Key performance indicators

The top half of the page shows our key performance indicators which are reviewed regularly by the Board and executive leadership to monitor Group performance, and are linked to executive remuneration. Other metrics relevant to the implementation of our strategy, including our sustainability strategy, are shown across the bottom.

Sustainability

Scope 1 & 2 emissions\(^1\)

**Definition:**
Our operational greenhouse gas (GHG) emissions (associated with burning fuels onsite and purchased electricity) in absolute terms.

**Target:**
By 2030, we will have achieved our Science Based Target, reducing scope 1 and 2 emissions by 46.2% from a 2018 baseline.

**Performance:**
Since 2018, our baseline year, our total scope 1 and 2 GHG emissions have reduced by 19.8%. Within this, scope 1 emissions have increased by 6% and we have seen a 77% reduction in scope 2 emissions. This has been driven by a switch to renewable electricity across our manufacturing sites. We remain on track to achieve our Science Based Target, reducing our emissions in line with limiting the global temperature rise to 1.5°C above pre-industrial levels. For more detail see pages 23-25 of our Sustainability Report.

Land area saved\(^2\)

**Definition:**
Land area saved through the application of our crop protection and seed enhancement technologies, using 2019 as our baseline year.

**Target:**
Throughout this decade, the land saved through the application of our technologies will exceed any increase in land used to grow our raw materials by at least a factor of two, and by 2030 we will save a minimum 200,000 hectares per year more than in 2019.

**Performance:**
In 2022 the use of our agricultural ingredients and new technologies saved 53,486 hectares of land compared to our 2019 baseline of 92,223 hectares, translating to a total land saving of 145,709 hectares in 2022. We remain on track to hit our 2024 intermediate milestone of saving at least 80,000 hectares per year more than in 2019, and our 2030 target of saving 200,000 hectares per year more than in 2019. Read more on page 29 of our Sustainability Report.

Progress against our Commitment in 2022

Climate Positive

We continue to deliver absolute scope 1 and 2 emission reductions in line with the trajectory of our Science Based Target (SBT) and have seen the first scope 1 reductions in 2022 arising from new decarbonisation investment. However, our Climate Positive ambition goes beyond decarbonising our own operations and supply chain, aiming for our products to help customers and consumers avoid four times the carbon emissions (scope 1, 2 & upstream scope 3) associated with our business (our Carbon Cover ratio) by 2030. In 2022, 687,926 tonnes CO\(_2\)e were avoided through the use of our ingredients, giving a carbon cover ratio of 0.66:1. Additionally, by 2030, over 75% of our raw materials by weight will be bio-based, absorbing carbon from the atmosphere as they grow. On an ongoing basis (adjusting for the divestment of PTIC) our bio-based raw materials as a proportion of total volumes increased from 57% to 59% in 2022.

Land Positive

Compared to our 2019 baseline we have saved 53,486 hectares of land through the application of our technologies. In addition to the land saved target we aim to bring an average of two crop technological breakthroughs to market each year until 2030. In 2022, we brought two such innovations to market which protect biodiversity and mitigate the impact of changing climate and land degradation, bringing our total launched since 2020 to four. We acknowledge that our business activities have impacts on nature and are committed to addressing them, announcing in 2022 our aspiration to be Net Nature Positive by 2030. As a member of the Science Based Target Network corporate engagement programme, we have worked in 2022 to better understand how each of our major manufacturing sites, key bio-based raw materials and crop and seed technologies positively or negatively impact biodiversity and nature.
### Purpose and Sustainability Commitment (PSC) Score

**68%**

In 2022 we started to measure employees’ engagement with our Purpose and Sustainability Commitment (PSC), leading to the creation of the PSC score. This is used internally to understand employee sentiment and how we can make Croda a better place to work, and will be reported as a non-financial KPI in future years. Further detail on the implementation of the PSC score can be found on page 20.

**Definition:**
The PSC score is a gauge of employee satisfaction measured through employee surveys and expressed as a percentage.

