



Our strong well established governance framework underpins the delivery of the strategy and all our decision making by ensuring accountability, responsibility and transparency.”

Anita Frew
Chair

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Chair

Dear fellow shareholder

Despite the ongoing challenges in 2021 associated with the COVID-19 pandemic, the Board was able to work together with the Executive Committee on a five-year strategy centred on sustainability and innovation to deliver growth. This focus and collaboration were enabled through our clarity of Purpose and a well-established and transparent governance framework. Together these underpin our decision making, ensuring we balance the interests of all our stakeholders whilst continuing to promote the long-term interests of the Company for our shareholders to provide a good return on their investment in Croda.

At the same time, we have remained focused on supporting the wellbeing of our employees across the Group, who have once again shown exceptional resilience to the challenges presented to them during the year. Our employees have continued supporting our customers, suppliers and local communities and there are many examples of this throughout this report. I am also delighted that we continued with our track record of paying regular dividends to our shareholders.

This report, together with the Directors' Remuneration Report, set out on pages 84 to 108, describe how the 2018 UK Corporate Governance Code (the Code) principles have been applied by the Company. I am pleased to report that 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.

Our strategy and stakeholders

As well as collaborating with the Executive team on the development of our five-year strategy, focusing on our Consumer Care and Life Sciences market sectors, the Board spent a considerable amount of time overseeing the disposal of the majority of our Performance Technologies and Industrial Chemicals business. As well as considering the strategic and financial implications of the disposal for Croda, the Board took account of the interests of our key stakeholders; this is further described in the case study on page 69.

The Board continued with the regular scheduled programme of meetings through in-person meetings when possible, via video conferencing and additional calls were held as required throughout the year. Our first priority in the Board meetings is always the health and safety of all our employees and others impacted by our operations.

In our meetings, we were presented with a number of strategic deep dives, which this year covered health and safety, our Health Care and Consumer Care businesses, innovation and also our operations strategy. These allowed the newly appointed Presidents of Consumer Care and Life Sciences to present to the Board on their strategic vision of the future for these businesses. These were then debated and challenged.

In all its deliberations and decisions, the Board is always mindful of the impact on the business' various stakeholders and on its long-term, sustainable success, in line with Section 172(1) of the Companies Act 2006.

We describe on page 68 how the Board engaged with each of our key stakeholders during 2021 and give some examples of how we have considered their interests in some of the Board's decisions made during the year.

Leadership and diversity

We consider that creating an inclusive Board is essential to ensuring we attract a diverse set of candidates for Board roles. The greater the diversity of our directors, the more likely we can foster innovative thinking in the boardroom.

On 1 September 2021 we welcomed Julie Kim to the Board and more recently on 1 February 2022 we were joined by Nawal Ouzren. These two additional Non-Executive Director appointments have brought fresh perspectives to our discussions and support our strategic priorities. We look forward to working with them in the years ahead.

Following these appointments, I am delighted to report that the composition of the Board not only meets, but exceeds the ambitions set out in the Hampton-Alexander and Parker reviews for FTSE 100 companies. Our approach to

the recruitment of these directors and to maintaining this Board diversity is set out in the Nomination Committee Report on pages 76 to 77.

The composition of the Executive Committee was reviewed and refreshed with the appointment of new members following consideration of the talent, development and succession throughout the business. Details of these changes and our succession processes are included in the report of the Nomination Committee.

On the recommendation of the Nomination Committee, the Board agreed to extend my appointment for a further year following the completion of my second three-year term of office. This annual extension is in line with our policy to review appointments annually once six years' tenure has been completed. Helena Ganczakowski's appointment for a further year was also recommended and agreed by the Board. Roberto Cirillo and Jacqui Ferguson completed their first three-year terms and the Nomination Committee recommended to the Board that their appointments be extended for a further three years. Before making the recommendations to the Board, the Nomination Committee considered 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 75.

Board evaluation

I am pleased to report that the Board evaluation this year confirmed that we continue to operate as a very effective Board. With the addition of our new Non-Executive Directors we have the right composition, experience, skills and diversity on the Board to support the strategic ambition of the Group as we emerge from the pandemic. Full details of the evaluation and the outcomes are included in the report on page 74.

Annual general meeting

Last year in light of government guidance relating to COVID-19 prohibiting public gatherings and restricting non-essential travel, shareholders were strongly advised not to attend the Annual General Meeting (AGM). We know our AGM provides investors with a valuable opportunity to communicate with us and this dialogue is very important to the Board. We therefore arranged an online shareholder presentation from Steve Foots which included the opportunity for shareholders to attend virtually and ask questions at, and in advance of, the meeting.

Company Culture

Our Purpose, values and culture are discussed in the Strategic Report.

Our Purpose is to use our Smart science to improve Lives™, and guides the choices we make as a business. In line with our Purpose we have committed to be the most sustainable supplier of innovative ingredients by ensuring we are Climate, Land and People Positive by 2030.

Our Purpose is reflected in the Board's strategy and is underpinned by our values and our unique culture. The cultural tone of the Company is set by the Board, who are responsible for assessing, monitoring and promoting the company culture through its decisions and conduct. Further information on how the Board factors stakeholders into Board decisions is on pages 68 to 69.

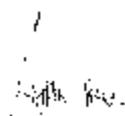
Croda's positive culture continued to support employees, suppliers, customers and our local communities throughout the second year of the pandemic and examples of this can be seen throughout this report. During the year the Croda Foundation made its first grants to employee nominated projects that that will help improve the lives of our local communities around the world.

During 2021, the Board monitored and assessed culture through multiple sources:

- Inviting employees to present at Board and Committee meetings.
- Regularly meeting with management. See page 64 for information on Board interaction outside the boardroom.
- Receiving regular reports and data on health and safety and sustainability matters. These were of prime focus for the Board.
- Receiving regular quarterly reports from all areas of the business including corporate functions. These include progress and compliance with key performance indicators.
- Reviewing reports on significant instances of inappropriate conduct, whether through the Company's Speak-Up line or other grievance channels.
- Engaging directly with employees around the world through listening groups, site visits and town halls.
- Discussing the feedback from listening groups and pulse surveys, which enabled communications and policies to be tailored and adjusted to ensure employees' needs were being met.
- Assessing management's attitude to risk and assurance of the external and internal audit functions through the work and reports of the Audit Committee.
- Reviewing the work on diversity and inclusion and succession planning through the reports of the Nomination Committee.
- Receiving feedback from the Remuneration Committee. The Remuneration Policy is aligned to culture and also embedded in the Remuneration Committee's discretion framework is an assessment of our cultural performance. Maintaining this alignment will form a vital part of the review of the Remuneration Policy in 2022. Further detail on how remuneration is addressed across the Company is included in the Remuneration Committee report on pages 84 to 108.

The Board was satisfied that Croda's Purpose, values, strategy and culture are aligned and will act together to preserve long-term value.

This year we will be holding a hybrid AGM, with the ability for shareholders to attend in-person or join virtually. Our AGM will take place on 20 May 2022 and I look forward to being able to meet with many of you in-person once again. More details of this event are set out in the Notice of Meeting and I would be delighted to see you, whether in-person or online, and answer any questions that you may have.



Anita Frew
Chair

Board leadership & company Purpose

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UK Corporate Governance Code (the Code)

For the year ended 31 December 2021 the principles of good corporate governance contained in the 2018 UK Corporate Governance Code have been complied with.

The Annual Report has been structured to allow shareholders to evaluate how the Code Principles have been applied. Cross references are included where appropriate to where supporting information is contained outside of the Directors' Report.

Further information on the Code can be found on the Financial Reporting Council's website at: www.frc.org.uk

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.

At the date of this report, the Board comprises 10 Directors: the Chair; the Group Chief Executive; the Group Finance Director; six independent Non-Executive Directors 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.

The Directors' biographical details appear on pages 62 and 63 and at www.croda.com.

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 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.

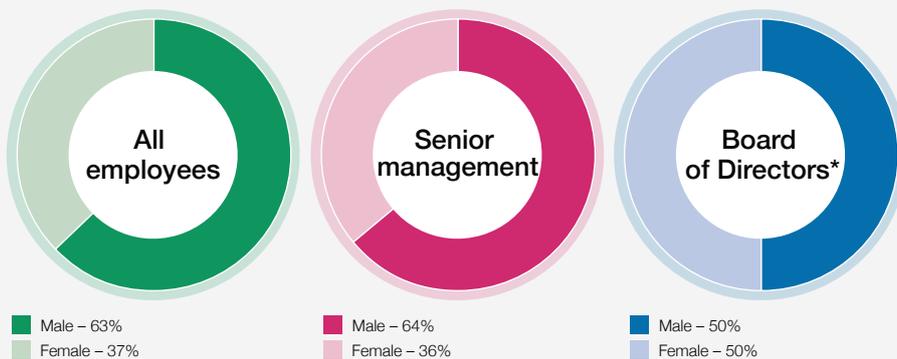
The Board discharges some of its responsibilities directly and others through its Committees, details of which can be found on page 73.

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.

Board balance



Gender balance



* As at 28 February 2022. Post-year end appointment means we have now achieved full gender balance on the Board of Directors.

Our Leadership Team

We have a Board that is well equipped to provide oversight and challenge to the Executive Committee and has the breadth of skills, experience and diversity to lead the business in delivering our ambitious strategic priorities that will deliver long-term growth.



N
Anita Frew
 Chair

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. 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.



E F SHEQ
Steve Foots
 Group Chief Executive

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. Having spent several years leading many different Croda businesses, he has also gathered extensive insight into the markets served, the importance of customer focus and the power of an innovative culture. Outside of Croda, Steve's role as Industry co-Chair of the UK Chemistry Council enables him to work alongside Government Ministers and industry peers to bring wider industry knowledge into the Croda business.



R E F
Jez Maiden
 Group Finance Director

Appointment: January 2015 as Group Finance Director

Nationality: British

Jez is an experienced Group Finance Director, having served in this role on five UK listed company Boards. As a chartered management accountant, his expertise in all aspects of finance management, gained in speciality chemical, FMCG and other manufacturing environments, allows him to support the Board and Executive of Croda in managing the performance of the business, risk management and control, and in capital allocation and investment evaluation. Jez acts as business partner to the Group Chief Executive and leads the finance, IT and digital teams. He is also on the Board of the Centre for Process Innovation Ltd, an independent technology innovation organisation, and has also been a Non-Executive Director and Audit Committee Chair in two other UK Plcs.



RM A N
Helena Ganczakowski
 Non-Executive Director
 (Senior Independent Director)

Appointment: February 2014

Nationality: British

With 23 years of experience in marketing and corporate strategy at Unilever and a further eight as a strategic consultant for other multinational businesses, Helena brings marketing skills and an end-consumer perspective to the Croda boardroom, as well as challenge and support to the CEO in strategy development. Her academic roots in engineering, with a PhD from Cambridge University, drive her passion and curiosity for both product and process innovation. Helena is also a Non-Executive Director and Remuneration Committee Chair of Greggs Plc.

Key

Chair of the Committee	
Member of the Committee	
Secretary of the Committee	
Nomination Committee	N
Remuneration Committee	RM
Audit Committee	A
Risk Management Committee	R
Group Executive Committee	E
Group Ethics Committee	ET
Group Finance Committee	F
Group SHEQ Committee	SHEQ



A RM N

John Ramsay
Non-Executive Director

Appointment: January 2020
Nationality: British

John has over 30 years' broad-based international finance background 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. John brings extensive knowledge of business strategy to the Croda Board as well as a keen interest in building on Croda's strong culture to deliver superior business performance. He is also a member of the Supervisory Board at Koninklijke DSM NV and a Non-Executive Director at RHI Magnesita NV and Babcock International Plc. He is also Audit Committee Chair at each of these companies.



A RM N

Roberto Cirillo
Non-Executive Director

Appointment: April 2018
Nationality: Swiss

With ten years' experience as Country and Group CEO in the Service and Health Care industries, and many years spent as a strategy practitioner in Europe and Asia, Roberto brings knowledge of, and passion for, growth and operations to the Croda boardroom. 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 competences with the evolving demands of its multinational markets. 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.



A RM N

Jacqui Ferguson
Non-Executive Director

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 has first-hand insight of transformational/disruptive digital, cyber security, technology and business process solutions. Jacqui 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 a Non-Executive Director of John Wood Group Plc and Tesco Bank, a fellow of the IET, a Trustee of Engineering UK and a member of the Advisory Board of Engie UK.



N

Keith Layden
Non-Executive Director

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

Nationality: British
Keith brings to the Croda Board 33 years' experience of working at Croda in a variety of positions, most recently leading the Global Research, Development and Innovation function and as President of the Global Life Sciences business. He also has an interest and background in organisational culture, which is a key consideration in the decision making of the Board. In his roles of Honorary Professor of Chemistry and Industry at the University of Nottingham, member of Council at the University of Sheffield 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.



A RM N

Julie Kim
Non-Executive Director

Appointment: September 2021
Nationality: US

Julie has nearly 30 years of experience in the health care industry, with more than 15 years in international leadership positions. She is currently President, Plasma-Derived Therapies at Takeda Pharmaceutical, a global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan.

Her geographic experience covers both global and regional roles, focused on Europe, Asia and Latin America.

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.



ET A RM N R E

Tom Brophy
Group General Counsel and Company Secretary

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. 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. He has also acted as Managing Director of the Western European Region.

Tom provides corporate governance knowhow to the Board and Croda. Having spent many years leading global teams, Tom leads the Legal and Company Secretary team.

Appointment since the year end



A RM N

Nawal Ouzren
Non-Executive Director

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 with her first-hand experience in biologics and novel gene therapies and is a Non-Executive Director of Arena Pharmaceuticals, the US headquartered biopharmaceutical company.

Board activity in 2021

Board activity in 2021

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 seven meetings of the Board during the year. In addition to the formal Board meetings, the Board had additional ad-hoc update calls to discuss business performance and key projects as they progressed. This ensured that sufficient time was given to allow in-depth consideration of our stakeholders in relation to the key decisions made by the Board.

The Board agenda has strong links to the strategic objectives for the business and is set via a collaborative process between the Chair, Group Chief Executive and Company Secretary. The Board agenda programme ensures that strategic, operational, financial, human resources and corporate governance items are discussed at the appropriate time with additional deep dives into key strategic areas during the year. This ensures enough time is allocated to allow effective discussion.

A separate strategy day, attended by members of the Executive Committee, is held during the year. The strategy day is held in the first half of the year, followed by the consideration of the strategic plan in the autumn and then the approval of the budget towards the end of the year.

See more on our strategic priorities on pages 20 and 67 of this report.

The Group Chief Executive's report to the Board focuses on strategic and operational activities. A safety report is always the first matter he reports on at each meeting, with a focus on both employee behavioural safety and process safety issues. The CEO's report also covers the performance of each business unit, including sales and regional activity as well as competitor insights and performance. Market trends and opportunities are considered and dialogue with major customers and regulatory bodies discussed. Each quarter the Board receives comprehensive 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. This is in addition to the deep dive sessions covered under the Board's programme of business.

The Group Finance Director presents reports on monthly and year to date sales performance, profit, cash flow, cost base, capital expenditure and outlook for the year. The CFO also reports during the year on performance against budget, dividends, treasury items, including liquidity, and keeps the Board abreast of investor discussions and feedback.

The Group General Counsel and Company Secretary updates the Board on changes to relevant laws, regulations and governance matters at each Board meeting. In addition, he takes responsibility for reporting on compliance and insurance matters.

Outside the boardroom

The Board were unable to undertake in-person site visits in 2021 due to ongoing UK and overseas Government travel restrictions. They were, however, able to participate in three virtual Board visits during the year, in Brazil, Spain and China. These virtual Board sessions included Town Halls with question and answer sessions and presentations from local management and operational employees. The presentations covered briefings on health and safety and key risks at each site as well as a review of the current performance (both financial and non-financial) and the future strategy in each country. Further detail of the virtual site visit to Iberchem as part of the Board strategy day is on page 66.

In addition to these site visits, an extensive programme of listening groups was undertaken and further information on these can be found on page 70.

The Executive Committee attended a two day strategy session on sustainability strategy, which the Senior Independent Director attended and reported back to the Board.

The Chair spends time interacting with the Executive Committee team between Board meetings; during 2021 each member of the Executive management team had monthly meetings with the Chair. This ensured that she was kept up to date on significant developments and emerging issues and opportunities, as well as forging good working relationships with the senior management team.

The Non-Executive Directors have direct access at any time to the Executive Directors, senior management teams and employees across the Group. This provides the opportunity to develop a deeper understanding of the Company's operations or to request information about specific areas. These interactions not only build connections with

the employees in the business, they also help provide the knowledge for Non-Executive Directors to provide constructive challenge at Board meetings. Each of the Directors (excluding the new appointees) has a mentoring relationship with employees below the Executive Committee level. This will be extended to the two new Non-Executive Directors once they have completed their induction programme. 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 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 Board activities during the year are outlined on page 65. All these activities and outputs provide the context for future strategic decisions. References are made in this section to areas of the report where further information on the activities outlined below can be found.

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, 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. Our 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.

Board activity breakdown

Key highlights and priorities of the Board's activities in 2021 are set out on pages 65 to 67 along with an estimate of the proportion of time that the Board spent discussing each area.

Strategy (50%)

- Group strategic ambition and priorities, Group strategic projects and targets and regular updates on progress
- Disposal of a significant part of the Performance Technologies and Industrial Chemicals Business
- Sustainability strategy and targets
- Growth priorities and future markets
- Business presentations from all sector Presidents
- Product innovation programmes and technology platforms
- Consideration of acquisition opportunities, including Parfex and Alban Muller
- Digital strategy
- Product manufacturing strategies
- New and Protected Products pipeline
- Capital Expenditure submissions to ensure appropriate capacity infrastructure to meet Croda's strategic ambitions.

Strategic deep dives

Sustainability strategy and approach

- The Croda Sustainability Committee attended a Board meeting to review the achievements of the Committee and focus for 2021.
- Discussed the strategic commitments to 2030 and the associated Science Based Targets.
- Received an update from the Chief Sustainability Officer of the progress during the year, and detail on the work on the sustainability strategy refresh.

Information on our sustainability approach can be found from page 30 to 43.

Operations Strategy

- Received an update on operations strategy progress with a more detailed focus on activity relating to expanding capacity in support of our strategic objectives.
- Approval of the 2030 roadmap covering the six strategy themes, which formed the starting point for defining more detailed execution plans with the buy in of the appropriate parts of the organisation.

Information on operations can be found from page 10.

R&D and innovation strategy

- Reviewed the detail of the innovation model to support the strategic objectives.
- Considered the impact of new technology platforms on the 2030 sustainability targets.

