

Chair's introduction

Chair's letter



“Effective governance together with the strength of leadership of our Board continued to support the Executive on strategic investment through challenging conditions.”

Dame Anita Frew DBE
Chair

This report, together with the Directors' Remuneration Report, set out on pages 106 to 134, describes how the 2018 UK Corporate Governance Code principles have been applied by the Company. The Company has complied with the provisions of the Code for the period under review. The 2018 UK Corporate Governance Code is available at www.frc.org.uk.

- For more information on the Board's activity see pages 74 to 77
- For more details on the search for our new Chair see page 96

Dear fellow shareholder

It has been a challenging year for our business and whilst the trading environment is now beginning to improve, high inflation, rising interest rates and customer destocking had a significant effect on our financial performance. However, effective governance together with the strength of leadership of our Board continued to support the Executive on strategic investment through challenging conditions.

Health and safety continues to be a key focus and is at the top of the agenda at every Board meeting. It is also a key focus for site visits, with a briefing document prepared so that site specific key health and safety information is available in advance of the visit thereby allowing the visiting Director to effectively challenge any particular areas of concern or educate themselves on good practice for wider learnings. In June, the Board attended a safety training day at the Leek site where the Group's safety values were reiterated and the Board was able to engage with both process safety protocols and the behavioural safety of our employees and contractors.

The Board remained focused on sustainability and achieving our ambition to be the most sustainable supplier of innovative ingredients, by becoming Climate, Land and People Positive by 2030. Reflecting the Board's commitment, it approved the creation of a Sustainability Oversight Committee to provide the Board with enhanced oversight of sustainability matters and strategy implementation as well as ensuring compliance with relevant regulations. In July, the sustainability team provided the Board with a training session which focused on the leadership role the Board has in ensuring that Croda responds to social and environmental risks. See pages 98 to 99 for further information on the Sustainability Oversight Committee and the Board's focus on sustainability on page 77.

The Board oversaw the introduction of a new organisational model, moving to a more agile, simplified matrix structure with all regional teams reporting into Consumer Care and Life Sciences to provide a solid foundation for the next phase of Croda's development. This will drive greater accountability and responsiveness to customers, empower decision-making through the organisation and facilitate the onboarding of new talent more effectively. See page 81 for more information.

During 2023, the Board continued its oversight and challenge to the management team in delivering the Group's strategy. This included taking part in two dedicated strategy sessions with the Executive Committee team with discussions focused on the changing market environment in Consumer Care and the need for a flexible strategy to meet the expectations of consumers. In Life Sciences, time was also spent understanding the evolution of the Pharma market towards emerging biopharma and genetic medicine modalities and the strategic focus on strengthening our current base, accelerating innovation and targeting complementary M&A. Further details on our Board strategy review can be found on page 77.

The acquisition of Solus Biotech, a global leader in premium biotechnology-derived beauty actives, completed in July following the unconditional approval from the South Korean regulatory authorities. The acquisition provides access to biotech-derived ceramide and phospholipid technologies, and emerging capabilities in natural retinol and will significantly strengthen our Beauty Actives portfolio. Located in South Korea, Solus expands our Asian manufacturing capability and will create a new biotechnology R&D hub in the region. See page 80 for more information on Solus Biotech.

The Board is always mindful of the impact of its decisions on our stakeholders and on the long-term sustainable success of the Company. On pages 78 to 83 we describe how the Board engaged with each of our key stakeholders and give some examples of how we have considered their interests in some of the Board decisions made during the year. The Board owns and oversees our risk management programme and has completed a robust assessment of the Group's emerging and principal risks. Further information is on page 51.

Our success depends on our skilled and highly committed employees and throughout 2023 our people have demonstrated their resilience, adaptability and determination to persevere in a very tough trading environment. During the year the Board met regularly with employees, through listening groups, Board presentations and site visits. Further details on how we engaged with our employees can be found on pages 78 and 84.

Leadership and diversity

Board succession planning continued to be a key focus this year with my retirement as Chair of the Board at the conclusion of the 2024 AGM.

During the year the Nomination Committee undertook a search for a new Chair to take over when I step down at the AGM at the end of my nine-year tenure. Following a comprehensive search process, in September we announced that Danuta Gray had been appointed as a Non-Executive Director and Chair designate. Danuta joined the Board on 1 February 2024, and will succeed me as Chair at the conclusion of the AGM in April. Further information about the rigorous selection process led by Jacqui Ferguson, our Senior Independent Director, can be found on page 96.

In December we announced that our CFO, Louisa Burdett, would be leaving Croda in June 2024. We are sorry that Louisa is leaving but she has our very best wishes. A search for her replacement is underway.

Helena Ganczakowski stepped down at the AGM in 2023 having served nine years as a Director. I extend grateful thanks, on behalf of the Board, for the outstanding contribution she has made to the Board and as Chair of the Remuneration Committee over the last nine years. Her insight, support and challenge will be missed and we wish her all the best. The Board undertook a search for a new Non-Executive Director to replace Helena and on 27 April 2023, Chris Good joined the Board as a Non-Executive Director. Chris has spent his executive career in the consumer care industry with more than 20 years at Estée Lauder Companies, a global leader in prestige beauty. Chris' deep understanding of the consumer care industry and in particular his insights into beauty care markets and consumers are of great value to Croda and the Board. His appointment strengthens the consumer care knowledge and experience around the Board table, supporting our continued transition to a pure play Consumer Care and Life Sciences business. Further details on Chris' induction can be found on page 97.



We believe that diversity in the Boardroom is essential for innovative thinking and improves the quality of decision-making. I am happy to report that the composition of the Board continues to exceed the new diversity requirements of the FCA Listing Rules as well as the ambitions set out in the FTSE Women Leaders Review and the Parker Review for FTSE 100 companies. Two of our Board members are from ethnic minority backgrounds. We are also comfortably in line with the requirement that listed companies should have at least one woman in a senior Board position with a female Chair, Senior Independent Director and Chief Financial Officer. Further information on Board diversity, including the new Listing Rule disclosure requirements, can be found on pages 93 to 94.

On the recommendation of the Nomination Committee, the Board agreed to extend Keith Layden's appointment for a further year and my appointment up to the 2024 AGM. This is in line with our policy to review appointments annually once six years' tenure has been completed. Following the retirement of Helena Ganczakowski in April, Jacqui Ferguson was appointed as Senior Independent Director. Before making a recommendation to the Board, the Nomination Committee considers the contribution made to the Board and the Committees by the individual and their time commitments. No Director being considered for re-appointment took part in any discussion relating to their own appointment. Further information about the tenure of other Board members can be found on page 95.

Board evaluation

In accordance with the 2018 UK Corporate Governance Code, this year's Board evaluation was externally facilitated and I am pleased to report that it confirmed that we continue to operate as a highly effective Board with many signature strengths. Details of the Board's annual evaluation are set out on pages 88 to 89.

Annual General Meeting

Our AGM will be held on 24 April 2024 and provides shareholders with a valuable opportunity to communicate with us and this dialogue is very important to the Board. As a result of the impact of Covid-19, from 2022 we offered shareholders a choice to attend the AGM in person or view the AGM remotely via a webcast. Take-up for remote attendance has, however, been very low with just one shareholder attending remotely in 2023 and no questions having been submitted by those attending remotely. In light of the apparent lack of demand for remote participation and to avoid unnecessary costs, we have decided to arrange our 2024 AGM on the basis that shareholders, their proxies and corporate representatives may attend in person without broadcasting the event. We will keep shareholder demand for remote participation under review in respect of our future AGMs.

It has been my great privilege to work with Croda and to serve as Chair of the Board since 2015. I would like to give thanks to my fellow Board members and all my colleagues working at Croda for their hard work, commitment and support during my nine-year tenure as Chair and I wish everyone every success for the exciting future ahead.

Dame Anita Frew DBE
Chair

The Board's biographies



Dame Anita Frew DBE

Chair

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Appointment: March 2015 and Chair since September 2015

Nationality: British

Anita has served on Plc boards in the chemical, resources, engineering, water and financial services industries for over 20 years. Prior to joining Croda, she was Chair of Victrex plc and Senior Independent Director of Aberdeen Asset Management Plc, IMI plc and was Deputy Chair of Lloyds Banking Group PLC. During her time as a Director, she has chaired main Boards, Remuneration, Responsible Business and Risk Committees. Currently she is also Chair of Rolls-Royce Holdings plc. In January 2023, Anita was appointed as a Dame Commander of the Order of the British Empire in recognition of her services to business and the economy and in May 2023, she was appointed as an Industry Expert for Advanced Manufacturing for the Pro-Innovation Regulation of Technologies Review.

Anita brings extensive experience as Chair to the Croda Board as well as leadership in strategic management, mergers and acquisitions, and risk experience from working internationally across many sectors.



Steve Foots

Group Chief Executive

E I ES SHEQ

Appointment: July 2010 and Group Chief Executive since January 2012

Nationality: British

Steve joined Croda as a Graduate Trainee in 1990 and brings to the Board a business, strategic and operational background gained from a number of senior leadership roles across the Group. Outside of Croda, Steve is Industry co-Chair of the UK Chemistry Council which enables him to work alongside Government Ministers and industry peers to bring wider industry knowledge into the Croda business.

Having spent several years leading many different Croda businesses, Steve has gathered extensive insight into the markets served, the importance of customer focus and the power of an innovative culture.



Louisa Burdett

Chief Financial Officer

R E I

Appointment: January 2023

Nationality: British

Louisa is an experienced Finance Director who has held senior financial positions in industrial, manufacturing, publishing and pharmaceutical companies. She was previously CFO of Meggitt Plc and before that CFO of Victrex plc. She is currently a Non-Executive Director and Chair of the Audit Committee of RS Group Plc, a global distributor of industrial and electronic products.

Louisa brings financial, commercial, M&A and risk management experience to the Croda Board.



Jacqui Ferguson

Non-Executive Director

RM A N S

Appointment: September 2018

Nationality: British

Jacqui is an experienced CEO from the technology industry with general management and M&A experience in international and emerging markets. She spent three years in Silicon Valley as Chief of Staff at Hewlett Packard, focused on a new company strategy and turnaround. Away from Croda, she is Chair of Tesco Bank, a Non-Executive Director of John Wood Group Plc, National Grid plc and Softcat plc, a member of the Scottish First Ministers Advisory Board for Women and Girls and Trustee of Engineering UK.

Jacqui's first-hand insight of transformational/disruptive digital, cyber security, technology and business process solutions bring valuable insight to Board discussions.



Danuta Gray

Non-Executive Director and Chair designate

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Appointment: February 2024

Nationality: British

Danuta is a highly experienced Non-Executive Director and Chair with a strong understanding of consumers, technology, sales and marketing within the UK and international business markets gained through her executive career. Danuta is currently Chair of Direct Line Insurance Group Plc and a Non-Executive Director and Chair of the Remuneration Committee at Burberry Group plc. She is also a member of the Board of Trustees of the Resolution Foundation and a supporter of Employ Autism. She was previously Chair of St Modwen Properties plc, Senior Independent Director and interim Chair at Aldmore Bank plc, Non-Executive Director and Chair of the Remuneration Committee at PageGroup plc and Old Mutual plc, and Non-Executive Director at Paddy Power Betfair plc.

Danuta's wealth of Plc board experience and a deep understanding of UK governance requirements make her a strong asset to the Croda Board. Her broad knowledge and experience across a range of sectors will be invaluable to the Board and the Group as a whole.



Chris Good

Non-Executive Director

S RM A N

Appointment: April 2023

Nationality: British

Chris has spent his career in the consumer care industry. He recently retired following more than 20 years at Estée Lauder Companies, a global leader in prestige beauty. Prior to joining Estée Lauder Companies, Chris spent over 10 years at Unilever in senior marketing, executive and general management roles across Europe, North America and Asia. Chris' deep understanding of the consumer care industry and in particular his insights into beauty care markets and consumers is of great value to Croda and the Board. As well as having significant P&L experience, Chris also brings a truly international perspective to the Board, having lived and worked in the USA, Switzerland, Japan, Singapore, Russia and the UK.

His appointment strengthens the consumer care knowledge and experience around the Board table and supports Croda's continued transition to a pure play Consumer Care and Life Sciences business.

Key

Chair of the Committee	■	Remuneration Committee	RM	Group Executive Committee	E
Member of the Committee	■	Audit Committee	A	Group Ethics Committee	ES
Secretary of the Committee	■	Sustainability Oversight Committee	S	Investment and Performance Committee	I
Nomination Committee	N	Group Risk Committee	R	Group SHEQ Steering Committee	SHEQ



Roberto Cirillo

Non-Executive Director

A RM N

Appointment: April 2018

Nationality: Swiss

Roberto has ten years' experience as Country and Group CEO in the service and health care industries with many years spent as a strategy practitioner in Europe and Asia. Alongside his role as Non-Executive Director for Croda, he is CEO of Swiss Post. He was previously the Group CEO at Optegra Eye Health Care Ltd France, CEO and Group COO at Sodexo SA and Associate Partner at McKinsey & Co.

Roberto brings knowledge of, and passion for, growth and operations to the Croda Board. He can also share lessons learned from large transformations and M&A. Roberto's engineering background enables him to link Croda's R&D and production competencies with the evolving demands of its multifunctional markets.



Julie Kim

Non-Executive Director

A RM N

Appointment: September 2021

Nationality: US

Julie brings nearly 30 years of experience in the health care industry, with more than 15 years in international leadership positions. She is currently President, US Business Unit and US Country Head at Takeda Pharmaceutical, a global, values-based, R&D driven biopharmaceutical leader headquartered in Japan. Previous executive positions include roles as Head of International Market Access and Global Franchise Head of multiple therapeutic areas at Shire, Baxalta and Baxter. Julie also sits on the industry board for the Plasma Protein Therapeutics Association.

Her geographic experience in both global and regional roles, focused on Europe, Asia and Latin America, means that she brings valuable strategic and operational insight to Board discussions.



Keith Layden

Non-Executive Director

N S

Appointment: February 2012 and Non-Executive Director since May 2017

Nationality: British

Keith brings to the Croda Board 34 years' experience of working at Croda in a variety of positions, including leading the Global Research, Development and Innovation function and as President of the Global Life Sciences business before his retirement from the business in 2017. He also has an interest and background in organisational culture and innovation which are key considerations in the decision-making of the Board.

In his roles as Honorary Professor of Chemistry and Industry at the University of Nottingham and a Fellow of the Royal Society of Chemistry, he widens his network of emerging technology companies and research institutes to spot new talent that will aid Croda's future success.



Nawal Ouzren

Non-Executive Director

A RM N S

Appointment: February 2022

Nationality: French

Nawal has 20 years of expertise across a wide range of international business roles, including clinical development, operational and strategic management roles within the pharmaceutical industry. Nawal currently serves as CEO at Sensorion, a Euronext listed biopharmaceutical company headquartered in France.

Nawal brings to the Croda Board first hand experience in biologics and novel gene therapies. Her pharma experience and market insight provide a real advantage in driving the implementation of Croda's Pharma strategy.



John Ramsay

Non-Executive Director

A RM N

Appointment: January 2020

Nationality: British

A chartered accountant, John has over 30 years' broad-based international finance experience with Life Science businesses such as ICI, AstraZeneca and Syngenta. A large part of this experience was gained while working in Latin American and Asian countries. He is a Non-Executive Director and Chair of the Audit Committee at DSM-Firmenich AG, RHI Magnesita NV and Babcock International Plc.

John brings extensive knowledge of business strategy to the Croda Board as well as a keen interest in building Croda's strong culture to deliver superior business performance.



Tom Brophy

Group General Counsel, Company Secretary and President Sustainability

ES E A RM N S R

Appointment: December 2012 as Board Secretary

Nationality: British

Tom is an experienced corporate lawyer, having worked at City law firm Hogan Lovells and FTSE 100 company Ferguson. In addition to his General Counsel and Company Secretary role, Tom is President Sustainability and has previously held other senior roles in Croda, including leading our Group HR function and as the Managing Director of the Western European Region. Tom provides corporate governance know-how to the Board and Croda. Having spent many years leading global teams, Tom leads the Legal, Company Secretary, IP and Sustainability teams.

His expertise in public and private acquisitions supports Croda's inorganic growth plans and his professional background and breadth of experience in insurance, risk and compliance enable him to Chair the Ethics Committee.

Board activity

Board activity in 2023

Board meetings and structure in 2023

Board meetings are the main forum for the Directors to debate, review and challenge strategic, operational and governance matters concerning the Company, as required to ensure that the Directors discharge their duties including under Section 172(1) of the Companies Act 2006.

There were six scheduled meetings of the Board during the year plus two additional ad-hoc meetings to discuss business performance. Board meeting agendas are set through a collaborative process between the Chair, CEO and Company Secretary. The Chair ensures adequate time is allocated to allow effective discussion, with a typical agenda being structured to ensure a balance is maintained between reporting, approvals, strategy and governance.

Detailed planning is undertaken to create an annual Board agenda programme, which ensures important strategic, operational, financial, cultural and corporate governance items are discussed at the appropriate time during the year, with additional deep dives into key strategic areas.

In addition to the formal meetings of the Board, a separate Strategy Day was held in June, attended by members of the Executive Committee and their senior management teams; see page 77 for more information. A further five-year strategic plan session was held in the autumn.

Outside the Boardroom

The Non-Executive Directors have direct access at any time to the Executive Directors, senior management teams and employees across

the Group, which provides them with the opportunity to have a deeper understanding of the Company's operations or to request information about specific areas. This contributes to more effective meetings and decision-making and strengthens the ability of the Non-Executive Directors to constructively challenge at Board meetings. The Chair has regular catch up meetings with the CEO, CFO, Company Secretary and members of the Executive Committee between Board meetings. This ensures that she is kept apprised of significant developments and emerging issues and opportunities as they arise.

Site visits

In 2023, the Board was pleased to be able to undertake several face-to-face engagements with colleagues from across the organisation. The Board's annual overseas Board meeting was held in Spain at our manufacturing site in Mevisa, with additional site visits undertaken to France and Denmark immediately prior to this. In addition, during the year individual site visits for our Non-Executive Directors were organised, with visits to Croda's businesses in India, Singapore, Korea and the US. During site visits, Directors meet a wide range of employees and actively participate in workforce engagement sessions through listening groups, town halls and informal dinners as well as receiving business update presentations. These interactions allow Directors to have discussions and receive direct feedback from a cross section of employees, which fosters better and more informed decision-making at Board meetings and acts as an important mechanism in ensuring that the voice of our employees is heard in the Boardroom.

Split of the Board's time

During the year, the Board considered a comprehensive agenda programme including matters drawn from the schedule of matters reserved for the Board and the immediate and prospective operating environment. A summary of the Board's activities for 2023 is set out below, along with an estimate of the proportion of the time that the Board spent discussing each area.

Strategy 40%

- Five-year strategic plan
- Sustainability strategy including a dedicated training session
- Established a Board Sustainability Oversight Committee
- Discussed and considered acquisition opportunities
- Review of capital investment opportunities, including the approval of the development of a greenfield manufacturing site in China
- IT and digital strategy, including AI opportunities and risks
- Post capex performance review
- Reviewed and discussed innovation opportunities in Consumer Care

People 10%

- Approved the appointments of Danuta Gray as Chair designate and Chris Good as a new Non-Executive Director
- Extended the terms of office of Anita Frew and Keith Layden
- Monitored health and safety performance, both process safety at our sites and behavioural safety of our employees and contractors
- Received a report from the new Director of Safety on key initial observations, strategy and priorities
- Reviewed senior management succession plans and talent pipeline across the Group in relation to the new organisational business model

Governance and reporting 10%

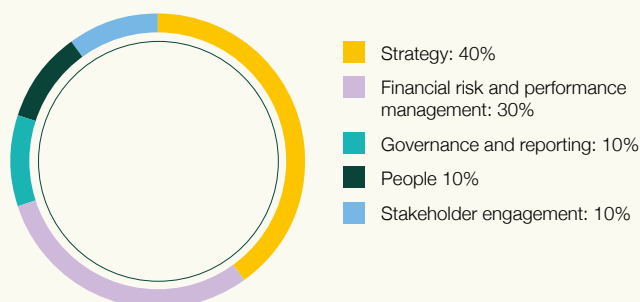
- Undertook an external Board and Committee effectiveness evaluation
- Approved the Annual Report and Accounts and other financial statements
- Undertook a Governance compliance review
- Approved the renewal of the Group's global insurance programme as part of the risk management framework
- Reviewed the Board Diversity Policy

Financial risk and performance management 30%

- Reviewed business performance
- Approved trading updates issued during the year
- Approved the Group's annual budget
- Reviewed and approved the dividend policy and the annual and interim dividends
- Discussed and evaluated key risks, internal and external assurance of each risk and risk appetite statements
- Approved the long-term viability and going concern statements
- Considered the Company's defence planning
- Undertook a review of the Group's tax strategy

Stakeholder engagement 10%

- Received updates on site visits undertaken by members of the Board including feedback from employee and customer engagement activities
- Analysed the results of the annual customer feedback survey
- Received updates on investor sentiment in response to financial results and trading updates
- Received reports from Executive Directors and senior management on the sentiment of customers and suppliers
- Considered stakeholders in discussions and decision-making



Board agendas and activity in 2023

Reporting – backward looking

The Board receives reports from members of the Executive Committee as well as the Board Committees, with reports from the CEO and CFO forming the main items for discussion at each meeting.

- The CEO's report focuses on strategic and operational activities. Safety is always the first matter he reports on with a focus on behavioural and process safety issues including relevant KPIs. He also reports on key Quality KPIs. The performance of each business is discussed, including sales, regional activity and competitor insights as well as any major customer, supplier and regulatory body issues. The global market and macroeconomic environments have also been a key focus given the challenging trading environment.
- The CFO reports on monthly and year to date sales performance, profit, cash flow, cost base, capital expenditure and outlook for the year. She also reports during the year on performance against budget and treasury items (including liquidity) and keeps the Board abreast of investor discussions and feedback.
- The Board receives quarterly reports from members of the Executive Committee in relation to all aspects of the business, including market sectors, regional delivery, sustainability, operations, innovation, people, risk and functional updates. These include sustainability related non-financial KPIs and are in addition to the deep dive sessions covered under the Board's annual programme of business.
- The Board closely monitors the trading environment and approved two unscheduled trading updates issued during the year.

Approvals – current issues

Approvals that form part of the matters reserved for the Board include corporate transactions, capital expenditure, significant commercial contracts, the financial statements, and dividends. For example, during 2023 the Board:

- Approved the trading updates in April and October.
- Approved capital investments in Guangzhou, China and at our sites in Leek in the UK and Lamar in the USA.
- Discussed acquisition opportunities, which were not progressed.
- Approved Chris Good's and Danuta Gray's appointments.
- Approved the Group's IT strategy, including AI risks and opportunities.
- Approval of the full year and half year dividends.

Strategy – forward looking

Each Board meeting agenda includes items key to progressing the strategic objectives of the business to enable the Board's understanding of the opportunities and challenges for the business in new markets, technologies and disruptive innovation. During the year the Board undertook strategic deep dives into the following areas:

- The annual Board strategy review provided a focused opportunity to assess and review strategy to ensure it remained appropriate for the long-term sustainable success of the Company.
- Monitored organic development proposals in technologies key to achieving the Group's 2030 Science Based Target and progressing its strategic focus on biotech operations and capability.
- Sustainability – as well as the annual review of sustainability leadership, the Board received a bespoke training session which included discussion on Croda's operating context and position, commercial implications and an outside-in perspective; see page 77 for more information.
- Innovation – reviewed the Beauty Care business' short and medium-term opportunities.

Governance

This typically comprises Board procedural and governance matters including:

- Updates on changes to relevant laws, regulations, and governance issues.
- Reports on compliance and insurance matters, including a review of policies and procedures on modern slavery, whistleblowing and ethics.
- Board agenda planning, Board effectiveness reviews, Committee membership and the annual review and approval of Board Committees' terms of reference.

Board activity continued

Progress of 2023 focus areas

The actions and progress in meeting the focus areas identified for 2023 are summarised below:

1. Continue to monitor safety leadership and performance

- Safety is always the first operational matter discussed at Board meetings with a focus on performance of process safety KPIs at our sites and the behavioural safety of our employees and contractors.
- Regular updates on the progress to embed safety as a value across the Group through the 'Big Conversation' initiative whereby over 500 senior leaders have collectively undertaken more than 4,500 hours of safety training aimed at building confidence around safety leadership and driving debate on safety.
- Active participation in a dedicated safety training day at the Leek site where, through training, engagement and inspection, the Directors were able to understand the management and delivery of process safety during a higher risk period of construction and development.

2. Oversight of inorganic investments in support of our Life Sciences and Consumer Care businesses

- Approval of the global integration framework for newly acquired businesses.
- Regular updates on the progress of the integration of the Solus Biotech acquisition.
- Business presentations included in-depth reviews of M&A pipeline opportunities.
- Discussed and considered potential acquisition opportunities.

3. Continue its focus on organic capital investment programme

- Formal updates received on the progress of key growth investments including those fundamental for meeting our sustainability commitments.
- Approval of development projects in Lamar (USA), Guangzhou (China), and Leek (UK), which are aligned to the Group's sustainability strategy.
- Annual capex review with a deeper understanding of the framework for managing large capital investment projects to ensure safe and on time budget delivery, as well as a detailed analysis and discussion of project performance and key themes and initiatives to take forward.

4. Continue to bring external perspectives into the Boardroom – including focus on the competitive landscape, disruptive technologies and outside-in customer assessments

- Insights into disruptive technologies and competitive landscapes in Beauty Care and Pharma at the Strategy Day in June.
- Increased focus on the global competitor landscape in Board presentations.
- Directors met with key customers during a visit to the USA.
- Directors attended international industry events, such as In-Cosmetics in Barcelona and Beauty World in Dubai.

Focus areas for 2024**The Board will:**

- Monitor safety leadership and performance.
- Monitor the trading environment and market dynamics against expected performance and budget forecasts.
- Oversee the implementation of the new organisational structure including the review of wider executive succession and talent pipeline to ensure that we continue to have the capacity and capability to support our strategic priorities.
- Monitor our organic capital investment programme.



Key areas of focus throughout the year

Board focus on sustainability

Sustainability embedded in our decision-making

During the year the Board remained focused on delivery of our sustainability Commitment, which is a fundamental aspect of how we work, how we are judged, and how we judge ourselves, as we decouple our continued growth and increasing shareholder value from our impacts on the environment.

The Board approved the Group's annual budget, which includes investments to achieve our Commitment and sustainability strategy and to ensure sufficient prioritisation of resource to support this.

Sustainability plays a central role in decision-making with new investments having to meet our rigorous sustainability requirements. In September the Board approved the development of a greenfield manufacturing site at Guangzhou in China to help transform our Fragrance and Beauty Actives businesses in support of our fast grow Asia strategy. The Board considered the impact on the Group's sustainability commitments, with the use of sustainable materials for construction, zero scope 1 emissions, no waste to landfill and progress to zero scope 2 emissions by buying renewable electricity as available. The acceleration of botanical actives sits alongside traditional Chinese medicine using locally sourced ingredients, meeting consumer demand for sustainability and 'clean beauty'.

The Board decided to proceed with the development of the Pharma expansion programme at the Lamar greenfield site in Pennsylvania in line with our strategy to grow our Nucleic Acid Delivery business and our commitment to contribute to the development and commercialisation of 25% of WHO-listed pipeline vaccines. The Board also took account of the site's five-year plan to target a carbon free manufacturing footprint.

In December 2022, the Board approved the acquisition of Solus Biotech, a global leader in premium biotechnology-derived ingredients for beauty care and pharmaceuticals. The acquisition enhances our sustainable biotechnology capabilities as well as consolidating our position as a global leader in sustainable actives with a North Asian manufacturing and innovation facility.

Monitoring and awareness

The Board receives quarterly sustainability reports which include a balanced scorecard against our Commitment and enable the Board to challenge the pace of change and resource allocation. The Board

monitored progress against the decarbonisation roadmaps produced for all sites in 2022 and oversaw the development of scope 3 reporting, including the quantification of downstream emissions fundamental to Croda and our customers, and reviewed and challenged progress in meeting the key milestones forming part of our sustainability commitments.

During the year a number of site visits were undertaken by our Directors and in advance of these a sustainability and safety briefing note is prepared to enable the visiting Director to have a Group perspective as well as focusing on relevant areas of interest and also any areas of concern.

As part of its annual risk review, the Board confirmed that 'Delivering sustainable solutions – Climate and Land Positive' continues to be a principal risk. See pages 51 to 53 for more information on our risk management process and pages 59 to 67 for our TCFD disclosures including our approach to identifying and assessing climate-related risk and integration into the risk management framework.

The Board and Audit Committee reviewed how best to ensure that the business complies with relevant standards and that it has assurance on the accuracy and reliability of climate-related and other sustainability disclosures and approved the appointment of an external assurance partner to provide limited assurance of significant climate and gender diversity KPIs.

