GRI Sustainability Reporting 2017 Sustainability Performance

This is the tenth consecutive year that we have provided a Global Reporting Initiative (GRI) Report. We are reporting to a self-declared ‘Core’ accordance level for the reporting period 1 January 2017 to 31 December 2017.

Our separately published Sustainability Report 2017 contains a significant amount of information relating to GRI content whilst some information can also be found in our Annual Report 2017. This GRI Report provides further details not found in either of these two reports, whilst further information on key topics can be found on the Company website www.croda.com. Any supporting information is indicated throughout this report, where relevant.

A GRI Content Index can be found on the following pages and online at www.croda.com/gri, summarising the location of all relevant GRI information.
## Glossary of Terms

The following abbreviations are used in this report:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Meaning</th>
<th>Abbreviation</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEO</td>
<td>Authorised Economic Operator</td>
<td>NOx</td>
<td>Nitrogen oxides</td>
</tr>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
<td>OSHA</td>
<td>American Occupational Safety and Health Administration</td>
</tr>
<tr>
<td>CDP</td>
<td>Formerly known as the Carbon Disclosure Project</td>
<td>NPP</td>
<td>New and Patented Products</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
<td>PFCs</td>
<td>Perfluorinated chemicals</td>
</tr>
<tr>
<td>CH₄</td>
<td>Methane</td>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>CHP</td>
<td>Combined Heat and Power</td>
<td>Pic</td>
<td>Public limited company</td>
</tr>
<tr>
<td>CO₂</td>
<td>Carbon Dioxide</td>
<td>PO</td>
<td>Palm Oil</td>
</tr>
<tr>
<td>COD</td>
<td>Chemical Oxygen Demand</td>
<td>PSRA</td>
<td>Product Safety and Regulatory Affairs</td>
</tr>
<tr>
<td>CSPO</td>
<td>Certified Sustainable Palm Oil</td>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>EFSA</td>
<td>European Food Safety Authority</td>
<td>RACI</td>
<td>‘Responsible’, ‘Accountable’, ‘Consulted’ and ‘Informed’</td>
</tr>
<tr>
<td>EO</td>
<td>Ethylene Oxide</td>
<td>RCG</td>
<td>Remuneration Consulting Group</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise performance management</td>
<td>REACH</td>
<td>Registration, Evaluation, Authorisation and Restriction of Chemical substances</td>
</tr>
<tr>
<td>ESG</td>
<td>Economic Social Governance</td>
<td>RIDDOR</td>
<td>Reporting of Injuries, Diseases and Dangerous Occurrences Regulations</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
<td>RSPO</td>
<td>Roundtable on Sustainable Palm Oil</td>
</tr>
<tr>
<td>FDA</td>
<td>Food and Drug Administration</td>
<td>SAC</td>
<td>Special Area of Conservation</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
<td>SAP</td>
<td>Software company</td>
</tr>
<tr>
<td>GHS</td>
<td>Globally Harmonised System</td>
<td>Sedex</td>
<td>Supplier ethical data exchange</td>
</tr>
<tr>
<td>GJ</td>
<td>Gigajoules</td>
<td>SF₆</td>
<td>Sulfur hexafluoride</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
<td>SHE</td>
<td>Safety, Health and Environment</td>
</tr>
<tr>
<td>GSSC</td>
<td>Group Sustainability Steering Committee</td>
<td>SHEQ</td>
<td>Safety, Health, Environment and Quality</td>
</tr>
<tr>
<td>HFCs</td>
<td>Hydrofluorocarbons</td>
<td>SOx</td>
<td>Sulfur oxides</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
<td>SPA</td>
<td>Special Protection Area</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
<td>T&amp;D</td>
<td>Transport &amp; Distribution</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
<td>TeCO₂e</td>
<td>Tonnes CO₂ equivalent</td>
</tr>
<tr>
<td>kg</td>
<td>kilograms</td>
<td>tpa</td>
<td>Tonnes per annum</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>LTI</td>
<td>Lost Time Injury</td>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
</tr>
<tr>
<td>m³</td>
<td>Cubic metres</td>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheet</td>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>N₂O</td>
<td>Nitrogen oxide</td>
<td>UV</td>
<td>Ultraviolet</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
<td>VOC</td>
<td>Volatile Organic Compound</td>
</tr>
</tbody>
</table>
Organisational Profile

GRI 102-1 Name of the organisation

Croda International Plc.

GRI 102-2 Activities, brands, products and services

We are the name behind the high performance ingredients and technologies in some of the biggest, most successful brand in the world; creating, making and selling speciality chemicals that are relied on by industries and consumers everywhere.

We have four market sectors: Personal Care, Life Sciences, Performance Technologies and Industrial Chemicals. Within these four market sectors, we have nine business areas, each working in partnership with our customers to design ingredients that are manufactured globally and sold directly to our customers.

### Personal Care

**Markets:** Focusing on ingredients for skin, hair, sun protection and colour cosmetic products

**Products:** These include inorganic UV absorbers, lanolins, emollients, polymers, proteins, surfactants and skin care actives. [Read more at www.croda.com](http://www.croda.com)

### Life Sciences

**Crop Protection**

**Markets:** We provide inert ingredients and adjuvants for the full spectrum of agrochemical applications.

**Products:** These include polymeric surfactants, dispersants, wetting agents, emulsifiers, stabilisers, adjuvants and seed coating binders. [Read more at www.croda.com](http://www.croda.com)

**Health Care**

**Markets:** Our high purity ingredients are used in the pharmaceutical, dermatological, nutraceutical, functional food and animal health markets.

**Products:** These include concentrated omega fatty acids, ultra-pure medical grade lanolins, Super Refined™ excipients and a wide range of surfactants, solubilisers, emulsifiers and fatty acid esters. [Read more at www.croda.com](http://www.croda.com)

**Seed Enhancement**

**Markets:** Protecting and stimulating seeds using processes such as seed priming, upgrading, disinfection, pelleting, encrusting and film coating. Incotec, a division of Croda, has the ability and technology to improve and enhance the quality of seeds and to apply seed treatment products.

**Products:** These include film coat liquids and coating products. [Read more at www.croda.com](http://www.croda.com)

### Performance Technologies

**Smart Materials**

**Markets:** We supply speciality additives for polymer applications such as slip, anti-block, torque release and anti-scratch. We
also innovate for niche segments within adhesives and sealants, paints and coatings, composites, engineering plastics, foams and elastomers.

**Products:**
This includes a wide range of naturally derived oleochemicals and speciality surfactants. Read more at www.croda.com

**Energy Technologies**
**Markets:** We supply marine, wind turbine and environmentally acceptable lubricants, as well as products for use in oil & gas production, e.g. flow assurance.

**Products:**
These include friction modifiers, emulsifiers, demulsifiers and other speciality surfactants. Read more at www.croda.com

**Home Care and Water Treatment**
**Markets:**
We supply ingredients for laundry, household, industrial and institutional cleaning applications, as well as for wipes, tissues, nappies and hygiene articles. We also deliver innovative surfactants for use in the manufacture of water soluble polymers as well as other chemistries for the water treatment industry.

**Products:**
These include proteins and their derivatives, softeners, surfactants, solvents, emulsifiers, solubilisers, hydrotrpores, tissue lotions, botanical extracts, fatty acids and glycerine. Our broad portfolio also includes defoamers, inverters, corrosion inhibitors, dispersants and lubricants. Read more at www.croda.com

**Industrial Chemicals**

**Industrial Chemicals**
**Markets:**
We supply ingredients and additives for use in a range of market applications including rubber, candles, textiles, leather and surfactants.

**Products:**
These include the full range of our products; from base oleochemical fatty acids and glycerine to esters, polymeric surfactants and amides. Read more at www.croda.com

As a business to business organisation we strive to maintain an awareness and conformance, where appropriate, to national and local laws and voluntary codes or guidelines, from entities such as the Food and Drug Administration (FDA), the European Food Safety Authority (EFSA), the European Commission, Cosmetics Europe, United States Environmental Protection Agency and Personal Care Products Council (formerly CTFA).

We were a signatory to the chemical industry’s voluntary agreement on the accelerated phase out of the supply and use of products for applications restricted under the EU Marketing and Use Directive, which is now incorporated into our activities under the legislation of Registration, Evaluation, Authorisation and Restriction of Chemical substances (REACH). We therefore focus our sales and marketing on offering alternatives with just small amounts being imported for merchating purposes’ into allowed uses. For example, manufacturing of alkyl phenol ethoxylates in our European operations is restricted and we are actively developing and promoting alternatives to alkyl phenol ethoxylates in other regions. As a result many customers have already moved to different products.

**GRI 102-3 Location of headquarters**

Our corporate headquarters are located at Cowick Hall in East Yorkshire, England.

**GRI 102-4 Location of operations**

We are a global organisation with 4,309 employees across 37 countries.* The strength of our research, development and manufacturing capabilities is underpinned by our global network of sales offices and technical/customer support teams.
This report covers the sustainability performance of Croda International Plc for the period 1 January 2017 to 31 December 2017. The scope of this report is all wholly owned operations, plus those operations where we have significant management influence due to a majority shareholding. Unless otherwise stated, data provided throughout this report is for continuing operations.

Countries of Operation*

<table>
<thead>
<tr>
<th>Western Europe</th>
<th>Eastern Europe, Middle East &amp; Africa</th>
<th>North America</th>
<th>Latin America</th>
<th>Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Czech Republic</td>
<td>Canada</td>
<td>Argentina</td>
<td>Australia</td>
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<tr>
<td>France</td>
<td>Hungary</td>
<td>USA</td>
<td>Brazil</td>
<td>China</td>
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<td>Finland</td>
<td>Poland</td>
<td>Chile</td>
<td>Hong Kong</td>
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<tr>
<td>Germany</td>
<td>Russia</td>
<td>Colombia</td>
<td>India</td>
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<tr>
<td>Italy</td>
<td>South Africa</td>
<td>Mexico</td>
<td>Indonesia</td>
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<tr>
<td>The Netherlands</td>
<td>United Arab Emirates</td>
<td>Peru</td>
<td>Japan</td>
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<td>Spain</td>
<td>Iran</td>
<td>Singapore</td>
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<td>Sweden</td>
<td>Malaysia</td>
<td>South Korea</td>
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<tr>
<td>Turkey</td>
<td></td>
<td>Taiwan</td>
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<tr>
<td>United Kingdom</td>
<td>†</td>
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</tbody>
</table>

Key
† Head Office
^ Manufacturing site
*As at 31 December 2017

GRI 102-5 Ownership and legal form

Croda International Plc. is a Public Limited Company; we have been listed on the London Stock Exchange since 1964. Our ownership structure and major shareholders can be found in our Annual Report.

GRI 102-6 Markets served

The markets served by our business can be found under disclosure GRI 102-2. The revenue generated during 2017, separated by region is detailed below:

- Europe, Middle East & Africa - £555.2m
- North America – £385.5m
- Asia Pacific – £297.6m
- Latin America - £134.8m

Meanwhile, the breakdown of revenue and operating profit during 2017, separated by market sector, was as follows:

- Personal Care
  - Revenue = £466.6m
  - Operating Profit = £155.5m
- Life Sciences
  - Revenue = £322.6m
  - Operating Profit = £97.0m
- Performance Technologies
  - Revenue = £456.9m
  - Operating Profit = £75.4m
• Industrial Chemicals
  o Revenue = £127.0m
  o Operating Profit = £4.3m

GRI 102-7 Scale of the organisation

As recorded at 31 December 2017, the Group employs 4,309 employees worldwide, with 68 operations including 19 manufacturing sites in 37 countries. Our revenue for continuing operations was £1,373.1m.

During 2017, our net sales revenue by market sector was:
• Personal Care – 34.0%
• Life Sciences – 23.5%
• Performance Technologies – 33.3%
• Industrial Chemicals – 9.2%

During 2017, our net sales revenue by geographic market was:
• Europe, Middle East & Africa – 40.4%
• North America – 28.1%
• Asia Pacific – 21.7%
• Latin America – 9.8%

At 31 December 2017, total debt was £381.5m and £829.9m equity.

These figures apply to Croda International Plc. in its entirety.

Further information can be found on in our 2017 Annual Report.

GRI 102-8 Information on employees and other workers

Like all successful businesses, we recognise that our future depends on our ability to attract and retain individuals who are passionate about personal and business growth and want to make a significant contribution to the future of our business.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Full Time</th>
<th>Part Time</th>
<th>Permanent</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
<td>66%</td>
<td>1%</td>
<td>66%</td>
<td>1%</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>27%</td>
<td>6%</td>
<td>32%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Western Europe</th>
<th>Eastern Europe, Middle East and Africa</th>
<th>Asia Pacific</th>
<th>North America</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
<td>35%</td>
<td>1%</td>
<td>18%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>18%</td>
<td>2%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The vast majority of our business is completed by employees of the business, who are therefore not self-employed or contractors. Our employee numbers do not fluctuate significantly throughout the year due to seasonal variations. For those employees on a temporary contact, many within this group are undergraduate interns or apprentices to whom permanent employment is normally offered upon successful completion of a training period.

GRI 102-9 Supply chain

There are a total of 19 manufacturing sites located in Europe, North America, South America and Asia. Each site/region has its own procurement organisation responsible for all aspects of procurement associated with acquiring all goods and services. Specific responsibilities include identification of requirements, specifications, assessment of risks, management of tendering processes, ordering, contract award and management and monitoring of suppliers’ performance.
There are sales offices and warehousing in 37 different countries. Sales offices source materials from the worldwide network of manufacturing sites for customers in their local markets. The global supply chain is supported by a common SAP-based ERP process.

GRI 102-10 Significant changes to the organisation and its supply chain

In July 2017 we acquired Enza Biotech, a research enterprise established as a spin-out company from Lund University in Sweden; and in December 2017 we acquired IonPhasE, an innovative technology supplier of static electricity protection products headquartered in Tampere, Finland. Sustainability and environmental data from these acquisitions are not within the scope of this year’s report. During July 2017 we also bought a minority shareholding in Cutitronics, whose patented handheld device has ultimately been designed to improve skin health. Due to the nature of this partnership their activities are not within the scope of our sustainability programme.

There have been no substantive changes in location of and relationships with suppliers in 2017. However European chemicals raw material production is continuing to migrate to other regions offering the twin benefits of lower cost production allied with a fast growing consumer markets. In order to uphold the security of supply of raw materials, European sites increasingly have to look further afield for reliable sources of chemical feedstocks.

GRI 102-11 Precautionary principle or approach

The effective management of our risks and opportunities helps to achieve our strategic objectives, protects our people, our local communities and our reputation, and demonstrates good corporate governance. It is essential for creating and protecting value for our shareholders and customers in line with our business model. Croda is committed to the effective management of key business risks throughout the organisation.

The Board of Directors determines our overall risk appetite. It also oversees the Group’s risk management and internal control systems, defines risks and monitors risk exposures and ensures that the nature and extent of the risks we take align with our strategic objectives.

The Group coordinates its global approach through the Risk Management Committee of the Executive which reports directly to the Board via the Audit Committee. The Risk Management Committee is chaired by the Group Finance Director and meets quarterly, with the VP Risk and Control in attendance at each meeting. The Risk Management Committee is responsible for the Group’s Generic Risk Framework, which requires each location to identify location specific risks against over 50 generic risks across six categories:

- People
- Process
- External Environment
- IT Systems and Security
- Strategic
- Financial

The Framework is applied at Market Sector, regional, functional, manufacturing site and sales site levels. Senior management teams at each level are responsible for scoring and applying the classifications within the framework. These registers are reviewed and consolidated to ensure that there is a comprehensive view of the material risks facing the Group, along with the controls in place to mitigate these risks. As a minimum, our market sectors, regions and core functions update their registers twice per year.

Our safety, health, environmental and quality (SHEQ) risks, which are closely aligned to a number of our Material Areas are reviewed and considered by a dedicated Executive level committee. This meets quarterly to consider the results of assurance audits over SHEQ controls and to monitor defined and agreed key performance indicators.

It is the responsibility of the Risk Management Committee to consider external and emerging risks and their relevance to the Group; assess bottom-up risk registers to identify Group wide impacts and trends and to compare them with key risks, and evaluate whether any risks have escalated and require further attention. Its quarterly meetings feature a presentation by the Executive member responsible for ensuring best practice and continuous progress for each key risk. This covers the risk itself, the mitigating controls, and continuous improvement actions.

The review of our risk framework is ongoing as our business changes. As a result of our risk review throughout 2017, the assessment of gross risk has been amended for four key risks; an increase in major capital project management and security of business information and networks, and a decrease in revenue generation in established and emerging markets and ineffective management of pension fund.
During 2017, our Brexit project team continued to review the implications of the result of the UK referendum to leave the EU ("Brexit") on our business model, strategy and operations and this was discussed with the Board. While Brexit has introduced a level of uncertainty into how our European business will operate in the future, it is experienced in dealing with the challenges associated with trading across borders that do not benefit from the Single Market. Potential increased levels of bureaucracy may incur additional compliance costs.

