

Reasons to invest in Croda

Built on strong fundamentals

A purpose-led company delivering positive impact

By developing and supplying ingredients that are included at low inclusion levels but are vital to the functionality and claims of our customers' products, we can have an outsized positive impact, applying our Smart science to improve lives™.

→ To find out more see pages 10-11

We partner and create value across the full development lifecycle

Direct selling supports customer intimacy, with customer insight informing innovation priorities. We partner with customers, academia and SMEs to develop ingredients that address global challenges and build strong relationships in the process.

→ To find out more see pages 12-15

Our high-performance and innovation-focused culture is unique

As a people-based business, our culture is pivotal to our success and our unique values-based culture transcends our global operations.

→ To find out more see pages 16-17

Chair's statement

Focused on delivery



“Our Purpose, Smart science to improve lives™, is the bedrock of our approach and is embedded across our company through our strategy, and our approach to governance, risk and remuneration.”

Dame Anita Frew DBE
Chair

Navigating a challenging market environment

Four years after the outbreak of Covid-19, our markets have continued to see the ripple effects of the pandemic. The chemical industry has experienced a prolonged period of destocking, following on immediately from a period where customers rapidly increased inventory levels to meet surging demand as lockdowns were lifted.

Delivering long-term performance

High inflation, rising interest rates and customer destocking had a significant effect on Croda's financial performance in 2023 and the Board took the decision to issue two unscheduled trading updates through the year as the trading environment deteriorated. Overall pro forma sales were down 11%, adjusting for the divestment of the majority of the Performance Technologies and Industrial Chemicals businesses on 30 June 2022, and operating profit was down 33%.

Despite this disappointing financial performance, we have seen continued customer demand for Croda's innovation and ingredients that are differentiated by their sustainability credentials. Both Consumer Care and Life

We use a number of Alternative Performance Measures (APMs) to assist in presenting the information in this report. For detail on any APMs used see the Finance review on page 50.

Sciences have more than doubled their annual sales in the period since I became Chair in 2015 through a combination of organic growth and portfolio development, and our customer net promoter score has improved further from +23 in 2022 to +34 in 2023 according to the latest survey.

Most importantly, we have delivered continued progress in a difficult market environment whilst caring for each other right across our company. Despite the challenges we faced in 2023, we maintained our overall employee engagement score at 68%, with 71% of our people saying that they would recommend Croda as a place to work. We are continuing to improve our safety record and made good progress towards achieving our goal of embedding safety as a value, spending over 4,500 hours coaching more than 500 senior leaders globally.

Our commitment to providing regular returns to shareholders is demonstrated by the Board's decision to increase the 2023 full year dividend, despite lower adjusted earnings. During my tenure as Chair, we have increased the dividend from 69p for full year 2015 to 109p for 2023, a compound annual growth rate of 6% over that eight-year period.

Strong fundamentals

Croda is built on exceptionally strong fundamentals. This includes our Purpose which guides the strategic choices we make, a culture where we put people first and an established business model which enables successful implementation of our strategy.

Our Purpose, Smart science to improve lives™, is the bedrock of our approach and is embedded across our company through our strategy and our approach to governance, risk and remuneration. By achieving our strategy we will deliver growth in our own business while creating positive impacts for the planet and society. Our governance framework covers both financial and non-financial performance, our appetite to risk is higher where that risk is integral to delivering on our Purpose and our Remuneration Policy incorporates sustainability-related targets.

United by our strong sense of Purpose and our values, we work as one team. We also promote a 'One Croda' culture through our Remuneration Policy and high levels of employee share ownership.

Croda has a well-established and powerful business model, founded on our own local, science-focused sales force. This direct selling model builds relationships with customers and provides us with insights about their challenges that are key to how we innovate.

Proven strategic direction

Following Croda's significant strategic transition over recent years, we have a compelling focused portfolio operating in attractive market niches, with long-term technology trends creating valuable growth opportunities.

In the Consumer Care market, sustainability is the biggest single driver over the next decade, accelerating the demand for sustainable ingredients and driving legislation change. The Life Sciences market is being

Chair's statement continued

driven by the rise of biologics, complex molecules that are already transforming medicine and will transform agriculture over the next decade. These long-term growth drivers have remained intact in the challenging environment that we have seen in 2023 and our strategy is to leverage our leadership in innovation and sustainability to capture the opportunities for growth that they are creating.

Despite a tough year, we have continued to invest in R&D and manufacturing capacity. We started construction of three new manufacturing sites in China, India and the USA. We continued to invest in R&D in our fast-growing markets including China, Singapore, and Brazil and we opened up a new technical centre for our Pharma business in Hyderabad, India. We also welcomed Solus Biotech to the Croda family with exciting new growth platforms in ceramides and phospholipids that will contribute to our future growth.

Execution against our sustainability agenda, which is central to our strategy, has continued with the objective of delivering restorative impact throughout our value chain and in wider society. We remain on track to meet our 2030 Science Based Targets for greenhouse gas emissions and the Croda Foundation has sustainably improved the lives of more than 22 million people since the charity was founded in 2021. We also established a Board Sustainability Oversight Committee this year to guide and monitor progress.

Focused on operational improvements

Our focus in 2023 has been on 'controlling what we can control' to protect profitability alongside longer-term improvement programmes to drive efficiency savings by simplifying business processes and ways of working. This focus will ensure Croda is positioned to recover when the macro-environment improves.

