TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS OF CRODA INTERNATIONAL Plc
("the Committee")

A. Membership

1. The Committee will consist of at least three members, each appointed by the Board of Directors (the "Board").

2. All members of the Committee will be non-executive directors who are independent in character and judgement and free from any business or other relationship or circumstance that are likely to affect, or could appear to affect, the exercise of their independent judgement.

3. The Board shall appoint the Chairman of the Committee who shall be an independent non-executive director and determine the period for which he shall hold office. The Chairman of the Board shall not be appointed the Chairman of the Committee.

4. The Company Secretary or their nominee shall act as the Secretary of the Committee.

B. Meetings

1. The Committee shall meet formally at least three times a year.

2. A meeting of the Committee may be called by any member of the Committee or by the Secretary.

3. The quorum for any meeting shall be two.

4. Other people e.g. the Group Chief Executive or the Group HR Director, may be invited to attend and speak at the meeting at the request of the Chairman of the Committee.

5. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their number to chair the meeting.

C. Responsibilities

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

The responsibilities of the Committee shall be to:

1. determine and agree with the Board the framework or broad policy for the remuneration of the Company’s Chairman, the Group Chief Executive, the executive directors, the Company Secretary and such other members of the senior executive management as are designated by the Board to be considered from time to time. The remuneration of non-executive directors shall be a matter for the Chairman and the executive directors. No director or manager shall be involved in any discussion or decision on their own remuneration or term of office;

2. in determining such policy, take into account factors which it deems necessary, including the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (the Regulations), other relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that the senior management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;

3. when setting remuneration policy for directors, review and have regard to the remuneration trends across the Company or Group;
4. review the ongoing appropriateness and relevance of the remuneration policy

5. subject to paragraph 6, within the terms of the agreed policy and in consultation with the Chairman and/or Group Chief Executive, as appropriate, determine the total individual remuneration packages for the Chairman, each executive director, the Company Secretary and other members of the executive management team as are designated by the Board from time to time for this purpose, including basic salaries and, where appropriate, bonuses, incentive payments, long-term incentives and share awards;

6. ensure that no payment or proposed payment is made to any existing, proposed or previous person to whom the remuneration policy applies or applied, which is not consistent with the remuneration policy most recently approved by shareholders;

7. subject to paragraph 6, determine the policy for, and scope of, pension arrangements for the executive directors and other senior executives of the Group;

8. ensure that contractual terms on termination, and any payments made, are consistent with the most recent directors' remuneration policy that has been approved by shareholders or are otherwise approved by shareholders as required by the Regulations, the Companies Act 2006, the Listing Rules and all other relevant laws and regulations;

9. determine the policy for authorising claims for expenses from the directors;

10. subject to paragraph 6, approve the design of, and determine targets for, any performance related/bonus pay schemes operated by the Group and approve the total annual payments made under such schemes;

11. subject to paragraph 6, review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;

12. establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee and obtain reliable, up-to-date information about remuneration in other companies;

13. oversee any major changes in employee benefits structures throughout the Group;

14. periodically review the principles, policies and practices of selection, performance appraisal, development and compensation of employees throughout the Group;

15. in determining remuneration packages and arrangements, give due regard to the Regulations, any other relevant legal requirements, the provisions and recommendations in the Combined Code, the UK Listing Authority’s Listing Rules and associated guidance;

16. ensure that the provisions regarding the disclosure of remuneration, including pensions, (as set out in the Regulations or any other relevant regulations which may from time to time come into force, the Listing Rules and the Companies Act 2006, as amended from time to time) are fulfilled;

17. on behalf of the Board, produce an annual report on remuneration (including, where required, the directors’ remuneration policy and its implementation) in a form consistent with the Regulations and ensure that the remuneration policy and disclosures on directors’ remuneration referred to in this paragraph and paragraph 16 above are put to shareholders for approval as required by the Regulations, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and all other relevant laws and regulation.

18. If the Committee has appointed remuneration consultants, the annual report of the Company’s remuneration policy should identify such consultants and state whether they have any other connection with the Company.
In carrying out their responsibilities, Committee members must act in accordance with the statement of directors’ duties set out in sections 171 – 177 of the Companies Act 2006.

D. Authority

1. The Committee is authorised by the Board:
   
   1.1 to seek any information it requires from any employee of the Company in order to perform its duties;

   1.2 when necessary for the fulfilment of its duties, to obtain any outside legal or other professional advice, including the advice of independent remuneration consultants, to secure the attendance of external advisors at its meetings, and to obtain reliable, up to date information about remuneration in other companies, at the Company's expense; and

   1.3 to commission any reports or surveys which it deems necessary to fulfil its obligations.

E. Reporting Procedures

1. The Secretary shall minute the proceedings of all Committee meetings, including the names of those present.

2. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

3. The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

4. The Committee members shall conduct an annual review of their performance, constitution and these terms of reference and make recommendations to the Board regarding any changes.

5. The Chairman of the Committee, or, in his unavoidable absence, an appointed deputy, shall attend the Company’s Annual General Meeting to answer shareholders’ questions.

6. Through the Chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

7. The Chairman of the Committee shall ensure that the Committee complies with its reporting and disclosure obligations in relation to remuneration as referenced at paragraphs 16 and 17 of Part C.

Adopted by the Board of Croda International Plc on 31 October 2017