Information on our dynamic innovation model can be found on page 4.

Health Care and Drug Delivery Strategy

- Evaluated the Health Care strategy by reviewing the current position and market opportunities. Considered the future vision and process to achieve it.
- Received a presentation from an external specialist in the development of vaccines and diagnostics which provided unique insights.

Information on our Health Care business can be found on page 26.

2021 Capital Expenditure Review

- Reviewed actual delivery against planned delivery of the material capital expenditure projects in the previous 12 months.
- Discussed trends, learnings and opportunities for improvement that can be taken forward into ongoing and future strategic initiatives.

Talent review

- Debated the competency framework and definition of high potential talent at Croda.
- Reviewed Executive Committee succession and succession development profiles for new emerging talent.
- Endorsed the relaunch of the refreshed leadership development programmes.

Information on culture and succession planning can be found on page 36 and in the report of the Nomination Committee on page 76 to 77.

Safety, Health and Environment

- Reviewed the performance of both behavioural safety and process safety across the group, including leading and lagging performance indicators and information on specific incidents.
- Discussed mental health and wellbeing of employees.
- Reviewed the training needs of the Board to ensure knowledge is kept up to date.

Corporate governance (continued)

Board activity in 2021 (continued)

Financial, risk and performance management (25%)

- Group trading performance, including COVID-19 response.
- Monthly updates on financial performance by business unit.
- Review of significant control weaknesses report.
- Review of key risks, internal and external assurance of each risk. See page 50.
- Review of risk appetite statements.
- Dividend policy and dividend approvals.
- Long-term viability statement. See page 56.
- The approval of the Group's budget.
- Funding requirements, planned strategic project expenditure and the timing of any disposal proceeds.
- Key performance targets and indicators.
- Long-term financial modelling and forecasts.
- A review of the Company's tax strategy.

People (15%)

- Safety, health, environment and quality. Keeping all employees and contractors safe on all sites during the ongoing pandemic.
- Succession planning and organisational restructure, including senior management succession.
- Diversity – Board diversity policy, diversity and inclusion of our workforce and the gender pay gap reporting.
- Female talent review and mentoring scheme.
- Leadership training and development.
- The Board's engagement with employees and the employee voice.
- Extension of the term of office of Anita Frew, Helena Ganczakowski, Roberto Cirillo and Jacqui Ferguson.
- Modern Slavery reporting.
- The introduction of the Free Share Plan and all-employee share save grants.
- UK pension scheme and the triennial actuarial valuation. No deficit payments will be required.

Governance and reporting (10%)

- Board and Committee effectiveness evaluation. Information on the outcomes of this can be found on page 74.
- Annual Report and Accounts and other financial statements. The work undertaken to assess that the Annual Report is a fair, balanced and understandable assessment of the Company's position and prospects can be found on page 78.
- Presentation from the Director of Investor Relations and Corporate Affairs. Review of the share price performance, valuation and investor areas of interest.
- Ethical compliance programme. See page 83.
- Group litigation reports.
- Group insurance programme is reviewed to ensure adequate protection is in place that balanced risk appetite.
- The UK pension regime new legislation and regulation.
- Governance compliance review.
- Approved the Notice of AGM 2021 and meeting arrangements.

Board strategy session

Inputs

- Global markets and competitor presentations by the Croda management teams
- First Impressions of Life Science and Consumer Care businesses by the new sector Presidents
- Customer insights by the senior management of two major customers

Outputs

- Current positioning of the businesses
- Opportunities to gain competitive advantage
- Key customer trends and expectations
- Product portfolio review
- Organisational structures required to deliver
- Current gaps in capabilities

Virtual site visit to Iberchem

Areas covered

Session one – A deep dive into the SHE culture and standards on site.

The Board looked at the current SHE structure at Iberchem, performance KPIs and any support that would be required from Group SHE.

Session two – Getting to know Iberchem better

This session reviewed the outstanding history and growth story of Iberchem and the successful financial performance. The management team presented a view of the current markets in which the business operated, an overview of its strong customer intimacy and the customer driven R&D process, which had been able to capture the most recent trends. The Board received presentations on the approach to sustainability, procurement, compliance and the workforce.

Session three – Integration with Croda

An integration steering committee had been set up to manage the integration with a detailed plan. The Board learnt about the review of the progress in realising the integration and synergies, both commercial and technology/innovation.

Session four – Growth strategy and current trading

This session reviewed the actual 2020 and expected 2021 trading results. The business plan to 2025 was discussed as was the potential for additional opportunities for the business.

Specific focus areas for 2021

Ongoing focus on safety leadership	A safety session was held, facilitated by the Group SHE Director. The Board had a particular focus on the performance of our newly acquired companies to ensure the high standards expected of all Croda businesses and leaders were being met as regards behavioural safety, process safety and mental wellbeing. In addition, the training needs of the Board were agreed and progressed, to ensure knowledge is kept up to date.
Continue to oversee delivery of the 2030 strategy, with focus in 2021 on sustainability, innovation and our Consumer Care and Life Sciences market sectors	Strategic reviews of both Consumer Care and Life Sciences were undertaken. This included an in-depth review of our fast-growing Health Care business. The Board reviewed our innovation model in support of the strategic objectives and the impact of new technology platforms on our 2030 sustainability targets.
Consider how to further enhance Board diversity	Following a detailed assessment of the required skills and experiences that would enhance the Board's support of our strategic objectives, we brought two new Non-Executive Directors onto the Board in the last 12 months; Julie Kim and Nawal Ouzren. Their appointments bring greater diversity to the Board in terms of gender, ethnicity, nationality and tenure. They also have broadened the Health Care sector knowledge around the Board table and they both bring skills and experiences as serving executives. Further details on these individuals are on page 63.
Bring more external and customer insights into Board meetings to help shape thinking and decisions	As part of the Board strategy day, two important customers were invited to attend to provide customer insights into our performance as a supplier, including in the areas of sustainability and innovation. The Board also heard from external business and industry experts on their experiences in vaccine development. These sessions proved invaluable for the Board in working alongside the Executive Committee in shaping our strategic objectives.

Focus areas for 2022

Continue our focus on Croda's strategic progress in transitioning to a pure-play Consumer Care and Life Sciences company, including key innovation programmes.

Oversee our expanded organic capital investment programme, whilst ensuring we continue to prioritise safety leadership and performance.

Continue our oversight of Croda's progressive and proactive inorganic investments in support of our strategic focus on our Life Sciences and Consumer Care businesses.

Focus on talent and succession planning at all levels within Croda, including ensuring that we continue to have the capacity and capability to support our strategic priorities.

Board engagement with our stakeholder ecosystem

The Section 172(1) statement and the key stakeholder groups that form part of our stakeholder ecosystem are on pages 18 and 19 and 68 to 71.

A key objective of the Strategic Report, Directors' Report, Financial Statements and the Sustainability Report is to help stakeholders assess how effectively the Board, supported by the Group Executive Committee, senior managers and employees, promoted the success of Croda and had regard to the factors set out in Section 172 during the year.

By understanding how Croda's activities impact on our various stakeholder groups, the Board can have regard to their interests when having discussions and making 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 relevance of each stakeholder group may change depending on the issue under

discussion and the Board always seeks to understand the priorities and interests of each stakeholder group during its deliberations and decision-making process. The Chair and Company Secretary provide guidance when required at Board meetings to ensure sufficient consideration is given to the likely consequences of any decisions in the long-term and to the interests and impact of such decisions on our stakeholder groups.

Our customers

Our direct sales model ensures we work closely with customers and allows us to develop a deep understanding of their needs. The Board receives customer insights and information through Board reports from the CEO and sector teams, as well as during strategy and business presentations. Our Group Chief Executive maintains oversight of the management of our key customers and regularly updates the Board on these interactions with customers and his engagement with policy makers and regulatory bodies. As part of the Board strategy day, two important customers were invited to attend to provide customer insights into our performance as a supplier, including in the areas of sustainability and innovation.



For information on our customers
P18

Our communities

As a responsible business, we believe it is essential that we operate safely and sustainably and that we understand the impact of our operations on local communities and on the environment. Living our Purpose also means we are committed to providing a positive impact to society and we nurture the links we have to our communities through our offices and our sites. The Croda Foundation has made its first grants aligned to Croda's purpose, values and expertise. The Board regularly receives information and feedback on community activities across the Group.



For information on our community activities
and the Croda Foundation
P13 and 19

Our people

Our success depends on our skilled and highly committed employees who are central in our decision making process. The Board meets regularly with employees, through listening groups and board presentations. Although business travel and face-to-face meetings were again restricted during 2021, Board members continued to engage with a wide range of employees through video calls and received and discussed the results of employee pulse surveys and the listening groups. The regular reports from the HR Director and other Executive Committee members keep the Board up to date on the wide range of people initiatives.



For information on the Employee Voice,
Listening Groups, workforce engagement
and reward
P70 and 90

Our shareholders

Board engagement is primarily through the Group Chief Executive, Group Finance Director and the Investor Relations and Corporate Affairs Director, who maintain regular dialogue with our shareholders. Committee chairs have responded to queries from major shareholders regarding their areas of responsibility and this engagement is reported back to the Board. The Directors attend the AGM to allow shareholders to ask questions directly. Although shareholder attendance at the AGM was not possible in 2021 due to Government restrictions, a separate virtual shareholder engagement meeting was held. Analysts notes and reports from brokers and advisers are also reviewed to keep the Board informed of shareholders' views.



For information on engagement with
shareholders
P19 and 71

Our suppliers

Supply chain integrity is essential to being a sustainable business and our supplier relationships provide valuable insights to the Board. Site and purchasing teams engage and partner with suppliers on a wide range of matters, from product stewardship and ethical sourcing to regulatory compliance and operational improvements. The Board understands these issues through Board reports and engagement with our operations and functional teams.



For information on suppliers
P16 and 18



See Appointment of Non-Executive Directors
for detail on a key Board decision and
stakeholder considerations
P75

Management is tasked with ensuring that potential impacts on stakeholders are fully considered when presenting to the Board.

Information on the key methods utilised by the Board to engage with all stakeholders is described on page 68. We also note where further detail is available throughout this report on this engagement.

The Board receives information through the following additional methods which assists the Directors in their understanding of stakeholders and to perform their duties:

- An annual strategy review which assesses the long-term sustainable success of the Group's strategy and the impact on our stakeholders. See page 66.
- Annual presentations to the Board from all the members of the Executive on the performance across the sectors and regions. A broad spectrum of employees from across the business are invited to present to the Board.
- An annual Board presentation on progress with the Group's sustainability agenda from the wider sustainability team and regular updates throughout the year. See page 65.
- The Group Chief Executive and Group Finance Director provide updates at Board meetings on their interactions with key stakeholders, as well as updating Board members between meetings on any material issues that arise.
- Comprehensive quarterly reports which cover risk, innovation, global operations including customer service, SHEQ and Sustainability, IT and Digital operations, legal and Company Secretarial and HR, culture and diversity.

Decision to divest the majority of our PTIC businesses

TB One of the major decisions the Board made during the year was to approve the sale of the majority of our PTIC businesses to Cargill. The divestment will deliver transition into a focused Consumer Care and Life Sciences company.

Given the importance and impact of this decision, it was made over many months of deliberation by the Executive team and the Board and across numerous meetings during the year.

The Board considered the likely consequences of the decision in the long term, identified the stakeholders who may be affected, and had regard to their interests as part of the decision-making process.

Initially, a detailed strategic review was undertaken that focused on the businesses and activities within PTIC that did not directly support the Consumer Care and Life Sciences sectors. The Board considered whether Croda was the best future owner of all the PTIC businesses within the context of opportunities to deploy more capital and resources within the higher returning Consumer Care and Life Sciences businesses. The review considered what ownership structure would best serve the PTIC business going forward, not only to create a stronger platform for its future growth, but importantly to provide a secure future for our employees within the business.

Soundings were taken from our advisers and the investor community at the appropriate time and the Board gained comfort that our shareholders would support the strategic rationale for the separation, which was important in confirming the direction of travel for the strategic review.

Such a complex divestment required careful management of internal and external communications, talent and resources, and of interactions and interdependencies with other Group programmes to ensure the continued successful performance of the PTIC business, as well as the management of the process itself. Steering and project implementation processes were established to ensure the Executive team remained close to the views of those affected by all the decisions under consideration.

Extensive and regular engagement by the Executive management team with our employees was undertaken. This was initially aimed at senior leaders, particularly those directly affected by the divestment, so they could absorb the news and raise concerns and questions prior



Tom Brophy is Group General Counsel and Company Secretary

to a wider all-employee announcement and to ensure they could then support the messaging. This helped reassure all our employees and enabled their views and concerns to be addressed throughout the process, which in turn minimised any disruption to our business in a time of uncertainty.

Their needs were mapped and communication plans addressing those needs were developed. This communication strategy included critical stakeholders such as works councils, unions, business partners and our pension trustees. A range of communication channels were utilised, ensuring our key stakeholders remained informed as the review progressed. Members of our Executive and Board held employee listening sessions during this time and were able to hear first-hand how employees were feeling about the strategic review and ensured areas of importance highlighted by employees were considered and reflected in the decisions that were made.

The Board and Executive team spent time reviewing the interested bidders to ensure they held similar values to Croda, which was an important factor for the employees moving with the business. The Board considered that under Cargill's ownership, the divested business and our talented, hardworking employees could look forward to a bright future.

Completing the sale in 2022 will enable us to meet our strategic and sustainability objectives, which will be to the advantage of all our stakeholders and support our shared Purpose to use Smart science to Improve Lives™.

Employee engagement

Listening to the Employee Voice

The Board engages directly with employees in several different ways, including ‘Town Hall’ meetings, both face-to-face and virtual, that incorporate Q&A sessions and by holding smaller listening groups. The Chair has regular one-to-one meetings with employees, as do other Directors whenever practicable.

Regular pulse surveys have been held during the year which focus on specific issues. Recent surveys have gathered employees’ views on inclusion, health and safety (including mental health) and culture. The results of these surveys provide invaluable information for the Board to gauge how employees feel on these important topics. For example, it is through such surveys that the Board was able to understand any concerns employees had during the pandemic whilst working from home and in returning to the workplace. These surveys are one input that the Board uses to help guide them in their decision making.

Information on employees is also received at Board meetings through management reports, with people KPIs in the HR report.

Each Director has the opportunity, and is encouraged, to undertake site visits. Whilst face-to-face site visits remained a challenge during 2021 due to travel restrictions, the Board continued to engage with our sites

through virtual site visits. These enabled Directors to meet a broad spectrum of employees from different departments. In addition to the Board’s virtual strategy day session with the Iberchem team in Spain, two virtual visits were held during the year to Brazil, and China. These included health and safety presentations, town hall and listening groups and strategy presentations from the senior management. Each visit was attended by three Non-Executive Directors and feedback was given at the next Board meeting.

As well as holding virtual site visits, a number of listening group sessions were organised during the year. These sessions covered topics including Croda’s response to the pandemic, the Group’s strategy, the role of the Board and the Remuneration Committee, our sustainability programme and the effectiveness of the communication across the business. These sessions were used as a sounding board to understand employees’ views and opinions for proposals, as well as providing time for employees to discuss other topics which they wanted to bring to the Board’s attention. Such sessions are a mechanism to gain diversity of thought as well as enhancing the relationship of the Directors across a wider employee base.

Another employee voice route includes Speak Up reports, a summary of which are provided to the Audit Committee each year, including trends in the types of reports and regions reporters came from.

A significant communications programme was undertaken as part of the sale of the majority of the Performance Technologies and Industrial Chemicals businesses and further information on this can be found on page 69.

The results and feedback of all the engagement with employees were shared and discussed by the Board. The Board also considers annually if the current framework continues to be effective.

Feedback from 2020 concluded that engagement had been too UK focused and that a wider global voice should be heard. In 2021 the virtual overseas visits in Brazil and China included listening groups and there was global representation in all the other listening groups.

The Board considers that it has meaningful and genuine dialogue with employees and the correct breadth of coverage using the existing mechanisms. Croda is good at engagement and has an open culture. Site visits are valuable and result in candid discussions and the Board are looking forward to recommencing their face-to-face engagement during 2022.

Listening group date	Countries attendees from	Departments attendees from	NED’s that participated
January 2021	Global Representation Three sessions – Americas, Asia and Europe	All functions	Helena Ganczakowski
April 2021	Italy (two sessions)	R&D, Sales, Marketing, Logistics	Roberto Cirillo
June 2021	Brazil	All functions	Anita Frew Keith Layden Jacqui Ferguson
June 2021	China	All functions	John Ramsay Roberto Cirillo Helena Ganczakowski
November 2021	Global representation Three sessions – Americas, Asia and Europe	All functions, weighted towards supply chain and operations	Anita Frew

Investor engagement

Approach

The Board is committed to maintaining regular dialogue with investors and communicating in a clear and transparent manner. The investor engagement programme is led by the Investor Relations and Corporate Affairs Director and is a comprehensive programme comprising results events, investor roadshows, attendance at conferences, investor seminars and ad-hoc meetings.

The investor relations programme includes direct Board engagement through the Group Chief Executive and Group Finance Director. The Chair and other Non-Executive Directors also make themselves available to engage on topics such as governance, strategy, ESG performance, remuneration and other relevant topics. This gives the Board insight into investors' views, helping to inform key Board decisions and shape the future direction of the company. The Board is also regularly updated through monthly Board papers, management presentations and feedback from the investor relations team. This extends to commentary on the trading environment and Croda's performance relative to peers.

Our AGM traditionally offers the opportunity for investors to engage directly with the Board and receive an update on business performance. As it was not possible to conduct this in the usual way in 2021 due to COVID-19 restrictions, we hosted a pre-AGM Question and Answer session offering

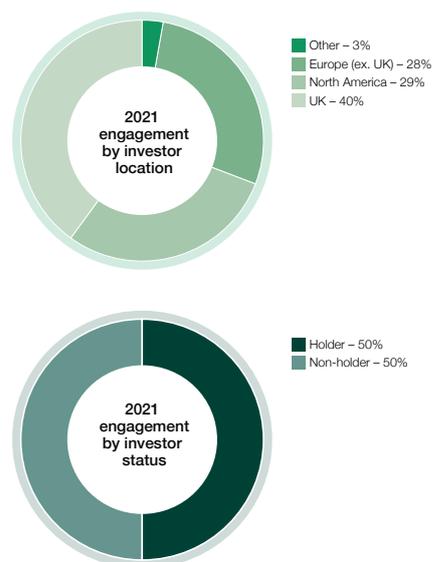
investors the opportunity to engage directly with the Board. Results presentations are webcast live, with a replay facility available on our website, ensuring all investors have equal opportunity to participate in our results presentations. Investors can also sign up to receive regulatory alerts on our website making sure they are notified of any company updates.

