

# 2020 Sustainability Report launch

25 March 2021



Smart science  
to improve  
lives™

CRODA

# Sustainability is at the heart of our strategy

**Our Purpose: Smart science to improve lives™**



Consistent top and bottom-line growth, with profit growing ahead of sales, ahead of volume.



Aligning our business with our Purpose and accelerating our customers' transition to sustainable ingredients.



The lifeblood of our business; we seek to increase the proportion of New & Protected Products we sell.

**Sustainability and innovation will drive our future growth**

# Sustainability leaders from across Croda

**Stuart Arnott**

President Sustainability



**Michelle Fargen**

Global Head of Procurement  
and Sustainable Sourcing



**Mark Robinson**

President Global Operations



**Dave Cherry**

Global Managing Director  
Crop Protection



**Tracy Sheedy**

Group Human  
Resources Director



**Anthony Fitzpatrick**

President Performance  
Technologies & Industrial Chemicals  
and President Corporate  
Development

# 2015-2020

## Challenging sustainability targets are nothing new to Croda



**Stuart Arnott**  
President Sustainability

### In the past five years we have...

#### Climate Action

- Improved energy intensity by 10.5% (target 5%)
- Increased energy from non-fossil fuel sources to 25% (target 27%)
- Reduced scope 1 and 2 emissions intensity by 33.1% (target 10%)

#### Environmental Stewardship

- Reduced VOC emissions by 13.3% (target 10%)
- Reduced water withdrawal by 16.0% (target 10%)
- Reduced waste to landfill by 33.9% (target 10%)

#### Health, Safety and Wellbeing

- Achieved a TRIR of 0.54 (target better than 0.6)

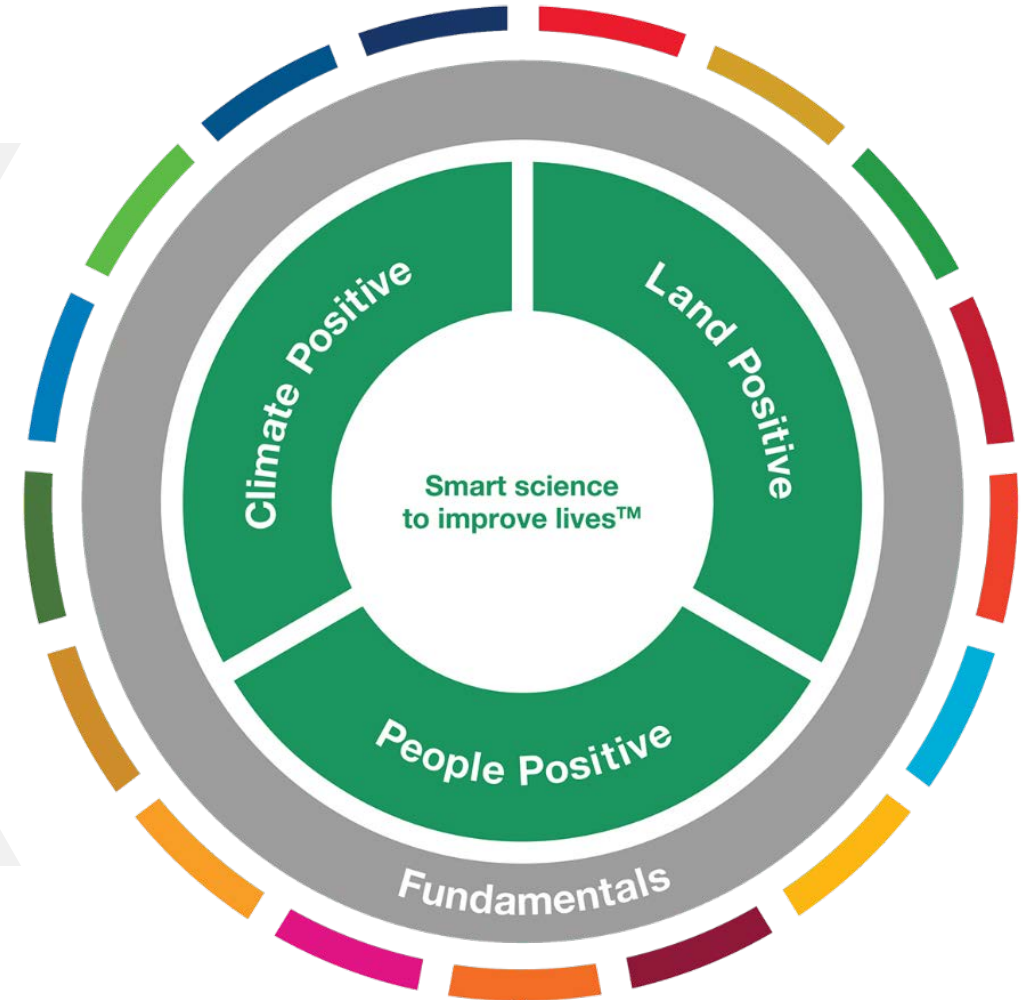
#### Product Stewardship

- 85% conversion to RSPO palm (target 100%)