**Target:**
Improve the PSC score by 8 percentage points against the 2022 baseline by 2025.

**Performance:**
Our baseline score for 2022 is 68%, with a participation rate of nearly 80%. The overall score is ‘good’ with encouraging scores in areas such as employees enjoying their work and those who would recommend Croda as a great place to work. There are areas that require improvement, including colleagues feeling their workload is manageable and ensuring we learn from mistakes without placing blame.

### Total recordable injury rate

<table>
<thead>
<tr>
<th>Year</th>
<th>TRIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.60</td>
</tr>
<tr>
<td>2019</td>
<td>0.50</td>
</tr>
<tr>
<td>2020</td>
<td>0.61</td>
</tr>
<tr>
<td>2021</td>
<td>0.76</td>
</tr>
<tr>
<td>2022</td>
<td>0.74</td>
</tr>
</tbody>
</table>

**Definition:**
The number of incidents per 200,000 hours worked where a person has sustained an injury, including all lost time, restricted work and medical treatment cases (excludes COVID-19 cases).

**Target:**
Achieve TRIR of 0.3 by the end of 2024.

**Performance:**
The headline TRIR decreased marginally to 0.74 (2021: 0.76 restated). Injury rates at the sites of recently acquired businesses are typically higher than established Croda sites and the underlying TRIR excluding sites acquired less than three years ago is 0.63. Reducing injury rates at both existing Croda sites and newly acquired sites is a top priority. Read more about performance and safety initiatives on page 21.

### People Positive

Our People Positive commitment impacts both our employees and wider society. In 2022, through the use of our solar protection ingredients, Croda contributed to protecting more than 61 million people from potentially developing skin cancer caused by harmful UV rays. This is seven years earlier than our 2030 target to protect at least 60 million people annually. We are also moving closer to our target of contributing to the successful development and commercialisation of 25% of WHO-listed pipeline vaccines and have achieved our 2024 milestone of ten clinical phase III trials two years ahead of schedule. Having established Croda Foundation in 2021 to help sustainably improve one million lives, by the end of 2022, 300,000 lives had been sustainably improved with 14.9 million lives benefitting in some way from Croda Foundation projects.

### Fundamentals

The Fundamentals element of our Commitment represents the social licence required for a multinational company such as Croda to operate in 2030. Across the nine Fundamental objectives, we have identified some notable activities and progress in 2022. To enable us to meet our personal safety targets, we focussed attention on the theme of ‘Safety is a Value’ with leadership teams across Croda. In a year where cost-of-living dominated public discussion around the globe, we confirmed that all employees globally receive the Living Wage in their country as a minimum and began the process of ensuring all our regular contractors are paid a Living Wage to meet our 2024 milestone. We updated our Supplier Code of Conduct and introduced Supplier Scorecards to raise the profile of environmental integrity and social accountability in our upstream supply chains, and are working with several supply chain consortia to increase transparency and drive action to improve environmental and social outcomes particularly for farmers in our crop-based supply chains.
Key performance indicators continued

Innovation

New and Protected Products sales %

<table>
<thead>
<tr>
<th>Year</th>
<th>NPP Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>27.6%</td>
</tr>
<tr>
<td>2018</td>
<td>28.2%</td>
</tr>
<tr>
<td>2019</td>
<td>28.1%</td>
</tr>
<tr>
<td>2020</td>
<td>27.4%</td>
</tr>
<tr>
<td>2021</td>
<td>36.6%</td>
</tr>
<tr>
<td>2022</td>
<td>34.7%</td>
</tr>
</tbody>
</table>

**Definition:**
New and Protected Products (NPP) are sales protected by virtue of being newly launched, protected by intellectual property or by unique quality characteristics. Measuring NPP is our established KPI for innovation. Historically the KPI has been defined as sales from NPP as a proportion of total sales in constant currency.

The list of New and Protected Products is reviewed annually, in line with the Group’s policy. This process is overseen by a non-Executive Director before approval by the Remuneration Committee.

**Target:**
We seek to drive NPP sales growth at least as fast as total sales over the cycle, targeted at mid to high single digit percentage growth.

**Performance:**
The proportion of sales from NPP has grown over the last decade from 20.5% in 2012. There was a significant increase in 2021 to 36.6% following the Avanti and Iberchem acquisitions, and strong sales of lipid systems for COVID-19 applications. The small reduction to 34.7% in 2022 reflects lower lipid systems sales and strong growth in Crop Protection which has a lower proportion of NPP.

