

Celebrating 50 years as a public company



There is one word that sums up Croda's story over the past 50 years: innovation.

Innovation is what we do and who we are: creating the new technologies that our customers want; helping our customers to build powerful brands; differentiating our business from our competitors.

CRODA

## Croda: innovation you can build on

*"We can chart our future clearly and wisely only when we know the path which has led to the present."*

*Adlai E Stevenson (North American Politician)*

In 2014, Croda celebrates 50 years as a public company. Recent accolades for our innovation include: number five in the latest list of Management Today's 'Britain's Most Admired Companies'; Keith Layden, Chief Technology Officer, named as one of the UK's Leading 100 Practising Scientists. 2014 has also seen the company ranked 28<sup>th</sup> in the Global 100 Most Sustainable Corporations in the World and retain its FTSE4Good status for the sixth year.



George Crowe

Ever since the company was formed in 1925 by Mr Crowe and Mr Dawe to make lanolin, a unique and rather interesting wax obtained by refining the natural grease of sheep's wool, innovation has been at the very core of the organisation.

## Creative chemistry

Croda's early years laid the foundations for the creative, adaptable organisation it is today. In 1930, a report from the National Physical Laboratory showed that lanolin was an excellent rust preventive, opening up new markets in the engineering and fast growing automotive industries. The late 1930s and early 1940s brought government contracts to supply products such as camouflage oils and insect repellents, but these contracts stopped as World War Two ended. By this time, however, Croda was exploring the many remarkable properties that lanolin possesses as a natural ingredient in cosmetics. Amongst the exciting new products that were developed was Hartolan™ lanolin alcohols and Polawax™, the first non-ionic emulsifying wax for cosmetic creams and lotions. Already, Croda was becoming known for its creative chemistry.

In 1950, newly appointed Sales Director Fred Wood took Croda's products to North America by establishing a sales office in New York. Returning to the UK as Managing Director just three years later, Wood left behind a growing customer base, with many leading cosmetic companies both there and in Europe starting to incorporate Croda products into their formulations.



Fred (later Sir Frederick) Wood

1954 saw the Company acquire C M Keyworth of Leek, an important supplier of products such as fatty esters to Croda. This began a period of steady organic growth, both in the UK and across Europe.

## Croda becomes a public company

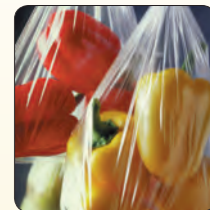
In 1960, Fred Wood became Chairman as well as Managing Director. He had already made a sweeping reorganisation of the sales team, rapidly promoting some of the company's younger employees, with the effect on profits being almost immediate. In 1960, sales leapt to £134,000 and in the next three years they grew dramatically so that, by June 1964, Croda could go public on a forecast of £160,000 pre-tax and an actual profit of £230,000.

Shares in Croda were offered for tender by L Messel & Co, the issue being four times over-subscribed. Press comment was reasonably favourable, although not overly enthusiastic.

One notable exception was John Davies of The Observer, who had earlier spent many years at the Financial Times and had developed strong views about the characteristics of a successful company. He saw in Croda many of these factors: a specialised range that would not bring Croda into conflict with the giants, sufficiently tailor-made to provide security of business and a degree of price flexibility; a proven ability not only to survive, but to grow internationally; a management strongly inclined towards marketing and very much aware of the profit factor; and, not least, the right sort of leader in Wood himself.

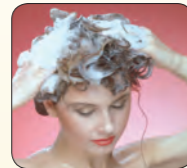


*Croda was founded in 1925 to make lanolin and became a public company in 1964. Here are just some of our innovations over the past 50 years, illustrated against our growth milestones.*



Croda launches its world leading Crodamide™ range of fatty acid amides, a key element of polymer processing.

1968



Croda launches Crotein™ Q, the first quaternised protein, a revolution in hair conditioning.

1976



Super Refining™ process is developed at Croda Japan, attaining highest levels of purity and quality. Snow White Lanolin™ is developed.

1977

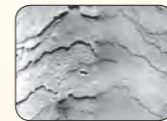


Croda is the first company to develop a wheat based protein ingredient.