Ensuring the Board has sufficient knowledge and expertise

The Board determined in the 2022 Board evaluation that sustainability was an area that it would benefit from further training given the ever evolving regulatory and reporting landscape. In July the Board received a sustainability training session focusing on its leadership role in ensuring Croda responds to ESG risks and opportunities and the need for enhanced transparency to satisfy our stakeholders. The sessions helped to improve understanding, explore Croda's leadership response and priorities and enrich the Directors' own thinking and perspective.

Following a number of discussions, the Board established the Sustainability Oversight Committee. The Committee's support will be fundamental as the Group seeks to manage the risks that come with climate change and to navigate through an increasingly stringent regulatory environment. Further details are set out in the Sustainability Oversight Committee report on pages 98 to 99.



Strategy review

The annual Board strategy review provides a focused opportunity to assess and review the Company's strategy and ensure that it continues to be appropriate. In 2023, the theme was delivery in a challenging market environment.

In Consumer Care, discussions centred around the changing market environment and meeting the social and environmental transparency expectations of consumers. In Life Sciences, discussions focused on the evolution of the Pharma market towards emerging biopharma and genetic medicine modalities and the strategic focus on accelerating innovation and targeting complementary M&A. The Board also discussed the alignment of Croda's organisational structure and talent management with future growth areas.

The day comprised presentations and break out groups led by members of the divisional teams, which encouraged more informal and interactive discussion and provided enhanced opportunity for Directors to share their external perspectives. A wrap up plenary session at the end of the day ensured that agreed actions and follow-up were captured.

Stakeholder engagement

Engaging with our stakeholders

S172 statement

Our Directors are bound by their duties under the Companies Act 2006 to promote the long-term success of the Company for the benefit of shareholders as a whole, having regard to other key stakeholders. The Strategic Report, Directors' Report, Financial Statements and the Sustainability Impact Report help our stakeholders assess how effectively the Board, supported by the Executive Committee, senior managers and employees, promoted the success of Croda and had regard to the factors set out in Section 172(1) of the Companies Act 2006 during the year. Please see page 15 for our Section 172(1) statement.

The Board recognises that engagement is essential to understand what matters most to our stakeholders and the likely impact of any key decisions. Having consideration for our stakeholders aligns with our Purpose and our values, both of which guide us in our approach to delivering our strategic commitments and promoting the long term success of Croda for our shareholders and society.

The Board is aware that in some situations, stakeholders' interests will be conflicted and they may have to prioritise interests. The Board, led by the Chair, ensures that as part of its decision-making process, an assessment is made of the impact of the decision on our stakeholders and the likely consequences of any decision in the long term.

The Board receives a range of information to help in its understanding of our stakeholders:

- Updates from the CEO and CFO at each Board meeting include details of any significant engagement with stakeholders.
- Updates on shareholder sentiment from the Head of Investor Relations following the issue of annual and interim results and trading updates.
- Quarterly reports to the Board covering risk, innovation, global operations including customer service, Safety and Sustainability, IT and Digital operations, Legal and Company Secretarial, HR, culture and diversity include details of any relevant stakeholder matters.
- At its annual strategy session, the Board reviews the plan to achieving the long-term sustainable success of the Group and considers how this affects the interests of each of our key stakeholders.
- Presentations to the Board on performance across the sectors and regions from members of the Executive Committee and their senior teams include details of stakeholders relevant to the item being discussed.
- In reviewing the progress of delivering the Group's sustainability strategy, the Board assesses the impact on stakeholders and stakeholder interests. See page 77 for more information on the Board's focus on sustainability.

Our people

The Board understands that engaging with our employees, listening to their views and responding to any issues raised is essential for ensuring that our employees feel valued, supported and heard. It also ensures that the Board understands the needs of our employees and any pressing issues.

How we engage, including KPIs

- Site visits – enable Directors to interact with employees across a wide range of locations, functions, roles and experiences so that different perspectives can be heard.

- Listening groups and town halls – the Board considers key themes and issues arising from listening groups and town halls.
- Pulse surveys – the Board considers the results and response rates enabling better understanding of employee engagement with our culture.
- People initiatives – the Board is kept up to date on the wide range of activities undertaken across the business.
- Dinners and lunches provide a more informal environment for Directors to gain a different perspective on employee sentiment and interactions.
- Employee turnover rates are monitored to enable any trends to be identified.

Our customers

Customer engagement is vitally important for ensuring we are continuing to meet their needs and expectations, particularly in a challenging trading environment.

How we engage, including KPIs

- Quarterly reports from the business teams contain details of customer relationships and innovation programmes, as well as information on customer quality metrics (such as on-time-in-full, right first time).
- Customer feedback survey results and response rates are reviewed and discussed by the Board. Review of the net promoter score enables the Board to monitor and compare if the business' overall

customer relationships are improving, and gain insights on what issues are most important to our customers.

- Customer visits by Directors enable a better understanding of the challenges faced in the current business environment.
- Regular updates on innovation pipelines provide the Board with an indication of how effectively the business is engaging with customers on new projects, providing insights into where our products and services are meeting our customers' needs and expectations.

Our communities

As a responsible business, we believe it is essential that we operate safely and sustainably in the communities in which we operate and that we understand the impact of our operations on these communities and the environment.

How we engage, including KPIs

- The majority of our main manufacturing sites have well established community engagement committees, attended by representatives from the sites and the local community. These committees provide a forum for us to listen to the local communities where we operate and engage in local community activities and social events.

- Our sustainability materiality assessments provide us with an understanding of the issues and opportunities most material to our stakeholders, including our local communities, such as waste management and water usage.
- During site visits, our Directors gain an understanding of the engagement sites have with our local communities and of both the positive impact being made and areas where we could do better.
- The Croda Foundation continues its work providing access to our smart science by making grants aligned to our Purpose, values and expertise, with the Board receiving updates on the Foundation's work.

Our suppliers

Supply chain integrity is essential to Croda being a sustainable business and our supplier relationships provide valuable insights to the Board.

How we engage, including KPIs

- Each quarter the Board receives a report from our Operations team, which includes details from our procurement teams on interactions with our key suppliers.
- We regularly assess our suppliers to ensure they are aligned with our values and adhere to our standards outlined in the Supplier Code of Conduct. Our primary

tool for these assessments is EcoVadis, and we undertake additional assessments based on supplier risk.

- Annual review by the Audit Committee and Board of the effectiveness of the Company's ethics programme, including underlying policies and procedures, enables the Board to have an overview of how successfully the Group is engaging with suppliers.

Our shareholders

It is imperative that we listen to our shareholders and that we operate the business in a way that delivers long-term value growth and sustainable returns. Regular engagement ensures shareholders are well informed of our strategy and allows them to share any feedback.

How we engage, including KPIs

- Board engagement is primarily through the CEO, CFO and the Investor Relations team who follow a comprehensive programme of investor meetings and calls to discuss investors' questions and any areas of concern, particularly following the release of annual and half year results and trading updates.
- The Investor Relations and Corporate Affairs Director keeps the Board apprised of investor sentiment following the release of annual and half year results and trading updates to ensure that all Directors are aware of and have a clear understanding of the views of our major shareholders.
- An annual Defence presentation with the Company's broker enables the Board to gauge shareholder sentiment from an external perspective.

- All Board members are available at the AGM to answer questions either submitted in advance or raised on the day.
- In 2023, the Remuneration Committee Chair continued to consult with major shareholders and proxy agencies on the Group's 2022 remuneration outcomes and proposed changes to the Remuneration Policy which was voted on at the 2023 AGM.
- 2023's challenging market environment and downgraded performance expectations have meant additional Board and Disclosure Committee meetings to ensure that performance is closely monitored to ensure that we meet all disclosure obligations to the market.

Considering the interests of our stakeholders



Development of a greenfield manufacturing facility in China

The Board approved a significant investment in the development of a greenfield site at Guangzhou in China to help to transform our Fragrance and Beauty Actives businesses in the region.

In considering the investment, the Board considered a number of key issues including the Group's strategy to fast grow Asia, the importance of protecting the existing business and supporting its future growth. The investment would assist in the retention of key personnel and expertise as well as supporting the increasing customer demand for locally sourced ingredients. It also demonstrated Croda's belief and commitment in the local market and community. The investment aligned with Croda's sustainability strategy and safety priorities by providing a state-of-the-art manufacturing facility providing a sustainable, carbon neutral, efficient and safe manufacturing facility to support the development of innovative and sustainable ingredients.

Having regard to the interests of all stakeholders, the Board concluded that it was in the best interests of the Company and its shareholders to approve the investment in the project.

Relevant stakeholders

- Customers
- Suppliers
- Employees
- Shareholders
- Communities



Completion of the acquisition of Solus Biotech

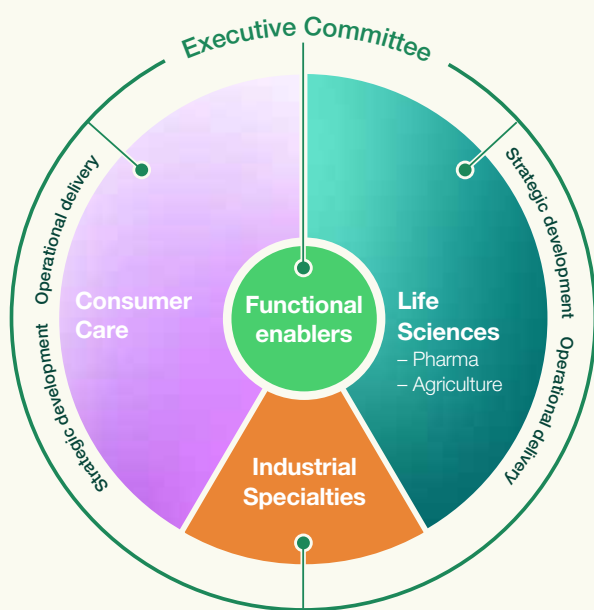
The acquisition of Solus Biotech, a global leader in premium, biotechnology-derived active ingredients for beauty care and pharmaceuticals, was approved by the Board in 2022 and completed in July 2023 following receipt of unconditional approval from the South Korean regulatory authorities.

The Board considered the impact of the acquisition on our stakeholders and determined that it was in the best interests of our shareholders as a valuable addition to the Croda portfolio and increasing the opportunity to deliver against many of the Group's strategic goals, including expansion of Life Sciences, strengthening of Consumer Care, fast grow Asia and the scaling of Biotech. For customers, it consolidated Croda's position as a global leader in producing sustainable actives as well as building the Group's biotech knowledge base with a portfolio of fermented (biotech derived) ingredients to meet consumer demand for more sustainable ingredients. It also strengthened our regional and local community presence. Increasing the Group's IP and proprietary know-how would provide opportunities for learning and development for both existing employees and our new employees from Solus Biotech.

The Board monitored the integration of the new business, with the immediate priorities being to establish Croda's core values, particularly in relation to safety, and to integrate Solus' natural ingredients into Croda's global selling network. This was as well as supporting the Solus team with Croda's technical and R&D expertise.

Relevant stakeholders

- Shareholders
- Customers and consumers
- Employees
- Communities



New organisational model

The Board oversaw the introduction of a new organisational business model with a more agile, simplified matrix structure to provide a solid foundation for the next phase of Croda's evolution. This will drive greater accountability and responsiveness to customers, empower decision-making down the organisation and facilitate the onboarding of new talent more effectively.

The Board was kept closely apprised as plans were developed and progressed so that it could continue to review and evaluate the appropriateness of the new structure for execution of the Group's strategy and focus on innovation, sustainability and growth, as well as ensuring that the potentially unsettling change was introduced sensitively and professionally and in line with Croda's values.

In considering the needs of the Group's stakeholders, the Board recognised that although some employees would be adversely impacted, the new structure was in the best interests of employees as a whole as it would provide greater clarity on accountabilities and responsibilities with quicker decision-making and increased empowerment. It also determined that customers would benefit from better service levels and increased innovation, and for shareholders, the new structure would lead to a more competitive business generating increased revenues and profit.

While it will take time to fully bed down and will inevitably continue to evolve, the Board is confident that the new organisational model will provide a strong and enduring base on which Croda can move forward.

Relevant stakeholders

- Employees
- Customers
- Shareholders



New super refining project

In line with the Pharma strategy to be a leading partner for high purity excipients and bioprocessing aids, the Board approved investment in additional super refining capabilities at our site in Leek.

In reviewing the proposal, the Board considered a number of key areas, including an understanding of the new technology required and the approach to project management with safety a key consideration for employees and contractors. The Board also considered the commercial case and the extent to which the development of high purity low carbon products would increase Croda's product value proposition across the business.

In considering investment in the project, the Board considered the interests of Croda's stakeholders and concluded that the development would create opportunities for jobs and career development and provide a sustainable, efficient and safe workplace for employees and the local community. The Board also determined that customers and consumers would benefit from the enhanced and more sustainable product offering and for shareholders the investment would support the development of Croda's Pharma protein delivery strategy.

Relevant stakeholders

- Employees
- Customers and consumers
- Communities
- Shareholders

Shareholder engagement

Approach to engagement

The Board is committed to maintaining regular dialogue with investors and communicating in a clear and transparent manner. A comprehensive investor engagement programme is led by David Bishop, Investor Relations and Corporate Affairs Director, and comprises results presentations, investor roadshows, attendance at conferences, seminars, site visits and ad-hoc meetings. This programme includes direct Board engagement through the CEO and CFO.

The Chair and other Non-Executive Directors are also available to meet with major shareholders to discuss topics including governance, strategy, ESG performance, and remuneration. The Board reviews monthly Board papers, meeting presentations and investor feedback following roadshows and other events. Direct engagement and the feedback it receives gives the Board insight into investors' views, helping to inform key decisions and the future direction of the Company.

Our AGM offers the opportunity for all shareholders to meet with the Board in-person to receive an update on the business and to engage directly with the Board on topics deemed relevant. A number of investors and their representatives attended our AGM in April 2023 where Phil Ruxton, Chief Sustainability Officer (pictured below), gave an update on our sustainability commitments and progress to date. All results presentations are webcast live and with replay facilities available ensuring all investors and analysts have equal opportunities to engage with the business. Investors can also sign up to receive regulatory alerts at www.croda.com, ensuring they are notified of company updates.



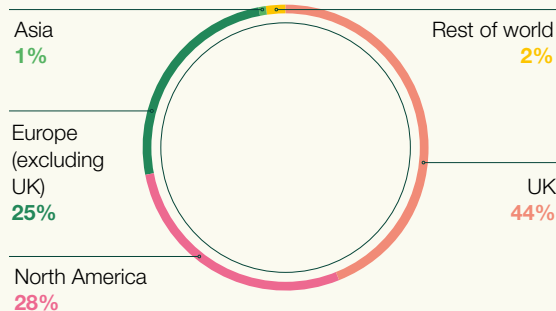
Engagement in 2023

In 2023 we met with 369 institutions across 870 interactions, with 26 of our top 30 investors meeting management at least once. Engagement levels were slightly lower than 2022 given the absence of any large investor seminars, but nonetheless remained high and above FTSE 100 averages based on available benchmarks. Management engaged in roadshows after both full year and half year results, as well as roadshows in the USA, Germany, and France, ensuring investors had the opportunity to engage with them face-to-face.

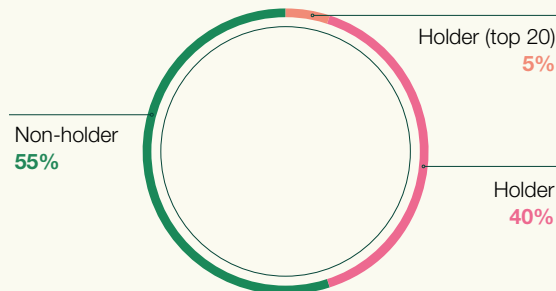
As the trading environment rapidly deteriorated in the second quarter, the Board took the decision to issue an unscheduled trading update to the market in June. This was followed by another update in October as operating conditions remained challenging. Following both of these updates there was significant engagement with investors, with management making themselves available to discuss the trading dynamics and performance.

In addition to both in-person and virtual meetings we hosted a range of site visits during the year, aimed at enabling investors to build an understanding of our operations and what differentiates our business first hand. These visits included multiple visits to Rawcliffe Bridge in Yorkshire, visits to our Beauty Actives and F&F businesses in France, a large group visit to our Seed Enhancement business in the Netherlands and various other visits to sites in the USA, Singapore and China.

Meeting breakdown in 2023 by investor location



Meeting breakdown in 2023 by holders and non-holders



Common investor questions

1. When do you expect customer destocking to end?

Through 2023 our largest customers have reduced their inventories, impacting our sales volumes. While customers cannot reduce inventory levels indefinitely, calling an end to destocking is challenging. In Consumer Care, customer inventory levels in 2023 were lower than in 2022 and our sales volumes improved during the year. Inventory levels remained heightened in Crop Protection, with customer destocking continuing throughout the year, and demand remained weak in Industrial Specialties.

2. Why have operating margins reduced and will they return to previous levels?

Across the Group we operate 11 large, multi-sector manufacturing sites. Historically the markets in which we operate have traded somewhat independently of each other, however in 2023 volume weakness impacted all our markets. This resulted in utilisation levels falling with reduced fixed overhead coverage at these sites impacting our margins. While we would expect margins to recover as utilisation improves, significant margin expansion will require a broad-based improvement across all markets.

3. What is the future growth profile for the Pharma business?

Our Pharma business is focused on fast-growth niches where innovation needs are high. We expect the Pharma business to continue growing, excluding the Covid-19 lipids, for which we do not anticipate any revenue in 2024. Longer-term, our Nucleic Acid Delivery platform, which enabled the roll out of Covid-19 vaccines, has a particularly exciting growth pipeline with customers developing new mRNA vaccines that we expect to start commercialising from 2025.

4. What is a 'normal' level of capital expenditure for the business?

Capital expenditure has been elevated in recent years as we redeploy the investment proceeds from the disposal of our PTIC business which completed in 2022. This includes our Pharma investment programme of £175m which was initiated in 2021 and will continue through 2025. Longer-term we anticipate capital expenditure to maintain existing assets and provide future growth to be 6-8% of sales.

5. What is your policy with regard to returning capital to shareholders?

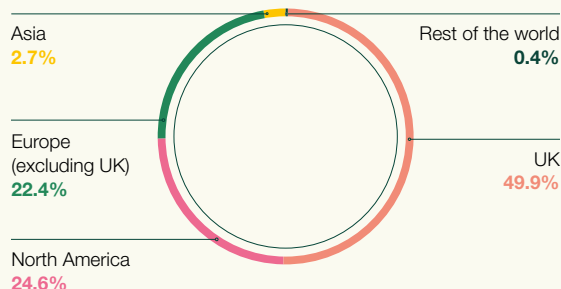
Our capital allocation policy prioritises organic capital investment, complemented by bolt-on acquisitions and technology investments. We aim to maintain a strong balance sheet with net debt of 1-2x EBITDA and to make regular returns to shareholders through our ordinary dividend, with a track record of more than 30 years of progressive dividend growth. Our preference in the current trading environment is to retain a strong balance sheet, however, we will continue to monitor our capital requirements and make a special return to shareholders if appropriate.

Shareholder register

Our shareholder base is largely made up of institutional shareholders across the UK, Europe and North America. Around 18% of our shareholders have a specific sustainability focus matching our ambition to be the most sustainable supplier of innovative ingredients.

Top 10 shareholders	Holding (%)
Norges Bank	6.3
Impax Asset Management	4.5
Vanguard Group	4.0
BlackRock Investment (US)	3.8
BlackRock Investment (UK)	3.6
MFS Investment Management (US)	3.6
RBC Global Asset Management	2.9
Brewin Dolphin	2.9
MFS International Management (UK)	2.4
Legal & General	2.3

Shareholders by region



* The data above is at 31 December 2023 based on register analysis conducted by a third party. This may differ from the detail shown on page 136 which is based on notifications the Company has received under DTR Chapter 5.

The Board and culture

Our Purpose

Our Purpose, Smart science to improve lives™, is made possible thanks to our distinctive values-led culture and the positive impact our activities and ingredients have on the environment and world around us. Our ambition is to become the most sustainable supplier of innovative ingredients and to be Climate, Land and People Positive by 2030. Our culture governs how we interact with our customers, how we work with each other, and guides our relationships with our stakeholders. Our customer-focused values of being Responsible, Innovative and Together are integral to the way we behave individually and collectively and to the way we do business. The Board seeks to continually reinforce these values so that the right behaviours cascade throughout the organisation, ensuring our culture and behaviours drive what we do.

The Board is responsible for assessing, monitoring and promoting our culture and understands the importance of setting the right tone from the top. The importance of personal traits that reflect Croda's values and culture are a key part of the selection criteria when appointing a new Non-Executive Director or, as was the case this year, a new Chair. See page 96 for more information on the Chair selection process.

Monitoring our culture

Great emphasis is placed by the Board on ensuring that our culture is aligned to our Purpose, values and strategy and one of the Board's key focus areas is to monitor and assess culture across the Group. Although culture is not tangible and cannot be assessed by metrics alone, the Board uses multiple information sources and KPIs to help to judge and assess how our culture is embedded in the organisation, how it shows across employee sentiment, and how it is observed in behaviours and trends. These include:

- Regular meetings with members of the Executive Committee and management.
- Employee survey results and response rates.
- Feedback from employee engagement.
- Quarterly safety and employee wellbeing data.
- Feedback from shareholders.
- Employee retention rates.
- Diversity and inclusion metrics – such as gender balance, balanced shortlists, diversity on development programmes.
- Ethics and whistleblowing reports.

The Board monitors the results and response rates of the regular pulse surveys undertaken during the year by all our employees across the Group. Each survey has a focus on particular aspects of culture, for example, Croda being a 'Great place to work'. In 2023 the surveys mirrored those of the previous year so that progress on regional and local actions to improve the workplace and employee experience could be assessed.

During the year the Board had oversight of initiatives focused on facilitating inclusion such as the Solaris programme which supports the pipeline of talent from underrepresented groups, including those from an ethnic minority. Steve Foots gave a presentation at a Solaris alumni session which prompted views from different perspectives and increased the understanding of challenges faced by minority groups.

As a business, we run a number of development programmes for high performing and high potential senior colleagues. The senior leader mentoring programme enables the Directors and Executive Committee members to interact directly with a diverse group of talent from a range of functions across the business and support them in their professional growth through guidance, support and knowledge transfer. During the year, separate sessions of the Group's Leadership Development Group, for high performing and high potential senior colleagues, were attended by Steve Foots and Nawal Ouzren. Steve attended a session in San Francisco and Nawal attended Ashridge Business School for a

module on Leading with impact and authenticity. Nawal took part in group discussions, a Q&A and joined the group for dinner which provided her with the opportunity to provide her insights and experiences in senior leadership roles and a perspective from the Boardroom. A session of the Women Lead Affinity Group in the USA was attended by Anita Frew which enabled her to share her experience and perspectives as a successful female leader. As well as benefitting the participants, these interactions help the Directors to build relationships with our highest potential employees and leaders. The Board remains engaged in the furtherance of diversity and inclusion initiatives across the business.

In June, Croda was included in the Sunday Times Best Places to Work following a third-party assessment of culture and workplace experience which concluded that Croda reflected good practice for employee engagement and wellbeing in the workplace. The nationwide survey honours and celebrates Britain's top employers and is a clear representation of the positive experience of our employees and Croda's culture and values.

Listening to our employees

In view of Croda's global operations, the Board decided that the most effective way of organising its engagement with employees was to continue to share the responsibility among all Non-Executive Directors and to utilise the variety of mechanisms in place. The Board is comfortable that it can continue to rely on alternative methods to engage with employees, rather than one of the three methods outlined in the 2018 UK Corporate Governance Code.

In addition to formal Board meetings, during the year our Non-Executive Directors visited operational sites in India, Singapore, Spain, France, Denmark, and the USA in order to better understand the Group's businesses and operations in these countries. These visits allow the Directors to observe the Group's operations in action, reinforce their knowledge and enable them to experience at first hand the culture of the Group. As part of these visits, wherever possible, the visiting Director leads workforce engagement sessions including listening groups and town halls with a diverse range of employees. A wide range of topics are discussed including those that are particular to the site and those of a more business and strategic nature. Topics which arose during the year included: knowledge management, safety, local business opportunities, organisational effectiveness, digitisation and data, human performance initiatives, serving customers and current trading. Feedback is then provided to the Board on discussions held and the Board's response on key themes and insights is in turn relayed back to those employees who attended thereby creating a feedback loop between the Board and employees. The Company Secretary takes responsibility for any actions requiring follow up. Perspectives from employees are taken into account in decision-making. For example, employee feedback regarding challenges around operational effectiveness within a matrix structure was a key factor in the development of the Group's new organisational model. See page 81 for more details.

As well as individual site visits, during the year the Board undertook a safety focused visit to our site at Leek which included discussions with the site management team, process engineers and safety managers. Extensive construction activities were underway at the time of the visit which enabled the Board to understand the additional process safety risks and protocols in place. In February the Board held an informal lunch with the Product Safety and Regulatory Affairs team at the Cowick office. As well as meeting the team, this provided the Board with key insights into the areas of innovation, ingredient defence and global registrations as well enabling a better understanding of the key challenges faced by the team.

Board site visits in 2023

Governance of a site visit

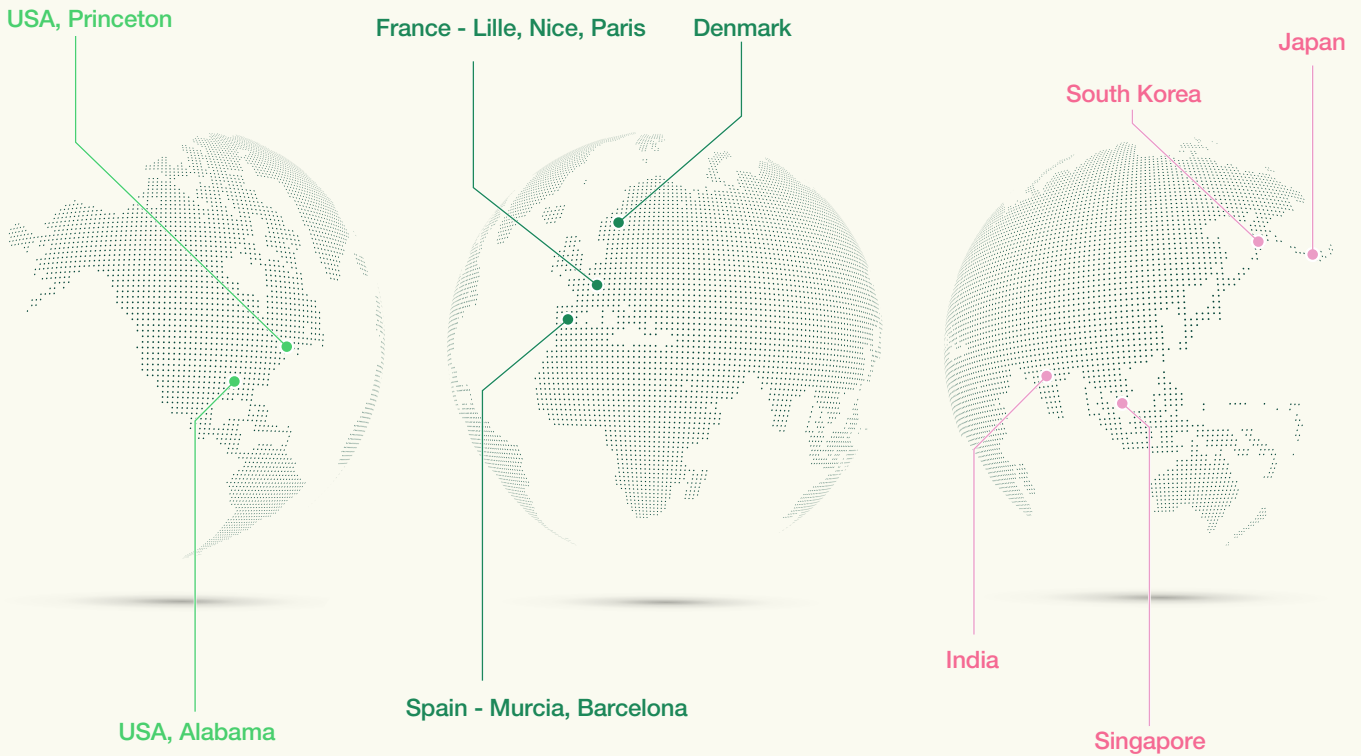
Where – the CEO and Company Secretary identify relevant sites that are of particular interest in terms of strategic focus, organic development or any specific issues. The aim is for the Board to gain insight into as wide a range of operations and locations as possible.

Itinerary – detailed itineraries and agendas are planned and agreed well in advance with the local site management teams to ensure maximum benefit is derived out of the time available. In advance of the visit, Directors receive briefings on safety, sustainability and any other relevant matters specific to the site.

