

The Croda Pension Scheme



# Trustee Report

November 2025



# Welcome

**Welcome to the 2025 *Trustee Report* for members of the Croda Pension Scheme, bringing you up to date with recent developments in your Scheme. While it has to contain certain information required by regulations, we have included a few additional features which we hope you will enjoy reading.**

I remain immensely proud to be Chair of the Trustee of our Scheme, the only defined benefit pension scheme of a FTSE 100 company still open to new joiners. I am also fortunate to work with an outstanding team, made up of my fellow Trustee Directors, the Scheme Secretary and pensions team, and our actuarial and legal advisers. The Trustee board brings together an excellent balance of skills, knowledge, experience and diversity in an environment where challenge is welcome.

There have been a number of changes to the Trustee board since our last newsletter. Following the formal process to elect two pensioner Member Nominated Trustee Directors, Gill Sharpe was appointed to the board, with Kevin Nutbrown being re-elected. Julia Creasey and Marie Banks both stepped down from the board on leaving their employment with Croda, and I would like to express my thanks for all their help and support. Marie was an

employee Member Nominated Trustee Director and her position will be filled as part of the regular election process in 2027. Julia was a Company Nominated Trustee Director and, on stepping down, she was replaced by Rachel Best. We warmly welcome both Gill and Rachel and look forward to working with them as we move forward.

The continuing support of a strong sponsor remains very important. You will see that your Scheme remains very well funded, with sufficient assets to cover 120.6% of the liabilities, according to the latest update from our actuary. Over the years, we have diversified our investments and reduced the investment risk the Scheme takes, while also investing in a way that sees our assets and liabilities move in broadly the same way. Reducing risk in this way both increases the security of your accrued benefits and reduces the likelihood of the Scheme becoming a burden to Croda.

Although the world remains politically and economically volatile and unpredictable, our strong funding position offers further security to both you as members and Croda as our sponsor.

One of the projects the board undertook in the last year was a review of the Scheme's arrangements for Additional Voluntary Contributions (AVCs). The main conclusion was that the current offering needed a degree of simplification, and you can read more about this on page 5.

Finally, I would like to express my thanks to the Scheme's pensions team for all the hard work that goes on behind the scenes. As I am sure most of you appreciate, pensions are a very complex area and the team does a great job keeping everything running and making sure your benefits are correct. You can read more about them on page 6.

**Graham Myers**  
Chair of the Trustee

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# Scheme noticeboard

## Changes to how we communicate

In 2024, we committed to providing this report digitally, making it available online for all our members. We are very pleased to report that most members now choose to read it this way. If you would prefer to receive a paper copy, please email [pensions@croda.com](mailto:pensions@croda.com) or write to us at the address on the back page by 31 December 2025.



Croda Way magazine has also moved to a digital-only format. If you would like to receive the digital copy of Croda Way, please email [crodaway@croda.com](mailto:crodaway@croda.com)



## Changes to Additional Voluntary Contributions (AVCs)

Standard Life currently provides a wide range of different funds for members of the Croda Pension Scheme to pay their AVCs into. The Trustee is responsible for monitoring the ongoing suitability of these funds on behalf of members, but the large number of funds available makes this very difficult to do on a thorough, cost-effective basis.

For this reason, the Trustee has decided to simplify the range of funds on offer, reducing them to five options. The Scheme will, however, continue to offer the alternative in-house option, which carries a low level of risk and provides returns linked to UK government bond interest rates.

The asset classes covered by the five new Standard Life funds are as follows:

- Cash
- Bonds
- UK Equity
- Global Equity
- Lifestyle Option

The Lifestyle Option will gradually reduce investment risk as the member approaches retirement.

All existing Standard Life AVC funds will be transferred to one of the five options opposite through a mapping exercise, which will identify the fund most closely matching each member's current investment. Members who prefer a different option can choose another fund instead from within the five options.

All affected members should by now have received detailed information on this project.



## Potential benefits for dependants

If you haven't yet drawn your Scheme benefits or are in the first five years of receiving your pension (other than a spouse's or dependant's pension), there may be a cash lump sum payable in the event of your death. Although the recipient(s) of any lump sum is at the discretion of the Trustee, you can help decide who should receive it by keeping your nomination form up to date.

