

Remuneration Report

Report of the Remuneration Committee

for the year ended
31 December 2018



“We strongly believe that pay should be aligned to company performance and the delivery of our strategy.”

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 have the pleasure of presenting the Directors' Remuneration Report for the year ended 31 December 2018. This is my first report as Chair, having been a member of the Remuneration Committee for five years. I would like to thank Steve Williams for all his work as Committee Chair prior to my appointment, and welcome Jacqui Ferguson and Roberto Cirillo as new members of the Committee.

The Committee believes that Croda's approach to remuneration plays a key role in the achievement of the Group's strategic objectives and in the delivery of sustainable growth.

I am very grateful for the continued support and engagement of our shareholders, whilst recognising the ongoing need for proportionality, reform and responsiveness as outlined in the new UK Corporate Governance Code. As you will see in this report, we have already responded in part to the new Code (see page 72 for a summary), and we continue to review the need for further changes on an ongoing basis, and as part of the policy review that is due next year.

We strongly believe that pay should be aligned to company performance and the delivery of our strategy. During 2018, we continued to deliver consistent sales and profit growth and made progress against each of our strategic objectives, as outlined below.

Alignment to key strategic objectives

The objectives of our business remain consistent with previous years: delivering growth, driving innovation and providing sustainable solutions to meet our customers' needs. In addition, we pay close attention to the business culture when assessing and operating our Remuneration Policy, as we believe this is also a strong driver of business performance.

Delivering growth is an objective that is directly aligned with our performance measures and ambitious targets.

Our annual bonus targets are based on a single operating profit metric with the key requirement that no bonus can be paid unless and until the previous year's operating profit is exceeded.

For our longer term Performance Share Plan (PSP), 40% of the award is based on Earnings Per Share (EPS) growth, and 40% is based on relative Total Shareholder Return (TSR) performance amongst a bespoke group of our most relevant competitors. Driving Innovation is also an objective that is directly aligned with performance measures; 20% of our PSP award is based on the performance of New and Protected Products (NPP) – products that will drive our future growth.

Sustainable solutions continue to be key to our growth plans. We consider progress against a range of metrics here including safety, health and the environment, as a key underpin to our annual bonus plan.

Performance is always considered holistically; each year the Committee satisfies itself that the result in terms of primary incentive plan performance measures has not been to the detriment of other measures of corporate performance. It does this by reviewing a range of financial and non-financial measures at the time that the bonus outcome is determined.

Executive Directors, Executive Committee members and other senior leaders all share the same performance metrics for the global annual bonus plan and the PSP, in line with our 'One Croda' culture; in 2018 around 400 leaders benefited from participation in the bonus plan with 65 of these also benefiting from participation in the PSP. We believe that this focuses everyone on working together to deliver the best overall result for our customers and, in turn, our shareholders.

Responding to shareholder feedback and expectations

At the 2018 Annual General Meeting (AGM), our Remuneration Report received support from 91% of the 69% of shareholders that voted. As the new Committee Chair, I have spent time meeting with shareholders to understand

Remuneration Report continued

their different perspectives and we will input this feedback, some of which has been on alternative performance measures, to our policy review next year.

Remuneration out-turn for 2018

The Group delivered another strong performance in 2018, with sales increasing by 2.9% and adjusted operating profit by 5.8%, on a constant currency basis.

This 2018 adjusted operating profit outcome translates to a 3.6% increase in the income growth metric for the annual bonus, on a constant currency basis. The annual bonus is subject to an overall performance underpin, including safety, health and environment, and this received explicit consideration by the Committee as part of its overall discretion review. I am pleased to confirm that the performance of the Company in respect to these underpins was good and in line with our internal objectives. This overall performance delivers an annual bonus outcome of 36.19% of the maximum potential for 2018.

With regard to PSP, 2018 was the year in which grants made in 2016 concluded their three year period, and the Committee reviewed performance against the EPS and TSR targets that had been set then. Over the performance period, EPS growth was 40.9%, resulting in 100% of this part of the award vesting. Our three year TSR performance was 89.4% which placed us in the upper quartile against our FTSE 350 group, the relevant comparator for grants under the old policy, and resulted in 100% of the TSR part of the award vesting.

The PSP award is dependent on satisfactory underlying financial performance of the Group over the performance period. The Committee considered all factors, including the modest decline of ROIC over the past three years, and concluded that given the increased capital investment and technology acquisition over the period, the underlying performance met the underpin requirements. Therefore an overall vesting of 100% of the total was agreed.

After due consideration, including application of its new Discretion Framework (see page 73) it is the Committee's view that these awards are consistent with and reflective of the overall performance of the business over the relevant time periods.

Salaries for 2019

In 2019 the general increase set for the UK workforce was 3%. The Committee considered the salaries of the Executive Directors in the context of positioning against market benchmarks, as well as the performance of the Company. The Committee determined that the salary increase for Executive Directors would be in line with that of the UK workforce.

Board Chair fees

During 2018, the Committee also reviewed the Board Chair's fee. As part of this process the Committee considered the expanded scope and growth of the Company over recent years. Croda is now an established international FTSE 100 company, and consequently the scope of the Board Chair role has changed. As part of the review it was found that Anita Frew's fee for the role was significantly below the fees paid to other FTSE 100 Chairs. Against the background of the expanded scope and growth of the Company, the Committee felt that the Board Chair's fee should be subject to a one-off adjustment, and determined that her fee would be increased from £245,140 to £295,000.

Sharing success with our employees

We have a high take-up for our employee share schemes. Around 82% of our UK workforce participate in our Share Investment Plan (SIP) and Sharesave and therefore share in the rewards enjoyed by all shareholders. For example, an employee saving £250 per month in the 2015 Sharesave plan would have been awarded 403 shares. If they chose to sell those shares at the end of January, they would have made in excess of £10,428 profit based on the recent share price.

Looking ahead to 2019

Going forward, we continue to look for opportunities to develop and improve the remuneration approach at Croda. As mentioned earlier, during 2018 your Committee actively engaged in and focused on the implications of the new UK Corporate Governance Code.

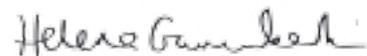
On pensions, I am pleased to confirm that, with the changes made last year, we were already in line with the Code guidance for new Executive Directors. Notwithstanding this, in light of recent investor guidance, we plan to review pension provisions further as part of next year's policy review.

Holding periods for Executive Directors were also in line. We have now formalised our existing policy for post-employment shareholding requirements, although we intend to revisit this as part of the policy review next year. As a Committee we have developed a rigorous framework for the application of judgement and discretion in reviewing awards, which we have already put to use. We have also agreed an approach for reviewing wider workforce remuneration on an ongoing basis and have voluntarily disclosed our CEO Pay Ratio a year early.

Targets for 2019 have been set in line with 2018, and we are confident that our policy will continue to serve us well over the coming year. We will continue to take on board the implications of the Code, together with input from all relevant stakeholders as we formally review and update our Remuneration Policy through the course of 2019, for delivery to shareholders at the 2020 AGM.

We remain committed to ensuring that our remuneration policies reflect the evolving needs and expectations of our shareholders, stakeholders and the societies in which we operate.

Yours sincerely



Dr Helena Ganczakowski

Chair of the Remuneration Committee

B. 2018 Remuneration at a glance

How we performed in 2018

Adjusted Operating Profit

+3.1% to **£342.5m**

Adjusted EPS

+6.3% to **190.2p**

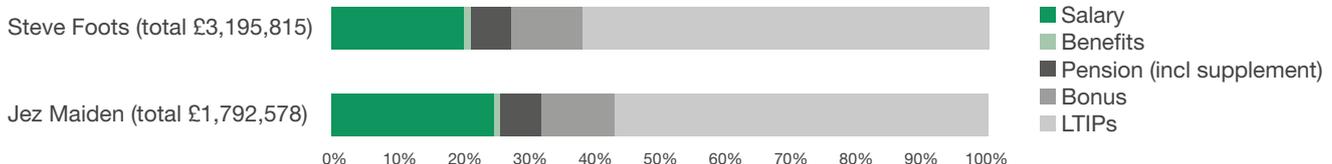
NPP as a % of Group Sales

+0.6% pts to **28.2%**

How was our policy implemented in 2018?

