

Our stakeholder ecosystem

This year, more than ever, we felt the value of working closely with partners and supporting every one of our stakeholders in our ecosystem. Our continued success and positive impact on the world will be driven by the strength of these relationships with others.

“...our success and our positive impact on the world are dependent on how we work with all of our stakeholders.”

Anita Frew
Chair

Our customers

We work in partnership with our customers to provide our innovative and sustainable ingredients in a way that meets their commercial and sustainability goals whilst delivering on our Purpose. Selling around 7,000 ingredients to over 17,000 customers gives us significant exposure to customers ranging from multinational companies to regional and independent brands.

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Our communities

Employees at our sites worldwide are active members of their local communities. Understandably, our neighbours expect us to act responsibly, safely and sustainably. We take our commitment to our communities seriously, going further to make a positive difference and support them at times of need.

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250
attendees – virtual investor event on sustainability



Our shareholders

Our shareholders

We maintain a two-way dialogue with our shareholders, so that they understand and support our strategy and can assess our Environmental, Social and Governance (ESG) performance.

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CRODA

Our people

We have over 5,600 employees across 30 manufacturing sites and many more offices and laboratories worldwide. Our mix of scientists, engineers, sales, customer services, production and support function experts work together with a clear, shared Purpose, to use Smart science to improve lives™. The Croda culture and our values of 'Responsible', 'Innovative' and 'Together' focus and enable our work.

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Our ecosystem



Manufacturing sites processing
99%
of our palm oil derivatives are RSPO certified

Non-Governmental Organisations (NGOs)

Non-Governmental Organisations
NGOs rightly engage with businesses to encourage them to take responsibility for their impacts. Understanding their perspective helps us support our consumer-facing customers, maximise our positive sustainability impact and protect our reputation.



220
active memberships of industry associations

Regulators and Trade Associations

Regulators and Trade Associations
The Regulators and Trade Associations we work with are an essential part of our ecosystem. We collaborate and share expertise to ensure that our ingredients are compliant and aligned with regulations worldwide while providing a true and sustainable benefit to consumers.



199
suppliers completed EcoVadis survey

Our suppliers



Our suppliers
Supply chain integrity is critical to delivering a sustainable business. In addition to the usual criteria of quality and reliability, we choose suppliers who share our standards for ethics, labour and human rights, the environment and sustainable sourcing. We work closely to help them understand and align with our values and standards, providing them with best practice guidance and tools to measure, improve and promote their sustainability efforts.

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531
innovation partners

Our innovation partners



Our innovation partners
Our R&D advances are increasingly driven by our innovation partnerships. These partners include leading international universities, SMEs, biotechnology companies, research institutes and our customers. Our Smart Partnerships and Open Innovation projects enable collaborations that focus on our Commitment to sustainability so that we can improve lives together.

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Section 172(1) Statement

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- the likely consequences of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the Company

The information on pages 14 to 21 in the Strategic report should be read in conjunction with the information provided in the Corporate governance report on pages 50 to 105. The content on these pages constitutes our s.172 Statement, as required under the Companies (Miscellaneous Reporting) Regulations 2018.

Our stakeholders



Our people: We have over 5,600 employees across 30 manufacturing sites and many more offices and laboratories worldwide. Our mix of scientists, engineers, sales, customer services, production and support function experts work together with a clear, shared Purpose, to use Smart science to improve lives™.

Our people, culture and values

At Croda, we share a clear sense of Purpose and are motivated by our Commitment to be the most sustainable supplier of innovative ingredients. Our distinctive 'One Croda' culture guides the way we work and helps us to attract and retain the first-class people we need, by enabling collaboration and skills development. To ensure our long-term success, we have defined the values that make us different as a Company, encouraging our people to be 'Responsible', 'Innovative' and to work 'Together.'

Working together

During the pandemic, our people have been outstanding. Whether as part of a socially distanced onsite manufacturing team or from home while juggling caring commitments, they have kept delivering for our customers. We have supported and listened to our people in many ways including pulse surveys, newsletters, webcasts, video team meetings, listening groups and social networks.