In addition to engaging with investors, the Group engages with other key audiences such as analysts and ESG ratings agencies. We typically hold regular analyst calls following results, ensuring all covering analysts have the same opportunity to discuss our results.

Activities during the year

Investor engagement in 2021 was of a hybrid nature, predominantly comprising virtual meetings. Throughout 2021 we met with over 500 investors, covering a balance of both holders and non-holders. This includes all active fund managers among our top 30 shareholders. Over the last two years there has been an increase in engagement with fund managers outside the UK, particularly in the European Union, with the geographic breakdown of the meetings reflecting the global nature of our investor base.

We have continued to see increased engagement around ESG, with investors looking for increased disclosure and transparency. Sustainability is a core part of



Croda's strategy and the Group has a well embedded sustainability programme. In March 2021 we hosted a virtual seminar to launch our 2020 sustainability report covering our non-financial performance in 2020 against key metrics and new interim milestones to ensure we achieve our Commitment to be Climate, Land and People positive by 2030. We saw good engagement from a range of audiences, with questions from institutional and private investors, ESG specialists and sell-side analysts. The seminar also led to further engagement with several follow up meetings and questions from investors.

Looking forward to 2022 we will continue to proactively engage with investors with seminars and site visits to provide a better understanding of our business model and investment case.

Commonly asked investor questions

1. What has the impact of raw material inflation been on Croda?

Inflation and price increases have been a key theme throughout the economy in 2021. Croda uses a diverse range of raw materials in production and we have experienced significant cost increases in 2021 averaging approximately 17% in the underlying business. We typically provide critical ingredients into formulations at low concentrations, so the cost of our ingredients in our customers' formulations in comparison to other ingredients is relatively small. As a result, we have broadly managed to pass on raw material cost increases to customers and have not seen any negative impact on our operating margins due to inflation.

2. What is driving the recovery in Consumer Care?

The Consumer Care sector was created at the beginning of 2021 comprising Croda's leading global position in Personal Care and the high-growth Home Care and Iberchem fragrances and flavours businesses. Personal Care sales improved in early 2021, led by a resurgence in Beauty Actives. Sales and demand remained strong throughout the year with a recovery in "going out" sales offsetting a moderation in customer restocking. Consumer Care is a sustainability driven sector and our innovation programme is driving growth as consumers seek 'green, clean and conscious' beauty products.

3. How sustainable is revenue in lipid systems and how will this evolve?

We delivered approximately US\$200m of sales of lipid systems in 2021, and expect a similar level of sales in 2022. Lipid drug delivery has significant potential for applications beyond COVID-19 in areas such as gene therapy and oncology. We expect to see an ongoing expansion in the range of applications for lipid systems in vaccines and therapeutic drugs.

4. How will you utilise proceeds from the divestment of the majority of your PTIC operations?

We have a clear capital allocation policy which prioritises organic investment and we see exciting opportunities to invest in new capacity, product innovation and attractive geographic markets to support our growth in Consumer Care and Life Science markets. This organic investment will be complemented by inorganic investment, targeting knowledge intensive businesses in exciting niches that can accelerate our growth. In line with our capital allocation policy, we will continue to make regular returns to shareholders and should we not identify suitable opportunities to deploy capital with our leverage ratio remaining consistently below our targeted range, we would look to return capital to shareholders.

5. How will the divestment of the majority of your PTIC operations impact the progress you are making implementing your sustainability strategy?

We have set out a bold sustainability commitment to be Climate Positive by 2030, and for 75% of our raw materials to be bio-based from 69% today. The operations being divested have a higher bio-based footprint than the Croda average, meaning that on divestment the Group average will fall, but we will retain our 75% target. Conversely, as the divested operations are more energy intensive, on divestment our scope 1 & 2 emissions intensity will fall, so we will re-baseline our carbon reduction targets accordingly. As a result, the divestment and the approach we are adopting to adjusting our targets, will enhance the positive impact of our sustainability strategy overall.

Division of responsibilities

The Board

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.

Independent Non-Executive Directors

The role of independent Non-Executive Director 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 33 years, the latter five of which were as a member of the Board, Keith Layden is not considered independent. However, because of that experience, Keith contributes strongly to the Board's culture and personality, and adds unique and valuable insight and constructive challenge.

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.

Group Finance Director

The role of Group Finance Director is to bring a commercial and financial perspective to the boardroom. Working with the Group Chief Executive, he is responsible for the leadership and management of the Company according to the strategic direction set by the Board. He 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 formulation of meeting agendas and yearly 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.

Meetings

Membership of the Board and its Committees, and attendance (eligibility) at meetings held during the year ended 31 December 2021

	Board	Nomination Committee	Audit Committee	Remuneration Committee
Anita Frew (Chair)	7 (7) C	4 (4) C		
Roberto Cirillo	7 (7)	4 (4)	6 (6)	6 (6)
Jacqui Ferguson	7 (7)	4 (4)	6 (6)	6 (6)
Steve Foots	7 (7)			
Helena Ganczakowski	7 (7)	4 (4)	6 (6)	6 (6) C
Keith Layden	7 (7)	4 (4)		
Jez Maiden	7 (7)			
John Ramsay	7 (7)	4 (4)	6 (6) C	6 (6)
Julie Kim	3 (3)	1 (1)	1 (1)	2 (2)

C Chair of the Committee

Governance structure

The Board has three main Committees: the Nomination Committee, the Audit Committee, and the Remuneration Committee. The terms of reference for each Board Committee can be found at www.croda.com.

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 Group Finance Committee; the Risk Management 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 and the membership as at year end is shown below.

Principal Board Committees		
Nomination Committee	Audit Committee	Remuneration Committee
Chaired by Anita Frew	Chaired by John Ramsay	Chaired by Helena Ganczakowski
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 76 to 77.	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 79 to 83.	Recommends the Company's remuneration policy and framework and determines the remuneration packages for members of senior management. For more information see pages 84 to 108.

Group Chief Executive					
Group Executive Committee	Group Finance Committee	Risk Management Committee	Group SHEQ Steering Committee	Group Ethics Committee	Sustainability Committee
Chaired by Steve Foots	Chaired by Steve Foots	Chaired by Jez Maiden	Chaired by Mark Robinson	Chaired by Tom Brophy	Chaired by Phil Ruxton
The Committee met 12 times in 2021 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	The Committee met 11 times in 2021 to review monthly operating results and examine capital expenditure projects. The Finance Director, President of Global Operations, Chief Scientific Officer and Group Financial Controller also attend.	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 assess emerging risks. Three Executive Committee members attend as well as the Group Financial Controller and VP Risk and Assurance.	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. The Chief Executive and four Executive members attend. The VP Risk and Assurance also attends.	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. It comprises three Executive Committee members. The VP Risk and Assurance also attends.	The Committee met five times in 2021 to further develop the Group sustainability strategy, to embed sustainability practices throughout the organisation and to monitor progress towards achieving our Commitment. It comprises a diverse group of leaders representing all aspects of our business, including four Executive Committee members. Each Committee member is the champion for one or more of the KPIs in our Commitment.

Composition, succession & evaluation

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. 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 the Non-Executive Directors' familiarity with, and understanding of, the Group's people, businesses and markets, senior managers regularly make presentations at Board meetings. Their understanding of the Group's operations is enhanced by regular business presentations and site visits whenever possible. At induction, and as requirements change, training is provided on governance, legal and regulatory matters. Online training is provided on competition law and anti-bribery and corruption. Specific training is provided when requested by the Directors. To remain up-to-date with wider issues the Directors are encouraged to participate in events hosted by external organisations to develop broader perspectives.

Conflicts of interest

A well-established process is in place whereby the Board regularly reviews and monitors potential conflicts of interests. Under the Company's Articles of Association, the non-conflicted Board members have authority to authorise a conflict or potential conflict of interest.

Directors holding significant commitments outside of 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 appointment process for the two new Non-Executive Directors, the candidate's other commitments were taken into account, in addition to whether or not a conflict or potential conflict would exist. In each case it was agreed that no potential conflict existed.

Details of the professional commitments of the Chair and the Non-Executive Directors are included in their biographies on pages 62 to 63. The Board is satisfied that these do not interfere or conflict with the performance of their duties for the Company.

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 eight such Directors, including the Chair and the Senior Independent Director, each of whom has significant commercial experience. Details of their experience is on pages 62 to 63.

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 72. 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.

Board evaluation

Following the previous years' external evaluation, the 2021 Board evaluation was conducted using questionnaires and reports facilitated by Lindstock. The questionnaires were developed by the Company Secretary and were set in consideration of the strategy and in line with best governance practice. These questionnaires were issued to the Board members, senior leaders and key advisors who regularly attend the Board and Committee meetings. Responses were on an anonymous basis. Lindstock collated the responses and prepared reports that summarised the findings and outlined key areas for discussion. The reports were then discussed at the Board and Committee meetings.

Evaluation outcomes

The Board's size, range of skills, experience and level of diversity were rated highly. International diversity had been improved through the recent Board appointments. The value of further life sciences, consumer care and sustainability experience would be considered when the process for the succession of the Chair and the Senior Independent Director commenced.

The Board's testing and development of the strategy was rated highly overall as were the monitoring KPIs provided to the Board. The understanding of the company's performance relative to competitors was identified as an area for continued review.

The Board's understanding of the views of major investors and stakeholders was rated highly. The Board's monitoring of culture was also rated highly, but it was concluded that there was always scope for even greater focus on this area.

The relationships amongst individual Board members and between the Board and management were rated very effective, as was the Board's relationship with the Chief Executive.

The Board's monitoring of the Company's health and safety performance was rated highly as was its understanding of the likelihood and impact of key risks. The Board's risk appetite was seen to be appropriate. The evaluation emphasised the need to continue to review past decisions to ensure learnings were incorporated into future decision making.

The Board will agree areas for improvement and monitoring. The progress in the key focus areas for 2021 can be found on page 67.

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 was highly engaged and dedicated to her role. 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.

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. Full biographies for the Directors are on pages 62 and 63.

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 will be proposed for election and re-election at the AGM on 20 May 2022 and details are in the Notice of Meeting.

Appointment of Non-Executive Directors

Background

At the start of the year the Nomination Committee considered the composition of the Board and concluded that additional Health Care experience at Board level would be beneficial for the Company. In addition, the Committee recognised the benefit and value of having an even greater diversity on the Board, which had been a theme identified through the 2020 external board evaluation. As a result, the Committee concluded that a search for additional Non-Executive Directors should be undertaken and agreed to commence the recruitment process.

Nomination Committee process

1. Search firm selection

A sub-committee of the Nomination Committee, including the Chair, Chief Executive and Senior Non-Executive Director engaged with five search firms and met with each firm over two days with the aim of choosing one to recommend to the Nomination Committee. It was a requirement that the executive search firm must have signed up to the Voluntary Code of Conduct for Executive Search Firms. A key element of the search was to identify a firm that had deep understanding of the Life Sciences sector, and in particular Health Care. In addition, it was essential that the search firm could demonstrate they would be able to produce a longlist of candidates that were gender balanced and weighted towards ethnically diverse candidates. MWM Consulting was appointed following the tender process.

2. NED specification

The Committee was asked to consider and approve a specification for the new Non-Executive position.

The specification included key essential and desirable experience for the role. These included experience of desired markets, fast-paced change, emerging markets and industries where health and safety had been paramount. The specification also included personal qualities and specific attributes aligned to Croda's culture, values and behaviours.

3. Stages of the selection process

Following selection of the search firm a candidate long list was identified by the end of March 2021. All the Committee received the long list and were able to provide feedback. A short list was identified by a sub-committee including the Chair, Chief Executive and Senior Non-Executive Director and interviews were conducted in April and May 2021.

- a. First interview - The Chair and Chief Executive interviewed the short listed candidates separately and the Senior Non-Executive Director supported by another NED also interviewed candidates together. Two candidates were progressed through to the second interview stage.
- b. Second interviews - All Committee members and the Company Secretary then met with the two final candidates. This stage included discussions around their interest in the role, current time commitments and any potential conflicts of interest.
- c. Appointment - The sub-committee of the Nomination Committee met and, having reviewed the feedback, and the skills sets of the candidates against the candidate specification and skills matrix, concluded that an offer be extended to both candidates, increasing the size of the Board from eight to 10 Directors. Julie Kim joined the Board on 1 September 2021 and Nawal Owzen on the 1 February 2022. Their biographies can be found on page 63.

Stakeholder considerations.

Strategy – Appointing Board members with Health Care business experience, experience of fast-paced change and emerging markets supports the delivery of the Croda strategy and the long-term success of the business. Further information on the strategy can be found on pages 20 and 21. The appointments will also bring in-depth understanding of a wide of stakeholders.

Values – The new Non-Executive Directors appointed have the skills and behaviours that will provide a constructive and empathetic approach, the ability to promote the culture and Croda's sustainability ethos alongside their considerable professional experience.

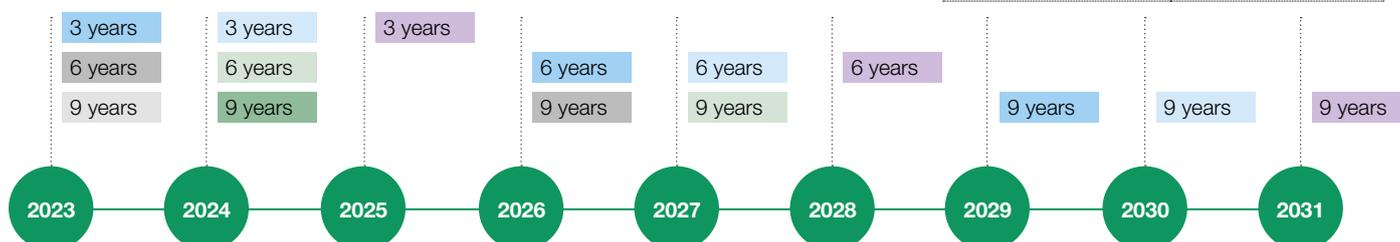
Diversity – The new appointments increase the diversity of the Board, including gender, ethnicity, nationality and tenure. Different views bring broader debate and can lead to better decisions, which reflect the concerns of all the stakeholders and lead to greater commercial success.

Non-Executive Directors' Tenure

The Committee reviews the tenure and succession plans for the Non-Executive Directors' tenure annually. The focus in 2022 will be on the on the succession for Helena Ganczakowski's and her roles as Senior Independent Non-Executive Director and Chair of the Remuneration Committee. This work will commence early in 2022.

Key

John Ramsay	Anita Frew
Julie Kim	Jacqui Ferguson
Keith Layden	Roberto Cirillo
Helena Ganczakowski	Nawal Ouzren



Report of the Nomination Committee

for the year ended 31 December 2021



Having a diverse and talented group of people at all levels of Croda is essential for delivering success.

Anita Frew
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 the Board
- 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 make recommendations on succession planning for the Board



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

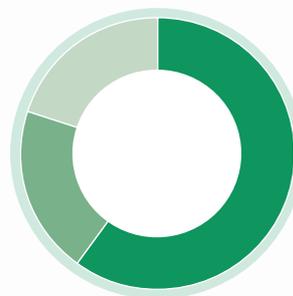


Details of attendance at the meetings during the course of the year can be found on page 72. When it is appropriate to do so members of the Executive Committee attend the meetings on request of the Chair of the Committee.

Key Focus Areas

- Board appointments – Reviewed the updated NED skills/experience assessment and led the recruitment process for two new Non-Executive Directors
- Succession planning – Assessed the changes to the Executive Committee and senior leadership teams
- Governance – Ensured compliance with key governance issues

Time allocation



Key

Board – 60%	■
Succession – 20%	■
Governance – 20%	■

Dear fellow shareholder,

I am pleased to present the Nomination Committee report for the year ended December 2021.

Main activities and priorities in 2021**Board changes**

Each year the Nomination Committee considers the composition of the Board and in terms of the balance of skills, experience, length of service and wider diversity considerations. The Guidance on Board effectiveness comments that boards are more likely to make good decisions and maximise opportunities for long-term success if their members collectively have the right balance of skills, experience, knowledge and independence.

As a result of this review early in 2021, and following a comprehensive recruitment process, two new appointments have been made to the Board and details of the activities undertaken by the Committee in relation to these appointments are outlined on page 75.

On 1 September 2021, Julie Kim was appointed as a Non-Executive Director, bringing 25 years' experience of health care markets across Europe, Asia and Latin America. Julie is currently President of Plasma-Derived Therapies at Takeda Pharmaceutical, a global, R&D driven biopharmaceuticals company. Then on 1 February 2022, we also welcomed Nawal Ouzren, currently CEO of biopharmaceutical company Sensorion, to the Board, adding further health care expertise through her first-hand experience of biologics and novel gene therapies. Both appointments add relevant experience as we look to access higher growth markets in Health Care, and in regions beyond Europe and North America. They also bring even greater diversity to the Board in terms of gender, ethnicity and nationality. I am pleased to have fulfilled our commitment to meeting the requirements of the Parker Review on ethnic diversity and achieving full gender balance on the Board in line with the Hampton-Alexander Review. Our Board diversity policy seeks to maintain this position going forward.

Helena Ganczakowski's and my own appointment were considered by the Committee and both terms were extended by another year in line with the Nomination Committee policy that once a Non-Executive Director has served six years, any extension to their term would be on a year-by-year basis. Roberto Cirillo and Jacqui Ferguson having completed their first three year terms, were also reappointed for a further three years.

Diversity and inclusion

Having a diverse and talented group of people at all levels of Croda is essential for delivering success. The Board supports the recommendations of the Hampton-Alexander and Parker Reviews in relation to gender and ethnic diversity. I am pleased that we have now achieved a position of 50% of women on the Board (including female Directors as Chair and Senior Independent Director) and our new appointments to the Board fulfil the requirements of the Parker Review.

The gender balance on Executive Committee and senior management teams (direct reports to the Executive Committee) by 31 December 2021 stood at 36 % female. We continued to increase the diversity of our leaders below Board and Executive Committee level. 27% of our Top 56 employees are female, with the Top 56 made up of employees across eleven nationalities. There continues to be work to do to create further diversity and the gender balance in the underlying management teams and this will take a number of years.

Further information on our current people initiatives and diversity and inclusion and our ambitions in these areas can be found on pages 36 and 37 of this report. The Committee and the Board receives reports from the Group HR Director on these initiatives throughout the year. Members of the senior management team and potential future leaders are given the opportunity to present to the Board whenever the opportunity arises.