Key component and timeline	Feature	Metrics and results	How we implemented in 2018	
			Chief Executive Officer (CEO)	Group Finance Director (GFD)
Basic salary and core benefits	Competitive package to attract and retain high calibre Executives.	N/A	Pay rise of 3% awarded to Executive Directors. UK workforce was awarded a 3% increase.	
Annual bonus	Incentivise delivery of strategic plan, targets set in line with Group KPIs.	Income growth (see page 80 for definition of income)		
		Threshold	2017 actual	
		Maximum	2017 actual plus 10%	
		Actual	2017 actual plus 3.6%	
36.19% of maximum bonus paid			£349,078	£200,619
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	£116,359 deferred (out of £349,078)	£66,873 deferred (out of £200,619)
PSP	Incentivise execution of the business strategy over long term measuring profit and shareholder value.	Vesting of the 2016 PSP award		
			EPS*	TSR
		Threshold	6% p.a.	Median
		Maximum	12% p.a.	Upper quartile
Actual over 3 years			40.9%	89.4%
100% of maximum PSP vesting				
* EPS growth p.a. is calculated on a simple average basis over the three-year period				
Pension	Pension benefits are either a capped career averaged defined benefit pension plan with a cash supplement above the cap, or a cash supplement. Cash allowance of up to 25% of salary; for future appointments this will be reduced to up to 15% of salary aligned to the UK workforce.	N/A	£195,386	£110,870
Shareholding requirements	Share ownership guideline to ensure material personal stake in business.	CEO	200% of salary	>200% of target
		GFD	150% of salary	>150% of target

Single figure remuneration at a glance



Remuneration Report continued

C. Our response to the new UK Corporate Governance Code

During the year the Committee has been discussing the impact of the new UK Corporate Governance Code on our current Remuneration Policy. A summary of these deliberations is below:

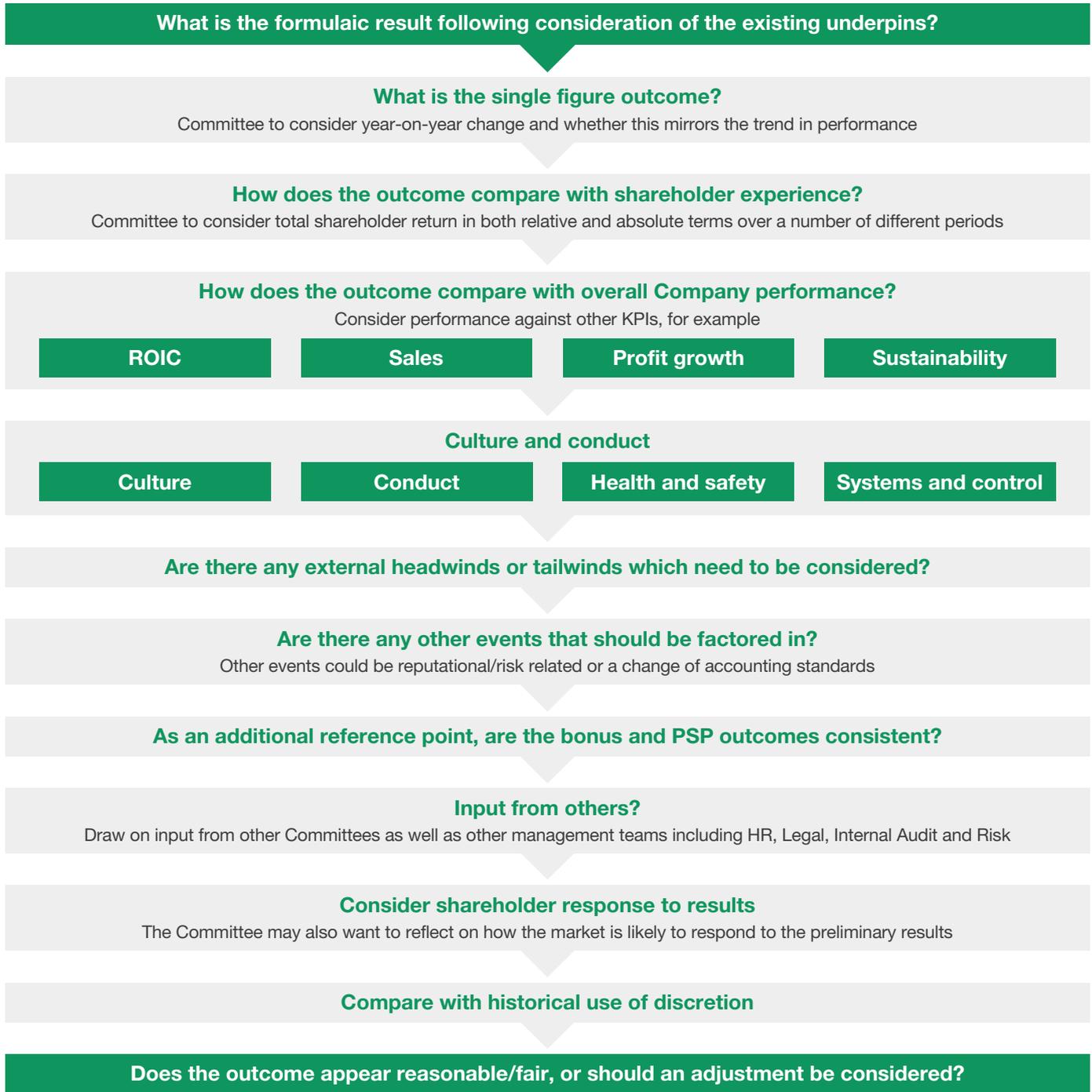
Our response to the new UK Corporate Governance Code

Changes to the remuneration section of the Code

Commentary

Expansion of Remuneration Committee remit	<ul style="list-style-type: none">• The Remuneration Committee already determines the remuneration arrangements for senior management.• During the year, the Committee discussed the process for the review of workforce remuneration and related policies as well as the relevant information that would be required. From 2019, the Committee will be provided with a review of workforce remuneration and this will form part of our normal Remuneration Committee cycle.
Pension contribution rates for Executive Directors should align with those available to the workforce	<ul style="list-style-type: none">• Croda operates a Defined Benefit pension plan in which all UK employees can participate on the same basis, with a 15% cash supplement available as an alternative.• While current Executive Directors have pensions at a higher level, last year the policy for Executive Director pensions was reduced to 15% of base salary for future appointments which is aligned to the workforce. The policy is therefore in line with the Code guidance.• Pension provisions will be considered as part of next year's policy review in light of recent shareholder guidance.
Total vesting and holding period of at least five years	<ul style="list-style-type: none">• Following the end of the three-year PSP performance period, an additional two-year holding period applies for any shares vesting.
Development of a formal post-employment shareholding policy	<ul style="list-style-type: none">• Our existing share restrictions (three-year deferral and holding period) continue to apply post-cessation of employment, resulting in a potential significant holding of shares in the two years following a Director's departure.• The policy will be reviewed in 2019 taking account of new shareholder guidance in this area.
Application of judgement and discretion	<ul style="list-style-type: none">• In order to determine whether outcomes are fair and reasonable in the broader context of overall company performance and the shareholder experience, we have introduced a framework to use when assessing incentive outcomes. A copy of the framework is provided over the page.
Recovery provisions	<ul style="list-style-type: none">• During the year the malus and clawback provisions were reviewed in line with the Code guidance, and the potential events which could trigger malus and clawback were expanded to include corporate failure and serious reputational damage.