Visit – Directors meet with the local management teams and receive presentations on a variety of topics, including safety, strategy, sustainability, business and financial performance, distribution and

marketing. At operational sites, Directors undertake a tour which enables direct engagement with process engineers, operators and research scientists on the ground. An informal dinner is held to facilitate more relaxed interaction with the local team. Workforce engagement sessions are usually included and, where possible, customer meetings are also organised.

Feedback – Directors present feedback of their observations to the Board and the Company Secretary takes responsibility for ensuring that any follow up actions are allocated to individuals with outcomes reported to the Board. Feedback from the Board on observations following employee engagement sessions is given to employees who attended.



Croda Iberica, Spain



Croda Denmark



Croda Chocques, France

Board leadership

The Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board has ultimate responsibility for the overall leadership of the Group. In this role, it oversees the development and delivery of a clear Group strategy in line with our Purpose.

At the date of this report, the Board comprises 11 Directors: the Chair; the Group Chief Executive; the Chief Financial Officer; seven independent Non-Executive Directors, including from 1 February 2024, the Chair designate; and one non-independent Non-Executive Director, who was the Company's Chief Technology Officer until his retirement in 2017. The size of the Board allows time for constructive debate and challenge on key elements of the Company's performance and strategic projects and enables all Directors' views to be heard. It monitors operational and financial performance against agreed goals and objectives and ensures that appropriate controls and systems exist to manage risk and that there are the necessary financial resources and people with the necessary skills to achieve the strategic goals the Board has set. The Non-Executive Directors have a broad range of business, financial and international skills and experience, which provide appropriate balance and diversity of thought. The Executive Directors use the specific areas of expertise of the Non-Executive Directors as a source of ideas, experience, as well as challenge when developing strategic plans. The Directors' biographical details are on pages 72 to 73. The Board maintains a formal schedule of matters reserved for its approval. These matters include approving the Group's strategy and budget, material corporate transactions and the authorisation of capital expenditure above delegated authority limits. They also include matters relating to risk management, approval of the Annual Report and Accounts, dividends, appointing new Directors and significant communications to shareholders. The full schedule of matters reserved for the Board can be found in the governance section at www.croda.com.

The Board discharges some of its responsibilities directly and others through its Committees, details of which can be found on page 87. In recognition of the importance of sustainability in achieving our Purpose and delivering our strategy as well as the growing and increasingly complex regulatory landscape, in 2023 the Board decided to establish a Sustainability Oversight Committee. Further details of the role of the Sustainability Oversight Committee are on pages 98 to 99.

Execution of the strategy and day-to-day management of the Company's business is delegated to the Executive Committee, and subsequently to senior leadership teams where relevant, with the Board retaining responsibility for overseeing, guiding and holding management to account. In addition to its monthly scheduled meetings, the Board met and heard from the Executive Committee members, senior management and a wider range of colleagues on a regular basis. Contributions from the Executive Committee members can be found throughout this report.

The terms of reference for each Board Committee can be found at www.croda.com.

Division of responsibilities

Chair

The Chair leads the Board and sets the tone from the top, promoting a culture of openness and debate and effective communication between the Executive and Non-Executive Directors. She creates an environment at Board meetings in which all Directors are able to contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge.

Senior Independent Director

The Senior Independent Director provides a sounding board for the Chair and acts as an intermediary for the Non-Executive Directors, where necessary. She is available to shareholders where communication through the Chair or Executive Directors has not been successful or where it may not seem appropriate. During the year, our Senior Independent Director played a critical role in leading the search for our new Chair.

Independent Non-Executive Directors

The role of the independent Non-Executive Directors is central to an effective and accountable Board structure as they provide strategic and specialist guidance together with effective governance. They constructively challenge the Executive Directors and scrutinise the performance of management in meeting agreed goals and objectives and ensure all stakeholder views are considered.

Non-independent Non-Executive Director

Having served Croda for 34 years, the latter six of which were as a member of the Board, Keith Layden is not considered independent. However, because of his experience, Keith contributes strongly to the Board's culture and personality, and adds unique and valuable insight as well as constructive challenge to Board discussions, in particular in relation to innovation and R&D.

Group Chief Executive

The Group Chief Executive has day-to-day responsibility for the effective management of the Group's business and for ensuring that Board decisions are implemented. He plays a key role in devising and reviewing Group strategies for discussion and approval by the Board. The Group Chief Executive is tasked with providing regular reports to the Board.

Chief Financial Officer

The role of Chief Financial Officer is to bring a commercial and financial perspective to the Boardroom. Working with the Group Chief Executive, she is responsible for the leadership and management of the Company according to the strategic direction set by the Board. She leads the global finance function and oversees the relationship with the investment community.

Group General Counsel and Company Secretary

The Group General Counsel and Company Secretary is Secretary to the Board and its Committees. He works closely with the Chair in the formulation of meeting agendas and annual agenda programmes. He ensures that Board procedures are complied with and also advises on regulatory compliance and corporate governance. This role is to support the Chair and the Non-Executive Directors.

Governance structure

The Board has four main Committees: the Nomination Committee, the Audit Committee, the Remuneration Committee and, from January 2024, the Sustainability Oversight Committee.

Principal Board Committees

Nomination Committee

Chaired by Dame Anita Frew DBE

Reviews the structure, size and composition of the Board and its Committees, identifies and nominates suitable candidates for appointment to the Board and has responsibility for Board and Executive Committee succession planning.

→ For more information see pages 92 to 95

Audit Committee

Chaired by John Ramsay

Monitors the integrity of the Group's financial statements and announcements, the effectiveness of internal controls and risk management as well as managing the external auditor relationship.

→ For more information see pages 100 to 105

Remuneration Committee

Chaired by Jacqui Ferguson

Recommends the Company's Remuneration Policy and framework and determines the remuneration packages for members of senior management.

→ For more information see pages 106 to 134

Sustainability Oversight Committee

Chaired by Chris Good

Monitors the execution and implementation of the Group's sustainability strategy and compliance with regulations and best practice and oversees communication of the Group's sustainability activities.

→ For more information see pages 98 to 99

The day-to-day operational management of the business is delegated by the Board to the Group Chief Executive, who uses several Committees to assist him in this task: the Group Executive Committee; the Investment and Performance Committee; the Group Risk Committee; the Group Safety, Health, Environment and Quality (SHEQ) Steering Committee; the Group Ethics Committee; and the Sustainability Committee. Further information on each of the Committees is shown below.

Group Chief Executive

Group Executive Committee

Chaired by Steve Foots (CEO)

The Committee met 12 times in 2023 and is responsible for: developing and implementing strategy, operational plans, policies, procedures and budgets; monitoring operational and financial performance; assessing and controlling risk; and prioritising and allocating resources.

Group SHEQ Steering Committee

Chaired by Mark Robinson (President Operations)

The 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.

Group Ethics Committee

Chaired by Tom Brophy (Group General Counsel, Company Secretary and President Sustainability)

The Committee meets quarterly in support of our culture of integrity, honesty and openness, and to promote the importance of ethics and compliance across the Group and amongst our supply chain partners.

Investment and Performance Committee

Chaired by Steve Foots (CEO)

The Committee met 11 times in 2023 to review monthly operating results and examine capital expenditure projects.

Group Risk Committee

Chaired by Louisa Burdett (CFO)

The Committee meets quarterly to evaluate and propose policies and monitor processes to control business, operational and compliance risks faced by the Group, and to identify and assess emerging risks.

Sustainability Committee

Chaired by Phil Ruxton (Chief Sustainability Officer)

The Committee met six times in 2023 to further develop the Group sustainability strategy, to embed sustainability practices throughout the organisation and to monitor progress towards achieving our ambition to be the most sustainable supplier of innovative ingredients and our Commitment to be Climate, Land and People Positive by 2030.

Board leadership continued

Board and Committee meetings and attendance

Meetings in 2023

Membership of the Board and its Committees, and attendance (eligibility) at meetings held during 2023.

	Board	Nomination Committee	Audit Committee	Remuneration Committee
Anita Frew (Chair)	C 8 (8)	C 6 (7)*		
Louisa Burdett	8 (8)			
Roberto Cirillo	8 (8)	7 (7)	5 (5)	6 (6)
Jacqui Ferguson	8 (8)	7 (7)	5 (5)	C 6 (6)
Steve Foots	8 (8)			
Helena Ganczakowski	2 (2)	3 (3)	3 (3)	3 (3)
Chris Good	6 (6)	4 (4)	2 (2)	3 (3)
Julie Kim	8 (8)	7 (7)	5 (5)	6 (6)
Keith Layden	8 (8)	7 (7)		
Jez Maiden	2 (2)			
Nawal Ouzren	8 (8)	7 (7)	5 (5)	6 (6)
John Ramsay	8 (8)	7 (7)	C 5 (5)	6 (6)

C – Chair of the Committee

* The purpose of the June Nomination Committee was to discuss potential Chair candidates and therefore Anita Frew did not attend.

Independence of Non-Executive Directors

Croda complies with the Financial Reporting Council's Reporting Code in having experienced Non-Executive Directors who represent a source of advice, strong judgement and challenge to the Executive Directors. At present there are nine such Directors, including the Chair, the Chair designate and the Senior Independent Director, each of whom has significant commercial experience. Details of their experience is on pages 72 to 73.

The independence of the Non-Executive Directors is kept under review to ensure continuing independence and objective judgement. The Chair was independent upon her appointment in 2015 and both the Chair as head of the Board and the Chief Executive as head of executive management have clearly defined roles. Further information on their roles is included on page 86. With the exception of Keith Layden, the Board considers that all Non-Executive Directors who served during the year are independent in character and judgement, with no relationships or circumstances that are likely to affect, or could appear to affect, their judgement. Keith Layden is not considered independent, having served as the Company's Chief Technology Officer prior to retirement from the Company and appointment as a Non-Executive Director in May 2017.

Director induction

New Non-Executive Directors receive a tailored induction that focuses on the Group's culture and values, stakeholders, strategy, structure, operations and governance. The aim is to enable a new Director to integrate into the Board as quickly as possible so that they are able to contribute to business and strategy discussions and provide effective challenge. Induction programmes are developed by the Company Secretary and discussions start well in advance of the appointment date to tailor the experience to the existing knowledge and experience and include meetings with members of the Board and Executive Committee, key senior managers and the Group's audit partner and other key advisers. A schedule of country and site visits is also arranged which enables a new Director to gain insight into business operations and culture. See page 97 for further information on Chris Good's induction programme this year and the planned induction for Danuta Gray for her role as Chair of Croda.

All new Directors are given access to our electronic Board papers which provide easy and immediate access to key documents including previous Board and Committee papers; recent reports from the external auditor; the Group's risk register and Schedule of Principal

Risks; the latest budget and strategic plan; recent sell-side analyst reports and feedback from our stakeholder engagement programmes; information on our sustainability initiatives; matters reserved for the Board; the Committee terms of reference and other key policies.

Training

All Directors keep their knowledge and skills up to date and include training discussions with the Chair in their annual performance reviews. As required, professional advisers are invited to provide in-depth updates and the Board also receives updates on market trends and environmental, technological and social considerations when appropriate. The Company Secretary provides regular updates to the Board and its Committees on regulatory and corporate governance matters and Directors receive training on their duties under Section 172(1) of the Companies Act 2006 as part of their induction process from the Group's corporate lawyers. All Directors participate in online compliance training courses as required, including competition law and anti-bribery and corruption. At induction, and as requirements change, training is provided on governance, legal and regulatory matters and specific training is provided when requested by the Directors. In June, the Board attended a site safety training day at Leek where the Group's safety values were reiterated and the Board was able to engage with both process safety protocols and the behavioural safety of our employees and contractors. In July, the Sustainability team provided the Board with a training session which focused on the leadership role the Board has in ensuring that Croda responds to social and environmental risks. See page 77 for further information. To remain up to date with wider issues the Directors are encouraged to participate in events hosted by external organisations to develop broader perspectives. For example, during the year Chris Good attended a sustainability event hosted by Critical Eye to enhance his knowledge in this area.

Board evaluation

The Board undertakes a formal review of its performance and that of its Committees each year and, in line with our three-year cycle, this year's review was carried out by an external facilitator. Heidrick & Struggles were appointed and were able to build upon their existing knowledge of Croda and its Board, following their external review in 2020. The process included virtual interviews with all Board members and selected executives, an anonymous online questionnaire, in-person observations of Board and Committee meetings, and a review of

relevant documents. Heidrick & Struggles presented a review of their findings to the Board at its December meeting highlighting the areas of greatest effectiveness as well as areas for development. See below for more information on this year's externally facilitated review.

The Chair and Non-Executive Directors met without the Executive Directors present to allow an additional opportunity to discuss areas relevant to the operation of the Board. The Non-Executive Directors also met on their own, without the Chair.

The Senior Independent Director met with the Chair to provide feedback on her performance following discussions with the other Non-Executive Directors and the Executive management to gather their views. It was agreed that the Chair remained dedicated to her role and that she creates a culture of trust, openness and debate, facilitating an atmosphere of challenge whilst encouraging the effective contribution of all Board members.

The Chair met and provided feedback to each Non-Executive Director and the Executive Directors. Following these discussions, the Chair was satisfied that all the Directors continued to be effective and demonstrate commitment to the role, including having time to attend all necessary meetings and to carry out all their duties.

Conflicts of interest

The Board has an established process in place for reviewing and monitoring potential conflicts of interests. The Company's Articles of Association allow the non-conflicted members of the Board to authorise an actual or potential conflict situation. Directors holding significant commitments outside the Company are required to disclose them prior to appointment and on an ongoing basis when there are any changes. Actual and potential conflicts of interest are included on a register which is maintained by the Company Secretary and reviewed annually.

During the year the Chair and the Company Secretary discussed any potential or perceived conflict of interest with John Ramsay's directorship of DSM/Firmenich following their merger in 2023, and concluded that no conflict of interest existed but that this would be

kept under review. As a precaution, the Board approved any situational conflict that may arise.

During the appointment of any new Non-Executive Directors other commitments are taken into account, in addition to whether or not a conflict or potential conflict would exist. Details of the professional commitments of the Non-Executive Directors are included in their biographies on pages 72 to 73. The Board is satisfied that these do not interfere or conflict with the performance of their duties for the Company.

Board support

Each Director has access to the advice and services of the Company Secretary. Where necessary, the Directors may take independent professional advice at the Company's expense. Board papers are made available electronically one week in advance of meetings, which ensures that each Director has the time and resources to fulfil their duties. A resource centre within the web portal provides access to useful information about the Group, including corporate governance materials, finance and strategy information, Group policies and procedures, and information on topics such as risk and insurance. In order to build and increase Non-Executive Directors' familiarity with, and understanding of, the Group's people, businesses and markets, senior managers regularly make presentations at Board meetings.

Board re-election

Following the individual performance assessments, the Board is satisfied that each Director continues to perform effectively, allocates sufficient time for their duties and remains fully committed to their role. The terms and conditions of appointment of Non-Executive Directors can be viewed at www.croda.com. Contracts for Executive and Non-Executive Directors 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. The Directors, with the exception of Anita Frew, will be proposed for election and re-election at the AGM on 24 April 2024 and details are in the Notice of Meeting.

Board evaluation

Outcome

Overall the evaluation concluded that the Board was highly effective with many signature strengths.

Strengths

Board dynamics – the Board is open, collegiate, collaborative, approachable, supportive and interested. Egos are noticeably absent and there is a high degree of trust with the Board seen as 'one' with good relationships amongst the Directors and with the executive team. A strong onboarding process has led to the successful integration of new Directors.

Composition – the Board possesses comprehensive coverage across all markets and segments of Croda's businesses with the newest Board members bringing a breadth of experience and relevant expertise. The composition of the Board is aligned with strategy. There has also been an improvement in diversity, both in terms of gender and ethnicity as well as background. Overall the Board is seen as having the skills and backgrounds to effectively steer strategic directions.

Commitment – all Board members are personally committed to Croda's success and dedicate time outside the Boardroom, for

example, site visits, sub-committee membership and specialist conversations, as needed. Board members come well prepared for meetings, aided by a focused agenda and timely issued Board packs.

Opportunities and future areas of focus

Accountability – although there is a high level of challenge to executives, this could be greater and the inclusion of more data-driven perspectives in Board presentations would enhance the evaluation of strategic proposals put forward by the executives. Increased use of outside-in perspectives would also help to facilitate challenge and bring fresh perspectives to guide effective decision-making.

Culture – whilst recognising the importance and strengths of Croda's culture, consideration should be given to the potential need to explore which aspects can be evolved to support the business' next phase of growth.

Succession pipeline – there is opportunity for the Board to place more regular emphasis on Croda's long-term succession and talent pipeline, increasing the time spent on wider executive succession as well as regular review of capabilities, skills and leadership skills.

Audit, risk and internal control

Fair, balanced and understandable

To assist the Board in determining whether the Annual Report was fair, balanced and understandable, the annual report team prepared a Board paper that, amongst other things, reviewed the process of preparation of the report, the controls in place to ensure consistency and reliability of the underlying information, identified the material positive and negative matters referred to in the report to ensure balanced content and provided details of the level of senior oversight of the content of the report.

The Annual Report and Accounts process is designed to give the Board enough time to assess whether it is fair, balanced and understandable, as required by the Code. The key themes and messages to be included in the Annual Report and Accounts are considered by the Board early in the process.

The Board considered whether the Annual Report and Accounts contained the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Directors received a full draft of the Annual Report and provided feedback. This review ensures that each Director has an opportunity to highlight any areas requiring further clarity as well as suggesting issues and areas that were not adequately covered or on which the report may have placed too much emphasis.

The key messages in the narrative in the Strategic Report and Governance sections of the Annual Report and Accounts were reviewed to ensure they were consistent with the financial reporting contained in the financial statements. The Board reviewed the new and amended APM definitions made during the year and believed that clear explanations had been provided for the KPIs.

The Board reviewed whether the Annual Report and Accounts disclosed the successes and the challenges that had been faced in the period and that the narrative and analysis effectively balanced the information needs and interests of each of our key stakeholder groups. In particular, the Board had regard to the current macroeconomic and geopolitical issues and the potential for wider impact alongside continued inflationary pressures.

The framework and layout were considered to be clear and coherent, with a consistent tone throughout and clearly signposted linkage between all sections, in a manner that reflected a comprehensive narrative and highlighted the key messages appropriately throughout.

Following this assessment, the Board was of the opinion that the 2023 Annual Report and Accounts are representative of the year and present a fair, balanced and understandable overview, providing the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Risk management and internal control

The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management, in accordance with the guidance set out in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014, and in the 2018 UK Corporate Governance Code. The Board receives updates on principal risks and risk appetite on an annual basis.

Transparent policies and procedures

Executive management have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority which was reviewed by the Board (page 87). In particular, there are clear procedures and defined authorities for the following:

Financial reporting and financial statements review

Policies and procedures governing the financial reporting process and preparation of the financial statements are owned by the Chief Financial Officer and clearly and transparently communicated through the Group Policies system. In order to assess the financial statements, the Audit Committee regularly reviews reports from members of the finance team and the external auditor who is invited to attend the Committee's meetings. When conducting its review the Committee considers material accounting assumptions and estimates made by management, any significant judgements or key audit matters identified by the auditor (pages 143 to 145), compliance with relevant accounting standards and other regulatory reporting requirements, including the 2018 UK Corporate Governance Code, and the accounting policies and procedures applied (pages 101 to 103).

Internal audit function

The internal audit function is a key element of the Group's corporate governance framework. Its role is to provide independent and objective assurance, advice and insight on governance, risk management and internal controls to the Board and Audit Committee and the Group. It supports the Group's strategy and objectives by evaluating and assessing the effectiveness of risk management systems, business policies and procedures, system and key internal controls. In reporting on their reviews, internal audit makes recommendations to address issues and improve processes. Once recommendations are agreed with management, the internal audit function monitors their implementation and reports to the Audit Committee on progress at every meeting. See pages 101 to 103 of the Audit Committee report.

Capital investment

The Investment and Performance Committee (a sub-committee of the Executive Committee) operates a clearly defined capital expenditure process including detailed business plan appraisal, risk analysis and authorisation. The Global Capital Project Director has developed a framework for managing major capital expenditure, and post-investment review processes are completed by internal audit (at the Audit Committee's request).

Business risk management

As described on page 51 the Executive Committee has established an ongoing process for identifying, evaluating and managing emerging and principal risks. The Board receives updates on principal risks and risk appetite on an annual basis and the Audit Committee receives reports from internal audit on the effectiveness of mitigating controls in place over selected principal risks at each meeting. The Group Risk Committee, a sub-committee of the Executive Committee (page 87), meets on a quarterly basis to monitor and review both current and emerging risks.

Internal controls

There is a documented framework of required internal controls for business processes, IT, safety, quality and compliance, which form part of our business as usual activities and which are documented in controls manuals. Policies governing the internal controls are documented in the Group Policies system, which is available online to all employees, and each Group policy is owned by a member of the Executive Committee. Confirmation that the controls are being adhered to is the responsibility of managers, who together with their teams complete an annual self-assessment process against all controls which provides a snapshot of the control environment at the start of the year. Compliance with controls is tested by the internal audit team as part of their annual plan of work approved by the Audit Committee each year, as well as being tested by other internal assurance providers; see page 103 for more information.

The Board discharged its responsibility for monitoring the operational effectiveness of the internal control and risk management systems throughout the year using a process which involved:

- Delegation of review of systems of risk management and internal control to the Audit Committee, whose activities are described in detail on pages 100 to 105.
- Receipt of written confirmations from senior management.
- Board review of the report on significant control weaknesses.
- Annual review of risk appetite statements and principal risks (page 51).

These processes have been in place for the full financial year up to the date on which the financial statements were approved by the Board. The systems are designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatement or loss.

 **For the full statement of Directors' responsibilities see page 138.**

Nomination Committee report

Report of the Nomination Committee



“This year the Committee spent significant time searching for a new Chair of the Board. After a comprehensive selection process led by the Senior Independent Director, the Board decided to appoint Danuta Gray to succeed me and to help steer Croda through this next phase.”

Dame Anita Frew DBE

Chair of the Nomination Committee

The Committee's terms of reference are reviewed annually and can be found in the governance section at www.croda.com.

- For details of meeting attendance during the course of the year see page 88
- For more details on the search process for our new Chair see page 96

I am pleased to present the Nomination Committee report for the year ended 31 December 2023.

Main activities and priorities in 2023

Board changes

A key focus in 2023 was the search for a new Chair to succeed me when I step down at the conclusion of this year's AGM. After a comprehensive selection process led by the Senior Independent Director, the Board decided to appoint Danuta Gray to succeed me and to help steer Croda through this next phase. Danuta joined the Board as a Non-Executive Director in February and will be appointed as Chair at the conclusion of the AGM in April 2024. The selection process was led by Jacqui Ferguson in her capacity as Senior Independent Director with the whole Board engaged in the process throughout. The independent specialist executive search consultant Egon Zehnder (EZ) was appointed to assist the Committee with the process. EZ is a signatory to the Voluntary Code of Conduct for Executive Search Firms, and has no other connection with Croda or its individual Directors. See page 96 for further information on the Chair selection process.

In April, we welcomed Chris Good to the Board as an independent Non-Executive Director. Chris's deep understanding of the consumer care industry and in particular his insights into beauty care markets and consumers are of great value to Croda and the Board. His appointment strengthens the consumer care knowledge and experience around the Board table and supports Croda's continued transition to a pure play Consumer Care and Life Sciences business. Helena Ganczakowski retired from the Board at the conclusion of the AGM in April and on behalf of the Committee and the Board I would like to thank Helena for her outstanding contribution to the Board, both as Remuneration Committee Chair and Senior Independent Director, for her insight and support. Jacqui Ferguson has taken on the role of Senior Independent Director, in addition to her role as Remuneration Committee Chair.

In December we announced that our CFO, Louisa Burdett, would be leaving Croda in June 2024 having accepted another role as CFO. We are sorry that Louisa is leaving but she has our very best wishes when she departs this summer. A search for her replacement is underway.

The process for Board appointments is led by the Nomination Committee which makes recommendations to the Board for approval. It is the Nomination Committee's responsibility to keep Board composition under review, including Director independence and tenure. During the year the Committee reviewed the composition and skills of the Board using the skills matrix on page 95 as well as taking into account recent and likely future Board changes. Following review, it decided to initiate a search for an additional Non-Executive Director with recent and relevant financial experience to further strengthen the composition of the Audit Committee. The Committee is using an external search firm to assist in this process and we will report on the outcome of this process in due course.

Keith Layden's and my own appointment were considered by the Committee. My term was extended up to the 2024 AGM and Keith's for another year. This is in line with the Nomination Committee policy that once a Non-Executive Director has served six years, any extension to their term is on a year by year basis.

Diversity and inclusion

As a global organisation, we aim to recruit talented people that reflect the diverse nature of the countries in which we operate. We value the unique contributions that each employee brings to our business, and we are committed to creating an inclusive work environment where all our employees can fulfil their full potential. Diversity at Board level and throughout the organisation provides a broad range of perspectives, supporting the achievement of our strategy and contributing to our success and the Board views all aspects of diversity as important considerations when reviewing its composition. Our Board Diversity Policy, a copy of which is available in the corporate governance section at www.croda.com, is reviewed regularly and confirms our commitment to meeting or exceeding the target set by the FTSE Women Leaders and Parker reviews and our current Board composition exceeds the targets recommended.

We are also pleased to report on the new Board diversity targets introduced in the Listing Rules in 2022. Our chosen reference date is 31 December 2023 and, as at that date, the Company had met all three of the Board diversity targets of having 40% women on the Board, at least one ethnic minority director on the Board and having a woman in at least one senior Board role. We exceed all these requirements with a fully gender balanced Board, two Board members from ethnic minority backgrounds and three women in the senior Board positions of Chair, Senior Independent Director and Chief Financial Officer. Since the reference date, Danuta Gray was appointed to the Board as Chair designate and following Danuta's appointment, we continue to meet all three of the new Board diversity targets. We have not set any targets for senior management, but this is something we will be considering. In line with the new Listing Rule disclosure requirements, more detailed information relating to the gender and ethnic diversity of Croda's Board and Executive Committee can be found in the tables on page 94.

As at 31 December 2023, the gender balance of the Executive Committee and senior management teams (direct reports to the Executive Committee) stood at 39% female. We continued to increase the diversity of our leaders below Board and Executive Committee level. 40% of our Senior Leadership Group (comprising 36 of our most senior employees) are female, with the Senior Leadership Group made up of employees across 12 nationalities. While appointments at all levels will continue to be made based on skill and ability, all forms of diversity are key to ensuring that we have the right mix of backgrounds, knowledge and experience to meet our future business needs. Although there continues to be work to do to create further diversity and gender balance in the underlying management teams, diversity and inclusion is central to succession planning discussions and critical to the long-term sustainable success of our business.

Succession planning

The Committee and the Board oversaw the introduction of a new Group organisational structure with all regional teams reporting into Consumer Care and Life Sciences to simplify business processes and ways of working. Some changes were made to the Executive Committee with the team reducing from ten to eight as regional delivery and central research were absorbed into each business. Sandra Breene was appointed as President Consumer Care and Daniele Piergentili continued in his role as President Life Sciences.

Anthony Fitzpatrick will take on the expanded role of President Corporate Development and Industrial Specialties, Mark Robinson will continue in his role as President Operations and Michelle Lydon will continue as President Human Resources. Tom Brophy, our Group General Counsel and Company Secretary, was also appointed as President Sustainability. The restructuring also provided opportunities in the underlying management teams for several individuals identified through the organisation's review of talent and succession process.

Director induction

All Directors receive a comprehensive induction programme. This is tailored through discussion with the Chair and the Company Secretary and considers existing expertise and any Committee roles. All new Directors are given access to our electronic Board papers which provide easy access to key documents. Chris Good joined the Board in April and his induction started immediately to ensure that he had an understanding of our Purpose, the environment in which we operate and our core business activities as soon as possible. Further information on Chris' induction programme is on page 97. During 2024 the Company Secretary will be working closely with Danuta Gray on a comprehensive induction programme for her role as Chair of Croda.

Other activities of the Committee

The Committee reviewed the time commitment of the Non-Executive Directors which is assessed before appointment and on an annual basis thereafter. The Committee was satisfied that all the Non-Executive Directors remain able to commit the required time for the proper performance of their duties.

The Committee considered and concluded that, except for Keith Layden, all the Non-Executive Directors continue to fulfil the criteria of independence. As Keith was formerly an Executive Director of the Company, he is not currently considered to be independent.

This year's annual Committee evaluation was externally facilitated by Heidrick & Struggles who have no other connection with the Company or individual Directors. The evaluation confirmed that the Nomination Committee was effective and well led with strong operating mechanisms. The very thorough and robust process led by the Senior Independent Director to find a successor for the current Chair was highlighted. See page 89 for further information on this year's Board evaluation and page 96 for the Chair selection process.

Looking ahead, the focus will be on the handover and transition to Danuta as the new Chair and to ensure an effective induction programme to support this. We will continue with the search process for a new CFO and a Non-Executive Director to ensure that the Board maintains an appropriate balance of skills, experience, knowledge and diversity.