A copy of our Board Diversity Policy, which is regularly reviewed by the Board, is available in the corporate governance section at www.croda.com. For more information on our Board see the Directors Biographies on pages 62 and 63.

Succession planning

The Committee, supported by HR, reviewed the development plans for the Board and each Executive Committee member. They also reviewed the talent and succession planning within the Group. Succession plans for sector, region and function, and the plan to improve female talent in senior positions are all well established.

Following the changes made in 2020 to the Executive Committee structure, a further review was undertaken in advance of the departure of Maarten Heybroek, President Consumer Care and the retirement of Stuart Arnett, President of Sustainability to ensure we could continue to deliver our ambitious strategy.

Following an external search conducted by Egon Zehnder, Daniele Piergentilli was appointed to the role of President of Life Sciences. Daniele's appointment strengthens Croda's ability to take advantage of the opportunities in Life Sciences which is in line with our strategy. Daniele has a strong background in Health Care at BASF, where he worked for 23 years in a number of sales, marketing and R&D roles.

David Shannon, who was Senior VP North America was appointed to the role of President Consumer Care. David has been with Croda for 24 years working in both regional and sector roles in Personal Care, Health Care and Crop Care. He has deep customer knowledge and a network of close relationships across Croda. David was appointed following an open internal process.

The opportunity was also taken to strengthen the Sustainability team to further support our strong strategic commitment to sustainability. Phil Ruxton (Vice President Sustainability) was appointed as Chief Sustainability Officer reporting into Nick Challoner, Chief Scientific Officer.

All these changes were proactively planned and managed and contributions from all these individuals can be found throughout this report.

Director induction

The Company provides new Directors with a comprehensive and tailored induction process. One of the first sessions attended is a health and safety briefing, and the induction schedule includes meetings with members of the Board and Executive Committee, meetings with key senior managers and the Group's audit partner and other key advisers. Induction programmes are developed by the Group's Company Secretarial department and discussions start well in advance of the appointment date to tailor the experience to the existing knowledge and experience. New Directors are provided with external training that addresses their role and duties as a Director of a quoted public company.

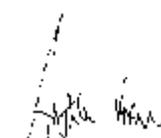
All new Directors are given access to our electronic Board papers which provide easy and immediate access to key documents including the previous twelve month's Board and Committee papers, recent reports from the external Auditor; the Group's risk register and Schedule of Principal Risks; the latest budget and strategic plan; recent sell-side analyst reports and feedback from our stakeholder engagement programmes; information on our sustainability initiatives and matters reserved for the Board and the Committee terms of reference and other key policies. This information is supplemented by country and site tours and we expect these to recommence in 2022.

Other activities of the Committee

The Committee reviewed the time commitment of the Non-Executive Directors. This is assessed before appointment and on an annual basis. During the year, I became a Non-Executive Director and Chair of Rolls-Royce Holdings Plc. Since the year end John Ramsay had been appointed as a Non-Executive Director of Babcock International Group Plc. The Committee considered each appointment and concluded that these appointments would not impact on our commitment and availability to Croda. It 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 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.

The annual Committee evaluation was conducted using questionnaires considering the Committee's operations, oversight and progress during the year. The evaluation confirmed that the Committee continued to be well led and excellent progress had been made with the Board appointments during the year. Positive progress had been made developing talent and increasing gender balance. Going forward the oversight on diversity and inclusion needed to be maintained and monitored.



Anita Frew
Chair of the Nomination Committee

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 level 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 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 considered if the explanation of the impact of COVID-19 and the additional sustainability disclosures included this year had any impact on the balance and clarity of the Annual Report and Accounts.

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 2021 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.

A full statement of Directors' responsibilities can be found on page 111.

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 Corporate Governance Code itself.

Executive management have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority which was reviewed by the Board (page 73). 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 Group Finance Director 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 external audit who are 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 external auditor (pages 113 to 114 Auditor report), compliance with relevant accounting standards and other regulatory reporting requirements, including the UK Corporate Governance code, and the accounting policies and procedures applied (see page 80 Audit Committee report).

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 page 81 Audit Committee report.

Capital investment

The Finance Committee (a subcommittee of the Executive Committee) operate 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 50 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 (page 66) 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 Risk Management steering group, a subcommittee of the Executive Committee (page 73), 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 and quality, 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 (page 81), as well as being tested by other internal assurance providers.

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 80 to 81
- Receipt of written confirmations from senior management
- Board review of the report on significant control weaknesses (page 66)
- 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.

Report of the Audit Committee

for the year ended 31 December 2021



The ongoing pandemic has meant that the financial reporting and audit process had to continue to adapt, reflecting the lessons learnt from the 2020 audit process.

John Ramsay
Chair of the Audit Committee



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, negotiate 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.

 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

Time allocation



Key

Financial reporting – 25%	
Governance – 15%	
External audit – 25%	
Internal audit and risk management – 25%	
Specific focus areas for 2021 – 10%	

 Details of attendance at the meetings during the year **P72**

 Details of the key focus areas for 2022 **P81**

Key focus areas in 2021

- Maintained our focus on cyber security improvement: Reviewed the workplan of the recently appointed Information Security Manager and assessed the adequacy of proposed control improvements.
- Monitored Avanti and Iberchem integration programmes. Reviewed the integration of Avanti and Iberchem and the adequacy of internal controls in relation to Croda standards.
- Reviewed the improved controls and assurance standards in relation to the project management of major capital projects.
- Assessed the impact of regulatory change on Croda's risk and control framework. Reviewed the Government consultation white paper on Audit Reform and submitted comments on proposals as well as initial consideration of the Group's preparedness for the major proposals.
- Oversaw the onboarding and effectiveness of the new external audit partner.

Report of the Audit Committee (continued)

for the year ended 31 December 2021

Report of the Audit Committee for the year ended 31 December 2021

I am pleased to present the Audit Committee report for the year ended 31 December 2021. This report provides shareholders with an overview of the work undertaken by the Committee and the key areas considered when discharging its responsibilities and providing assurance on the integrity of the annual report and financial statements for the year ended 31 December 2021.

The ongoing pandemic has meant that the financial reporting and audit process had to continue to adapt, reflecting the lessons learnt from the 2020 audit process. The majority of the external audit has again been delivered remotely, while more of the internal audit programme was delivered in-person. I received regular updates from the Group Finance Director, the wider global finance team, the 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 has been exceptional and robust audit processes were delivered once again.

Committee membership and attendance

The composition of the Committee at the end of the year comprised of five independent Non-Executive Directors. Julie Kim joined the Board and Committee on 1 September 2021 and post year end Nawal Ouzren was appointed to the Board and Committee on 1 February 2022. The experience of each Board member is outlined on pages 62 and 63. The Board considers 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 provides 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. It also meets the Code requirements 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 Group Finance Director, 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 on six occasions during the year and has met twice since the financial year end. The meetings were held in advance of the Board and I then provided a report of the key matters that were discussed and any emerging areas that may require additional focus. A programme of business is agreed at the start of the year and it is reviewed and updated to ensure any additional focus areas identified are considered.

To ensure the work of the Committee remains focused on the key and emerging issues, I regularly meet and speak separately with the Group Finance Director, Group Financial Controller, the VP Risk and Assurance and the internal and external auditors. Meetings without the Executive present are also held with the internal and external auditors to facilitate open dialogue and assurance. Before each Audit Committee meeting, I also meet with the external auditors, the Group Finance Director, the Group Financial Controller and the VP Risk and Assurance 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.

Committee evaluation

The Committee performance was assessed as part of the internal annual Board evaluation process (see page 74 for further detail on the process). The output of the evaluation was considered by the Committee in January 2022.

The effectiveness with which the Audit Committee uses its time was rated very highly with all agenda items being covered with appropriate time allowed for more in-depth discussion when required. The Chair was seen to demonstrate effective leadership and rated highly in ensuring all opinions are heard and considered.

Relationships between the Committee and Croda management were considered very effective with the Audit Committee providing both support and challenge. Following the rotation of KPMG's lead audit partner at the start of 2021 due to an organisation change in KPMG, the Committee was satisfied that the leadership of the global audit continued to be effective. Proactive engagement by the lead audit partner during Committee meetings was, however, encouraged to ensure appropriate input and challenge was given during the Committee's deliberations and discussions, particularly in areas of financial reporting issues and judgements.

Agenda coverage through the year was seen as full and appropriate. Committee members were well prepared for meetings, engendering informed discussions and constructive debate. Overall, the evaluation concluded that the Committee was operating effectively.

Four focus areas for 2022 were identified and these are summarised on page 81.

Committee activity in 2021

The Committee's main business as usual activities, as well as the focus areas, and an estimate of the proportion of time spent on them, are detailed below.

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 auditors, reviewed those items in the Group's financial statements that had the potential to significantly impact reporting. The Committee challenged management on the statements and 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.
- Reviewed the Group's external reporting framework and use of Alternate Performance Measures (APMs) to assess ongoing appropriateness. The Committee was satisfied that the APM's reviewed were consistent with market practice of both the peer group and the wider FTSE 100 companies, and that disclosure and reconciliation to statutory measures was appropriate.
- In conjunction with the Board, reviewed 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 125.
- Reviewed the viability assessment process undertaken in support of the long-term viability statement, based on plausible scenarios arising from key risks and their impact on headroom and debt covenants. The Committee challenged the assumptions and scenarios noting the effect they would have during the viability period. Further information can be found on pages 56 to 57.
- Undertook regular reviews of the Group's litigation. The Committee receives reports twice a year from the Group General Counsel

and Company Secretary and was satisfied with the approach to provisioning and disclosure.

- Reviewed the accounting treatment for the disposal of the majority of the PTIC business. The Committee was supportive of the approach adopted.

Governance (15%)

The Committee:

- Reviewed the input from a compliance review to ensure the Committee met its corporate governance and regulatory requirements. The Committee concluded that the requirements were being met.
- 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 policy and were satisfied with the outcome, including follow-up actions.
- Undertook an external evaluation of the Committee's effectiveness. Information on the evaluation process can be found on page 74. The results of the review concluded that the Committee continued to be effective.
- Reviewed and took account of the annual FRC letter to Audit Committee Chairs.
- Reviewed the Committee's terms of reference and confirmed that the role and responsibilities of the Committee are aligned with the UK Corporate Governance Code. No changes were made during the year.
- 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.

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; the impact of COVID-19; 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 increases to the audit fee to reflect expansion of the Group through acquisition, regulatory changes to the requirements for UK managed audits, any additional work due to COVID-19 and increased staff costs within the audit profession. Information on the audit fees can be found in note 3 on page 134.

- Reviewed a project to develop further the IT control environment.
- Met with the external auditors without management present. The Committee considered KPMG's views. There were no significant issues to report.
- Considered the independence and objectivity of KPMG. The Committee confirmed the independence of KPMG as further described on page 83.
- Considered the effectiveness of the external audit process including the onboarding of the new audit partner. The Committee concluded that the audit was effective and a recommendation was made to the Board on the reappointment of KPMG at the AGM.

Internal audit and risk management (25%)

The Committee:

- Reviewed the strategic internal audit planning approach, 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 use of data analytics as an integral part of the internal audits delivered by the co-source internal audit provider, PwC. The Committee reviewed the potential use of such data analytics in continuous controls monitoring.
- Discussed the results of the 2021 controls assurance internal audits delivered by PwC. The Committee considered the adequacy of management's response to matters raised and the timeliness in resolving such matters.
- Received updates on the IT control environment in-depth review undertaken by management, and the Governance Project which covered risk assessment, a control framework review and refresh and governance. The Committee considered the management action that had been undertaken to address specific control recommendations during the year. Internal audit reported into the Committee on the progress achieved during 2021.
- Assisted the Board in its assessment of the Group's emerging and principal risks. The Committee challenged the results of the 2021 risk assurance activity carried out by internal audit and considered any additional key risks as a result of acquisitions during the year.
- Received a deep dive review from the recently appointed Information Security Manager on the cyber security framework and strategy. The Committee was satisfied with the progress made to date and the

steps forward that had been identified. Management were tasked with providing regular updates on progress throughout 2022, together with implementing comprehensive KPIs.

- Reviewed and approved the 2022 internal audit plan and scope of the peer reviews. The Committee approved the plan.
- 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.

Looking ahead to 2022

In addition to our routine business, the Committee has four focus areas for 2022. We will:

1. Maintain focus on cyber security and the delivery of projects identified in the 2021 information security strategy
2. Monitor progress in the development of processes and controls over the reporting of non-financial KPIs, particularly relating to sustainability
3. Monitor the impact of major business change programmes on Croda's risk and control environment
4. Review management's oversight and monitoring of quality controls within the Health Care sector

Corporate governance (continued)

Report of the Audit Committee (continued)

for the year ended 31 December 2021

Specific focus areas for 2021 (10%)

As highlighted above, the Audit Committee has delivered on our 'business as usual' work, as set out in our terms of reference.

In addition, last year we noted four specific focus areas for 2021, which absorbed the balance of the Committee's time.

Specific focus area	Actions during the year	Progress
Maintain our focus on cyber security with a refreshed rolling annual assurance programme based on the NIST security framework	The information security manager attended the November 2021 committee meeting to present his refreshed strategy, which is aligned with the NIST framework. This identified 12 tactical and 12 strategic projects which will continue to progress through 2022. Internal audit reviewed the risks and controls over the asset management and third party supplier management processes as part of the rolling annual assurance plan.	Moved to BAU rolling assurance process
Monitor Avanti and Iberchem integration programmes, including controls assessment against Croda risk and control standards	Facilitated risk reviews were undertaken with the Avanti and Iberchem leadership teams using the Croda risk management framework (see pages 50 to 52) and the risks were captured in the Digital Hive. Gap analysis of controls in operation at Avanti and Iberchem were completed by internal audit against the Croda controls frameworks and actions were discussed with management to define a plan to full compliance and integration.	Completed
Review the major capital projects assurance programme	A capital programme director was appointed during 2021 and a capital projects framework developed with comments from the internal audit's review being incorporated into the finalised document. A rolling internal audit programme of major capital projects was implemented with findings discussed with the Audit Committee. The programme of audits planned for 2022 was agreed to include five major in-flight project reviews.	Moved to rolling assurance process
Assess the impact of anticipated regulatory changes on Croda's risk and control framework	The Audit Committee considered management's response to the BEIS UK corporate governance reform white-paper and the Group's response to the public consultation. Management undertook four self assessment benchmarking reviews with EY to identify any significant gaps in the current control frameworks and actions have been identified, particularly in the IT control environment. Future regulatory changes in relation to the reporting and monitoring non-financial KPIs were discussed, with internal audit acting as critical friend to the sustainability team at the request of the Audit Committee.	In progress

Significant financial statement reporting items

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

Pensions: The Committee monitored the Group's pension arrangements, in particular the funding of the defined benefit plans in the UK, the US and the Netherlands, 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 auditors also challenged the benchmark assumptions applied and conducted sensitivity analysis. The Committee considered this work and found the assumptions to be reasonable.

The Committee also assessed the considerations in relation to the transfer of the Netherlands defined benefit pension scheme to a collective defined contribution arrangement, resulting in the settlement of the scheme's assets and liabilities of £207.1m and a corresponding gain of £11.2m. After review, the Committee was satisfied with the settlement accounting in the financial statements.

Goodwill impairment: The strategy of the Group includes acquiring new technologies and businesses operating in adjacent markets. 2021

saw two acquisitions for Croda. As a result, goodwill represents a significant asset value on the balance sheet of £852.0m out of total net assets of £1,765.9m at 31 December 2021.

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 ongoing impact of COVID-19, 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 Iberchem's cash generating units, which had the smallest headroom between their carrying values and value in use. 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 impairments were necessary; however, enhanced disclosure was agreed to be appropriate, given the sensitivity of the calculations to certain assumptions.

Impact of the divestment of the majority of PTIC: On 22 December 2021, the Group announced an agreement to dispose of the majority of the PTIC businesses and is currently working with the acquirer on the process to separate the businesses, with completion of the divestment expected in summer 2022.

The Committee assessed the key accounting considerations, and after challenge, was satisfied that the disposal group did not meet the requirements to be classified as held-for-sale as at 31 December 2021.

Parent Company's carrying value of investments in subsidiaries and intercompany receivables: The Committee considered the carrying amount of parent Company's investments in subsidiaries and intercompany debtors, held at cost less impairment, representing 98% of parent Company's total assets (2020: 99%).

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.

Internal audit and risk management

I met with the Vice President 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 Vice President Risk and Assurance attended each Committee meeting and presented an

internal audit report that was fully reviewed and discussed, 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 the chances of divergences arising in the future.

In January, 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 auditors. Senior management feedback from sites included in the 2021 audit programme is gathered by questionnaire to support this process. These did not highlight any significant areas for development. In the light of the continuing requirement for virtual audits in 2021, the Committee was pleased with progress.

Details on how the Business monitors risk and how it implements its risk management framework are set out on pages 50 to 55.

External auditors' 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 Group Finance Director 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 also 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 2021 audit. The questionnaire covered:

- Quality of planning, delivery and execution of the audit.
- Quality and knowledge of the audit team.
- Effectiveness of communications between management and the audit team.
- Robustness of the audit, including the audit team's ability to challenge management as well as demonstrate professional scepticism and independence.

Following the review, the Committee concluded that the audit was effective and overall the Committee was satisfied with the performance of KPMG.

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, with Chris Heard as the Lead Audit Partner. The first year to be audited by KPMG was the year ended 31 December 2018. Following an organisational change in KPMG, Chris Heard stepped down as Lead Audit Partner following the AGM 2021 and was succeeded by Ian Griffiths.

External auditor's independence

The Committee and the Board place great emphasis on the objectivity of the Group's external auditors 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 do not impair the external auditor's objectivity. KPMG have not been required to terminate any services that would not be permissible under the Standard.

In 2021, non-audit fees were £0.1m, significantly less than the total audit fees of £1.7m; the non-audit to audit fees ratio stands at 0.1:1.

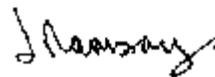
The Committee undertook its annual review of the Group's policies relating to external audit, including the policy that governs how and when employees and former employees of the Group's auditors can be employed by the Company. No changes were made. The Committee also reviewed and accepted KPMG's Independence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

In conclusion, the Committee agreed that KPMG were independent.

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

Ethical compliance review

Under its terms of reference, the Committee is tasked with an annual review of the Company's anti-bribery and corruption, fraud and whistleblowing procedures. In 2021, the Committee's review of these matters consisted of receiving reports and presentations from the executive owner of the procedures. The Committee was satisfied that the design and focus of the ethics programme took account of the Company's increasing presence in emerging economies, which could often pose elevated compliance and reputational risks.