A new organisational structure has been effective since the start of 2024 with all regional teams, including sales, R&D, marketing, customer service and manufacturing, reporting into Consumer Care and Life Sciences. This simplifies how we work and will ensure we deliver more quickly and more efficiently for our customers.

Profit-protection measures and changes to our ways of working have created further change and challenges for our employees in addition to tough trading conditions. Throughout 2023, our people have demonstrated their resilience, adaptability and determination and I wanted to take a moment to share my thanks and appreciation with everyone at Croda.

A number of the improvements to business processes have been led by Louisa Burdett, Chief Financial Officer (CFO), who informed us in December that she has accepted a new role as CFO at Spirax-Sarco Plc and so will be leaving Croda in June 2024. We are sorry that Louisa is leaving but she will have our very best wishes when she departs this summer. In the meantime, she is continuing to make a valuable contribution to our future success by establishing a functionally-led finance organisation, leading the upgrade of our systems and driving other important improvements to the way we operate. The search for her successor is well underway and we will make a further announcement in due course.

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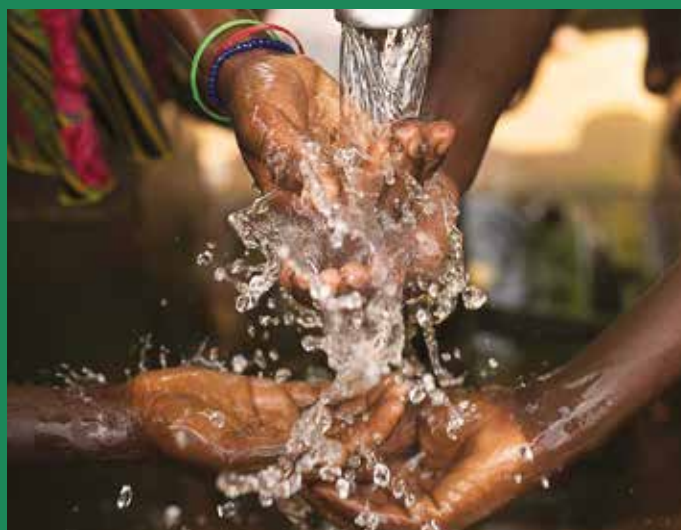


Looking back and looking forwards

This will be my last letter to shareholders as I am stepping down as Croda Chair at the conclusion of Croda's AGM on 24 April 2024. The Board has appointed Danuta Gray as my successor, who is currently Chair of Direct Line Insurance Group Plc and a Non-Executive Director at Burberry Group Plc. Danuta has held Board positions across a range of sectors for the past 19 years and has a deep understanding of growing consumer focused and technology-rich businesses in international markets. Danuta has already joined the Board so I have already had the opportunity to start handing over the reins to her.

Croda Foundation 'Neverthirst' project

Improving access to clean water, hygiene and sanitation in rural Uganda



In 2021, we established the Croda Foundation, an independent charitable company funded solely by grants from Croda. The Foundation's priority impact areas include improving access to healthcare, protecting and restoring ecosystems, and reducing hunger and poverty while improving livelihoods. Since 2021, the Foundation has sustainably improved the lives of more than 22 million people, funding 34 projects across 21 countries. One of these projects is improving access to clean water, basic hygiene and sanitation in rural Uganda, upgrading infrastructure, and training 250 people on improving sanitation through building their own household latrine.

Chris Good also joined the Board in April 2023 having spent his career in the consumer care industry, most recently at Estée Lauder as a member of the Executive Committee. Chris' insights into beauty care markets and consumers will be of great value to Croda and the Board.

In my first letter to shareholders as your Chair in 2016, I emphasised the Board's commitment to high standards of corporate governance and to instilling the right culture, behaviours and approach to how we do business. We have never wavered from that commitment and I am pleased that the high standards of corporate governance at Croda were recognised in the recent independent Board review. Our achievements as a Board and as a company have benefitted from the contribution of all Board Directors past and present to whom I offer my heartfelt thanks.

In 2015, I was one of only two female Board members. Today, Croda has exceeded the gender and ethnic diversity requirements of the Parker Review and the FTSE Women Leaders Review and operates a fully gender balanced Board. I am proud of the progress that we have made on this topic, in line with my belief that diversity of experience is critical to Board effectiveness.

When I look back on almost a decade as Chair of Croda, I am pleased to have worked with Steve Foots and his executive team to transform Croda into a focused Consumer Care and Life Sciences company.



Introducing Croda's Chair-designate, Danuta Gray



“With its talented employees, positive culture and refocused portfolio, Croda has an exciting future and I look forward to working with the Croda team to deliver on the opportunities that are ahead.”

Danuta was appointed to the Board on 1 February 2024 and will take over as Chair at the conclusion of the AGM on 24 April 2024. Danuta has held Board positions at FTSE 100 and FTSE 250 companies across a range of sectors and 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 supporter of Employ Autism. She has extensive Non-Executive listed company Board experience having previously been Chair of St Modwen Property Plc and also serving on the Boards of Aldermore Bank Plc, Old Mutual Plc, Page Group Plc, Paddy Power Plc and Aer Lingus Plc.

This transition has involved continued investment and multiple acquisitions during my tenure and has opened exciting new growth opportunities for the business.

It has been a great privilege to serve as your Chair and I am proud of the progress we have made. I would like to thank all of my Croda colleagues for their support and commitment and wish them all the best for the exciting future ahead.

A handwritten signature in black ink, appearing to read 'Anita Frew'.

Dame Anita Frew DBE
Chair