support, change and control. Volatile and uncertain situations can affect these key areas, particularly, control and relationships.

In 2020 all our regions focused on employee mental health. This included providing online information and tips for managing mental health during the pandemic.

## Environmental Stewardship



**SDG Targets:**  
6.3, 6.4 and 12.5

### Water Impact

Our five-year target for a 10% reduction in water consumption by the end of 2020 was achieved, with a 16% reduction against the 2015 baseline figure. Our manufacturing sites at Ditton in the UK and Mevisa in Spain, between them saved over 900,000 m<sup>3</sup> water per year following the implementation of water-saving measures. Looking ahead to the next round of strategic reductions we are prioritising our site at Shiga in Japan, where investment is underway to reduce consumption by 70% in 2021 and a further 20% the year after. In addition, the installation of a new boiler will contribute to their decarbonisation strategy.

“  
We know that as a large water consumer we have a responsibility to reduce our impact and in doing so will make a significant contribution to the Group’s sustainability agenda.”

#### Akihisa Okada

Site Director, Shiga, Japan

An operational error resulted in our Mill Hall site receiving a notice of violation for non-compliance with its effluent discharge permit which impacted the municipal wastewater treatment plant. Procedures have since been revised and employees have been retrained to prevent recurrence. Real-time analytical equipment will be installed in 2021 to guard against human error.

It is estimated that over the next few years, two thirds of the world’s population may face water shortages and ecosystems around the world will be stressed even more than they currently are. In response to this we have set a target to halve our water impact by 2030, reducing it by 25% by the end of 2024. This requires us to move beyond simply measuring and reducing total water use and to conduct in-depth studies of the impact our activities have, helping us prioritise the action we must take to safeguard this precious resource. We are, therefore, developing a methodology that takes a holistic approach and incorporates considerations such as water quality, displacement effects, and water stress projections at an individual location basis.



The team at Shiga, Japan, who are working to reduce water consumption of the site by 70% in 2021.

During 2020, we worked with Sabrina Ledke, an MSc student at the University of York in the UK, to develop our water impact methodology. In 2020 we used one of our UK manufacturing sites as a case study and this work will continue over the next year with the aim of being able to report against a defined water impact metric by the end of 2021.

“  
Getting an idea about how manufacturing activities impact the aquatic environment is a crucial step towards climate action. It’s fabulous to see Croda aiming to reduce their water usage impact and developing a sophisticated metric.”

#### Sabrina Ledke

MSc student at the University of York

### Waste to landfill

We achieved our waste to landfill target ahead of schedule. 2020 has seen us continue to make progress in our aim to eliminate process waste to landfill from our operations by the end of 2024. Our continued progress has been due to some exceptional work from two of our UK sites, Hull and Rawcliffe Bridge, which both reduced their waste to landfill by 95%. This was achieved by working with regulators to ensure waste is categorised appropriately, reviewing, and updating current waste management practices, as well as placing residue streams into recycling routes such as biofuel and fertiliser. The small amount of waste that is not able to be repurposed or reduced, is segregated to ensure easier recycling.

During 2020 our colleagues in North America engaged with PAR-Recycle Works, a non-profit electronics recycler that provides transitional employment to people released from prison, helping participants integrate back into society and lowering the likelihood of reoffending through stable income and work. Paul Petrella, Regional IT Manager, coordinated the donation of 2.5 tonnes of redundant IT equipment. “Working with my team and the SHE department onsite we knew we had a large quantity of used electronic equipment and were hoping to find a solution that turned this into a benefit. PAR-Recycle Works was a perfect fit in helping us reach this goal.”

## Fair Income



**SDG Target:**  
8.5

In 2018, we were proud to be accredited as a UK Living Wage Employer by the Living Wage Foundation. Having gained accreditation in the UK, we have now set the ambitious target to pay our employees a living wage at all locations globally, going beyond the legal minimums and ensuring that we can provide an appropriate standard of living for all of our employees.

To support the delivery of this global ambition, we have agreed a partnership with the Fair Wage Network who provide an independent and economically rigorous methodology to assess living wage levels across the world. Using this database, we are now in the process of comparing our wage levels to living wage comparators provided by the network. Once the assessment is complete, any necessary adjustments to pay will be made to ensure we meet our goal that all employees will be paid a living wage by end of 2022.