We have modelled the costs to the Group of future UK-EU trade being conducted under the World Trade Organisation tariffs and duties and consider the impact should not be material. The Board will continue to keep emerging Brexit risk under review.

More information about the Group's Risk Management processes can be found on pages 30-35 of the 2017 Annual Report.

GRI 102-12 External initiatives

Our proactive approach to working with many external organisations, both inside and outside of our industry, saw us contributing to around 190 different bodies during 2017. Many of these relate to product, personal and process safety and regulatory affairs.

Charters

Responsible Care®

We are signatories to Responsible Care®, which is the chemical industry's global voluntary initiative through which companies, through their national associations, work together to continuously improve their health, safety and environmental performance and to communicate with stakeholders about their products and processes. The Responsible Care® ethic helps industries to operate safely, profitably and with due care for future generations. It was commended by UNEP as making a significant contribution to sustainable development at the World Summit on Sustainable Development in 2002.

Round Table on Sustainable Palm Oil (RSPO)

We have been active members of RSPO since it was established in 2004, and sit on the Derivatives Working Group. The mission of RSPO is to advance the production, procurement and use of sustainable oil palm products through the development, implementation and verification of credible global standards and the engagement of stakeholders along the supply chain. We are members of the RSPO, which collectively brings oil palm growers, oil processors, food companies, retailers, NGOs and investors to work together towards a global supply of palm oil that is produced in a socially and environmentally responsible way. The Roundtable promotes palm oil production practices that help reduce deforestation, preserve biodiversity, and respect the livelihoods of rural communities in oil-producing countries. It ensures that no new primary forest or other high conservation value areas are sacrificed for palm oil plantations, that plantations apply accepted best practices and that the basic rights and living conditions of millions of plantation workers, smallholders and indigenous people are fully respected.

12 Principles of Green Chemistry

The 12 Principles of Green Chemistry were developed in 1991 by Paul Anastas and John C. Warner. The aim of the principles is to minimise the environmental impact of chemical products and reduce the environmental and social risks of these products. We have been using these principles since 2010 to ensure that our New Product Development follows a more sustainable and environmentally friendly path.

GRI 102-13 Memberships of associations

We are a signatory to the Responsible Care® Initiative of the chemical industry trade associations in the UK, USA and Singapore, and more recently have endorsed the Global Charter agreed amongst the members of the International Council of Chemical Associations. We have also demonstrated our commitment to Sustainable Development by endorsing the principles developed in cooperation with stakeholders and member companies of the Chemical Industries Association.

In addition to this, we are also members of over 190 industry associations including (but not limited to):
• ABC
• AENDA
• American Association Of Pharmaceutical Scientists
• American Board Of Industrial Hygiene
• American Chemical Society
• American Chemistry Council
• American Cleaning Institute
• American Institute Of Chemical Engineers
• American Management Association
• American Oil Chemists' Society
• American Payroll Association
• American Society For Testing And Materials
• American Society Of Mechanical Engineers
• Argentine Chamber Of Cosmetics And Perfumery Industry - CAPA
• Argentinean Association Of Cosmetic Chemists - AAQC
• Assic - Associations Of Trading Chemicals Industries
• Associação Brasileira da Indústria Química (ABIQUIM)
• Association Francaise Des Techniciens Des Peintures, Vernis, Encre, d'Imprimerie, Colles Et Adhesifs (AFTPVA)
• Association Of Accounting Technician (AAT)
• Association Of Chartered Certified Accountants (ACCA)
• Association Of Russia
• Australian Society Of Cosmetic Chemists
• Beauty Industry West (BIW)
• Biobased Delta
• Biobased Performance Material Project
• Board Of Certified Safety Professionals
• Bombay Chambers Of Commerce
• British Association for Chemical Specialties (BACS)
• British Chamber Of Commerce
• British Occupational Hygiene Society
• C2S
• Canadian Association Of Chemical Distributors (CACD)
• Canadian Cosmetic Tolley And Fragrance Association (CCTFA)
• Catalan Chemical Industry Federation (FEDEQUIM)
• Centre for Chemical Process Safety
• CESIO
• Chamber Of Commerce Clinton
• Chartered Institute Of Management Accountants (CIMA)
• Chemical Cosmetic Association
• Chemical Industries Association (CIA)
• Chemical Industries Association EO User Group
• Chemical Industry Council Of Delaware
• Chemicals Northwest
• Chemistry Council Of New Jersey
• Chicago Paint & Coatings Assoc
• Chilean Association Of Cosmetic Chemists
• Colombian Association Of Cosmetic And Technology (Accytec)
• Comité Espanol de la Detergencia Tensoactivos y Afines (CED)
• Confindustria - Unione Industriali
• Consumer Specialty Products Association
• Coschem
• COSMED (L'association De La Filière Cosmétique)
• Cosmetic Executive Women
• Cosmetic Valley
• Cosmetic, Tolley & Fragrance Association Of South Africa (CFTA)
• Council For Responsible Nutrition
• Council Of Producers And Distributors Of Agrochemicals
• Delaware State Chamber Of Commerce
• Deltalinqs
• Dubai Chamber Of Commerce
• Dutch Building Services Knowledge Centre (ISSO)
• Dutch Polymer Institute
• Entreprises Et Environnement
• Environmental Conservation Association Of Shiga Prefecture
• Environmental Assessment Working Group
• EP
• European Automobile Manufacturers Association (ACEA)
• European Oleochemicals And Allied Products Group (APAG)
• European Union Chamber Of Commerce In Korea
• Federation Of Enterprises In Beauty – France (FEBEA)
• Federation Of Indian Chambers Of Commerce And Industry (FICCI)
• Fedechimica
• Federsalus
• Formulated Products Industry Coalition
• German Chemical Industry Association
• Global Compact Network Singapore
• Global Organisation For EPA And DHA
• Hair Science CHEMISTS OF JAPAN
• Higashiohmi Chamber Of Commerce And Industry
• Higashiohmi Fire Disaster Prevention Association
• Hull & Humberside Chamber Of Commerce
• Hull College Business consultation forum
• Human Management Association (ACRIP)
• Humberside Chemical Focus
• ICG
• ICIS CHEMICAL BUSINESS AMERICAS
• Indian Chemical Council
• Indian Specialty Chemicals Manufacturers Association
• INGRECOS
• Innovation And Chemical Industries In Sweden
• Institute Of Chartered Accountants In England And Wales (ICAEW)
• Instituut Maatschappelijke Innovatie
• International association serving the nonwovens and related industries (EDANA)
• International Fish Meal And Fish Oil Organisation
• International Pharmaceutical
• International Pharmaceutical Excipients Council India
• International Pharmaceutical Excipients Council Japan
• International Society of Explosive Engineers
• Jababeka Investor Forum
• Japan Chemical Industrial Association (Japanese Organization Of ICCA)
• Japan Cosmetic Industry Association
• Japan Cosmetic Suppliers Association
• Japan Hygienic Olefin And Styrene Plastics Association
• Japan Hygienic PVC Association
• Japan Oil Chemists' Society
• Japanese Cosmetic Science Society
• Japanese Society For Cutaneous Health
• Japanese Society Of Tribologist
• Kashi-Kai
• Kinki Cosmetic Material Association
• Korea Chemicals Management Association
• Korea Cosmetic Association
• Korea International Trade Association
• Korea Pharmaceutical Traders Association
• Lipidforum
• Margarine, Fats And Oils Association In The Netherlands (MVO)
• Mase
• Mexican Institute Of Chemical Engineers (IMIQ)
• Mutual Aid Response Group
• National Association Of Manufacturers Of Paints And Inks - Mexico (ANAFAPYT)
• National Association Of The Chemical Industry - Brazil (ANIQ)
• National Business Association of Colombia (ANDE)
• National Fire Protection Association (NFPA)
• National Lubricating Grease Institute
• National Plastic Industries Association - Mexico (ANIPAC)
• Natural Resources Stewardship Circle (NRSC)
• Nederlandsse Vereniging Voor Verf Technici (VVVF/NVVT)
• Netherlands Group of Users of Technology for Separation (NL Guts)
• New Castle County Chamber Of Commerce
• New Jersey Chamber Of Commerce
• New Jersey Institute Of Technology (NJIT)
• New Jersey Society Of Cpas
• North Central Weed Science Society
• PA Chamber Of Business
• Pennsylvania Chemical Industry
• Perfumery And Cosmetics
• PERKOSMI (Indonesian Cosmetics Association)
• Personal Care Products Council
• Peruvian Association Of Cosmetic Chemists
• Peruvian Association Of Textil Technicians
• Pharmacopeia
• Pôle PASS TRIMATEC (Eco-Extraction)
• Prefecture
• Professional Association Of Industrial Plastics Of Chile (ASIPLA)
• RAL For Phase Change Materials
• RDC
• REPA Packaging Recycling
• Roundtable For Sustainable Palm Oil
• Royal Society of Chemistry
• Rutgers CCB
• Scancos (Scandinavian Cosmetic Association)
• Seong Nam Chamber Of Commerce & Industry
• Sepawa (Soaps, Perfumes And Detergents)
• Sindusfarma
• Singapore Chemical Industry Council
• Smithers
• Société Française De Cosmétologie
• Society For Human Resource Management
• Society of Chemical Industry (SCI)
• Society Of Cosmetic Chemists
• Society Of Cosmetic Sciences (SCC) - New York, Quebec And Toronto Chapters
• Society of Cosmetic Scientists
• Society of Motor Manufacturers and Traders (SMMT)
• Society of Plastics Engineers
• Society of Tribologists And Lubrication Engineers (STLE)
• South African Paint Manufacturers Association (SAPMA)
• Spanish Association Of Manufacturers Of Surface Active Substances For Applications (AEPSAT)
• Thane Belapur Industries Association
• The Ceramic Society Of Japan
• The Chamber and Association of the Industry of Personal Care and Home Care (CANIPEC)
• The Chemical Industry Association In Germany (VCI) Via TEGEWA
• The Chemical Industry Association In The Netherlands (VNCI)
• The Confederation Of Indian Industry (CII)
• The European Federation For Cosmetic Ingredients (EFFCI)
• The Japanese Dermatological Association
• The Pharmaceutical Society Of Japan
• The Society Of Cosmetic Chemists Of Japan
• The Society Of Petroleum Engineers
• The Study Group for Textile Applied Technology
• Tokyo Chamber Of Commerce And Industry
• Tokyo Cosmetic Material Association
• Toronto North CAER Group
• Trans Thane Creek Waste Management Association
• Turkish Chemical Industry Association
• Turkish Paint Industry Association
• U.S. Pharmacopeial Convention (USP )
• UK Lubricants Association (UKLA)
• Union Des Industrie Chimiques
• Union of the European Lubricants Industry (UEIL)
• West-Japan Cosmetic Industry Association
Chief Executive’s Statement

As we continue to grow so too does our passion for sustainability. It is a key component of how we are judged and how we judge ourselves, continuing to decouple our growth and increasing shareholder value from our impact on the environment.

This is our tenth year of sustainability reporting. Over this time, underpinned by strong governance, we have grown in knowledge and stature, and we are proud of the many remarkable achievements and successful sustainability initiatives that have come from all areas of our Business. This diversity is one of the most rewarding elements in our continuing sustainability story. Rather than being prescriptive, sustainability has become inherent in our thinking. Our year-on-year improvement in many of the external sustainability measures, such as CDP and EcoVadis reflect the strong evolution of our sustainability programme.

In our response to global mega trends we are driving consistent top and bottom line growth through product and process innovation, focusing on the future challenges and opportunities they are creating. This is delivering greater differentiation and further widening the gap between ourselves and our peers.

Sustainability growing in all business sectors

Together with innovation, quality and service, sustainability is now firmly established as a fourth metric in all of our consumer facing businesses. Personal care consumer goods companies have industry leading programmes with commitments to increase their sustainability credentials. As an industry leader, our role is to proactively contribute to these programmes, enabling our customers to meet or exceed consumers’ expectations. While some of our non-consumer facing market sectors may have different terms of reference for their sustainability programmes and goals, we are promoting what we consider to be best practice across the many different industries we serve. In 2016 we introduced the concept of ‘intrinsic’ and ‘extrinsic’ sustainability benefits, which help our customers across many industries make informed decisions about our products.

Acquisitions contributing to sustainability

The 11 acquisitions we have made in my tenure as CEO all deliver tangible sustainability benefits in their respective market sectors. Our 2017 acquisition of Enza Biotech is a great example as it supports our development of next generation renewable surfactants. Using biotechnology to alter the chemical structure of naturally derived compounds that have superior functionality and compatibility; their environmentally friendly production process yields products that are 100% renewable and biodegradable.

Making a positive difference

Our uniquely different position relative to our predominantly petrochemical based peers is illustrated by our high consumption of renewable, sustainable raw materials. Most of these raw materials are plant based, and during plant growth photosynthesis occurs, a reaction that takes carbon dioxide (CO₂) from the atmosphere. For some feedstocks this removal of atmospheric CO₂ gives us a ‘carbon negative’ starting point for our processes. Continuing our focus on carbon and taking responsibility in meeting the challenges of climate change, we recently commissioned our pioneering bio-ethylene oxide plant in North America. Here we are using bio-ethanol as feedstock to replace petrochemicals in the manufacture of ethylene oxide, enabling the manufacture of 100% bio-based surfactants.

Sustainable culture

Our 2017 Global Employee Culture Survey confirmed the shared values throughout our Business, a vital differentiator in our continued success. Investing in our people and the communities in which we operate is a key focus with over 107,000 recorded training hours during the year and 5,073 reported 1% Club volunteering hours, 50.0% of which was spent delivering educational programmes.

Looking forward

Our coherent approach to sustainability and our focus on helping customers achieve their current and future sustainability targets will ensure our continued success through 2018 and beyond. I would like to thank everyone across the Group for the contributions they make to sustainability every day.

Steve Foots, Group Chief Executive
GRI 102-15 Key impacts, risks and opportunities

To continue to deliver improvement we must establish clear commitments and performance targets aligned to our 10 Material Areas and their longer-term objectives. By Material Areas we mean topics or issues with the potential to affect the long term success of our business, which includes the economies, environments and societies in which we operate. Targets have been set with our Group Executive Committee that support our sustainability strategy and ensure that progress is made in addressing our Material Areas.

Our Material Areas and targets are reviewed on an annual basis at a Strategic Review meeting between the Sustainability Steering Committee and our Group Executive Committee. As a result of this meeting, in 2015 our 10 Material Areas were further developed and have been linked with the risks in our Global Risk Framework (see GRI 102-11). We will continue to review and develop the scope, objective and targets of each Material Area as the risks and opportunities in each area change.

Our 10 Material Areas are as follows:

<table>
<thead>
<tr>
<th>Material Area</th>
<th>Long-term Objective</th>
<th>Link to Key Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Impact</td>
<td>Minimise the impact of our operations</td>
<td>Major environmental incident</td>
</tr>
<tr>
<td>Product Stewardship</td>
<td>Ensure that the ingredients we produce contribute positively to the environment and society throughout their lifecycle</td>
<td></td>
</tr>
<tr>
<td>Product Design</td>
<td>Deliver the most innovative and sustainable ingredients to our customers</td>
<td>Global Raw material security and sustainability</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>To contribute to, and proactively seek, higher quality standards across product and operational aspects of our Business to ensure consumer safety</td>
<td>Product Liability, Chemical regulatory compliance</td>
</tr>
<tr>
<td>Process Safety</td>
<td>Keeping our manufacturing sites safe and legally compliant</td>
<td>Major safety incident</td>
</tr>
<tr>
<td>Occupational Health &amp; Safety</td>
<td>Empower employees to have health and safety at the forefront of their thinking</td>
<td>Major safety incident</td>
</tr>
<tr>
<td>Our People</td>
<td>Create an environment where people can thrive</td>
<td>Employee recruitment, retention and motivation, Succession planning for senior positions</td>
</tr>
<tr>
<td>Diversity &amp; Inclusion</td>
<td>Embrace and empower all individuals</td>
<td></td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>Safeguard our knowledge and expertise</td>
<td>Security of business information and assets</td>
</tr>
<tr>
<td>Community Education &amp; Involvement</td>
<td>Support the communities in which we operate, with a primary focus on encouraging young people to work within science and technology</td>
<td></td>
</tr>
</tbody>
</table>
Ethics and Integrity

GRI 102-16 Values, principles, standards and norms of behaviour

In 2005, the Croda Vision was set out as a statement of six values inherent to the Croda business, against which the policies and procedures of Croda must be carried out:

- To remain an independent Company and operate as one global team.
- We will remain a ‘fun’, lively, stimulating and exciting place to work, where all employees have the courage to question, and all functions and individuals are valued.
- There will be a place for many styles of leadership, but all leaders will have as their primary objective to build other leaders.
- We can only achieve our goals through excellent and constant communication, creativity and setting clear objectives at every level.
- We will continually improve.
- We will continue to be an ethical and responsible company.