Dame Anita Frew DBE

Chair

Nomination Committee overview

Responsibilities

The Committee is responsible for nominating candidates for appointment to the Board for approval by the Board, and for succession planning. It evaluates the balance of skills, knowledge, experience and diversity on the Board.

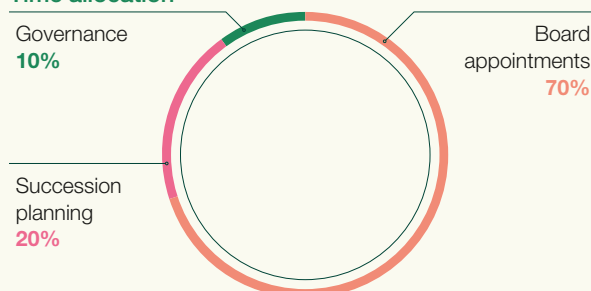
Key responsibilities

- To regularly review the structure, size and composition, including the skills, knowledge, experience and diversity, of the Board and make recommendations for any changes.
- To give full consideration to succession planning for Directors and other senior Executives, taking into account the challenges and opportunities facing the Company and, consequently, what skills and expertise the Board will need in the future.
- Where a Board vacancy is identified, to evaluate the balance of skills, knowledge, experience and diversity on the Board, and prepare a description of the role and capabilities required for the respective appointment.
- To identify and nominate candidates to fill Board vacancies, for the approval of the Board, as and when openings arise.
- To keep the organisation's leadership needs, both Executive and Non-Executive, under review to ensure that the Company continues to compete effectively in the marketplace.
- To review annually the time required from a Non-Executive Director and the Chair to fulfil their duties.
- To make recommendations on succession planning for the Board.

Key focus areas

- Board appointments – Reviewed the updated Board skills and experience assessment and led the recruitment process for a new Chair and Non-Executive Director.
- Succession planning – Assessed the changes to the Executive Committee and senior leadership teams in relation to the new organisational structure with all regional teams, including sales, R&D, marketing, customer service and manufacturing, reporting into Consumer Care and Life Sciences to simplify how we work.
- Governance – Ensured compliance with key governance issues.
- The Committee's terms of reference are reviewed annually and they can be found in the governance section at www.croda.com.
- Details of attendance at the meetings during the course of the year can be found on page 88. When it is appropriate to do so members of the Executive Committee attend meetings on request of the Chair of the Committee.

Time allocation



As at 31 December 2023, the Board met all of its own diversity targets, as well as the targets set out in the FCA's new Listing Rule requirements. Numerical diversity data, in the format required, is outlined below as at 31 December 2023. The Company has collected the data on which the tables below are based by the individuals concerned self-reporting their data on being asked about their ethnicity and gender.

Gender identity/sex of members of the Board and Executive Committee as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	Percentage of executive management
Men	5	50%	1	6	60%
Women	5	50% ^Δ	3	4	40%
Not specified/prefer not to say	0	0%	0	0	0%

Ethnic background of members of the Board and Executive Committee as at 31 December 2023

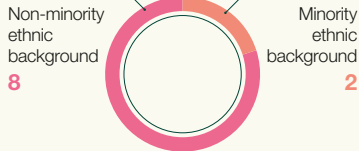
	Number of Board members	Percentage of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	Percentage of executive management
White British or other White (inc. minority white groups)	8	80%	4	10	100%
Mixed/multiple Ethnic Groups	1	10%	0	0	0%
Asian/Asian British	1	10%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group including Arab	0	0%	0	0	0%
Not specified/prefer not to disclose	0	0%	0	0	0%

Board composition dashboard information

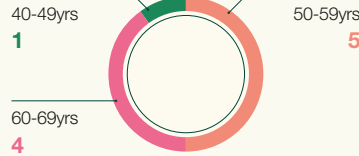
as at 31 December 2023

Board balance

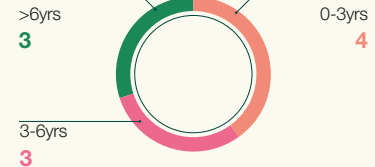
Ethnic diversity



Age

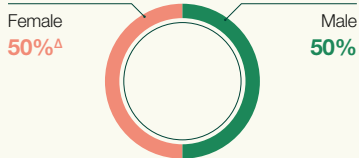


Tenure

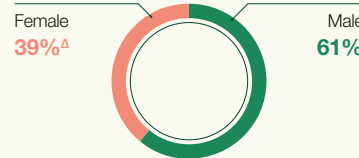


Gender balance

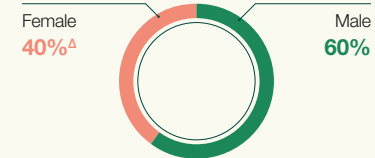
Board of Directors



Senior management



All employees

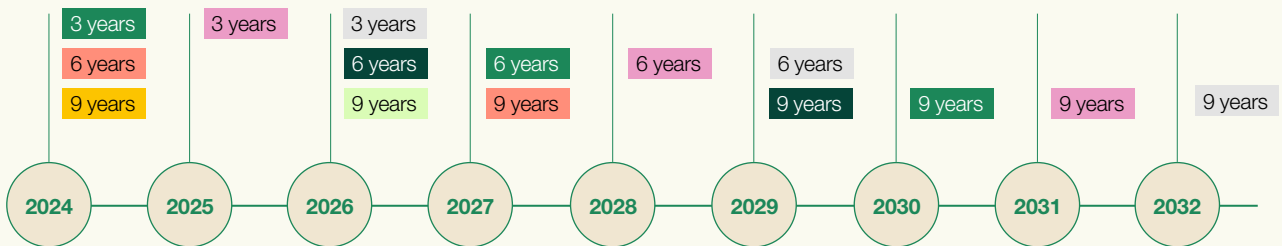


Non-Executive Directors' tenure

The Committee reviews the tenure and succession plans for the Non-Executive Directors annually. The focus in 2024 will be the search for a new CFO to replace Louisa Burdett and an additional Non-Executive Director.

Key

John Ramsay	Anita Frew
Julie Kim	Jacqui Ferguson
Keith Layden	Roberto Cirillo
Chris Good	Nawal Ouzren



Board skills and experience assessment

General – skills/experience required for FTSE 100 Boards

Strategy	✓✓✓
Governance and risk	✓✓✓
Remuneration	✓✓✓
Finance/accounting	✓✓

Croda – skills/experience required from the majority of global speciality chemical company boards

Safety	✓✓✓
Operations	✓✓✓
Sustainability	✓✓✓
International and emerging markets	✓✓✓
Emerging markets ('in country' living and working experience)	✓✓✓
Experience as a CEO	✓✓✓
M&A	✓✓

Croda – skills/experience required from Croda's Board

Consumer Care (Personal Care and F&F)	✓✓✓
Life Sciences	✓✓✓
Crop/agriculture	✓✓
Marketing	✓✓✓
Digital	✓✓✓
Innovation	✓✓✓
Technical (including Biotech)	✓✓✓
Entrepreneurial	✓✓✓

Key

- ✓✓✓ the Board has the appropriate amount of skill/experience in this area
- ✓✓ the Board would benefit from additional skill/experience in this area
- ✓ the Board does not have the required skill/experience in this area

^Δ indicates where metrics have been assured (limited assurance) under ISAE (UK) 3000 and ISAE 3410 by KPMG, our independent assurance provider and reflects the position for the year ending 31st December 2023. See www.croda.com/sustainability for details.

Chair of the Board selection process

Background

As Dame Anita Frew approached her ninth year on the Board, in 2023 a search commenced for her successor. Following a selection process involving five search firms, the Company appointed Egon Zehnder (EZ), an independent specialist executive search consultant to assist with the process. EZ has no other connection with the Company and has signed up to the diversity Voluntary Code of Conduct for Executive Search Firms. Helena Ganczakowski as the Senior Independent Director and subsequently Jacqui Ferguson who succeeded Helena as Senior Independent Director, led the process.

Board discussion

Following individual discussions by EZ with each Board member, a set of objective criteria were defined, including the experience, leadership competencies and personal and cultural attributes required to fulfil the role of Chair and meet the requirements of Croda in the future.

Nomination Committee process

The Nomination Committee appointed a sub-committee, comprising Helena Ganczakowski, Jacqui Ferguson, Roberto Cirillo, Keith Layden and John Ramsay, to focus on the search and selection process. The sub-committee met regularly and reported back to the Nomination Committee.

Based on the role specification and having regard to the Board Diversity Policy, a longlist of potential candidates, from both the UK and overseas, was identified. Following an evaluation in relation to the assessment framework of potential, personality, leadership and experiential fit, seven candidates were selected for stage one interviews with EZ and Helena and Jacqui. Five candidates were then invited to proceed to a stage two interview with the rest of the members of the sub-committee.

Two final candidates were then invited to proceed to stage three of the selection process, which included interviews with Non-Executive and Executive Directors, the Chair and the President Human Resources. The candidates also visited Croda's offices and laboratories in Cowick where the candidates met with members of the Executive Committee and their senior teams, enabling them to gain first hand insight into Croda and its culture.

Nomination Committee and Board approval

Following detailed due diligence and feedback carried out by the Nomination Committee, it was determined that Danuta Gray possessed the required skills and experience to carry out the role and that she would bring sound leadership to Croda. She was considered the ideal candidate to promote the long term success of the Company for the benefit of all stakeholders and the Board approved her appointment as a Non-Executive Director with effect from 1 February 2024 prior to becoming Chair at the conclusion of the AGM in April 2024.

“I am delighted that the comprehensive search process for our next Chair has resulted in the appointment of Danuta. Danuta is a highly experienced Non-Executive Director and Chair with a deep understanding of growing consumer focused and high technology businesses in international markets. She has served on the Boards of a variety of listed companies and her depth of Boardroom experience and strong understanding of UK governance will be of enormous benefit to Croda.”

Jacqui Ferguson
Senior Independent Director



Croda induction



“I received a comprehensive and tailored induction that provided me with the knowledge and information I needed as a first time Non-Executive Director and clarity on the key issues facing the Group, all of which was incredibly insightful. It was great to hear first-hand from a wide range of colleagues about the Group’s operations and I was particularly keen to listen to our customers and gain a deeper understanding of our relationship with them. I have been made to feel very welcome by the Board and all my Croda colleagues, and the induction has enabled me to hit the ground running and participate fully in Board and Committee meetings. I already knew that Croda was a truly sustainable company but to see a range of the projects in action has been invaluable.”

Chris Good
Non-Executive Director

Chris Good’s induction

The Company provides new Directors with a comprehensive induction programme tailored to their experience, background and relevant Committee membership.

Chris Good joined the Board in April and his induction started immediately. He met with our corporate advisers and received briefings on the role and responsibilities of being a UK listed Company Director and matters relevant to his Committee roles. New Directors are encouraged to engage with the business and Chris met and heard from members of the Executive Committee and their teams responsible for the delivery of the Group’s strategy and key business operations. This enabled him to gain a deeper understanding of our Purpose, the environment in which we operate and our core business activities. He also visited a number of our sites both in the UK and overseas, including Rawcliffe Bridge and our Centre of Excellence in Goole, as well as sites in Singapore, France, Denmark, Mevisa and the US where he was able to observe our operations in action and meet colleagues to gain further insight into our culture and business operations. In the USA Chris also attended meetings with some of our key customers to better understand the challenges faced in the current business environment.

As the new Chair of the Sustainability Oversight Committee, Chris held a number of deep dive sessions with the Group Sustainability team and sustainability experts in the business, as well as attending external training and networking sessions in relation to sustainability. This has enhanced his knowledge and understanding of our sustainability strategy framework and how our Purpose is embedded into our culture, with our ambition to be the most sustainable supplier of innovative ingredients and our Commitment to be Climate, Land and People Positive by 2030.

Danuta Gray’s planned induction programme

The programme is structured to provide the information needed to engage in Board meetings in the same way as for other Non-Executive Directors joining the Board and then further expanded to develop the oversight required as Chair. In addition to time spent with senior management to understand areas of focus, time will be scheduled with Anita Frew in the three months prior to her retirement to gain her insights as Chair.

Areas to be covered in the Chair’s induction programme

Area of focus	Description
Nature of Croda, its businesses and its markets	Group strategy including sustainability Market sectors
	Business model and KPIs Competitors and market analysis
Culture	Culture and values including safety Croda’s approach to reward
	People priorities
Croda’s main relationships	Major shareholder views Key company advisers
	Customers
Corporate governance	Croda’s governance framework Stakeholder engagement
Finance and treasury	Financial reporting and dividend policy Funding sources and credit rating
	Budgeting
Risk	Risk management and internal control procedures Information technology and cyber risk

Sustainability Oversight Committee

Report of the Sustainability Oversight Committee



“At Croda, we recognise the fundamental importance of taking action to drive progress against our sustainability leadership agenda. The establishment of the Board Sustainability Oversight Committee reflects the Board’s continued commitment and focus in this area.”

Chris Good

Non-Executive Director

Detailed responsibilities are set out in the Committee’s terms of reference. They can be found in the governance section at www.croda.com.

→ For more information on the Board’s focus on sustainability see page 77

I am pleased to present our first Sustainability Oversight Committee report.

Following a number of discussions by the Board, the Audit Committee and Croda’s sustainability team during 2023, the Board established the Board level Sustainability Oversight Committee. The Committee’s support will be critical as the Group seeks to deliver on its sustainability leadership ambitions, manage climate and nature related risk, and navigate an increasingly complex and comprehensive ESG regulatory environment.

The Board approved the Committee’s terms of reference (which can be found in the governance section at www.croda.com) and agreed that the responsibilities of the Sustainability Oversight Committee would be strategically focused, with the Audit Committee providing assurance on the accuracy and reliability of the Group’s sustainability disclosures through the oversight of the control environment in relation to data and information used in support of such disclosures.

Committee membership

The Committee comprises myself as Chair and Jacqui Ferguson, Keith Layden and Nawal Ouzren as members. All other Directors are invited to attend Committee meetings, as are the CEO, CFO, Chief Sustainability Officer and the Group General Counsel, Company Secretary and President Sustainability.

Key responsibilities

Croda’s sustainability strategy will continue to be developed by the Executive Committee and approved by the Board with the role of the Sustainability Oversight Committee to:

- Monitor the execution and implementation of the sustainability strategy, including performance against KPIs
- Monitor compliance with sustainability policies, regulations and best practice
- Support the Board by considering in more depth the Group’s principal sustainability risks and opportunities
- Oversee communication of the Group’s sustainability activities, including review of the sustainability reporting in the Annual Report
- Provide input to the Board and other Board Committees on sustainability matters as required

Complementing the Committee’s role, the Audit Committee will continue to be responsible for overseeing the assurance programme of Croda’s sustainability commitments and the Remuneration Committee will continue to be responsible for monitoring and approving sustainability linked performance metrics as well as the alignment of senior executives’ individual objectives with Group sustainability goals. Cross Committee representation and collaboration will continue to provide a link between all the Board Committees and to ensure alignment.

Specific focus areas in 2024

Looking ahead, the Committee has identified the following areas of focus for 2024:

- Review disclosures in the Sustainability Impact Report and the Annual Report including TCFD disclosures
- Assess performance and progress of Group sustainability targets and metrics
- Monitor Group compliance with sustainability regulations including key developments and trends
- Oversee delivery of the Group’s sustainability strategy, sustainability targets and metrics, and resources allocated to strategy delivery
- Build Board competency through recent sustainability related thought leadership as well as deep dives into nature and ecosystems impacts.

I look forward to continuing to lead this Committee and developing its important role in Croda’s sustainability governance framework in 2024 and beyond.



Chris Good
Non-Executive Director

We are organised to deliver on our Commitment to become Climate, Land and People Positive by 2030

Board – Responsible for setting the Group’s sustainability strategy and monitoring effective delivery and achievement of objectives. Reviews sustainability risks and opportunities as part of its risk reviews. Oversees stakeholder engagement.

Executive Committee – Responsible for the development and delivery of the Group sustainability strategy and defines objectives, targets and KPIs to track performance.

Sustainability Committee – Provides support and guidance to the Executive Committee on climate and sustainability-related matters. Engages with key stakeholders and monitors sustainability related leadership reputation.



Board Sustainability Oversight Committee – Oversees and monitors implementation of the Group sustainability strategy, including performance against KPIs. Supports the Board by considering in more depth the Group’s principal sustainability risks and opportunities and oversees compliance with sustainability regulations and best practice.

Group Sustainability Team – Responsible for non-financial reporting and compliance with regulations. Provides subject matter expertise and work with the business-led sustainability teams to identify sustainability related risks and opportunities.

Audit Committee report

Report of the Audit Committee



“The Committee thanks the executive management team, the audit teams and Croda employees across the Group for their dedication and commitment to maintaining high standards of internal control and risk management in the current challenging market environment.”

John Ramsay

Chair of the Audit Committee

Detailed responsibilities are set out in the Committee's terms of reference which are reviewed regularly. They can be found in the governance section at www.croda.com.

- For details of meeting attendance during the course of the year see page 88
- For details of the key focus areas for 2024 see page 104

Dear fellow shareholder,

Report of the Audit Committee for the year ended 31 December 2023

I am pleased to present the Audit Committee report for the year ended 31 December 2023. This report provides shareholders with an overview of the work undertaken by the Committee and the key areas considered when monitoring the integrity of the Group's financial reporting and the effectiveness of its system of internal control and risk management processes.

During the year, I received regular updates from the CFO, the wider global finance team, KPMG's Lead Audit Partner and the VP Risk and Assurance. The dedication and commitment from the Croda executive management team, the audit teams and Croda employees have once again delivered high-quality and robust audit processes.

In December we announced that our CFO Louisa Burdett will be leaving the business in June 2024. Louisa is leaving with our best wishes and a search for her successor is in hand, a process that is well underway and one in which I am heavily involved.

Committee membership and attendance

The Committee at the end of the year comprised six independent Non-Executive Directors. The experience of each Board member is outlined on pages 72 to 73. The Board considers that all members of the Audit Committee have the appropriate and relevant level of experience in financial matters as well as a diverse and broad range of competence relevant to the sector focus and the future strategic direction of the Group.

These skills and my own experience of over 30 years in international finance and extensive experience as an audit committee chair provide the Board with assurance that the Committee has the appropriate skills and breadth and depth of experience to ensure that it can be fully effective. Nevertheless a further Non-Executive Director is being sought for the Audit Committee who also has financial and accounting expertise. It also meets the Code requirement that at least one member has significant, recent and relevant financial experience.

The Chair of the Board, Keith Layden (a Non-Executive Director), the Group Chief Executive, the Chief Financial Officer, the Group Financial Controller, the VP Risk and Assurance (who leads the internal audit function) and representatives from the external and internal auditors attend the meetings by invitation.

The Committee met five times during the year and has met twice since the financial year end with each meeting agenda including a range of topics across the Committee's areas of responsibility. The Committee works to an agreed structured programme of business and meetings to coincide with key events around our financial calendar and, on behalf of the Board, to provide oversight of the Group's risk management and internal control process. I report formally to the Board on the Committee's activities after each meeting.

To ensure the work of the Committee remains focused on the key and emerging issues, I regularly meet and speak separately with the CFO, the Group Financial Controller, the VP Risk and Assurance and the internal and external auditor. Meetings without the Executive Directors present are also held with the internal and external auditors to facilitate open dialogue and assurance. Before each Committee meeting, I also meet with the external auditors, the Group Financial Controller and the VP Risk and Assurance and before most meetings with the CFO to discuss control and compliance issues generally and specifically the detail of the year end and half year results, accounting judgements and disclosures. This helps me to ensure there is a shared understanding of the key issues, technical matters and judgements and to make sure sufficient time is devoted to them at the meetings.

Audit Committee overview

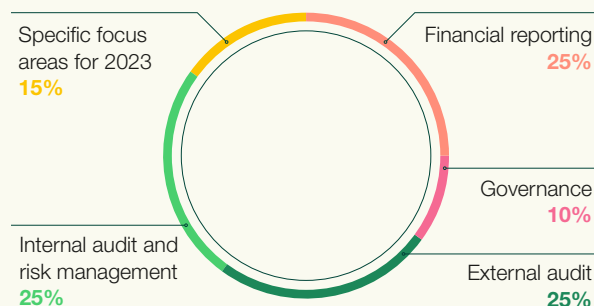
Responsibilities

The Committee assists the Board in ensuring that the Group's financial systems provide accurate and up to date information on its financial position.

Key responsibilities

- To monitor the integrity of the financial statements and results announcements of the Group and to review significant financial reporting issues and judgements.
- To recommend external auditor appointment and removal, assess audit quality, consider and approve the audit fee, assess independence, monitor non-audit services and be responsible for audit tendering.
- To review the adequacy and effectiveness of the Group's internal controls and risk management systems, and the adequacy, effectiveness and output of the internal audit function.
- To review the adequacy of the Group's whistleblowing arrangements and procedures for detecting fraud.

Time allocation



Specific focus areas in 2023

- Continue to maintain focus on cyber security and the delivery of projects identified in the information security strategy.
- Maintain focus on monitoring the impact of major business change programmes on Croda's risk and control environment.
- Monitor progress of control framework changes resulting from UK corporate reform.
- Review management's oversight and monitoring of quality controls within the Pharma business.

→ See page 103 for progress on these areas

Committee activity in 2023

The Committee's core activities, as well as the additional focus areas, and an estimate of the proportion of time spent on them, are:

Financial reporting (25%)

The Committee:

- Monitored the Group's financial statements and results announcements, including the Annual Report and the interim statement, and with support from the external auditor, reviewed those items in the Group's financial statements that were material to our reporting. The Committee challenged management on the statements and the underlying accounting judgements, including goodwill impairment considerations, acquisition and hedge accounting considerations for the Solus Biotech acquisition and hyperinflationary accounting considerations. Following its review, and after considering the evidence and accounting papers provided by management, the Committee was satisfied with the explanations provided. Consideration was given to the appropriateness of accounting policies, critical accounting judgements and key sources of estimation of uncertainty. Recommendations were made to the Board supporting the half and full-year accounts and financial statements.
- Monitored the Group's financial performance and ensured that management's judgements and estimates remained reasonable and prudent considering the two unscheduled trading updates issued in 2023.
- Reviewed the Group's external reporting framework and use of Alternative Performance Measures (APMs) and the updated and new definitions to assess ongoing appropriateness. The Committee was satisfied that the APMs reviewed were consistent with market practice of both the peer group and wider FTSE 100 companies, and that disclosures and reconciliations to statutory measures were appropriate.
- Reviewed consideration given by management relating to various Financial Reporting Council (FRC) thematic reviews and guidance for financial reporting.
- Assessed the impairment testing reviews on goodwill balances on the Group's balance sheet and was satisfied with the output of the reviews. In conjunction with the Board, challenged management on the assumptions and forecasts behind the financial modelling and stress testing conducted for the going concern assessment. A recommendation was made to the Board to support the going concern statement. Further information can be found on page 157.
- Reviewed the viability assessment process undertaken in support of the long-term viability statement, based on severe but plausible scenarios (including different combinations of scenarios) arising from key risks and their impact on headroom and debt covenants. The Committee challenged the assessment period, assumptions and calculations in the modelling and scenarios, noting the effect they would have during the viability period and was satisfied that they were robust and well thought through. The Committee also considered and was satisfied with the appropriateness of the three-year period for assessing the viability and the severity of the stress-testing scenarios. A recommendation was made to the Board to support the long-term viability statement. Further information can be found on page 58.
- Undertook regular reviews of the Group's litigation. The Committee receives reports twice a year from the Group General Counsel, Company Secretary and President Sustainability and was satisfied with the approach to provisioning and disclosure.
- Reviewed the accounting treatment of the Solus Biotech acquisition, including the purchase price allocation, the identification of cash generating units (CGUs) and the appropriateness of the foreign exchange hedge accounting applied to the acquisition. Impairment is not considered to be a key area of focus despite low headroom on the basis it is trading in line with expectations post-acquisition.

Audit Committee report continued

- Reviewed and approved the response to the FRC request for information from its review of the Group's 2022 Annual Report as part of its routine monitoring of corporate reporting, specifically to clarify whether the Group's UK defined benefit pension scheme was open to future accrual and how the Company expected to recover the scheme surplus through reduced future contributions. We were able to confirm that the UK scheme remains open to new members and future service accrual, clarifying that the surplus can be recovered through a reduction in future service contributions. We agreed to update our disclosures to make it clearer that the UK scheme remains open to future accrual and to new members. The letter also included suggestions concerning areas where the FRC believes users of the accounts would benefit from minor improvements to the Group's existing disclosures. Our response enabled the FRC to close its enquiries. The FRC review is limited to the 2022 Annual Report, and it does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. Accordingly the review and comments received from the FRC provide no assurance that the Annual Report is correct in all material respects.
- Received presentations from the divisional Finance Directors of Latin America and Life Sciences which enabled the Committee to gain confidence in the depth of finance capability employed in the divisions as well as providing different perspectives and insights.

Governance (10%)

The Committee:

- Reviewed the effectiveness of the Group's anti-bribery and fraud procedures, including those for whistleblowing. The Committee received a report on the independent investigations that had been conducted in response to concerns raised under the whistleblowing and fraud policies and was satisfied with the conclusions, including follow-up actions. The Committee also reviewed a summary of the controls in place to mitigate the risk of fraud in the Group, along with a bottom-up fraud risk assessment prepared by management. The Committee was satisfied that the ethics and fraud programmes were effective.
- Undertook an external evaluation of the Committee's effectiveness. Information on the evaluation process can be found on page 89. The results of the review concluded that the Committee continued to be effective.
- Compared its remit favourably with the FRC's recently published 'Minimum Standards for Audit Committees'.
- Reviewed the Committee's terms of reference and confirmed that the role and responsibilities of the Committee are aligned with the 2018 UK Corporate Governance Code. Minor changes were made to confirm the Committee's assurance and monitoring role in relation to the Group's sustainability disclosures.
- Undertook its annual legal and compliance review of the corporate governance and regulatory requirements of the Committee, concluding that it was in full compliance with the 2018 UK Corporate Governance Code and other corporate governance requirements.
- Completed its annual review of the Group's tax compliance policy and risks relating thereto. No significant updates were required. The policy is available at www.croda.com.
- Considered the impact of the retraction of UK corporate reform legislation on Croda's preparation for the expected changes to legislation:
 - The Committee agreed that the work to enhance control design by standardising and leveraging automation should continue, as this would provide the benefit of improving visibility of control performance through consistent and accessible control evidence, which will be underpinned by the implementation of a new Integrated Risk Management system in 2024.

- Work will continue on scoping 'material information' in relation to sustainability reporting given its strategic importance to Croda to ensure that reported sustainability information is materially accurate. The scoping work around 'double materiality' (impact and financial materiality) is also required under upcoming Corporate Sustainability Reporting Directive (CSRD) legislation.
- Even though the proposal for a Fraud Statement was withdrawn, given the introduction of legislation regarding 'failure to prevent fraud', work in this area will continue. See page 53 for details on what has been done in 2023.
- Although the Company will no longer need to publish an Audit Assurance Policy, the Committee believes it will be of value to Croda's risk management programme to produce a comprehensive assurance map, which will allow a better assessment of the level of assurance currently in place, and gauge the appetite for more or less assurance over specific risks.
- The proposal to publish a resilience statement was withdrawn. Given the continued requirement for the Company to publish long-term viability and going concern statements, the Committee agreed that publication of a resilience statement would not add additional value to Croda's stakeholders.
- Monitoring the introduction of the revised corporate reforms will continue to be a focus area for the Committee in 2024.

External audit (25%)

The Committee:

- Discussed and approved the external audit plan, including the assessment of significant audit risks; the engagement risk profile; the use of data analytics; the scope of the audit in terms of coverage, the materiality level and the de minimis reporting threshold; the co-ordination of external audits; and the key members of the engagement team. The Committee monitored the progress made by the statutory audit team against the agreed plan and discussed issues as they arose.
- Discussed and approved the increase to the external audit fee. Information on the audit fees can be found in note 3 on page 166.
- Agreed with the auditor that there should be sufficient focus on areas of particular concern to the Committee (e.g. the acquisition of Solus Biotech and carrying value of goodwill in respect of the Flavours CGU).
- Reviewed in-depth a range of indicators to judge the overall audit quality as described in the auditor effectiveness considerations on page 104. Received a report from the Lead Audit Partner to ensure sustainable high levels of audit quality and the necessary prevailing culture amongst staff.
- Met with the auditor without management present. The Committee considered the auditor's views. There were no significant issues to report.
- Considered the independence and objectivity of the auditor. The Committee confirmed the independence of the auditor as further described on page 105.
- Considered the effectiveness of the external audit process, concluding that the audit was effective (see page 104) and a recommendation was made to the Board on the re-appointment of KPMG as auditor at the AGM.

Internal audit and risk management (25%)

The Committee:

- Reviewed the internal audit planning approach and its link to the Company's strategic objectives and priorities, reviewed reports on the work of the internal audit function from the VP Risk and Assurance and monitored compliance with the Group risk assurance programme. The Committee approved the internal audit plan and the implementation of any resulting actions by management.