Framework for the application of discretion



Remuneration Report continued

D. Report of the Remuneration Committee for year ended 31 December 2018

a. How our Remuneration Policy links to strategy and to reward across our wider workforce

This updated and extended section of our report provides the broader context of how our Remuneration Policy links to strategy and to reward across our wider workforce. We hope that it will provide a useful summary of the context of our Reward Policy and will show how our Reward Policy will evolve to meet the needs of the business, our workforce and align with the new UK Corporate Governance standards.

How our reward strategy links to our business strategy

Delivering profitable growth, both top and bottom line, is central to our business success. Therefore, the key metric of our annual bonus plan is profit increase over prior year. Longer term growth is measured and rewarded through the EPS and TSR metrics within the PSP. Both the annual bonus plan and PSP have general financial underpins enabling the Remuneration

Committee to use its discretion to reduce payments if profit growth has been achieved at the expense of other financial measures.

Driving innovation is the key differentiator between ourselves and our peers, making us the preferred supplier for our customers. We reward success in this area directly through the New and Protected Products (NPP) metric in the PSP but we also recognise that sustained EPS growth can only come about through relentless innovation and the creation of new ingredients for our customers.

We are industry leaders in providing **sustainable solutions** for our customers, and innovation in sustainable products is central to our long term growth. Many of our customers are well known brands with direct connection to consumers who increasingly expect branded products to be made using sustainable ingredients. Our customers rely on the integrity of our ingredients to retain their market position.

Therefore, our sustainability agenda is integral to our business success. Our commitment to sustainability is also directly reflected within the discretion framework used to determine PSP and bonus outturns.

We are proud of our **One Croda Culture** and believe sustaining this culture is key to our ongoing success. One of the principal pillars of our culture is a strong sense of fairness and transparency, therefore we have the same simple bonus metric for the top 400 employees within Croda; profit must increase over prior year for any bonus to be paid. Creativity and innovation are also key pillars of our culture and are supported by the NPP metric within the PSP.

We strongly believe that all the various metrics of our Remuneration Policy combine to deliver **long term shareholder return**.

How our remuneration practices support our strategy

						
		Delivering growth	Driving innovation	Sustainable solutions	One Croda culture	Long term shareholder return
Bonus	Profit	✓	✓		✓	
Long term incentive plan	EPS	✓	✓	✓	✓	✓
	TSR	✓	✓		✓	✓
	NPP	✓	✓	✓	✓	✓
Underpins	Safety, health and environment			✓	✓	✓
	General financial	✓			✓	✓
Other features	Holding periods & deferrals					✓
	Shareholding requirements					✓

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. 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:

Base pay	All employees – pay is set in line with market and closely monitored. Our aim is to pay a 'living wage' globally
Annual bonus	Executive Directors, Executive Committee, Senior leaders and Senior managers: Consistent global bonus scheme aligned to increase in annual profit All other employees: Local schemes apply in many locations
Performance Share Plan	Executive Directors, Executive Committee and Senior leaders: Consistent PSP based on EPS, TSR and NPP
Employee share plans¹	All employees – can participate in our global Sharesave plan, subject to qualifying service, allowing everyone to save monthly and purchase discounted shares
Pension (UK only)²	All employees – Defined benefit plan based on career average salary

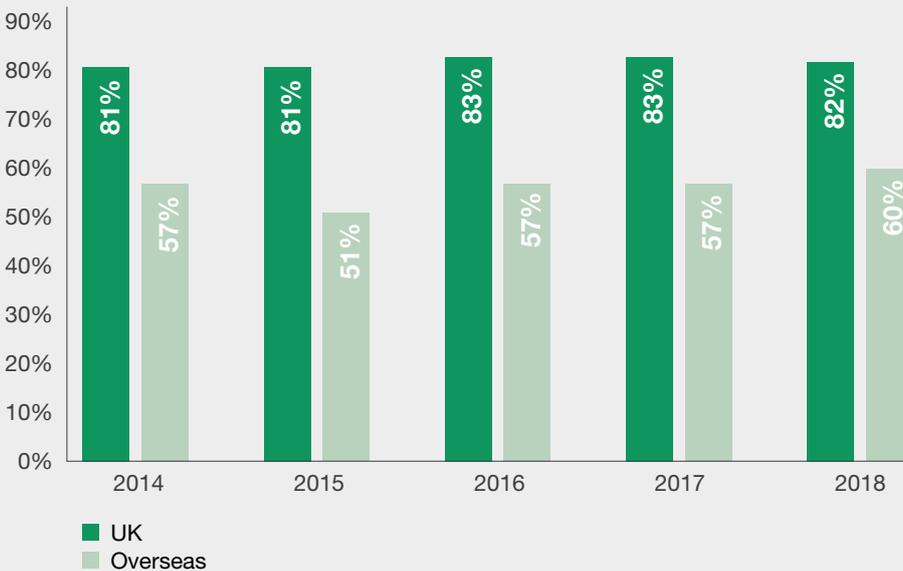
¹ Sharesave or similar schemes are provided where local social security laws allow.

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

Employee participation in share plans

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

Employee participation in employee share plans %



Remuneration Report continued

CEO Pay Ratio

The Remuneration Committee has decided to voluntarily publish the CEO Pay Ratio for 2018. Under the Government's regulations, for financial years beginning on or after 1 January 2019, quoted companies registered in the UK (with more than 250 UK employees) are required to publish the ratio of their CEO's 'single figure' total remuneration to the median, 25th and 75th percentile total remuneration of their full-time equivalent UK employees. The pay ratios are calculated on a group wide basis by reference to UK employees only. There are three methodologies that companies can choose to report their pay ratio, known as Option A, B and C, and for 2018 for ease of administration we have chosen to use option C.

Using option C requires us to identify, on an indicative basis, the total remuneration packages of three individual UK employees at the median, 25th, 50th and 75th percentile, and we have used these figures to calculate the ratios.

The table below sets out the CEO Pay Ratio at the 25th, median and 75th percentile:

	25th Percentile	50th Percentile	75th Percentile
FY 2018	85:1	67:1	57:1

The CEO Pay Ratio is calculated based on the total remuneration payable to the CEO in respect of 2018, as set out on page 71, which includes payments under the annual bonus and PSP. The outcomes of these elements are significantly linked to performance, with the value of the PSP also incorporating share price growth. It is therefore expected that the ratios will fluctuate year-on-year to reflect Croda's performance. In respect of the 2018 figures in the table above, the ratios particularly reflect Croda's strong share price performance, see chart below. If Company performance reduced, these ratios would be lower.

More than just pay

Our employees and our culture remain central to the continued success of Croda and in addition to pay and benefits we also have a range of other workforce initiatives:

- In 2017 we launched our first Global Employee Survey and having identified several actions from the feedback, we are working hard to deliver on these actions.
- We have ongoing dialogue with our employees through various mechanisms – listening groups, works councils, trade unions and employee forums.
- We have developed a new set of values that will be launched in 2019 and include at their heart confirmation that we will continue to treat all our employees fairly and consistently.

- We are proud of the training and development that we provide for employees. In 2018 our employees undertook 95,000 hours of training.
- In 2018 we launched a new global HR system which included a Learning Management System giving employees access to a wide range of online learning material.
- We are also developing career paths which will provide structured career development, for employees in functional roles, including operations, sales, and R&D.

For 2019

During the coming year the Committee will be considering a new Remuneration Policy for 2020 and will debate further ways of sharing the Company's success with all employees; the Committee will examine whether the Company's wider policies on employee pay, reward and progression continue to be fair and reasonable.

Global Parental Leave Policy

In 2019 Croda introduced a Global Parental Leave Policy, setting a minimum standard for maternity, paternity and adoption leave globally. This policy provides a minimum of 16 weeks' maternity leave on full pay, 2 weeks' paternity leave again on full pay and finally adoption leave that corresponds to maternity and paternity pay for primary and secondary carers. This initiative is aimed at improving the living standards of new parents at Croda as well as supporting our drive for better gender equality.