Since its inception, the Vision has remained unchanged but has become the underlying statement against which all social, economic and ecological policies and procedures are aligned with. Every new employee is given a copy of the Croda Vision and Group policies are available on Croda’s company intranet, Connect.

We manage our business across the triple bottom line, as a product or service can only be considered truly sustainable when the demands of economy, environment and society are met. We will continually strive to align our operations with this strategy in the following ways:

- Invest in truly global and profitable innovation to drive long-term growth and business sustainability.
- Continue innovating our products and technology platforms, and responsibly manage our raw materials and supply chains, so that we continue to minimise our environmental impact.
- Set consistent safety and environmental impact standards across our global operations, in order to provide a safe and healthy working environment.
- Value a diverse and inclusive workforce and provide tailored development opportunities to enable all employees to reach their full potential.
- Ensure fair and equitable employment conditions, providing a stimulating working environment based on respect and partnership.
- Be sensitive toward the communities in which we operate and proactively involve ourselves in local initiatives, with a focus on community education projects relating to the nature of our Business.
- Go beyond compliance to work, where relevant, with legislative and industry bodies, as we strive for demanding standards that reduce environmental and social impacts and improve quality.
- Use all available, relevant media to develop open and transparent communication pathways with key stakeholders to help address our Material Areas.

Each Material Area in our sustainability programme has a long-term objective and clear management framework detailing strategy, performance management and implementation responsibilities.

We have a Code of Conduct that outlines the high standards to which all of our employees are expected to conduct themselves, and a Group Code of Ethics that details standards we follow to conduct business in an ethical manner.

We have developed economic performance policies and indicators in areas such as finance, risk management, acquisitions and disposals with significant issues in these areas are communicated to all employees. Furthermore, the authority to act in any area of economic importance in the Group is detailed in a freely available document, which explains at what level of the business specific decisions should be made.

Our environmental performance is monitored and externally audited against the ISO14001 environmental management standard and in 2010 all of our global manufacturing sites were certified to this standard. We have also implemented the ‘12 Principles of Green Chemistry’ in each of our research and development centres across the Group, and these principles guide the development of new products in such a way that reduces waste, improves efficiency and ensures that our new products are as sustainable as reasonably practicable.
It is the policy of Croda International Plc to conduct its business at all times and throughout the world with honesty and integrity. In the Croda Vision the Company has pledged that, “we will continue to be an ethical and responsible company.”

In case of uncertainty in interpretation, employees should seek clarification from their line managers. All employees have the right to make confidential reports direct to the Company Secretary of Croda International Plc at Cowick Hall, Snaith, East Yorkshire DN14 9AA, United Kingdom, without fear of detrimental action being taken against them.

Our policy on whistle blowing allows employees to raise concerns with management about the conduct of others that they consider to be in some way damaging to the organisation or others within it.

The company is committed to the implementation of this policy and to a programme of action to ensure that the policy is, and continues to be, fully effective. The overall responsibility for the policy lies with the main Board of directors, however all staff are expected to comply with the policy and to act in accordance with its objectives so as to remove any barriers to equal opportunity. Any act of discrimination by employees or any failure to comply with the terms of the policy will result in disciplinary action.

In 2014 we launched Croda SpeakUp which is a Group wide independent reporting whistleblowing hotline and website, which further enhanced our whistleblowing policy and procedure. Croda SpeakUp is designed to ensure anonymity, whilst increasing employee comfort and willingness to challenge and report important issues. In North America, the roll out was combined with the additional workplace cultural training across our operations.

Please visit www.croda.com/companypolicy to read our Group policies
Governance

GRI 102-18 Governance structure

Our management structure allows us to respond quickly and effectively to individual business challenges and opportunities.

Our two senior decision making bodies are the Board of Directors, comprising three executive directors and five non-executive directors, four of whom are independent (at the date of this report), and the Group Executive Committee, consisting of our most senior Executives including those who sit on the Board. These possess a broad range of business, financial and international skills and experience, providing appropriate balance and diversity.

The Board has three main committees:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Our Board and Group Executive Committee also work with our specialist committees of Finance, Risk Management, Routine Business and SHE to set economic, environmental and social targets and KPIs. Sustainability plays a holistic role across all of these committees and our different business functions to ensure that the material areas of our business and key stakeholders are addressed as part of our sustainable business development.

More information about the responsibilities of the Board and main committees can be found in our 2017 Annual Report, whilst the Articles of Association are available on our website at www.croda.com/corporategovernance.

GRI 102-19 Delegating authority

The Board has ultimate responsibility for our strategy, but delegate’s authority to an Executive level sponsor or senior manager for specialist committees. These sponsors are responsible for localising and implementing strategy and delivering results.

The sponsors report directly to the Board, who provide challenge and guidance due to their experience with other businesses and industries. The Board also has time built in to its agenda programme to review progress against the agreed sustainability targets.

GRI 120-20 Executive level responsibility for economic, environmental and social topics

Each of our Executive Committee members has responsibility for a region or core function within the business and has established their own Regional and Business Boards.

An Executive sponsor chairs the Group Sustainability Steering Committee (GSSC). The GSSC is responsible for developing the sustainability strategy and targets, which are then presented to the Executive Committee and Board for approval. Once the sustainability targets are agreed and approved, implementation plans are discussed and developed and rolled out across our organisation, with quarterly reports being presented to our Executive Committee.

Our governance structure facilitates the continual evolution of our sustainability strategy and ensures sustainability is at the heart of our business.

Further information about the governance of our GSSC can be found in our Sustainability Report.

GRI 102-21 Consulting stakeholders on economic, environmental, and social topics

We recognise the importance of communicating with our stakeholders. The Chairman, Executive Directors and other senior managers maintain regular contact with existing and potential shareholders to ensure our strategy and trading trends are clearly understood. During the year, numerous meetings were held with investors in the UK, USA, Europe and Asia, including face-to-face meetings, telephone and video conferences, and hosted site visits in all of these regions. The Chairman, Group Chief Executive and Group Finance Director ensure that shareholders’ views are communicated to the entire Board by giving feedback from shareholder meetings and brokers’ reports.

Each year we invite all of our shareholders to an Annual General Meeting (AGM) to ask questions relating to the agenda of the meeting, which customarily deals with our annual report and accounts, including the report on directors’
remuneration. In addition to this, UK company law provides statutory mechanisms for shareholders, requiring directors of companies to hold shareholder meetings and propose resolutions submitted by shareholders.

We believe that effective internal communication is vital to achieving our business objectives and that communication and consultation strengthen the relationship between management and employees. We promote a transparent and open way of working, and are committed to developing and improving the effectiveness of any communication and consultation processes.

The appropriate method of communication and/or consultation will be decided by the Company dependent upon the nature of the topic involved. Communication and consultations may take various forms that include, but are not limited to:

- Employee surveys
- Face to face meetings that may be formal or informal
- Telephone calls
- Letter
- E-mail
- Notice
- Memo
- E-list
- Announcements on intranet
- Article in company magazine
- Team briefing and cascades
- Group meetings
- Meeting with Union representatives and/or consultative bodies
- Focus groups
- Questionnaire
- Team consultations

More information about our communication with shareholders can be found in our Annual Report.

GRI 102-22 Governance structure of the highest governance body and its committees

At the date of this report, our Board comprises the Chairman, the Group Chief Executive, the Group Finance Director, and five non-executive directors, four of whom are independent.

The Board have a range of business, financial and international skills and experience. They represent the views and demands of all stakeholder groups and give valuable insights into economic, social and environmental issues due to their roles in other businesses and industries.

During 2017, no independent Non-Executive Director had served on the Board for more than nine years from the date of their first election, with the range between three years and eight and a half years. During 2017, there were six males on the Board and two females.

Further information about our Board of Directors can be found in our Annual Report.

GRI 102-23 Chair of the highest governance body

Our Chairman is a non-executive director. The Chairman was independent on her appointment in 2015 but, as Chairman, is not classified as independent.

Further information about our Board of Directors can be found in our Annual Report.

GRI 102-24 Nominating and selecting the highest governance body

At Croda, we comply with the provisions of the UK Corporate Governance Code (the "Code") and our Board has ultimate responsibility for overall leadership of the company. At the date of this report, the Board comprises the Chairman, the Group Chief Executive, the Group Finance Director, the Group General Counsel & Company Secretary and five very experienced non-executive directors who represent a source of strong independent advice and judgement. The Chairman, Anita Frew, and the Senior Independent Director, Nigel Turner, each have significant commercial experience and the Board's understanding of the Group's operations is enhanced by regular business presentations and site visits.

The Board supports the principles set out in the Code regarding Board appointments and agrees that having a diverse mix of skills, experience and backgrounds on the Board is very important. All members of the Board have full access to the Company Secretary for his advice and services. Where necessary, the directors may also take independent professional advice at the Company's expense. Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their positions to the extent permitted by law. In addition the Company maintained directors’ and officers’ liability insurance cover throughout the year.

Further information can be found in our Annual Report.
GRI 102-25 Conflicts of interest

The Board has an established process for declaring and monitoring actual and potential conflicts. The Articles of Association of the Company allow the non-conflicted members of the Board to authorise a conflict or potential conflict situation.

- Steve Williams has consultancy roles with Eversheds LLP, which provides legal services of immaterial value to the Group, and Spencer Stuart, a search consultancy firm that has previously been used by Croda.
- Nigel Turner declared a potential conflict in relation to the possible sale of farm produce (oilseed rape) through agents to Croda.
- Helena Ganczakowski held a Non-Executive Director role on the board of People Against Dirty, a customer of Croda, prior to its dissolution on sale.
- Jez Maiden has a Non-Executive Director role on the board of PZ Cussons plc, a customer of Croda.

Details of the professional commitments of the Chairman and the Non-Executive Directors are included in their biographies in our 2017 Annual Report. The Board is satisfied that these do not interfere with the performance of their duties for the Company.

During 2017, no independent Non-Executive Director had served on the Board for more than nine years from the date of their first election, with the range between three years and eight and a half years.

The terms and conditions of appointment of Non-Executive Directors can be viewed at www.croda.com. They can be inspected during normal business hours at the Company's registered office by contacting the Company Secretary and will also be available for inspection at the AGM.

GRI 102-26 Role of highest governance body in setting purpose, values, and strategy

The Board has ultimate responsibility for the overall leadership of the Company and in this role it assists in the development of a clear strategy for the Group, monitors operational and financial performance against agreed goals and objectives and ensures that appropriate controls and systems are in place to manage risk.

GRI 102-27 Collective knowledge of highest governance body

Training and briefings are available to all directors on appointment and subsequently, as appropriate, taking into account their existing experience, qualifications and skills. Directors receive a tailored induction programme based on their experience as a Director of a listed company and knowledge of the industry sector. This includes: time with the Company Secretary, members of the Executive Committee and other senior management across the business, meetings with advisers; visits to operations around the Group; and provision of current and historical information about the Company and the Group and specific details on duties of Directors. In order to build and increase the non-executive directors’ familiarity with, and understanding of, the Group’s people and businesses and the markets in which it operates, presentations from senior managers are made at Board meetings on a regular basis.

In addition to formal Board meetings, in 2017, the Directors attended offsite meetings to review the Group’s strategy and were present at the AGM. They also met with the Company’s financial and public relations advisers to discuss the feedback from investors and analysts on the Group’s annual results. The Chairman and Non-Executive Directors met together without the Executive Directors present.

The Chairman spends a considerable amount of time meeting with Steve Foots and the senior management team at the Company’s head office. This ensures that she is kept appraised of significant developments in the Company between Board meetings.

All Directors are involved in the Group’s Leadership Development Programme. This involves attending various sessions, and includes discussions on business strategy and leadership chaired by a Director, as well as interacting with employee course members in team building sessions or at dinners.

The Board visited our manufacturing site and sales office in Campinas, Brazil and Incotec’s Brazilian operation at Holambra.

During the year, all of the Non-Executive Directors (with the exception of Keith Layden) made additional overseas site visits, outside of the normal Board site visits. Anita Frew visited the Croda India manufacturing site in Thane and the Argentinian sales office, accompanied by Helena Ganczakowski on the latter visit. Helena also visited the Mevisa manufacturing site in southern Spain, accompanied by Steve Williams. Nigel Turner and Alan Ferguson visited Incotec’s headquarters and manufacturing site at Enkhuizen, in the Netherlands. The Non-Executive Directors discussed a wide range of topics with the local management teams, including process safety, innovation, business ethics, plant expansion plans and challenges and opportunities in each market.
As in previous years, members of the Executive Committee and other senior managers from across the Company attended Board dinners where the Board discussed topics relevant to the Business and its strategy. In addition, during the Board’s visit to Brazil, the Directors met informally with many of the Group’s employees. These interactions enhance the Board’s understanding of the Business and allow Directors to spend time with the Group’s senior managers and potential future leaders.

GRI 102-28 Evaluating the highest governance body’s performance

Remuneration of the executive members of the Board includes performance related aspects rewarding contribution to sustained increases in Company performance and value. In line with the Association of British Insurers’ Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures that the incentive structure for executive directors and senior executive management will not raise environmental, social or governance (ESG) risks by inadvertently motivating irresponsible behaviour. The Committee also has the discretion to take health, safety and environmental performance into consideration when determining the actual overall level of individual bonus payments and it may reduce the bonus awards if it considers it appropriate to do so.

GRI 102-29 Identifying and managing economic, environmental, and social impacts

Effective management of risks and opportunities is essential to the delivery of the Group’s financial and non-financial objectives, thereby ensuring that we deliver value to our shareholders, protect our reputation and continue to meet the requirements of good corporate governance.

The Board of Directors determines our overall risk appetite through a review of internal and external business and stakeholder needs. It also oversees the Group’s risk management and internal control systems, defines risks and monitors risk exposures and ensures that the nature and extent of the risks we take align with our strategic objectives.

We are committed to the effective management of all key risks identified and coordinate our global approach through our Risk Management Committee. Chaired by the Group Finance Director and comprising the regional Presidents, Group Financial Controller and Company Secretary, with the Vice President – Risk & Control in attendance.

Further details of our risk management processes can be found in our Annual Report.

GRI 102-30 Effectiveness of risk management processes

The Board of Directors determines our overall risk appetite. It also oversees the Group’s risk management and internal control systems, defines risks and monitors risk exposures and ensures that the nature and extent of the risks we take align with our strategic objectives (of which one is: investing in a sustainable future).

The Audit Committee supports the Board in risk mitigation by approving and directing our internal audit team plans to perform assurance audits over controls in key risk areas, and in reviewing the findings. It also monitors the effectiveness of risk management and internal control systems and reviews the reliance placed by management on mitigating controls, including internal and external assurance.

Our safety, health, environmental and quality (SHEQ) risks, which are closely aligned to a number of our Material Areas are reviewed and considered by a dedicated Executive level committee. This meets quarterly to consider the results of assurance audits over SHEQ controls and to monitor defined and agreed key performance indicators. The Committee reports half yearly to the Board.

GRI 102-31 Review of economic, environmental, and social topics

The Risk Management Committee meets quarterly and reports directly to the Board. The Group SHEQ steering committee meets quarterly to monitor progress against the Group safety, health, environment and quality objectives and targets, review safety performance and audits, and determine the requirement for new or revised SHEQ policies, procedures and objectives.

GRI 102-32 Highest governance body’s role in sustainability reporting

The Board receive a draft of the Annual Report and Accounts and Sustainability Report and each member reviews the documents and provides detailed feedback. They then receive a final copy of the two reports to approve before printing and mailing commences.
GRI 102-33 Communicating critical concerns

Internal audit report grading includes a colour coded score for individual issues and the overall report for the location visited. High risk reports are escalated to the Audit Committee Chairman as they arise, and high risk issues are escalated to the Executive Committee. All reports are presented to the Audit Committee as they are completed at the quarterly meetings.

GRI 102-36 Process for determining remuneration

The Remuneration Committee, which consists of all non-executive directors, reviews and approves the annual salaries, incentive arrangements (including setting performance targets and payments/vesting events), service agreements and other employment conditions of the Executive Directors and certain members of the senior executive management team designated by the Board. The Committee has delegated responsibility for setting the remuneration of the Chairman.

The Committee invites individuals to attend meetings to ensure that decisions are informed and take account of pay and conditions in the wider Group.

During 2017, invitees included other Directors and employees of the Group and the Committee’s advisers, including Steve Foots (Group Chief Executive), Jez Maiden (Group Finance Director), Keith Layden (Non-Executive Director), Tracy Sheedy (Group HR Director) and Tom Brophy (Group General Counsel and Company Secretary).

Korn Ferry Hay Group was retained as the appointed adviser to the Committee until October 2017 to provide independent advice on remuneration policy and practice. During the summer of 2017, the Committee conducted a tendering process inviting a long list of members of the Remuneration Consulting Group (RCG) to participate in the tender process. From this process, four firms were invited to present to a sub-group of the committee and Deloitte were selected to be the new advisers from October 2017.