1985

Lorenzo's Oil is developed in a UK laboratory in Hull for the treatment of a young boy with ALD (adrenoleukodystrophy) a story made into a blockbuster Hollywood movie.

1990



Launch of Crothix™, a high performance thickener for surfactant systems, just one of numerous patents for innovative specialities in Personal Care developed at Croda Inc.

1991

1993



Incomega™ range is launched: offering high purity Omega-3 fish oil for the nutritional supplements market.

1994

High purity grades of lanolin for pharmaceutical and dermatological applications are developed.

1996

Crodamazon™ range of natural oils is launched. Based on the 'Fruits of the Rainforest' and working in partnership with communities living on the banks of the Amazon.

1998



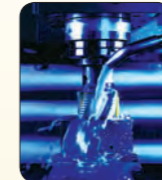
Matrixyl™ and Dermaxyl™ are launched by Sederma, heralding a breakthrough in anti-wrinkle treatment.

2003



Optisol™ range of UV absorbers are launched, delivering broad spectrum sun protection against both UVA and UVB rays, reinforcing the respected Solaveil™ and SpeXtra™ ranges added by Uniqema. Croda Health Care launches PureMax™, the process technology at the heart of Omega-3 fish oil production.

2006



Croda Lubricants launch Perfad™ 3950, a lubricity/emulsifier package with unique low foaming properties.

2007



Croda Home Care launches Cirrosol™ ST, a new softening additive for 2-in-1 liquid laundry detergents.

2009



Coatings & Polymers launch Priamine™ and B-tough™, an epoxy toughening additive for marine and protective coatings.

2011



The acquisition of Innovachem added Panthequat™ conditioner and the Liquiwx™ range of cosmetic esters to the Personal Care portfolio. Croda Health Care launches IRB products GPI Choline™ PE and GPI Lysine™ PE, these use innovative mechanisms to give fast relief from inflammation and itching.

2012



Volarest™ FL is launched, the first product from Acrylic Polymers, which offers unique textural properties and exciting formats to the consumer. The Specialty Products business of Arizona Chemical of Jacksonville, Florida is acquired, adding a class leading range of oil gelling polymers to the portfolio.

2013

1964

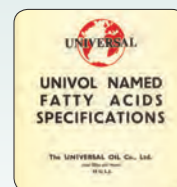
Croda becomes a public company.

1965

Croda Inc purchases a site at Mill Hall, Pennsylvania, to expand manufacturing facilities in North America.

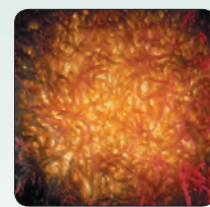
1966

United Premier Oil & Cake Company is acquired, this included Universal Oil Company, a manufacturer of fatty acids, the basic material of the oleochemical industries.



1968

Croda acquires British Glues and Chemicals, one of the UK's two major producers of gelatin.



1970s

Expansion continues into Japan, Canada, Australia, South Africa, France and Brazil. Croda becomes truly international.

1982

Croda successfully fights a takeover bid by Burmah Oil. This brings a change in strategy, focusing on the businesses it knows best; naturally derived specialty chemicals.



1988

£15 million redevelopment and expansion of the Rawcliffe Bridge factory. This enables greater responsiveness to market needs and initiates further sales growth.



1991

Croda bought Novarom (renamed Crodarom in 1998), a German company specialising in plant extracts.

Botanical and plant extracts can now be manufactured using 'greener' extraction techniques through patented 'microwave' technology.



1997

Acquisition of Sederma, a world leader in active ingredients for skin care.



1998

Westbrook Lanolin is acquired, reinforcing Croda's position as the world's leading lanolin producer.



2000

Croda celebrates its 75<sup>th</sup> anniversary. A new \$50 million specialty chemicals complex is opened in Singapore, one of the world's most advanced chemical manufacturing sites.

2004

New North American Headquarters and Innovation Centre open in Edison, New Jersey.

2005

The Enterprise Technologies division is formed to identify and commercialise new technologies. (Re-named Technology Investment Group, TIG, in 2013).

