

# Croda International Plc

## United Nations Global Compact - Communication on Progress

*Advanced level*

**December 2021**

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# Statement of support from CEO

“We confirm our commitment to the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. These principles are part of the strategy, culture and day-to-day operations of our company and advancing the Sustainable Development Goals which are reflected in Our Purpose, Smart science to improve lives™.

Our 2021 Communication on Progress (COP) describes our actions and ongoing commitment to implementation of these principles.”



**Steve Foots**

Group Chief Executive

December 2021

## Implementing the principles into strategies

1	<b>Mainstreaming into corporate functions and business units</b>	Ensure that different corporate function coordinate closely to maximise performance and avoid unintended negative impacts	Embedding our 2030 Strategy across Croda	<a href="#">2020 Sustainability Report P9</a>
		Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring that no function is conflicting with company sustainability commitments and objectives	Our Governance Structure	<a href="#">2020 Sustainability Report P9</a> <a href="#">2020 GRI Report 102-20 P61</a>
		Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy	Our Strategy for a Changing World	<a href="#">2020 Annual Report P22</a>
		Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary	Our Governance Structure	<a href="#">2020 Sustainability Report P9</a>
		Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs	Our 2030 Sustainability Commitment	<a href="#">2020 Annual Report P30-37</a>
2	<b>Value chain implementation</b>	Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts	Supplier Partnership Product Stewardship EcoVadis Assessment (Responsible Business)	<a href="#">2020 Sustainability Report P37, 38</a>
		Communicate policies and expectations to suppliers and other relevant business partners	Sustainable Sourcing and Supplier Partnerships	<a href="#">2020 Sustainability Report P38</a>
		Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence	Supplier Code of Conduct	<a href="#">Company policy download area   Croda</a>
			Supplier Code of Conduct	<a href="#">Company policy download area   Croda</a>
		Procurement Practices	<a href="#">2020 GRI Report P93, 94</a> <a href="#">2020 Sustainability Report P39</a>	
Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners	Supplier Partnership	<a href="#">2020 Sustainability Report P31, 38</a>		

## Robust Human Rights Management Policies & Procedures

<b>3</b>	<b>Robust commitments, strategies or policies in the area of human rights</b>	Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company	International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
		Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties	International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
		Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights)	International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
		Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services	International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
<b>4</b>	<b>Effective management systems to integrate the human rights principles</b>	Internal awareness-raising and training on human rights for management and employees	Human Rights Management Approach	<a href="#">2020 GRI Report 103 P112</a>
		Allocation of responsibilities and accountability for addressing human rights impacts	Human Rights Management Approach	<a href="#">2020 GRI Report 103 P112</a>
		Process to ensure that internationally human rights are respected	International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
			Group Code of Conduct	
		Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action	Human Rights Management Approach	<a href="#">2020 GRI Report 103 P112</a>
Operational-level grievance mechanisms for those potentially impacted by the company's activities	Whistleblowing Reporting Procedure	<a href="#">2020 GRI Report 102-17 P59</a> <a href="#">Company policy download area   Croda</a>		
<b>5</b>	<b>Effective monitoring and evaluation mechanisms of human rights integration</b>	Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue	Whistleblowing Reporting Procedure	<a href="#">Company policy download area   Croda</a>
				<a href="#">2020 GRI Report 102-17 P59</a>

## Robust Labour Management Policies & Procedures

6	<b>Robust commitments, strategies or policies in the area of labour</b>	Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies	Group Code of Ethics Policy International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
		Written company policy to obey national labour law, respect principles of relevant international labour standards in worldwide company operations and engage in dialogue with representative organization of the workers (international, sectoral, national).	Group Code of Ethics Policy International Human Rights Policy	<a href="#">Company policy download area   Croda</a>
		Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation	Croda Culture Diversity and Inclusion	<a href="#">The Croda Culture</a> <a href="#">2020 Annual Report P66</a>
		Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners	Supplier Code of Conduct	<a href="#">Company policy download area   Croda</a>
7	<b>Effective management systems to integrate the labour principles</b>	Risk and impact assessments in the area of labour	Health, Safety and Wellbeing	<a href="#">2020 Sustainability Report P32</a>
		Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards	Collective bargaining agreements	<a href="#">2020 GRI Report 102-41 P69</a>
		Allocation of responsibilities and accountability within the organization	Responsibility for Freedom of Association	<a href="#">2020 GRI Report 103 P113</a>
		Internal awareness-raising and training on the labour principles for management and employees	Diversity and Inclusion training	<a href="#">2020 Sustainability Report P26</a>
		Active engagement with suppliers to address labour-related challenges	Supplier Code of Conduct Supplier Engagement and Monitoring	<a href="#">Company policy download area   Croda</a> <a href="#">2020 Sustainability Report P38</a>
			Whistleblowing Procedure Group Code of Conduct (P17) Group Policy of Grievance Group Model Grievance Procedure	<a href="#">Company policy download area   Croda</a>
		Grievance mechanisms, communication channels and other procedures		
8	<b>Effective monitoring and evaluation mechanisms of labour principles integration</b>	Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards	Supplier Engagement and Monitoring Supplier Code of Conduct	<a href="#">2020 Sustainability Report P38</a> <a href="#">Company policy download area   Croda</a>
		Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices	Supplier Engagement and Monitoring	<a href="#">2020 Sustainability Report P38</a>
			Supplier Code of Conduct	<a href="#">Company policy download area   Croda</a>