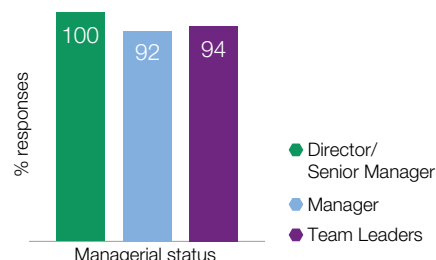
75%

average pulse survey response rate

Despite the challenges, close to 100% of our people completed some form of training this year. We have also added 2,000 online courses to our learning management system and introduced a new secondment scheme to accelerate career development.

In 2020 we ran 11 pulse surveys; five related to COVID-19, four related to the roll out of our Purpose and two focused on engagement. The engagement pulse surveys achieved an average 75% response rate.

Croda Purpose and application to role



Percentage of managers in Global R&T who answered "agree" or "strongly agree" to the statement "I know what Croda's Purpose is and how it applies to my role".

Facing the COVID-19 challenge

During the global pandemic, our people were affected by uncertainty and practical impacts. They were naturally concerned for their safety, for the health of their loved ones and for their financial security. To support them we:

- set out early in the pandemic that we would not be furloughing staff or making people redundant;
- applied strict safety protocols for people working on our sites including PPE, hand sanitiser, remote handovers and social distancing procedures;
- supported staff working at home;
- protected pay and benefits so that those self-isolating, unwell or with caring responsibilities were supported; and
- provided wellbeing programmes.

Our people and our sustainability Commitment

As part of our Commitment to be People Positive by 2030, we are encouraging and promoting diversity. This year we have established a programme to understand our diverse representation in terms of race/ethnicity, sexuality and disability. We published flexible working guidance globally and are running a mentoring programme, as part of a continued drive to improve gender diversity, with the aim of doubling the number of women in senior decision-making roles by 2025 and achieving overall gender balance by 2030.

For more information on the progress we are making see the People Positive update see p35.

Keeping our colleagues safe and feeling supported through COVID-19

The health and wellbeing of our employees throughout the COVID-19 pandemic is our primary concern. We had to swiftly respond to changing needs to keep employees safe whilst working and continuing to manufacture our ingredients, many of which are used in items critical to combating the virus.

Our CEO and leaders at every level of the Company globally gave regular updates, held town hall meetings, recorded videos and sent out written communications. We also published short pulse surveys to provide employees with a way of sharing anonymous feedback about how they were feeling and how the Company was managing the crisis from their perspective. Local managers also encouraged feedback and maintained contact with staff working remotely through online quizzes, digital coffee breaks and even virtual cocktail hours.

Early in the pandemic, we assured all employees that there were no plans to reduce employee numbers or reduce regular salaries and benefits as a result of COVID-19. We understood some employees needed to balance caring responsibilities and work, so encouraged people to work flexibly as required.

For those employees working onsite, we focused on making life as easy and as safe as possible – with remote handovers, provision of PPE including hand sanitiser, and training in new procedures to keep everyone safe.

Where employees, especially those working shifts, reported that they were struggling to access essential food items, which were in short supply at points during the first wave of the pandemic, we arranged for food and cleaning items to be made available for home use.

There was an important focus on mental health in all our regions and we increased the provision of Employee Assistance Programmes in some countries and provided direct access to doctors and medical teams. We delivered online training courses aimed at the management of safety and health during the pandemic including mental health. In addition, our employees recorded podcasts sharing specific tips and information about safety and wellbeing.

We continued to operate as close to normal as possible during the pandemic, offering support and flexibility to our employees whose commitment has been outstanding in such difficult circumstances. They continued to work hard for our customers despite the challenges they faced.



Our customers: We work in partnership with our customers to provide our innovative and sustainable ingredients in a way that meets their commercial and sustainability goals whilst delivering on our Purpose. Selling around 7,000 ingredients to over 17,000 customers gives us significant exposure to customers ranging from multinational companies to regional and independent brands.

Our customers, insight and excellence

We work in partnership with over 17,000 customers, large and small, to provide our innovative and sustainable ingredients in a way which meets their commercial and sustainability goals while delivering on our Purpose. By selling direct to customers and collaborating with them at our 46 innovation centres around the globe, we gain a detailed insight into their current and future needs, helping us to identify new opportunities.

With regulations an increasingly important driver of customer requirements, we also work closely with Regulators and Trade Associations to gather intelligence, ensure that our ingredients are compliant with regulatory frameworks worldwide, and advocate for more stringent targets to improve the sustainability of our industry as a whole (see p15 of this document or p39 of our Sustainability Report for more).