2006

Croda acquires Uniqema from ICI, creating a chemical company with sales of nearly £1 billion. The Uniqema acquisition brought many new products such as the industry leading Span™ and Tween™ surfactants and the Solaveil™ brand of sun care actives.



2008

A wind turbine is installed at Croda in Hull, displacing 40% of the site's imported electricity and building on Croda's already strong sustainability credentials.



2010

The award winning 1% Club is rolled-out globally, enabling employees to donate 1% of their working time to get involved with community projects.

Turnover reaches £1 billion for the first time as Croda continues an unbroken run of sales and profit growth over the previous ten years. New offices and laboratories are completed at Cowick Hall, global headquarters.



2012

\$6 million landfill-gas-to-energy project is undertaken at the Atlas Point plant in New Castle, Delaware.

The acquisition of IRB (Istituto di Ricerche Biotechnologiche) leads Croda into plant cell culture biotechnology. Croda joins the global MSCI stock index; this increases overseas share ownership and thus diversity of the investor base.

First Croda sites receive certification from the Roundtable on Sustainable Palm Oil (RSPO)

Croda Polymer Additives launch Atmer™ 7373: a new anti-fog additive for polypropylene.

2013

Croda acquires a 65% equity interest in Sichuan Sipo Chemical Co Ltd (SIPCO), a natural specialty chemicals manufacturer based in Sichuan Province, China.



A new solar installation project at the Atlas Point manufacturing site is commissioned, which will generate 5% of site's electricity. The new Acrylic Polymers plant is officially opened at Rawcliffe Bridge.

2014

Croda is ranked 28<sup>th</sup> in the Global 100 Most Sustainable Corporations in the World.

Croda celebrates 50 years as a public company.

## A strategy for the future

Although its defence against the takeover was successful, the take-over attempt forced Croda to re-think its strategy. It went back to focusing on the businesses it knew best, the future direction was set with naturally derived speciality chemicals at the core.

Croda focused on end-markets that showed good growth, such as Personal Care and Health Care, Polymer Additives and Home Care. The Company started experimenting with new raw material crops such as evening primrose, borage and meadowfoam. It undertook the first production of soluble native collagen and a truly quaternised protein that heralded a revolution in hair conditioning.

The 1970s saw Croda make huge advances in refining technology. The development of Super Refining™ at Croda Japan introduced new levels of product purity and quality. In 1977, a new grade of lanolin was developed, Snow White Lanolin™. This became, and still is, one of the major product ranges for Croda Japan, and this technology has been developed throughout Croda, to take a number of speciality products, such as non-ionic surfactants and fish oils, to new levels.

In 1990, Croda applied its scientific knowledge to the pharmaceutical market with the creation of Lorenzo's Oil: a natural oil rich in erucic acid, which was developed by Croda scientists at Hull for the treatment of a young boy, Lorenzo Odone, who was suffering from ALD (adrenoleukodystrophy). The story was made into a blockbuster Hollywood movie in which the lead Croda chemist, Don Suddaby, played himself in a cameo role.



Lorenzo's Oil movie poster

Throughout the 1990s, Croda's global workforce worked to further the Company's reputation as leaders in innovation. In North America, the Research & Development team developed a number of speciality products, ranging from Crothix™, a high performance thickener for surfactant systems, through to Lustreplex™, an ingredient that provides hair conditioning and frizz-control from shampoo systems.

Meanwhile, Croda continued to expand its operations with the opening of a new regional office in Singapore. In the UK, the Company also undertook a £15 million modernisation programme of its first manufacturing site, Rawcliffe Bridge. This modernisation enabled Croda to be even more responsive to the market needs of its customers, which initiated further sales growth.

## Sederma: a new era in skin care

The acquisition of Sederma (France) in 1997 brought new capabilities to Croda in skin care active ingredients. It is the way in which these active ingredients are made that was so fascinating. Through the application of biotechnology, it was possible to use microorganisms in the field of cosmetology and the development of products, processes and applications not accessible via conventional technologies. Liposomes, invisibly small 'vehicles' that are able to transport active molecules into the outer layer of the skin, were first produced by Sederma. This led to ceramides and peptides entering the vocabulary of the consumer, heralding a new generation of powerful anti-wrinkle ingredients, such as Sederma's world renowned Matrixyl™ and even the first substantiated lip volume booster. These actives created a new era of skin care products, having distinct consumer perceivable benefits that had not been possible before.