Living Wage

We were pleased to announce in 2018 that we gained accreditation as a Living Wage Employer from the Living Wage Foundation. In 2019 we will continue to ensure that all our employees and regular contractors are paid at, or above, the rates advised by the Living Wage Foundation. Globally we are also working on proposals to ensure that at every location we pay a minimum wage, that goes beyond the legal minimums ensuring that we can provide an appropriate standard of living for all our employees.



Share price growth table



Gender Pay Gap

The table below shows a summary of the Gender Pay Gap for Croda Europe Ltd for 2018:

	2018
Mean pay gap	27.68%
Median pay gap	23.10%
Mean bonus gap	63.05%
Median bonus gap	33.26%

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. In addition our workforce below the 25th percentile is largely female. 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 increasing the number of women in senior positions.

This includes:

- Ensuring we have a balanced shortlist for all positions that we are recruiting for
- 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
- Improving family friendly policies including flexible working, parental leave and other benefits – see our new Global Parental Leave Policy
- Continuing to invest in our science, technology, engineering and mathematics (STEM) activities to encourage a wide range of applicants to apply for roles in our business.

More information is available on the Croda website.

b. Remuneration Committee year 2018 Responsibilities

The Committee determines and agrees with the Board the Company's Remuneration Policy and framework. It determines the remuneration packages for all Executive Directors and the Board Chair and recommends and monitors the level and structure of remuneration for senior managers.

Key responsibilities:

- To determine the Company's Remuneration Policy and framework, considering factors which it deems necessary, including legal and regulatory requirements.
- To review the ongoing appropriateness and relevance of the Remuneration Policy.
- To determine the total individual remuneration packages for the Board Chair, each Executive Director, the Company Secretary and other members of the Executive management team as are designated by the Board from time to time.

- To ensure that no payment or proposed payment is made that is not consistent with the Remuneration Policy most recently approved by shareholders.
- To select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.
- To oversee any major changes in employee benefit structures throughout the Group.

Detailed responsibilities are set out in the Committee's terms of reference, which can be found at www.croda.com.

Summary of key decisions for 2018

- Vesting of 2015 PSP awards; the EPS target representing 50% of the award was met in full as was the TSR target therefore the overall award vesting was at 100%.
- Payment of 2017 annual bonus in March 2018 at 78.39% of maximum target reflecting a 11.4% increase in adjusted operating profit.

- Granting of 2018 PSP awards based on 40% EPS, 40% TSR and 20% NPP target.
- Granting of new Restricted Share Plan awards to a small number of selected employees below the Executive Committee.
- Establishing the annual bonus and PSP targets for 2018.
- Salary of the CEO and Group Finance Director to be increased by 3% effective 1 January 2019, in line with the UK workforce.
- Fee of Board Chair also to be increased from £245,140 to £295,000 effective from 1 January 2019. This one-off adjustment reflects the increased demands and scope of the role.

Remuneration Report continued

Summary of Remuneration Committee meetings

January 2018	<ul style="list-style-type: none">• Approved the targets for the 2018 bonus plan• Reviewed the outcome of the Committee effectiveness review
February 2018	<ul style="list-style-type: none">• Reviewed the draft Directors' Remuneration Report• Approved the calculation for 2017 annual bonus award for payment in March 2018• Approved the vesting outcome for the 2015 Performance Share Plan (PSP) awards• Approved the granting of PSP awards for 2018• Approved the granting of the Restricted Share Plan awards• Ensured adherence to ABI headroom limits as they apply to the business
April 2018	<ul style="list-style-type: none">• Confirmed appointment of new Committee Chairs• Gave authority for UK employees to join the UK Sharesave Scheme and non-UK employees to join the International Scheme
October 2018	<ul style="list-style-type: none">• Considered and reviewed remuneration trends specifically the new UK Corporate Governance Code• Reviewed shareholder consultation feedback resulting from engagement by the Committee Chair
December 2018	<ul style="list-style-type: none">• Approved the Discretion Framework• Approved salary increases for Executive Directors and Board Chair• Reviewed and approved proposed targets for 2019 annual bonus and PSP award• Considered the Committee's effectiveness

c. Summary of Remuneration Policy adopted 2017

An updated Remuneration Policy was presented and approved by shareholders at the 2017 AGM and will operate until the AGM in 2020. Changes to the policy at that time were minimised and the Committee believes that the changes made then are still right for the business, reflect the values of the organisation and remain reasonable and proportionate.

Objectives of the policy

The Committee spent several months considering the effectiveness of the previous policy and any potential changes for the future. This review was completed with the following five principal objectives in mind:

- To achieve the closest possible alignment with the Company's strategy
- To raise the profile of performance and to ensure that it is judged against true business competition
- To ensure that the policy properly reflects the various concerns of shareholders as to structure and metrics
- To ensure that year by year target setting sets truly stretching ambitions and that the scale of reward is proportionate
- The Committee's method of operation will be flexible and dynamic taking account of external changes and business performance

Summary of policy

Salary	Set taking into account an individual's responsibilities, performance and experience, as well as external factors, pay and employment conditions elsewhere in the Group.
Annual bonus	<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>Income growth targets, with no bonus payable until the previous year's income is exceeded. General financial and safety, health and environmental underpins apply.</p> <p>One third deferred for three years.</p> <p>Malus and clawback provisions apply.</p>
Performance Share Plan	<p>Maximum Performance Share Plan award:</p> <ul style="list-style-type: none"> • Group Chief Executive 200% of salary • Group Finance Director 150% of salary <p>Awards based on EPS, Relative TSR and NPP. Subject to satisfactory underlying financial performance of the Group.</p> <p>Three-year performance period with an additional two-year holding period.</p> <p>Malus and clawback provisions apply.</p>
Pension and benefits	<p>Pension benefits are either a capped career averaged defined benefit pension plan with a cash supplement above the cap, or a cash supplement.</p> <p>Cash allowance for existing Executive Directors of up to 25% of salary. For future appointments this has been reduced to up to 15% of salary, which aligns to the UK workforce.</p> <p>Typical other benefits include company car, private fuel allowance, private health insurance and other insured benefits.</p>
Shareholding guidelines	Shareholding guidelines apply.

Further details about the policy can be found on pages 88 and 89.