Working together

2020 tested and confirmed our levels of customer intimacy as we were able to continue delivering for our customers through our focus on health and safety.

Despite the pandemic, we enhanced our customer relationships in emerging markets, more than doubling our footprint in the Middle East and Africa when we acquired Iberchem, and enhancing our network in Asia through investment in sales, digital, technical and production capabilities.

To help increase our focus on consumer ingredients for our Home Care and Personal Care customers, we have created a new Consumer Care sector. Through the Iberchem acquisition, we also extended our full-service offering to customers by adding fragrances to our range and formulation capabilities.



Nicole Schumacher
Global Account
Manager



Recognition for supporting customers with their sustainability goals and good service

This year the Crop Protection team within our Life Sciences sector were delighted to win the Syngenta Supplier Partnership Award at their 2020 Virtual Syngenta Supplier Conference. The event, held every two years, is an opportunity for Syngenta to speak directly to its suppliers about their strategy and direction, and for them to recognise and celebrate those suppliers who make the most significant contributions.

In presenting the Supplier Partnership Award to Croda, Marie-Odile Zink, Head of Co-Formulants Procurement at Syngenta, highlighted Croda's great customer service and responsiveness, our innovation and support on multiple projects around the world, and especially our support of Syngenta's sustainability goals.

Nicole Schumacher, Croda's Global Account Manager for Syngenta also said: "It is encouraging to see the degree of alignment between both companies around innovation and sustainability. It is great to see our hard work and commitment being acknowledged in this way."

Facing the COVID-19 challenge

Across our business, our direct-selling model and unique level of customer intimacy were maintained as everyone transitioned into the 'virtual world' due to COVID-19. Attendance numbers for our regular webinars and use of our Live Chat facility increased. Our continued investments in our digital capabilities helped our global selling network to continue to provide unrivalled customer contact through instant access to our expertise and a more personalised digital experience.

With multiple touch points located close to our customers locally, and our digital capabilities, we have worked in partnership to understand changing customer needs and product demands during this pandemic. We have also supported customers with flexible payment terms and have prioritised manufacture and supply of our ingredients for applications that are combating COVID-19. These range from sanitisers to PPE and crucially our pharmaceutical excipients now established in a global COVID-19 vaccine.

Our customers and our sustainability Commitment

The strength of our customer partnerships provides immediate insights and fuels our continuous innovation. This drives the creation of ingredients to help these customers to meet their own sustainability goals by providing a benefit in use with reduced environmental impact. In parallel we are able to continue to align our business with the United Nations Sustainable Development Goals (SDGs) and meet our own Commitment.

314%

increase in online
Live Chat
since 2019



Our suppliers: Supply chain integrity is critical to deliver a sustainable business. In addition to the usual criteria of quality and reliability, we choose suppliers who share our standards for ethics, labour and human rights, the environment and sustainable sourcing. Our partnership with our suppliers goes beyond acquiring products and services. We work closely to help them understand and align with our values and standards, providing them with best practice guidance and tools to measure, improve and promote their sustainability efforts.

Our suppliers and shared values

Our suppliers play an integral role in our ability to create, make and sell our diverse range of innovative ingredients and, in return, we are committed to sharing benefits equitably across the supply chain. Our partnership with suppliers goes beyond acquiring their products and services. We source from those who share our values and help them to measure and improve their sustainability credentials. We partner with EcoVadis, a global supplier audit firm, to ensure suppliers are operating safely, ethically and responsibly, and to drive improved practices.

Most of our carbon emissions lie within our supply chain. To achieve our Science Based Targets, we collaborate with suppliers and work with CDP Supply Chain, a not-for-profit global disclosure charity, to collate data about their environmental impact.

Working together

In 2020 we appointed a Global Head of Sustainable Sourcing to strengthen supplier relationships and to improve product composition data, enabling us to meet our commitment to deliver ingredient transparency to our customers. We issued a new Code of Conduct to ensure clear communication of our sustainability standards to suppliers globally.

We also work closely with Non-Governmental Organisations representing consumer interests on issues such as the sustainable sourcing of palm oil derivatives. Understanding their perspective on supply chain management helps us support our customers, maximise our positive sustainability impact and protect our reputation (see p38 of our Sustainability Report for more).