As your pension benefits do not currently form part of your estate, they aren't covered by any provisions you make in your will. If you don't regularly review and update your nomination, the lump sum may be paid to someone you no longer wish to benefit.

You can update your nomination any time by completing the form online at [www.croda.com/en-gb/about-us/where-we-operate/emea/united-kingdom/uk-pensions#tabpanel2](http://www.croda.com/en-gb/about-us/where-we-operate/emea/united-kingdom/uk-pensions#tabpanel2)

Alternatively, you can send a signed letter expressing your wishes to [pensions@croda.com](mailto:pensions@croda.com) or via the address on the back page of this report.

## Don't lose your benefits

In common with many pension schemes, the Scheme's rules include a provision where pension instalments will be forfeited if not claimed within six years of your normal retirement age (NRA). Therefore, if you would like to take your benefits later than your NRA, it is very important that you let the Croda pensions team know.

Late retirement is possible from the Scheme, and you can find more details about this and your NRA in the Scheme booklet available on the pensions website at [www.croda.com/en-gb/about-us/where-we-operate/emea/united-kingdom/uk-pensions#tabpanel3](http://www.croda.com/en-gb/about-us/where-we-operate/emea/united-kingdom/uk-pensions#tabpanel3)

### Your pensions team

Louise Ramsden has left Croda since the last newsletter, and we would like to wish Louise all the best in her new role. She will be missed! Alice Wilson has moved into the role of Pensions Assistant. Paul Costello is still the Pensions Manager, supported by Jo Helm as Pensions Administration Team Leader.

If you'd like to contact the pensions team, their details can be found on the back page.

## Trustee bank provider change

Croda is changing its primary banking provider from Barclays to HSBC. Please be assured that this change will not affect your pension payments. Your pension will continue to be paid on time and in full, as usual, on the second-to-last working day of each month. If this date falls on a bank holiday or a weekend, payment will be made on the Friday before.



In future, you may notice a change to how your payment appears on your bank statement. For example, the payment reference may look slightly different.

No action is required on your part. This update is being managed internally, and all systems are in place to ensure a smooth transition. The switch took effect for the October pensioner payroll run and was completed successfully without any issues.

## Happy 100th birthday!

Two of our pensioners have turned 100 this year, and we'd like to wish them both a very happy 100th birthday. With this in mind, the Trustee's legal advisers, Pinsent Masons, have shared this interesting fact:



'The number of people in Japan who have reached age 100 has now reached almost 100,000, with government figures showing an increase for the 55th consecutive year. An overwhelming majority (around 88% of the total) are women.'



# Scheme facts

As at 30 June 2025...



The total value of all the Scheme's assets was **£751m**.



The Scheme currently pays benefits to **2,666** pensioners.



There are also **1,583** members who have left Croda but still have benefits in the Scheme.



There are **955** active members who still work for Croda and pay into the Scheme.



## Investment highlights

For the Scheme year ending 30 September 2024, the combined effect of our direct investments in solar and wind power producers resulted in a reduction in carbon dioxide production of over 8,600 tonnes. This saving is roughly equivalent to removing 4,300 typical petrol-powered family cars from the road for a year, which would cover almost 32 million miles between them!

# Our investments

**Over recent years, as the Scheme's funding level has consistently remained high, and often improved, the Trustee has taken opportunities to reduce the level of investment risk when appropriate.**

A significant proportion of the Scheme's assets is now invested in Liability Driven Investment (LDI) funds that largely compensate for the effect of any movements in interest rates and inflation on the liabilities, protecting the strong funding level already achieved by the Scheme.

The remainder of the Scheme's assets target a healthy long-term investment return, and so the funds we look to invest in are those that can demonstrate a commitment to providing a positive long-term investment return on a sustainable basis, including in relation to climate change. This policy aligns with Croda, which continues to make sustainable growth a key pillar of its future operations. The Scheme has direct investments in both wind and solar power funds in the UK, as well as a global fund focused on energy transition. In addition, one of our infrastructure investment managers has a good proportion of our fund allocated to green energy.

The asset split for the Scheme is shown in the chart as part of the Summary Funding Statement on page 16, which indicates the high degree of diversification across return-seeking assets. During the last year, the Scheme has further diversified its LDI portfolio with an investment in high-quality sterling corporate bonds to complement its UK government debt holdings. These bonds not only offer a higher expected return than government debt of a similar maturity but also allow us to have a more direct influence on how borrowers use the funds (for example, in relation to climate-change initiatives).