## Robust Environmental Management Policies & Procedures

9	<b>Robust commitments, strategies or policies in the area of environmental stewardship</b>	Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)	Verified Science Based Target (SBT) 1.5 Deg	<a href="#">Validation of our 1.5°C Science Based Targets   Croda</a>
		Other established or emerging best practices	Climate Positive Commitments	<a href="#">2020 Sustainability Report P13</a>
		Written company policy on environmental stewardship	Environmental Stewardship	<a href="#">Environmental Performance   Croda</a>
		Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	Supplier Code of Conduct - Environment	<a href="#">Company policy download area   Croda</a>
		Specific commitments and goals for specified years	Sustainability Targets	<a href="#">2020 Sustainability Report P13,19, 30</a>
10	<b>Effective management systems to integrate the environmental principles</b>	Other established or emerging best practices	100% of manufacturing sites operate to ISO14001 quality standards	<a href="#">Croda ISO14001 Standards</a>
		Environmental risk and impact assessments	CDP Assessment for Climate, Water, Forest and Supply Chain	<a href="#">2020 Sustainability Report P13, 38</a>
		Assessments of lifecycle impact of products, ensuring environmentally sound management policies	Product Stewardship	<a href="#">2020 Sustainability Report P37</a>
		Allocation of responsibilities and accountability within the organisation	Our Governance Structure	<a href="#">2020 GRI Report 102-2 P61</a> <a href="#">2020 Sustainability Report P9</a>
		Internal awareness-raising and training on environmental stewardship for management and employees	Environmental Stewardship	<a href="#">2020 Sustainability Report P34</a>
11	<b>Effective monitoring and evaluation mechanisms for environmental stewardship</b>	System to track and measure performance based on standardized performance metrics	EcoVadis assessment	<a href="#">2020 Sustainability Report P37</a>
		Leadership review of monitoring and improvement results	Sustainability Committee	<a href="#">2020 Sustainability Report P9</a>
		Process to deal with incidents	Process Safety	<a href="#">2020 Sustainability Report P33</a>
		Audits or other steps to monitor and improve the environmental performance of companies in the supply chain	Supplier Code of Conduct Supplier Engagement and Monitoring	<a href="#">Company policy download area   Croda</a> <a href="#">2020 Sustainability Report P38</a>
		Outcomes of integration of the environmental principles	2020 Environmental Stewardship Progress	<a href="#">2020 Sustainability Report P30</a>

## Robust Anti-Corruption Management Policies & Procedures

12	<b>Robust commitments, strategies or policies in the area of anti-corruption</b>	Publicly stated formal policy of zero-tolerance of corruption	Anti-Bribery and Corruption Statement	<a href="#">Company policy download area   Croda</a>
			Group Code of Ethics	<a href="#">Countering bribery   Croda</a>
		Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes	Anti-Bribery and Corruption Statement	<a href="#">Company policy download area   Croda</a>
			Group Code of Ethics	<a href="#">Countering bribery   Croda</a>
		Detailed policies for high-risk areas of corruption	Anti-Bribery and Corruption Statement	<a href="#">Company policy download area   Croda</a>
		Group Code of Ethics	<a href="#">Countering bribery   Croda</a>	
		Policy on anti-corruption regarding business partners	Anti-Bribery and Corruption Statement	<a href="#">Company policy download area   Croda</a>
			Group Code of Ethics	<a href="#">Countering bribery   Croda</a>
13	<b>Effective management systems to integrate the anti-corruption principle</b>	Support by the organization's leadership for anti-corruption	Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
			Group Code of Ethics	<a href="#">Company policy download area   Croda</a>
		Carrying out risk assessment of potential areas of corruption	Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
		Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees	Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
			Communication training on anti-corruption policies and procedures	<a href="#">2020 GRI Report 205-2 P99</a>
		Internal checks and balances to ensure consistency with the anti-corruption commitment	Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
		Actions taken to encourage business partners to implement anti-corruption commitments	Anti-Corruption for Third-party Business Partners	<a href="#">2020 GRI Report P94,95</a>
		Management responsibility and accountability for implementation of the anti-corruption commitment or policy	Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
	Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice	Group Whistleblowing Policy	<a href="#">Company policy download area   Croda</a>	
		Internal accounting and auditing procedures related to anticorruption	Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
14	<b>Effective monitoring and evaluation mechanisms for the integration of anti-corruption</b>	Leadership review of monitoring and improvement results	Croda's legal department track and record ethics KPIs including anti-corruption, monitoring and reporting	
			Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>
		Other established or emerging best practices	Supplier Code of Conduct	<a href="#">Company policy download area   Croda</a>
			Group Code of Ethics	<a href="#">Company policy download area   Croda</a>
		Process to deal with incidents	Group Whistleblowing policy	
			Anti-Corruption and Bribery Statement	<a href="#">Countering bribery   Croda</a>