- Discussed the results of the 2023 controls assurance internal audits delivered by our co-source partner, PwC. The Committee considered the adequacy of management's response to matters raised and challenged the timeliness in resolving such matters to ensure management was focused on prompt implementation of control improvements recommended by Internal Audit. The Committee requested that the internal audit team continued to monitor the completion rate.
- Reviewed the results of internal audits on General Computer Controls and Application Embedded Controls. The Committee considered the adequacy of the suggested action plan to address deficiencies identified at Iberchem, questioning the promptness in resolving these issues to ensure that management prioritises the timely implementation of control enhancements recommended by our co-source partner, PwC.
- Discussed sustainability related non-financial KPIs and how the Audit Committee and the Board could obtain visibility about the processes and systems that underlie the KPI calculations. For more information see page 68.
- Approved the appointment of KPMG as the external assurance partner to provide limited assurance of significant climate and gender diversity KPIs following a competitive tender process.
- Received assessments of several significant capital expenditure projects against the Group's project guidelines, following up on areas requiring attention by the project teams as the projects progressed.
- Continued to receive updates on IT security, particularly in relation to the Operations Technology control environment. The Chief Information Officer presented to the Committee to discuss strengths, weaknesses and action plans as well as the findings of third-party audits. The Committee received quarterly updates, including progress against agreed KPIs, and challenged management on the rate of progress on cyber security and asked management to consider ways of accelerating the work. For more information see the table below.
- Assisted the Board in its assessment of the Group's emerging and principal risks. The Committee assessed the results of the 2022 risk assurance activity carried out by internal audit and considered any additional key risks as a result of acquisitions during the year. The Committee reviewed and approved the 2023 internal audit plan and scope of the peer reviews.
- Met with the internal auditors without management present. There were no significant issues identified.
- Conducted its annual review of the effectiveness of the Group's internal audit function. The Committee concluded that the internal audit team, supported by PwC resource, was effective.
- Received a presentation summarising the bottom-up fraud risk review undertaken during the year. This reinforced management's high-level risk assessment previously reported to the Committee which indicated that processes and controls were generally well designed to address fraud risks. See page 53 for more information.
- Received a presentation on the Group's updated Business Continuity Plan framework and the planned risk based roll out approach.

Specific focus areas for 2023 (15%)

In addition to our core work, as set out in our terms of reference, we noted four specific focus areas for 2023, which absorbed the balance of the Committee's time.

Specific focus area	Actions during the year	Progress
Maintain focus on cyber security and the delivery of projects identified in the information security strategy	<p>Regular updates presented to the Committee on the execution of the Information Security Programme and review of KPIs.</p> <p>Cyber security internal audits covering technical vulnerability management and cyber incident response undertaken, including the audit successfully passed by Croda China in relation to the Multi-Layer Protection Scheme audit – a complex compliance environment with maturing cyber, data and espionage laws.</p> <p>Assessment of data privacy framework and policies undertaken by an external third party.</p>	Ongoing – will remain a focus for 2024
Maintain focus on monitoring the impact of major business change programmes on Croda's risk and control environment	<p>Completion of three internal audit reviews of major capex projects for assessment against the Group's project guidelines.</p> <p>The VP Risk and Assurance's membership of key business change programmes provides a comprehensive overview throughout the organisation, allowing for early detection of risks which are reported through the risk management framework.</p>	Ongoing – will remain a focus for 2024
Monitor progress of control framework changes resulting from UK corporate reform	<p>Regular updates provided to the Committee on legislative developments and the implications of the proposed reform on Croda's control framework.</p> <p>A formal project with a defined timeline was established to cover the four pillars of the reform, Internal Controls, Fraud, Audit and Assurance Policy and Resilience Statement. This was reviewed following retraction of UK corporate reform legislation in Q4.</p> <p>Engagement with the FRC through workshops and responding to the consultation on the proposed changes.</p>	Ongoing – will remain a focus for 2024
Review management's oversight and monitoring of quality controls within the Pharma business	<p>Completion by PwC of a quality management system (QMS) maturity assessment specifically around pharmaceutical quality requirements, including Good Manufacturing Practice (GMP) systems, which highlighted key risks and gaps with the current structure and provided a roadmap to further develop and improve Croda's Pharma QMS.</p> <p>Engagement by external GMP experts on an assessment of Croda's IT systems to evaluate the current status and to coordinate the validation efforts with key stakeholders from the relevant functions. The first phase of this engagement was completed with a satisfactory outcome. An additional IT headcount was added to perform the required validations in SAP on a continuous basis. Identified GMP requirements for future SAP system changes.</p>	To be included in future as part of Board oversight of quality risks

Audit Committee report continued

Looking ahead to 2024

In addition to our core business, the Committee has identified four focus areas for 2024. We will:

- Maintain cyber security as a focus area for 2024 given it remains a principal risk.
- Maintain focus on monitoring the impact of major business change programmes on Croda's risk and control environment.
- Maintain UK corporate reform as a focus area for 2024 and monitor progress of relevant control framework changes.
- Oversee the development of internal controls over the production and disclosure of non-financial information and oversee the provision of external assurance in respect of that information.

Internal audit and risk management

I met with the VP Risk and Assurance several times during the year outside of the formal meetings to discuss the performance and output of the internal audit function and aspects of risk management. The VP Risk and Assurance attended each Committee meeting and presented an internal audit report that was reviewed and discussed fully, highlighting any major deviations from the annual plan agreed with the Committee.

At each meeting, the Committee considered the results of the audits undertaken and the adequacy of management's response to matters raised, including the time taken to resolve such matters. Particular focus was addressed to those areas where there was a major divergence between the outcome of the internal audit and the scoring of the self-assessment questionnaire, completed annually by each business unit. In these instances, the Committee challenged management as to what actions it was taking to minimise divergences arising in the future.

In January 2024, the Committee conducted its annual review of the internal audit function, including its approach to audit planning and risk assessment, communication within the business and with the Committee and its relationship with the external auditor. Senior management feedback from sites, included in the 2023 audit programme, is gathered by questionnaire to support this process. Details on how the business monitors risk and how it implements its risk management framework are set out on pages 51 to 53.

Committee evaluation

Through the annual Board evaluation process, see page 89, the performance of the Committee was assessed and the output of the evaluation was considered by the Committee in January 2024.

Overall, the evaluation concluded that the Committee was operating effectively and was efficiently led by an experienced Chair. The overall performance of the Committee and that of the Committee Chair were both highly rated. Members were well prepared for meetings and engaged in productive discussions with a healthy balance of support and constructive challenge for executives.

Relationships between the Committee and Croda management were considered very effective. Senior leaders attended meetings as required which provided visibility into various business areas as well as the opportunity to strengthen relationships. Meetings were well run and adhered to a structured agenda and time frame with appropriate time allowed for more in-depth discussions when required.

It was recognised that with the establishment of the Sustainability Oversight Committee, there was a need for liaison between the two Committee Chairs to ensure no overlap. The review highlighted the opportunity to further diversify discussions to enhance consideration of external factors such as AI, geopolitical risks and the broader economic landscape.

External auditor's effectiveness

During the year, the Committee assessed the effectiveness of KPMG as Group external auditor. To assist in the assessment, the Committee considered the quality of reports from KPMG and the additional insights provided by the audit team, particularly at partner level. It took account of the views of the CFO and Group Financial Controller, who had discussed subsidiary component audits with local audit partners, to gauge the quality of the team and knowledge and understanding of the business. The Committee also considered how well the auditor assessed key accounting and audit judgements and the way it applied constructive challenge and professional scepticism in dealing with management.

The Committee reviewed the output from a questionnaire completed by senior members of the finance team to obtain their views on KPMG's effectiveness in carrying out the audit. The questionnaire covered:

- Structure of the external audit team and their quality and approach.
- The planning, delivery and execution of the audit.
- The effectiveness of their reporting.
- Effectiveness of communications between management and the audit team.
- Robustness of the audit, including the independence of the external audit team and their ability to challenge management as well as demonstrate professional scepticism and independence.
- The external audit team's judgement.

Scores were compared with previous years to understand trends and highlight areas of improvement. The independence, team size, seniority and expertise of the external audit team continued to be assessed positively. Examples included that the senior team had dealt with complex issues as they came up and were helpful in providing feedback on technical accounting and disclosure issues. Regional close-out meetings had been succinct and clear. Minor improvement areas were noted, which included the need for clearer upfront planning and effective communication on progress in some areas.

The Committee also reviewed a report produced by KPMG that summarised the internal measures that KPMG used to assess audit quality as well as responses to thematic areas identified by the FRC that were relevant to the Croda audit. And as mentioned above, the Committee received a report from the Lead Audit Partner on actions undertaken by KPMG to improve audit quality following the FRC report on the Carillion audit.

There were several quality interventions that attributed to the overall audit quality and ensured independent challenge. These included the use of specialists, audit consultations, a technical review, a second line inflight review and finally an independent audit partner review.

External auditor's independence

The Committee and the Board place great emphasis on the objectivity of the Group's external auditor, KPMG, in reporting to shareholders. Our Group policy on the provision of non-audit services by external auditors, which is on our website www.croda.com, sets out permitted and prohibited non-audit services and the controls over assignments awarded to the external auditor to ensure that audit independence is not compromised and the provision of such services does not impair the external auditor's objectivity.

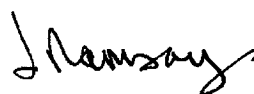
In 2023, non-audit fees were £0.3m, significantly less than the total audit fees of £2.8m; the non-audit to audit fees ratio stands at 0.1:1. The non-audit fees include the approved fees for carrying out a limited assurance of significant climate and gender diversity KPIs as noted earlier.

The Committee undertook its annual review of the Group's policies relating to external audit, including the policy that governs how and when employees and former employees of the Group's auditor can be employed by the Company. No changes were made. The Committee also reviewed and accepted KPMG's independence letter which annually confirms their independence and compliance with the FRC's ethical standard. In conclusion, the Committee agreed that KPMG were independent.

Croda is in compliance with the Statutory Audit Services Order 2014. We undertook an audit tender in 2017 and the Board appointed KPMG as external auditor. The first year to be audited by KPMG was the year ended 31 December 2018. Subject to the continued quality and effectiveness of the current auditor, we plan to re-tender ahead of a 2028 appointment. The current Lead Audit Partner, Ian Griffiths, was appointed for the year ended 31 December 2021.

External auditor reappointment

As noted above, the Committee recommended to the Board that KPMG be offered for re-election at the forthcoming AGM. I will be available at the shareholder engagement event to respond to any questions shareholders may raise on the Committee's activities in the year.



John Ramsay
Chair of the Audit Committee

Significant financial statement reporting items

The Committee, with support from the external auditor, reviewed those items in the Group's and Parent Company's financial statements that have the potential to significantly impact reporting. These are set out below.

Goodwill impairment: The strategy of the Group includes acquiring new technologies and businesses operating in adjacent markets. As a result, goodwill represents a significant asset value on the balance sheet of £937.9m out of total net assets of £2,368.1m at 31 December 2023.

The Committee completed its annual impairment review of the carrying value of goodwill, as prepared by management, including the detailed sensitivity analysis to a number of underlying assumptions, including the current macroeconomic outlook and the broader consequences on the markets in which the Group operates.

The Committee assessed the methodologies used and the adequacy of the management disclosures. Particular attention was given to the SIPO cash generating unit's value in use model, which demonstrated a £20.8m impairment versus its carrying value as lower forecast sales and margin have reduced its future value projection and the Flavours cash generating unit's value in use model based on its impairment in the prior year and low level of headroom. The Committee reviewed the methodology adopted to evaluate the risk of goodwill impairment. After challenge, the Committee was satisfied that the assumptions were reasonable and that no other impairments were necessary; however, enhanced disclosure was agreed to be appropriate for the Flavours cash generating unit, given the low headroom sensitivity of the calculations to certain assumptions.

Pensions: The Committee monitored the Group's pension arrangements, in particular the funding of the defined benefit plan in the UK, which are sensitive to assumptions made in respect of discount rates, salary increases and inflation.

The Group engages external actuarial specialists. The Committee reviewed the actuarial assumptions used and compared them with those used by other companies. The external auditor also challenged the benchmark assumptions applied and conducted sensitivity analysis. Following their review, the Committee found the assumptions to be reasonable.

Parent Company's carrying value of investments in subsidiaries and intercompany receivables: The Committee considered the carrying amount of the Parent Company's investments in subsidiaries and intercompany debtors, held at cost less impairment, representing 99% of the Parent Company's total assets (2022: 93%).

The recoverability of these balances is not considered judgemental; however, they are the most significant component of the Parent Company balance sheet and therefore require additional consideration as part of preparing the financial statements. This included comparing the carrying amount with the respective subsidiary's net asset value, profitability and cash generation. After review, the Committee was satisfied that the recoverability of these balances was acceptable, and no impairments were necessary.

Remuneration Committee report

Report of the Remuneration Committee



“The committee is satisfied that the operation of the policy balances the challenging market conditions, overall shareholder experience but recognises strategic progress and considers the attraction, motivation and retention of key talent.”

Jacqui Ferguson,
Remuneration Committee Chair

Contents

A Chair's letter	106
B 2023 Remuneration at a glance	109
C Report of the Remuneration Committee	111
<ul style="list-style-type: none"> Executive Directors' remuneration for the year ending 31 December 2024 How our reward strategy aligns to and supports our business strategy 	
D Directors' remuneration for the year ended 31 December 2023	120
E Summary of the Remuneration Policy	131

A. Chair's letter

On behalf of the Board and the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023.

This year has been a challenging year for the Group, with a weaker economic environment and customer destocking across consumer, crop and industrial markets impacting financial performance. Despite this, the Group continued to execute against the long-term growth strategy, driving sustainable innovation and continuing to invest in biotechnology, pharma expansion and capacity to support fast growth in Asia. We also took the opportunity to evolve our organisational structure, ensuring we are well positioned to capture future growth opportunities.

As a knowledge-based business, attracting, developing and retaining high-quality people throughout the organisation is key to our success. The Committee believes that an effective reward structure, as part of a wider employee engagement framework, plays a key role in the continued achievement of the Group's strategic objectives and in the delivery of sustainable, profitable growth.

Last year we reviewed and updated our Remuneration Policy to ensure alignment with Croda's evolving ambition and were pleased to receive 94% votes in favour. The Remuneration Committee is not proposing any changes to the operation of the policy in 2024, being satisfied with the outcome of the review and operation of the policy in 2023, with reward outcomes aligned with the shareholder experience.

As Chair of the Remuneration Committee, I would like to thank my colleagues for their commitment and engagement throughout the year and to welcome Chris Good as a new member of the Committee.

Remuneration out-turn for 2023

With a challenging trading environment in 2023, financial performance was weaker, with sales of £1.7bn down by 19% and adjusted operating profit of £320m down by 38%. Despite this, execution against our strategy continued, ensuring we are positioned for sustainable growth over the long term.

Under our senior annual Bonus Plan the maximum opportunity for the CEO and CFO was 175% and 150% of base salary, respectively, based on profit performance (90% weighting) and an ESG metric (10% weighting). Consistent with the approach taken in prior years, bonusable profit was adjusted for the lipid system sales for our principal COVID-19 vaccine contract. In 2023, however, profit performance was below the threshold with no annual bonus payable for this element of the award. For 2023 the ESG metric was based on safety. However, given the weakness of the overall financial performance of the Group, it was recommended by management and supported by the Committee that no annual bonus should be payable for 2023.

2023 was the year in which PSP grants made in 2021 concluded their three-year cycle and the Committee reviewed performance against targets. Over the period, Total Shareholder Return (TSR) performance (35% weighting) was (23.5)%. This placed Croda below median when compared to our bespoke comparator group and this part of the award will not vest. Earnings per Share (EPS) growth over the period (35% weighting) was achieved at just above threshold at 5.6%. Consistent with last year, EPS was adjusted for the divestment of the majority of the PTIC business.

Remuneration Committee overview

Responsibilities

The Committee determines and agrees with the Board the Company's Remuneration Policy and framework, ensuring that reward structures incentivise senior management appropriately, are aligned with Company strategy and promote the long-term success of the Company.

Key responsibilities

- Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chair, the Group Chief Executive, the Executive Directors, the Company Secretary and other members of senior management
- Ensure that the remuneration framework is aligned with the Company's strategy and promotes the long-term success of the Company, appropriately incentivising senior management and the wider workforce
- Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the Remuneration Policy for Directors
- Feedback to the Board on workforce reward, incentives and conditions in support of the Board's monitoring of whether the workforce policies and practices of the Company are aligned with its Purpose, values and strategy
- Review the ongoing appropriateness and relevance of the Remuneration Policy
- Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee and obtain reliable, up-to-date information about remuneration in other companies

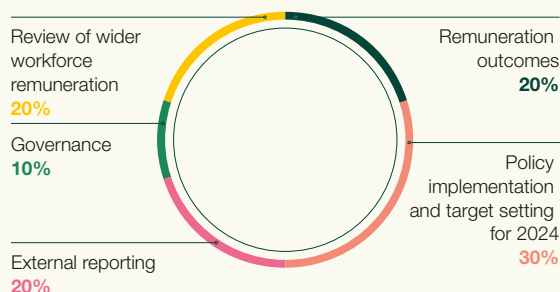
- Oversee any major changes in employee benefits structures throughout the Group.

Detailed responsibilities are set out in the Committee's terms of reference, which can be found at croda.com/en-gb/investors/governance/board-committees/remuneration-committee.

Specific focus areas in the year

- Determine remuneration outcomes for 2023, including vesting of the 2021 PSP awards
- Review of wider workforce remuneration including benefit structures
- Setting appropriate targets for the senior annual Bonus Plan and Performance Share Plan for 2024

Time allocation



New and Protected Products (NPP) growth (15% weighting) met the stretching vesting target, with NPP sales growing by 3.3 times non-NPP sales over the period and full vesting achieved for this element of the award. The 2021 PSP cycle included sustainability metrics (15% weighting), split equally between Climate Positive and Land Positive targets. The Climate Positive metric was a reduction in scope 1 emissions from a 2020 baseline of 102,750 MT. For 2023, Scope 1 emissions were 86,740 MT representing a 15.6% reduction against the baseline which results in 100% of this condition vesting. For the Land Positive element, the target was met, and full vesting was achieved.

The 2021 PSP award was subject to an Economic Value Added (EVA) underpin such that awards would be subject to a reduction (including potentially to nil) in the event that EVA had not improved over the three-year performance period. The EVA underpin was not met and the Committee therefore considered an appropriate reduction.

As part of these deliberations the Committee also took into account the Discretion Framework where a range of factors are considered to ensure payout is consistent with and reflective of overall performance over the period. One consideration made, as part of the Discretion Framework, was that the outturn against emissions targets had benefitted from the lower volumes in the year. More details of all the considerations taken into account are set out on page 122. Taking into account the EVA underpin alongside the Discretionary Framework the Committee determined that the overall vesting of the PSP would be reduced by 10%. The resultant overall PSP vesting was 37.1% of the total award.

Performance framework for 2024

Croda's strategy continues to focus on delivering sustainable, profitable growth by providing innovative and sustainable solutions to our customers. This is consistent with our Purpose, Smart science to improve lives™, with our remuneration framework therefore underpinning our Purpose through performance measures and stretching targets.

For 2024, the senior annual Bonus Plan will continue to be based on a profit performance metric (90% of the total award) and an ESG metric (10% of the total award). The ESG metric was introduced into the senior annual Bonus Plan as part of the policy review in 2023 and the focus of this metric varies each year, adapting to our evolving priorities in this area. For 2024 the focus will continue to be based on safety, building on the work done in 2023 to support the embedding of SHE as a Value through the entire workforce.

The PSP performance framework is unchanged in substance and will continue to include EPS growth (35% of the award), relative TSR (35% of the award) and NPP and sustainability targets (30% of the award). The NPP element (15% of total award) incentivises innovation based on NPP revenue, being revenue from those products that will drive our future growth. Innovating sustainably is core to Croda's success, and we continue to focus management on the delivery of this. The sustainability element (15% of total award) will be focused on our 'Climate Positive' sustainability commitments, which for this award will include scope 3 emissions targets as well as competency-building on scope 3 through our organisation. It is only through continued innovation and collaboration, that we can reduce scope 3 emissions

Remuneration Committee report continued

across the full life cycle of our customers' products, and ultimately achieve our ambition to be 'Climate Positive'.

In line with normal practice, the Committee reviewed targets ahead of 2024. Targets for our senior annual Bonus Plan continue to be set using a consistent and distinctive framework, focused on year-on-year growth in Bonusable Profit. Bonusable Profit is an established performance measure at Croda, which has been used for many years and is focused on operational profitability based on Group EBITDA.

For the PSP award to be granted in 2024, the Committee considered share price performance over last year, recognising the impact of the challenging macroeconomic environment. Performance is always considered holistically; each year the Committee applies our comprehensive Discretion Framework to satisfy itself that the outcome in terms of primary performance metrics has not been to the detriment of other measures of corporate performance. The Committee will review vesting outcomes against this Discretion Framework, with particular attention paid to share price performance to ensure Executive Directors do not benefit from any windfall gains. In addition to this we also have ROIC as an underpin in our PSP recognising that long-term ROIC performance continues to be a key focus for the business. The ROIC underpin, which is discretionary, has been revised for 2024 taking into account the current market environment. Safety also continues to be a specific underpin in our senior annual Bonus Plan.

Salaries for 2024

For 2024, there will be a general increase to salaries for UK employees of 3%. The Committee reviewed the salaries of our Executive Directors and determined that an increase of 3% would be awarded in line with that of the UK workforce.

Board changes

Danuta Gray will join the Board with effect from 1 February 2024 and will succeed Anita as Chair at the conclusion of the Company's AGM on 24 April 2024. Anita Frew will then retire from the Board after nine years as Croda's Chair.

In anticipation of the appointment of a new Chair, the Committee instigated a review of the Chair fees recognising that in the nine years since Anita's appointment, Croda has grown in size and complexity to become an established FTSE 100 company. This review, which was supported by Deloitte, also included an extensive review of the market to consider what other similar sized organisations paid in order to attract the desired skills and experience to lead an increasingly diverse and international business. It was ultimately determined that the fee for the new Chair would be set at £425,000. The Committee also determined that it would be appropriate for this fee to apply for Anita, as the current Chair, from 1 January 2024 for the remainder of her tenure.

Louisa Burdett, Chief Financial Officer, will leave Croda in June 2024 and the Board has commenced a search for her successor.

Remuneration arrangements for Louisa Burdett have been managed in line with the Remuneration Policy and the proposed approach is in line with the approach that would be taken for other UK employees on giving notice. While Louisa remained eligible for an annual bonus for 2023, as discussed above, no annual bonus will be payable to all executives reflecting Croda's financial out-turn in the year. For 2024, she will receive a 3% salary increase, in line with the normal approach for UK employees that have given notice but will remain employed for part of the year, but will not be eligible for an annual bonus or PSP award. Further, all outstanding PSP awards will lapse.

Consideration of wider workforce and alignment of reward across the organisation

Our approach to workforce reward forms an important part of Croda's philosophy and culture. One of the principles of Croda's culture is to drive 'One Croda', and therefore many of the remuneration structures

that apply to the Executive Directors also apply further in the global organisation. The key difference being that remuneration for Executive Directors is more heavily weighted towards variable pay and share ownership. Highlights of our approach to workforce pay include:

- Our commitment to paying a Global Living Wage – in 2021 Croda established a Living Wage in each of the countries in which it operates and ensured that all employees receive this as a minimum. In 2023, we made progress in receiving certification from the Fair Wage Network (FWN), we expect to be able to confirm this by the end of the first quarter of 2024.
- Sharing of success with employees – achieved through the operation of various all-employee share plans, including our Free Share Plan which was introduced in 2021. We are pleased that workforce participation in these plans remains consistently strong year-on-year and allows our employees to become shareholders in the business.
- Generous and inclusive benefits – our holistic health and wellbeing benefit offering, which was enhanced in response to the cost-of-living crisis, is highly valued across the workforce. In addition, our CARE defined benefit pension, which applies across our entire UK workforce, is a generous and inclusive benefit.

In line with our 'One Croda' culture, our senior leaders all share the same performance metrics for the senior annual Bonus Plan and PSP. Around 550 employees participate in the senior annual Bonus Plan and 65 of these are also in the PSP. We believe that this focuses our leadership on working together globally to deliver the best overall outcome for our customers and, in turn, our shareholders and other stakeholders.

Workforce engagement

Over the last two years, we have established a regular engagement programme to gain insight from employees across the Group. Through surveys, listening groups, site visits and a dedicated email, all Croda colleagues can give their feedback directly so we can better understand how they are feeling about certain areas of business.

Through the Purpose and Sustainability Commitment (PSC) survey, we have gained valuable feedback on how changes to reward in each location and support offered with cost-of-living have been positively received, a direct impact of last year's Remuneration Committee review.

We were also happy to see that questions related to wellbeing and safety have seen an uplift in the number of positive responses, building on the great work to truly embed safety as a value in the organisation that has taken place in 2023.

We continue to operate a dedicated email address so that employees can send questions or comments direct to the Remuneration Committee Chair.

Looking ahead

We remain confident that the Remuneration Policy that was approved in 2023 will continue to serve us well over the next two years and are not proposing any changes to its operation for 2024.

Going forward, we will continue to seek out opportunities to further enhance the remuneration approach at Croda, considering advice from our investors and other stakeholders such as listening groups with our employees. We remain committed to ensuring that our remuneration framework reflects the evolving needs of all of our stakeholders and the communities in which we operate.