Korn Ferry Hay group did not have any connection with the Group other than in providing advice in relation to Executive remuneration and Non-Executive fees. Deloitte also provided overseas tax and legal advisory services. Both Deloitte and Korn Ferry Hay Group are signatories to the Remuneration Consultants Group Code of Conduct.

The Committee regularly reviews the external adviser relationship and is comfortable that the advice it is receiving remains objective and independent.

More information about the Remuneration Committee and our Remuneration Report can be found on pages 61-77 of the 2017 Annual Report.

GRI 102-37 Stakeholders’ involvement in remuneration

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, plus any additional feedback received during any meetings held with shareholders from time to time, is then considered as part of the Committee's ongoing review of remuneration policy.

In line with current market practice, we do not actively consult with employees on Executive remuneration. We have a diverse workforce operating globally in 37 different countries, with various local pay practices, which hinders effective consultation and so the Group Human Resources Director updates the Committee periodically on feedback received on remuneration practices across the Group. The Committee takes due account of remuneration structures elsewhere in the Group when setting pay for the Executive Directors (for example, consideration is given to the overall salary increase budget and the incentive structures that operate across the Group).
Stakeholder Engagement

GRI 102-40 List of stakeholder groups

We must consider and take necessary action to meet the needs and expectations of our stakeholders. By understanding the sustainability issues that are of greatest concern to them, we can make sure that we focus on the issues that will be most important to the future of our Business, and our long-term sustainable growth, through the management of our sustainability programme.

To achieve this, we maintain a culture of open communication with our internal and external stakeholders, regularly holding face to face meetings, hosting webinars and training sessions, attending events and seeking feedback. Throughout the year we engaged in direct communication with the following stakeholder groups:

- Customers & Consumers
- Investors
- Suppliers
- Employees
- Community
- Non-Government Organisations
- Governance & Regulatory

Further information on our approach to stakeholder engagement can be found in the Sustainability Report.

GRI 102-41 Collective bargaining agreements

Partial reporting

We ensure our policies are consistent with the spirit and intent of ILO's Declaration on Fundamental Principles and Rights at work, where applicable to business. Our Group Policy on Trade Union Membership states that Croda International Plc recognises that all its employees have the right to freedom of association. The Company will not interfere in the legitimate activities of Trades Unions at Croda sites.

The Company recognises that every employee has the right to join or remain a member of a Trade Union if they wish to do so. Equally the Company recognises that every employee has the right not to join or to leave a Trade Union if they wish to do so. The Company will not seek to persuade any employee, potential or otherwise, to join or leave any Trade Union or other workers' association.

Collective bargaining agreements are managed individually at each manufacturing site between the site and the corresponding unions. As such, the Company does not hold a central record of how many employees are covered by such agreements.

GRI 102-42 Identifying and selecting stakeholders

Key stakeholder engagement areas are:

- working closely with our customers to meet their current and future needs;
- close interaction with suppliers to deliver high performance sustainable products;
- regular engagement with our employees on performance, policies and issues relating to meeting personal and business needs;
- engagement with neighbours close to all of our operations and open discussion regarding safety with those who live around our manufacturing sites;
- ensuring that our investors are satisfied not only with our short term performance, but also our long term sustainability strategy; and
- a proactive approach to working with many external organisations, both within and outside our industry, to contribute and aid our understanding of the issues affecting the sustainability of our business.

Further information on who we have engaged with throughout the year can be found in the Sustainability Report.

GRI 102-43 Approach to stakeholder engagement

In 2014, we conducted an external stakeholder survey with our employees, customers, suppliers and local communities, which focused on the issues addressed in our sustainability programme; and a supplementary internal survey took place...
in 2015. The outcome of the survey was used to determine the relevance and robustness of our Material Areas and informed our updated Materiality Matrix. Please see GRI General Disclosure 102-44 for more information.

Additional stakeholder engagement activities this year included:

- Customers and consumers: We held 33,986 meetings with our customers
- Suppliers: We held over 2000 face-to-face meetings with raw material suppliers
- Local communities: Our employees recorded 5,073 hours supporting the wider societies we are a part of through our 1% club in 2017
- Employees: We held face to face employee cascades across our operations throughout the year, with many locations meeting at least twice a year
- Non-government organisations: We continue to work closely with the Roundtable on Sustainable Palm Oil, sitting on the RSPO Claims & Communications Standing Committee and frequently presenting at RSPO meetings
- Governments and regulatory bodies: We are active members of over 190 national and international industry associations. A full list of associations which Croda is a member of can be found in GRI General Disclosure GRI 102-13.

Further information on our engagement activities throughout the year can be found on page 30 of the 2017 Sustainability Report.

GRI 102-44 Key topics and concerns raised

Our Materiality was established in 2011 and then revised in 2012 following our first external sustainability survey. In 2014, we conducted another external stakeholder survey with our employees, customers, suppliers and local communities to determine the relevance and robustness of our Material Areas and inform our Priority Matrix. We supplemented these findings with another internal survey in 2015.

Some key highlights from our surveys include:

- Quality and safety are the most important themes to all stakeholders
- 100% of customers believe we are very transparent/transparent in communicating our sustainability programme
- 100% of customers and 67.7% of suppliers consider our sustainability programme to be a very important/important reason to engage with us
- Process safety and employee safety are the priorities for the local communities in which we operate
- 57.3% of employees say our sustainability programme is a very important/important reason for working for us

The surveys allow us to gain a greater understanding of our customers’ sustainability priorities, and the results confirmed that our approaches and focus areas are largely aligned. However, the survey did highlight some key areas for development, which have been actioned accordingly.

This demonstrates that by asking and listening to our stakeholders, we can ensure that we are focusing on the topics of most interest and importance to them.
Identified Material Aspects and Boundaries

GRI 102-45 Entities included in the consolidated financial statements

We are a global organisation with 4,309 employees across 37 countries*. By being close to our customers around the world, we have a collaborative approach to business, which allows us to respond quickly and efficiently to unmet needs.

Our Business is split into four reporting market sectors:

**Personal Care**  We are the world’s leading supplier of speciality ingredients for the personal care industry. We achieve this by offering our customers expertise in formulation development, claims substantiation, market analysis and regulatory support. Our ingredients are used in a range of applications including skin care, sun care, hair care, colour cosmetics and toiletries.

**Life Sciences**  Our Life Sciences market sector comprises three businesses, Health Care, Crop Care and Seed Enhancement. Health Care delivers high quality ingredients and formulation expertise to pharmaceutical and nutritional markets, which includes dermatology and animal health. Crop Care provides innovative ingredients and formulation expertise to agrochemical companies, enabling them to develop efficient, complex and safe products that help farmers achieve superior yields. Our Seed Enhancement business has the ability and technology to improve and enhance the quality of seeds and to apply seed treatment products.

**Performance Technologies**  Performance Technologies delivers high added value additives to a wide range of markets. It is organised into four business areas. Energy Technologies supplies automotive and industrial lubricants companies, as well as supplying into the Oil & Gas market. Energy Technologies is also developing a niche range of specialist materials for thermal management, catalysts, electronics and batteries. Smart Materials serves the coatings, adhesives and specialty polymers markets, including supplying additives into the plastics and packaging sector; and Home Care serves household product manufacturers, as well as industrial cleaning companies. Our Water Treatment business supplies innovative surfactants for use in the manufacture of water soluble polymers as well as other chemistries for the water treatment industry.

**Industrial Chemicals**  Our Industrial Chemicals market sector sells a range of co-streams produced during the manufacture of core sector products and undertakes toll processing.

In addition to the above, the Group has a **Technology Investment Group** that identifies and integrates new technology into the global Business structure, and a **Process Innovation Team** that innovates with new and existing processes to improve operational processes.

A list of our principal subsidiary companies that primarily affect the financial statements can be found on page 138-140 of our 2017 Annual Report. No entity included in our financial statements has been excluded from this report.

More information on our organisational structure can be found at [www.croda.com](http://www.croda.com).

*As at December 2017

GRI 102-46 Defining report content and topic boundaries

Our sustainability programme is guided by the four global drivers that we consider to be the most important to the future of our Business:

1. Changing Demographics
2. Fragile World
3. Demand for Transparency and Trust
4. Digitalisation and interconnectedness

As the impact of such global drivers changes the world around us, our sustainability programme must continue to evolve to meet the needs of our stakeholders, especially our customers and their consumers. We review our materiality annually with our Executive Committee and a panel of sustainability experts within the Business who sit on our Group Sustainability Steering Committee. The review takes place in four stages:

1. Identification and prioritisation of key Material Areas within Croda
2. Identification and prioritisation of key Material Areas for our stakeholders
3. Determination of materiality
4. Revision of our sustainability programme
Stage 1 - Identification and prioritisation of key Material Areas within Croda

We first defined our Materiality and Matrix in 2011. In 2013, we conducted an extensive review of our programme by considering the opportunities and threats presented by global drivers of change. As a result, we redefined our programme into 10 Material Areas with longer-term objectives.

In 2015, we conducted an appraisal of these Material Areas. Experts on the Steering Committee and the Executive Committee provided insights on how these Material Areas were received within the business, how they could be improved, where more resource is required, and gaps in the programme with future potential. These suggestions were then considered together with other factors, such as stakeholder priorities.

Stage 2 - Identification and prioritisation of key Material Areas for our stakeholders

Alongside insights from the Business, we conducted an extensive global stakeholder survey in 2014 to inform our Materiality and Matrix and a supplementary survey in 2015. Internal and external stakeholders were surveyed on all aspects of our sustainability programme, and key highlights from the survey include the following:

- Quality and safety are the most important themes to all stakeholders
- 100% of customers believe we are very transparent/transparansa in communicating our sustainability programme
- 100% of customers and 67.7% of suppliers consider our sustainability programme to be a very important/important reason to engage with us
- Process safety and employee safety are the priorities for the local communities in which we operate
- 57.3% of employees say our sustainability programme is a very important/important reason for working for us

As well as the survey, we maintain a culture of open communication with our stakeholders throughout the year and conducted additional face-to-face meetings with investors, suppliers, customers, local communities, NGOs and regulatory bodies. Views of these stakeholders were represented at the annual review by the various experts from within the Business who have regular contact with these groups.

We also considered other external factors during the review and invited key stakeholder in to represent the views of our customers, peers, investors and third parties covering reporting frameworks such as human rights and life cycle analysis.

Stage 3 - Determination of materiality

Each year we review our Material Areas with internal and external stakeholders. The Material Areas are then mapped onto our Priority Matrix, which details the areas of most importance to us and our stakeholders. The results from our stakeholder survey informed our updated Priority Matrix, which shows the areas of highest importance to us compared to our stakeholders.

Our Priority Matrix: Material Areas

Stage 4 - Revision of our Sustainability programme

The previous three stages of our review informed the 2015 updates to our sustainability programme. Key updates include:

- Product Stewardship will increase in scope to include formal engagement with our upstream supply chain to further mitigate risks
• Product Design will now prioritise the communication of the sustainability benefit of our products in use, and will also extend to measure the performance of existing products, as well as New and Protected Products, to enable our customers to make better choices.

• Knowledge Management, formerly Corporate Knowledge, has been repositioned to better reflect the fact that we focus on tools and processes to manage the knowledge of our people across the Business.

To continue to deliver improvement against our Material Areas, we establish clear commitments and performance targets. New or revised targets are set each year at our annual review with the input and approval of our Group Executive Committee.

In 2016, our sustainability programme was again reviewed by the Group Executive Committee with the Global Sustainability Team and the Global Sustainability Steering Committee. No changes were made.

GRI 102-47 List of material topics

As a result of the annual review of our sustainability programme, the below Aspects were considered material:

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<td>Compliance</td>
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</table>

GRI 102-48 Restatements of information

There are no restatements to report.

GRI 102-49 Changes in reporting

Since our last report in 2016, there have been some changes to the Group targets.

Our performance against targets and future targets can be found throughout the 2017 Sustainability Report.

GRI 103-1 Explanation of the Material Topic and its boundary

This report covers the sustainability performance of Croda International Plc for the period 1 January 2017 to 31 December 2017. The scope of this report is all wholly owned operations, plus those operations where we have significant management influence due to a majority shareholding. Unless otherwise stated, data provided throughout this report is for continuing operations.

In July 2017 we acquired Enza Biotech, a research enterprise established as a spin-out company from Lund University in Sweden; and in December 2017 we acquired IonPhasE, an innovative technology supplier of static electricity protection products headquartered in Tampere, Finland. Sustainability data from these acquisitions are not within the scope of this year’s report.
During July 2017 we also bought a minority shareholding in Cutitronics, whose patented handheld device has ultimately been designed to improve skin health. Due to the nature of this partnership their activities are not within the scope of our sustainability programme.

The material Aspects therefore cover all fully managed operations. The boundary assessment concluded that the majority of material aspects are only material within the organisation. If and where exceptions occur, these are clearly stated within the disclosure.

More information about our operations can be found in our 2017 Annual Report.
Report Profile

GRI 102-50 Reporting period

This report covers the performance of the Croda Group for the period 1 January 2017 to 31 December 2017. The reporting of some objectives and targets may cover a wider period; this will be made clear where relevant.

GRI 102-51 Date of most recent report

We have been reporting to GRI since 2008 and this report is Croda’s tenth GRI Report. We publish our report annually, in the second quarter of the year. Our previous GRI reports can be downloaded from our online GRI report archive whilst our Sustainability Reports are also available at http://www.croda.com/sustainabilityreport.

GRI 102-52 Reporting cycle

We follow an annual reporting cycle; our printed Sustainability Report (formerly CSR Report up to 2010) is published in April each year and released in conjunction with our Annual Report. Our GRI report is released exclusively online at www.croda.com/GRI.

GRI 102-53 Contact point for questions regarding the report

Should you have any questions regarding our GRI Report or its contents then please do not hesitate to contact our Group Sustainability Specialist, Julia Creasey, via sustainability@croda.com.
The table below gives the Standard Disclosures and Specific Disclosures that we disclose for our GRI Report 'core' in-accordance level.

### General Disclosures

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<td>Aspect: Emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-1</td>
<td>Direct (scope 1) greenhouse gas (GHG) emissions</td>
<td>42</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>GRI 305-2</td>
<td>Energy indirect (scope 2) GHG emissions</td>
<td>42</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>GRI 305-3</td>
<td>Other indirect (scope 3) GHG emissions</td>
<td>43</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>GRI 305-4</td>
<td>GHG emissions intensity</td>
<td>43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-5</td>
<td>Reduction of GHG emissions</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-7</td>
<td>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td>
<td>44</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Aspect: Effluents and Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 306-1</td>
<td>Water discharge by quality and destination</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 306-2</td>
<td>Waste by type and disposal method</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 306-3</td>
<td>Significant spills</td>
<td>46</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Aspect: Compliance**

| GRI 307-1 | Non-compliance with environmental laws and regulations | 46 |

**LABOUR PRACTICES AND DECENT WORK**

| GRI 103 | Labour Practices and Decent Work - Management approach | 47 |

**Aspect: Employment**

| GRI 401-1 | New employee hires and employee turnover | 47 | Yes |
| GRI 401-3 | Parental leave | 48 | Yes |

**Aspect: Occupational Health and Safety**

| GRI 403-1 | Workers representation in formal joint management-worker health and safety committees | 48 |
| GRI 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 48 | Yes |

**Aspect: Training and Education**

| GRI 404-1 | Average hours of training per year per employee | 49 | Yes |
| GRI 404-2 | Programmes for upgrading employee skills and transition assistance programs | 49 | Yes |
| GRI 404-3 | Percentage of employees receiving regular performance and career development reviews | 50 | Yes |

**Aspect: Diversity and Equal Opportunity**

| GRI 405-1 | Diversity of governance bodies and employees | 50 | Yes |

**HUMAN RIGHTS**

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**Aspect: Freedom of Association and Collective Bargaining**

| GRI 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 51 |

**Aspect: Child Labour**

| GRI 408-1 | Operations and suppliers at significant risk for incidents of child labour | 52 |

**Aspect: Forced or compulsory labour**

| GRI 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | 52 |

**SOCIETY**

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**Aspect: Marketing Communications**
<table>
<thead>
<tr>
<th>GRI Code</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 417-3</td>
<td>Incidents of non-compliance concerning marketing communications</td>
<td>58</td>
</tr>
<tr>
<td>Aspect: Customer Privacy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 418-1</td>
<td>Substantiated complaints regarding breaches of customer privacy and losses of customer data</td>
<td>58</td>
</tr>
<tr>
<td>Aspect: Compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 419-1</td>
<td>Non-compliance with laws and regulations in the social and economic area</td>
<td>58</td>
</tr>
</tbody>
</table>
GRI 102-56 External Assurance

The financial information contained in the Annual Report has been externally audited by PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors, detailed in a statement which can be found in our Annual Report.

Along with this process, the financial and non-financial information in the directors’ report, including the Sustainability section, has been reviewed for inconsistencies with the audited financial statements.