## Taking Action in Support of Broader UN Goals and Issues

		Other established or emerging best practices	Croda Foundation	<a href="#">Croda Foundation</a>
15	Core business contributions to UN goals and issues	Align core business strategy with one or more relevant UN goals/issues	Our Priority SDGs	<a href="#">2020 Sustainability Report P1,10</a>
		Develop relevant products and services or design business models that contribute to UN goals/issues	Sustainability Objectives	<a href="#">2020 Sustainability Report P10,11</a>
		Adopt and modify operating procedures to maximize contribution to UN goals/issues	Sustainability Commitments	<a href="#">2020 Sustainability Report P13, 19, 23, 30, 31</a>
		Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy	Community Engagement	<a href="#">2020 GRI Report 413-1 P115-117</a> <a href="#">2020 Annual Report P35</a>
16	Strategic social investments and philanthropy		Croda Foundation	<a href="#">2020 Sustainability Report P27, 28</a>
		Coordinate efforts with other organizations and initiatives to amplify—and not negate or unnecessarily duplicate—the efforts of other contributors	Croda Foundation	<a href="#">2020 Annual Report P35</a> <a href="#">2020 Sustainability Report P28</a>
			Croda's work with NGOs	<a href="#">2020 Sustainability Report P7, 38</a>
17	Advocacy and public policy engagement	Other established best practices	Our 2030 Sustainability Commitment	<a href="#">2020 Annual Report P30-37</a>
		Publicly advocate the importance of action in relation to one or more UN goals/issues	Our Priority SDGs	<a href="#">2020 Sustainability Report P1</a>
		Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues	Action for Sustainable Derivatives, UK Roundtable on Sustainable Palm	<a href="#">Croda RSPO and Action for Sustainable Derivatives</a>
			Member of Fair Wage Network	<a href="#">2020 Sustainability Report P35, 39</a>
18	Partnerships and collective action	Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy	Founding member of Action for Sustainable Derivatives countering deforestation	<a href="#">Procurement and sustainable sourcing   Croda</a>
			Member of Together for Sustainability Initiative	<a href="#">Croda joins TfS Initiative</a>
		Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain	Member of Fair Wage Network	<a href="#">2020 Sustainability Report P35, 40</a>
			Founding member of Action for Sustainable Derivatives countering deforestation	
			Member of Together for Sustainability Initiative	<a href="#">Croda joins TfS Initiative</a>



## Corporate Sustainability Governance and Leadership

19	CEO commitment and leadership	Other established best practices	CEO delivers explicit statements publicly demonstrating leadership, support for UNGC and enhancing sustainability of the company's sector	<a href="#">2020 Sustainability Report P2</a> 2021 Communication on Progress (Page 2)
		CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation	Group Chief Executive's Statement	<a href="#">2020 Sustainability Report P2</a>
		CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact	Group CEO's commitment to COP Statement	2021 Communication on Progress (Page 2)
		CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards	Group Chief Executive's statement	<a href="#">2020 Sustainability Report P2</a>
		Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team	Board of Directors and Group Executive Committee oversight	<a href="#">2020 Sustainability Report P9</a>
20	Board adoption and oversight	Other established best practices	Group Policies: Whistleblowing, Code of Ethics and Code of Conduct	<a href="#">Company policy download area   Croda</a>
		Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance	Board of Directors and Group Executive Committee oversight	<a href="#">2020 Sustainability Report P9</a>
		Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.	Sustainability Committee	<a href="#">2020 Sustainability Report P9</a>
		Board (or committee), where permissible, approves formal reporting on corporate sustainability	Corporate Sustainability Reporting	<a href="#">2020 Sustainability Report P9</a>
21	Stakeholder engagement	Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns	Approach to Stakeholder Engagement	<a href="#">2020 GRI Report 102-43 P70</a>
		Publicly recognize responsibility for the company's impacts on internal and external stakeholders	Stakeholder Engagement	<a href="#">2020 GRI Report 102-40 P68</a> <a href="#">2020 Sustainability Report P6, 7</a>
		Define sustainability strategies, goals and policies in consultation with key stakeholders	Stakeholder Engagement	<a href="#">2020 GRI Report 102-40 P68</a> <a href="#">2020 Sustainability Report P6, 7</a>
		Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance	Stakeholder Engagement	<a href="#">2020 GRI Report 102-40 P68</a> <a href="#">2020 Sustainability Report P6, 7</a>