Facing the COVID-19 challenge

Supply chains have been tested during 2020. Our strong supplier partnerships enabled us to maintain the supply of raw materials and services to our sites with minimal disruption. In return, we have offered flexible payment terms to suppliers, so that they can benefit from the strength of the Croda business model.

Our suppliers and our sustainability Commitment

Supply chain integrity is critical to deliver a sustainable business. Our choice of suppliers will continue to be fundamental in helping us achieve our 2030 targets. We did not let the challenges of 2020 distract us from our Commitment and have continued supplier engagements through RSPO Certification, CDP Supply Chain and EcoVadis assessments. This work will continue into 2021 and beyond until we have full transparency in all aspects of our supply chains.



Photo courtesy of Karène Volpato / UEBT



The Union for Ethical BioTrade (UEBT) is a non-profit association that promotes sourcing with respect. This year, Sederma, our skin actives business, became a fully accredited member of the UEBT. This means Sederma commits to continuously develop and integrate ethical sourcing practices in plant collection areas, respecting traditional know-how, improving the living conditions of local populations, and mastering traceability of raw materials of natural origin.

199

suppliers completed EcoVadis survey



Our innovation partners: Our R&D advances are increasingly driven by our innovation partnerships. These partners include leading international universities, SMEs, biotechnology companies, research institutes and our customers. Our Smart Partnerships and Open Innovation projects enable collaborations that focus on our Commitment to sustainability so that we can improve lives together.

Our innovation partners and NPP

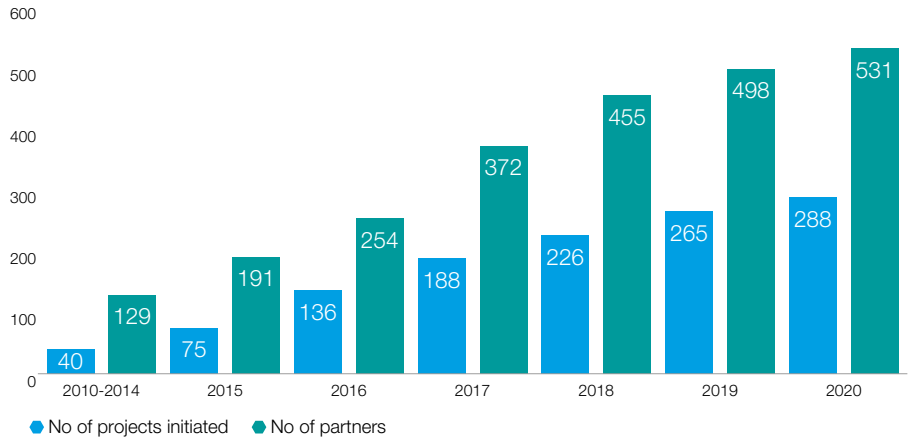
Our innovation strategy combines internal R&D with external technology investments and Open Innovation partnerships, which create unique opportunities to collaborate with leading scientists in universities and SMEs. These partnerships enable us to access world-class expertise and facilities to drive innovation whilst reducing time-to-market. They also allow us to share our know-how about formulations and the commercial application of science with our partners.

Together we are finding new ways to develop ingredients and manufacturing processes that deliver better results for our customers with less impact on the planet. Over the last ten years, the strategic importance of Open Innovation partnerships has grown significantly, as has the number of partnerships we enter and projects we create. Our partners contribute to the high proportion of New and Protected Products we sell and the continued differentiation of our ingredient portfolio.

Working together

The technology investments we made in 2020 are aligned with our sustainability strategy, allowing us to offer innovative metal oxides for sun protection, cellulose powders made from by-products of the Canadian forestry industry for skin care, and probiotic cleaning agents for home care. We currently run over 100 active Open Innovation projects, involving our top Croda scientists working alongside our partners, from world-leading academics to major international customers, to develop new products and processes.