In 2017, Croda International Plc’s reported scope 1,2 and 3 GHG emissions received limited verification by Carbon Smart in accordance with the requirements of the ISO 14064-3 standard. The verification covers emissions from the reporting year ending 31 December 2017.
Economic Performance

GRI 103 – Economic Performance Management Approach

Economic Performance

We are the name behind the high performance ingredients and technologies in some of the biggest, most successful brands in the world; creating, making and selling speciality chemicals that are relied on by industries and consumers everywhere. Consumers may not know our name, but we create the innovations that help our customers build million and billion-pound brands.

Like our customers, we are driven by the desires of the consumer and our aim is to identify, anticipate and satisfy their unmet needs. We do this by working intimately with our customers and by focusing on constant, sustainable innovation.

To maximise opportunities for growth, we use the global mega trends to shape our strategy and business model, which ensures we can deliver innovations that satisfy the unmet needs of our customers:

Changing demographics
Fragile world
Demand for transparency and trust
Digitalisation and interconnectedness

These megatrends will impact right across our four business sectors, and continued innovation coupled with our ongoing focus on naturally sourced raw materials will leave us well placed to take advantage of them.

The delivery of our ambitious goals will be enabled by our three key strategic objectives: delivering growth, driving innovation and sustainable solutions.

For further details on our economic performance see the 2017 Annual Report.

Procurement Practices

Renewable, naturally sourced raw materials are at the heart of Croda. Our very first product in 1925 was Lanolin, which is created as a result of washing sheep fleece for the wool industry, making it a very natural and sustainable ingredient. 90 years later, we are still working closely with wool producers to improve the efficiency of Lanolin extraction.

Our global procurement team harbour strong, long lasting relationships with our suppliers through a culture of open communication. Our Supplier Code of Conduct is actively managed during face-to-face meetings with our suppliers and often has its own place on the agenda to be discussed.

We utilise a system called SAP to track and monitor all raw material purchasing. All of our sites globally are in charge of their purchasing budgets and it is their policy to source locally where possible.

GRI 201-1 Direct economic value generated and distributed

In 2017, turnover from continuing operations was £1,373.1m (2016: £1,243.6m) and operating profit was £332.2m (2016: £298.2m), a return on sales of 24.2% (2016: 24.0%).

Record profit was delivered in 2017, with profit growth in all core business sectors. Adjusted pre-tax profit from continuing operations increased by 11.1% to £320.3m (2016: £288.3m). Earnings per share increased by 14.9% to 179.0p (2016: 155.8p).

<table>
<thead>
<tr>
<th>Revenue</th>
<th>£1373.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought-in Materials and Services</td>
<td>£728.1m</td>
</tr>
<tr>
<td>Value Added</td>
<td>£645.0m</td>
</tr>
<tr>
<td>To employees</td>
<td>£267.4m</td>
</tr>
<tr>
<td>To governments</td>
<td>£75.7m</td>
</tr>
<tr>
<td>To providers of capital</td>
<td>£111.9m</td>
</tr>
<tr>
<td>Retained in the business</td>
<td>£190.0m</td>
</tr>
</tbody>
</table>

Further details on our economic value can be found throughout the Annual Report. An overview can be found on page 1, whilst the group’s financial statements can be found on pages 82-125, with our five year record on page 143.
GRI 201-2 Financial implications and other risks and opportunities due to climate change

Partial Reporting
As an organisation we are aware that climate change is affecting the way that we think about business and the decisions that we make. Within our risk management framework, Group wide impacts and trends including external and emerging risks are identified, including those relating to climate change. Although no specific risks relating to climate change emerged as one of our key organisational risks, the consequences of climate change on our business have been identified within the market sector, regional and manufacturing site risk registers.

As the link between emissions of combustion products such as CO\textsubscript{2} and climate change is now well established, it is essential that as a socially responsible company we reduce the impact of our emissions to a sustainable level. The expectation of all of our stakeholders is that we continue to make progress in reducing discharges of climate change gases.

We are in a strong position to exploit emerging trends related to climate change, with a significant proportion of our raw materials coming from renewable sources and our new product development having a strong focus on products that can help reduce the energy that people and industry consume during manufacture and end use.

Further details of the Group’s risk management processes can be found on pages 30-35 of the 2017 Annual Report.

Further details on how we are tackling the issue of air quality and climate change can be found in GRI Specific Disclosures GRI 302-1 and GRI 302-2 and in our Sustainability Report on pages 19-23. Further details on how we are tackling the issue of water quality and supply can be found in GRI Specific Disclosures GRI 303-1 and GRI 303-2 and in our Sustainability Report on pages 19 and 22.

GRI 201-3 Defined benefit plan obligations and other retirement plans

Partial Reporting
Pension provision forms part of our total employment package, which is aligned to the needs of our employees and the markets in which we operate. We actively encourage employees to join our company pension schemes where available, but we realise that this is a personal choice.

<table>
<thead>
<tr>
<th>Defined benefits plan coverage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees covered by defined benefit schemes</td>
<td>1,595*</td>
</tr>
<tr>
<td>Expressed as a percentage of Group</td>
<td>37%</td>
</tr>
</tbody>
</table>
*Please note that this figure only includes employees in active pension schemes, and does not include Incotec employees or locations that have a private pension plan

Further details regarding our retirement benefit liabilities, including our defined benefit schemes can be found in the 2017 Annual Report.

GRI 201-4 Financial assistance received from government

During the year, no significant financial assistance was received from governments and we have no governmental shareholders.

In particular circumstances we do pursue grants from local governments in order to assist our sustainable development plans. For example, in 2014 our Gouda manufacturing site in The Netherlands received funding from EU Life +, the funding body for the environment and climate action, which recognises projects that will make a vital contribution to the preservation, conservation and enhancement of Europe’s natural resources.

The project, which attracted a total grant of 1,996,000 euro over three years, has seen the manufacturing site become the first oleochemical site in Europe to generate fuel from glycerine water to create 100% renewable biogas. This is part of a wider energy reduction programme that will reduce the site’s CO\textsubscript{2} emissions by a quarter.
GRI 204-1 Proportion of spending on local suppliers

Partial reporting

Where goods and services of the right cost and quality can be purchased by manufacturing plants in their own country from local suppliers operating in the same country, then the sites will preferentially do this. The extent to which local sourcing is practiced across all of the manufacturing sites is not currently measured.

GRI 205-1 Operations assessed for risks related to corruption

Partial Reporting

Identification of organisational risks relating to corruption was undertaken by overlaying the territorial analysis of turnover with the risk corruption index map from a recognised provider (Transparency International). Territories identified as being at higher risk of corruption and which generated material turnover were discussed in more detail with locally knowledgeable management to identify any specific areas of concern.

Further details on Croda’s risk management can be found on pages 30-35 of the 2017 Annual Report.

GRI 205-2 Communication and training about anti-corruption policies and procedures

Following implementation of the Bribery Act 2010 in 2011, and as part of a wide ranging compliance review, we instituted a Group wide training programme incorporating issues raised by this legislation.

Employees who are most likely to be exposed to bribery related issues due to their function or location are required to complete online training. The course involves employees being taken through numerous scenarios relevant to our business and it cannot be completed successfully without passing a test.

In 2011, training was completed by all managers and non-managers who were identified, which was a total of 1,405 employees including 420 managers. A further 597 employees completed the course in 2012 and another 208 during 2013. In 2014, 194 people were trained and all relevant new employees will be required to take and pass the test in the future. In 2015, 1056 people were trained, including those who have had to complete refresher training. In 2016, 318 people were trained.

In 2017, 578 people were trained: 78 in Latin America, 116 in Asia Pacific, 273 in Europe, Middle East and Africa and 111 in North America.

In addition to the online training, senior management received further guidance in respect of the Act, detailing how the Company’s policies and procedures work to ensure compliance.

Further information on Croda’s approach to countering bribery and corruption can be found on the company website www.croda.com under company policies.

GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

Throughout the year there were no legal actions initiated under national or international laws against Croda for the purposes of regulating anti-competitive behaviour, anti-trust, or monopoly practices.
Environmental Performance

GRI 103 – Management Approach

Materials

We know that it is only by being close to our customers that we can understand and fulfil their needs, finding new ways to improve sustainable product performance and reduce environmental impacts. In 2016 we introduced the concept of intrinsic and extrinsic sustainability benefits. Intrinsic refers to attributes such as renewable raw material content, product purity and cradle-to-gate life cycle assessment. We assess the compliance of our new products with the 12 Principles of Green Chemistry and in 2017 our New and Protected Products (NPP) scored an average of 10.6 out of 12.

In 2017, 61.1% of the raw materials we used were from renewable sources, a unique position amongst our peers in the speciality chemical manufacturing industry. The growth of crops from which many of our raw materials are derived, removes CO₂ from the atmosphere, resulting in low carbon footprints for many of our products. The extrinsic sustainability impacts of our products include the social, environmental and financial benefits that our products have in use. We are working to quantify these benefits for some of our product application areas, calculating associated carbon savings.

We are leading the way in the transformation to Roundtable on Sustainable Palm Oil (RSPO) certified palm oil derivatives, and are continually striving to increase transparency in our raw material supply chains. Our twelve manufacturing sites certified to the Mass Balance process handle around 99% of our global palm oil derivatives. In 2017 we saw a 60% increase in Certified Sustainable Palm Oil (CSPO) sales volumes compared to 2016.

Energy, Water, Emissions, Effluents and Waste, Biodiversity

Environmental Impact is one of the 10 Material Areas of our sustainability programme.

Our manufacturing processes take raw materials and intermediates from our suppliers and we subject them to chemical and physical processes that require resources such as energy, air and water. We strive to minimise the resources and minimise the waste generated with every kilogram of product we make. We then pack our products in recyclable packaging, and where possible aim to manufacture the products as close as possible to our customers to minimise the energy required for transportation. We measure the impacts of our resource consumption and waste generation, and have set targets to reduce these impacts:

• Based on 2015, to reduce total Group energy intensity by 5% by the end of 2020
• Based on 2015, to reduce total Group carbon intensity by 10% by the end of 2020
• Based on 2015, to generate 27% of the Group’s total energy requirements from non-fossil fuel sources by the end of 2020.
• Based on 2015, to reduce total VOC emissions by 10% by the end of 2020.
• Based on 2015, to reduce total Group water withdrawal by 10% by the end of 2020
• Based on 2015, to reduce Group waste to landfill by 10% by the end of 2020.

The SHE Manager at every manufacturing site is responsible for measuring our environmental impact and adhering to local regulations and policies where applicable. Progressive targets are set by our Group Executive Committee and each site reports on a quarterly basis to Group SHE, who collates the results for the quarterly SHE Steering Committee.

At these meetings, issues are discussed and actions agreed between the Group Vice President of Sustainability, the Group Executive Committee representative and subsequently the relevant Site Director. Improvement plans for non-manufacturing locations are also managed in this way, though the primary focus remains on the largest contributors.

Compliance

We recognise that reducing the environmental and societal impact of our 19 manufacturing sites is essential for our continued license to operate. We therefore have very robust compliance processes in place at each of our manufacturing sites. As a minimum, sites adhere to local regulation and policy, but we often go above and beyond this and require global compliance with stretching Group policies.

We have a number of internal compliance targets, such as compliance with effluent discharge, and our SHE experts regularly attend industry seminars to keep up to date with compliance, as well as contributing to relevant industry bodies to advise and shape relevant legislation.
GRI 301-1 Materials used by weight or volume

Partial Reporting

We are a speciality chemical manufacturer who creates high-performance ingredients that enhance everyday products: from hair and beauty, to pharmaceuticals, lubricants and more.

The foundation of our business rests upon natural ingredients, with a large percentage of our raw materials originating from renewable sources. In 2017, 61.1% of raw materials came from natural, renewable sources. The growth of crops from which many of our raw materials are derived, removes CO₂ from the atmosphere, resulting in low carbon footprints for many of our products.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable materials</td>
<td>61.1%</td>
</tr>
<tr>
<td>Non-renewable materials</td>
<td>38.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

This data, covering all external global spend on raw material and process aids, is readily extracted from our SAP system and characterised as being renewable or non-renewable. We do not report product tonnage because it is commercially sensitive. The data also does not include materials for packaging purposes as we currently do not have systems in place to record this data.

The focus on sustainable raw materials and greener, cleaner, safer manufacturing methods is continuing to grow in the speciality chemicals industry. Our heritage in naturally derived products puts us at the forefront of this evolution, with sustainability embedded in our innovations since the launch of our first product, lanolin.

Therefore, new product developments continue to focus on green chemistry, whilst meeting the demands of our customers and the stringent safety standards within our industry. Throughout 2017, our NPPs scored an average of 10.6 against the 12 Principles of Green Chemistry.

This focus on green chemistry goes hand in hand with sustainable supply, which is why we continue to be strong advocates for the responsible sourcing of palm oil, palm kernel oil (PO/PKO) and its derivatives. It remains a key priority for us, and twelve of our manufacturing sites globally are certified to handle sustainable PO/PKO products to the Roundtable on Sustainable Palm Oil (RSPO) Mass Balance process. Out of the 14 manufacturing sites handing PO/PKO derivatives globally, these twelve handle over 99% of our total volume, demonstrating our commitment to drive sustainable PO forward.

Further details on our performance against Sustainable Product Innovation can be found on pages 10-15 of the Sustainability Report.

GRI 302-1 Energy consumption within the organisation

At Croda, we have carefully measured emissions of gases implicated in climate change for more than 15 years and have consistently set targets for reduction. Increasingly demanding targets have been set for 2020 by our Group Executive Committee under the guidance of the SHEQ Steering Committee. To ensure actions can be taken to bring about change, all major SHE targets are set over a five year time period.

**Total energy consumption in 2017 was 3,665,622 GJ.**

**Total fuel consumption from non-renewable sources (GJ):**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>2,373,905</td>
<td>2,489,036</td>
</tr>
<tr>
<td>Light fuel oil</td>
<td>16,353</td>
<td>13,649</td>
</tr>
<tr>
<td>Heavy fuel oil</td>
<td>3,026</td>
<td>2,866</td>
</tr>
<tr>
<td>Gasoline</td>
<td>8,625</td>
<td>11,025</td>
</tr>
<tr>
<td>Propane/LPG</td>
<td>9,004</td>
<td>6,579</td>
</tr>
<tr>
<td>Diesel (Vehicle Fuel)</td>
<td>18,094</td>
<td>24,217</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,429,007</strong></td>
<td><strong>2,547,370</strong></td>
</tr>
</tbody>
</table>
Total fuel consumption from renewable sources (GJ):

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biofuel</td>
<td>445,044</td>
<td>443,206</td>
</tr>
<tr>
<td>Wind turbine/Solar</td>
<td>14,425</td>
<td>20,797</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>459,469</strong></td>
<td><strong>464,003</strong></td>
</tr>
</tbody>
</table>

Self-generated electricity which was not consumed (GJ):

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind turbine</td>
<td>1,458</td>
<td>2,986</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,458</strong></td>
<td><strong>2,986</strong></td>
</tr>
</tbody>
</table>

Total intermediate energy consumed (GJ):

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>527,252</td>
<td>525,242</td>
</tr>
<tr>
<td>Steam</td>
<td>96,727</td>
<td>129,006</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>623,979</strong></td>
<td><strong>654,248</strong></td>
</tr>
</tbody>
</table>

Direct energy sources sold (GJ):

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>1,458</td>
<td>2,986</td>
</tr>
<tr>
<td>Steam</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,458</strong></td>
<td><strong>2,986</strong></td>
</tr>
</tbody>
</table>

Data is reported by sites on quarterly basis using meter readings or invoice data. International electricity conversion factors are taken from: International Energy Agency Data Services - 'CO₂ emissions from fuel combustion' latest available edition. Fuel conversion factors are taken from the Greenhouse Gas Protocol Initiative (GHG Protocol)

Further details on energy use can be found in our Sustainability Report on pages 19-23.

**GRI 302-3 Energy intensity**

Energy intensity for 2017 was 6,330 GJ per £1m turnover (6,377 GJ per £1m turnover in 2016). Energy intensity is based on our ‘value added’, which is operating profit before depreciation and employee costs. To calculate energy intensity we divide energy consumption by value added. The types of energy included in the intensity ratio are electricity, fuel, steam consumed within the organisation.

**GRI 302-4 Reduction of energy consumption**

In 2015, we set a target to reduce total group energy intensity by 5% by the end of 2020, using the 2015 baseline. Energy intensity is based on our ‘value added’, which is operating profit before depreciation and employee costs. To calculate energy intensity we divide energy consumption by value added, which for 2017 saw an 11.3% reduction compared to 2015, indicative of improving energy efficiencies brought about by our investments in energy conservation, especially the new bio-gas Combined Heat and Power (CHP) plant at our Gouda manufacturing site in the Netherlands. This is an integrated bio-refinery and uses by-product materials to generate energy.

In line with our commitment to continue investing in energy saving initiatives, a detailed energy survey has now been carried out at our Rawcliffe Bridge site in the UK, from which a five year energy programme is being developed. We have also achieved ISO 50001 registration at our manufacturing sites in Hull in the UK and Mevisa in Spain. This has required us to develop an energy strategy and a detailed understanding of the energy situation at each site, as well as investing in training for all personnel on how to manage energy.