**Please note that the investment performance achieved by the Scheme does not affect your benefit entitlement, as the level of your accrued benefit does not depend on the underlying value of the Scheme's assets.**

# Looking after the Scheme

## Trustee Directors

The current Trustee Directors are:

### Appointed by Croda

Graham Myers, Chair  
Dave Cherry  
Rachel Best

### Independent

John Hurst

### Member Nominated

Kevin Nutbrown  
Gill Sharpe  
Rob Walthall

## A few words about our Scheme actuary

The Trustee board is supported in its activities by its advisers, one of which is the Scheme actuary, Alex Jones of Willis Towers Watson (WTW). Alex is a Fellow of the Institute and Faculty of Actuaries with over 16 years' experience advising UK pension schemes, having worked with some of the largest schemes in the country.

The Scheme actuary's role is to make sure that the Scheme has enough money to pay all the pensions promised to its members, both now and in the future. Alex and the wider actuarial team at WTW use their expertise in maths, statistics and economics to help estimate how much money needs to be set aside today to cover those future payments, assessing future expectations for, amongst other things, investment returns, inflation and life expectancy. The Scheme actuary also advises the Trustee on the terms for member-option factors (such as early-retirement factors and transfer values), as well as various other statutory roles relating to the funding of the Scheme.

Outside of work, Alex is kept busy spending time with his two young children and indulging his love of fell running, both of which are tiring and rewarding in equal measure!



## A few words from our new Trustee Directors

### Rachel Best

I've worked at Croda in the Intellectual Property team for 15 years; and over that time, I've come to really appreciate just how valuable our Scheme is. When the opportunity came up to get more involved as a Company Nominated Trustee Director, I didn't hesitate to say yes. I'm honoured to take on this important role.

With my background, I'm used to working in areas where legal compliance and governance are key, and I hope to bring that experience to support the ongoing strength and integrity of the Scheme. I know how important the Scheme is to members, and I'm committed to doing my part to ensure it remains the valuable benefit it is today.

It's been great to dive into something new and start learning more about how the Scheme works. I've already had such a warm welcome from the other Trustee Directors, the pensions team and our fantastic advisers, and I'm really grateful for their support as I get started. I'm looking forward to working together to serve the best interests of all our members.

### Gill Sharpe

A materials scientist by training (working at Brookstone Chemicals in Leek a good few years ago now), I've spent a significant and highly rewarding part of my retirement as a Member Nominated Trustee Director of another former employer's pension fund. I was delighted to join the Trustee board of the Croda Pension Scheme in June of this year.

It is already obvious to me that my fellow directors at Croda form a highly skilled, enthusiastic and dedicated team, and that they are supported by a first-class selection of both in-house administrators and external professional advisers. It is a privilege to work alongside them on behalf of my fellow members – I hope that my previous (and ongoing) experience will prove helpful.



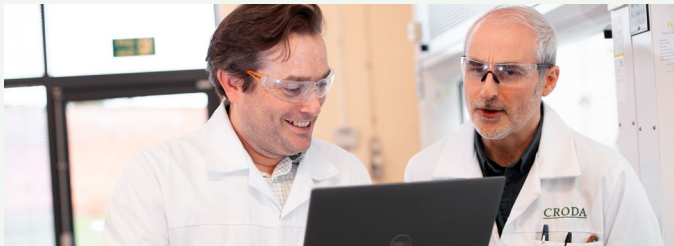
# Pension news

## An update on Pensions Dashboards

The government's Pensions Dashboards programme will enable individuals to access their pensions information online, securely and all in one place.

The Money and Pensions Service has confirmed that developing Pensions Dashboards is a key priority in its Strategic Plan for 2025-2028, with the delivery of the MoneyHelper Pensions Dashboard at the heart of its future pensions work.

Croda is working closely with its system provider to ensure the Scheme is connected by the regulatory deadline, and that every connection is safe, secure and effective.



## Increase to minimum pension age

Currently, the earliest age you can normally draw benefits from any type of pension scheme is 55. The only exceptions to this are where a member has serious permanent ill-health issues or some protected rights.

From 6 April 2028, the government is increasing this minimum age to 57. Any members reaching age 55 after this date, other than the very few with protected rights, cannot take any action to avoid this change.