**FAIRWAGE**  
NETWORK

## Knowledge Management



**SDG Target:**  
4.3

As a business that relies on innovation and intellectual capital for its continued success, the ability to retain knowledge within the Company and pass it on to new employees is vital. Like many in our industry, we previously relied on the passion and deep expertise of individuals to drive our innovation. However, to satisfy increasingly complex needs in a fast-changing environment, we need to ensure that our teams can access and act upon the cumulative knowledge and experience of those that went before them, and also that of our partners from outside Croda, such as customers, suppliers and industry experts. This requires behaviour change through many of our teams as well as new systems to support the capture and rapid retrieval of information, allowing our current experts to add to the considerable intellectual legacy of those who have gone before them.

We have not currently set an ambitious 2030 target for this area; this will be finalised during 2021. In the meantime, our milestone target is to ensure that all employees have a minimum of one week of training per year. This training can take many forms: 'on the job', classroom-based, self-study, online programmes, professional training or participating in mentoring or coaching programmes.

To support this ambition, and in response to the COVID-19 crisis, we significantly increased the number of online training programmes available to our employees, with over 2,000 online training courses added to our learning management system in 2020. The courses, many of which are available in multiple languages, cover a range of topics including personal development, computer skills and leadership. During the year we also moved much of our classroom training to a virtual setting.

“

Having launched our 2030 Commitment in last year's report, we have spent a significant amount of time engaging with employees across the business to help them understand our goals and the contribution that every employee can make towards us achieving them.”

In particular, we have focused on training managers across the Group, enhancing their knowledge on technical topics such as the United Nations Sustainable Development Goals, science-based targets and scope 1, 2 and 3 emissions. Increasing their confidence in these topics ensures they can lead our efforts and make them locally relevant.



In response to the COVID-19 crisis, we significantly increased the number of online training programmes available to our employees.

## Quality Assurance



SDG Targets:  
12.2 and 12.5

Responsible consumption of resources requires us to do things right first time, every time. Making our products to the right quality first time is not only good for the customer experience, it also eliminates all forms of waste, aligning with the SDG goal to “substantially reduce waste generation through prevention”. Our target here is to achieve a right first time rate of 99.5% by 2030, a class-leading rate for speciality chemicals with a broad product portfolio. We expect to be well on that journey by the middle of the decade with an interim target of 99.0% .

During 2020 we launched our right first time initiative to help reach our ambitious target, creating the position of Business Process Director to coordinate our efforts globally. Each site identified a champion, and this global team is already tackling priority areas by sharing knowhow and best practice.

We recognise the potential of tools such as big data, robotics, analytics, and the Internet of Things to drive manufacturing excellence and contribute significantly to our right first time agenda. This year we have initiated several projects to explore the potential of these tools and then identify how to quickly scale them across the Group. These projects lay the groundwork for digital integration from factory floor through to supply chain and vice versa, with a key output being to improve resource efficiency.

“The outcome for the year was a huge success with an improvement of one percentage point towards our 2030 goal and notable success stories registered at every participating site. The sustainability benefits have not yet been quantified but will be substantial.”

**Hubert Legius**

Business Process Director

One example of this is the implementation of Advanced Process Control (APC) on a key production process at our manufacturing site in Hull, UK. A multi-variable model of the process has been built, and, using machine learning, predicts future plant behaviour, adjusting processing parameters accordingly. This real-time optimisation ensures consistent quality, maximum yield, and minimum use of steam, water, and chemicals. Commissioning is well underway with indications that energy savings will make a significant contribution to the site’s decarbonisation programme.

Another example is the use of multivariate data analysis at our site in Mevisa, Spain. Here, advanced analytics is providing meaningful insights from the vast array of manufacturing data, identifying patterns and connections that could not be done manually due to the volume of data points. The team have already seen excellent results from this technique, including reduced cycle times, improved yield, and lower energy consumption.

Our complex chemistries have historically used traditional methods for quality analysis and control, taking samples during manufacture, conducting laboratory analysis, and then adjusting operating parameters. Often this cycle is repeated several times to ensure we meet the tight specifications required by our customers, which can result in delays and sub-optimal resource consumption. A team at our manufacturing site in Gouda, the Netherlands, have approached this problem through innovative process design and by adopting the latest near-infrared analytical capabilities. This enables real-time quality measurement coupled with predictive control, reducing batch cycle times, optimising utility consumption, and eliminating the need to take and destroy samples. Installation is now complete, and validation will take place during 2021 before rolling out to other sites in the Group.