The Committee discussed the progress of integrating Iberchem and other recently acquired companies within the Group's ethics programme and were comfortable with the work undertaken and with the level the engagement by the newly acquired businesses.

The Committee considered that the work of the ethics committee in its robust oversight of the development and reinforcement of the Group's ethics strategy and considered that it was demonstrative of the top-level commitment to anti-bribery by the executive team. The Group had 48 ethical risk assessments in place at the site level, which accurately recorded detailed assessments of the local bribery risk.

The recently updated ethical compliance manual had been effective in proceduralising the ethics programme, and had been supplemented with practical 'how to do' guidance notes. Training programmes continued to operate effectively, with over 1,000 employees undertaking training during the year (online or face-to-face). The Group's Speak Up line was working effectively, and the Committee were satisfied that the procedure for investigating reports was robust and being undertaken by independent experts. During 2021, 93 reports were made using the Speak Up line and every report had been investigated with no serious allegations having been substantiated.

The Committee reviewed the KPIs that tracked and monitored how the ethics programme was embedded and were used as leading and lagging indicators of ethical risks.

The Committee conducted a review of the Group's fraud policy and procedures – with no changes being required. No instances of fraud were brought to the Committee's attention.

Remuneration Report

Report of the Remuneration Committee

for the year ended 31 December 2021



“Croda’s remuneration approach plays a key role in the continued achievement of the Group’s strategic objectives and in the delivery of sustainable, profitable growth.”

Dr Helena Ganczakowski
Chair of the Remuneration Committee

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A. Chair’s letter

On behalf of the Board and the Remuneration Committee, I am pleased to present Croda’s Directors’ Remuneration Report for the year ended 31 December 2021. I would like to thank my colleagues for their engagement throughout the year, and to welcome Julie Kim as a new member of the Committee in 2021 and Nawal Ouzren who joined the Committee in February 2022.

The Committee believes that Croda’s remuneration approach plays a key role in the continued achievement of the Group’s strategic objectives and in the delivery of sustainable, profitable growth. In 2019 we reviewed and updated our policy to ensure ongoing alignment

to Croda’s evolving ambition and received 97.6% votes in favour. Last year we were pleased to receive 98.8% votes in favour of the 2020 Remuneration Report.

The Remuneration Committee is not proposing any material changes to the operation of the policy in 2022, being satisfied with both the outcome of the 2019 review and subsequent minor changes made last year.

Continued strong progress

I am pleased to confirm that Croda continues to progress successfully in line with its strategy, with excellent, profitable growth across all sectors. Recent acquisitions have been successfully incorporated, opening up new fast growth markets, and vigorous progress has been made in building the Life Sciences platform. The full year financial results were very strong, with reported sales up 36%, driven by organic growth and acquisitions, and with improving margin driving excellent profit growth.

This pleasing performance was delivered despite the ongoing challenges of COVID-19 where we continued to balance the needs of all our stakeholders while always ensuring the health and safety of our employees. As we reported last year, in managing COVID-19, we have not made anyone redundant or furloughed any employees and have protected pay and benefits, including for those unable to work normally due to the need to self-isolate or work from home. We also provided support for our suppliers and customers, where appropriate, and continued to pay dividends for our shareholders.

Alignment to strategic objectives

Croda’s strategy continues to focus on consistently delivering sustainable, profitable growth by providing innovative, sustainable solutions to our customers consistent with our Purpose: Smart science to improve lives™.

During 2021 we conducted a strategic review of our Performance Technologies and Industrial Chemicals (PTIC) businesses to decide on the best ownership structure going forward.

The conclusion of this review was to sell the majority of the PTIC businesses to Cargill, a company which has a distinguished history and strong values.

Under Cargill’s ownership, PTIC and its employees will benefit from further investment which will enable the business and employees to capture new growth opportunities and flourish.

In March 2021 we acquired Alban Muller, a leader in the creation and supply of natural and botanical ingredients for the global beauty industry, and in June 2021 our wholly owned Iberchem subsidiary successfully completed the acquisition of Parfex S.A., a fine fragrance business based in Grasse, France. These acquisitions, alongside Iberchem and Avanti in 2020, all represent strong alignment to our objective of transitioning to a pure-play Life Sciences and Consumer Care company.

Delivering sustainable, profitable growth is directly reflected in our performance measures and stretching targets. The Group Profit Incentive Bonus Scheme (senior annual Bonus Plan) is based on a single operating profit metric with no pay-out unless the previous year’s outcome is exceeded.

For the longer-term Performance Share Plan (PSP), 35% of the award is based on earnings per share (EPS) growth and 35% is based on relative Total Shareholder Return (TSR) performance against a bespoke group of our most relevant competitors. 30% of the 2022 award will continue to be based on sustainability metrics. Within this, 15% will be based on our innovation metric, New and Protected Products (NPP); 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 remaining 15% will be focused on selected KPIs aligned to the delivery of our 'Climate Positive' and 'People Positive' sustainability commitments. We have also revised our EVA underpin to a more discretionary basis following the divestment of the majority of the PTIC businesses.

Performance is always considered holistically; each year the Committee applies a 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. Health & safety always remains a key metric of particular focus in this review.

Workforce engagement

In 2021 I met with a cross section of employees through a series of listening groups in Asia, the Americas and Western Europe. Participants expressed their appreciation at the content and openness of the sessions which provided me with valuable feedback on a broad range of reward topics, including executive remuneration. In addition, there is a dedicated email address where employees can communicate with me directly and my Board colleagues also held listening groups throughout 2021 covering a range of topics including reward.

The Committee receives regular updates on employees' global terms and conditions, and we are made aware of any significant policy changes impacting employees. In 2021 we were pleased to note that flexible working was extended across the business including the facilitation of increased home working and flexible hours. The pay and benefits of employees that choose to work flexibly are maintained in full reflecting our belief that flexible working enhances productivity.

In response to COVID-19 we also continued our wellbeing initiatives; all sites offered targeted activities; some have been local one-off events and others are more broadly applicable such as the availability of Employee Assistance Programmes globally. We continued to use our online recognition programme in North America and Latin America and our Asia colleagues launched their own programme, 'Kudos!'.

Alignment of executive reward with the wider workforce

Our 'One Croda' culture drives focus on the alignment of executive reward with the wider workforce. In 2021 we launched a 'Free Share Plan' for all of our employees who are not

eligible to receive the senior annual Bonus Plan. As the senior annual Bonus Plan paid out for 2021, every employee globally in the Free Share Plan, around 5,150 in total, will receive ten Croda shares or the cash equivalent, payable in May 2022. This Plan is in addition to other reward plans offered at a local level.

In 2018 we gained accreditation in the UK as a Living Wage Employer from the Living Wage Foundation. In 2021 we extended this globally to complete an assessment of all employees worldwide, in partnership with the Fair Wage Network, establishing a Living Wage in each of the countries in which we operate and ensuring all employees receive this as a minimum. Our target for 2022 is to ensure that this is also applied to all of our regularly employed contractors.

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 510 employees participate in the senior annual Bonus Plan and 66 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.

Pay for all employees is set in line with the market and closely monitored and in 2021 we conducted extensive salary benchmarking in many countries, making adjustments where it was appropriate to do so. Local bonus schemes are available for those below senior leader level in most regions. Around 84% of our UK workforce and 60% globally participate in share plans and therefore benefit from the rewards enjoyed by all shareholders.

We continue to offer a career average defined benefit pension scheme that is open to all new and existing UK employees, a generous and inclusive benefit for our UK workforce. An important part of the value to employees is that the level of accrued pension is guaranteed, as the Company bears all the investment risk. This security for our workforce is an important part of our 'One Croda' culture. In 2020 we reduced Executive Director pension supplements to align to the UK workforce.

Remuneration out-turn for 2021

Croda delivered an outstanding performance in 2021 with very strong sales and profit growth, driven in part by lipid system sales for COVID-19 applications. The Committee determined that, given the unique nature and scale of this piece of business, the profit from our principal COVID-19 vaccine contract should be excluded from the Bonusable Profit calculation for both the 2021 and 2022 bonus.

In line with our usual practice, profit contributions from in-year acquisitions (e.g. Parfex and Alban Muller) are excluded from the calculation to ensure a like-for-like comparison with the base year.

Bonusable Profit (after exclusion of in-year acquisition profits and the lipid system sales for our principal COVID-19 vaccine contract) significantly exceeded the outcome for 2020 and the maximum payout target. The Committee used the Discretion Framework to satisfy itself that this performance was robust

and sustainable by reviewing underlying performance. The Committee determined that 100% of the senior annual Bonus Plan was payable.

Croda's longer-term performance in profitable growth and Total Shareholder Return was also very strong and reflected the long-term growth trajectory of the business. 2021 was the year in which PSP grants made in 2019 concluded their three-year period, and the Committee reviewed performance for the targets that were set at that time. Over the period TSR performance was 109.8%, placing Croda in the top quartile against our bespoke comparator group with 100% of this part of the award vesting. Our strong profit performance led to EPS growth of 31.4%, which resulted in a 93.5% payment of this part of the award. NPP growth, for the first time, met the stretching vesting target, which reflected the ambition of this metric and led to a payment of 100% of this part of the award.

The PSP award is dependent on satisfactory underlying financial performance of the Group. The Committee considered this, and a range of other broader performance criteria using the Discretion Framework, and concluded that the PSP awards were consistent with and reflective of overall financial performance over the time period. Therefore, after consideration of all factors, an overall PSP vesting of 97.4% of the total award was agreed.

Salaries for 2022

For 2022, the general salary increase set for the UK workforce is 5%, with additional funds available to address specific market issues.

The Committee considered the salaries of the Executive Directors in the context of the UK workforce increases, low positioning against market benchmarks, Croda's overall strong performance and the strong performance of the Executive Directors, and concluded that the 2022 salary increase for Executive Directors should be in line with that of the UK workforce.

A review of the Chair fees was also undertaken and, reflecting similar principles and the continuing high time commitment, an increase in line with that of the UK workforce was also awarded.

Looking ahead

Measures and targets for 2022 have been set for the senior annual Bonus Plan and PSP, as outlined above.

The Remuneration Policy is due for its triennial renewal at the 2023 AGM and therefore during 2022 we will be undertaking a comprehensive review to ensure that it continues to align to our strategy, taking on board input and advice from our investors and other stakeholders. 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.

Helena Ganczakowski

Dr Helena Ganczakowski
Chair of the Remuneration Committee

B. Remuneration at a glance

How we performed in 2021	Adjusted Operating Profit	Adjusted EPS	NPP	Total Shareholder Return
	+46.6% to £468.6m	+42.5% to 250.0p	37% of Group sales	109.8% over the three-year PSP performance period (1 January 2019 to 31 December 2021)

Single figure remuneration:



Operation of our policy in 2021

Key component and timeline	Feature	Metrics and results	Group Chief Executive (CEO)	Group Finance Director (GFD)																				
Basic salary	Competitive package to attract and retain high calibre executives.	<ul style="list-style-type: none"> Pay rise of 1% awarded to Executive Directors. UK workforce was awarded a 1% increase. An additional 1% increase was awarded to the majority of the UK workforce in July 2021, excluding Executive Directors and those in our most senior grades. 	£682,340	£470,579																				
Annual bonus	Incentivise delivery of strategic plan, targets set in line with Group KPIs.	<p>Bonusable Profit (see page 95 for definition of Bonusable Profit)</p> <table border="1"> <tr> <td>Threshold</td> <td>2020 actual</td> </tr> <tr> <td>Maximum</td> <td>2020 actual plus 10%</td> </tr> <tr> <td>Actual</td> <td>2020 actual plus 24%</td> </tr> </table> <p>100% of maximum bonus paid</p>	Threshold	2020 actual	Maximum	2020 actual plus 10%	Actual	2020 actual plus 24%	£1,023,510	£588,224														
Threshold	2020 actual																							
Maximum	2020 actual plus 10%																							
Actual	2020 actual plus 24%																							
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.	N/A	Of which £341,170 is deferred	Of which £196,075 is deferred																				
PSP	Incentivise execution of the business strategy over long-term measuring profit, shareholder value and innovation.	<p>Vesting of the 2019 PSP award</p> <table border="1"> <thead> <tr> <th></th> <th>Threshold</th> <th>Maximum</th> <th>Actual</th> <th>% payout</th> </tr> </thead> <tbody> <tr> <td>EPS*</td> <td>5%</td> <td>11%</td> <td>10.5%</td> <td>93.5%</td> </tr> <tr> <td>TSR</td> <td>Median</td> <td>Upper Quartile (UQ)</td> <td>89.4 percentile Above UQ</td> <td>100%</td> </tr> <tr> <td>NPP**</td> <td colspan="2">NPP sales growth to be at least twice non-NPP sales.</td> <td>3.8x</td> <td>100%</td> </tr> </tbody> </table> <p>Total payout – 97.4%</p> <p>* EPS growth p.a. is calculated on a simple average basis over the three-year period. ** Subject to a minimum average of 5% growth per year and overall positive Group profit growth.</p>		Threshold	Maximum	Actual	% payout	EPS*	5%	11%	10.5%	93.5%	TSR	Median	Upper Quartile (UQ)	89.4 percentile Above UQ	100%	NPP**	NPP sales growth to be at least twice non-NPP sales.		3.8x	100%	£2,556,242	£1,322,175
	Threshold	Maximum	Actual	% payout																				
EPS*	5%	11%	10.5%	93.5%																				
TSR	Median	Upper Quartile (UQ)	89.4 percentile Above UQ	100%																				
NPP**	NPP sales growth to be at least twice non-NPP sales.		3.8x	100%																				
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 2021, cash allowance of up to 20% of salary, in line with the UK workforce.	N/A	£136,635	£94,116																				
Shareholding requirements	Share ownership guideline to ensure material personal stake in business.	<ul style="list-style-type: none"> CEO – 225% of salary GFD – 175% of salary 	>225% of salary	>175% of salary																				

C. Report of the Remuneration Committee for the year ended 31 December 2021

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1. Summary of Remuneration Policy adopted in 2020

An updated Remuneration Policy was presented and approved by shareholders at the 2020 AGM. This is intended to operate until the AGM in 2023. In reviewing the Policy and its implementation, the Remuneration Committee undertook a thorough review of existing arrangements with a particular focus on alignment to Croda's strategy and ambitions. This review was completed with the following principal objectives in mind:

- achieve the closest possible alignment with the Company's strategy;
- support the Company's ambition to be a purpose-led organisation focused on Smart science to improve lives™;
- ensure that business performance is appropriately measured and rewarded and that the scale of reward is proportionate;
- make certain that the Policy properly reflects the various interests of all our stakeholders in its structure and metrics;
- ensure that the Policy is fair and competitive and that it also considers reward more broadly in the organisation;
- disclose the Policy in an open and transparent way.

The Remuneration Committee is not proposing any substantive changes to the operation of the Policy in 2022, being satisfied with both the outcome of the review and the minor changes made since then.

In line with the normal three-year cycle under the remuneration reporting regulations, a new Policy will be subject to shareholder approval at the 2023 AGM. In advance of this, during 2022, the Remuneration Committee will undertake a review of the existing Policy to ensure it continues to align to Croda's strategy, taking on board input and advice from investors and other stakeholders.

Summary of Policy and its operation

<i>Salary</i>	Set taking into account an individual's responsibilities, performance and experience as well as pay and employment conditions elsewhere in the Group and other external factors.
<i>Annual bonus</i>	<p>Maximum annual bonus opportunities:</p> <ul style="list-style-type: none"> • Group Chief Executive – 150% of salary • Group Finance Director – 125% of salary <p>Bonusable Profit growth targets, with no bonus payable until the previous year's profit is exceeded. Discretion Framework applies, which includes health, safety and environmental performance.</p> <p>One third deferred for three years.</p> <p>Malus and clawback provisions apply.</p>
<i>Performance Share Plan</i>	<p>Normal maximum PSP opportunities:</p> <ul style="list-style-type: none"> • Group Chief Executive – 225% of salary • Group Finance Director – 175% of salary <p>Awards based on financial (e.g. EPS), shareholder return (e.g. relative TSR) and strategic (e.g. sustainability) metrics. The Discretion Framework also applies, which includes satisfactory underlying financial performance.</p> <p>Three-year performance period with an additional two-year holding period.</p> <p>Malus and clawback provisions apply.</p>
<i>Pension and benefits</i>	<p>Pension benefits are either a capped career average defined benefit pension plan with a cash supplement above the cap, or a cash supplement.</p> <p>Cash allowance for Executive Directors of up to 20% of salary which aligns with our UK workforce.</p> <p>Typical other benefits include a company car, private fuel allowance, private health insurance and other insured benefits.</p>
<i>Shareholding guidelines</i>	<p>Shareholding guidelines of:</p> <ul style="list-style-type: none"> • Group Chief Executive – 225% of salary • Group Finance Director – 175% of salary <p>Post-employment shareholding guidelines also apply for two years after leaving employment. These are set at 100% of the in-employment guideline for the first year after leaving employment, tapering to 0% by the end of year two. This policy applies to shares from awards that vest in 2020 and beyond. The Committee is implementing structures to ensure that post-employment shareholding guidelines are adhered to, by the placing of restrictions on the sale of shares via our third-party share plan administrator.</p>

Further details about the Policy can be found on pages 106 to 108.