However, any members born between 6 April 1971 and 6 April 1973 can choose to draw their benefits after they reach 55 and before 6 April 2028 to avoid a subsequent delay to age 57. Any members considering this option need to carefully consider the financial implications of choosing to follow it, which may include paying tax at a higher rate if continuing to work, the loss of future benefit accrual and a reduction in the amount of pension in payment for drawing early. If in doubt, members should seek independent financial advice.



### **Check your State pension forecast online**

If you would like to check your State pension forecast, showing an estimate of how much State pension you could receive when you reach State pension age, visit [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

### **State pension increase**

From April 2026, the State pension will increase by 4.7%, honouring the government's commitment to the pension 'triple lock'.

The triple lock is a cross-party policy commitment to increase the State pension every year in line with the higher of:

- inflation, measured by the Consumer Prices Index (CPI)
- the average increase in wages across the UK; or
- 2.5%.

### **Inheritance tax on pensions and death benefits**

From 6 April 2027, most unused pension funds and death benefits will be included in the value of a person's estate for inheritance tax (IHT) purposes.

However, death-in-service lump sums paid from a registered pension scheme will be excluded. This means that your Croda Pension Scheme death-in-service benefit — four times your basic salary, plus a refund of any member contributions — will not be included in IHT calculations.

## Pension scams

Cold calls from advisers to pension scheme members are illegal, so please be wary of anyone contacting you out of the blue. If you receive an approach that you are suspicious about, please let the Croda pensions team know.

As the use of Artificial Intelligence (AI) increases, one possible area of concern is where members are contacted by a person claiming to be a member of the pensions team. Please note that we very rarely need to contact our members, but sometimes this is necessary. For example, if you choose to transfer out of the Scheme (after taking advice from a specialist pension transfer adviser), one of the team will contact you before the money is transferred to ensure that every aspect of the process meets the requirements of the Pensions Regulator's scams pledge, which we signed up to in 2023.

If you're ever unsure about who you're speaking to, just end the call and ring **01405 860551** to speak to a member of the pensions team. We will be able to confirm if the call was from us.

**Please note: we will never call you requesting your bank details, password or security codes.**

## Retirement illustrations for deferred members

If you have left Croda but not yet retired, you are a deferred member of the Scheme and you will have been sent details of the amount of your Croda pension when you left.



This benefit increases in line with capped inflation in the period up to your retirement. Nothing else will alter the level of your benefit, so it's not necessary to send you the kind of annual statement that is usually provided for defined contribution pension arrangements, where fund values can go up and down in line with investment performance.

If you would like an estimate of the pension you will receive from Croda at retirement, please contact the Croda pensions team who will prepare a quote for you at your preferred retirement age.

Our current policy restricts the number of illustrations provided to two per member per year. This policy does not affect your statutory right to request one cash equivalent transfer value quotation per year.

## Guaranteed Minimum Pension (GMP) equalisation

Work is continuing to ensure that GMPs are equalised for male and female members. Any resulting changes to benefits will be very modest and will not reduce pensions. The changes will only apply to a small number of retired members, who will be notified before any amendments are made.



## Tax and your pension

The Lifetime Allowance (LTA) tax charge was abolished entirely from 6 April 2024 but has been replaced by two new lump-sum limits.

The new Lump Sum Allowance (LSA) limits the amount of pension savings that you can take as a tax-free lump sum. It is set at £268,275, unless you have previously applied to HMRC for LTA protection (in which case, a higher limit may apply).

There is also the Lump Sum and Death Benefit Allowance (LSDBA), which restricts the amount of lump-sum death benefits that can be paid tax free from all registered pension schemes to £1,073,100 (unless you have LTA protection, in which case, a higher limit may apply).

For more information, visit [www.gov.uk/guidance/find-out-the-rules-around-individual-lump-sum-allowances](https://www.gov.uk/guidance/find-out-the-rules-around-individual-lump-sum-allowances)

## Annual Allowance (AA)

There is a limit on the value of pension benefits that you can build up each year tax-efficiently. This limit is called the Annual Allowance and is currently £60,000 for most members, tapering down to £10,000 for the highest earners.

There is an online calculator to help you check if you have an annual allowance tax charge on your pension savings.