Real-time quality monitoring team at Gouda. From left to right: Jan de Jong, Sophie Wiedemann, Ronald Goes, Thaddeus Anim-Somuah, Kees Plomp, Leon Smit. Henkjan Abbes and Peter Both absent.

# Product Stewardship



**SDG Targets:**  
3.9, 12.2 and 14.1

Product Stewardship means going beyond the minimum requirements for compliance. It means building upon the knowledge we gain from regulation and enhancing it with full Life Cycle Assessment (LCA) of our ingredients to fully understand impact beyond our factory gate. It requires a deep understanding of our products from cradle-to-grave and needs complete transparency up and down the supply chain. LCAs help the markets in which we operate move towards more environmentally friendly products through elimination, substitution or reuse as well as identifying opportunities to further reduce the risk of employees and consumers being exposed to chemical hazards. We aim to have completed full LCAs of our top 100 ingredients by 2030, and to have done at least 40 by the end of 2024.

This year we established a Product Stewardship Working Group consisting of internal regulatory and technical experts to progress our LCA work. During 2021 they will be defining a robust and auditable methodology that will identify the data needed to assess our products and help us ensure that the output meets the needs of our customers.

Also during 2020, we developed a sustainability impact assessment (SIA) methodology for product/application combinations. Through this methodology we look at the intrinsic impact of our products, as well as the impact of them in use and at end of life, their extrinsic impact. Products are scored based on how we compare to industry standards, with higher scores given to those that directly contribute to the achievement of our Commitment and that provide additional sustainability benefits not offered by alternative solutions in the market.

Mapping our product groups on an intrinsic versus extrinsic matrix allows us to see where innovation to increase the intrinsic sustainability can have the greatest impact, or where further customer engagement and partnerships may enable us to enhance the sustainability of our product in application. This methodology was first applied to products sold into various applications within our Energy Technologies business.

We plan to use this SIA methodology to screen our product portfolio and help to identify key products as candidates for full LCA over the next decade.

“ This approach helped a multi-functional team to ask questions about our business that we had not previously considered. It drove a deeper understanding of our products, customers, and applications leading to meaningful actions in innovation and portfolio management. The methodology has enabled us to make important progress towards our sustainability goals.”

**Graeme Tweddle**

Vice President Performance Technologies and Industrial Chemicals

## Responsible Business



Responsible Business to Croda means leadership in sustainability and corporate social responsibility: adopting leading practices; being open and transparent in their execution; and being judged and held accountable for our actions by our stakeholders. We use the EcoVadis sustainability rating framework as a measure of our performance and a tool for continual improvement. EcoVadis provide an evaluation of how well a company has integrated the principles of sustainability/CSR into its business and management system. It is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000. The methodology is evidence based and covers assessment against four themes: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.

We have been assessed by EcoVadis since 2012 when we first achieved a score of 58/100. Since then, we have consistently improved, achieving our highest published score of 83/100 in 2018. In 2019 and 2020 we had points deducted for an ethylene oxide



leak that occurred in 2018 in North America. This was fully reported, and remedial action taken. With the EcoVadis methodology, points deducted remain in place for five years irrespective of all corrective actions.

For 2020, EcoVadis has now assessed over 75,000 companies in 160 countries and across 200 industries. This year we have achieved their new Platinum level award, placing us in the top 1% in our sector, with a score of 75/100. This is a true recognition of sustainability being at the very heart of our Company values and practices. Despite this accolade, we are determined to improve further with a milestone target to reach a score of 85 or higher by the end of 2023 and to score 'outstanding' in all four categories by 2030.

During the early part of 2020 we reviewed our approach to external ESG engagement, conducting an in-depth gap analysis of our performance against a targeted number of ESG ratings agencies and selecting those performance indices that closely align with our corporate strategy and have most relevance to our stakeholders.

Towards the end of the year, we were pleased to receive news of inclusion in the FTSE4Good UK 50 Index.

As we further embed sustainability in the organisation, we have identified the need to move ownership of metrics away from the Group Sustainability team to sit within the relevant business team or functions. This places it in the hands of those best positioned to affect change and drive progress. In support of this, we are implementing new sustainability accounting and reporting software which will provide superior performance tracking, help with ESG disclosures, and provide an easily verifiable audit trail moving forward.