NPP is a KPI that is used for remuneration. Going forwards, the NPP measure will focus on growth in NPP over the performance period, rather than growth relative to non-NPP sales. As well as simplifying the measure, the new approach reflects the importance of our non-NPP sales, especially those relating to sustainable products. In 2022, NPP sales grew at 2.6% in constant currency, adjusting for the impact of the PTIC divestment.

Read more about the important role that innovation plays in creating new market and technology niches on pages 22 and 23.

Delivering innovation in 2022

Our innovation partners are a core part of our innovation ecosystem and our collaboration with universities and SMEs helps drive innovation and grow NPP sales. We continue to build our Open Innovation network, particularly in priority areas such as Pharma, and in 2022 added 11 innovation partners and initiated 10 innovation projects. Our Open Innovation network is global, with new innovation partners in Brazil, South Africa and India, as well as a growing network in the United States, enabling us to leverage the ideas, expertise and resources that exist in all regions.

**Open innovation partners and initiated projects**

- Innovation priorities include investing in biotechnology and sustainable chemistry, and accelerating the delivery of platform technologies in areas such as synthetic biology, biocatalysis, and downstream processing. Biotech innovation is led by five specialist biotechnology facilities, with increasing expertise and better collaboration from across the Group leading to the launch of novel ingredients that are derived from plant and marine sources.

As we pursue more sustainable manufacturing processes, while continuing to meet performance expectations, in 2022 we acquired intellectual property that will help us transition to manufacturing key Beauty Actives ingredients using more sustainable techniques.
Delivering consistent outperformance

Sales growth (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth (%)</td>
<td>2.9%</td>
<td>-2.6%</td>
<td>1.1%</td>
<td>43.2%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

**Definition:** Total sales growth measured at constant currency.

**Target:** Mid-single digit percentage growth in Consumer Care and high-single digit percentage growth in Life Sciences.

**Performance:** Sales growth in 2022 was 5.2%, comprising underlying growth of 4.6% and acquisition impact of 0.6%. Underlying growth was principally driven by price/mix, with successful recovery of input cost inflation more than offsetting volume declines that were principally driven by the PTIC divestment. Underlying sales growth was 9.7% in Consumer Care and 13.9% in Life Sciences.

Return on invested capital (ROIC) (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROIC (%)</td>
<td>19.2%</td>
<td>17.0%</td>
<td>14.6%</td>
<td>14.2%</td>
<td>14.1%</td>
</tr>
</tbody>
</table>

**Definition:** Adjusted operating profit after tax divided by the average adjusted invested capital.

**Target:** ROIC of at least twice times cost of capital.

**Performance:** The post-tax return on invested capital (ROIC) was broadly flat at 14.1% (2021: 14.2%), with good profit growth offsetting an increase in average invested capital, partially due to the inclusion of a post-tax asset on retirement benefits plan of £75m.

Return on sales (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC 22.8%</td>
<td>33.6%</td>
<td>IS 15.9%</td>
<td>Group total 24.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Definition:** Adjusted operating profit as a percentage of sales.

**Target:** Return on sales over the medium term at or above 25% in Consumer Care and over 30% in Life Sciences.

**Performance:** Group return on sales was broadly flat at 24.7% (2021: 24.8%). This reflects an improved margin mix from the reduced share of industrial sales and a lower variable remuneration charge offset by normalisation of the Life Sciences margin, after an exceptional 2021, and a lower Consumer Care margin due to the gearing effect of lower volume and a weaker product mix.

Adjusted basic earnings per share (pence)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>190.2p</td>
<td>185.0p</td>
<td>175.5p</td>
<td>250.0p</td>
<td>272.0p</td>
<td></td>
</tr>
</tbody>
</table>

**Definition:** Adjusted profit after tax divided by the average number of shares in issue.

**Target:** At least mid-single digit percentage EPS growth per annum.

**Performance:** Adjusted earnings per share increased by 8.8% to 272.0p. This growth was driven by good profit growth across all sectors, partially offset by a marginal increase in the tax rate on adjusted profit to 22.8% (2021: 21.2%).