Jacqui Ferguson
Remuneration Committee Chair

B. 2023 Remuneration at a glance

How we performed in 2023

Adjusted operating profit

**(37.9)% to
£320m**

Adjusted basic EPS

**(38.4)% to
167.6p**

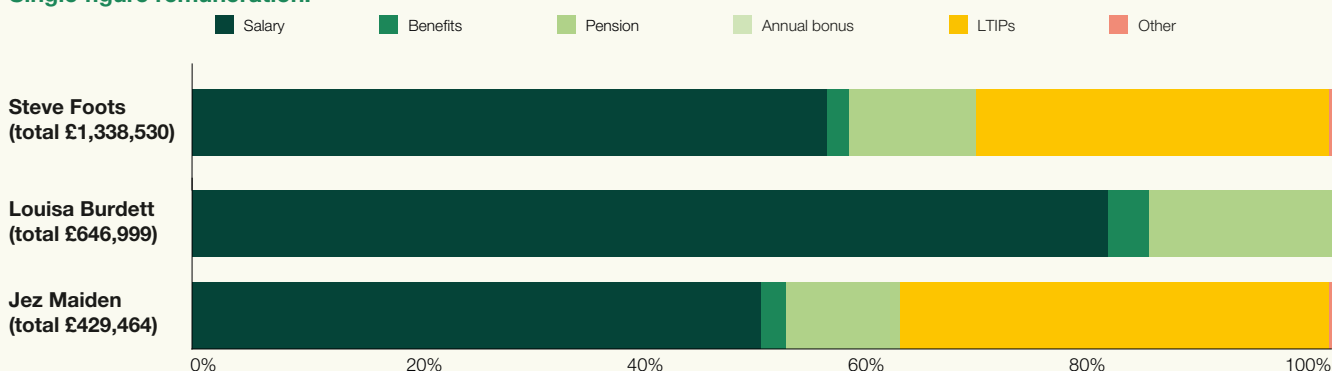
NPP (constant currency)

33.5%
of Group sales

Total Shareholder Return

(23.5)%
over the three-year PSP
performance period
(1 January 2021 to
31 December 2023)

Single figure remuneration:



Operation of our policy in 2023

Key component	Feature	Group Chief Executive (CEO) – Steve Foots	Chief Financial Officer (CFO) – Louisa Burdett	Group Finance Director (GFD) – Jez Maiden															
Basic salary	Competitive package to attract and retain high calibre executives.	£745,116	£520,000	£214,114															
Annual bonus	Incentivise delivery of strategic plan, targets set in line with Group KPIs.	£0	£0	£0															
	<table border="1"> <thead> <tr> <th></th> <th>Threshold</th> <th>Maximum</th> <th>Actual</th> <th>% payout</th> </tr> </thead> <tbody> <tr> <td>Bonusable Profit (90%) See page 111 for definition of Bonusable Profit.</td> <td>2022 actual</td> <td>2022 actual plus 10%</td> <td>Below 2022 actual</td> <td>0%</td> </tr> <tr> <td>ESG metric (10%)</td> <td colspan="2">Payout determined by the extent to which the eligible population complete three specific safety related tasks.</td> <td>Safety training completed at 98%, with continued reporting of progress on other safety tasks</td> <td></td> </tr> </tbody> </table>		Threshold	Maximum	Actual	% payout	Bonusable Profit (90%) See page 111 for definition of Bonusable Profit.	2022 actual	2022 actual plus 10%	Below 2022 actual	0%	ESG metric (10%)	Payout determined by the extent to which the eligible population complete three specific safety related tasks.		Safety training completed at 98%, with continued reporting of progress on other safety tasks				
	Threshold	Maximum	Actual	% payout															
Bonusable Profit (90%) See page 111 for definition of Bonusable Profit.	2022 actual	2022 actual plus 10%	Below 2022 actual	0%															
ESG metric (10%)	Payout determined by the extent to which the eligible population complete three specific safety related tasks.		Safety training completed at 98%, with continued reporting of progress on other safety tasks																
	Notwithstanding the out-turn in relation to the safety measure, considering the overall financial performance in the year, it was recommended by management and supported by the Committee that no annual bonus would be payable for 2023. 0% of maximum bonus paid																		
Deferred element of bonus	Compulsory deferral of one third of bonus into shares with three-year holding period to align with long-term business performance.	£0	£0	£0															

Remuneration Committee report continued

Key component	Feature	Group Chief Executive (CEO) – Steve Foots	Chief Financial Officer (CFO) – Louisa Burdett	Group Finance Director (GFD) – Jez Maiden				
PSP	Incentivise execution of the business strategy over the long term measuring profit, shareholder value, innovation and sustainability.	£415,186	£0	£161,996				
	Vesting of the 2021 PSP award							
					Threshold	Maximum	Actual	% payout
	EPS ¹ (35%)				5%	11%	5.6%	32%
	TSR (35%)				Median	Upper Quartile (UQ)	Below Median	0%
	NPP ² (15%)				NPP sales growth to be at least twice non-NPP sales.	3.3x	100%	
	Sustainability metric 1 - Climate Positive (7.5%)				A reduction target specifically aimed at Scope 1 emissions and aligned with our external commitment to achieve a Science Based Target (SBT) in line with a 1.5°C pathway. Over the three-year PSP performance period the target is a 12.6% reduction (average of 4.2% per year) compared to verified emissions ³ in 2020 with any award paid in defined ranges between: <ul style="list-style-type: none"> a reduction of 12.6% and above award of 7.5% (max) a reduction of 6.2% and below no award (0%). 	15.6% reduction	100%	
	Sustainability metric 2 - Land Positive (7.5%)				Our key target for 2030 is that we will save more land than we use. For the three-year PSP performance period we have set annual targets for Land Area saved, with a target in 2023 of 56,750 ha of additional land saved over that in the 2019 baseline year with any award paid in defined ranges between: <ul style="list-style-type: none"> 56,750 ha or above award of 7.5% (maximum) below 35,600 ha no award (0%). 	58,815 ha additional land saved	100%	
	Overall outcome (before consideration of EVA underpin and Discretion Framework)				41.2%			
	Adjustment - EVA underpin ⁴ and Discretion Framework				(10)%			
Final vesting outcome	37.1%							
	<ol style="list-style-type: none"> EPS growth p.a. is calculated on a simple average basis over the three-year period. The calculation of the EPS growth has been adjusted for the divestment of the majority of the PTIC business. Subject to a minimum average of 3% growth per year and overall positive Group profit growth. Emissions in 2020 were independently verified by Avieco. EVA underpin applied across the whole PSP award, requiring an improvement in EVA over the three-year performance period. 							
Pension	Pension benefits are either a capped career average defined benefit pension plan with a cash supplement above the cap, or a cash supplement. For 2023, cash allowance of up to 20% of salary, in line with the UK workforce.	£149,023	£104,000	£42,823				
Shareholding requirements	Share ownership guideline to ensure material personal stake in business.	CEO – 250% of salary CFO – 200% of salary GFD – 175% of salary	>250% of salary <200% of salary	>175% of salary				

The single figure remuneration also includes all benefits. For a full breakdown of the Executive Directors' remuneration for 2023 please see page 120.

C. Report of the Remuneration Committee

Summary of Remuneration Policy and implementation for the year ending 31 December 2024

Key component	Implementation in 2024												
Basic salary	<p>Executive Directors' base salaries were reviewed during the final quarter of the financial year ended 31 December 2023. Salaries for 2024 were increased by 3% in line with the general increase for our UK employees. Salaries for 2024 are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Salary at Jan 2024</th> <th>Salary at Jan 2023</th> <th>% Increase</th> </tr> </thead> <tbody> <tr> <td>Steve Foots</td> <td>£767,469</td> <td>£745,116</td> <td>3%</td> </tr> <tr> <td>Louisa Burdett</td> <td>£535,600</td> <td>£520,000</td> <td>3%</td> </tr> </tbody> </table>		Salary at Jan 2024	Salary at Jan 2023	% Increase	Steve Foots	£767,469	£745,116	3%	Louisa Burdett	£535,600	£520,000	3%
	Salary at Jan 2024	Salary at Jan 2023	% Increase										
Steve Foots	£767,469	£745,116	3%										
Louisa Burdett	£535,600	£520,000	3%										
Pension	20% of salary as pension supplement aligned to UK workforce.												
Other benefits	Other benefits such as company cars or car allowances, fuel and travel allowances and health benefits are made available to Executive Directors.												
Performance-related Annual Bonus Plan	<p>Steve Foots - 175% of salary Louisa Burdett - not eligible for 2024 (normal opportunity maximum for other Executive Directors is 150% of salary)*</p> <p>Underlying profitability for the performance-related Annual Bonus Plan ("Bonusable Profit") is based on Group EBITDA for continuing operations before exceptional items, less a notional interest charge on working capital employed during the year. The targets for the awards are set out below:</p> <table border="1"> <thead> <tr> <th>Performance measure (weighting)</th> <th>Threshold</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Bonusable Profit** (90%)</td> <td>Equivalent to 2023 actual</td> <td>2023 actual plus 10%</td> </tr> <tr> <td>ESG metric (10%)</td> <td colspan="2"> <p>The proposed safety measure for 2024 is in relation to the whole population of eligible employees (c.550 employees), and the extent to which the population:</p> <ol style="list-style-type: none"> 1. Agree a quarterly communication (SAY) and engagement plan (DO) for their team and peers. All leaders to set quarterly targets and capture progress in Croda's global human resources information system (HRIS). Achievement is recorded via the employees end of year appraisal. 90% of the cohort must achieve by year end for this element to be considered complete. 2. Measure workforce engagement through a 'Safety is a Value' survey. Based on Croda's current 'Pulse' Survey which currently has around a 70% response rate globally we will launch a 'Safety is a Value' survey which must receive a 70% response rate across the whole organisation by year end for this element to be considered as complete. 3. Identify measures of success for their team and demonstrate achievement at year end. All leaders must capture their objective in Croda's global HRIS. Achievement is recorded via the employees end of year appraisal. 90% of the cohort must achieve by year end for this element to be considered complete. <p>Two of the elements must be considered complete for a 5% payout. All of the elements must be considered complete for the full 10% to be payable.</p> </td> </tr> </tbody> </table>	Performance measure (weighting)	Threshold	Maximum	Bonusable Profit** (90%)	Equivalent to 2023 actual	2023 actual plus 10%	ESG metric (10%)	<p>The proposed safety measure for 2024 is in relation to the whole population of eligible employees (c.550 employees), and the extent to which the population:</p> <ol style="list-style-type: none"> 1. Agree a quarterly communication (SAY) and engagement plan (DO) for their team and peers. All leaders to set quarterly targets and capture progress in Croda's global human resources information system (HRIS). Achievement is recorded via the employees end of year appraisal. 90% of the cohort must achieve by year end for this element to be considered complete. 2. Measure workforce engagement through a 'Safety is a Value' survey. Based on Croda's current 'Pulse' Survey which currently has around a 70% response rate globally we will launch a 'Safety is a Value' survey which must receive a 70% response rate across the whole organisation by year end for this element to be considered as complete. 3. Identify measures of success for their team and demonstrate achievement at year end. All leaders must capture their objective in Croda's global HRIS. Achievement is recorded via the employees end of year appraisal. 90% of the cohort must achieve by year end for this element to be considered complete. <p>Two of the elements must be considered complete for a 5% payout. All of the elements must be considered complete for the full 10% to be payable.</p>				
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	<p>* In line with the bonus plan rules Louisa Burdett will not receive a bonus award due to her planned resignation.</p> <p>** The Bonusable Profit target is measured on a constant currency basis, excludes any charges or credits under IFRS 2 Share-based Payments, and is after the cost of bonuses. For 2024, and consistent with prior years, the calculation is adjusted for the lipid system sales for the principal Covid-19 vaccine contract.</p>												
Commentary	<ul style="list-style-type: none"> • No change in opportunity levels or the balance of performance measures. • When determining bonus outcomes, the Committee applies the Discretion Framework which includes a range of factors, see page 114. • The Committee remains comfortable that the structure of the senior annual Bonus Plan does not encourage inappropriate risk-taking and that the mandatory deferral of one third of bonus into shares for a three-year period provides clear alignment with shareholders and fosters a longer-term link between annual performance and reward. • Malus and clawback provisions apply. • Full retrospective disclosure of targets and actual performance against these will be made in next year's Annual Report on Remuneration. • The Committee considers the targets set for 2024 to be at least as demanding as in previous years and were set after taking due account of the Company's commercial circumstances and the current market environment. 												

Remuneration Committee report continued

Key component	Implementation in 2024									
Performance Share Plan	Steve Foots - 250% of salary Louisa Burdett - not eligible for 2024 (normal opportunity maximum for other Executive Directors is 200% of salary)									
	The targets for the awards are set out below:									
	<table border="1"> <thead> <tr> <th>Performance measure (weighting)</th> <th>Threshold vesting</th> <th>Maximum vesting</th> </tr> </thead> <tbody> <tr> <td>EPS¹ (35%)</td> <td>5% p.a.</td> <td>11% p.a.</td> </tr> <tr> <td>TSR² (35%)</td> <td>Median</td> <td>Upper quartile</td> </tr> </tbody> </table>	Performance measure (weighting)	Threshold vesting	Maximum vesting	EPS ¹ (35%)	5% p.a.	11% p.a.	TSR ² (35%)	Median	Upper quartile
Performance measure (weighting)	Threshold vesting	Maximum vesting								
EPS ¹ (35%)	5% p.a.	11% p.a.								
TSR ² (35%)	Median	Upper quartile								
	<p>NPP (15%)</p> <p>Subject to overall positive Group profit growth and a minimum average of 3% NPP growth per year (25% vesting), with payments being made on a sliding scale up to 7% growth per year (maximum vesting).</p>									
	<p>Sustainability metrics (15%)</p> <p>Climate Positive – Two independent targets specifically focused on our upstream Scope 3 emissions:</p> <p>1. Scope 3 emissions (10%) – Delivery of absolute upstream Scope 3 emissions reductions. A reduction in upstream Scope 3 emissions aligned with our Science Based Target (SBT) trajectory from a 831,250 Mt CO₂e adjusted baseline³ by end 2026, equating to an absolute reduction of 52,134Mt.</p> <p>100% payout (10%) would be achieved if upstream Scope 3 emissions were reduced in line with or above target.</p> <p>50% payout (5%) would be achieved if upstream Scope 3 emissions were reduced by 30,000Mt.</p> <p>2. Scope 3 competency build (5%) – Target focused on competence building on Scope 3 to ensure all leaders have knowledge and skills applicable to Croda and to the key frameworks and standards used, and are accountable for ensuring the enablers are in place to support delivery of our Scope 3 reduction target.</p> <p>100% payout (5%) would be achieved if 98% of all relevant⁴ leaders and employees (c.550 individuals in total) complete the pre-set relevant training modules as part of the Sustainability Academy by the end of 2026.</p> <p>50% payout (2.5%) would be achieved if 95% of all relevant leaders and employees complete the pre-set relevant training modules.</p>									
	<p>Awards will be subject to a ROIC underpin such that vesting is subject to satisfactory ROIC performance over the three-year performance period, as determined by the Committee. In determining whether the underpin has been met, the Committee will consider a range of factors including, but not limited to, the intended time horizons for returns on capital deployed, and Croda's long-term ROIC objective. In circumstances where the underpin is not met, the Committee may consider, in its absolute discretion, whether to reduce or cancel the vesting of awards.</p>									
	<p>1. EPS growth p.a. is calculated on a simple average basis over the three-year period and therefore growth of 33% or more over three years is required for maximum vesting.</p> <p>2. TSR group: Akzo Nobel, Ashland, Avantor, BASF, Catalent, Chr. Hansen, Clariant, Elementis, Evonik, Givaudan, IFF, Johnson Matthey, Kerry, DSM-Firmenich, Lonza, Merck, Novozymes, Syngro, Symrise, Synthomer, Tate & Lyle and Victrex</p> <p>3. Adjusted baseline is the three-year average Scope 3 emissions from 2021 to 2023.</p> <p>4. Scope 3 emission reduction affects Croda's entire value chain, from the sourcing of ingredients to the processing and formulation of products, and the delivery and engagement with customers and markets, as well as the management and disclosure of the relevant data. Therefore many different functions need to be involved, at different levels, across both businesses, including senior leadership teams.</p>									
	<p>Commentary</p> <ul style="list-style-type: none"> • Louisa Burdett will not receive an award in 2024 due to her planned resignation. • Performance period 1 January 2024 to 31 December 2026. • An additional two-year holding period will apply for any shares vesting. • Malus and clawback provisions apply. • No change to the balance of NPP and sustainability metrics from last year. NPP and sustainability targets remain equally weighted at 15% of the total PSP. Sustainability targets aligned to key 2030 sustainability ambitions. • When assessing outcomes, the Committee applies the Discretion Framework which considers, for example, the management of EVA and ROIC, health and safety and sales growth and may adjust awards if it considers appropriate. The specific ROIC underpin has been revised for 2024 taking into account the current market environment. • Considering the share price performance over the last year, the Committee will review awards on vesting to ensure that participants do not benefit from any windfall gains arising. 									
Shareholding guidelines	<p>Chief Executive Officer – 250% of salary Chief Financial Officer – 200% of salary</p> <p>Post-employment shareholding guidelines also apply for two years after leaving employment. These are set at 100% of the in-employment guideline.</p>									

How our reward strategy aligns to and supports the delivery of our business strategy

Over the last three years we have accelerated key elements of our strategy to transition to a dedicated Consumer Care and Life Sciences company. Across these markets, innovation and sustainability will be the core drivers of our future growth.

In developing and implementing our Remuneration Policy the Committee has been mindful to ensure that every element of reward directly aligns to our strategy, ensuring we provide and protect long-term shareholder value.

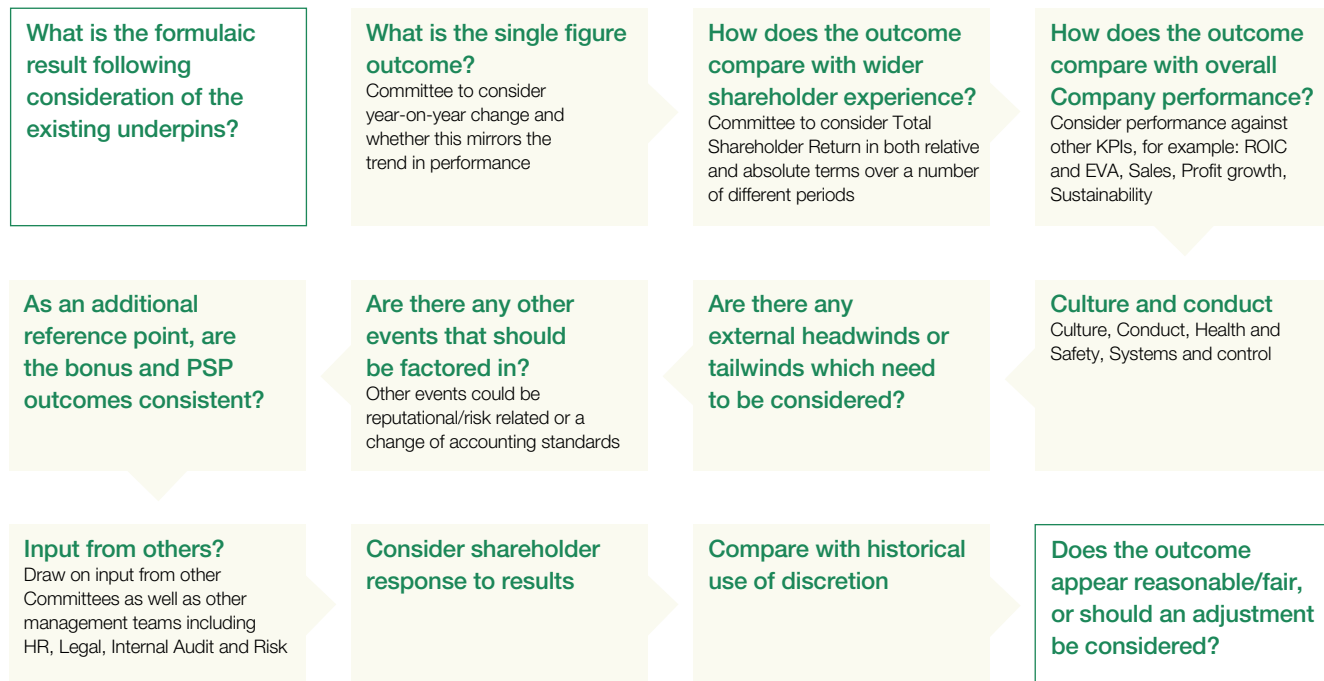
Element of reward	Link to strategy	Sustainability	Innovation	Growth	Long-term shareholder value
Senior annual Bonus Plan					
Profit	Clear and simple measure that supports our strategic objective of consistent bottom-line growth. One third of awards are deferred, further protecting shareholder value.			✓	✓
Sustainability	Sustainability is at the centre of Croda's strategy and our senior annual Bonus Plan includes an ESG metric. One third of awards are deferred, further protecting shareholder value.	✓			✓
Performance Share Plan					
Earnings per share (EPS)	A measure of earnings growth over a three-year period recognising that sustained growth can only come through relentless innovation.		✓	✓	✓
Total Shareholder Return (TSR)	Measured against our peers, a key indicator of long-term growth and shareholder value.		✓	✓	✓
New & Protected Products (NPP)	An established measure of innovation, the metric is growth of NPP, those products rewarding growth that is driven by innovation.	✓	✓	✓	✓
Sustainability	Since 2020 we have incorporated sustainability metrics directly linked to our ambitions to be Climate, Land and People Positive by 2030.	✓	✓	✓	✓
Underpins & Discretion Framework					
Safety, health and environment (SHE)	The SHE underpins ensure that rewards are not made at the expense of the safety, health and environment of our employees or the communities that we serve.	✓			✓
Financial underpins	The financial underpins, including ROIC and our broader Discretion Framework, ensure that reward reflects the overall financial health of the business.			✓	✓
Culture and ethics	The culture and ethics underpin ensures that reward reflects strong governance and the experience of all our stakeholders.	✓			✓
Other features					
Holding periods	Extends the period to five years before shares are released, further protecting shareholder value.				✓
Shareholding requirements	Ensures that our Executives' interests are aligned to shareholders.				✓
Malus and clawback	Allows incentive awards to be clawed back or reduced in the event of significant financial or personal misconduct.				✓

Remuneration Committee report continued

Our Discretion Framework

To enhance the rigour with which performance is reviewed the Committee has adopted a Discretion Framework which it applies when assessing bonus and long-term incentive plan outcomes.

As with all Board/Committee decisions (in line with section 172) we also reflect on the experience of all our stakeholders throughout the course of the plan periods.



How our Remuneration Policy reflects the UK Corporate Governance Code

When developing the Remuneration Policy, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following factors:

Factors	How these are addressed
Clarity	Our commitment to openness and transparency is reflected in our reward principles. The Committee is committed to providing open and transparent disclosure on executive remuneration for our stakeholders. Our arrangements are clearly disclosed and any changes to our Remuneration Policy and its operation are highlighted in a way that defines their alignment to both our strategic ambitions as well as the provisions of the UK Corporate Governance Code.
Simplicity	Our executive remuneration arrangements, as well as those throughout the global organisation, are simple in nature and well understood by both participants and shareholders. Our senior annual Bonus Plan, in which around 550 of our global employees participate, is primarily based on a single profit metric, with a simple key requirement that no bonus can be paid for this element until the previous year's profit is exceeded.
Risk	The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking. Performance is based on a balance of metrics which also reflect our broader stakeholders, for example inclusion of sustainability targets and health and safety underpins. We then take a holistic assessment of performance using our Discretion Framework. Annual bonus deferral, the PSP holding period and our shareholding guidelines provide a clear link to the ongoing performance of the business as well as alignment with shareholders. Executives will be rewarded for sustainable long-term shareholder return. Malus and clawback provisions also apply for both the senior annual Bonus Plan and PSP.
Predictability	Our Remuneration Policy contains details of maximum opportunity levels for each component of pay, with actual incentive outcomes varying depending on the level of performance achieved against specific measures.
Proportionality	Our Remuneration Policy directly aligns to our strategy and financial performance. The Committee considers performance from a range of perspectives. Poor financial performance is not rewarded.
Alignment to culture	Alignment to our 'One Croda' culture is clearly established in our Remuneration Policy. Our senior annual Bonus Plan has the same metrics for all participants. Our PSP metrics, and from 2023 our senior annual Bonus Plan ESG metric, reflect our commitment to sustainability. Pensions are also aligned across the workforce.

Workforce remuneration at Croda

Highlights of our approach

<p>'One Croda' culture Alignment of remuneration structure across our workforce</p>	<p>Sharing of success with employees Under the Free Share Plan, all eligible employees are gifted an award of Croda shares when the senior annual Bonus Plan pays out</p>	<p>Continued high participation in all employee share plans</p>	<p>Living Wage employer Croda pays a 'Living Wage' globally</p>
<p>CARE pension in the UK Applies across our entire UK workforce and is a generous and inclusive benefit</p>	<p>Workforce engagement on executive remuneration</p>	<p>Holistic health and wellbeing benefit offering We recently enhanced health care benefits for UK employees</p>	<p>Fair Wage Network In 2023 we made progress in gaining certification from the Fair Wage Network. We expect to be able to confirm this by the end of the first quarter of 2024.</p>

Workforce engagement

We continue to develop our approach to workforce engagement. We believe it is important to our culture and our values to have an active dialogue with employees on topics such as reward, recognition, motivation, wellbeing, safety, and inclusion. A summary of engagement activities undertaken to date is as follows:

<p>Reward principles</p>	<p>Our reward principles, which were developed and approved during 2019, guide the way we recognise and remunerate all our global employees. These principles focus on total reward including intangible rewards and were strongly influenced by the results of our previous Global Employee Survey. These have been shared across the organisation.</p>
<p>Employee pulse surveys</p>	<p>In 2023 a number of pulse surveys covering a range of topics, including culture and reward, were undertaken and findings were shared with the Board, management and employees to help guide decisions.</p>
<p>Listening groups</p>	<p>During 2023 the Chair of the Board and other Non-Executive Directors attended listening groups to better understand how employees felt on a range of different topics, including reward.</p>
<p>Dedicated email to Chair of Committee</p>	<p>A dedicated email address has been established for employees to send comments or questions to the Chair of the Remuneration Committee.</p>
<p>Overview of pay and policy decisions</p>	<p>Committee members are updated annually on global employees' terms and conditions and are made aware of any significant changes to policies and other pay-related matters.</p>

Remuneration Committee report continued

How our Remuneration Policy relates to reward in the wider employee context

When making decisions about executive remuneration the Committee considers the pay and reward structures across the business. Annually, the President Human Resources provides the Committee with a review of workforce remuneration, and the Committee is updated periodically on any feedback received on remuneration practices across the Group.

One of the principles of Croda's culture is to drive 'One Croda', therefore, many of the remuneration structures that apply to Executives also apply further in the global organisation, as set out in the table below. The key difference between the policy for Executive Directors compared to other employees is that remuneration for Executive Directors is more heavily weighted towards variable pay and share ownership.

Remuneration element	Who participates?	Details
Base salary	All employees	Pay is set in line with the market and closely monitored. Any comparator group used as a reference point is country and/or industry specific. We pay a 'Living Wage' globally.
Annual bonus	Executive Directors, Executive Committee, senior leaders and senior managers (c.550 employees globally)	Consistent senior annual Bonus Plan aligned to increase in annual profit and ESG priorities. Operates across the most senior global grades on a tiered basis from 175% of salary to 22% of salary. Deferral applies for Executive Directors and members of the Executive Committee.
	All other employees	Local schemes apply in many locations.
Free Share Plan	All employees who do not participate in the senior annual Bonus Plan (c.5,200 employees globally)	An award of free shares or the cash equivalent if the senior annual Bonus Plan pays out. For 2023 as the senior annual Bonus Plan did not payout there was no Free Share Plan award.
Performance Share Plan	Executive Directors, Executive Committee and senior leaders (c.65 employees globally)	Consistent PSP based on EPS, TSR and sustainability metrics, including NPP. Operates across the most senior global grades on a tiered basis from 250% of salary to 30% of salary.
Restricted Share Plan (RSP)	Selected employees generally not eligible for PSP	Discretionary awards can be granted annually to selected employees to reward exemplary performance.
All-employee share plans¹	All employees	Employees can participate in our global Sharesave Scheme, subject to qualifying service, allowing everyone to save monthly and purchase discounted shares.
Pension (UK only)²	All employees	Defined benefit plan based on career average salary plus 20% cash supplement paid for salaries above the cap or to employees who are tax limited and have opted out of the pension scheme.
Healthcare (UK only)³	All employees	All UK based employees benefit from membership of Bupa private healthcare provided free of charge for employees and subsidised for family members. In addition, employees are provided with triennial health assessments also with Bupa.

1. Sharesave or similar schemes are provided where local social security laws allow.

2. Other pension arrangements, aligned to local practice and legislation, are available in many of our locations.

3. A range of health care benefits are also available in many of our locations globally.

Sharing success across the business

The Committee believes in sharing success across the business and extending share ownership more widely across our employee base. This is promoted through the operation of our 'Free Share Plan' and a number of all-employee share schemes.

Free Share Plan

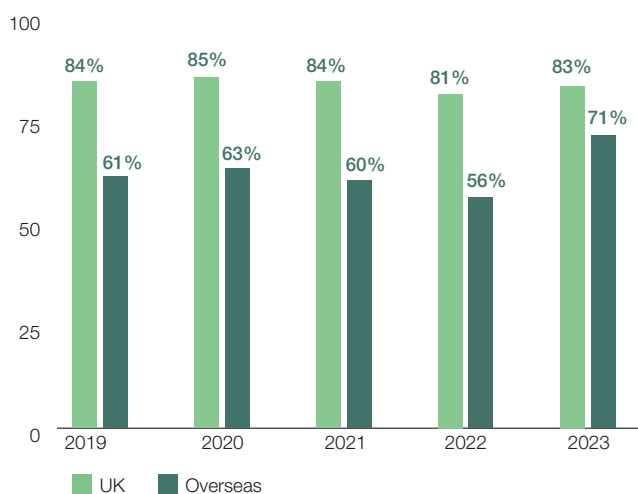
In 2021 we launched the 'Free Share Plan'. Under this new plan, all employees globally who are not eligible for the senior annual Bonus Plan are gifted Croda shares (or the cash equivalent) if the senior annual Bonus Plan pays out. Unlike other elements of remuneration this award is not set as a multiple of salary, instead it rewards all eligible employees at the same value.

The Free Share Plan was developed in response to findings from the Global Reward Survey in 2020 and aims to share success more widely across the business and encourage share ownership.

As the senior annual Bonus Plan did not pay out for 2023, no award was made under the Free Share Plan.

All-employee share plans

Workforce participation in these plans has remained consistently strong and is driven by our culture of employees feeling a strong loyalty to the business.



Living Wage

We were pleased to announce in 2018 that we gained accreditation in the UK as a Living Wage Employer from the Living Wage Foundation. In 2024, we will continue to ensure that all our UK employees and regular contractors are paid at, or above, the rates advised by the Living Wage Foundation.

In addition, the business continues to pursue its Global Living Wage target, one of our sustainability KPIs linked to the UN SDGs. In 2020 we forged a partnership with the Fair Wage Network (FWN) to establish, using an independent and economically rigorous methodology, Living Wage levels across the world. In 2021, we compared our global wage levels to Living Wage comparators provided by the FWN and made all necessary adjustments to ensure that all our employees are now paid a Living Wage at a minimum.

We reviewed our Living Wage levels in 2023 and made any adjustments necessary in order to continue paying a Living Wage to all employees. Through 2023 we made good progress in gaining accreditation for our work from the Fair Wage Network and expect to be able to confirm this by the end of the first quarter of 2024. In 2022 we also began the process of ensuring all our regular contractors are paid a Living Wage and plan to achieve this milestone by the end of 2024.