Open Innovation partners and initiated projects



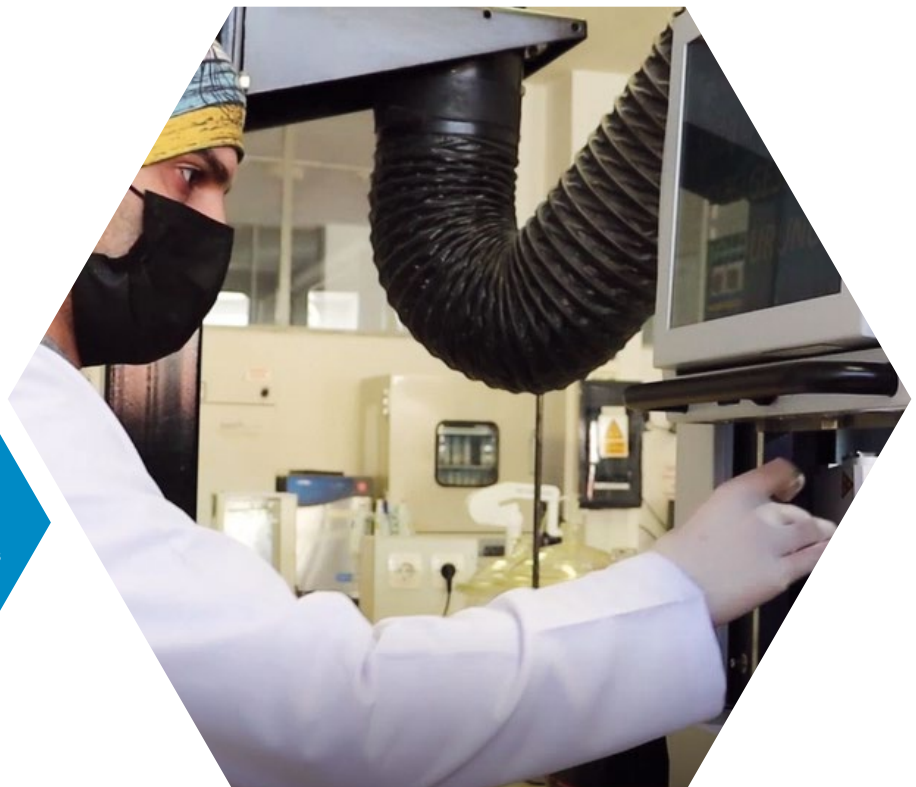
Facing the COVID-19 challenge

One third of the 46 innovation centres that we operate globally remained open throughout the pandemic and all returned to operation during the year, providing access to our R&D teams and protecting our future innovation pipeline.

Although many of our sponsored PhD students were sent home as universities closed, we held meetings online, reviewing progress and setting priorities, so that work could continue. We also extended funding arrangements for PhD students where necessary.

Our innovation partners and our sustainability Commitment

Many of our Open Innovation partnerships focus on improving processes and ingredients as part of our Commitment to be Climate, Land and People Positive by 2030. For example, we work with partners to help access the latest scientific advances in biotechnology. Each project aims to either improve the sustainability of the way we manufacture our ingredients or create new ingredients that deliver sustainability benefits for our customers and their consumers.



Our stakeholders continued



Our communities: Employees at our sites worldwide are active members of their local communities. Understandably, our neighbours expect us to act responsibly, safely and sustainably. We take our commitment to these communities seriously, going further to make a positive difference and support them in their times of need.

Our communities and why they matter

We rely on the trust of people in our local communities to operate effectively and deliver for our customers. Understandably, our neighbours expect us to act responsibly, safely and sustainably, but we go further and aim to make a positive difference. Our 1% Club, launched over 15 years ago, enables all employees to give 1% of their working time to charitable activities, targeting local communities. We also aim to create educational opportunities for local students, particularly those studying “STEM” subjects: Science, Technology, Engineering and Maths.

We have paid a living wage to all UK employees since 2018. Through our partnership with the Fair Wage Network, and commitment to pay the living wage to all regularly employed contractors as well as employees by the end of 2024, we are helping to provide financial security across our communities globally.

Working together

This year more than ever we have reached out to support our local communities in their time of need. Through our Acts of Kindness initiative, established to support our local communities during the COVID-19 pandemic, our employees nominated local charities and causes where we could make a difference.

For the longer term we have incorporated the Croda Foundation, to deliver our People Positive Commitment of applying our innovation to increase the positive impact we make on society. The Foundation is an independent charitable trust, solely funded by Croda, but with its own Board of

Trustees and a global reach. Its role is to oversee the delivery of philanthropic projects sponsored by Croda, prioritising those that use our smart science and technologies to improve the lives of people in the communities where we operate.

