Annual Report & Accounts 2024

SMART SCIENCE

TO IMPROVE LIVES™

CRODA

SMART SCIENCE TO IMPROVE LIVES™

Contents

Strategic report

At a glance	1
Croda's centenary	2
Our business model	4
Our Purpose	7
Our culture and values	8
Chair's statement	9
Chief Executive's statement	11
Megatrends & market environment	14
Strategy	16
Key performance indicators	17
Business reviews	20
Finance review	25
Risk management	29
Long-term viability statement	36
TCFD	37
Non-financial and sustainability information statement	48

APMs: We use a number of Alternative Performance Measures (APMs) to assist in presenting information in this report in an easily analysable and comparable form. APMs are defined in the Finance review on page 28.

Limited Assurance: Δ indicates where metrics have been assured under ISAE (UK) 3000 and ISAE 3410 by KPMG. See www.croda.com/sustainability for details.

Restatements: + indicates where metrics have been restated. Details of the restatements are captured on page 21 of the Sustainability Impact Report.

Governance

Chair's introduction to Governance	51
Board biographies	52
Board activity in 2024	54
Engaging with stakeholders	56
Board leadership	60
Audit, risk and internal control	63
Nomination Committee report	65
Sustainability Oversight Committee report	68
Audit Committee report	69
Remuneration Committee report	74
Directors' report	103

Financial statements

KPMG LLP's Independent Auditor's Report	107
Group Consolidated Statements	122
Group Accounting Policies	127
Notes to the Group Accounts	135
Company Financial Statements	163
Notes to the Company Financial Statements	165

Other information

Related undertakings	169
Shareholder information	173
Five-year record	175
Glossary	177

Highlights in 2024

Financial | Non-financial

Sales
£1,628.1m
2023: £1,694.5m

Sales growth (constant currency)
(0.8)%
2023: (18.5)%

Adjusted profit before tax (PBT)
£260.0m
2023: £308.8m

IFRS profit before tax (PBT)
£207.8m
2023: £236.3m

Ordinary full year dividend
110.0p
2023: 109.0p

Land area saved (hectares)
163,402
2023: 183,123+

Scope 1 & 2 emissions (TCO_2e)
111,831
2023: 104,463+

Total Recordable Injury Rate
0.47
2023: 0.72

Our reporting suite

Croda Reporting Hub

Annual Report & Accounts 2024

Sustainability Impact Report 2024

Reporting data pack 2024

A leading specialty ingredients company

Who we are and what we do

Our solutions

We provide mission-critical ingredients that represent a fraction of customers' costs but are vital to the performance of their products and help improve peoples' lives.

Our markets

Consumer Care

We develop innovative and sustainable ingredients that provide vital functionality to Consumer Care formulations, enabling customers to differentiate their products. For example, our ingredients can enable customers to make anti-ageing claims or ensure that their formulation meets consumer demands.

Life Sciences

Pharma

We develop components and systems for the delivery of Active Pharmaceutical Ingredients (APIs), enabling delivery of the next generation of biologic drugs and vaccines.

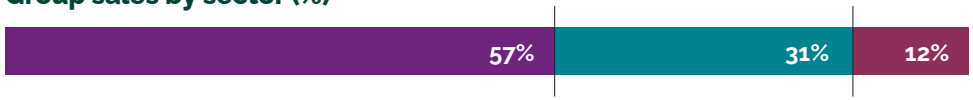
Agriculture

We are an innovation partner to crop science companies, developing delivery systems to meet sustainability challenges and enable next-generation solutions.

Our customers

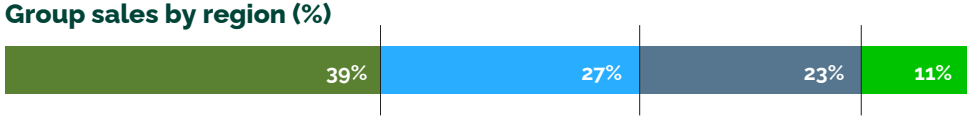
We sell to a broad range of customers both large and small. Customers typically value the quality of our ingredients, the innovation that underpins them, and our sustainability leadership. Our direct selling model and collaborative approach to innovation enables us to build strong relationships with customers.

Group sales by sector (%)



Consumer Care · Life Sciences · Industrial Specialties

Group sales by region (%)