Total Recordable Injury Rate (TRIR) is the number of recordable injuries per 200,000 hours worked excluding acquisitions and COVID-19. GHG emissions intensity divides our GHG emissions by value added, defined as operating profit before depreciation and employee costs at 2015 constant currency.

# Our 2030 Commitment

**We will be the most sustainable supplier of innovative ingredients, helping to provide solutions to some of the world's biggest challenges.**



# New interim milestones to ensure we achieve our Commitment



By the end of 2024...

## Climate Positive



- 25% reduction in absolute scope 1 and 2 emissions
- Decarbonisation roadmaps for all locations by 2022
- Our products will save 2m tonnes of CO<sub>2</sub>e emissions
- 100% portfolio evaluated for downstream scope 3 impact
- 71% of our organic raw materials will be bio-based

## Land Positive



- Our technologies will save at least 80,000 hectares of land pa more than in 2019
- 10 qualifying technological breakthroughs brought to market

## People Positive



- We will protect one million more lives from skin cancer with our novel sun protection technologies
- We will be part of 10 clinical phase III trials across 25% of WHO-listed pipeline vaccines
- 80% of recruitment shortlists will be gender balanced by 2023

# Recognised for our sustainability leadership



Top 1% of all companies assessed



Britain's Most Admired Chemicals Company



Listed on the FTSE4GOOD UK 50 Index



AAA rating from MSCI



A- rating from CDP Supplier Engagement



#1 Most Sustainable International Company









# Climate Positive

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



**Mark Robinson**  
President Global  
Operations



Objectives	2030 Targets	2020 Progress	SDGs
<b>Reducing Emissions</b>	<ul style="list-style-type: none"> <li>By 2030, we will achieve our Science Based Targets</li> <li>By 2050 we will be net zero</li> </ul>	<ul style="list-style-type: none"> <li>10 highest emitting sites have decarbonisation roadmaps</li> </ul>	 SDG 7.2  SDG 9.4  SDG 13.2
<b>Carbon Cover</b>	<ul style="list-style-type: none"> <li>By 2030, we will achieve 4:1 carbon cover</li> </ul>	<ul style="list-style-type: none"> <li>Established carbon cover working group with cross sector and regional representatives</li> </ul>	 SDG 7.2/3  SDG 13.2 
<b>Sustainable Innovation</b>	<ul style="list-style-type: none"> <li>By 2030, &gt;75% of our organic raw materials will be bio-based</li> </ul>	<ul style="list-style-type: none"> <li>Bio-based raw materials up 4% to 67%</li> <li>New protocol for R&amp;D teams</li> </ul>	 SDG 12.2 



# Decarbonisation roadmaps for 90% emissions



## Key achievements in 2020

- Decarbonisation roadmaps developed for top 10 emitting manufacturing sites
- Roadmaps account for 90% of Group emissions
- Science Based Targets submitted and under validation, aligned to limiting global warming to 1.5°C
- Implemented an internal carbon price of £50/tonne CO<sub>2</sub>e
- Committed to achieving net zero by 2050









# Land Positive



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



**Dave Cherry**  
Global Managing Director  
Crop Protection

Objectives	2030 Targets	2020 Progress	SDGs
<b>Land use</b>	<ul style="list-style-type: none"> <li>Land saved will exceed increased land used to grow our raw materials by factor of two+</li> <li>We will save 200,000ha p.a more than in 2019</li> </ul>	<ul style="list-style-type: none"> <li>Calculated our land use footprint across major source crops</li> <li>Ongoing work with suppliers</li> <li>Saved 16,455ha more than our 2019 baseline</li> </ul>	 SDG 2.3 SDG 2.4  SDG 12.2  SDG 15.2 SDG 15.5
<b>Crop science innovation</b>	<ul style="list-style-type: none"> <li>Av of 2 crop tech breakthroughs p.a to help customers mitigate climate change and land degradation</li> <li>3 new partnerships to contribute to land recovery and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>We launched one technology, our microplastic-free seed coating, that was deemed to be a breakthrough innovation in crop science</li> </ul>	 SDG 13.1  SDG 15.2 SDG 15.3  SDG 17