**Standard Number:**  
102-21

**Croda International Plc**  
Sustainability Report 2020

## Sustainable Sourcing and Supplier Partnerships



SDG Targets:  
12.6 and 12.7

### Procurement leadership

We were founded on the principle of using smart science to turn bio-based materials into innovative ingredients that improve lives. Sourcing these materials in a truly sustainable way is a crucial part of what we do and an increasingly important requirement of our customers and consumers alike. 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 in them, and with complete transparency and traceability throughout. In 2020 we recruited a Global Head of Procurement and Sustainable Sourcing, Michelle Fargen. In this senior leadership position, Michelle's remit is to direct and coordinate our activities in this important area and to encourage, influence and assist our suppliers to improve their own

sustainability practices. 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.

### Bio-based raw materials

88% of our raw materials are organic (containing carbon) with the remainder being inorganic. The organic materials primarily originate from corn, castor, rapeseed, coconut, and sunflower oils together with palm derivatives. In 2020, the bio-based content of our organic raw materials reached 67%, an all-time high for the Group and a significant move towards our target of 75%.

### Supplier engagement and monitoring

We have partnered with EcoVadis as our framework 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.



“As newly appointed Global Head of Procurement and Sustainable Sourcing I am impressed by the calibre of our existing procurement talent and the strong desire within Croda to ensure a fully sustainable and ethical approach from our supply chains and supplier partners.

“We consider our supply chains to be an integral part of our own operations and our choice of suppliers will be fundamental in helping us achieve our 2030 targets. We did not let the challenges of 2020 distract us from our commitments as we have continued supplier engagements with RSPO Certification, CDP Supply Chain and EcoVadis assessments. This work will continue into 2021 and beyond until we have gained full transparency into all aspects of our supply chains.”

**Michelle Fargen**  
Global Head of Procurement  
and Sustainable Sourcing



The Union for Ethical BioTrade (UEBT) is a non-profit association that promotes sourcing with respect. Their objective is to contribute to a world in which all people and biodiversity thrive through the regeneration of nature, enabling a better future for people through ethical sourcing of ingredients from biodiversity. This year, our beauty actives business Sederma successfully became a fully accredited member of the UEBT and commits to the UEBT's standards to continuously develop and integrate ethical sourcing practices in plant collection areas, respecting traditional know-how, improving the living conditions of local populations, and mastering traceability of raw materials of natural origin.

To date, we have assessments for 199 suppliers representing approximately 50% of our total spend. We will continue to work with our suppliers to gain higher levels of participation in these assessments and to encourage them to address any gaps, significantly increasing our influence in the supply chain.

We recognise the opportunity and responsibility to influence our suppliers to achieve positive sustainability outcomes and are introducing three milestone targets in this year's report with this aim. By the middle of the decade, we expect: key suppliers to achieve an average EcoVadis (or equivalent) score and/or have action plans in place to address gaps; key suppliers representing at least 50% of our raw material volumes to make public commitments to carbon reduction targets; and suppliers of our crop-based raw materials to provide fully certified supply chain transparency.

We reviewed, updated, and issued our Supplier Code of Conduct during 2020, which clearly states our sustainability objectives and fundamental requirements of doing business. It requires acknowledgement and acceptance from all suppliers and is an important tool to develop dialogue with like-minded suppliers who are also making commitments to science-based targets and the SDGs. We are also partnered with CDP Supply Chain to capture environmental reporting from suppliers to measure, monitor and reduce our scope 3 GHG emissions embedded in the raw materials we use. In 2020 we requested emissions data from 103 suppliers, with a 44% response rate.



Operating since 2011, Together for Sustainability (TfS), is a joint initiative and global network of companies assessing the environmental, labour and human rights, ethical and sustainable procurement performance of their suppliers. We have followed the progress and growth of TfS which is based on the UN Global Compact and Responsible Care® principles and now includes 29 chemical companies with which our supply chains increasingly interconnect. In 2020 we completed an assessment of membership criteria, including benefit to enhancing our sustainable supply chain metrics, and we shall join TfS early in 2021.

In addition to our own supplier engagements, we seek third-party certifications to validate the sustainability credentials of our suppliers and their raw materials. These partnerships include International Sustainability and Carbon Certification (ISCC), Roundtable on Sustainable Palm Oil (RSPO), USDA BioPreferred®, and the Union for Ethical BioTrade (UEBT).