Further details on energy use can be found in our 2017 Sustainability Report on pages 19-23.
GRI 303-1 Water withdrawal by source

In 2015, we set a target to reduce total Group water withdrawal by 10% by then end of 2020, using 2015 as the baseline. In 2017, we recorded a 4.4% reduction in water consumption, compared to 2015.

**Total volume of water withdrawn by source in 2017 (m³):**

<table>
<thead>
<tr>
<th>Source</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total surface water</td>
<td>2,605,651</td>
</tr>
<tr>
<td>Total groundwater</td>
<td>3,562,101</td>
</tr>
<tr>
<td>Total municipal process water</td>
<td>164,143</td>
</tr>
<tr>
<td>Total municipal mains water</td>
<td>1,679,435</td>
</tr>
<tr>
<td><strong>Total water</strong></td>
<td><strong>8,011,330</strong></td>
</tr>
</tbody>
</table>

Data reported by manufacturing and non-manufacturing sites on a quarterly basis using invoiced data from utility companies and direct reading of meters.

Two manufacturing sites have contributed significantly to this achievement, both of which are in water stressed regions: Thane, India has recorded a 24% reduction in total water usage since 2015; and our Mevisa manufacturing site in Spain has reduced its water usage by 13.8% compared to 2016.

We were also awarded a rating of B by CDP in 2017 for our performance on water reporting and conservation, maintaining the strong position we had in 2016.

Further details on how we are tackling the issue of water quality and supply can be found on page 22 of the 2017 Sustainability Report.

GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

A review of the locations of our 19 manufacturing sites did not identify any sites that are located in, or adjacent to protected areas, or in areas of high biodiversity according to the Ramsar Convention on Wetlands and UNESCO World Heritage Sites.

We have identified that six of our manufacturing sites are close to some areas of high biodiversity, which are Hull (UK), Rawcliffe Bridge (UK), Campinas (Brazil), Mevisa (Spain), Cikarang (Indonesia) and Shiga (Japan). We are managing the environmental impact of these sites at a local level and setting targets to ensure that we minimise our impact on the environment by effectively managing the material business risk of Environmental Impact.

Our operation at Hull is near the Humber estuary, which is designated as a Special Area of Conservation (SAC) and a Special Protection Area (SPA), as well as being designated as a UNESCO Ramsar Wetland. The river next to the site leads to the Humber estuary and we have a local team in place to continually monitor our effluent discharge. We have also instigated a number of projects on the site to encourage biodiversity including: planting indigenous trees on the boundary of the site to support local wildlife and re-establishing a marsh and pond area on site to support local biodiversity. A biodiversity study has also been conducted at the site by an independent expert and we are in the process of implementing the recommendations.

Our operation at Shiga is near to Biwa-ko, the largest freshwater lake in Japan, which is designated as a UNESCO Ramsar Wetland. The river Uryu is next to the site and leads to Biwa-ko, but as at our Hull site, we have a local team in place that continually monitors our water usage and effluent discharge. Our management teams and SHE experts are working hard at Shiga to reduce our water usage, which will reduce our local environmental impact. A team from the site also volunteers every year to help manage the river weeds along the Uryu to support local biodiversity.

Over recent years, our Mevisa manufacturing site in Spain has gone through major expansion, requiring the site’s utilities to undergo a number of upgrades. These upgrades have included an expanded effluent treatment plant to increase the volume of water that can be treated on a daily basis, whilst maintaining a COD discharge level well below the legal limit. They have invested in improved cooling and refrigeration systems to increase the recirculation of cooling water from approximately 55% to approximately 75%. This has reduced water extraction by the site from the stressed local aquifer.

Further details on how we are tackling key environmental issues can be found on pages 19-23 of the 2017 Sustainability Report.
GRI 304-2 Significant impacts of activities, products, and services on biodiversity

We understand that our operations may have an impact upon local biodiversity and we take the stewardship of our own land very seriously. Therefore, we will continue to review our impact on land, water and air.

For more than 15 years we have carefully monitored our environmental impact and set targets to reduce this at all of our manufacturing sites. Reductions in energy and water usage, emissions to air and water and waste production, which has a continuing positive effect in reducing our impact on biodiversity in the areas in which we operate.

In particular, our emissions and waste production have been carefully monitored by our Safety Health and Environment (SHE) group to ensure that we reduce our impact wherever possible and are responsible in the disposal of liquid effluent or solid waste. In 2017, our sites were >99% compliant with liquid effluent discharge consents. We also reduced our waste to landfill by 15.9% in 2017 compared to 2015.

In 2014, we completed pilot biodiversity surveys at two of our operations. We have recently set up a biodiversity committee at our Cowick Hall headquarters in the UK. Here, we have 40 hectares of varied land use. We will put into place an action plan to enhance and protect biodiversity at the site, based on recommendations from our biodiversity survey and working with local experts.

We continue to launch many new innovations, all of which have intrinsic or extrinsic sustainability benefits, or both. For instance, within our range of crop spraying adjuvants we introduced a new drift reduction agent called Atplus™ DRT-100 for the agriculture industry in 2016, where reducing off-target spray drift has long been a major concern. To investigate how we could optimise drop size and shape in order to target spraying accurately onto crops, we invested nearly US$1 million into a low-speed wind tunnel in North America to aid the development of Atplus DRT-100. This product enables farmers to minimise the waste of expensive products, such as pesticides, whilst also reducing the negative impact on the surrounding environment and wildlife. As well as these extrinsic sustainability benefits in use, Atplus DRT-100 is made from 100% renewable raw materials, making it an all-round intrinsic and extrinsic performer.

Our new product development teams are committed to making our products as environmentally friendly as reasonably practicable and each year we measure and report new launches against the 12 Principles of Green Chemistry. A number of these principles relate to potential environmental effects that could harm biodiversity including, toxicity, hazardous by-products, persistence and chemical accidents. We aim to reduce the use of environmentally harmful chemicals by finding greener, safer alternatives and always take precautions with any chemicals that could pose a risk to the environment, often going beyond the standards required by legislation. In 2017, the average score for our new product launches was 10.6.

There are a number of key areas where we have influenced our suppliers and customers to provide sustainably sourced raw materials to ensure the preservation of biodiversity.

Case Study – Sustainable Palm Oil Sourcing

An important part of our Product Stewardship strategy, and a key priority for Croda, involves responsibly addressing the social and environmental issues associated with palm oil (PO) and palm kernel oil (PKO). For us, this means forming close partnerships with the complex PO and PKO derivatives supply chains.

The majority of PO/PKO we consume are derivatives that are sourced via a complex supply chain which historically did not lend itself to sustainable certification. Nonetheless, in 2010, we were perhaps the first ingredient suppliers to support Sustainable Palm Oil via the Book & Claim process by developing our own methodology to provide our customers with the data needed to purchase Green Palm certificates. The RSPO Derivatives Working Group, of which we are members, later gained approval for a methodology that aligns to ours.

Between 2012 and 2015 we obtained RSPO Supply Chain Certification for 12 of our manufacturing plants covering all geographic regions. These plants process 99% of our palm derivative volumes. RSPO physical supply chain certification for Mass Balance or Segregation is important because it ensures that sustainable raw material is drawn into the supply chains and consumed. By the end of 2017, 76% of consumer businesses’ products containing palm oil converted to RSPO certified. We have subsequently obtained RSPO Supply Chain Certification for our Sederma business and our Ditton Suncare and biopolymer plant will be certified in 2018.

In 2018 we have further strengthened our commitment by working with a third party, independent organisation to confirm and verify transparency of our supply chains up to plantation for palm oil derivatives and mills/area for palm kernel derivatives. This work involves collecting data from major suppliers of palm and palm kernel oil derivatives, who supply 80% of the volume of palm derivatives we use. Mapping out our supply chain in more detail using this data will enable a risk assessment of the sourcing areas and mills.

Working with this third party independent organisation to increase traceability of our palm derived raw materials will continue to ensure progress towards fully sustainable and deforestation-free sourcing by 2020.
GRI 305-1 Direct (scope 1) greenhouse gas (GHG) emissions

We measure GHG emissions at all of our manufacturing and non-manufacturing sites compared to a baseline year of 2015, against which all of our current environmental targets are set. Since 2015 our Scope 1 GHG emissions have received limited verification in accordance with the requirements of the ISO 14064-3 standard by Carbon Smart.

Scope 1 GHG emissions (TeCO₂e):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil Fuels</td>
<td>126,551</td>
<td>123,418</td>
<td>129,924</td>
</tr>
<tr>
<td>Biofuels</td>
<td>454</td>
<td>1,590</td>
<td>1,473</td>
</tr>
<tr>
<td>VOC</td>
<td>534</td>
<td>473</td>
<td>540</td>
</tr>
<tr>
<td>Non-Manufacturing</td>
<td>2,953</td>
<td>3,069</td>
<td>2,625</td>
</tr>
<tr>
<td><strong>Total Gross</strong></td>
<td><strong>130,492</strong></td>
<td><strong>128,550</strong></td>
<td><strong>134,562</strong></td>
</tr>
</tbody>
</table>

Types of GHG included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs and SF₆. The baseline year data is 2015 for the current five year target period and is recalculated when we acquire or shed sites. Emissions factors are calculated using the GHG Protocol and International Energy Agency’s published conversion factors and the methodology used is as per GHG Protocol Corporate Standard. Manufacturing sites, sales offices and distribution centres which we have financial control are included.

Since 2015, we have seen a 3.1% increase in CO₂ emissions.

In 2017, our use of non-fossil fuels and renewable energy has eliminated 23,543 tonnes of CO₂ emissions, which is equivalent to taking 11,831 cars off the road for a year.

For further details on our GHG emissions, please see our CDP Report.

GRI 305-2 Energy indirect (scope 2) GHG emissions

We measure GHG emissions at all of our manufacturing and non-manufacturing sites against our baseline year of 2015. Since 2015 our Scope 2 GHG emissions have received limited verification in accordance with the requirements of the ISO 14064-3 standard by Carbon Smart.

Scope 2 GHG emissions (TeCO₂e):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>64,570</td>
<td>61,861</td>
<td>59,358</td>
</tr>
<tr>
<td>Steam</td>
<td>7,158</td>
<td>5,489</td>
<td>7,074</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71,727</strong></td>
<td><strong>67,350</strong></td>
<td><strong>66,432</strong></td>
</tr>
</tbody>
</table>

Types of GHG included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs and SF₆. The baseline year data is 2015 for the current five year target period and is recalculated when we acquire or shed sites. Emissions factors are calculated using the GHG Protocol and International Energy Agency’s published conversion factors and the methodology used is as per GHG Protocol Corporate Standard. Manufacturing and non-manufacturing sites which we have financial control of are included.

Scope 2 GHG emissions have decreased by 7.4% since 2015.

For further details on our GHG emissions, please see our CDP Report.
GRI 305-3 Other indirect (Scope 3) GHG emissions

In 2015, we began measuring scope 3 carbon emissions. Since 2015 our Scope 3 GHG emissions have received limited verification in accordance with the requirements of the ISO 14064-3 standard by Carbon Smart. The materiality and accuracy of these reported emissions is under significant development by us at this time and Carbon Smart’s observations on development needs are being actively incorporated into our approach for future reporting.

Scope 3 GHG sources included in the verification process:
Raw materials; water supply and treatment; legal services; capital goods; well to tank fuels; well to tank electricity; electricity transmission and distribution (T&D), waste; air travel; car travel; other travel; employee commuting; upstream T&D.

Scope 3 GHG emission (TeCO₂e):

<table>
<thead>
<tr>
<th>Reporting category</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased good and services</td>
<td>558,556</td>
<td>513,668</td>
<td>628,038</td>
</tr>
<tr>
<td>Capital goods</td>
<td>102,082</td>
<td>116,230</td>
<td>116,230</td>
</tr>
<tr>
<td>Fuel and energy related activities</td>
<td>32,454</td>
<td>31,668</td>
<td>33,574</td>
</tr>
<tr>
<td>Upstream transportation and distribution</td>
<td>58,584</td>
<td>86,587</td>
<td>99,275</td>
</tr>
<tr>
<td>Waste generated in operations</td>
<td>1,175</td>
<td>1,137</td>
<td>1,337</td>
</tr>
<tr>
<td>Business travel</td>
<td>10,882</td>
<td>12,972</td>
<td>15,585</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>5,111</td>
<td>8,729</td>
<td>5,330</td>
</tr>
<tr>
<td><strong>Total emissions</strong></td>
<td>768,844</td>
<td>770,991</td>
<td>899,368</td>
</tr>
</tbody>
</table>

Types of GHG included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs and SF₆. The baseline year data is 2015 for the current five year target period and is recalculated when we acquire or shed sites. Emissions factors are calculated using the GHG Protocol and International Energy Agency’s published conversion factors and the methodology used is as per GHG Protocol Corporate Standard. Manufacturing and non-manufacturing sites which we have financial control of are included.

In addition to these asserted scope 3 emissions, Carbon Smart has also verified the temporary biogenic carbon sequestration associated with the rapeseed oil Croda purchased as a raw material in year ending 31 December 2017, as 294,629 tCO₂e. However, they note that this figure does not take into account downstream emissions associated with rapeseed oil and therefore does not include any end of life emissions associated with its use.

GRI 305-4 GHG emissions intensity

We have a new target to reduce total Group Scope 1 and 2 GHG emissions intensity by 10% from a 2015 baseline. We are currently ahead of this new 2020 target with a 14.9% reduction in GHG emission intensity in 2017 compared with 2015. However, when our ECO bio-ethylene oxide (EO) plant comes online in 2018, our Group scope 1 and 2 emissions will increase, because in producing our own ethylene oxide, we are reducing carbon emissions elsewhere in our supply chain and taking on a greater burden ourselves. However, even with the inclusion of our ECO plant, other carbon projects taking place across the group mean we anticipate meeting this target.

GHG emissions intensity for 2017 was 347 tonnes CO₂e / £m.

Our chosen measure of GHG emission intensity divides our scope 1 and 2 GHG emissions by value added, defined as operating profit before depreciation and employee costs at 2015 constant currency. The 14.9% reduction in emissions intensity since 2015 illustrates how our Business has grown without a negative impact on GHG emissions intensity.

Types of GHG included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs and SF₆.
GRI 305-5 Reduction of GHG emissions

As with all of our environmental impact targets, we report data for manufacturing sites against a baseline year of 2015. Since 2015, our baseline year, total scope 1 and 2 emissions have fallen by 0.6%, even as our Business has expanded and new capacity has been commissioned. Within this, scope 1 emissions have increased by 3.1%, whilst scope 2 emissions have fallen by 7.4%. We have been working on a project to increase the accuracy of our scope 3 emissions reporting, and this year used a hybrid model to calculate the emissions associated with our “Purchased Goods and Services” category, which provide the largest contribution to overall scope 3 emissions. With this increased accuracy, the total amount of scope 3 emissions has increased. Once we have an accurate measure of the scope 3 carbon associated with our raw materials, we will be able to work with our suppliers to reduce these emissions.

Changes in total GHG emissions (TeCO₂e):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>130,492</td>
<td>128,550</td>
<td>134,562</td>
</tr>
<tr>
<td>Scope 2</td>
<td>71,727</td>
<td>67,350</td>
<td>66,432</td>
</tr>
<tr>
<td>Scope 3</td>
<td>768,884</td>
<td>770,991</td>
<td>899,368</td>
</tr>
<tr>
<td>Total</td>
<td>971,103</td>
<td>966,891</td>
<td>1,100,362</td>
</tr>
</tbody>
</table>

The baseline year data is 2015 for the current five year target period and is recalculated when we acquire or shed sites. Emissions factors are calculated using the GHG Protocol and International Energy Agency’s published conversion factors and the methodology used is as per GHG Protocol Corporate Standard. Manufacturing sites and non-manufacturing sites which we have financial control of are included. Types of GHG included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs and SF₆.

GRI 305-7 Nitrogen oxides (NOₓ), sulfur oxides (SOₓ), and other significant air emissions

Partial Reporting

Our primary focus is on reducing our direct CO₂ outputs. We do, however, continue to monitor and set targets to reduce our Volatile Organic Compound (VOC) emissions. Our current target is a 10% reduction in total Group VOC emissions by 2020 from a 2015 baseline. Despite increased production volumes, in 2017 our VOC emissions were within 1% of our 2015 emissions. We measure VOC at the ten manufacturing sites where it is a material issue for us.

Other significant emissions (kg):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOCs</td>
<td>157,163</td>
<td>139,191</td>
<td>158,939</td>
</tr>
</tbody>
</table>

We do not measure persistent organic pollutants, hazardous air pollutants or particulate matter because we emit zero or very negligible amounts at our manufacturing sites so it is not considered material.

We are no longer reporting NOₓ and SOₓ emissions as these are included in our Scope 1 – Scope 3 GHG emissions as CO₂ equivalents.