Remuneration Report (continued)

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

Over the last eighteen months we have accelerated key elements of our strategy to complete our 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
Annual bonus					
<i>Profit</i>	Clear and simple measure that supports our strategic objective of consistent bottom-line growth. One third of awards are deferred, further protecting shareholder value.			✓	✓
Performance Share Plan					
<i>Earnings per share (EPS)</i>	A measure of earnings growth over a three-year period recognising that sustained growth can only come through relentless innovation.		✓	✓	✓
<i>Total Shareholder Return (TSR)</i>	Measured against our peers, a key indicator of long-term growth and shareholder value.		✓	✓	✓
<i>New & Protected Products (NPP)</i>	An established measure of innovation, the metric is growth of NPP products versus non-NPP products rewarding growth that is driven by innovation.	✓	✓	✓	✓
<i>Sustainability</i>	Over the last three years we have incorporated sustainability metrics directly linked to our ambitions to be Climate, Land and People Positive by 2030.	✓	✓	✓	✓
Underpins & Discretion Framework					
<i>Safety, Health and Environment (SHE)</i>	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.	✓			✓
<i>Financial underpins</i>	The financial underpins including EVA within our Discretion Framework ensure that reward reflects the overall financial health of the business.		✓	✓	✓
<i>Culture and ethics</i>	The culture and ethics underpin ensures that reward reflects strong governance and the experience of all our stakeholders.	✓			✓
Other features					
<i>Holding periods</i>	Extends the period to five years before shares are released, further protecting shareholder value.				✓
<i>Shareholding requirements</i>	Ensures that our Executives' interests are aligned to shareholders.				✓
<i>Malus and clawback</i>	Allows incentive awards to be clawed back or reduced in the event of significant financial or personal misconduct.				✓

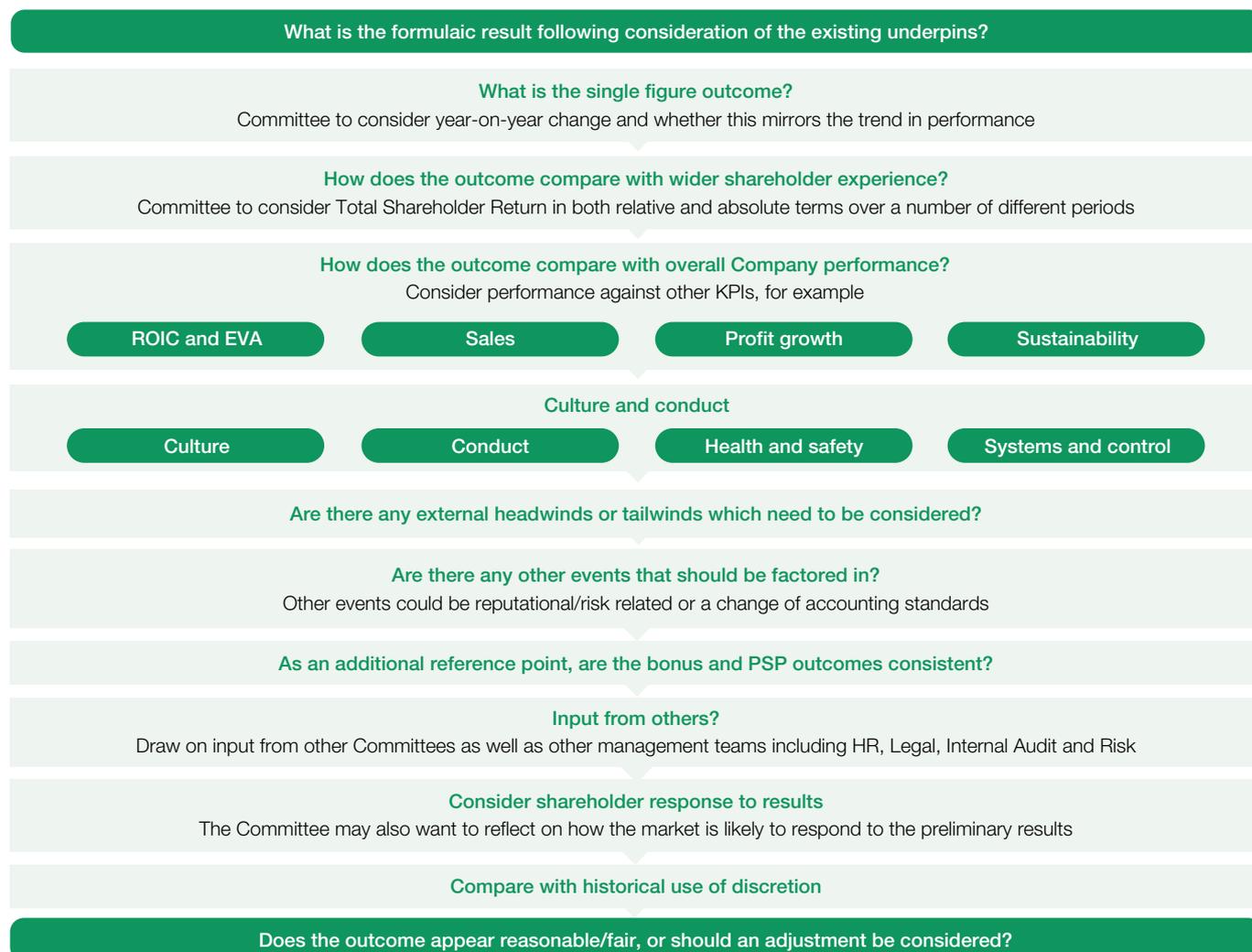
3. How our Remuneration Policy reflects the UK Corporate Governance Code

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
<i>Clarity</i>	Our values of openness and transparency are 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.
<i>Simplicity</i>	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 510 of our global employees participate, is based on a single profit metric, with a simple key requirement that no bonus can be paid until the previous year's profit is exceeded.
<i>Risk</i>	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.
<i>Predictability</i>	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.
<i>Proportionality</i>	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.
<i>Alignment to culture</i>	Alignment to our 'One Croda' culture is clearly established in our Remuneration Policy; our senior annual Bonus Plan has the same metric for all participants, our PSP metrics reflect our commitment to sustainability and pensions are aligned across the workforce.

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.



Remuneration Report (continued)

4. Reward in the wider employee context

Workforce engagement

Engagement with the workforce is an area in which we continue to make progress. In addition to continuing with established workforce engagement channels (pulse surveys and a dedicated email address for employees to contact the Chair of the Committee), in 2021, the Chair of the Remuneration Committee attended virtual listening groups where employees discussed and shared their thoughts on executive remuneration and reward in the wider business. As 2022 will be the year that we consider our Remuneration Policy, with any changes adopted in 2023, we plan to engage the workforce more widely through pulse surveys and further listening groups with the Chair of the Remuneration Committee. A summary of engagement activities undertaken to date is as follows:

<i>Reward principles</i>	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.
<i>Employee pulse surveys</i>	In 2021, a small number of pulse surveys covering a range of topics, including COVID-19 and resulting changes to the workplace, were undertaken and findings were shared with the Board as well as management to help guide decisions. For 2022 a new series of pulse surveys covering culture and reward will be issued.
<i>Listening groups</i>	During 2021, Helena Ganczakowski, Chair of the Remuneration Committee, held listening groups across a cross-section of employees in Asia, the Americas and Western Europe. Helena presented on the role of the Board and the Remuneration Committee and also shared an overview of the Elements of Reward at Croda and feedback on the Global Reward pulse survey conducted in 2020. The sessions were greatly appreciated by those who attended, with a number of participants noting that they had limited knowledge of the Board and Remuneration Committee before the session. The Chair of the Board and other Non-Executive Directors also attended listening groups throughout the year. Anita Frew held listening groups to better understand how employees were feeling on a range of different topics, including strategy, culture, recognition, and value. These listening groups also focused on employees' wellbeing at Croda and what additional support the Board could offer. Roberto Cirillo presented listening groups on Board responsibilities to a cross section of employees in Italian.
<i>Dedicated email to Chair of Committee</i>	A dedicated email address has been established for employees to send comments or questions to the Chair of the Remuneration Committee.
<i>Overview of pay and policy decisions</i>	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.

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 Group Human Resources Director 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
<i>Base pay</i>	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.
<i>Annual bonus</i>	Executive Directors, Executive Committee, senior leaders and senior managers (c. 510 employees globally) All other employees	Consistent senior annual Bonus Plan aligned to increase in annual profit. Operates on a tiered basis from 150% of salary to 20% of salary across the most senior global grades. Deferral applies for Executive Directors and members of the Executive Committee. Local schemes apply in many locations.
<i>Free Share Plan</i>	All employees who do not participate in the senior annual Bonus Plan (c. 5,150 employees globally)	New for 2021, an award of free shares or the cash equivalent if the senior annual Bonus Plan pays out. For 2021 this will be 10 shares or the cash equivalent.
<i>Performance Share Plan</i>	Executive Directors, Executive Committee and senior leaders (c. 66 employees globally)	Consistent PSP based on EPS, TSR and sustainability metrics, including NPP. Operates on a tiered basis from 225% of salary to 30% of salary across the most senior global grades.
<i>Restricted Share Plan</i>	Selected employees generally not eligible for PSP	Discretionary awards can be granted annually to selected employees to reward exemplary performance.
<i>All employee share plans¹</i>	All employees	Employees can participate in our global Sharesave Scheme, subject to qualifying service, allowing everyone to save monthly and purchase discounted shares.
<i>Pension (UK only)²</i>	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.

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.

5. 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 a new 'Free Share Plan' and a number of all-employee share schemes.

Free Share Plan

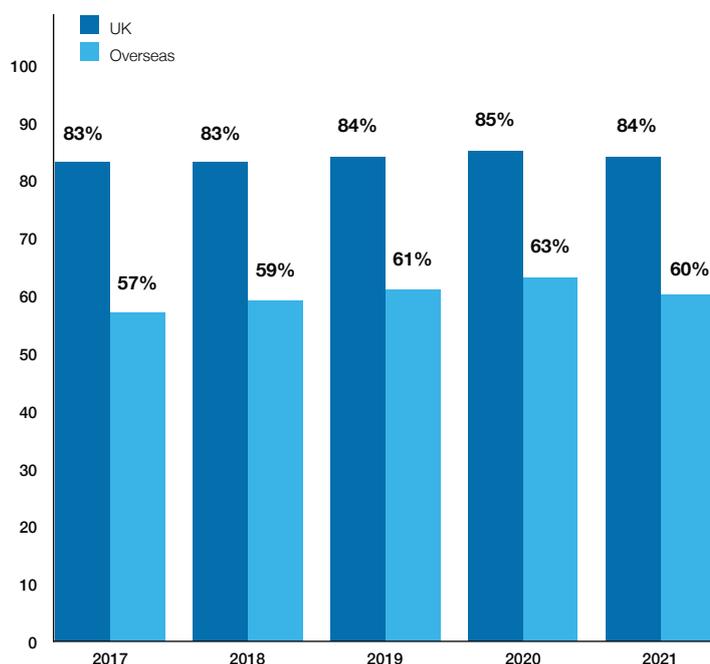
Croda is proud to announce that in 2021 we launched the 'Free Share Plan'. Under this new plan, all employees globally who are not eligible for the senior annual Bonus Plan will be gifted Croda shares (or the cash equivalent) if the senior annual Bonus Plan pays out. Unlike other elements of remuneration 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 paid out for 2021, all eligible employees will receive 10 Croda shares (or the cash equivalent) in April 2022 under the Free Share Plan. The value of the award is determined by the share price at vesting and based on the recent share price will be in the region of £706 (based on a share price of £70.60 on 18 February 2022).

All-employee share schemes

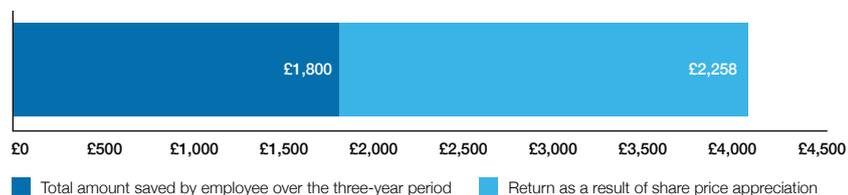
Workforce participation in these plans has remained consistently strong and is driven by our culture of employees feeling a strong loyalty to the business.



Croda's strong share price performance has led to the all-employee share schemes being a strong benefit for employees.

Example value of the 2018 Sharesave Scheme

The 2018 Sharesave Scheme which was granted in September 2018 at a share price of 4144p could be exercised from November 2021. The price of Croda shares on the settlement date in November 2021 was 9438.2p, meaning employees could have made a potential return of c.128% on their savings. For example, an employee saving £50 a month would have made a profit in excess of £2,258.



Remuneration Report (continued)

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 2022, 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 have established processes to ensure that Living Wage levels are reviewed annually and the necessary adjustments to wages are made in order to continue paying a Living Wage to all employees.

In addition, we will also begin to plan for and progress towards our commitment of paying a Living Wage to all regularly employed contractors globally by the end of 2022.

More than just pay

Our employees and our culture remain central to the continued success of Croda. Croda has been resilient in its response to COVID-19 and during the pandemic the wellbeing and safety of our employees has been and continues to be a key priority.

In addition, we continue to enhance our range of other workforce initiatives, including:

- We continued with the rollout of our online recognition programme, Croda Stars, in North America and Latin America. An online recognition programme, Kudos! was also launched in Asia. All programmes have been positively received by employees.
- 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 2021, our employees undertook over 93,000 hours of training with the average number of hours an employee completed being 16 hours.
- We relaunched and redesigned our core company development programmes for senior leaders and future leaders with our values at their heart.
- We launched a new inclusion based global leadership programme, Phoenix Rising, and a series of leadership webinars on diversity & inclusive leadership.
- We recorded over 100 wellbeing activities which took place in 2021. We also extended Employee Assistance Programmes in many of our countries.

6. Promoting diversity & inclusion

As a business with innovation at its heart, diversity of thought and ideas is critical to our long-term success and we are committed to encouraging and promoting all types of diversity within our organisation. We have established a global Diversity & Inclusion Steering Committee plus a number of regional and country committees designed to discuss and promote diversity & inclusion.

At the beginning of 2021, we published a Board diversity & inclusion policy and communicated our commitment to greater diversity within our business. Julie Kim was appointed as a new member of the Board in 2021 and Nawal Ouzren joined the Board in February 2022. These two appointments mean we have fulfilled our commitment to meeting the requirements of the Parker Review on ethnic diversity as well as also achieving full gender balance on the Board.

In 2021 we ran a global diversity survey to collect wider diversity data in the organisation. All data was collected in good faith, in line with local laws and legal restrictions, including data privacy regulations. The data will be used to influence future work and is the first step in being able to report on our ethnicity pay gap. For further information on this please refer to page 37.

7. Other disclosures

UK gender pay gap

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

	2018	2019	2020	2021
Mean pay gap	27.68%	27.06%	18.72%	17.70%
Median pay gap	23.10%	23.90%	19.22%	21.11%
Mean bonus gap	63.05%	67.08%	64.36%	62.58%
Median bonus gap*	33.26%	33.36%	0%	0%

* 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.

The number of women in leadership positions is now 36%. We are also pleased to report that we have 43 women working as process operators across 13 of our sites globally.

Over 2020 and 2021 only 40% of hires and promotions to leadership positions were female. At this rate we will not meet our 2030 target to achieve gender balance across our leadership. Therefore, we have included a 'People Positive' target in our 2022 PSP. This target relates to the gender balance of appointments and promotions to our most senior grades.

Other actions taken to address the gender pay gap include:

- Ensuring we have a balanced shortlist for all positions that we are recruiting for; we have a target of achieving balanced shortlists for 80% of roles by 2023.
- Further improving our talent and succession planning processes to help identify and nurture talent early in their career.
- 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.
- Changing the way we advertise production roles to ensure we reach a diverse population.
- Improving family-friendly policies; in 2019 we introduced a new Global Parental Leave Policy and in 2020 we launched new Flexible Working guidance. All locations have implemented this and have local policies in place.
- 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 2021 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 2021	A	132:1	96:1	80:1
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

1. Calculations for the workforce exclude severance pay, notice pay, SIP repayments, fractional share payments, SAR payments and relocation expenses.

2. 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.

3. Excludes Non-Executive Directors, contractors and employees who left during the relevant year.

4. 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 2020 has been restated to reflect the updated CEO 'single figure' total remuneration for 2020. This was due to the 2020 PSP award being updated to reflect the actual share price at vesting.

** 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.

Remuneration Report (continued)

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 2021 figures, as this has been an outstanding year for performance both the senior annual Bonus Plan and PSP have paid out at high levels. As the senior annual Bonus Plan did not pay out last year this represents a large increase in remuneration for the CEO; the PSP has also paid out at a higher level, from 40% in 2020 to 97.4% in 2021.

Employee total remuneration

	Actual base salary 2021	Total remuneration 2021
75 th percentile	£48,904	£55,440
50 th percentile	£30,603	£46,050
25 th percentile	£27,865	£33,654

We believe that our CEO pay ratio is consistent with our pay, reward and progression policies. The sharing of success has been a strong theme in 2021 and although the CEO pay ratios have widened, employees have also benefitted from a strong performing year. The newly launched 'Free Share Plan' will pay out for 2021, rewarding our most junior employees proportionally the most, annual bonus plans will pay out globally and we awarded over double the amount of RSP awards compared to previous years.

8. Remuneration Committee year ended 31 December 2021

Responsibilities

The Committee determines and agrees with the Board the Company's Remuneration Policy and framework, which should:

- Support the Company's strategy and promote long-term sustainable success; and
- Ensure that the senior management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The Committee also determines the remuneration packages for all Executive Directors, members of the Executive Committee, including the Company Secretary, and the Chair of the Board and recommends and monitors the level and structure of remuneration for senior managers.

Key responsibilities

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

A summary is provided below:

- 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
- In determining such policy, take into account factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance
- 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.

Key focus areas

Remuneration outcomes for 2020 and approach for 2021:

- Remuneration outcomes for 2020, including vesting of 2018 PSP awards
- Establishing the senior annual Bonus Plan and PSP targets for 2021
- Granting of 2021 PSP awards and Restricted Share Plan awards

Wider workforce:

- Introduction of Free Share Plan
- Feedback from employee listening groups attended by the Remuneration Committee Chair
- Annual review of wider workforce remuneration

Remuneration approach for 2022:

- Review of latest market and governance developments
- Consideration of approach for 2022, including new sustainability targets
- Approval of salary increase for the CEO and Group Finance Director effective 1 January 2022
- Approval of Chair fee increase effective 1 January 2022

9. Executive Directors' remuneration for the year ending 31 December 2022

Key component Implementation in 2022

Basic salary Executive Directors' base salaries were reviewed during the final quarter of the financial year ended 31 December 2021. Salaries for 2022 are as follows:

	Salary at Jan 2022	Salary at Jan 2021	% Increase
Steve Foots	£716,457	£682,340	5%
Jez Maiden	£494,108	£470,579	5%

Commentary

- For 2022, the general salary increase set for the UK workforce is 5%, with additional funds available to address specific market issues.
- The Committee considered the salaries of the Executive Directors in the context of the UK workforce increases, low positioning against market benchmarks, Croda's overall strong performance and the strong performance of the Executive Directors, and concluded that the 2022 salary increase for Executive Directors should be in line with that of the UK workforce.

Other benefits Other benefits such as company cars or car allowances, fuel allowance and health benefits are made available to Executive Directors.

Performance-related Annual Bonus Plan Steve Foots 150% of salary

Jez Maiden 125% of salary

The targets for the awards are set out below:

Level of award	*Bonusable Profit	% of bonus payable
Threshold	Equivalent to 2021 actual	0%
Maximum	2021 actual plus 10%	100%

* Bonusable Profit is the growth in underlying profitability (defined for bonus purposes as Group EBITDA for continuing operations before exceptional items and any charges or credits under IFRS 2 Share-based Payments) less a notional interest charge on working capital employed during the year. Target is measured after providing for the cost of bonuses on a constant currency basis. For 2022, considering the unique nature of the business, the profit from our lipid system sales for our principal COVID-19 vaccine contract, will be excluded from the Bonusable Profit calculation.