Crodarom, an acquisition in 1991, complemented Croda's growing product portfolio, especially in Personal Care, as it enabled the use of botanical and plant extracts that are manufactured using the Company's own patented 'microwave' technology. This process is not just quicker; it is more sustainable, using less energy than traditional extraction methods, resulting in much less product degradation.

With a continued focus on sustainable ingredients, the acquisition of Westbrook in 1998 cemented Croda's position as the world's leading lanolin producer, with new high purity grades developed such as Medilan™, hypoallergenic lanolin suitable for pharmaceutical, dermatological and cosmetic applications.

In early 1999, Mike Humphrey, who had progressed from Management Trainee in 1969 to heading up the successful Oleochemicals business in 1995, succeeded Keith Hopkins as Group Chief Executive.

## A new millennium

The millennium saw Croda celebrate its 75<sup>th</sup> anniversary with the opening of a new, \$50 million speciality chemicals complex in Singapore, which at the time was Croda's largest ever single investment and one of the world's most advanced chemical manufacturing sites. Since its opening, Croda Singapore has introduced a range of 'Blue Technology' products that facilitate cold processing to reduce manufacturing energy consumption by as much as 80%. This enables Croda to forge strong partnerships with customers, supporting them in attaining their sustainability goals.

In 2002, Croda Brazil began its Crodamazon™ project: working in partnership with the communities located along the banks of the Amazon to develop a range of natural oils based on the 'Fruits of the Rainforest', whilst preserving natural resources and promoting the socio-economic development of the region. Exotic oils such as Buriti, Cupuacu, Maracuja and Pequi were incorporated into a new generation of skin and hair care products.

Shortly after this in 2004, Croda Inc in North America opened a new head office and innovation centre in New Jersey. The site contains a synthesis laboratory, where innovation begins, an application laboratory, where innovation is applied, a range of claims testing areas where innovative performance is validated, through to a training area where the innovators of tomorrow learn and gain hands-on experience.

One of the major milestones in Croda's history was the 2006 acquisition of Uniqema from ICI for £410 million. This created a global chemical company with sales of nearly £1 billion. The acquisition greatly strengthened the Group's manufacturing capability, with state-of-the-art manufacturing sites throughout Europe, North America and Asia.

The acquisition also enhanced the Company's product range, adding industry leading surfactants such as Span™ and Tween™, as well as many other oleochemical specialities that were new to Croda. Crop Care was an important new market for Croda's surfactants and dispersants, and soon after the acquisition the newly formed Coatings & Polymers business was able to launch a series of products. This included the LoVOCoat™ range of surfactants for low VOC, high performance solvent borne paints and B-Tough™, an epoxy toughening agent to protect epoxy coatings against tough conditions. The Lubricants market was also well served, notably with the launch of Perfad™ 3950, a lubricity/emulsifier package with unique low foaming properties.



Crop Care became an important new market for Croda's surfactants and dispersants

Croda had already made a first step into UV absorbers, but with the Uniqema acquisition, an exciting new range of truly transparent inorganic UV absorbers marketed under the Solaveil Clarus™ brand name was added to the sun care portfolio. This was later extended further by the development of the SpeXtra™ range, which focuses on protecting skin from UVA radiation and reducing the ageing effects of sunlight.

A new Geo Technologies business was then established to provide focus and enable faster growth in the Oilfield, Mining and Water Treatment markets. In the area of the Company now called Industrial Chemicals, CrodaTherm™ was launched, which is a range of bio-based phase change materials: unique substances that can be used to maintain thermal comfort in buildings or for thermal regulation during transport of medical products to keep them stable.