GRI 306-1 Water discharge by quality and destination

In 2015 we set a target to reduce total Group water withdrawal by 10%, based on 2015, by the end of 2020. We are on track to meet this target with our total water consumption in 2017 being 4.4% lower than the baseline year of 2015, as detailed in GRI Specific Disclosure 303-1.

Our compliance with effluent discharge consents was better than ever in 2015 at 99.83% and there remain only four sites that have occasional issues with waste water, usually down to external factors such as weather. Therefore, in 2016 we took the decision not to continue with effluent discharge compliance as a public target. Internal monitoring continues to maintain tight control of our effluent treatment plants.
Total volume of planned and unplanned discharges (m$^3$):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effluent discharged directly to river</td>
<td>6,290,125</td>
<td>5,996,557</td>
<td>5,797,942</td>
</tr>
<tr>
<td>Effluent discharged to local biological treatment works</td>
<td>1,155,547</td>
<td>1,208,714</td>
<td>1,279,423</td>
</tr>
<tr>
<td><strong>Total discharged</strong></td>
<td><strong>7,445,672</strong></td>
<td><strong>7,205,271</strong></td>
<td><strong>7,077,365</strong></td>
</tr>
</tbody>
</table>

Data reported quarterly by our 19 manufacturing sites and is taken from utility company invoices or from direct reading. Compliance of samples analysed and results are compared against consent limits issued by local regulators for those manufacturing sites which have a permit to discharge.

GRI 306-2 Waste by type and disposal method

We recognise that the deposition of waste to landfill is not sustainable, permanently modifying land and potentially introducing contamination to both air and water. In 2016 we set a target to reduce Group waste to landfill by 10% by the end of 2020. As of the end of 2017 we are ahead of target having achieved a 15.9% reduction in waste to landfill since 2015.

**Total waste by disposal method (tonnes):**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total landfill waste</td>
<td>2,106</td>
<td>2,053</td>
<td>1,771</td>
</tr>
<tr>
<td>Total incinerated waste</td>
<td>5,099</td>
<td>6,116</td>
<td>6,092</td>
</tr>
<tr>
<td>Total other waste disposal routes</td>
<td>22,336</td>
<td>26,709</td>
<td>32,477</td>
</tr>
<tr>
<td>Total recycled or recovered</td>
<td>19,202</td>
<td>17,971</td>
<td>22,003</td>
</tr>
<tr>
<td><strong>Total waste</strong></td>
<td><strong>48,743</strong></td>
<td><strong>52,849</strong></td>
<td><strong>62,343</strong></td>
</tr>
</tbody>
</table>

**Non-hazardous waste by disposal method (tonnes):**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landfill waste</td>
<td>1,828</td>
<td>1,740</td>
<td>1,430</td>
</tr>
<tr>
<td>Incinerated waste</td>
<td>2,049</td>
<td>2,419</td>
<td>2,535</td>
</tr>
<tr>
<td>Other waste disposal routes</td>
<td>21,062</td>
<td>25,410</td>
<td>31,119</td>
</tr>
<tr>
<td>Recycled or recovered</td>
<td>15,827</td>
<td>15,879</td>
<td>19,163</td>
</tr>
<tr>
<td><strong>Total non-hazardous waste</strong></td>
<td><strong>40,765</strong></td>
<td><strong>45,448</strong></td>
<td><strong>54,247</strong></td>
</tr>
</tbody>
</table>

**Hazardous waste by disposal method (tonnes):**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landfill waste</td>
<td>278</td>
<td>313</td>
<td>341</td>
</tr>
<tr>
<td>Incinerated waste</td>
<td>3,050</td>
<td>3,697</td>
<td>3,557</td>
</tr>
<tr>
<td>Other waste disposal routes</td>
<td>1,274</td>
<td>1,299</td>
<td>1,358</td>
</tr>
<tr>
<td>Recycled or recovered</td>
<td>3,375</td>
<td>2,092</td>
<td>2,840</td>
</tr>
<tr>
<td><strong>Total hazardous waste</strong></td>
<td><strong>7,976</strong></td>
<td><strong>7,401</strong></td>
<td><strong>8,096</strong></td>
</tr>
</tbody>
</table>

Method of disposal determined either directly by audit or provided by the waste disposal contractor. We do not dispose of waste by composting, reusing or on-site storage. Data reported for manufacturing sites only.

Details on how we are tackling the issue of landfill waste can be found on page 22 of the 2017 Sustainability Report.
GRI 306-3 Significant spills

There were no significant or reportable spills across all of our operations in 2017.

GRI 307-1 Non-compliance with environmental laws and regulations

In 2017, our manufacturing site in Campinas, Brazil, received a fine of 4,600 USD following two public complaints of odour from the effluent treatment plant. An improvement programme has since been actioned.
Labour Practices & Decent Work Performance

GRI 103 – Management Approach

Employment

We employ 4,309 people in 37 countries worldwide.

Through our global competency framework, developed by Group HR and managed by HR Managers in each of the regions in which we operate, we can ensure recruitment practices across the Group identify the people with the right skills, knowledge and attitude. Our proven track record of successfully developing future leaders from within has resulted in a consistently pleasing employee turnover rate, which is reported to the Executive Committee on a quarterly basis to monitor any potential problem areas before they have a negative impact on the business.

Our Regional Boards retain control over their remuneration and benefits packages. Through a series of previous employee surveys, which will be repeated regularly in the future both at regional and global level, Group HR are able to share learning’s on the expectations of our employees with these management teams, and at Group Executive Committee level to ensure that our approach is effective and consistent. Exit interviews also allow regional HR teams and Group HR to see if compensation and benefits are a problem in any part of the business, so that they can act accordingly.

Occupational Health and Safety

As a global manufacturer, we have a responsibility to take care of all our employees across our global operations and we set ourselves extremely high standards, particularly in personal safety management where our aspirational goal is zero harm. Whilst no one should expect to be injured when working at one of our operations, health and safety at Croda goes further than legal requirements to encompass the total wellbeing of our people. We are continuing to invest in initiatives with this in mind. First and foremost this is the right thing to do, but it also makes good business sense; when employees and contractors are safe and healthy, absence is reduced and potential loss of reputation due to serious breaches in policy and regulation is eliminated.

The reporting of incidents is actively encouraged across all areas of the business and is the responsibility of the SHE Manager in each of our operations. All significant incidents and near misses are investigated by trained SHE personnel across the Group, with the ultimate management of such reviews resting with our Group Executive Committee, which receive a quarterly report through the SHE Steering Committee. In addition to this, our Risk Management procedure ensures that all of our Regional Boards review potential health and safety risks at least twice per year.

Training and Education

Our Business is only as good as our people. We are committed to building a global workforce that will help us achieve sustained success. To do this, we must attract the right ‘talent’, then continue to develop their skills and abilities so we can capture the critical knowledge that we rely on to drive innovation and growth.

Our global competency framework, developed by Group HR and implemented by the regional HR teams, provides the basis for employee development plans, which are monitored through our global appraisal system, My Croda. In addition, our highly trained regional HR teams provide ongoing support, coaching and development to our line managers across all business operations to ensure that they are fully equipped and capable of having effective and constructive performance and development conversations. Our global appraisal system also facilitates this process and allows Group HR to oversee performance management, so that it can offer support and guidance where and when needed.

Employee underperformance is identified during the annual talent review process and carefully managed through the regional businesses to ensure that we see improved performance quickly. Our global HR database also allows performance in relation to absence to be monitored and reviewed at regional and global level.

All talent management and development related activities are carefully scheduled throughout the year with a programme of activities planned annually. The talent review process commences at site level, with regional, executive committee and board level involvement.

GRI 401-1 New employee hires and employee turnover

Partial Reporting

In 2017, voluntary employee turnover across the Group was 4.9%.

Further details on how we are tackling the issue of recruitment and retention can be found on pages 25-29 of the 2017 Sustainability Report.
GRI 401-3 Parental Leave

Partial Reporting

A total of 25 employees took parental leave in the UK in 2017. The parental leave categories are Maternity Leave, Paternity Leave, Adoption and Time off for dependants.

<table>
<thead>
<tr>
<th>Maternity Leave</th>
<th>Paternity Leave</th>
<th>Adoption</th>
<th>Time Off for Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>6</td>
<td>0</td>
<td>7</td>
</tr>
</tbody>
</table>

All policies relating to parental leave are freely available on our Company intranet and will, as a minimum, comply with the highest legislative requirement in any country in which we operate.

GRI 403-1 Workers representation in formal joint management–worker health and safety committees

The reporting of incidents is actively encouraged across all areas of the business and is the responsibility of the SHE Manager in each of our operations. All significant incidents and near misses are investigated by SHE officers across the Group, with the ultimate management of such reviews resting with our Group Executive Committee, which receive a quarterly report through the SHE Steering Committee. In addition to this, our Risk Management procedure ensures that all of our Regional Boards review potential health and safety risks at least twice per year.

Health and safety committees operate at each of our manufacturing sites and offices with representation from all employee levels on each site. Formal consultation is a requirement laid down in our Group Safety Health & Environment Manual, and there is a requirement for regular meetings to take place at each of our manufacturing sites and offices. Each of our operations is required to refresh its safety awareness and behavioural safety programmes regularly.

As such, all of our 4,309 employees worldwide should be represented on a joint management and labour health and safety committee.

Further details on how we are tackling health and safety issues can be found on pages 23 and 28 of the 2017 Sustainability Report.

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Partial Reporting

No one should expect to be injured when they work at any of our manufacturing sites or offices; this includes our contractors as well as our employees. The health and safety of our employees remains a top priority for us and we continually strive to improve upon our injury rate for the optimum protection of our workforce.

From 2016 we have adopted the American Occupational Safety and Health Administration (OSHA) standard for workplace injury reporting, and have re-based our historical data to this standard. We are continuing to focus on Lost Time Injuries – those injuries which result in an absence from work of 1 day or more, and we track the LTI Rate, measured in units of ‘Injuries per 200,000 hours worked’ for: a) Croda employees, b) Contractors working on Croda premises and c) Combined employees plus contractors.

The data series runs from 2011 to 2017.

In 2017, our combined LTI rate was 0.40, compared to 0.42 the previous year. There were no work related fatalities during the reporting period.
The injury rate does not include minor injuries and refers to recordable injuries that are defined under RIDDOR. Due to anonymity in our incident reporting, we are unable to categorise injuries by gender or region.

Further details on how we are tackling the issue of health and safety can be found on page 28 in the 2017 Sustainability Report.

**GRI 404-1 Average hours of training per year per employee**

Partial Reporting

It is only through the continual development of our workforce that we will be able to meet the future demands of our customers in relation to enhanced creativity, innovation and service.

Our global competency framework and Cornerstone performance management system, My Croda, allows us to monitor the development, performance and potential of each of our employees. To help grow and retain our talented people, we must continue to invest both internally and externally in training programmes, graduate and apprenticeship schemes, coaching, leadership development and supporting those studying for formal qualifications.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee LTI rate</th>
<th>Contractor LTI rate</th>
<th>Combined LTI rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.24</td>
<td>0.54</td>
<td>0.28</td>
</tr>
<tr>
<td>2012</td>
<td>0.38</td>
<td>0.76</td>
<td>0.44</td>
</tr>
<tr>
<td>2013</td>
<td>0.46</td>
<td>1.02</td>
<td>0.54</td>
</tr>
<tr>
<td>2014</td>
<td>0.36</td>
<td>0.62</td>
<td>0.42</td>
</tr>
<tr>
<td>2015</td>
<td>0.48</td>
<td>0.68</td>
<td>0.52</td>
</tr>
<tr>
<td>2016</td>
<td>0.42</td>
<td>0.42</td>
<td>0.42</td>
</tr>
<tr>
<td>2017</td>
<td>0.42</td>
<td>0.28</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Further details on how we are tackling the issue of talent management and employee development can be found on pages 25-29 of the 2017 Sustainability Report.

**GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes**

Partial Reporting

At Croda we promote learning and training at all levels of our organisations, with 82.7% of our employees receiving training during the year. We offer a variety of training options including internal training courses delivered by our human resources department, funding for external training courses where relevant training cannot be provided internally, as well as funding and support for educational development. A number of our employees have completed part-time or distance learning degree programmes relevant to their position or career development, both funded and supported by Croda. Where applicable we also bring in the expertise of external training providers to enhance the skills and behaviours of our employees.

The quality and relevance of training and development activities became more focused in 2015, through improvements in the identification of personal development needs. The launch of our internal ‘Learning Zone’ in 2015 has taken our performance development, learning delivery and accessibility to the next level, allowing all employees to have access to the training that is most relevant to them.

Further details on how we are tackling the issue of talent management and employee development can be found on pages 25-29 of the 2017 Sustainability Report.
GRI 404-3 Percentage of employees receiving regular performance and career development reviews

Partial Reporting

Talent management and development is a key priority for us and we have a target in place to ensure that all employees have a formal appraisal by the end of 2018 and in 2017, 92% of our employees received a formal appraisal.

We will continue to invest time in increasing this percentage in the following years.

We are currently unable to report by gender or employee category due to limitations of our reporting systems.

GRI 405-1 Diversity of governance bodies and employees

Partial Reporting

Diversity and Inclusion is a key priority for us and it is one of the 10 Material Areas of our sustainability programme.

We aim to embrace and empower all individuals. We do this by supporting, valuing and respecting our workforce, and ensuring that all employees feel empowered and included. In this way, we attract and retain the right people and bring out the best in them to benefit from their expertise.

Gender breakdown:

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Regional and Business Board Members and Senior Functional Heads</td>
<td>88</td>
<td>17</td>
</tr>
<tr>
<td>Total workforce</td>
<td>2,890</td>
<td>1,419</td>
</tr>
</tbody>
</table>

Age breakdown:

<table>
<thead>
<tr>
<th>Age</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-25</td>
<td>6.7</td>
</tr>
<tr>
<td>26-35</td>
<td>27.9</td>
</tr>
<tr>
<td>36-45</td>
<td>27.9</td>
</tr>
<tr>
<td>46-55</td>
<td>25.3</td>
</tr>
<tr>
<td>56-65</td>
<td>11.8</td>
</tr>
<tr>
<td>66+</td>
<td>0.4</td>
</tr>
</tbody>
</table>

We are currently unable to report minority groups or age by employee category due to limitations of our reporting systems or regional confidentiality of data.

Further details on how we are tackling the issue of diversity and inclusion can be found on pages 25-29 of the 2017 Sustainability Report.
Human Rights Performance

GRI 103 Human Rights Management Approach

Freedom of Association and Collective Bargaining, Child Labour, and Forced or Compulsory Labour

On a daily basis, we safeguard our employees, our customers, our supply chain and our communities by ensuring that we are compliant with policy and regulation requirements across the markets and countries in which we operate. To embrace the challenges of a constantly changing environment, where population is increasing as resources are decreasing, policy and regulation are becoming more demanding at national, international and industry level.

Responsibility for the proactive and reactive response to policy and regulation sits across all levels of the business. Group HR operate a global database of policies that are updated on a regular basis relevant to our employees, and our Group Legal, PSRA and SHE teams work to ensure that we are abreast of all policies and regulations relevant to our products, processes and operations.

Group policies are set centrally and must be applied in all countries in which we operate. Group policies will, as a minimum, comply with the highest legislative requirement in any country in which we operate. It is the responsibility of our Regional Boards to ensure that Group Policies are communicated and that there are procedures in place to ensure compliance. Any employee whose actions constitute a breach of any policy, procedure or guideline may be liable to disciplinary action. All policies are freely available on our Company intranet and include our:

- Code of Conduct
- Code of Ethics
- Fraud Policy
- Whistle Blowing Policy and Procedure
- Anti-Bribery and Corruption Policy

In addition to Group policies, we have regional and country specific policies and procedures to reflect the employment legislation and practices in that location.

Our nine applicable policies are consistent with the spirit and intent of the ILO Declaration. These are accessible to all employees and are published on our company intranet.

GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business. Our Group Policy on Trade Union Membership states that Croda International Plc recognises that all its employees have the right to freedom of association. The Company will not interfere in the legitimate activities of Trades Unions at Croda sites.

The Company recognises that every employee has the right to join or remain a member of a Trade Union if they wish to do so. Equally the Company recognises that every employee has the right not to join or to leave a Trade Union if they wish to do so. The Company will not seek to persuade any employee, potential or otherwise, to join or leave any Trade Union or other workers’ association.