# Land net zero achieved



## Key achievements in 2020

- We became land net zero in 2020
- Our range of biostimulants, adjuvants and seed coatings save more land than is used to grow our bio-based raw materials
- Calculations based on known yield impacts and use rates in formulations
- Biostimulants and seed coatings have the biggest impact in our figures, driving development of products with increasing yield improvement
- Microplastic free seed coatings successfully launched and used in multiple customer field trials



# People Positive



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







**Anthony Fitzpatrick**

President Performance Technologies & Industrial Chemicals and President Corporate Development



**Tracy Sheedy**

Group HR Director

Objectives	2030 Targets	2020 Progress	SDGs
<b>Health &amp; Wellbeing</b>	<ul style="list-style-type: none"> <li>Contribute to the development of 25% of WHO listed pipeline vaccines</li> <li>Protect &gt;60m people through sun care</li> </ul>	<ul style="list-style-type: none"> <li>Working with vaccine teams</li> <li>2030 roadmap agreed</li> <li>2 Technology Partnerships formed</li> </ul>	 SDG 3.3 SDG 3.4  
<b>Gender balance</b>	<ul style="list-style-type: none"> <li>Gender balance across leadership roles</li> </ul>	<ul style="list-style-type: none"> <li>Women in leadership positions up 19%</li> <li>Women in production roles up 40% from 2018</li> </ul>	 SDG 5.5
<b>Improving more lives</b>	<ul style="list-style-type: none"> <li>Establish and fund the Croda Foundation to improve 1m lives</li> </ul>	<ul style="list-style-type: none"> <li>Incorporated Croda Foundation</li> <li>Independent Director appointed</li> </ul>	

# Commitment to Diversity & Inclusion

*'The Board is committed to meeting the objectives of the Parker review and appointing at least one ethnically diverse Director to the Board by the end of 2021.'*

**Croda Board Diversity and Inclusion Policy, February 2021.**

## Key achievements

- 40% increase in women in manufacturing roles since 2018
- 19% increase in women in leadership roles in 2020

## Other activities

- Established global D&I Steering Committee
- Commenced collection of global diversity data
- Developing D&I KPIs including target to achieve gender balance across leadership roles by 2030
- Inclusive recruitment – balanced shortlists; focused advertising



# Establishing the Croda Foundation...

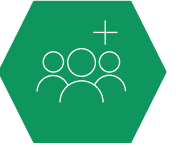
## Enhancing current community activities:

- 1% Club
- STEM outreach
- Acts of Kindness fund

Incorporated the Croda Foundation to connect our Purpose with all the United Nations Sustainable Development Goals



# ...to improve one million lives worldwide



- The goal of the foundation is to **permanently improve at least one million lives by 2030** in our communities
- Formally incorporated as an independent charitable trust, funded solely by Croda
- Appointed Nigel Turner as Chair and Rommel Moseley as Executive Director
- Proposals from Croda employees, reflecting our science, Purpose and culture
- Intermediate milestones to be set during 2021