Facing the COVID-19 challenge

Many of our communities worldwide have been impacted by the pandemic, with concerns for safety, virus control and financial insecurity. We have responded through our Acts of Kindness initiative, providing acute relief and support to those facing hardships. Our popular STEM programme has proved

particularly useful during this time of increased home-schooling for children. Our sites have kept local communities informed about our response and used their smart science to make items such as hand sanitisers available to local schools, nurseries and residential homes for the elderly.

Our communities and our sustainability Commitment

During 2020 we incorporated the Croda Foundation. We aim to improve the lives of one million people in the communities in which we operate by 2030, a key pillar of our Commitment to be People Positive.



Our Acts of Kindness initiative helped the Kayapo tribe in the forests of the Amazon to fight COVID-19

Acts of Kindness fund
£200k



Adriana Nobre
Operations Head
for Latin America

Acts of Kindness reach the Kayapo tribe in the Amazon forest

In April we offered our employees the opportunity to nominate local causes and charities to receive a £10,000 of support from their Croda location. In total, we set aside a fund of £200,000 for this Acts of Kindness activity and our teams reacted immediately, nominating a wide variety of worthwhile causes and vulnerable groups to help.

In Brazil, our Campinas-based team used their fund to support several local groups. They donated personal hygiene items to a local nursing home for the elderly and provided food boxes for residents of a favela, helping 200 of the most vulnerable local families. The food boxes supplied a month's worth of food and each family received these boxes for four months.

The Brazilian team also gifted 100,000 soap bars to the Kayapo, an indigenous tribe living in the Capoto-Jarina reservation in the Amazon forest.

Increased hand washing with soap is an effective way to help prevent the spread of COVID-19 and this donation is helping indigenous peoples in the region to protect themselves from the pandemic.

Access to soap is difficult for these tribes as they do not live in a cash economy and together with the absence of medical assistance, this leaves them extremely vulnerable to the pandemic and to other health issues. They often live in remote villages where access is challenging and resources are limited.

Adriana Nobre, Director and Operations Head for Latin America said “This is a cause that is very close to the hearts of my team and they were particularly proud and happy to be able to step forward and help with a Croda Acts of Kindness donation. The whole team was excited to provide this support which made a difference to the vulnerable but important Kayapo communities who play a key role in the protection of our environment.”



Our shareholders: We maintain a two-way dialogue with our shareholders so that they understand and support our strategy and can assess our Environmental, Social and Governance (ESG) performance.

£627m

of new equity to part-fund the acquisition of Iberchem



Our shareholders and open dialogue

We are committed to considering shareholder interests and maintaining open and regular dialogue with them as the owners of our Company and main source of long-term funding.

Working together

In November we raised gross proceeds of £627m new equity to part-fund the acquisition of Iberchem, the largest M&A-related placing on the London Stock Exchange in 2020. We followed the principle of pre-emption, ensuring existing institutional shareholders received at least their pro-rata allocation. We also allocated the maximum permitted number of shares to smaller shareholders and employees through a separate retail offer.

Facing the COVID-19 challenge

At the start of the outbreak, in line with investor focus on business continuity, we undertook extensive scenario testing which confirmed Croda had sufficient liquidity to absorb extended uncertainty.

We provided more regular and detailed disclosure during the COVID-19 crisis, publishing trading updates and more detailed information about our employees and other stakeholders. We also embraced digital communications to engage investors at virtual conferences and events.

Croda's business model has proven resilient with all but two of our 19 principal manufacturing sites operating without material disruption throughout the pandemic. This resilient performance, combined with prudent leverage and dividend distribution over many years, enabled us to pay dividends to shareholders in line with the Board's commitment to treat all stakeholders fairly.

Our shareholders and our sustainability Commitment

We continue to increase engagement on ESG topics with both non-holders and long-standing shareholders and see an increasing proportion of specialist investors on our register.

As well as hosting an investor seminar on sustainability in October which attracted 250 participants, we created a single "sign-posting" website page and a data pack collating non-financial information for investors. Priorities for 2021 are continued assessment of the carbon benefits of Croda's products in use and the application of the EU taxonomy to Croda.

For more information on our communication with shareholders see page 60.

Equity placing

- £627m (gross proceeds) raised through institutional and retail offers
- Institutional offer c4x oversubscribed
- Over 100 institutions supported the institutional offer
- c75% placing allocated to existing shareholders
- Retail offer c2x oversubscribed
- Maximum retail allocation permitted under UK regulations