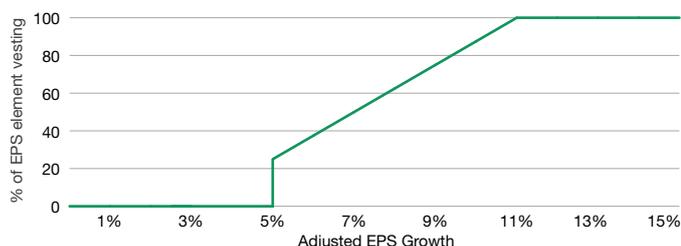
Remuneration Report continued

d. Executive Director's remuneration for the year ending 2019

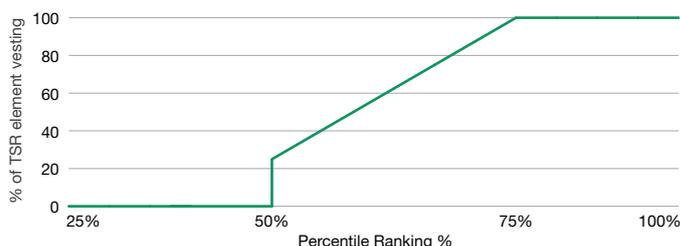
Key component	Implementation in 2019																								
Basic salary	Executive Directors' base salaries were reviewed during the final quarter of the financial year ending 31 December 2018. Salaries for 2019 are as follows:																								
	<table border="1"> <thead> <tr> <th></th> <th>Salary at Jan 2019</th> <th>Salary at Jan 2018</th> <th>Increase</th> </tr> </thead> <tbody> <tr> <td>Steve Foots</td> <td>£662,337</td> <td>£643,046</td> <td>3%</td> </tr> <tr> <td>Jez Maiden</td> <td>£456,784</td> <td>£443,480</td> <td>3%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> UK workforce will be awarded an increase of 3% in 2019. 		Salary at Jan 2019	Salary at Jan 2018	Increase	Steve Foots	£662,337	£643,046	3%	Jez Maiden	£456,784	£443,480	3%												
	Salary at Jan 2019	Salary at Jan 2018	Increase																						
Steve Foots	£662,337	£643,046	3%																						
Jez Maiden	£456,784	£443,480	3%																						
Other benefits	<ul style="list-style-type: none"> Other benefits such as company cars or car allowances, fuel allowance and health benefits are made available to Executive Directors. 																								
Performance related annual bonus	<table border="1"> <thead> <tr> <th></th> <th>Steve Foots 150% of salary</th> <th>Jez Maiden 125% of salary</th> </tr> </thead> <tbody> <tr> <td>Level of award</td> <td></td> <td>*Bonusable Profit</td> </tr> <tr> <td>Threshold</td> <td></td> <td>Equivalent to 2018 actual</td> </tr> <tr> <td>Maximum</td> <td></td> <td>2018 actual plus 10%</td> </tr> <tr> <td></td> <td></td> <td>% of bonus payable</td> </tr> <tr> <td></td> <td></td> <td>0%</td> </tr> <tr> <td></td> <td></td> <td>100%</td> </tr> </tbody> </table> <p>* Income growth 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. Income is measured after providing for the cost of bonuses on a constant currency basis.</p>		Steve Foots 150% of salary	Jez Maiden 125% of salary	Level of award		*Bonusable Profit	Threshold		Equivalent to 2018 actual	Maximum		2018 actual plus 10%			% of bonus payable			0%			100%			
		Steve Foots 150% of salary	Jez Maiden 125% of salary																						
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Maximum		2018 actual plus 10%																							
		% of bonus payable																							
		0%																							
		100%																							
	<p>Commentary</p> <ul style="list-style-type: none"> No change to maximum awards or performance measures from last year. When determining bonus outcomes, the Committee will take a range of factors into consideration (see Discretion Framework on page 73) and may reduce the bonus awards if it considers it appropriate. One third of any bonus paid will be deferred into shares for a three-year period. Malus and clawback provisions apply. Full retrospective disclosure will be made. The Committee remains comfortable that the structure of the annual bonus 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. The Committee considers the targets set for 2019 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. 																								
Performance Share Plan	<table border="1"> <thead> <tr> <th></th> <th>Steve Foots 200% of salary</th> <th>Jez Maiden 150% of salary</th> </tr> </thead> <tbody> <tr> <td>The targets for the awards are set out below</td> <td></td> <td></td> </tr> <tr> <td>Performance measure & weighting</td> <td></td> <td>Threshold vesting</td> </tr> <tr> <td>Relative TSR¹ (40%)</td> <td></td> <td>Median</td> </tr> <tr> <td>EPS growth² (40%)</td> <td></td> <td>Upper quartile</td> </tr> <tr> <td></td> <td></td> <td>5% p.a.</td> </tr> <tr> <td></td> <td></td> <td>11% p.a.</td> </tr> <tr> <td>NPP (20%)</td> <td colspan="2">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.</td> </tr> </tbody> </table> <p>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.</p>		Steve Foots 200% of salary	Jez Maiden 150% of salary	The targets for the awards are set out below			Performance measure & weighting		Threshold vesting	Relative TSR ¹ (40%)		Median	EPS growth ² (40%)		Upper quartile			5% p.a.			11% p.a.	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.	
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	<p>Commentary</p> <ul style="list-style-type: none"> No change to maximum awards or performance measures from last year. When determining the outcome the Committee will take a range of factors into consideration (see Discretion Framework page 73) and may reduce awards if it considers appropriate. An additional two-year holding period will apply for any shares vesting. Malus and clawback provisions apply. Performance period 01.01.19 to 31.12.21. 																								
Pension	<table border="1"> <thead> <tr> <th>Steve Foots</th> <th>Jez Maiden</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Membership of CARE pension plan up to salary cap and 25% of salary as pension supplement. </td> <td> <ul style="list-style-type: none"> 25% of salary as pension supplement. </td> </tr> </tbody> </table> <p>Commentary</p> <ul style="list-style-type: none"> Last year the policy for Executive Director pensions was reduced to 15% of salary for future appointments which is aligned to the UK workforce. Pension supplement will be subject to further review as we consider our new Remuneration Policy for implementation in 2020. 	Steve Foots	Jez Maiden	<ul style="list-style-type: none"> Membership of CARE pension plan up to salary cap and 25% of salary as pension supplement. 	<ul style="list-style-type: none"> 25% of salary as pension supplement. 																				
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Full retrospective disclosure of the targets and actual performance will be provided in next year's Annual Report on Remuneration.

EPS vesting schedule



TSR vesting schedule



e. Report of the Remuneration Committee for the year ended 31 December 2018 – Audited Information

In this section

- I) Directors remuneration for the year ending 2018
- II) Pension
- III) Payment for cessation of office
- IV) Payments to past directors
- V) Share interests
- VI) Performance graph
- VII) Ten-year remuneration figures for Group Chief Executive
- VIII) Board Chair and other Non-Executive Directors' fees 2018 and 2019
- IX) Non-Executive Directors' remuneration
- X) Service contracts and outside interests
- XI) Remuneration Committee attendance and advisers
- XII) Other disclosures
- XIII) Statement of voting

I) Directors' remuneration for the year ending 2018

Elements of remuneration

Executive Directors' remuneration

Executive Director		Salaries and fees ¹ £	Benefits ² £	Pension ³ supplement £	Pension ⁴ £	Annual bonus £	Long term Incentives ^{5A-B} £	Total £
Steve Foots	2018	643,046	33,320	151,386	44,000	349,078	1,974,985	3,195,815
	2017	624,316	31,650	146,704	28,088	734,102	2,005,391	3,570,251
Jez Maiden	2018	443,480	16,055	110,870	–	200,619	1,021,554	1,792,578
	2017	430,563	28,179	107,641	–	421,898	1,037,253	2,025,534
Total 2018		1,086,526	49,375	262,256	44,000	549,697	2,996,539	4,988,393
Total 2017		1,054,879	59,829	254,345	28,088	1,156,000	3,042,644	5,595,785

¹ Steve Foots' salary before salary sacrifice pension contributions of £3,000.

² Benefits include benefit-in-kind for company car or cash allowance, benefit-in-kind for private medical insurance and private fuel allowance.

³ Represents the 25% supplement paid to Steve Foots and Jez Maiden in relation to benefits provided above the salary pension cap.

⁴ 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.

^{5A} The PSP awards granted in March 2016 reached the end of their performance period on 31 December 2018. The awards will vest at 100% (see page 82). The values included in the table above are based on the three-month average price to 31 December 2018 of 4784p. These values will be updated in next year's Annual Report based on the share price at vesting which will take place on 4 March 2019.

^{5B} The 2017 PSP award has been updated to reflect the actual share price at vesting of 4459p.

Annual bonus

The 2018 bonuses for Executive Directors were calculated by reference to the amount by which the income for the year exceeded the income for 2017 (the 'base income'). Bonuses for 2018 are payable against a graduated scale once the 2018 income exceeds the base income with bonus targets set, and performance measured, based on constant currency actual exchange rates.

	Threshold target	Maximum target	Actual	Bonus outcome (% of maximum)
Income	£359.3m	£395.2m	£372.3m	36.19%

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. In addition the Committee has developed a rigorous framework for the application of judgement and discretion in reviewing awards (see page 73).

Remuneration Report continued

Audited Information

PSP

PSP awards vesting in March 2019

The PSP awards granted in March 2016 reached the end of their three-year performance period on 31 December 2018.