# Fundamentals

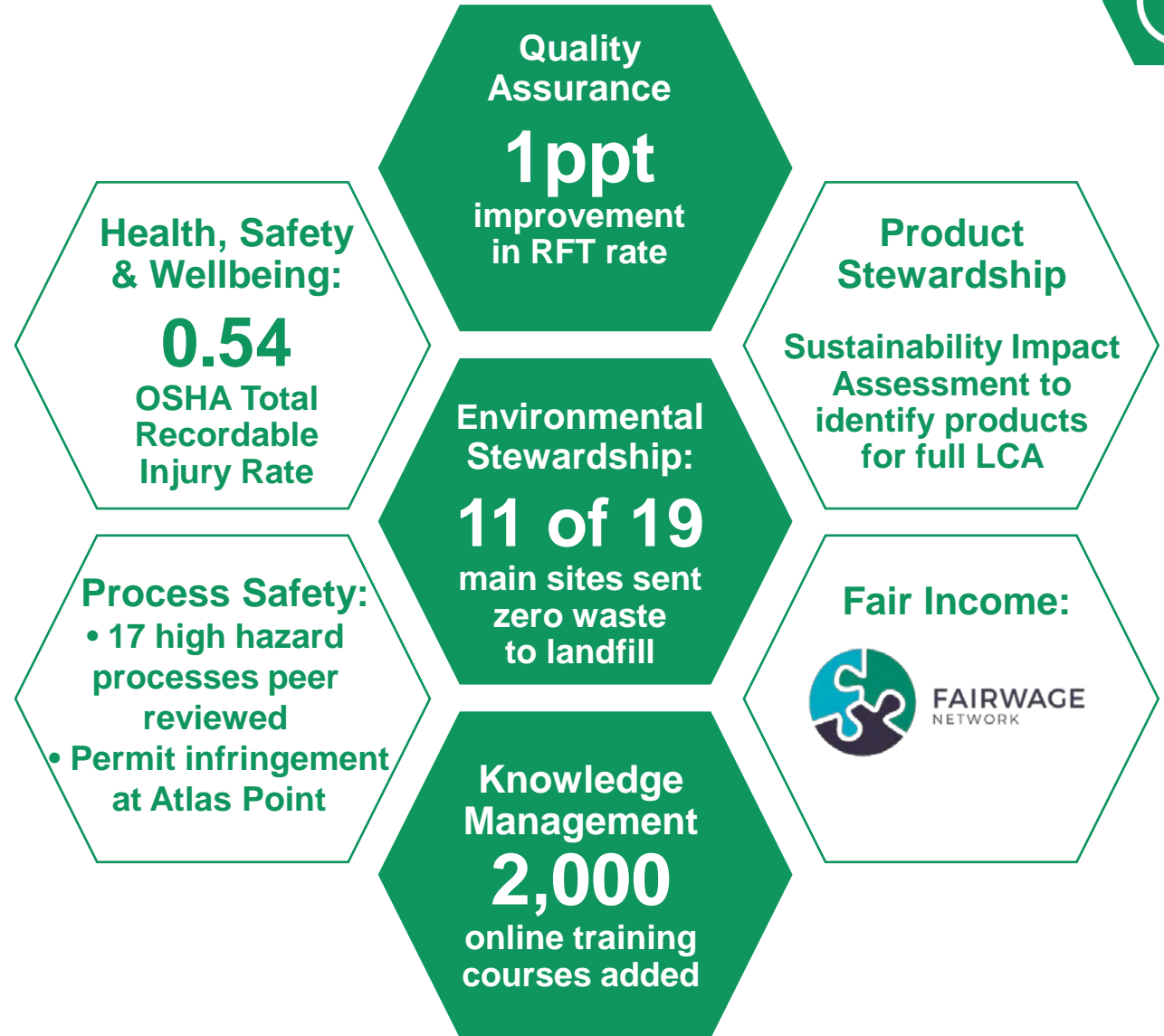
Our social licence to operate is built on trust and is the foundation of everything we do. We consider all stakeholders in our ecosystem and strive to adopt best practices in environment, labour and human rights, ethics and sustainable procurement.