Visit [www.tax.service.gov.uk/pension-annual-allowance-calculator](https://www.tax.service.gov.uk/pension-annual-allowance-calculator)

# Summary Funding Statement

## **The Trustee is pleased to present you with the Summary Funding Statement of the Croda Pension Scheme (the Scheme).**

The Trustee's last update included a summary of the financial position as at 30 September 2023, the actuarial valuation date. In this summary, we have included an update on the Scheme's position as at 30 September 2024.

### **Why are you sending me this?**

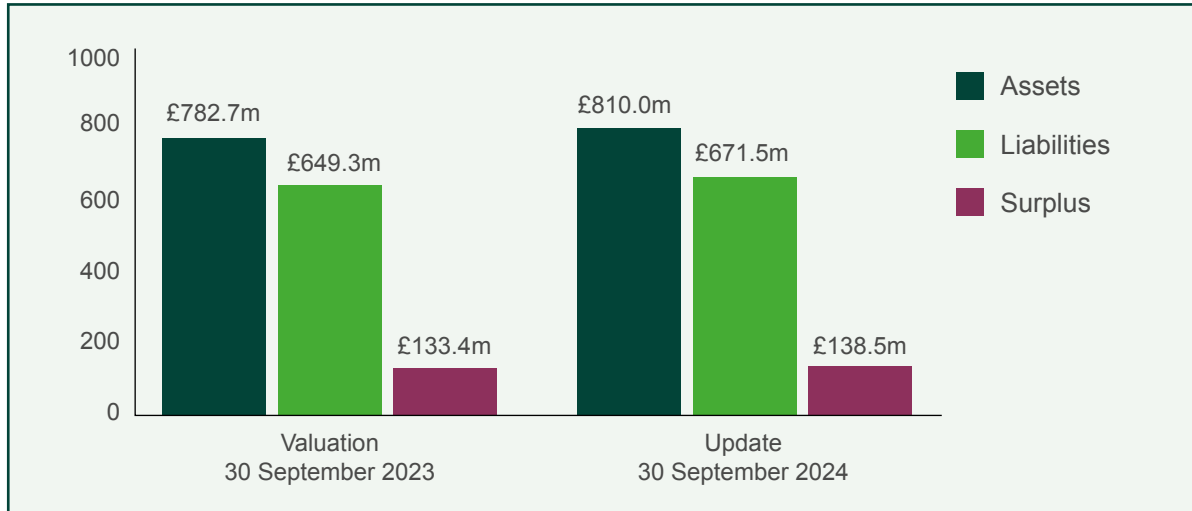
Under law, the Trustee must provide you with an update on the financial position of the Scheme on an annual basis. The Summary Funding Statement must contain a number of different pieces of information. These include the funding position as at the last formal valuation, an estimate of the position if the Scheme had been wound up at that date and an explanation of any change in the funding position from that disclosed in the most recent Summary Funding Statement. In addition, you must be informed as to whether any payment has been made to the Company from the Scheme since the date of the previous Summary Funding Statement.

### **What is an actuarial valuation?**

An actuarial valuation is an exercise to assess the financial position of a pension scheme, and all defined benefit schemes are required to complete a valuation at least every three years. The Trustee and Company are jointly responsible for ensuring that there are sufficient assets in the Scheme to meet the benefits already promised to members and dependants. Therefore, if the valuation shows that assets are insufficient to meet these benefits already promised, the results are used to determine the amount of additional contributions required to ensure that this shortfall is removed.

## The latest formal funding valuation of the Scheme and the updated position

You may recall from the last Summary Funding Statement that the previous valuation of the Scheme was carried out as at 30 September 2023. The Trustee also receives annual updates from the actuary on the financial position of the Scheme to help monitor the funding position between formal valuations. The results of the 2024 update are shown below along with the results of the latest full valuation at 30 September 2023.



The funding level as at 30 September 2024 is estimated to be 120.6%, which is the same as at the previous valuation. Assets and liabilities have both increased slightly due to the relatively minor fall in yields on government bonds over the period.

There have not been any payments to the Company out of Scheme funds.