Measure	Weighting	Threshold	Maximum	Actual performance	Out-turn (% of max element)
Relative TSR versus FTSE 350 constituents	50%	Median (50th percentile)	Upper quartile (75th percentile)	89.4 percentile	100%
Adjusted annual average EPS growth over 3 years*	50%	6% pa	12% pa	40.9%	100%

* EPS growth p.a. is calculated on a simple average basis over the three-year period; and therefore, growth of 36% or more over three years is required for maximum vesting.

As well as considering the EPS and TSR 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 73.

The forecast vesting value of the awards made in March 2016, subject to the above performance targets, is included in the 2018 single figure table on page 81.

Gains made on exercise of share options and PSP

The gains are calculated according to the market price of Croda International Plc ordinary shares of 10.35143p each 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	12 May 2017	20,701	PSP	0	3923.5p	£812,204
	5 March 2018	44,974	PSP	0	4459p	£2,005,391
	25 April 2018	102	Sharesave	1763p	4420p	£2,710
	1 November 2018	161	Sharesave	2232p	4784p	£4,109
Jez Maiden	5 March 2018	23,262	PSP	0	4459p	£1,037,253
	1 November 2018	403	Sharesave	2232p	4784p	£10,285

PSP awards granted in 2018

The PSP awards granted on 14 March 2018 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	27,903	200%	1,286,049	25% (100%)	01.01.18 – 31.12.20
Jez Maiden	14,433	150%	665,216	25% (100%)	01.01.18 – 31.12.20

¹ Face value/maximum value is calculated based on a share price of £46.09, being the average mid-market share price of the three dealing days prior to the date of grant.

The 2018 PSP awards are subject to a performance condition which is split into three parts: 40% EPS, 40% TSR, and 20% NPP. Vesting will take place on a sliding scale. Targets were consistent with the 2019 PSP as stated on page 82.

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 22 on page 136.

Executive Director	SIP shares held 01.01.18	Partnership shares acquired in year	Matching shares awarded in year	Total shares 31.12.18	SIP shares that became unrestricted in the year	Total unrestricted SIP shares held at 31.12.18
Steve Foots	5,717	38	38	5,793	96	5,335
Jez Maiden	199	38	38	279	–	–

There have been no changes in the interests of any Director between 31 December 2018 and the date of this report, except for the purchase of 6 SIP shares and 6 matching shares by Steve Foots and Jez Maiden during January and February 2019.

* Jez Maiden also had 4 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 01.01.18 (10.357143p shares)	Granted in year	Exercised in year	Number at 31.12.18 (10.357143p shares)
Steve Foots								
18 September 2014	1 November 2017	30 April 2018	£2,247.06	1763p	102	–	102	–
17 September 2015	1 November 2018	30 April 2019	£4,490.29	2232p	161	–	161	–
16 September 2016	1 November 2019	30 April 2020	£6,728.94	2639p	204	–	–	204
13 September 2017	1 November 2020	30 April 2021	£6,725.10	3092p	174	–	–	174
27 September 2018	1 November 2021	30 April 2022	£8,959.67	4144p	–	173	–	173
					641	173	263	551
Jez Maiden								
17 September 2015	1 November 2018	30 April 2019	£11,239.67	2232p	403	–	403	–
16 September 2016	1 November 2019	30 April 2020	£11,247.89	2639p	341	–	–	341
27 September 2018	1 November 2021	30 April 2022	£11,238.43	4144p	–	217	–	217
					744	217	403	558

During 2018, the highest mid-market price of the Company's shares was 5290p and the lowest was 4268.5p. The year end closing price was 4685p. The year end mid-market price was 4701p.

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

II) 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	Accrued pension 2018	Single remuneration figure 2018	Single remuneration figure 2017	Single remuneration figures excluding supplement
Steve Foots	14 September 2033	£122,121	£195,386	£174,792	£44,000
Jez Maiden	N/A	–	£110,870	£107,641	–

Note: Members of the CPS have the option to pay voluntary contributions. Neither the contributions nor the resulting benefits are included in this table. During 2018, Steve Foots was paid £151,386 (2017: £146,704) and Jez Maiden was paid £110,870 (2017: 107,641) 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 Company Executives are tailored to local market practice, length of service and the participant's age.

Following a review of pension provision in the UK conducted in 2014, a Career Average Revalued Earnings scheme was introduced with a cap applied to pension benefits. The plan was rolled out in 2016, and at this time, the cap was set at £65,000; it is increased each year in line with inflation and from April 2019 will be £69,243.

Employees who earn in excess of the pension cap receive a pension supplement. For current Executive Directors this supplement is up to 25% of salary; however, from 2018, any new appointments to the role of Executive Director or to the Executive Committee will receive a supplement of 15% in line with the UK employee population.

Where employees elect not to join the pension plan, cash is paid in lieu of a Company pension contribution. Again, for current Executive Directors this is set at 25% of salary; however, from 2018, any new appointments to the role of Executive Director or to the Executive Committee will receive a supplement of 15% in line with the UK employee population.

Steve Foots' pension provision

Steve Foots accrues pension benefits under the Croda Pension Scheme (CPS) with an accrual rate of 1/60th and an entitlement to retire at age 60. From 6 April 2011 onwards, pension benefits accruing are 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). 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 in either instance, 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 the CPS. He also receives a pension supplement at 25% of salary above his personal pension benefit cap.

Jez Maiden's pension provision

Jez Maiden has elected not to join the CPS and is therefore paid a pension supplement of 25% of salary. He has an agreement with the Company to provide him with death-in-service benefits outside of the CPS.

Remuneration Report continued

Audited Information

III) Payments for cessation of office

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

IV) Payments to past directors

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

V) Share interests

The interests of the Directors who held office at 31 December 2018 are set out in the table below:

	Legally owned ¹		PSP (unvested)	DBSP (unvested) ²	Sharesave (unvested)	SIP		Total 31.12.18	% of salary held under shareholding guideline
	31.12.17	31.12.18				Restricted	Unrestricted		
Executive Director									
Steve Foots	135,177	159,233	104,067	19,712	551	458	5,335	289,356	>200% target
Jez Maiden	3,475	16,184	53,828	10,995	558	279	-	81,844	>150% target
Non Executive Director									
Roberto Cirillo	-	-	-	-	-	-	-	-	-
Alan Ferguson	2,414	2,414	-	-	-	-	-	2,414	-
Jacqui Ferguson	-	-	-	-	-	-	-	-	-
Anita Frew	9,655	9,655	-	-	-	-	-	9,655	-
Helena Ganczakowski	370	370	-	-	-	-	-	370	-
Keith Layden	72,143	78,993	16,532	6,742	-	-	-	102,267	-
Nigel Turner*	14,482	-	-	-	-	-	-	-	-
Steve Williams	11,824	11,983	-	-	-	-	-	11,983	-

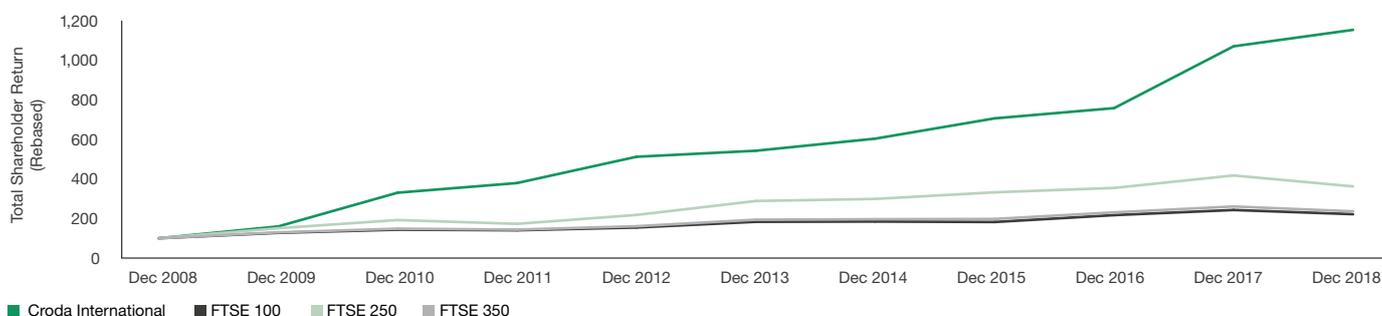
* N.B. Nigel Turner retired 26 April 2018.

