

## CRODA INTERNATIONAL PLC

<b>MEETING DATE</b>	Wed, 24 Apr 2019 12:00	<b>TYPE</b>	AGM	<b>ISSUE DATE</b>	Wed, 17 Apr 2019
<b>MEETING LOCATION</b>	Pavilions of Harrogate, Great Yorkshire Showground, Harrogate, North Yorkshire HG2 8QZ				
<b>CURRENT INDICES</b>	FTSE 100				
<b>SECTOR</b>	Specialty Chemicals				

<b>PROPOSALS</b>		<b>ADVICE</b>
<b>1</b>	<p><b>Receive the Annual Report</b> Strategic report meets guidelines. Adequate employment and environmental policies are in place and relevant, up-to-date, quantified, environmental reporting is disclosed. The Company also disclosed the proportion of women on the Board, in Executive Management positions and within the whole organisation. Support is recommended.</p>	<b>For</b>
<b>2</b>	<p><b>Approve the Remuneration Report</b> Overall disclosure is acceptable. The change in the CEO's salary compared to the change in employee salary is acceptable; the CEO's salary increased by 4.8% while UK employees salaries rose by 3%. The CEO's salary is in the lower quartile of the Company's comparator group. The balance of CEO realised pay with financial performance is not considered acceptable as the change in CEO total pay over five years is not commensurate with the change in TSR over the same period. The CEO's total realised variable pay for the year under review amounts to 361.4% of salary which is considered excessive; it is recommended that total variable pay does not exceed 200% of salary. This is the second year in a row where LTIP awards vest in full; this raises concerns over the performance targets and conditions, and whether they are sufficiently challenging and an adequate reflection of executive performance. The ratio of CEO pay compared to average employee pay stands at 24:1, which exceeds the recommended ratio of 20:1. Rating: AE. Triodos opposes this resolution.</p>	<b>Oppose</b>
<b>3</b>	<p><b>Approve the Dividend</b> A final dividend of GBP 49 pence per share is proposed. This payment is covered by earnings. Triodos supports this resolution.</p>	<b>For</b>
<b>4</b>	<p><b>Elect R Cirillo</b> Newly appointed independent Non-Executive Director.</p>	<b>For</b>
<b>5</b>	<p><b>Re-elect A M Ferguson</b> Senior Independent Director. Considered independent.</p>	<b>For</b>
<b>6</b>	<p><b>Elect J P C Ferguson</b> Newly appointed independent Non-Executive Director.</p>	<b>For</b>
<b>7</b>	<p><b>Re-elect S E Foots</b> Chief Executive Officer. 12 months rolling contract.</p>	<b>For</b>
<b>8</b>	<p><b>Re-elect A M Frew</b> Chair. Independent upon appointment. There are concerns over the Directors aggregate time commitments.</p>	<b>Abstain</b>
<b>9</b>	<p><b>Re-elect H L Ganczakowski</b> Independent Non-Executive Director. The Company's remuneration practices were substandard for the year under review, which is reflected in the rating of AE. As Chair of the Remuneration Committee, Dr Helena Ganczakowski harbours the responsibility to address issues related to remuneration. As such, an oppose vote is recommended.</p>	<b>Oppose</b>

<b>10</b>	<b>Re-elect K Layden</b> Non-Executive Director. Not considered independent as he previously served as an Executive Director and Chief Technology Officer of the Company until 1 May 2017. However, there is sufficient independent representation on the Board.	<b>For</b>
<b>11</b>	<b>Re-elect J K Maiden</b> Group Finance Director. 12 months rolling contract.	<b>For</b>
<b>12</b>	<b>Re-appoint KPMG LLP as auditors of the Company</b> KPMG proposed. No non-audit fees were paid to the auditors during the year under review. This approach is commended.	<b>For</b>
<b>13</b>	<b>Allow the Board to Determine the Auditor's Remuneration</b> Standard proposal.	<b>For</b>
<b>14</b>	<b>Approve Political Donations</b> The proposed authority is subject to an overall aggregate limit on political donations and expenditure of £50,000. The Company did not make any political donations or incur any political expenditure and has no intention either now or in the future of doing so. Triodos considers political donations as an inappropriate use of shareholder funds.	<b>Oppose</b>
<b>15</b>	<b>Issue Shares with Pre-emption Rights</b> The authority is limited to one third of the Company's issued share capital. This cap can increase to two-thirds of the issued share capital if shares are issued in connection with an offer by way of a rights issue. All directors are standing for annual re-election. This resolution is in line with normal market practice and expires at the next AGM. Support is recommended.	<b>For</b>
<b>16*</b>	<b>Issue Shares for Cash</b> Authority is limited to 5% of the Company's issued share capital and will expire at the next AGM. Within acceptable limits.	<b>For</b>
<b>17*</b>	<b>Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment</b> The Board is seeking approval to issue up to an additional 5% of the Company's issued share capital for cash for use only in connection with an acquisition or a specified capital investment. Such a proposal is not supported as it is considered that the 5% limit sought under the general authority above is sufficient. Best practice would be to seek a specific authority from shareholders in relation to a specific transactions if such situation arises. As this is not the case, an oppose vote is therefore recommended.	<b>Oppose</b>
<b>18*</b>	<b>Authorise Share Repurchase</b> The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM.	<b>For</b>
<b>19*</b>	<b>Meeting Notification-related Proposal</b> All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although the proposed change is permissible by the Companies Act, Triodos does not support this resolution.	<b>Oppose</b>
<b>20*</b>	<b>Approve Share Consolidation and Special Dividend</b> Shareholder approval is sought for the special dividend of GBP 115 pence per Existing Ordinary Share with associated share consolidation. The Company states that this reflects the excess capital generated since the last special dividend in 2016. The payment is covered by earnings. The special dividend is being combined with a share consolidation of Existing Ordinary Shares on the basis of 41 New Ordinary Shares for every 42 Existing Ordinary Shares. The share consolidation is intended, as far as possible, to maintain the comparability of the Company's share price before and after the special dividend. Acceptable proposal.  <i>* = Special resolution</i>	<b>For</b>

## SUPPORTING INFORMATION FOR RESOLUTIONS

### **Proposal 17 - Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment**

The Company has stated that this additional authority will only be used to fund one or more acquisitions or specified capital investments, in line with the Pre-Emption Group Guidelines. This recommendation is not supported by PIRC.

### **Proposal 19 - Meeting Notification-related Proposal**

The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless shareholders agree on a shorter notice period, in which case it may be 14 days. Shareholder approval is sought to call general meetings on 14 clear days notice.

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