**Michelle Fargen**  
Head of Sustainable Sourcing



**Stuart Arnott**  
President Sustainability



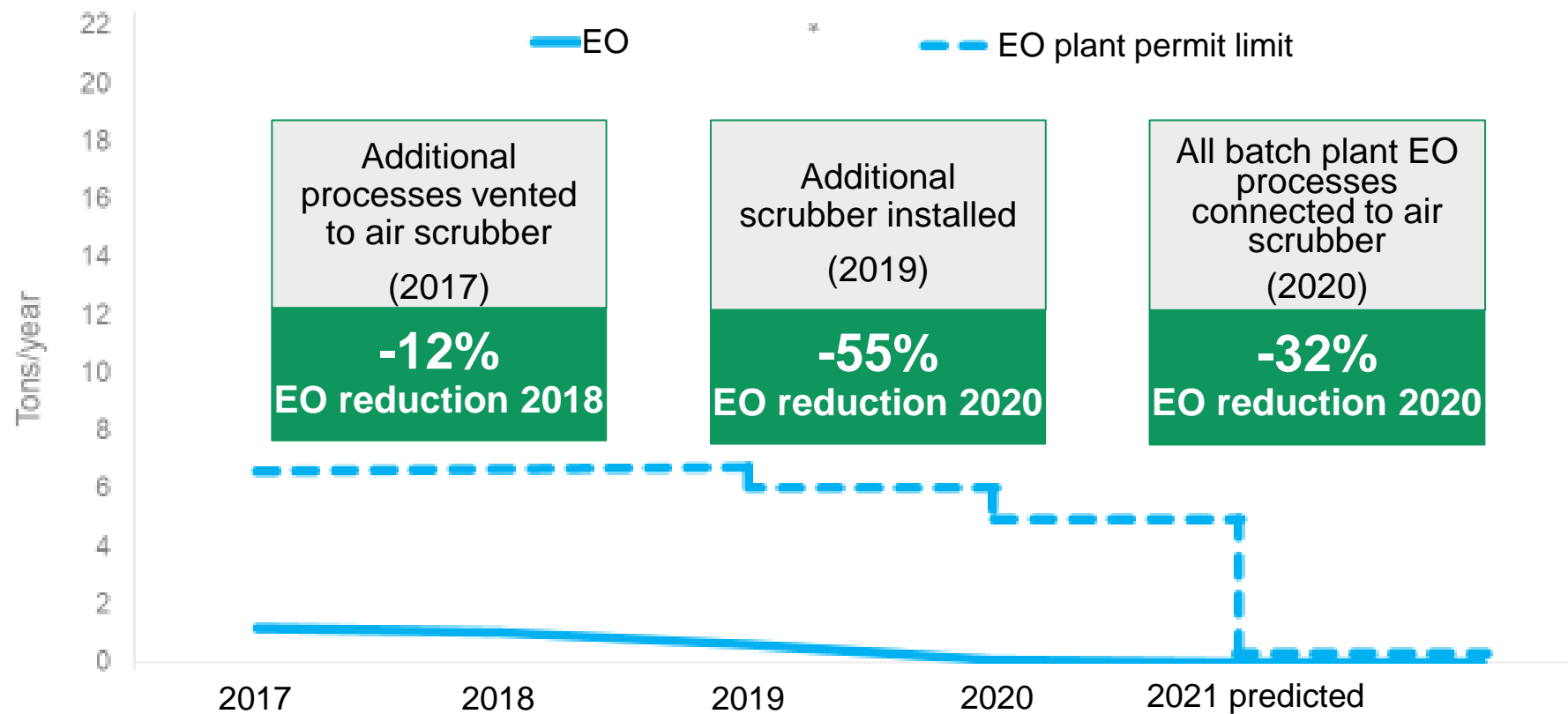


# Significant capital invested to avoid emissions



Case study: Atlas Point

## Emissions reductions of Atlas Point batch plant since 2017



EO batch plant emissions (2017-2020)  
**-99%  
 EO reduction**

Capital investment (2017-2020)  
**\$15m**

# Ensuring full supply chain transparency

## Key achievements in 2020

- 2020 bio-based raw materials content of 67%
- 199 suppliers assessed by EcoVadis
- Croda Supplier Code of Conduct
- Together for Sustainability
- 85% RSPO certification of palm derivative volumes

## By the end of 2024...

- EcoVadis scoring
- Carbon reduction targets
- Certified supply chain transparency for crop-based raw materials



# Croda's 2030 impact

Our products will be avoiding 3.8 million tonnes CO<sub>2</sub>e per year



equivalent to removing annual emissions from one coal-fired power station

Saved 100,000 tonnes scope 1 and 2 emissions per year



equivalent to removing over 20,000 vehicles from the road

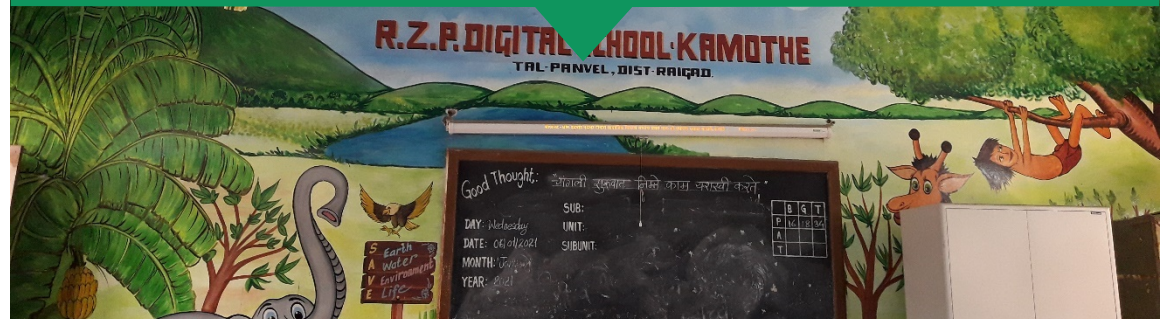
Additional 200,000 hectares of land saved through our crop technologies



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enough to support the needs of more than 300,000 people

1m lives permanently improved through the Croda Foundation



in addition to the impact of our vaccine and sun care commitments

# Q&A



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