More than just pay

Our employees and our culture remain central to the continued success of Croda. We have continued to enhance our offering of activities available to employees, including:

- We are proud of the training and development that we provide for employees and have set a target of ensuring all employees receive at least one week of training a year by the end of 2025. In 2023, our employees undertook over 197,000 hours of training with the average number of hours an employee completed being 34 hours.
- In 2021 we relaunched and redesigned our core company development programmes for senior leaders and future leaders with our values at their heart. 2023 was the second year many of these programmes were able to run and all programmes have been positively received by employees.
- In 2021 we also launched an inclusion-based global leadership programme, Phoenix Rising. In 2023, we invited a third cohort to begin this programme, with participants joining from all over the world, and invited the participants from 2021 and 2022 cohorts to meet at a week-long "Phoenix Rising Unites" learning event. We also ran a series of leadership webinars on diversity & inclusive leadership.
- Each of our sites is tasked with ensuring at least four health and wellbeing events are run per year, with many sites running significantly more than this. We also continued with Employee Assistance Programmes in many of our countries.

See pages 16 & 17 for further information on our culture including details on how we approach the recruitment, development and training of our workforce.

Remuneration Committee report continued

Other disclosures

UK gender pay gap

The table below shows a summary of the gender pay gap for UK employees of Croda Europe Ltd:

	2019	2020	2021	2022	2023
Mean pay gap	27.1%	18.7%	17.7%	7.2%	7.9%
Median pay gap	23.9%	19.2%	21.1%	15.7%	12.1%
Mean bonus gap	67.1%	64.4%	62.6%	23.3%	3.2%
Median bonus gap*	33.4%	0%	0%	29.9%	17.3%

* The senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme did not pay out for 2019 (payable in 2020) or 2020 (payable in 2021). A small number of employees received a sales bonus but the median bonus for both female and male employees was zero giving a median bonus gap of 0%.

We are confident that our gender pay gap is not an equal pay issue but is a result of a lack of female representation across our business at senior levels and particularly in production roles which represent the bulk of the workforce between the 25th and 75th percentile. Addressing this issue will require a long-term approach but we have already begun work to increase the number of females working in production and in senior positions.

Over 2023 42% of hires and promotions to leadership positions were female, with the number of women in leadership positions now at 39% (2022: 38%).

Other actions taken to address the gender pay gap include:

- Ensuring balanced shortlists for all appointments where possible with a target of having 80% of shortlists gender balanced.
- Further improving our talent and succession planning processes to help identify and nurture talent early in their career.
- Ensuring that our global talent development programmes continue to have a gender-balanced mix of participants.
- Supporting female leaders in their development, offering attendance on programmes such as Solaris, a women's executive leadership development programme for women specifically of Black heritage.
- Finding ways to reduce shift work (especially night work) and to examine the feasibility of part-time and job share arrangements in our production facilities.
- Continuing to invest in our STEM activities to encourage a wide range of applicants to apply for roles in our business.

More information is available on the Croda website.

UK CEO pay ratio

The table below sets out the ratio of the CEO's 'single figure' total remuneration to the 25th, 50th and 75th percentile full-time equivalent total remuneration of the Company's UK employees. The pay ratios are calculated on a Group-wide basis by reference to UK employees only.

Under the regulations, there are three methodologies that companies can choose to report their pay ratio, known as Option A, B and C. For 2023 we have chosen to continue to use the Government's preferred option, Option A. Using this methodology, we have determined the full-time equivalent total remuneration for all UK employees and have ranked this data to identify employees whose remuneration places them at the 25th, 50th and 75th percentile. The pay ratios are then calculated by comparing total remuneration for these three employees against our CEO 'single figure' total remuneration.

	Methodology	25 th percentile	50 th percentile	75 th percentile
FY 2023	A	36:1	27:1	22:1
FY 2022*	A	121:1	90:1	73:1
FY 2021	A	103:1	81:1	67:1
FY 2020	A	48:1	37:1	31:1
FY 2019	A	57:1	44:1	37:1
FY 2018**	C	85:1	67:1	57:1

- Calculations for the workforce exclude severance pay, notice pay, SIP repayments, fractional share payments, SAR payments and relocation expenses.
 - The calculations for the workforce exclude the value of the defined benefit pension plan due to the difficulty of calculating these figures for our complex historical pension arrangements.
 - Calculations of sales bonus for a small number of the workforce reflect an estimate at the time of the calculation of the ratio. The actual amounts paid to these employees will be finalised in March 2024 and the ratio will be updated in next year's report to reflect the actual amounts paid.
 - Calculations for the workforce include amounts granted under the Restricted Share Plan and Free Share Plan. Unlike the PSP these figures will not be restated at vesting.
 - Excludes Non-Executive Directors, contractors and employees who left during the relevant year.
 - New starters, part-time employees and employees on long-term sick and maternity are included; their salary has been amended to reflect a full-time and full-year salary.
- * The ratio for 2022 has been restated. This is to reflect the updated CEO 'single figure' total remuneration for 2022, which was due to the 2022 PSP award being updated to reflect the actual share price at vesting. Where relevant PSP calculations for the workforce have also been updated on the same basis. Annual bonus amounts for the workforce have also been updated to reflect the actual amounts paid in March 2023.
- ** The CEO pay ratio for 2018 was calculated using Option C, which enabled us to calculate, on an indicative basis, the total remuneration packages of three individual UK employees at the 25th, 50th and 75th percentile. Option C was used in 2018 because the full administrative process to enable us to calculate the equivalent total remuneration for UK employees was not in place.

Employee total remuneration

	Actual base salary 2023	Total remuneration 2023
75 th percentile	£54,791	£61,142
50 th percentile	£47,718	£49,357
25 th percentile	£35,714	£37,490

The CEO pay ratio is calculated based on the total remuneration payable to the CEO, which could include payments under the senior annual Bonus Plan and PSP. The outcomes of these elements are directly linked to performance, with the value of the PSP also incorporating share price growth. It is therefore expected that the ratios will fluctuate significantly year-on-year to reflect Croda's performance. In respect of the 2023 figures, as the senior annual Bonus Plan did not pay out and the PSP has paid out at a lower level, from 100% in 2022 to 37.1% in 2023, the ratio has decreased significantly.

D. Directors' remuneration for the year ended 31 December 2023 – Audited information

In this section

1. Directors' remuneration for the year ended 31 December 2023
2. Pension
3. Payments for cessation of office
4. Payments to past Directors
5. Transition of Chief Financial Officer
6. Share interests
7. Performance graph
8. 10-year remuneration figures for Group Chief Executive
9. Board Chair and other Non-Executive Directors' fees 2023 and 2024
10. Non-Executive Directors' remuneration
11. Service contracts and outside interests
12. Remuneration Committee attendance and advisers
13. Other disclosures
14. Statement of voting

1. Directors' remuneration for the year ended 31 December 2023

	Steve Foots		Louisa Burdett		Jez Maiden ¹	
	2023	2022	2023	2022	2023	2022
Salaries	£745,116	£716,457	£520,000	-	£214,114	£494,108
Benefits ²	£25,969	£22,402	£22,999	-	£9,642	£20,064
Pension supplement ³	£149,023	£143,291	£104,000	-	£42,823	£98,822
Total fixed pay	£920,108	£882,150	£646,999	-	£266,579	£612,994
Annual bonus	-	£1,074,686	-	-	-	£617,635
Long-term incentives ^{4A-B}	£415,186	£2,195,327	-	-	£161,996	£1,177,553
Other ⁵	£3,236	£3,117	-	-	£889	£6,335
Total variable pay	£418,422	£3,273,130	-	-	£162,885	£1,801,523
Single total figure of remuneration	£1,338,530	£4,155,280	£646,999	-	£429,464	£2,414,517

1. Jez Maiden retired from the Company on 31 May 2023. His salary, benefits and pension supplement were paid up until the date of his departure and these values have been included in the table above. His PSP award granted in March 2021 which reached the end of its performance period on 31 December 2023, was pro-rated to reflect the period during which he was employed. This pro-rated amount is included in the table above.

2. Benefits include company car or cash allowance, private medical insurance and private fuel and travel allowances.

3. This represents the 20% of salary supplement.

4. A. The PSP awards granted in March 2021 reached the end of their performance period on 31 December 2023. The awards will vest at 37.1% of maximum (see page 122). The values included in the table above are based on the three-month average price to 31 December 2023 of 4582.6p. This is 27.1% lower than the share price at grant, and therefore no value is attributable to share price growth. These values will be updated in next year's Annual Report based on the share price at vesting which will take place on 24 March 2024.

B. The PSP award included in the 2022 single figure (the 2020-22 PSP award) has been updated to reflect the actual share price at vesting of 6962p. Of these values, £675,279 and £362,216 is attributable to share price growth for Steve Foots and Jez Maiden, respectively.

5. Represents the value received in the year from participation in all-employee share schemes. Steve Foots and Jez Maiden received 33 and 14 matching shares respectively as part of the Share Incentive Plan (SIP) with a transaction value of £1,855 and £889. Steve Foots also participated in the 2023 Sharesave Scheme and was granted 139 shares at a discounted rate of 3977p. The share price on the date of grant was 4970.5p representing a 20% discount.

Annual bonus

The annual bonus for Executive Directors in 2023 was calculated by reference to profit and safety performance. In line with our well established practice, profit targets were set based on the amount by which the profit for the year exceeded the profit for 2022 (the 'Bonusable Profit'). Bonusable Profit is focused on operational profitability based on Group EBITDA, and, consistent with last year, was adjusted for the divestment of our PTIC business and the lipid system sales for our principal Covid-19 vaccine contract.

	Threshold target	Maximum target	Actual	Bonus outcome (% of maximum)
Bonusable Profit (90% weighting)	£444.3m	£488.8m	£341.1m	0%
ESG metric (10% weighting)	<p>Safety measure in relation to the whole population of eligible employees, and the extent to which the population:</p> <ol style="list-style-type: none"> 1. Completes one specifically defined SHE leadership behaviour objective. 2. Completes specified face to face (or virtual) safety training. 3. Completes and documents one safety focused visit and conversation to demonstrate safety is a value through organisation engagement and risk management. <p>Payment schedule to be 100% pay-out if 98% of eligible employees complete all three tasks and 50% pay-out if 95% of eligible employees complete all three tasks. For clarity this is not an individual measure – if less than 95% of eligible employees complete the three tasks no payment to any employee will be made.</p>			<p>Safety training completed by 98% of eligible employees. Continued reporting of progress against the other safety tasks.</p>
<p>Notwithstanding the out-turn in relation to the safety measure, considering the overall financial performance in the year, it was recommended by management and supported by the Committee that no annual bonus would be payable for 2023.</p>				
	Final outcome for 2023			0%

While not applicable for 2023, the Remuneration Committee has discretion to reduce (including to zero) the amount of any payment under the scheme if it considers the safety, health or environment (SHE) performance is in serious non-compliance with the Croda SHE policy statement, document of minimum standards. In addition, the Committee can also reduce any payment (including to zero) if it considers the underlying business performance of the Company is not sufficient to support the payment of any bonus. The Committee also applies the Discretion Framework, a rigorous framework for the application of judgement and discretion, when reviewing awards (see page 114).

Remuneration Committee report continued

PSP

PSP awards vesting in March 2024

The PSP awards granted in March 2021 reached the end of their three-year performance period on 31 December 2023.

Measure	Weighting	Threshold	Maximum	Actual performance	Out-turn (% of max element)
Relative TSR versus bespoke peer group ¹	35%	Median (50 th percentile)	Upper quartile (75 th percentile)	Below Median	0%
Adjusted annual average EPS growth over three years ²	35%	5% p.a.	11% p.a.	5.6% p.a.	32%
NPP	15%	NPP sales to grow at twice the rate of non-NPP, subject to overall positive Group profit growth and a minimum average of 3% NPP growth per year, with payments being made on a sliding scale up to 5% growth per year.		NPP sales 3.3x non-NPP sales and overall NPP growth of 53%	100%
Sustainability Climate Positive metric	7.5%	Reduction target specifically aimed at scope 1 emissions and aligned with our external commitment to achieve a Science Based Target (SBT) in line with a 1.5°C pathway. Over the three-year PSP performance period the target was a 12.6% reduction (average of 4.2% per year) compared to verified emissions ³ in 2020 with any award paid in defined ranges between: <ul style="list-style-type: none"> a reduction of 12.6% and above award of 7.5% (maximum) a reduction of 6.2% and below no award (0%). 		15.6% reduction	100%
Sustainability Land Positive metric	7.5%	Key target for 2030 is that we will save more land than we use. For the three-year PSP performance period we set annual targets for land area saved, with a target in 2023 of 56,750 ha of additional land saved over that in the 2019 baseline year with any award paid in defined ranges between: <ul style="list-style-type: none"> 56,750 ha or above award of 7.5% (maximum) below 35,600 ha no award (0%). 		58,815 ha additional land saved	100%
Overall outturn before consideration of EVA underpin and Discretion Framework					41.2%
Adjustment – EVA underpin and Discretion Framework – see commentary below					(10)%
Final out-turn					37.1%

1. TSR peer group constituents: AzkoNobel, Albermarle, Ashland, BASF, Clariant, Eastman Chemicals, Elementis, Evonik Industries, Givaudan, Johnson Matthey, Kemira, Lanxess, Novozymes, Solvay, Symrise, Synthomer, Victrex. Koninklijke DSM has been excluded following delisting in May 2023.

2. EPS growth p.a. is calculated on a simple average basis over the three-year period. The calculation of the EPS growth has been adjusted for the divestment of the majority of the PTIC business.

3. Emissions in 2020 were independently verified by Avieco.

The PSP awards granted in March 2021 were subject to an EVA underpin such that an improvement in EVA over the three-year PSP performance period was required. In circumstances where the underpin is not achieved, the underpin operates such that the Committee considers an appropriate reduction (including to nil) to the vesting of awards. In certain circumstances, the Committee retains the right not to apply discretion.

The EVA in respect of 2023 did not exceed EVA in 2020 (the year prior to the start of the performance period). The Committee therefore considered the level of reduction to apply to the PSP vesting outcome.

In relation to the EVA underpin, the Committee took into account the following:

- Consideration of the various factors which had impacted EVA performance over the period, which included both business performance as well as external factors such as market challenges, interest rate increases and their impact on the notional cost of capital in the EVA calculation.
- The degree to which the overall PSP vesting outcome had already been impacted, in particular through the TSR and EPS metrics which align to shareholder value and profitability. The TSR outcome was zero, and the Adjusted EPS outcome was at threshold. These measures together comprised 70% of the award, and therefore overall vesting had already been significantly impacted by the downturn in performance in the final year of the performance period.

- That on an aggregate basis, EVA over the performance period was significantly positive.

As part of its deliberations the Committee also took into account the Discretion Framework where a range of factors are considered to ensure payout is consistent with and reflective of overall performance over the period. Our PSP performance framework includes consideration of both financial performance, as well as innovation and sustainability, which are key drivers to Croda's long term strategic success. The Committee noted the strong performance in innovation via NPP performance, and in relation to sustainability, the land savings, and the specific actions that have contributed to a reduction in our Scope 1 emissions. However the Committee also recognised that the outturn against the emissions targets had benefitted from the lower volumes in the year.

Taking into account both the EVA underpin and the Discretion Framework, it was considered that a downwards adjustment of 10% was appropriate, reducing the overall PSP vesting outcome from 41.2% to 37.1%.

Overall, considering the adjustments to both the annual bonus and PSP out-turns, the Committee is satisfied that incentive outcomes are reflective of overall performance.

The forecast vesting value of the awards made in March 2021 is included in the 2023 single figure table on page 120. Any shares vesting will be subject to a two-year holding period.

Gains made on exercise of share options and PSP

The gains are calculated according to the market price of Croda International Plc ordinary shares on the date of exercise, although the shares may have been retained.

Executive Director	Exercise date	Shares exercised	Scheme	Exercise price	Market price	Gain (before tax)
Steve Foots	02 May-23	31,533	PSP	0p	6962p	£2,195,327
	14 Mar-22	26,779	PSP	0p	6904p	£1,848,822
	14 Mar-22	2,526	DBSP	0p	6904p	£174,395
	06 Dec-22	138	Sharesave	3898p	6968p	£4,237
Jez Maiden	02 May-23	16,914	PSP	0p	6962p	£1,177,553
	13 Jun-23	72	Sharesave	5509p	5510p	£1
	14 Mar-22	13,851	PSP	0p	6904p	£956,273
	14 Mar-22	1,449	DBSP	0p	6904p	£100,039
	01 Nov-22	230	Sharesave	3898p	6758.2p	£6,579

PSP awards granted in 2023

Executive Director	Number of PSP shares awarded	Basis of award granted (% of salary)	Face/maximum value of awards at grant date ¹	% of award vesting at threshold (maximum)	Performance period
Steve Foots	26,674	225%	1,676,461	27% (100%)	01.01.23 – 31.12.25
	2,691	25%	186,271	27% (100%)	01.01.23 – 31.12.25
Louisa Burdett	14,478	175%	909,942	27% (100%)	01.01.23 – 31.12.25
	1,878	25%	129,995	27% (100%)	01.01.23 – 31.12.25

1. Face value/maximum value is calculated based on a share price of £62.85 and £69.22, being the average mid-market share price of the three dealing days prior to the date of the grants.

The 2023 PSP awards were granted in two installments. The first grant of 225% and 175% of salary for Steve Foots and Louisa Burdett, respectively, was made on 17 March 2023 at the same time as awards for other employees. Following the approval of the Directors' Remuneration Policy at the 2023 AGM, which included an increase to the maximum PSP of 25% of base salary for both Steve Foots and Louisa Burdett a further grant of 25% of salary was made on 2 May 2023.

The 2023 PSP awards are subject to a performance condition which is split into three parts: 35% EPS, 35% TSR, and 30% sustainability metrics, including NPP. Performance targets were disclosed in full last year, see page 112 of our Annual Report and Accounts 2022. Vesting will take place on a sliding scale. A ROIC underpin applies across the entire award, also detailed on page 112 of our Annual Report and Accounts 2022.

Any shares vesting will be subject to a two-year holding period.

Jez Maiden retired in 2023 and as such was not granted a PSP award for 2023. Louisa Burdett will forfeit this award considering her resignation.

All-employee share plans

Executive Directors are invited to participate in the HMRC tax-approved UK Sharesave Scheme and the Croda Share Incentive Plan (SIP) in line with, and on the same terms as, the wider UK workforce.

SIP

Details of shares purchased and awarded to Executive Directors under the SIP are shown in the table below. A brief description of the SIP is set out in note 23 on page 193.

Executive Director	SIP shares held 01.01.23	Partnership shares acquired in year	Matching shares awarded in year	Total shares 31.12.23*	SIP shares that became unrestricted in the year	Total unrestricted SIP shares held at 31.12.23
Steve Foots	5,892	33	33	5,958	52	5,662
Jez Maiden*	541	14	14	0	576	0

There have been no changes in the interests of any Director between 31 December 2023 and the date of this report, except for the purchase of five SIP shares and the award of five matching shares by Steve Foots during January and February 2024. Jez Maiden was not eligible to remain in the SIP after his retirement and therefore holding at the end of 2023 was nil. As Louisa Burdett had under one year of service through 2023 she was not eligible to participate in the SIP.

* Jez Maiden also had seven additional shares acquired through the Dividend Reinvestment Plan.

Remuneration Committee report continued

Sharesave

Details of awards made under the UK Sharesave Scheme are set out below:

Date of grant	Earliest exercise date	Expiry date	Face value*	Exercise price	Number at 01.01.23	Granted in year	Exercised in year	Cancelled in year	Number at 31.12.23
Steve Foots									
10 September 2020	01 November 2023	30 April 2024	£6,724	4804p	112	–	–	–	112
16 September 2021	01 November 2024	30 April 2025	£8,975	7327p	98	–	–	–	98
15 September 2022	01 November 2025	30 April 2026	£6,748	5509p	98	–	–	–	98
14 September 2023	01 November 2026	30 April 2027	£6,909	3977p	–	139	–	–	139
					308	139	–	–	447
Jez Maiden									
15 September 2022	01 November 2025	30 April 2026	£22,448	5509p	326	–	72	254	–
					326	–	72	254	–

During 2023, the highest mid-market price of the Company's shares was 7200.58p and the lowest was 4072p. The year-end closing price was 5050p. The year-end mid-market price was 5073p.

* Face value is calculated using the market value on the day before the date of grant, multiplied by the number of shares awarded.

2. Pension

The pension rights that accrued during the year in line with the policy on such benefits as set out in the Policy Report were as follows:

Executive Director	Normal retirement date under the CPS	Total accrued pension at 31.12.23 (p.a.)	Single remuneration pension figure 2023	Single remuneration pension figure 2022	Single remuneration pension figure 2023 excluding supplement
Steve Foots	14 September 2033	£143,041	£149,023	£143,291	–
Louisa Burdett	N/A	–	£104,000	–	–
Jez Maiden	N/A	–	£42,823	£98,822	–

* Neither Steve Foots, Jez Maiden or Louisa Burdett were active members of the Croda Pension Scheme in 2023 or 2022.

Croda has a number of different pension plans in the countries in which we operate. Pension entitlements for Executive Directors are tailored to local market practice, length of service and the participant's age. In 2016, a Career Average Revalued Earnings (CARE) scheme was introduced with a cap applied to pension benefits; at this time the cap was set at £65,000. The cap is increased each year in line with inflation, and from April 2024 will be £80,445. Employees who earn in excess of the pension cap or who cannot be members of the plan due to tax limitations receive a pension supplement. For Executive Directors this supplement is up to 20% of salary in line with the wider UK workforce.

Steve Foots' historic pension provision

Steve Foots was a member of the Croda Pension Scheme up to 31 January 2021. Steve Foots accrued pension benefits under the Croda Pension Scheme up to this date with a CARE accrual rate of 1/60th and an entitlement to retire at age 60. From 6 April 2011 onwards, pension benefits accruing were based on a capped salary. This cap was £187,500 until April 2014 at which point it reduced to £150,000, and due to annual allowance regulations and changes to the pension scheme, reduced to £37,500 in April 2016 (reduced from the scheme cap of £65,650 due to annual allowance regulations) and reduced again in April 2020 to £15,000 following new annual allowance regulations. If Steve Foots retires before the age of 60, a reduction will be applied to the element of his pension accrued before 6 April 2006, unless he is retiring at the Company's request. In the event of death, a pension equal to two thirds of the Director's pension would become payable to the surviving spouse. Steve Foots' pension in payment is guaranteed to increase in line with the rate of inflation up to a maximum of 10% per annum for benefits accrued before 6 April 2006, and in line with inflation up to a maximum of 2.5% per annum for benefits accrued from 6 April 2006 onwards.

Steve Foots is entitled to death-in-service benefits from an Excepted Life Policy. Steve Foots elected to opt out of the Croda Pension Scheme from 31 January 2021 and therefore only now receives a pension supplement of 20% of salary.

Louisa Burdett's pension provision

Louisa Burdett elected not to join the Croda Pension Scheme and was therefore paid a pension supplement of 20% of salary in 2023. She is entitled to death-in-service benefits from an Excepted Life Policy.

Jez Maiden's pension provision

Jez Maiden elected not to join the Croda Pension Scheme and was therefore paid a pension supplement of 20% of salary in 2023. He was entitled to death-in-service benefits from an Excepted Life Policy.

3. Payments for cessation of office

There were no payments for loss of office during the year under review.

4. Payments to past Directors

Jez Maiden retired as Group Finance Director of Croda in 2023. Remuneration arrangements in relation to his leaving were disclosed in full last year, see page 134 of our Annual Report and Accounts 2022. Payments made in respect of 2023 are included in the single figure table on page 120.

There were no other payments to past Directors during the year under review.

5. Transition of Chief Financial Officer

Louisa Burdett will leave the Company in June 2024 by way of resignation. As such she will not be entitled to a senior annual Bonus Plan award or PSP award for 2024. Any existing PSP awards will also lapse.

6. Share interests

The interests of the Directors who held office at 31 December 2023 are set out in the table below:

	Legally owned ¹		SIP					Total 31.12.23*	% of salary held under shareholding guideline
	31.12.22	31.12.23	PSP (unvested)	DBSP (unvested)	Sharesave (unvested)	Restricted	Unrestricted		
Executive Director									
Steve Foots	188,756	205,438	75,436	10,552	335	296	5,662	297,719	>250% target
Louisa Burdett ²	–	–	16,356	–	–	–	–	16,356	<200% target
Jez Maiden ³	23,296	24,744	24,712	–	–	–	576	50,032	>175% target
Non-Executive Director									
Roberto Cirillo	–	–	–	–	–	–	–	–	–
Jacqui Ferguson	76	76	–	–	–	–	–	76	–
Anita Frew	9,425	9,425	–	–	–	–	–	9,425	–
Helena Ganczakowski ⁴	361	361	–	–	–	–	–	361	–
Chris Good ⁵	–	–	–	–	–	–	–	–	–
Julie Kim	60	60	–	–	–	–	–	60	–
Keith Layden	60,339	60,339	–	–	–	–	–	60,339	–
Nawal Ouzren	–	–	–	–	–	–	–	–	–
John Ramsay	2,836	2,836	–	–	–	–	–	2,836	–

1. Including connected persons.

2. Louisa Burdett appointed 1 January 2023, holding on appointment Nil.

3. Jez Maiden retired on 31 May 2023 and his holding is shown as of his date of departure.

4. Helena Ganczakowski retired on 26 April 2023.

5. Chris Good appointed 27 April 2023, holding on appointment Nil.

* Danuta Gray was appointed to the Board on 1 February 2024 and held 900 shares at 31 December 2023.

Post-employment shareholding requirements also apply for two years after leaving employment. The policy applies to shares from awards that vest from 2020. From adoption of the 2023 policy, the post-employment shareholding requirements will be set at 100% of the in-employment guideline to be retained for the entire two-year period following leaving. The Committee is implementing structures to ensure that post-employment shareholding requirements are adhered to, via a restricted share dealing third party nominee account.

Remuneration Committee report continued

7. Performance graph (unaudited information)**10-year Total Shareholder Return chart**

Source: Refinitiv Datastream

8. 10-year remuneration figures for Group Chief Executive (unaudited information)

The total remuneration figure includes the annual bonus and long-term incentive awards which vested based on performance in those years. The annual bonus and long-term incentive award percentages show the pay-out for each year as a percentage of the maximum.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total remuneration (£)	769,414	1,374,046	2,404,441	3,570,251	3,311,700	1,693,242	1,543,377	3,719,864	£4,155,280	£1,338,530
Annual bonus (%)	0%	76.4%	100%	78.4%	36.2%	0%	0%	100%	100%	0%
Long-term incentives vesting (%)	0%	0%	43%	100%	100%	56.2%	40%	97.4%	100%	37.1%

The 2022 total remuneration figure has been updated to reflect the value of the 2022 PSP award at vesting.

9. Board Chair and other Non-Executive Directors' fees 2023 and 2024 (unaudited information)

The fees paid to the Non-Executive Directors (including chairing of Committees) and to the Senior Independent Director were reviewed in January 2024 and increased by 3%, in line with the Executive Directors and the general increase for our UK employees. These changes took effect from 1 January 2024. The revised fee structure for the Board Chair and other Non-Executive Directors for 2024 is detailed below.

Position	2023 fee £	2024 fee £
Board Chair (all-inclusive fee) – Anita Frew ¹	331,868	425,000
Board Chair (all-inclusive fee) – Danuta Gray ²	-	425,000
Non-Executive Director base fee	69,749	71,841
Additional fees		
Senior Independent Director	11,588	11,936
Committee Chairs (Audit, Remuneration and Sustainability Oversight ³)	16,875	17,381

1. Anita Frew will step down from the Board following the 2024 AGM, to be held on 24 April 2024.

2. Danuta Gray will receive a fee of £71,841 for her services as a non-executive director and Chair designate from 1 February 2024. Following her appointment as Chair on 24 April 2024, her fee will increase to a total of £425,000 per annum.

3. Sustainability Oversight Committee formed 1 January 2024.

10. Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors for the year ended 31 December 2023 payable by Group companies is detailed below; this table reflects actual payments in 2023.

		Non-Executive Director fees £	Benefits ¹ £	Total £
Anita Frew	2023	331,868	2,069	333,937
	2022	319,104	4,030	323,134
Helena Ganczakowski²	2023	26,278	998	27,276
	2022	89,025	1,537	90,562
Jacqui Ferguson²	2023	94,483	2,574	97,057
	2022	72,475	3,090	75,565
Roberto Cirillo	2023	69,749	2,162	71,911
	2022	67,066	5,157	72,223
Keith Layden	2023	69,749	331	70,080
	2022	67,066	4,311	71,377
John Ramsay	2023	86,624	542	87,166
	2022	83,291	6,569	89,860
Julie Kim³	2023	69,749	763	70,512
	2022	61,477	3,055	64,532
Nawal Ouzren⁴	2023	69,749	514	70,263
	2022	61,477	2,121	63,598
Chris Good⁵	2023	47,036	1,323	48,359
	2022	–	–	–

- The benefits relate to Directors undertaking business travel on behalf of Croda and ensuring the Directors are not out of pocket for related tax.
- Helena Ganczakowski was replaced by Jacqui Ferguson as the Chair of the Remuneration Committee on 1 September 2022 and the fees for both were pro-rated accordingly. Helena Ganczakowski stepped down from the Board on 26 April 2023.
- Julie Kim was appointed to the Board on 1 September 2021 and voluntarily decided to waive her fees for 2021 and January 2022.
- Nawal Ouzren was appointed to the Board on 1 February 2022.
- Chris Good was appointed to the Board on 27 April 2023.