Commentary

- No change to maximum award levels or performance measures from last year.
- When determining bonus outcomes, the Committee applies the Discretion Framework which includes a range of factors, see page 89.
- 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 provides clear alignment with shareholders and fosters a longer-term link between annual performance and reward.
- Malus and clawback provisions apply.
- One third of any bonus paid will be deferred into shares for a three-year period.
- 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 2022 to be at least as demanding as in previous years and were set after taking due account of the Company's commercial circumstances and inflationary expectations.

Remuneration Report (continued)

Performance share plan	Steve Foots 225% of salary	Jez Maiden 175% of salary
	The targets for the awards are set out below:	
	Performance measure (weighting)	Threshold vesting
	EPS ¹ (35%)	5% p.a.
	TSR ² (35%)	Median
	Maximum vesting	
	11% p.a.	
	Upper quartile	
Sustainability metrics (30%)	<ul style="list-style-type: none"> 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 (25% vesting), with payments being made on a sliding scale up to 5% growth per year (maximum vesting). ‘Climate Positive’ (7.5%) – a reduction target specifically aimed at Scope 1 and 2 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 25.2% reduction compared to a 2018 baseline³ with any award paid in defined ranges between: <ul style="list-style-type: none"> a reduction of 25.2% and above would result in maximum vesting a reduction of 21% would result in 50% vesting, with no vesting below this. ‘People Positive’ (7.5%) – a target aimed at increasing the number of women in leadership positions, aligned to our gender balance ambition. Over the three-year performance period the target is to appoint or promote women in more than 50% of available leadership roles with any award paid in defined ranges between: <ul style="list-style-type: none"> 55% or above leadership roles hired being filled by women would result in maximum vesting 40% of leadership roles being filled by women would result in 25% vesting, with no vesting below this. 	
	An EVA underpin applies across the whole PSP award, such that vesting is subject to satisfactory EVA performance in the performance period, as determined by the Committee.	
	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.	2. TSR peer group constituents: AzkoNobel, Albermarle, Ashland, BASF, Clariant, Koninklijke DSM, Eastman Chemicals, Elementis, Evonik Industries, Givaudan, Johnson Matthey, Kemira, Lanxess, Novozymes, Solvay, Symrise, Synthomer, Victrex.
		3. 2018 baseline of 208,992 MTCO ₂ e has been independently verified by Avieco. As of 2021 a reduction of 12.7% has been achieved.
	Commentary	
	<ul style="list-style-type: none"> No changes to maximum award levels from last year. No change to the balance of 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. Performance period 1 January 2022 to 31 December 2024. 	<ul style="list-style-type: none"> Revision to the EVA underpin to a more discretionary basis, taking into account the changes to the capital allocation strategy following the divestment of the majority of the PTIC businesses. When assessing outcomes, the Committee applies the Discretion Framework which considers, for example, the management of ROIC, health and safety and sales growth and may adjust awards if it considers appropriate. An additional two-year holding period will apply for any shares vesting. Malus and clawback provisions apply.
Pension	20% of salary as pension supplement aligned to UK workforce.	

D. Directors' remuneration for the year ended 31 December 2021 – Audited information

In this section

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| 1. Directors' remuneration for the year ended 31 December 2021 | 8. Board Chair and other Non-Executive Directors' fees 2021 and 2022 |
| 2. Pension | 9. Non-Executive Directors' remuneration |
| 3. Payments for cessation of office | 10. Service contracts and outside interests |
| 4. Payments to past Directors | 11. Remuneration Committee attendance and advisers |
| 5. Share interests | 12. Other disclosures |
| 6. Performance graph | 13. Statement of voting |
| 7. Ten-year remuneration figures for Group Chief Executive | |

1. Directors' remuneration for the year ended 31 December 2021

Elements of remuneration

Executive Directors' remuneration

Executive Director	Steve Foots		Jez Maiden	
	2021	2020	2021	2020
Salaries	£682,340	£675,584	£470,579	£465,920
Benefits ¹	£24,939	£33,642	£20,126	£20,117
Pension supplement ²	£136,218	£130,992	£94,116	£93,184
Pension ³	£417	£7,500	–	–
Total fixed pay	£843,914	£847,718	£584,821	£579,221
Annual bonus	£1,023,510	–	£588,224	–
Long-term incentives ^{4A-B}	£2,556,242	£692,540	£1,322,175	£358,215
Other ⁵	£3,618	£3,119	£3,975	£1,830
Total variable pay	£3,583,370	£695,659	£1,914,374	£360,045
Single total figure of remuneration	£4,427,284	£1,543,377	£2,499,195	£939,266

- Benefits include benefit-in-kind for company car or cash allowance, benefit-in-kind for private medical insurance and private fuel allowance.
- This represents the 20% of salary supplement. For January 2021 the supplement for Steve Foots was only in relation to benefits provided above the salary pension cap.
- For defined benefit pensions the amount included is the additional value accrued during the year, calculated using HMRC's methodology for the purposes of income tax using a multiplier of 20. This methodology can result in year-on-year fluctuations due to underlying inflation inputs. In 2020, the calculation methodology was amended to align the revaluation rate that is applied to value Steve Foots' Croda Pension Scheme benefits to the inflation rate that is allowed for within the calculation of the disclosable benefit. This reduces the level of volatility in the calculated figure from year to year. Steve Foots was only an active member of the Croda Pension Scheme for one month in 2021.
- A. The PSP awards granted in March 2019 reached the end of their performance period on 31 December 2021. The awards will vest at 97.4% of maximum (see page 98). The values included in the table above are based on the three-month average price to 31 December 2021 of 9545.7p. Of these values, £1,266,031 and £654,834 is attributable to share price growth for Steve Foots and Jez Maiden, respectively. These values will be updated in next year's Annual Report based on the share price at vesting which will take place on 14 March 2022.
B. The PSP award included in the 2020 single figure (the 2018-20 PSP award) has been updated to reflect the actual share price at vesting of 6205p. Of these values, £178,130 and £92,137 is attributable to share price growth for Steve Foots and Jez Maiden, respectively.
- Represents the value received in the year from participation in all-employee share schemes. Steve Foots and Jez Maiden received 24 and 23 matching shares respectively as part of the Share Incentive Plan (SIP) with a transaction value of £1,823 and £1,742. Steve Foots and Jez Maiden also participated in the 2021 Sharesave Scheme and were granted 98 and 122 shares respectively at a discounted rate of 7327p. The share price on the date of grant was 9158p representing a 20% discount.

Annual bonus

The annual bonus for Executive Directors in 2021 was calculated by reference to the amount by which the profit for the year exceeded the profit for 2020 (the 'Bonusable Profit'). Bonuses for 2021 are payable against a graduated scale once the Bonusable Profit exceeds the base profit with bonus targets set, and performance measured, based on constant currency actual exchange rates. Considering the unique nature of the business, the profit from our lipid system sales for our principal COVID-19 vaccine contract contract, has been excluded from the Bonusable Profit calculation. In line with our usual practice, profit contributions from in-year acquisitions (e.g. Parfex and Alban Muller) are excluded from the calculation to ensure a like-for-like comparison with the base year.

Executive Director	Threshold target	Maximum target	Actual	Bonus outcome (% of maximum)
Bonusable Profit	£384.8m	£423.3m	£477.5m	100%

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 89).

The Committee used the Discretion Framework to satisfy itself that performance was robust and sustainable. The Committee therefore determined that 100% of the senior annual Bonus Plan was payable.

One third of the bonus payable will be deferred into shares for three years.

Remuneration Report (continued)

PSP

PSP awards vesting in March 2022

The PSP awards granted in March 2019 reached the end of their three-year performance period on 31 December 2021.

Measure	Weighting	Threshold	Maximum	Actual performance	Out-turn (% of max element)
Relative TSR versus bespoke peer group ¹	40%	Median (50 th percentile)	Upper quartile (75 th percentile)	89.4 percentile	100%
Adjusted annual average EPS growth over three years ²	40%	5% p.a.	11% p.a.	10.5% p.a.	93.5%
NPP	20%	Target vesting for NPP sales growth to be at least twice non-NPP sales, subject to a minimum average of 5% growth per year and overall positive Group profit growth.		3.8x	100%
				Total out-turn	97.4%

1. TSR peer group constituents: AkzoNobel, Albemarle, Arkema, Ashland, BASF, Clariant, Koninklijke DSM, Eastman Chemicals, Elementis, Evonik Industries, Givaudan, Johnson Matthey, Kemira, Lanxess, Novozymes, Solvay, Symrise, Synthomer, Victrex.

2. 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.

As well as considering the EPS, TSR and NPP targets, under the rules of the PSP, the Remuneration Committee is obliged to consider the underlying performance of the Company over the performance period, which it did using the Discretion Framework on page 89. On review, the Committee considered the outcome of the PSP consistent with overall Company performance over the three-year performance period.

The forecast vesting value of the awards made in March 2019, subject to the above performance targets, is included in the 2021 single figure table on page 97. 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	15 Mar-21	11,161	PSP	0	6205p	£692,540
	15 Mar-21	5,581	DBSP	0	6205p	£346,301
	22 Mar-21	174	Sharesave	3092p	6257p	£5,507
	01 Nov-21	173	Sharesave	4144p	9432p	£9,148
	09 Mar-20	19,616	PSP	0	4259p	£835,445
	09 Mar-20	7,593	DBSP	0	4259p	£323,386
Jez Maiden	15 Mar-21	5,773	PSP	0	6205p	£358,215
	15 Mar-21	3,207	DBSP	0	6205p	£198,994
	01 Nov-21	217	Sharesave	4144p	9432p	£11,475
	09 Mar-20	10,146	PSP	0	4259p	£432,118
	09 Mar-20	4,187	DBSP	0	4259p	£178,324

PSP awards granted in 2021

The PSP awards granted on 24 March 2021 were as follows:

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	24,422	225%	£1,535,240	25% (100%)	01.01.21 – 31.12.23
Jez Maiden	13,100	175%	£823,505	25% (100%)	01.01.21 – 31.12.23

1. Face value/maximum value is calculated based on a share price of 6286.3p, being the average mid-market share price of the three dealing days prior to the date of grant.

The 2021 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 90 of our Annual Report and Accounts 2020. Vesting will take place on a sliding scale. An EVA underpin applies across the entire award, also detailed on page 90 of our Annual Report and Accounts 2020.

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

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 156.

Executive Director	SIP shares held 01.01.21	Partnership shares acquired in year	Matching shares awarded in year	Total shares 31.12.21*	SIP shares that became unrestricted in the year	Total unrestricted SIP shares held at 31.12.21
Steve Foots	5,794	24	24	5,842	78	5,540
Jez Maiden*	429	23	23	481	103	107

There have been no changes in the interests of any Director between 31 December 2021 and the date of this report, except for the purchase of 4 SIP shares and the award of 4 matching shares by Steve Foots and Jez Maiden during January and February 2022.

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

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 01.01.21	Granted in year	Exercised in the year	Number at 31.12.21
Steve Foots								
13 September 2017	01 November 2020	30 April 2021	£6,725	3092p	174	–	174	–
27 September 2018	01 November 2021	30 April 2022	£8,960	4144p	173	–	173	–
12 September 2019	01 November 2022	30 April 2023	£6,723	3898p	138	–	–	138
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
					597	98	347	348
Jez Maiden								
27 September 2018	01 November 2021	30 April 2022	£11,238	4144p	217	–	217	–
12 September 2019	01 November 2022	30 April 2023	£11,206	3898p	230	–	–	230
16 September 2021	01 November 2024	30 April 2025	£11,173	7327p	–	122	–	122
					447	122	217	352

During 2021, the highest mid-market price of the Company's shares was 10365p and the lowest was 6095p. The year-end closing price was 10120p. The year-end mid-market price was 10045p.

* 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 31.12.21 (p.a.)	Single remuneration pension figure 2021	Single remuneration pension figure 2020	Single remuneration pension figure 2021 excluding supplement
Steve Foots	14 September 2033	£128,740	£136,635	£138,492	£417*
Jez Maiden	N/A	–	£94,116	£93,184	–

* Steve Foots was only an active member of the Croda Pension Scheme for one month in 2021.

Note: Members of the Croda Pension Scheme (CPS) have the option to pay voluntary contributions. Neither the contributions nor the resulting benefits are included in this table. During 2021, Steve Foots was paid £136,218 (2020: £130,992) and Jez Maiden was paid £94,116 (2020: £93,184) in addition to their basic salary to enable them to make independent provision for their retirement.

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 2022 will be £72,966. 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' pension provision

Steve Foots accrued pension benefits under the CPS up to 31 January 2021 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. For January 2021 he also received a pension supplement at 20% of salary above his personal pension benefit cap in line with the wider UK workforce.

Jez Maiden's pension provision

Jez Maiden has elected not to join the Croda Pension Scheme and was therefore paid a pension supplement of 20% of salary in 2021. He is entitled to death-in-service benefits from an Excepted Life Policy.

Remuneration Report (continued)

3. Payments for cessation of office

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

4. Payments to past Directors

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

5. Share interests

The interests of the Directors who held office at 31 December 2021 are set out in the table below:

	Legally owned ¹		PSP (unvested)	DBSP (unvested)	Sharesave (unvested)	SIP		Total 31.12.21	% of salary held under shareholding guideline
	31.12.20	31.12.21				Restricted	Unrestricted		
Executive Director									
Steve Foots	163,912	173,115	83,449	2,526	348	302	5,540	265,280	>225% target
Jez Maiden	27,167	21,106	44,235	1,449	352	374	107	67,623	>175% target
Non-Executive Director									
Roberto Cirillo	–	–	–	–	–	–	–	–	–
Jacqui Ferguson	76	76	–	–	–	–	–	76	–
Anita Frew	9,425	9,425	–	–	–	–	–	9,425	–
Helena Ganczakowski	361	361	–	–	–	–	–	361	–
Keith Layden	80,314	60,339	–	–	–	–	–	60,339	–
John Ramsay	2,000	2,000	–	–	–	–	–	2,000	–
Julie Kim*	–	60	–	–	–	–	–	60	–

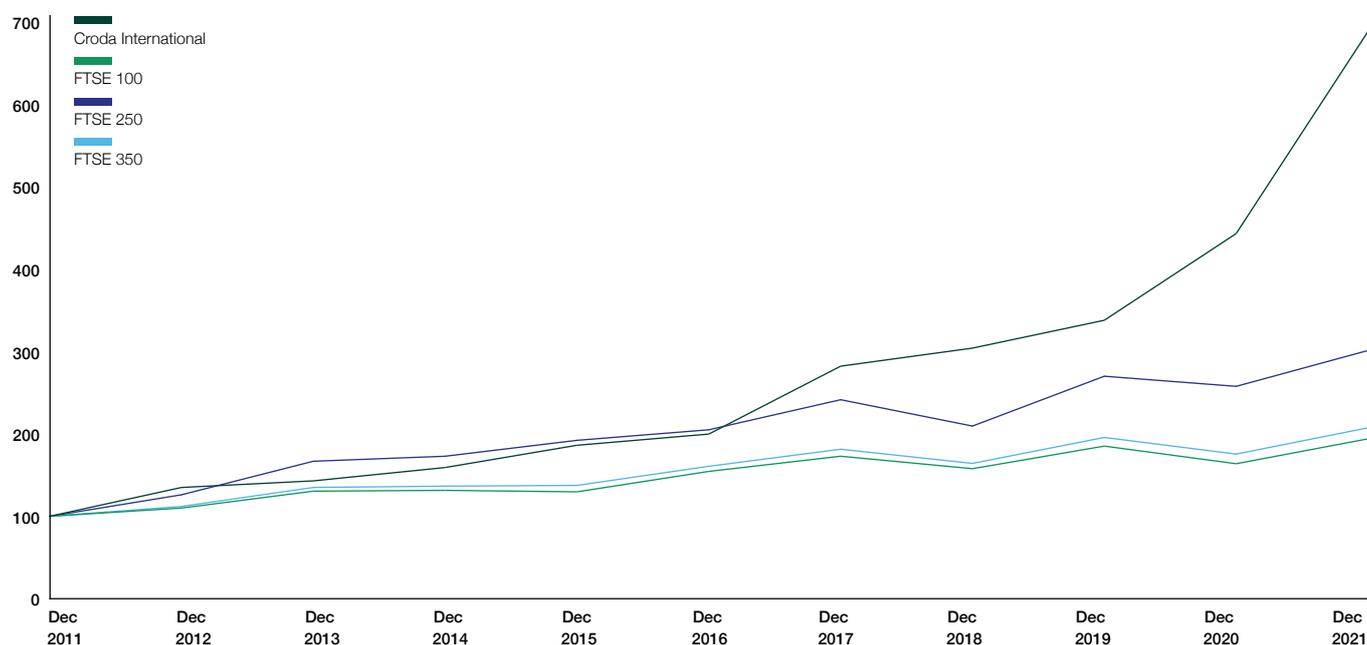
* Julie Kim appointed 1 September 2021, holding on appointment Nil.

1. Including connected persons.

Post-employment shareholding guidelines also apply for two years after leaving employment. These are set at 100% of the in-employment guideline for the first year after leaving employment, tapering to 0% by the end of year two. This policy applies to shares from awards that vest in 2020 and beyond. The Committee is implementing structures to ensure that post-employment shareholding guidelines are adhered to, by the placing of restrictions on the sale of shares via our third-party share plan administrator.

6. Performance graph (unaudited information)

Ten year Total Shareholder Return chart



Source: Thomson Reuters Datastream

7. Ten 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 payout for each year as a percentage of the maximum.

	2012	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021
Total remuneration (£)	1,364,048	1,427,156	769,414	1,374,046	2,404,441	3,570,251	3,311,700	1,693,242	1,543,377	4,427,284
Annual bonus (%)	28%	0%	0%	76.38%	100%	78.36%	36.19%	0%	0%	100%
Long-term incentives vesting (%)	100%	81.8%	0%	0%	43%	100%	100%	56.2%	40%	97.4%

1. The 2020 total remuneration figure has been updated to reflect the value of the 2020 PSP award at vesting.

8. Board Chair and other Non-Executive Directors' fees 2021 and 2022 (unaudited information)

The fees paid to the Non-Executive Directors (including chairing of Committees) and to the Senior Independent Director were reviewed in December 2021 and increased by 5%, in line with the UK workforce. These changes took effect from 1 January 2022. The revised fee structure for the Board Chair and other Non-Executive Directors for 2022 is detailed below.

