


CRODA INTERNATIONAL PLC

MEETING DATE	Fri, 21 May 2021 12:00	TYPE	AGM	ISSUE DATE	Wed, 12 May 2021
MEETING LOCATION	Cowick Hall, Snaith, Goole, East Yorkshire, DN14 9AA				
CURRENT INDICES	FTSE 100, FTSE EuroFirst				
SECTOR	Specialty Chemicals				
FYE	31 Dec 2020				

	PROPOSALS	ADVICE
1	<p>Receive the Annual Report</p> <p>Disclosure is considered adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. Triodos supports this resolution.</p>	For
2	<p>Approve the Remuneration Report</p> <p>Disclosure: All elements of the single figure table are adequately disclosed. Performance conditions and targets for the annual bonus and the LTIP are adequately disclosed. Face values of all outstanding share awards are fully disclosed. However, dividend equivalents are not separately categorised.</p> <p>Balance: The change in the CEO's salary compared to the change in employee salary is acceptable, the CEO's salary increased by 1.0% while UK employees salaries rose by 1.0%. The CEO's salary is in the upper quartile of the company's comparator group which raises concerns over the excessiveness of his pay. The balance of CEO realised pay with financial performance is considered acceptable as the change in CEO total pay over five years is considered to be commensurate with the change in TSR over the same period. The CEO's total realised variable pay for the year under review amounts to 103.4% of salary which consists of only the LTIP as no annual bonus was paid out. The ratio of CEO pay compared to average employee pay is considered acceptable standing at 16:1.</p> <p>Rating: AB</p> <p>Triodos supports this resolution.</p>	For
3	<p>Approve the Dividend</p> <p>A final dividend of GBP 51.5 pence per share is proposed. This payment is covered by retained earnings.</p>	For
4	<p>Elect Roberto Cirillo - Non-Executive Director</p> <p>Independent Non-Executive Director.</p>	For
5	<p>Elect Jacqui Ferguson - Non-Executive Director</p> <p>Independent Non-Executive Director. Although there are concerns over potential aggregate time commitments, this director has attended all Board and committee meetings during the year under review. On balance, support is recommended.</p>	For
6	<p>Elect Steve Foots - Chief Executive</p> <p>Chief Executive. Acceptable service contract provisions.</p>	For
7	<p>Elect Anita Frew - Chair</p> <p>Chair. Independent upon appointment.</p>	For
8	<p>Elect Helena Ganczakowski - Senior Independent Director</p> <p>Senior Independent Director. Considered independent.</p>	For
9	<p>Elect Keith Layden - Non-Executive Director</p> <p>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.</p>	For
10	<p>Elect Jez Maiden - Executive Director</p> <p>Executive Director. Acceptable service contract provisions.</p>	For

11	Elect John Ramsay - Non-Executive Director Independent Non-Executive Director.	For
12	Appoint the Auditors KPMG proposed. Non-audit fees represented 6.67% of audit fees during the year under review and 5.88% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.	For
13	Allow the Board to Determine the Auditor's Remuneration Standard proposal.	For
14	Approve Political Donations The proposed authority is subject to an overall aggregate limit on political donations and expenditure of GBP 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. Within recommended limits.	For
15	Issue Shares with Pre-emption Rights 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.	For
16*	Issue Shares for Cash Authority is limited to 5% of the company's issued share capital and will expire at the next AGM. Within acceptable limits.	For
17*	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment 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 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 transaction if such situation arises. As this is not the case, an oppose vote is therefore recommended.	Oppose
18*	Authorise Share Repurchase The authority is limited to 10% of the company's issued share capital and will expire at the next AGM. Triodos supports this resolution.	For
19*	Amend Notice Period for Shareholders' Meetings It is proposed that a general meeting of the company other than an annual general meeting may be called on not less than 14 clear days' notice. It is considered that 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. However, as the proposed change is permissible by the Companies Act, support is recommended.	For
20*	Amend Articles It is proposed to amend the company's by-laws to comply with new laws/regulations. Although it would be preferred that the company submitted each amendment for approval separately, full disclosure of the amendments has been provided and no serious concerns have been identified. Support is recommended.	For

* = *Special resolution*

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 12 - Appoint the Auditors

PIRC issue: in late 2020 International Auditing and Assurance Standards Board (IAASB) produced a consultation entitled, Fraud and Going Concern and refers to the "expectations gap" in the sense that the public expect more of auditors than is expected of them. By reference to conclusions of the BEIS Select Committee of Parliament and High Court decisions, there isn't an expectations gap so far as the UK at least is concerned. Indeed auditor duties in respect of fraud are onerous and in the Barings case at the High Court the issue of negligence didn't merely involve the signing of the public accounts by the audit partner with misstated amounts in, but earlier at the time more junior members of staff missed the

fraud when it was smaller reviewing a bank reconciliation (a private and not public document).

The IAASB model of auditing is based on auditors certifying information that is "useful to users". That construct side-steps the crucial duties auditors have for the benefit of the company itself as the Barings case demonstrated. In PIRC's view that model fuels an unwarranted expectations gap and, if audits are limited by the standards misdirect the focus of audits to being "useful for users", a delivery gap because the legal standard and duty is broader than the standards themselves state.

PIRC has therefore asked the IAASB to reissue its consultation and has also written to the largest accounting firms to repudiate the IAASB consultation and confirm that the concept of an 'expectations gap' does not limit the scope of their work. In parallel PIRC has reviewed responses from the largest accounting firms to the IAASB determine whether they were encouraging or refuting the concept of an expectations gap. Both Deloitte and BDO correctly referred to the "expectations gap" being dependent on local laws. Both firms also referred to problems with international auditing standards and international accounting standards. BDO went so far as to make other recommendations as well. Mazars did similar in giving evidence to the BEIS Select Committee. In the absence of similar statements from PwC, KPMG, EY or Grant Thornton, PIRC is unable to support re-election or re-appointment of those firms as auditors.

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 - Amend Notice Period for Shareholders' Meetings

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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