### Sustainable palm derivatives

Our leadership in supporting sustainable palm derivatives is acknowledged widely by customers and suppliers, and in 2020 our transformation to fully RSPO-certified physical supply chains was nearly complete, with just over 85% of our palm derivative volumes certified as we exited 2020. This covers over 100 suppliers and more than 300 raw materials into our 14 RSPO-certified manufacturing sites. Although the conversion was led by our Personal Care sector, the 85% achievement is across all our finished ingredients into all industries. Our joint venture in China, Croda Sipo, consumes four palm derivative raw materials for industrial applications which have not yet been converted but we expect this to be completed during 2021.



**ASD**  
ACTION FOR SUSTAINABLE DERIVATIVES

We are a founder member of Action for Sustainable Derivatives (ASD), a collaborative initiative that promotes responsible sourcing. ASD has accelerated the transformation of the palm derivatives industry towards compliance with 'No Deforestation, No Peat, No Exploitation' (NDPE) principles. Through ASD we work with a third-party consultancy, Transitions, to conduct supplier investigations to ensure full compliance with these principles.

\* BioPreferred is a registered trademark of the US Department of Agriculture.



Crodarom's local suppliers of Rosa gallica.

### Procurement standards – ISO 20400

Sustainable procurement is the process of making purchasing decisions that meet the organisation's needs for goods and services in a way that benefits the organisation, society as a whole and minimises impact on the environment. It is achieved by ensuring working conditions of suppliers' employees are decent, the products and services purchased are sustainable and that the socio-economic issues, such as inequality and poverty, are addressed.

We are fully committed to ensure alignment with this international standard and aim to conduct a gap analysis across our procurement functions globally during 2021.

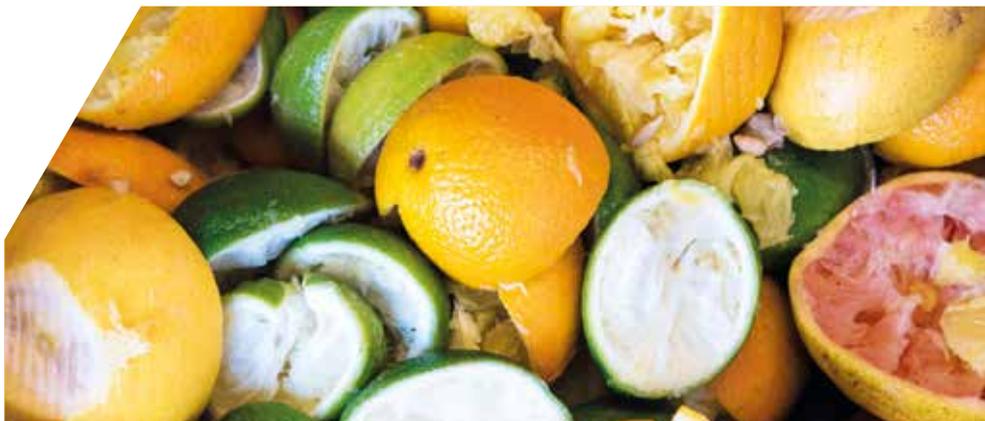
### Local sourcing

Our botanical extracts are manufactured in the South of France at our Crodarom site in Lozère. Sourcing locally brings a range of benefits such as increased flexibility, enhanced transparency, decreased environmental footprint, simplified communication, and social development. We therefore prioritise utilising French resources where possible and Crodarom has supported the development of local producers since its creation. For example, for almost 20 years, our organic Rosa gallica has been cultivated a few kilometres from our site.

Today, 20 Crodarom products have French certified origin and we expect this to increase as a result of our new collaborations with French farmers who share our ethos. With technical support from the region and local institutions, Crodarom follows new experimental trials to cultivate species with local producers. Five perennial species have been rigorously selected according to their ability to adapt to this terrain.

### Upcycling

Upcycling is the transformation of unwanted by-products, surplus or waste from other industries such as food and agriculture, into high-quality products for Personal Care that substitute those made from virgin raw materials. This approach enhances the use of environmental resources, reduces waste and provides social benefits through local supply chains, all important aspects of our business model. Crodarom recently launched our Phytolea™ range of natural derived oils. These are made by pressing the seed or kernel waste from local juicing and jam production. Fruit by-products used for this range are from apple, baobab, cherry, cranberry, lemon, lime, passionfruit, pomegranate, and prickly pear.



Fruit by-products are used in Crodarom's Phytolea™ range of natural derived oils.