Non-Executive Directors' appointment

The effective dates of the letters of appointment for the Board Chair and each Non-Executive Director who served during 2023 are shown in the table below:

Non-Executive Director	Original appointment date	Expiry date of current term
Anita Frew ¹	05 March 2015	24 April 2024
Roberto Cirillo	26 April 2018	26 April 2024
Jacqui Ferguson	01 September 2018	01 September 2024
Helena Ganczakowski ²	01 February 2014	26 April 2023
Julie Kim	01 September 2021	01 September 2024
Keith Layden	01 May 2017	01 May 2024
Nawal Ouzren	01 February 2022	01 February 2025
John Ramsay	01 January 2020	01 January 2026
Chris Good	27 April 2023	27 April 2026

- Anita Frew will step down from the Board following the 2024 AGM, to be held on 24 April 2024.
- Helena Ganczakowski stepped down from the Board on 26 April 2023.

Remuneration Committee report continued

11. Service contracts and outside interests (unaudited information)

The Executive Directors have service contracts as follows:

Executive Director	Contract date	Termination provision
Steve Foots	16 September 2010	by the Company 12 months, by the Director 6 months
Louisa Burdett	08 November 2022	by the Company 12 months, by the Director 6 months

External directorships

Executive Directors are permitted to accept external appointments with the prior approval of the Board. It is normal practice for Executive Directors to retain fees provided for Non-Executive roles. Louisa Burdett is a Non-Executive Director of RS Group. Jez Maiden was appointed as a Non-Executive Director of Intertek Group in May 2022.

12. Remuneration Committee attendance and advisers (unaudited information)

The following Directors served as members of the Committee during 2023:

- Jacqui Ferguson (Chair)
- Helena Ganczakowski (until she stepped down from the Board)
- Roberto Cirillo
- John Ramsay
- Julie Kim
- Nawal Ouzren
- Chris Good (from appointment)

In addition, 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 2023, invitees included other Directors and employees of the Group and the Committee's advisers, including Anita Frew (Chair), Steve Foots (Group Chief Executive), Louisa Burdett (Chief Financial Officer), Jez Maiden (former Group Finance Director), Keith Layden (Non-Executive Director), Michelle Lydon (President – Human Resources), Tracy Sheedy (former Group HR Director), Tom Brophy (Group General Counsel, Company Secretary and President Sustainability) and Laura Dobson (Deputy Company Secretary).

Attendees at Committee meetings are excluded from discussions that determine their own remuneration.

See page 88 for details of attendance at meetings during the year.

Remuneration Committee advisers (unaudited information)

Deloitte LLP were retained as the appointed adviser to the Committee for the whole of 2023 having been appointed in October 2017, following a tender and selection process led by the Chair and including Committee members. As well as providing advice in relation to Executive remuneration and Non-Executive fees, Deloitte LLP also provide advice to the Group in relation to global employer services, global business tax services, indirect tax and M&A.

Deloitte LLP is a signatory to the Remuneration Consultants Group Code of Conduct. The lead engagement partner has no other connection with the Company or individual Directors. The total fees paid to Deloitte LLP for its services during the year in relation to Executive remuneration and Non-Executive fees were £88,480 (excluding VAT). The Committee regularly reviews the external adviser's relationship and is comfortable that the advice it is receiving remains objective and independent.

13. Other disclosures (unaudited information)**Percentage change in remuneration levels**

The following chart shows the movement in salary/fees, benefits and annual bonus for each of the Group's Directors between the current and previous financial year compared with that of the average employee of the Group's Parent Company. The movement for the average UK employee is also provided for additional reference given the small number of employees employed by the Group Parent Company.

		% change in salary/fees	% change in benefits ¹	% change in bonus ^{2,3}
Average employee of the Group's parent Company ⁴	2023	1.55%	-3.56%	-100.00%
	2022	6.46%	27.95%	5.46%
	2021	-5.12%	-25.04%	–
	2020	3.66%	-0.06%	0.00%
Average UK employee ⁴	2023	8.34%	29.32%	-99.78%
	2022	5.54%	46.21%	17.32%
	2021	0.68%	-8.63%	–
	2020	3.43%	-3.27%	27.96%
Executive Directors				
Steve Foots	2023	4.00%	15.92%	-100.00%
	2022	5.00%	-10.17%	5.00%
	2021	1.00%	-25.87%	–
	2020	2.00%	0.50%	0.00%
Louisa Burdett ⁵	2023	–	–	–
	2022	–	–	–
	2021	–	–	–
	2020	–	–	–

Jez Maiden ⁶	2023	-56.67%	-51.94%	-100.00%
	2022	5.00%	-0.31%	5.00%
	2021	1.00%	0.04%	-
	2020	2.00%	2.29%	0.00%
Non-Executive Directors				
Dame Anita Frew DBE	2023	4.00%	-48.65%	-
	2022	5.00%	-	-
	2021	1.00%	-	-
	2020	2.00%	-100.00%	-
Helena Ganczakowski ^{7,8,9}	2023	-70.48%	-35.08%	-
	2022	-1.01%	-	-
	2021	4.84%	-	-
	2020	11.41%	-100.00%	-
Keith Layden	2023	4.00%	-92.32%	-
	2022	5.00%	-	-
	2021	1.00%	-	-
	2020	2.00%	-100.00%	-
Roberto Cirillo	2023	4.00%	-58.08%	-
	2022	5.00%	-	-
	2021	1.00%	-	-
	2020	2.00%	-100.00%	-
Jacqui Ferguson ⁸	2023	30.37%	-16.69%	-
	2022	13.47%	-	-
	2021	1.00%	-	-
	2020	2.00%	-100.00%	-
John Ramsay ^{7,10}	2023	4.00%	-91.74%	-
	2022	5.00%	-	-
	2021	7.50%	-	-
	2020	-	-	-
Julie Kim ¹¹	2023	13.45%	-75.03%	-
	2022	-	-	-
	2021	-	-	-
	2020	-	-	-
Nawal Ouzren ¹²	2022	13.45%	-75.78%	-
	2022	-	-	-
	2021	-	-	-
	2020	-	-	-
Chris Good ¹³	2023	-	-	-
	2022	-	-	-
	2021	-	-	-
	2020	-	-	-

1. The benefits for Non-Executive Directors relate to the undertaking of business travel on behalf of Croda and ensuring the Directors are not out of pocket for related tax. No taxable business travel expenses were claimed by Non-Executive Directors in 2020 due to the COVID-19 pandemic and therefore there are no comparable figures to give a % change in 2021. In 2022, Non-Executive Directors travel returned to pre-pandemic levels, however, reflective of the low levels of travel in the prior year, the % change figures are not meaningful. These are 35,311% for Dame Anita Frew DBE, 471% for Roberto Cirillo, 1,726% for Jacqui Ferguson, 238% for Helena Ganczakowski, 4,744% for Keith Layden, 727% for John Ramsay and -73% for Julie Kim. For a full breakdown of the benefits for non-Executive Directors see page 127.

2. Bonus including annual bonus, DBSP and sales bonus.

3. The senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme did not pay out for 2019 or 2020 and therefore there is no comparable figure to give a % change in 2021 for Executive Directors or the Average employee of the Group's parent Company. For the Average UK employee, the % change in 2020 relates to only a small number of employees who received a sales bonus. As the senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme paid out in full for 2021, the bonus received by the Average UK employee in 2021 is significantly higher and as such the % change is not meaningful.

4. Excluding Executive Directors and Non-Executive Directors.

5. Louisa Burdett appointed 1 January 2023.

6. Jez Maiden retired from the Company on 31 May 2023. His salary and benefits were paid up until the date of his departure.

7. In 2020 Helena Ganczakowski was appointed as the Senior Independent Director and John Ramsay was appointed as the Chair of the Audit Committee. Their fees were pro-rated accordingly.

8. Helena Ganczakowski was replaced by Jacqui Ferguson as the Chair of the Remuneration Committee on 1 September 2022 and the fees for both were pro-rated accordingly.

9. Helena Ganczakowski stepped down from the Board on 26 April 2023.

10. John Ramsay was appointed to the Board on 1 January 2020 and therefore has no comparable remuneration figures for 2019.

11. Julie Kim was appointed to the Board on 1 September 2021 and voluntarily decided to waive her fees for 2021 and January 2022, she therefore has no comparable remuneration figures for 2020 or 2021.

12. Nawal Ouzren was appointed to the Board 1 February 2022 and therefore has no comparable remuneration figures for 2021.

13. Chris Good was appointed to the Board 27 April 2023 and therefore has no comparable remuneration figures for 2022.

Remuneration Committee report continued

Relative importance of the spend on pay

The chart below shows the movement in spend on staff costs versus that in dividends and adjusted profit after tax.



1. Employee remuneration costs, as stated in the notes to the Group accounts on page 170. These comprise all amounts charged against profit in respect of employee remuneration for the relevant financial year, less redundancy costs and share-based payments, both of which can vary significantly from year to year.
2. Dividends are the amounts payable in respect of the relevant financial year.
3. Adjusted profit after tax is profit for the relevant year adjusted for exceptional items, acquisition costs, amortisation of intangible assets arising on acquisition and the tax thereon.

14. Statement of voting (unaudited information)

Number of votes	Remuneration Policy 2023 AGM		Annual Report on Remuneration 2023 AGM	
	number of votes	% of votes	number of votes	% of votes
Votes cast in favour	108,740,593	94.16%	111,790,609	96.80%
Votes cast against	6,741,782	5.84%	3,691,283	3.20%
Total votes cast	115,482,375	100%	115,481,892	100%
Withheld	42,225		42,708	

I will be available at the AGM to respond to any questions shareholders may raise on the Committee's activities.

On behalf of the Board

Jacqui Ferguson

Jacqui Ferguson

Chair of the Remuneration Committee

E. Summary of the Remuneration Policy

An updated Remuneration Policy was presented and approved by shareholders at the 2023 AGM. It is intended that this will operate until the AGM in 2026. The full Remuneration Policy can be found on pages 113 to 121 of our Annual Report & Accounts 2022.

Remuneration Policy table

The table below sets out the main components of Croda's Remuneration Policy for Executive Directors:

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
Basic salary – to assist in the recruitment and retention of high-calibre Executives		
<p>Normally reviewed annually with increases effective from 1 January. Base salaries will be set by the Committee, considering:</p> <ul style="list-style-type: none"> • The performance and experience of the individual concerned • Any change in scope, role and/or responsibilities • Pay and employment conditions elsewhere in the Group • Rates of inflation and market-wide wage increases across international locations • The geographical location of the Executive Director • Rates of pay in relevant sector and pan-sector companies of a comparable size and complexity. 	<ul style="list-style-type: none"> • Salaries may be increased each year in percentage of salary terms. • The Committee will be guided by the salary increase budget set in each region and across the workforce generally. • Increases beyond those linked to the region of the Executive Director or the workforce as a whole (in percentage of salary terms) may be awarded by the Committee at its discretion. For example, where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value or complexity of the Group. • The Committee retains the flexibility to set the salary of a new hire at a discount to the market level initially, and to implement a series of planned increases in subsequent years, in order to bring the salary to the desired positioning, subject to individual performance. 	<ul style="list-style-type: none"> • The Committee considers individual salaries taking due account of the relevant factors set out in this Policy, which includes individual performance.

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
Benefits – to provide competitive benefits to act as a retention mechanism and reward service		
<p>The Group typically provides the following benefits:</p> <ul style="list-style-type: none"> • Company car (or cash allowance) • Private fuel allowance • Private health insurance, life assurance and other insured benefits • Other ancillary benefits, including travel reimbursement, relocation expenses/arrangements (including tax thereon) as required. <p>Additional benefits might be provided from time to time (for example in circumstances where an Executive Director is deployed to, or recruited from overseas).</p> <p>The Committee will consider whether the payment of any additional benefits is appropriate and proportionate when determining whether they are paid.</p>	<ul style="list-style-type: none"> • The cost of benefits is not pre-determined and may vary from year to year based on the cost to the Group. 	None.

Remuneration Committee report continued

Performance-related senior annual Bonus Plan – to incentivise and reward delivery of the Group’s key annual objectives and to contribute to longer-term alignment with shareholders

The senior annual Bonus Plan provides for payment of an annual bonus to Executive Directors and other senior employees of the Group, subject to certain performance conditions.

Normally one third of any bonus payable is compulsorily deferred into shares for three years through the Deferred Bonus Share Plan (DBSP).

The Committee has the discretion to permit DBSP awards to benefit from dividends on shares that vest.

The balance of the bonus is paid in cash.

Group Chief Executive: 175% of salary.

Other Executive Director: 150% of salary.

In exceptional circumstances, and only in connection with recruitment, annual awards may be made up to 200% of salary. This maximum does not apply to the incumbent Executive Directors at the time the Policy is approved.

- The majority of the bonus will typically be based on challenging financial targets set in line with the Group’s KPIs (for example profit growth targets).
 - For a minority of the bonus, targets related to other Group measures, such as sustainability, may be included where this is considered appropriate by the Committee.
 - For a profit measure, bonus normally starts to accrue once the threshold target is met, from 0% payable rising on a graduated scale to 100% for outperformance. Were an additional financial KPI metric to be introduced, the amount payable for threshold performance would not exceed 25% of maximum.
 - In relation to any sustainability measure, the structure of the target will vary based on the nature of the target set.
 - The Committee applies a Discretion Framework, which includes health, safety and environmental performance, when determining the actual overall level of individual bonus payments and it may adjust the bonus awards (including potentially reducing to zero) if it considers it appropriate to do so.
 - Bonuses paid are subject to provisions that enable the Committee to recover value overpaid through the withholding of variable pay previously earned or granted (malus) or through requesting a payment from an individual (clawback) in the event of a misstatement of results, an error in assessing the performance conditions, serious misconduct, serious reputational damage or material corporate failure. The provisions will operate for a three-year period following the date on which the bonus is paid.
-

Performance Share Plan (PSP) – to incentivise and reward the execution of business strategy over the longer term and to reward sustained growth in profit and shareholder value

The PSP provides for awards of free shares (i.e. either conditional shares or nil-cost options) normally made annually which vest after three years subject to continued service and the achievement of challenging performance conditions.

Shares are subject to a two-year post-vesting holding period.

The Committee has the discretion to permit awards to benefit from the dividends paid on shares that vest.

Normal maximum opportunity of:

- Group Chief Executive: 250% of salary.
- Other Executive Director: 200% of salary.

In exceptional circumstances (e.g. recruitment), awards may be granted up to 300% of salary (e.g. to compensate for value forfeited from a previous employer).

- Granted subject to a blend of challenging financial (e.g. EPS), shareholder return (e.g. relative TSR) and strategic targets (e.g. sustainability). The performance targets may also include an additional underpin (e.g. a ROIC underpin).
 - Targets will normally be tested over three years.
 - In relation to financial targets (e.g. EPS growth and TSR) 25% of awards subject to such targets will vest for threshold performance with a graduated scale operating through to full vesting for equalling or exceeding the maximum performance targets (no awards vest for performance below threshold). In relation to strategic targets or underpin targets, the structure of the target will vary based on the nature of target set (e.g. for milestone strategic targets it may not always be practicable to set such targets using a graduated scale and so vesting may take place in full for strategic targets if the criteria are met in full).
 - Vesting is also dependent on application of the Discretion Framework, including satisfactory underlying financial performance of the Group over the performance period, and the Committee may adjust outcomes (including potentially reducing to zero) if it considers it appropriate to do so.
 - There are also provisions that enable the Committee to recover value overpaid through the withholding of variable pay previously earned or granted (malus) or through requesting a payment from an individual (clawback) in the event of a misstatement of results, an error in assessing the performance conditions, serious misconduct, serious reputational damage or material corporate failure. The provisions will operate for a three-year period following the date on which the PSP awards vest.
-

Remuneration Committee report continued

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
All-employee share plans – to encourage retention and long-term shareholding in the Company and to provide all employees with the opportunity to become shareholders in the Company on similar terms		
<p>Periodic invitations are made to participate in the Group's Sharesave Scheme and Share Incentive Plan.</p> <p>Shares acquired through these arrangements have significant tax benefits in the UK subject to satisfying certain HMRC requirements.</p> <p>The plans can only operate on an all-employee basis.</p> <p>The plans operate on similar terms but on a non-tax favoured basis outside the UK as appropriate.</p> <p>In the event that Croda were to introduce an all-employee plan similar in nature to the current Sharesave and Share Incentive Plan, or where an Executive Director is located overseas, the Committee retains the discretion to allow Executive Directors to participate in all-employee share plans on the same basis as other employees.</p>	<ul style="list-style-type: none"> • In relation to HMRC plans (or equivalent) the maximum participation level is as per HMRC limits. • For any other all-employee plan the maximum opportunity available to Executive Directors will be equivalent to the maximum applying to all employees. 	<ul style="list-style-type: none"> • There are no post-grant targets currently applicable to the Group's Sharesave and Share Incentive Plan.
Pension – to provide competitive long-term retirement benefits and to act as a retention mechanism and reward service		
<p>Pension benefits are typically provided either through (i) participation in the UK's defined benefit pension plan with a cash supplement provided above any pension salary cap; or (ii) a cash supplement provided in lieu of pension.</p> <p>In the event an Executive Director is located overseas, the Committee retains the discretion to offer pension benefits in line with local practice.</p> <p>Only basic salary is pensionable.</p>	<ul style="list-style-type: none"> • In line with current pension benefits provided to all UK employees, Career Average Revalued Earnings scheme (CARE) with a maximum 1/60th accrual up to a capped salary plus cash allowance of 20% of salary above the cap; or cash allowance of 20% of salary. • Pension benefits for an overseas Executive Director would be aligned with workforce rates. 	None.
Legacy arrangements		
<p>For the current CEO, and in line with other employees, there is a legacy capped defined benefit pension scheme. While there are no future accruals, the arrangement remains inflation-linked.</p>		

Directors' report

Other disclosures

Pages 70 to 138 inclusive, together with the sections of the Annual Report and Accounts incorporated by reference, constitute a Directors' Report that has been drawn up and presented in accordance with applicable English company law; the liabilities of the Directors in connection with that report are subject to the limitations and restrictions provided by that law.

Research and development

Research and development activities are undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Dividends

The Directors are recommending a final dividend of 62.0p per share (2022: 61.0p). If approved by shareholders, total dividends for the year will amount to 109.0p per share (2022: 108.0p). Details of dividends are shown in note 8 on page 169; details of the Company's Dividend Reinvestment Plan can be found on page 204. The Company has established various Employee Benefit Trusts (EBTs) in connection with the obligation to satisfy future share awards under employee share incentive schemes. The trustees of the EBTs have waived their rights to receive dividends on certain Ordinary Shares of the Company held in the EBTs. Such waivers represent less than 1% of the total dividend payable on the Company's Ordinary Shares. Further details of the EBTs can be found in note 24 on page 193.

Directors

The Company's Articles of Association (Articles) give the Directors power to appoint and replace Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board of Directors. The present Directors of the Company are shown on pages 72 to 73.

In line with the 2018 UK Corporate Governance Code, each Director will be standing for election or re-election at the AGM, with the exception of Anita Frew who will retire at the AGM. Details of the Directors' service contracts are given in the Directors' Remuneration Report on pages 127 to 128.

Apart from the share option schemes, long-term incentive schemes and service contracts, no Director had any beneficial interest in any contract to which the Company or a subsidiary was a party during the year. A statement indicating the beneficial and non-beneficial interests of the Directors in the share capital of the Company, including share options, is shown in the Directors' Remuneration Report on page 125.

The Directors are responsible for managing the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, the Company's Articles and any directions given by special resolution.

Directors' indemnities

The Company maintains Directors' and Officers' liability insurance that gives appropriate cover for any legal action brought against its Directors. The Company has also granted indemnities to each of its Directors, members of the Executive Committee and the Company Secretary, which represent 'qualifying third party indemnity provisions' (as defined by Section 234 of the Companies Act 2006), in relation to certain losses and liabilities that the Directors, Executive Committee members or Company Secretary may incur to third parties in the course of acting as Directors or the Company Secretary or as employees of the Company or of any associated company. In addition, such indemnities have been granted to other officers of the Company who are Directors of subsidiary companies within the Group. Such indemnities were in place during 2023 and at the date of approval of the Group financial statements.

Share capital

At the date of this report, 142,536,884 Ordinary Shares of 10.609756p each have been issued and are fully paid up and quoted on the London Stock Exchange. At the date of this Report, the Company has issued and fully paid up 21,900 7.5% Cumulative Preference Shares, 498,434 6.6% Cumulative Preference Shares and 615,562 5.9% Cumulative Preference Shares, all of £1 each (the Preference Shares). The rights and obligations attached to the Company's Ordinary Shares and Preference Shares are set out in the Articles. The Articles are available on the Company's website www.croda.com or copies can be obtained from Companies House in the UK or by writing to the Company Secretary. There are no restrictions on the voting rights attached to the Company's Ordinary Shares or on the transfer of securities in the Company. The 7.5% Cumulative Preference Shares do not confer on the holders any right to receive notice of or to be present or to vote at any general meeting of the Company unless the cumulative preferential dividend on such shares is more than 12 calendar months in arrears. The 6.6% and 5.9% Cumulative Preference Shares do not confer on the holders any right to receive notice of or to be present or to vote at any general meeting of the Company, unless the cumulative preferential dividend on such shares is more than six calendar months in arrears or the business of the general meeting includes the consideration of a resolution for reducing the share capital of the Company, to sell the undertaking of the Company or to alter the Articles. No person holds securities in the Company that carry special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Power to issue or buy back shares

At the 2023 AGM, authority was given to the Directors to allot unissued shares in the Company up to a maximum amount equivalent to approximately one third of the issued share capital, excluding shares held in treasury, for general purposes, plus up to a further one third of the Company's issued share capital, excluding shares held in treasury, but only in the case of a rights issue.

A further special resolution passed at that meeting granted authority to the Directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006. Both of these authorities expire on the date of the 2024 AGM, that is 24 April 2024, and so the Directors propose to renew them for a further year.

Directors' report continued

Substantial shareholdings

As at 31 December 2023 in accordance with DTR 5 the holders of notifiable interests in the Company's share capital are shown in the table below.

	Number of shares	% of issued capital
BlackRock, Inc.	8,534,795	6.62%
Norges Bank	8,858,665	6.34%
Massachusetts Financial Services Company	7,012,533	5.02%
Royal Bank of Canada	5,093,443	3.65%

Employees

Diversity: We are committed to the principle of equal opportunity in employment and to ensuring that no applicant or employee receives less favourable treatment on the grounds of any protected characteristic or is disadvantaged by conditions or requirements that cannot be shown to be justified. Group human resources policies are clearly communicated to all of our employees and are available through the Company intranet.

Recruitment and progression: It is established policy throughout the business that decisions on recruitment, career development, promotion and other employment related issues are made solely on the grounds of individual ability, achievement, expertise and conduct.

We give full and fair consideration to applications for employment from people with disabilities, having regard to their particular aptitudes and abilities. Should an employee become disabled during their employment with the Company, they are fully supported by our Occupational Health provision. Efforts are made to continue their employment with reasonable adjustments being made to the workplace and role where feasible. Retraining is provided if necessary.

Development and learning: The Company recognises that the key to future success lies in the skills and abilities of its dedicated global workforce. The continuous development of all of our employees is key to meeting the future demands of our customers, especially in relation to enhanced creativity, innovation and customer service.

Involvement: We are committed to ensuring that employees share in the success of the Group. Owning shares in the Company is an important way of strengthening involvement in the development of the business and bringing together employees' and shareholders' interests. In 2023, 83% of our UK employees and 71% of our non-UK employees participated in one of our all-employee share plans, indicating employees' continued desire to be involved in the Company.

Employees are kept informed of matters of interest to them in a variety of ways, including the Company magazine, Croda Way; quarterly updates; the Company intranet, SharePoint; team briefings; podcasts; webinars; Yammer, and Croda Now email messages. These communications help achieve a common awareness of the financial and economic factors affecting the performance of Croda and of changes within the business. We are committed to providing employees with opportunities to share their views and provide feedback on issues that are important to them. The Directors maintain oversight of employee matters through the Board and Committee meeting processes and information flows, including regular updates on employee matters and employee feedback received through employee engagement surveys. How the Directors engaged with employees and considered their interests when taking key decisions is further detailed on pages 78 to 81.

Non-financial reporting directive

The Companies, (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (the Regulations) require companies to disclose non-financial information necessary to provide investors and other stakeholders with a better understanding of a company's development, performance, position and impact of its activity. Throughout this Annual Report the Directors have disclosed a mix of financial and non-financial KPIs which they believe best reflect the Group's strategic priorities, and which will help to convey an understanding of the culture of the business and the drivers which contribute to the ongoing success of the Company. Please see the non-financial and sustainability information statement on pages 68 to 69 which sets out where stakeholders can find information relating to non-financial matters.

Mandatory XBRL tagging

The Board reviewed the process that had been developed to ensure that the primary financial statements and the notes to the financial statements had been tagged in line with required taxonomy.

Other disclosures

Certain information that is required to be included in the Directors' Report can be found elsewhere in this document as referred to below, each of which is incorporated by reference into the Directors' Report:

- Information on greenhouse gas emissions can be found on page 34.
- Information on energy consumption can be found on page 34.
- Information on energy efficiency can be found on page 34.
- Information on gas emissions, energy consumption and energy efficiency – other disclosures can be found on page 34.
- For the purposes of Listing Rule (LR) 9.8.6R(8) the information on climate-related financial disclosures consistent with the TCFD recommendation and the TCFD recommended disclosure can be found on pages 59 to 67.
- Further details of the actions which the Group is taking to reduce emissions can also be found in the Sustainability Impact Report and at www.croda.com.
- An indication of likely future developments in the Group's business can be found throughout the Strategic Report, starting on page 1.
- The long-term viability statement can be found on page 58.
- Information on the appropriateness of adopting the going concern basis of the accounts can be found on page 157.
- Our approach to risk management can be found on pages 51 to 53.
- Details of the services provided to shareholders can be found on pages 204 to 205 and on the Company's website.
- An indication of the Company's overseas branches are on pages 201 to 203.

There have been no events affecting the Company since the financial year end to report to shareholders in accordance with the Accounts Regulations and Disclosure Guidance and Transparency Rules.

For the purposes of Listing Rule (LR) 9.8.4R, the information required to be disclosed by LR 9.8.4R can be found on page 137.

All the information cross referenced above is incorporated by reference into the Directors' Report.

References in this document to other documents on the Company's website, such as the Sustainability Impact Report, are included as an aid to their location and are not incorporated by reference into any section of the Annual Report and Accounts.

Independent auditor

Our auditor, KPMG, have indicated their willingness to continue in office and, on the recommendation of the Audit Committee, a resolution regarding their re-appointment and remuneration will be submitted to the AGM on 24 April 2024.

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have each taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Articles of Association

Unless expressly specified to the contrary in the Articles, the Company's Articles may be amended by a special resolution of the Company's shareholders.

A copy of the Articles is available at www.croda.com

Significant contracts and change of control

The Group has borrowing facilities which may require the immediate repayment of all outstanding loans together with accrued interest in the event of a change of control. The rules of the Company's employee share plans set out the consequences of a change in control of the Company on participants' rights under the plans. Generally, such rights will vest and become exercisable on a change of control subject to the satisfaction of performance conditions. None of the Executive Directors' service contracts contain provisions that are affected by a change of control and there are no other agreements that the Company is party to that take effect, alter or terminate in the event of a change of control of the Company, which are considered to be significant in terms of their potential impact on the Group. The Company does not have any contractual or other arrangements that are essential to the business of the Group.

Political donations

No donations were made for political purposes during the year (2022: £nil).

Financial risk management

The Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risks are contained in note 20 on pages 186 to 187.

Listing Rule (LR) 9.8.4R information

Section	Topic	Page reference
(1)	Capitalised interest	Not applicable
(2)	Publication of unaudited financial information	Not applicable
(3)	Smaller related party transactions	Not applicable
(4)	Details of long term incentive schemes established specifically to recruit or retain a Director	Not applicable
(5) (6)	Waiver of emoluments by a Director	Page 126
(7) (8)	Allotments of equity securities for cash	Not applicable
(9)	Participation in a placing of equity securities	Not applicable
(10)	Contracts of significance	Page 137
(11) (14)	Controlling shareholder disclosures	Not applicable
(12) (13)	Dividend waiver	Page 135

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy

at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under Disclosure Guidance and Transparency Rule ("DTR") 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report and the Strategic Report, including the sections of the Annual Report and Accounts incorporated by reference, is the 'management report' for the purposes of the Financial Conduct Authority Disclosure Guidance and Transparency Rules (DTR 4.1.8R). It was approved by the Board on 26 February 2024 and is signed on its behalf by



Tom Brophy,
Group General Counsel and Company Secretary

26 February 2024