¹ Including connected persons.

² Represents DBSP awards and, for Keith Layden in respect of his 2017 bonus, a deferred share award equivalent to a DBSP award.

VI) Performance graph (unaudited information)

Total shareholder return



VII) 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.

	2009*	2010*	2011*	2012*	2013*	2014^	2015^	2016^	2017^	2018*
Total remuneration (£)	1,943,740	3,224,875	4,142,608	1,364,048	1,427,156	769,414	1,374,046	2,404,441	3,570,251	3,195,815
Annual bonus (%)	100%	100%	100%	28%	0%	0%	76.38%	100%	78.36%	36.19%
Long term incentives vesting (%)	100%	100%	100%	100%	81.8%	0%	0%	43%	100%	100%

* Relate to Mike Humphrey

^ Relate to Steve Foots

VIII) Board Chair and other Non-Executive Directors' fees 2018 and 2019

The fees paid to the Non-Executive Directors (including chairing of Committees) and to the Senior Independent Director were reviewed in December 2018 and increased. These changes will take effect from 1 January 2019. The revised fee structure for the Board Chair and other Non-Executive Directors for 2019 is detailed below.

Non-Executive Director	Position	2018 Fee £	2019 Fee £
Anita Frew ¹	Board Chair	245,140	295,000
Roberto Cirillo	Non-Executive Director	56,650	62,000
Alan Ferguson ²	Audit Committee Chair & Senior Independent Director	77,250	87,300
Jacqui Ferguson	Non-Executive Director	56,650	62,000
Helena Ganczakowski ²	Remuneration Committee Chair	66,950	77,000
Keith Layden	Non-Executive Director	56,650	62,000
Steve Williams	Non-Executive Director	56,650	62,000

¹ During 2018, the Committee also reviewed the Board Chair's fee. As part of this process the Committee considered the expanded scope and growth of the Company over recent years. Croda is now an established international FTSE 100 company, and consequently the scope of the Board Chair role has changed. As part of the review it was found that Anita Frew's fee for the role was significantly below the fees paid to other FTSE 100 Chairs. Against the background of the expanded scope and growth of the Company, the Committee felt that the Board Chair's fee should be subject to a one-off adjustment, and determined that her fee would be increased from £245,140 to £295,000.

² Committee Chairs received a supplementary fee of £10,300 in respect of their additional duties in 2018. This will increase in 2019 to £15,000. The Senior Independent Director received a supplementary fee of £10,300 in respect of their additional duties in 2018, which will be unchanged in 2019. In addition in 2019 the Non-Executive Director base fee increased from £56,650 to £62,000.

IX) Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors for the year ended 31 December 2018 payable by Group companies is detailed below. This table reflects actual payments in 2018 and also reflects several appointments and changes to Board Chairs and the Senior Independent Director.

		Non-Executive Director Salaries and fees £	Benefits ¹ £	Total £
Anita Frew	2018	245,140	8,636	253,776
	2017	236,917	7,295	244,212
Nigel Turner ²	2018	21,373	964	22,337
	2017	64,917	4,947	69,864
Steve Williams ³	2018	59,965	3,468	63,433
	2017	64,917	4,043	68,960
Alan Ferguson ⁴	2018	73,936	6,323	80,259
	2017	64,917	3,215	68,132
Helena Ganczakowski ⁵	2018	63,636	5,152	68,788
	2017	54,917	6,230	61,147
Roberto Cirillo ⁶	2018	38,420	2,599	41,019
	2017	-	-	-
Jacqui Ferguson ⁷	2018	18,883	1,623	20,506
	2017	-	-	-
Total 2018		521,353	28,765	550,118
Total 2017		486,585	25,730	512,315

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 Nigel Turner retired 26 April 2018.

³ Steve Williams retired as the Chair of the Remuneration Committee in April 2018.

⁴ Alan Ferguson was appointed Senior Independent Director in April 2018.

⁵ Helena Ganczakowski was appointed Chair of the Remuneration Committee in April 2018.

⁶ Roberto Cirillo was appointed to the Board in April 2018.

⁷ Jacqui Ferguson was appointed to the Board in September 2018.

Keith Layden ¹	Executive Director Pay and Benefits					Non-Executive Director Pay and Benefits			Total £
	Base pay £	Benefits £	Pension supplement £	Other £	Annual bonus £	PSP £	Fee £	Benefits £	
2017	111,116	7,630	27,779	11,710	85,911	577,351	36,667	3,026	861,190
2018	-	-	-	-	-	304,788	56,650	1,492	362,930

¹ Keith Layden retired as an Executive Director on 30 April 2017. Following his retirement he was appointed as a Non-Executive Director. The 2018 PSP amounts shown relate to the 2016 PSP award, which was subject to performance conditions and pro-rating.

Remuneration Report continued

Audited Information

Non-Executive Directors appointment

The effective dates of the letters of appointment for the Board Chair and each Non-Executive Director who served during 2018 are shown in the table below:

Non-Executive Director	Original appointment date	Expiry date of current term
Anita Frew	05-Mar-15	05-Mar-21
Roberto Cirillo	26-Apr-18	26-Apr-21
Alan Ferguson	01-Jul-11	30-Jun-19
Jacqui Ferguson	01-Sep-18	01-Sep-21
Helena Ganczakowski	01-Feb-14	31-Jan-20
Steve Williams	01-Jul-10	30-Jun-19
Keith Layden	01-May-17	01-May-20

X) Service contracts and outside interests

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 roles. Jez Maiden was appointed as a Non-Executive Director of PZ Cussons on 16 October 2016 and received a fee of £65,946 for 2018.

XI) Remuneration Committee attendance and advisers

Members and attendance (eligibility) at meetings held during the year ended 31 December 2018:

Helena Ganczakowski – Chair	5 (5)
Alan Ferguson – Senior Independent Non-Executive	5 (5)
Nigel Turner ¹ – Senior Independent Non-Executive	2 (3)
Steve Williams – Independent Non-Executive	5 (5)
Roberto Cirillo ² – Independent Non-Executive	2 (3)
Jacqui Ferguson ³ – Independent Non-Executive	2 (2)

¹ Nigel Turner retired 26 April 2018, he missed one meeting in 2018 due to personal commitments.

² Roberto Cirillo was appointed to the Board in April 2018.

³ Jacqui Ferguson was appointed to the Board in September 2018.

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 2018, invitees included other Directors and employees of the Group and the Committee's advisers (see below), including Steve Foots (Group Chief Executive), Anita Frew (Board Chair), Jez Maiden (Group Finance Director), Keith Layden (Non-Executive Director), Tracy Sheedy (Group HR Director), and Tom Brophy (Group General Counsel and Company Secretary).

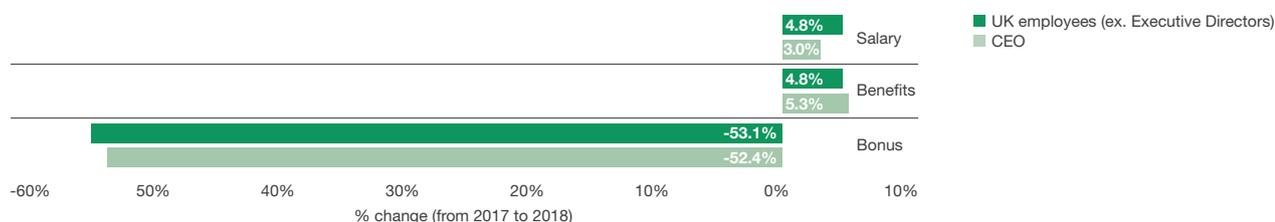
Remuneration Committee advisers (unaudited information)

Deloitte were retained as the appointed adviser to the Committee for the whole of 2018, having been appointed in October 2017. Deloitte did not have any connection to the Group other than providing advice in relation to Executive remuneration and Non-Executive fees. Deloitte is a signatory to the Remuneration Consultants Group Code of Conduct. The total fees paid to Deloitte for its services during the year were £66,030 (excluding VAT). The Committee regularly reviews the external adviser relationship and is comfortable that the advice it is receiving remains objective and independent.