## Croda's support

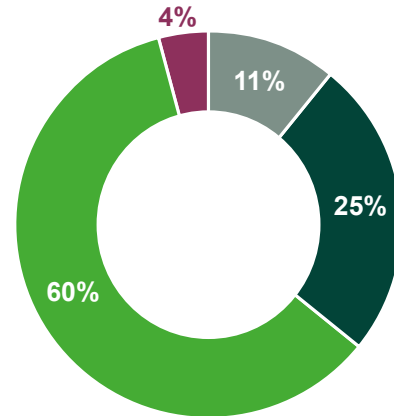
One of the Trustee's main objectives is to have enough money in the Scheme to pay pensions both now and in the future. After paying pensions and other expenses of the Scheme, the Trustee invests the contributions received in order to generate returns to meet the liabilities. However, the success of the Scheme also relies on the support of the Company because:

- the Company contributes to the future cost of running the Scheme on an annual basis
- the funding level can fluctuate and, at times when there is a deficit, the Company will usually be required to pay more money into the Scheme
- the target funding level may turn out not to be enough so that the Company will need to put more money in.



## The Scheme's investments

The Trustee's policy is to invest in a broad range of assets in order to maximise returns whilst managing risk. The allocation of the Scheme's assets as at 30 September 2024 is set out in the chart below.



- Equities
- LDI pooled funds\*\*
- Property and infrastructure\*
- Cash/other

\* Investment in funds that earn income by investing in infrastructure projects such as schools, hospitals, toll roads, railways, utility companies, etc.

\*\* Funds that invest in a range of assets to construct an investment strategy that closely matches the behaviour of the Scheme's liabilities.

## Wind-up of pension schemes

Please note that we have included the information in this section because we are required to do so by law – it should not in any way be taken as implying that the Company is looking to terminate the Scheme.

It is both the Trustee's and the Company's intention that pensions will continue to be paid in full to members as and when they reach retirement. Legislation does, however, require that we inform you as to what would happen were the Scheme to wind up, however remote a possibility this might be. In this unlikely event, benefits would be secured by buying insurance policies with an insurance company.

As at 30 September 2023, the valuation estimated that the additional amount needed to ensure that all members' benefits could be paid in full if the Scheme had started winding up (full solvency) was approximately £5.7 million. The update as at 30 September 2024 indicated that the shortfall had increased to £9.5 million.

If the Scheme were to wind up and the Company could not afford to meet the extra cost of securing benefits with an insurer, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay pensions to members in accordance with PPF rules.

Further information and guidance are available on the PPF's website at [www.ppf.co.uk](http://www.ppf.co.uk). Alternatively, you can call the PPF on 0345 600 2541 or email them at [information@ppf.co.uk](mailto:information@ppf.co.uk)

As previously noted, it is the intention of both the Trustee and the Company that the Scheme will continue to pay retirement pensions in full. We strongly recommend that you take independent financial advice before making any decisions regarding your pension provision. Details of independent financial advisers in your area can be found at [www.unbiased.co.uk](http://www.unbiased.co.uk)

## Scheme modifications

We can confirm that the Scheme has not been modified by the Regulator, and no directions, nor a schedule of contributions, have been imposed on the Scheme.

## Climate-change report

The Trustee has produced a climate-change report for the year to 30 September 2024. It provides members with details about the work carried out by the Trustee in relation to climate change. A hard copy of this report is available on request, or you can find it online at [www.croda.com/mediaassets/files/corporate/about-us/croda-pension-scheme-tcf-report-march-2024.pdf?la=en-GB&hash=C87B97612E7683C08F70EF675A8894DB](http://www.croda.com/mediaassets/files/corporate/about-us/croda-pension-scheme-tcf-report-march-2024.pdf?la=en-GB&hash=C87B97612E7683C08F70EF675A8894DB)

# Get in touch

## Your pensions team

If you have any questions about the Scheme or your benefits, or you would like to see a copy of the latest Scheme Report and Accounts or any other Scheme documents, please contact the team.

We'd love to hear your feedback on this communication. All comments are welcome and important in making sure you're getting the most from us when it comes to your newsletter.

## Email us

[pensions@croda.com](mailto:pensions@croda.com)

## Call us

01405 860551

## Write to us

Pensions Administration Department  
Cowick Hall  
Snaith  
Goole  
East Yorkshire DN14 9AA

Please remember to let us know if your address changes so that we can keep our records up to date and ensure we can contact you about the Scheme and your benefits.



For security reasons, it is not possible to take address, beneficiary and bank changes over the phone. We require a signed authority for these changes and will accept scanned copies of correspondence via email.