## Innovation through sustainability

At Croda, innovation and sustainability have always gone hand in hand. If innovation is the lifeblood, sustainability is the heart of Croda. In 2008, a new wind turbine was installed at the Hull site, displacing approximately 40% of the site's imported electricity. Following on from this success, in 2012 Croda Inc in North America undertook a \$6 million landfill-gas-to-energy project at its Atlas Point manufacturing site in Delaware, providing enough non-fossil fuel energy to power 60% of the plant's operations, whilst substantially reducing its carbon footprint. Other recent sustainability initiatives include new solar installation projects at Atlas Point and Croda Inc's head office in New Jersey to generate electricity.

Croda's Gouda manufacturing site in the Netherlands is the Company's largest consumer of water, using 2.75 million cubic metres in 2012. However, the site has recently developed a new process that purifies its effluent as a feed stream for their boilers, which should reduce water consumption by a third and, combined with the use of a closed cooling system, aims to eliminate the need for groundwater.

The new offices and laboratories built at Cowick Hall in the UK, Croda's global headquarters, are heated by geothermal heat from water 100 metres underground. Also making a notable impact on the environment was the planting of over 25,000 trees on the land around the site in a three way partnership between business, education and the environment, with local school children involved in the planting.



Over 25,000 trees have been planted on land surrounding the Cowick Hall headquarters in Yorkshire

With local community interests always at the front of Croda's thinking, 2010 saw greater investment in employee volunteering with the global roll-out of the award winning 1% Club. This programme enables all employees to donate up to 1% of their working time to get involved with projects in their local community. A special focus is placed on educating school children on what science brings to their lives and the careers that are available to those who study it.

Humphrey retired at the end of 2011, succeeded by Steve Foots who has successfully worked his way up through the company having joined on the Croda Graduate Development Programme and with more than 20 years service in a variety of roles. With a strong focus on customers, Foots is committed to ensuring that Croda works as one global team in order to deliver exceptional results.

To accelerate the development and acquisition of innovative technologies, a Technology Investment Group (formerly the Enterprise Technologies Group) has been formed, which will be critical to Croda's continuing success. Technologies such as those offered by the acquisition of IRB (Istituto di Ricerche Biotecnologiche) the world leader in plant cell biotechnology; Innovachem, which added a range of patented cosmetic esters for use in skin care and colour cosmetics to the Personal Care portfolio; and, most recently, the Specialty Products business of Arizona Chemical, which brought a portfolio of class leading oil gelling polymers used in a variety of core industries.

2012 saw Croda join the global MSCI stock index, which increased overseas share ownership and created greater diversity across its investor base.



Croda is committed to supporting the sustainable production of palm oil

With natural speciality chemicals also at the core of Chinese based Sipo, Croda's Performance Technologies business was strengthened with the acquisition of the company in 2013, which also marked Croda's first manufacturing site in this important region. 2013 also saw Croda celebrate the official opening of its new Acrylic Polymers plant at Rawcliffe Bridge. The first new product since the investment, Volarest™ FL, was launched to the Personal Care market in the same year, offering unique textural properties and exciting formats for the consumer.

Throughout every part of Croda, innovation can be seen. For example, Croda Inc has pioneered a number of marketing innovations such as an annual education programme to customers via online events; the introduction of an interactive, electronic Hair Damage Book that gives customers on-the-go access to information, putting hair damage solutions at their fingertips; and the recent launch of Sensification™, an easy-to-use system that allows cosmetic formulators and marketers to navigate the complex landscape of sensory descriptors.

Croda Europe have developed a series of 'road shows,' visiting customers across the world by working with local Croda teams to bring science to life in areas such as hair care and skin care through hands-on demonstrations and activities.

## The Croda formula

50 years ago, when Croda was first listed on the UK stock exchange, the financial journalist John Davies listed the characteristics of a successful company. Most are still applicable today: understanding and anticipating customers' unmet needs and helping them to build powerful brands; strong leadership, with investment in the talent of an enthusiastic and dedicated global workforce, committed to team work; world class products made in industry leading manufacturing facilities; sustainability at the core of all company activities, from raw materials to processes and operations.

First and foremost, Croda's ongoing success is keeping the lifeblood of innovation and sustainability flowing freely through every aspect of the business.

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