XII) Other disclosures (unaudited information)

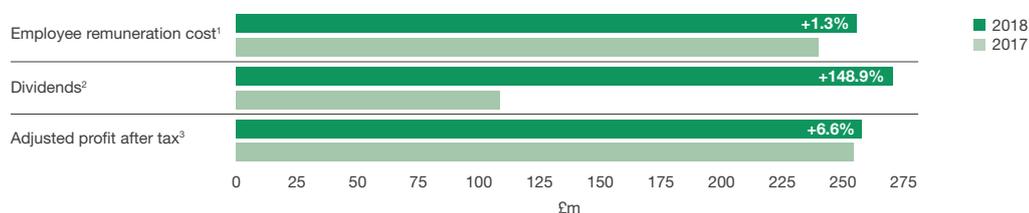
Percentage change in remuneration levels

The following chart shows the movement in the salary, benefits and annual bonus for the Group Chief Executive between the current and previous financial year compared with that of the average UK employee. The Committee has chosen this comparator as it feels it provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by fluctuations in the number of employees and variations in wage practices in our overseas markets.



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 117. 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. The dividend amount shown in respect of 2018 includes a special dividend of 115.0p per share.

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.

XIII) Statement of voting (unaudited information)

At the 2018 AGM, the Directors' Remuneration Report received the following votes from shareholders:

	Remuneration Policy 2016		Annual Report on Remuneration 2016		Annual Report on Remuneration 2017	
	number of votes	% of votes	number of votes	% of votes	number of votes	% of votes
Votes cast in favour	77,434,375	86.34%	87,511,176	97.36%	83,007,615	91.28%
Votes cast against	12,253,393	13.66%	2,369,282	2.64%	7,929,552	8.72%
Total votes cast	89,687,768	100%	89,880,458	100%	90,937,167	100.00%
Withheld	320,236		127,546		175,048	

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

26 February 2019

Remuneration Report continued

E. Summary of the Remuneration Policy

An updated Remuneration Policy was presented and approved by shareholders at the 2017 AGM and will operate until the AGM in 2020.

Changes to the application of Remuneration Policy effective 2018

In direct response to shareholder concerns the Committee agreed that for all new Executive Director or Executive Committee appointments the cash supplement element of their pension will be up to 15% of base salary, which is aligned to the UK workforce.

Main components of the Remuneration Policy

Link to strategy	Operation	Maximum opportunity
Basic salary To assist in the recruitment and retention of high-calibre Executives.	Reviewed annually with increases effective from 1 January. Base salaries will be set by the Committee, considering: <ul style="list-style-type: none"> The performance and experience of the individual concerned Any change in 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 Rates of pay in international manufacturing and pan-sector companies of a comparable size and complexity. 	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 or the workforce as a whole (in percentage of salary terms) may be awarded in certain circumstances such as 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.

Framework used to assess performance and for the recovery of sums paid

The Committee considers individual salaries at the appropriate Committee meeting each year, taking due account of the factors noted in operation of the salary policy.

Benefits To provide competitive benefits to act as a retention mechanism and reward service.	The Group typically provides the following benefits: <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 as required. Additional benefits might be provided from time to time (for example in circumstances where an Executive Director is recruited from overseas). The Committee will consider whether the payment of any additional benefits is appropriate and in line with market practice when determining whether they are paid.	Cost of benefits is not pre-determined and may vary from year to year based on the cost to the Group.
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Framework used to assess performance and for the recovery of sums paid

None.

Performance related bonus To incentivise and reward delivery of the Group's key annual objectives. To contribute to longer term alignment with shareholders.	Compulsory deferral of one third of any bonus paid into shares for three years through the Deferred Bonus Share Plan (DBSP). The Committee has the discretion to permit DBSP awards to benefit from dividends on shares that vest. The balance of the bonus is paid in cash.	Group Chief Executive: 150% of salary Group Finance Director: 125% of salary Other Executive Directors: 100% of salary
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Framework used to assess performance and for the recovery of sums paid

Details of the performance measures used for the current year and targets set for the year under review and performance against them is provided in the Annual Report on Remuneration. Bonus will be based on a challenging range of financial targets set in line with the Group's KPIs (for example income growth targets). The Committee has the flexibility to include, for a minority of the bonus, targets related to the Group's other KPIs where this is considered appropriate. For each objective set, bonus starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for out-performance. The Committee takes health, safety and environmental performance into consideration when determining the actual overall level of individual bonus payments and it may reduce 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 (claw back) in the event of a material misstatement of results, serious misconduct, serious reputational damage, or corporate failure. The provisions will operate for a three-year period following the date on which the bonus is paid.

Link to strategy	Operation	Maximum opportunity
<p>Performance Share Plan (PSP)</p> <p>To incentivise and reward the execution of business strategy over the longer term.</p> <p>To reward sustained growth in (i) profit and (ii) shareholder value.</p>	<p>The PSP provides for awards of free shares (ie 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 (on an after-tax basis) are subject to a two-year post-vesting holding period.</p> <p>The Committee has the discretion when awards are granted to permit awards to benefit from the dividends paid on shares that vest.</p>	<p>Normal maximum opportunity of 200% of salary.</p> <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>
<p>Framework used to assess performance and for the recovery of sums paid</p> <p>Granted subject to a blend of challenging financial (eg EPS), shareholder return (eg relative TSR) and strategic targets (eg NPP).</p> <p>Targets will normally be tested over three years.</p> <p>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, the structure of the target will vary based on the nature of target set (ie it will not always be practicable to set such targets using a graduated scale and so vesting may take place in full for strategic targets if specific criteria are met in full). Vesting is also dependent on satisfactory underlying financial performance of the Group over the performance period and subject to potential claw back in the event of a material misstatement of results, serious misconduct, serious reputational damage, or corporate failure. The claw back provisions will operate for a three-year period following the date on which the awards vest.</p>		
<p>All-employee share plans</p> <p>To encourage retention and long term shareholding in the Company.</p> <p>To provide all employees with the opportunity to become shareholders in the Company on similar terms.</p>	<p>Periodic invitations are made to participate in the Group's Sharesave Plan and Share Incentive Plan.</p> <p>Shares acquired through these arrangements have significant tax benefits in the UK subject to satisfying certain HMRC requirements.</p> <p>The plans can only operate on an all-employee basis.</p> <p>The plans operate on similar terms but on a non-tax favoured basis outside the UK as appropriate.</p>	<p>The maximum participation level (for UK-based employees) is as per HMRC limits (see Annual Report on Remuneration for current maximum limits).</p>
<p>Framework used to assess performance and for the recovery of sums paid</p> <p>There are no post-grant performance targets applicable to these awards.</p>		
<p>Pension</p> <p>To provide competitive long term retirement benefits.</p> <p>To act as a retention mechanism and reward service.</p>	<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>	<p>Career Average Revalued Earnings Scheme with up to 1/60th accrual up to a capped salary currently set at up to £67,620 plus cash allowance of up to 15% of salary above the cap. The salary cap may be reduced due to annual allowance regulations.</p> <p>or</p> <p>Cash allowance aligned to the workforce of up to 15% of salary.</p> <p>(A cap of 25% applies to Executive Directors appointed prior to 2018).</p>
<p>Framework used to assess performance and for the recovery of sums paid</p> <p>None.</p>		