Unless local legislation or legitimate collective agreement requires an alternative approach, the Company will operate as follows:

- During the recruitment process, the Company will not refuse employment on the grounds of Trade Union membership or non-membership nor will it stipulate that membership or non-membership is a condition of employment. The Company will not specify union membership requirements in recruitment adverts, and will not require or expect employment agencies acting on our behalf to do so;
- During employment, the Company will not dismiss, select for redundancy, or allow the detrimental treatment of any employee based solely on the grounds of whether they are a member of a Trade Union or not. Members of Trade Unions will also not be dismissed, selected for redundancy, or suffer any other form of detriment for taking part in union activities or making use of union services; and
- Where local accounting and social security procedures and legislation allow, the Company will enable union members to pay their union subscriptions by deduction from their wages. Employees who wish to take advantage of this should make their request in writing to their local pay department, requesting the deduction be made. Similarly adequate notice must be given to change this arrangement. The individual will then be responsible for ensuring their membership subscriptions are continued.
Whilst all employees have the right to choose whether to be a member of a Trade Union or not, only where there is a specific current local agreement are unions recognised to communicate, negotiate, or consult on behalf of their members.

Issues concerning violation of employee rights within our supply chain are addressed in the Supplier Code of Conduct document which has been mailed to suppliers in all regions.

**GRI 408-1 Operations and suppliers at significant risk for incidents of child labour**

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business.

Utilising thorough checks during the recruitment process and the Child Labour Index and Map, produced by global risks advisory firm Maplecroft, we have been able to evaluate risks relating to child labour within our operations.

Issues concerning violation of child labour within our supply chain are addressed in the Supplier Code of Conduct document which has been mailed to suppliers in all regions.

**GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour**

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business. At Croda we comply with the labour laws of the countries in which we operate and would never endure forced or compulsory labour anywhere in the world.

Issues concerning violation of forced or compulsory labour within our supply chain are addressed in the Supplier Code of Conduct document which has been mailed to suppliers in all regions.

Transparency within our supply chains is of key importance to us. All our suppliers must go through an approval process where we check their quality systems and performance. We completed our initial work with Sedex (Supplier Ethical Data Exchange), which involved asking 200 of our suppliers based on their geographical location and market origin, to register with Sedex and complete their questionnaire. We have analysed results from suppliers and started to risk assess them developing a process flow diagram to help us take action where necessary. In 2018 our Corporate Ethics Committee will continue to engage with, and assess, suppliers in countries where there is a higher risk of modern slave labour.
Society Performance

GRI 103 Society performance management approach

Local Communities

We add value to local communities around the world through educational initiatives and by encouraging employees to get involved in local good causes. This approach is key to establishing the strong local relationships that are essential to maintaining our social licence to operate, particularly in a world where global drivers indicate that trust in business is becoming more uncertain.

At Croda, our community involvement is facilitated through a programme called the 1% Club, which allows all employees across the Group to utilise 1% of their working time to support appropriate community projects. The 1% Club is adapted to suit the local needs and legislative environment of the regions in which we operate, but in every form the guiding principle is action that supports the community through direct involvement.

It is the responsibility of our Regional Boards to ensure that the 1% Club is available and managed correctly in their operations. Additionally, a network of 1% Club Champions, one at each of our operations, assists with the coordination of activities on a day to day basis.

In addition, it is the responsibility of each of our Regional Boards to define and implement a local programme of activities that is appropriate to support the teaching of science, technology and engineering across any chosen age group between the ages of 5 and 21. Our aim is to align the learning needs of individuals with the scientific knowledge and history of our organisation. Our 1% Club Champions support community education by building relationships with local schools, colleges and universities. Annual regional plans will help target the specific needs of the educational institutions we support and will also identify the employees who can enhance their personal skills through this type of activity.

Public Policy

Our overall commitment is to uphold the principles of socially responsible business practices, and respect the interests of everyone affected by its activities and actions, including our employees, customers, suppliers, shareholders and the general community at large.

It is our policy to conduct our business at all times and throughout the world with honesty and integrity and we operate a range of policies covering all areas of our Business. The Company believes that all its stakeholders wish to be associated with an ethical organisation which publicises and upholds high standards in all that it does. Our Code of Ethics in particular states that:-

- We will comply with the law in each country in which we do business including laws relating to unfair competition/anti-trust.
- We will not offer to pay, solicit or accept bribes in any form whether directly or indirectly. This includes payment or receipt of “facilitation payments” which are small payments or gifts made as common practice in some countries to obtain approvals, permits, etc. more speedily – they are still bribes. Croda promotes measures to eliminate these types of payment. Employees should ensure they comply with all local laws and regulations. If you are requested to make a payment which you believe may be a facilitation payment you should consult your line manager.
- We will only give or receive gifts and entertainment that are not material or regular. Local management in each country will establish guidelines reflecting local custom as to the maximum permitted value and the circumstances in which such gifts and entertainment are acceptable.
- We will record in our published accounts all material assets and liabilities and not maintain secret accounts.
- We will not make political donations anywhere in the world.
- We will not engage in commercial espionage or covert surveillance of our competitors.

Failure to comply with this code may result in disciplinary action. All employees have the right to make confidential reports direct to the Company Secretary of Croda International Plc at Cowick Hall, Snaith, East Yorkshire DN14 9AA, United Kingdom, without fear of detrimental action being taken against them.
GRI 413-1 Operations with local community engagement, impact assessments, and development programmes

Interaction with local communities has always been a major part of our culture. We are aware that our activities have a direct impact on the communities surrounding our operations, particularly our manufacturing sites and large offices.

‘Community Education & Involvement’ is one of the 10 Material Areas of our sustainability programme, and all of our locations proactively work to add value to local communities where they operate. This is because it satisfies our corporate desire “to do the right thing”, ensuring that we invest in our communities and play our part in ensuring they are appropriately supported. But also because it is a great way to motivate employees, helping them to feel that they are part of a business that values the communities in which it operates.

We focus on two key areas: community education initiatives and employee volunteering for local good causes. These activities are key to establishing the strong local relations that are essential to maintaining our social licence to operate and are facilitated through our award winning employee volunteering scheme, 1% Club.

Since the global launch of the 1% Club in 2010, we have seen a significant increase in activity and participation, largely through our network of 1% Club Champions. These Champions work at every site that we operate to ensure our community activity meets local needs and that all of our operations take ownership of their engagement activities.

We believe that enhancing our investment in community education will only serve to further improve our external reputation, thus leading to a positive impact on our ability to recruit new personnel. Our business is steeped in scientific heritage and our business model is based on the delivery of market led innovation. Also, with the number of students studying science, engineering and technology in decline, we feel that we have a duty to encourage and educate young people about the benefits of a scientific education.

Further details on how we are tackling the issue of community engagement, involvement and education can be found on pages 28-29 of the Sustainability Report.

GRI 415-1 Political contributions

Our Code of Ethics states that "We will not make political donations anywhere in the world.” The full Code of Ethics can be found on www.croda.com under company policies. No donations were made for political purposes during the year, in accordance with our Code of Ethics.
Product Responsibility Performance

GRI 103 Product responsibility management approach

Customer Health and Safety

Our role in ensuring that health, safety and environmental protection are integral to the whole product lifecycle is through Product Stewardship. Our responsibility spans every stage of our operations; from the sourcing of raw materials in an increasingly fragile environment, to environmentally sensitive manufacturing processes and offering advice on the safe, efficient use and disposal of the finished products that contain our ingredients.

Product Stewardship is part of the International Council of Chemical Associations’ Responsible Care® initiative, which we fully support. It is a shared responsibility between chemical producers, suppliers and customers and requires close, sustained dialogue and working relationships between all stakeholders. This means sharing information up and down the value chain to identify and manage risks, and to ensure that chemicals are used and managed safely and responsibly throughout their lifecycle.

We have identified five core elements to Product Stewardship:

1. Raw material sourcing: To ensure that the raw materials we use to make our products are responsibly sourced
2. Supply chain engagement: To ensure that our suppliers act as ethically as we do in regard to areas such as human rights and the environment, whilst supporting our customers on their product traceability programmes
3. Product design: To deliver the most innovative and sustainable ingredients to our customers
4. Quality assurance: To contribute to and proactively seek higher quality standards across product and operational aspects of our Business
5. Responsible distribution: To ensure that goods are delivered reliably, safely, consistently and on time, supported by our status as an Authorised Economic Operator (AEO), a standard providing assurance on security

Product Stewardship does not sit within the responsibility of one team, but instead is an integral element of every part of our product value chain, from cradle (R&D) to grave (disposal). All business functions within Croda are engaged with Product Stewardship and in 2012 a RACI Chart was developed to map the responsibilities of product stewardship. This details which function has a ‘Responsible’, ‘Accountable’, ‘Consulted’ or ‘Informed’ role within the product stewardship chain. It is an integral part of each Business function, all of which report to the Group Executive Committee, and consequently the Board, on a regular basis.

Through successful Product Stewardship, we and our partners can meet the increasing demand for safe and sustainable chemical use to protect human health and the environment.

Product Service and Labelling, Marketing Communications, Customer Privacy and Compliance

As a business to business organisation we strive to maintain an awareness and conformance, where appropriate, to national and local laws and voluntary codes or guidelines, from entities such as the Food and Drug Administration (FDA), the European Food Safety Authority (EFSA), the European Commission, Cosmetics Europe, United States Environmental Protection Agency and Personal Care Products Council (formerly CTFA).

We ensure that all of the products that we supply are accompanied by a material safety data sheet (MSDS), which details any health and safety issues with the product as well as environmental effects such as persistence and bioaccumulation. This goes beyond our legal requirements, where MSDSs are only required in specific circumstances and all of our products are labelled according to regulatory requirement in the regions in which they are sold.

We have formal procedures in place to capture any non-compliance with regulations or codes relating to the health and safety of our products, labelling, marketing communications and customer privacy. We have a formal complaints procedure and all of our customers have at least one sales contact within the business. It is our intention to enhance this procedure to further embed it within our business to capture any issues or areas of potential risk.
All of our products are assessed for their Health, Environmental and Safety impacts from the product development stage, with advice available to the end customers so that any identified risks are known and can be controlled.

Product concepts come from a variety of sources, including customer interaction, market awareness and emerging product trends. In all these areas our research teams liaise with our product safety and regulatory affairs department from the beginning of new product development to ensure that products are assessed for their health, safety and environmental effects. Additional screening tests and modelling may be carried out depending on the expected end use of the product to enable safety assessments to be completed by our customers.

Our scientists ensure that our products meet as many of the 12 Principles of Green Chemistry as is reasonably practical. A number of these relate to reducing harm to human health during development, manufacture and end use. Wherever practically possible we stick to the principles relating to health and safety from the 12 Principles of Green Chemistry:

- Wherever reasonably practicable, synthetic methodologies should be designed to use and generate substances that possess little or no toxicity to human health and the environment.
- Chemical products should be designed to preserve efficacy of function while reducing toxicity.
- Chemical products should be designed so that at the end of their function they do not persist in the environment, but do break down into innocuous degradation products.
- Analytical methodologies need to be further developed to allow for real-time, in-process monitoring and control prior to the formation of hazardous substances.
- Substances and the form of a substance used in a chemical process should be chosen to minimize potential for chemical accidents, including releases, explosions, and fires.

These principles are embedded in our new product development processes.

We have controls in place within our Enterprise Resource Planning System to ensure that a safety data sheet is produced for all products prior to manufacture to ensure that they are assessed against the criteria of the United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS) so that all health, safety and environmental aspects can be considered for manufacturing, production, storage, distribution, supply and end product use.

During the manufacture of our products the risks to health and safety are managed by the Safety Health and Environment (SHE) department at each of our manufacturing sites. There are policies and procedures in place to ensure process safety and quality control. Our 19 manufacturing sites around the world are certified to the ISO 14001 standard and accredited to the OHSAS 18001 standard for Safety Management. We are committed to Responsible Care®, which underlines our commitment to SHE improvement. There are procedures and systems in place to ensure the safe storage of hazardous chemicals; this information is passed on to our customers where applicable. We have systems and procedures in place to deal with any transportation issue or emergency situation that may affect surrounding communities.

We ensure that all of the products that we supply are accompanied by a material safety data sheet (MSDS), which details any health and safety issues with the product as well as environmental effects such as persistence and bioaccumulation. This goes beyond our legal requirements, where MSDSs are only required in specific circumstances and all of our products are labelled according to regulatory requirement in the regions in which they are sold.

Our sales and marketing teams work closely with our research teams and regulatory department to ensure that any details that are provided to customers relating to health and safety are accurate and reflect the information that is sent out with the products that we supply.

There is a move within chemical control legislation to require that risk assessments are completed to ensure that any hazard associated with a product is adequately controlled from the manufacture of the product through to its end use and associated service life. In many jurisdictions chemicals requiring assessment are prioritised on the basis of known hazards. Within Europe this requirement is captured under the REACH regulation (Regulation (EC) No 1907/2006). The EU chemicals regulation, REACH, concerning the Registration, Evaluation, Authorisation and restriction of Chemicals, came into force on 1 June 2007 creating a single regulatory system for dealing with chemical substances.

To conform to REACH regulations, each producer and importer of chemicals in volumes of one tonne or more per year must register them with the European Chemicals Agency (ECHA) and submit information on their properties, uses and safe ways of handling them. This registration obligation has been phased in with three key deadlines according to volume and hazard. Phase 1 was completed in December 2010 for volumes >1000 tonnes per annum (tpa) and certain high hazardous substances. Phase 2 had a deadline of 1 June 2013 for volumes ≥ 100 tpa. The phase 3 deadline is 1 June 2018 for all substances ≥ 1 tpa.
We have played a lead role in REACH registrations since the beginning, with our Product Safety and Regulatory Affairs team working to coordinate the generation and gathering of information to support registrations for products across the whole portfolio. As of 2017, registrations have been submitted in all three phases with the final phase being the most important in terms of the range of products captured.

In general our products comprise a small percentage of the final product, so it is a challenge for us to manage the health and safety implications in finished products. By providing good quality information and data to our customers we allow them to make informed decisions and accurately determine if there could be any potential issues for end consumers.

Our control over the ultimate disposal of the goods that contain our products is also limited, however we control what we can by ensuring that our products are as environmentally friendly as possible by examining biodegradability and persistence, and have minimal potential impact to human health in terms of toxicity and bioaccumulation.

Further information on our product stewardship can be found throughout the Sustainability Report.

GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

We have formal procedures in place to capture any non-compliance with regulations or codes relating to the health and safety of our products. We have a formal complaints procedure and all of our customers have at least one sales contact within the business. It is our intention to enhance this procedure to further embed it within our business to capture any issues or areas of potential risk.

During the year we were not aware of any incidents relating to non-compliance in this area.

GRI 417-1 Requirements for product and service information and labelling

Due to strict legislation within the chemical industry in the area of product labelling, we ensure that we conform to all regulations in the regions in which we operate and we aim to exceed these standards where possible.

We require information related to health and safety and the labelling of products from all of our suppliers, this information is collected at each manufacturing site and is passed on to our product safety and regulatory affairs department. In general, this information is received in the form of a material safety data sheet (MSDS), but where we require more information for regulatory purposes we work with our suppliers to gain the data that we require.

The procedure for the MSDS means that 100% of our products are required to be labelled with information relating to content, safe use and disposal of the product. The sourcing of the components of the product is not given on the MSDS but it stored in our procurement system SAP if the information is required by the customer.

All products are assessed against the relevant national and international chemical labelling legislation to ensure that the health, safety and environmental hazards of the product are assessed and the appropriate hazard and precautionary statements are used. Information about safe handling and use of our products is passed on to our customers in MSDSs and product safety information statements.

We work closely with our customers to ensure that our chemicals are sufficiently assessed for safe use in end consumer products and ensure that any environmental or health impacts of our products are identified. As our products are generally used as a small percentage of end consumer goods, the information that we provide to our customers is vital for them to accurately determine any potentially harmful effects of their formulations for consumers or the environment.

Any potentially hazardous effects of our products to human health or the environment are identified and clearly shown on our product labels and in the MSDSs that we provide to our customers. These include, amongst others, biodegradation, persistence, bioaccumulation and toxicity.

Further information about the health and safety of our products can be found in the Customer Health and Safety Indicator GRI 416-1.

GRI 417-2 Incidents of non-compliance concerning product and service information and labelling

We continue to monitor and adapt to any changes in national and international chemical labelling legislation across the world and it is Croda policy that all products are supplied with a Material Safety Data Sheet (MSDS), which is a detailed informational document that describes the physical and chemical properties of the product.
During the year we were aware of 23 isolated incidents where labelling did not meet local requirements of voluntary codes. None of these isolated incidents resulted in fines, penalties or warnings. We rectified these issues as soon as they were identified and at no time was health and safety compromised.

GRI 417-3 Incidents of non-compliance concerning marketing communications

We will continue to comply with regulations and voluntary codes relating to marketing communication and promotion and will continue to monitor and improve our processes and procedures in this area. During the year we were not aware of any incidents relating to non-compliance in this area.

GRI 418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data

We respect the privacy of our customers and our aim is to ensure the highest levels of accuracy, security and confidentiality. Our company website contains details of our Privacy Policy and at any time we can be contacted with questions or concerns with respect to this policy. Contact details can be found in the Privacy Policy itself.

During the year we were not aware of any breaches of customer privacy and we continue to apply good practice as defined in our Privacy Policy.

GRI 419-1 Non-compliance with laws and regulations in the social and economic area

During the year there were no significant fines for non-compliance against the Group.