Position	2021 fee £	2022 fee £
Board Chair (all-inclusive fee)	303,909	319,104
Non-Executive Director base fee	63,872	67,066
Additional fees		
Senior Independent Director	10,611	11,142
Committee Chairs (Audit and Remuneration)	15,453	16,226

9. Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors for the year ended 31 December 2021 payable by Group companies is detailed below; this table reflects actual payments in 2021.

		Non-Executive Director fees £	Benefits ¹ £	Total £
Anita Frew	2021	303,909	11	303,920
	2020	300,900	–	300,900
Alan Ferguson²	2021	–	–	–
	2020	28,084	–	28,084
Helena Ganczakowski³	2021	89,937	456	90,393
	2020	85,789	–	85,789
Jacqui Ferguson	2021	63,873	169	64,042
	2020	63,240	–	63,240
Roberto Cirillo	2021	63,873	903	64,776
	2020	63,240	–	63,240
Keith Layden	2021	63,873	89	63,962
	2020	63,240	–	63,240
John Ramsay^{3,4}	2021	79,326	794	80,120
	2020	73,793	–	73,793
Julie Kim^{5,6}	2021	–	11,142	11,142
	2020	–	–	–

1. The benefits relate to Directors undertaking business travel on behalf of Croda and ensuring the Directors are not out of pocket for related tax.

2. Alan Ferguson retired on 23 April 2020. His fees were pro-rated accordingly.

3. Following Alan Ferguson's retirement, 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.

4. John Ramsay was appointed to the Board on 1 January 2020.

5. Julie Kim was appointed to the Board on 1 September 2021 and has voluntarily decided to waive her fees.

6. The benefits figure for Julie Kim relates to the undertaking of long-haul business travel and ensuring she is not out of pocket for the related tax.

Remuneration Report (continued)

Non-Executive Directors' appointment

The effective dates of the letters of appointment for the Board Chair and each Non-Executive Director who served during 2021 are shown in the table below:

Non-Executive Director	Original appointment date	Expiry date of current term
Anita Frew	05 March 2015	05 March 2023
Roberto Cirillo	26 April 2018	26 April 2024
Jacqui Ferguson	01 September 2018	01 September 2024
Helena Ganczakowski	01 February 2014	31 January 2023
Keith Layden	01 May 2017	01 May 2023
John Ramsay	01 January 2020	01 January 2023
Julie Kim	01 September 2021	01 September 2024

10. 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
Jez Maiden	09 October 2014	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 Director roles. Neither Executive Director held any external directorships during 2021.

11. Remuneration Committee attendance and advisers (unaudited information)

The following Directors served as members of the Committee during 2021:

- Helena Ganczakowski (Chair)
- Roberto Cirillo
- Jacqui Ferguson
- John Ramsay
- Julie Kim (From 01 September 2021)

See page 72 for details of attendance at meetings during the year.

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 2021, invitees included other Directors and employees of the Group and the Committee's advisers (see page 103), including Anita Frew (Company Chair), Steve Foots (Group Chief Executive), Jez Maiden (Group Finance Director), Keith Layden (Non-Executive Director), Tracy Sheedy (Group HR Director), Tom Brophy (Group General Counsel and Company Secretary) and Caroline Farbridge (Deputy Company Secretary).

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

Summary of Remuneration Committee meetings

January 2021	<p>Approved Chair fee increase for 2021</p> <p>Reviewed the draft Directors' Remuneration Report</p> <p>Considered shareholder feedback on executive remuneration arrangements ahead of implementation in 2021</p> <p>Considered the sustainability targets for 2021 PSP awards</p>
February 2021	<p>Reviewed the draft Directors' Remuneration Report</p> <p>Approved the calculation of the 2020 senior annual Bonus Plan award</p> <p>Approved the senior annual Bonus Plan targets for 2021</p> <p>Approved the vesting outcome for the 2018 PSP awards</p> <p>Approved the PSP targets for 2021 and the grant of PSP awards for 2021</p> <p>Approved the vesting of the 2018 Restricted Share Plan awards and the grant of Restricted Share Plan awards for 2021</p> <p>Reviewed feedback from employee listening groups attended by the Remuneration Committee Chair</p> <p>Approved the introduction of the Free Share Plan</p> <p>Reviewed Executive Committee salary increases</p> <p>Reviewed the update on ABI headroom limits as they apply to the business</p> <p>Reviewed share ownership guidelines</p> <p>Reviewed the Committee's Terms of Reference</p> <p>Considered the mechanism for enforcement of the post-employment shareholding guideline</p>
April 2021	<p>Reviewed shareholder feedback on Directors' Remuneration Report</p> <p>Reviewed an update on PSP sustainability targets</p> <p>Reviewed the rules of the Free Share Plan and timeline for grant</p> <p>Gave authority for UK employees to join the UK Sharesave Scheme and non-UK employees to join the International Sharesave Scheme</p> <p>Agreed dividend enhancement to the Deferred Bonus Share Plan</p>
November 2021	<p>Considered mechanism for enforcement of the post-employment shareholding guideline</p> <p>Considered Free Share Plan accounting treatment</p> <p>Reviewed forecast outcomes for 2021</p> <p>Considered and reviewed remuneration trends</p> <p>Reviewed quality assessment process for 2020 sustainability targets</p> <p>Reviewed workforce remuneration</p> <p>Agreed dividend enhancement to the Deferred Bonus Share Plan</p> <p>Gave authority for the execution of actions in relation to the 2018 Sharesave maturity</p> <p>Approved amendments to International Sharesave Plan rules</p>
December 2021	<p>Reviewed initial draft of the Chair's letter for inclusion in the Directors' Remuneration Report</p> <p>Reviewed proposed targets for the 2022 senior annual Bonus Plan and PSP award</p> <p>Approved salary increases for Chief Executive and Executive Committee</p> <p>Considered and reviewed proposed treatment of incentives for employees transferring out of the business following the sale of the majority of the PTIC businesses</p> <p>Considered the Committee's effectiveness review</p>

Remuneration Committee advisers (unaudited information)

Deloitte LLP were retained as the appointed adviser to the Committee for the whole of 2021 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 £36,650 (excluding VAT). The Committee regularly reviews the external adviser's relationship and is comfortable that the advice it is receiving remains objective and independent.

Remuneration Report (continued)

12. Other disclosures (unaudited information)

Percentage change in remuneration levels

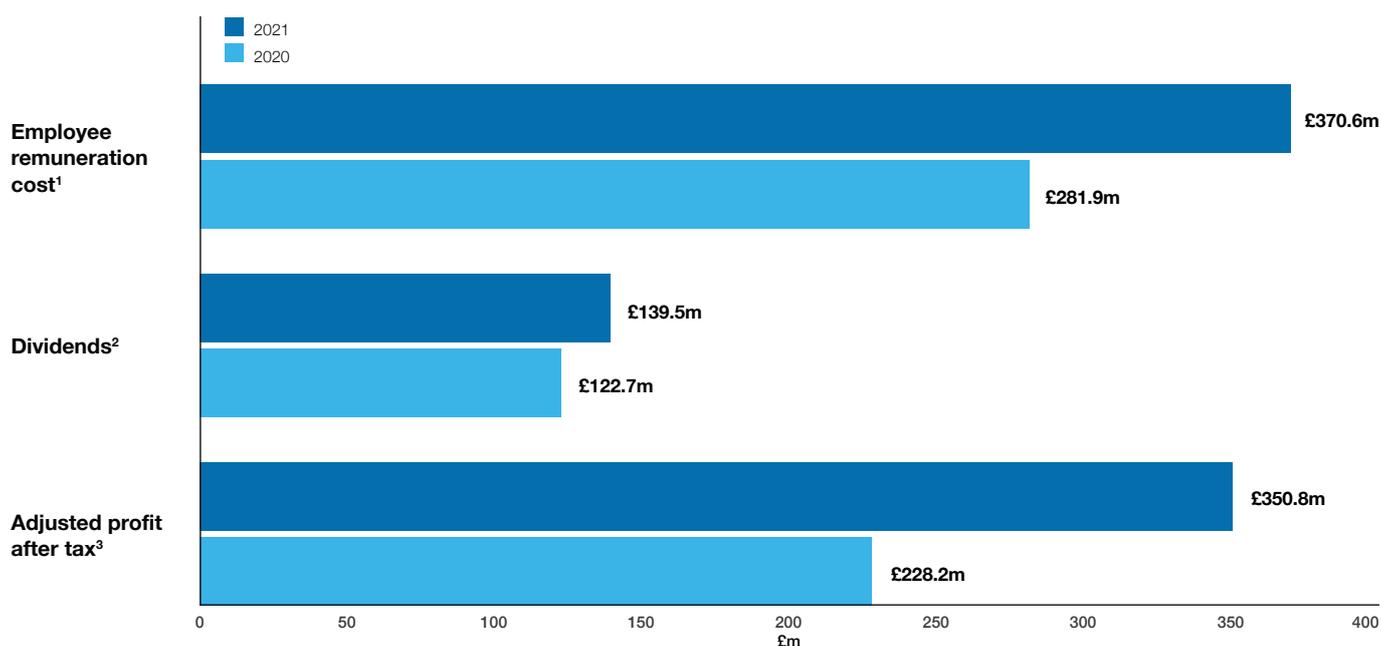
The following chart shows the movement in salary/fees, benefits and annual bonus for each of the Group's Directors between the current and previous financial year compared with that of the average employee of the Group's parent Company. The movement for the average UK employee is also provided for additional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

		% change in salary / fees ¹	% change in benefits ²	% change in bonus ^{3,4}
Average employee of the Group's parent Company⁵	2021	-5.12%	-25.04%	–
	2020	3.66%	-0.06%	0.00%
Average UK employee⁵	2021	0.68%	-8.63%	–
	2020	3.43%	-3.27%	27.96%
Executive Directors				
Steve Foots	2021	1.00%	-25.87%	–
	2020	2.00%	0.50%	0.00%
Jez Maiden	2021	1.00%	0.04%	–
	2020	2.00%	2.29%	0.00%
Non-Executive Directors				
Anita Frew	2021	1.00%	–	–
	2020	2.00%	-100.00%	–
Roberto Cirillo	2021	1.00%	–	–
	2020	2.00%	-100.00%	–
Alan Ferguson ⁶	2021	-100.00%	–	–
	2020	-67.83%	-100.00%	–
Jacqui Ferguson	2021	1.00%	–	–
	2020	2.00%	-100.00%	–
Helena Ganczakowski ⁷	2021	4.84%	–	–
	2020	11.41%	-100.00%	–
Keith Layden	2021	1.00%	–	–
	2020	2.00%	-100.00%	–
John Ramsay ^{7,8}	2021	7.50%	–	–
	2020	–	–	–
Julie Kim ⁹	2021	–	–	–
	2020	–	–	–

- Employees of the Group's parent Company and UK employees received a 1% pay increase in 2021; an additional 1% increase was awarded to the majority of the UK workforce in July 2021, excluding all Board Directors and those in our most senior grades. Executive Directors and Non-Executive Directors received a 1% pay increase. The % decrease in the salary of the Average employee of the Group's parent Company relates to an increase in headcount of the Group's parent Company. This increase in headcount of more junior employees has driven the average salary down.
- 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. To see the actual value of benefits for Non-Executive Directors in 2021 please see page 101.
- For 2021, the senior annual Bonus Plan and Croda Europe Discretionary Board Scheme both paid out in full. These schemes however 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. In respect of the Average UK employee, the % change in 2020 relates to 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 actual amount received by the average UK employee is significantly higher and as such the % change would be misleading.
- Bonus including annual bonus, DBSP and sales bonus.
- Excluding Executive Directors and Non-Executive Directors.
- Alan Ferguson retired on 23 April 2020.
- In 2020 following Alan Ferguson's retirement, 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.
- John Ramsay was appointed to the Board on 1 January 2020 and therefore has no comparable remuneration figures for 2019.
- Julie Kim appointed to the Board 1 September 2021 and therefore has no comparable remuneration figures for 2020.

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 138. 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.

13. Statement of voting (unaudited information)

	Remuneration Policy 2020 AGM		Annual Report on Remuneration 2021 AGM	
	number of votes	% of votes	number of votes	% of votes
Votes cast in favour	97,230,580	97.55%	109,189,937	98.82%
Votes cast against	2,445,834	2.45%	1,306,221	1.18%
Total votes cast	99,676,414	100%	110,496,158	100%
Withheld	152,926		16,449	

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

Helena Ganczakowski
Chair of the Remuneration Committee

28 February 2022

Remuneration Report (continued)

E. Summary of the Remuneration Policy

An updated Remuneration Policy was presented and approved by shareholders at the 2020 AGM. It is intended that this will operate until the AGM in 2023. The full Remuneration Policy can be found on pages 77 to 83 of our Annual Report & Accounts 2019.

Main components of the Remuneration Policy

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
<i>Basic salary – to assist in the recruitment and retention of high-calibre Executives</i>		
<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 international manufacturing 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.
<i>Benefits – to provide competitive benefits to act as a retention mechanism and reward service</i>		
<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 and other insured benefits • Other ancillary benefits, including 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.

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
<i>Performance-related annual bonus – to incentivise and reward delivery of the Group's key annual objectives and to contribute to longer-term alignment with shareholders</i>		
<p>Normally one third of any bonus paid 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.</p> <p>The balance of the bonus is paid in cash.</p>	<p>Group Chief Executive: 150% of salary.</p> <p>Other Executive Director: 125% of salary.</p>	<ul style="list-style-type: none"> • Bonus will typically be based on challenging financial targets set in line with the Group's KPIs (for example profit growth targets). • The Committee has the flexibility to include, for a minority of the bonus, targets related to other Group measures where this is considered appropriate. • For a profit measure, bonus normally starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for outperformance. Were an additional KPI metric to be introduced, the threshold would not exceed 25%. • 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 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, 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.
<i>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</i>		
<p>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.</p> <p>The Committee has the discretion to permit awards to benefit from the dividends paid on shares that vest.</p>	<p>Normal maximum opportunity of:</p> <ul style="list-style-type: none"> • Group Chief Executive: 225% of salary • Other Executive Director: 175% of salary. <p>In exceptional circumstances (eg recruitment), awards may be granted up to 300% of salary to compensate for value forfeited from a previous employer.</p>	<ul style="list-style-type: none"> • Granted subject to a blend of challenging financial (eg EPS), shareholder return (eg relative TSR) and strategic targets (eg sustainability). The performance targets may also include an additional underpin (eg an EVA underpin). • Targets will normally be tested over three years. • In relation to financial targets (eg 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 (eg 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 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, 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 Report (continued)

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
<i>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</i>		
<ul style="list-style-type: none"> • Periodic invitations are made to participate in the Group's Sharesave scheme and Share Incentive Plan. • Shares acquired through these arrangements have significant tax benefits in the UK subject to satisfying certain HMRC requirements. • The plans can only operate on an all-employee basis. • The plans operate on similar terms but on a non tax-favoured basis outside the UK as appropriate. • In the event that Croda were to introduce an all-employee plan similar in nature to the current Sharesave and Share Incentive Plan, the Committee retains the discretion to allow Executive Directors to participate on the same basis as other employees. 	<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 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.
<i>Pension – to provide competitive long-term retirement benefits and to act as a retention mechanism and reward service</i>		
<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>Only basic salary is pensionable.</p>	<ul style="list-style-type: none"> • 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. 	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 58 to 111 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 56.5p per share (2020: 51.5p). If approved by shareholders, total dividends for the year will amount to 100.0p per share (2020: 91.0p). Details of dividends are shown in note 8 on page 137; details of the Company's Dividend Reinvestment Plan can be found on page 171. 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 25 on page 160.

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 62 and 63.

In line with the 2018 UK Corporate Governance Code, each Director will be standing for election or re-election at the AGM. Details of the Directors' service contracts are given in the Directors' Remuneration Report on page 102.

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 100.

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 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 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 2021 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, copies of which 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 2021 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 2022 AGM, that is 20 May 2022, and so the Directors propose to renew them for a further year.

Substantial Shareholdings

As at 31 December 2021 in accordance with DTR 5 the holders of notifiable interests in the Company's share capital had not changed since the information declared in the 2020 Annual Report and are shown in the table below.

	Number of shares	% of issued capital
Massachusetts Financial Services Company	12,551,036	9.73%
BlackRock, Inc.	8,534,795	6.62%
Mawer Investment Management Limited	6,438,386	4.99%
Royal Bank of Canada	5,212,886	4.04%

Since the year end and up to the date of this report the following information has been received.

	Number of shares	% of issued capital
Royal Bank of Canada	5,093,443	3.65%
Norges Bank	4,186,185	3.00%

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

Directors' report (continued)

way of strengthening involvement in the development of the Business and bringing together employees and shareholders' interests. In 2021, 84% of our UK employees and 60% 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, Connect; 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 have engaged with employees and have considered their interests when taking key decisions is further detailed on pages 69 and 70.

Non-financial reporting directive

The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016 (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 information statement on page 38 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 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 39.
- Information on energy consumption can be found on page 39.
- Information on energy efficiency can be found on page 39.
- Information on gas emissions, energy consumption and energy efficiency - other disclosures can be found on page 39.
- 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 40 to 41.
- Further details of the actions which the Group is taking to reduce emissions can also be found in the Sustainability 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 one.
- The long-term viability statement can be found on pages 56 and 57.
- Information on the appropriateness of adopting the going concern basis of the accounts can be found on page 125.
- Our approach to risk management can be found on pages 50 to 55.
- Details of the services provided to shareholders can be found on pages 171 to 172 and on the Company's website.
- An indication of the Company's overseas branches are on pages 168 to 170.

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 in the table below.

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 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 auditors

Our auditors, KPMG, have indicated their willingness to continue in office and, on the recommendation of the Audit Committee, a resolution regarding their reappointment and remuneration will be submitted to the AGM on 20 May 2022.

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are 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 auditors are 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

Listing Rule (LR) 9.8.4R information

Section	Topic	Page reference
(1)	Capitalised interest	Page 111
(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 101
(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 111
(11) (14)	Controlling shareholder disclosures	Not applicable
(12) (13)	Dividend waiver	Page 109

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 contains 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 (2020: £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 153 to 154.

Capitalised interest

The Group's policy for capitalising borrowing costs directly attributable to the purchase or construction of fixed assets is set out on page 130.

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.

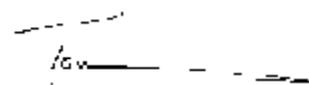
Responsibility statement of the Directors in respect of the annual financial report

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 4.1.8F). It was approved by the Board on 28 February 2022 and is signed on its behalf by



Tom Brophy
Group General Counsel and
Company Secretary

28 February 2022