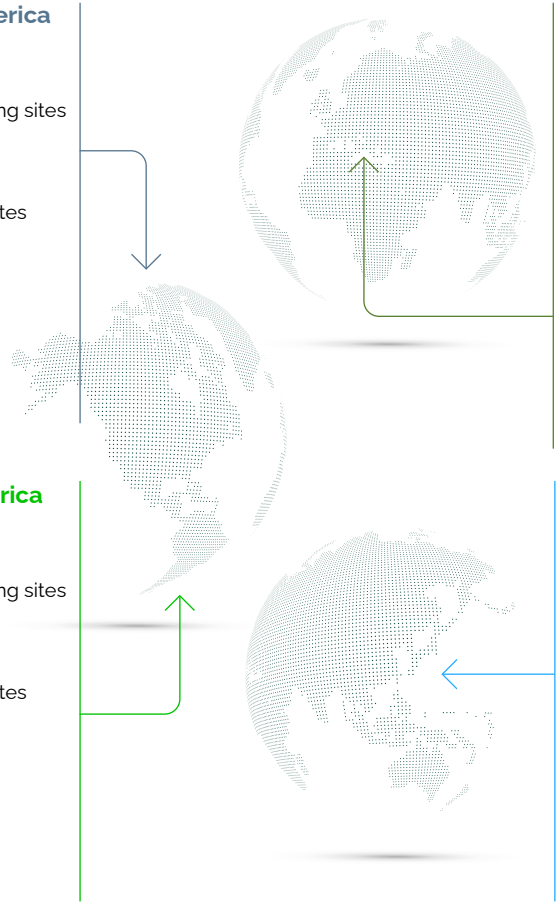


EMEA · Asia · North America · Latin America

Where we operate

We operate globally with regional manufacturing operations and local sales and innovation centres, balancing the need for efficient manufacturing with our desire to be close to customers.

We operate 42 principal manufacturing sites, including 11 larger multi-purpose sites that manufacture for multiple businesses utilising common processes and technologies.



North America

5 manufacturing sites
6 innovation sites
6 sales offices
848 employees

Europe, Middle East & Africa

18 manufacturing sites
21 innovation sites
29 sales offices
3,028 employees

Latin America

6 manufacturing sites
6 innovation sites
11 sales offices
476 employees

Asia

13 manufacturing sites
14 innovation sites
26 sales offices
1,675 employees

100

YEARS OF SMART SCIENCE

A century of innovation and delivery

Since we were founded in 1925, we have continued to innovate, developing unique ingredients that add value to everyday life. While the business has transformed many times over the past 100 years, with our operations and market exposures evolving, several core principles have remained unchanged and continue to underpin our business. These include innovating as a means to creating new markets, a commitment to sustainability, and strong customer-focus with our own sales teams engaging directly with customers.

1925 — 1945

A heritage in bio-based ingredients

Croda was founded by Mr Crowe and Mr Dawe at a disused waterworks in Yorkshire, UK, with the first few letters of their surnames combining to create our name.

Croda's first product was lanolin, a wax refined from sheep's wool grease, with the first order despatched by horse and cart in 1925, establishing our heritage in using natural raw materials. During the Second World War, lanolin was used for rust preventives, camouflage paints and insect repellents, and increasingly for beauty products.

1945 — 1965

Becoming a global public company

The postwar period established Croda as a global, public company, with Cowick Hall becoming our headquarters, a new sales office in New York City, and our listing on the London Stock Exchange.

1965 — 1985

Creating critical ingredients for customer formulations

Croda's ingredients quickly gained a reputation for being vital to the performance of customer products. This was enhanced by the launch of the first in a long line of proteins that changed the hair care market, and a new process developed in Japan that paved the way for our world-leading range of high-purity pharmaceutical excipients.

1985 — 2005

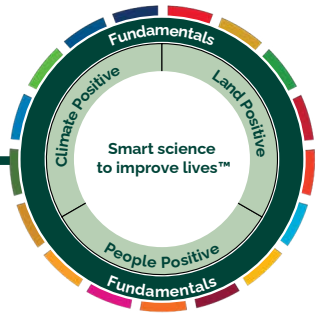
Leading the anti-ageing revolution

The 2000s saw Croda broaden its capabilities in Life Sciences for crop care, seed enhancement and vaccines, and in Consumer Care for sun care and fragrances and flavours.

In the 1980s, our scientists pioneered anti-ageing skin care through the synthesis of the first ceramides and the launch of peptides Matrixyl™ and Dermaxyl™.

2005 — 2025

The most sustainable supplier of innovative ingredients for Consumer Care and Life Sciences



Following suggestions from employees, Smart science to improve lives™ became our Purpose statement. We set out our ambition to be the most sustainable supplier of innovative ingredients through our sustainability Commitment.

Croda scientists helped the family of a boy with adrenoleukodystrophy (ALD) to create Lorenzo's oil, a unique breakthrough treatment for this degenerative condition, which continues to be used today.

Looking ahead to the next century of innovation

Croda's 100-year milestone is a celebration of how far we have come over the past century, what we have achieved and the impact we have had. But Croda's growth during this century of success has been grounded in our ability to look forwards – to recognise the emerging trends that are shaping our core markets, and to think innovatively about how to embrace them. So, during this centenary year, it is as important to take stock of where we are and where we are headed, as it is to recognise where we came from.

The coming 25 years are set to see significant shifts in consumer care, pharmaceuticals, and agriculture – the main markets that we serve. Driven by the rise of artificial intelligence, the demand for sustainable ingredients and advances in biologics and biotechnology, the specialty chemicals industry will undergo a transformation that will fundamentally alter how we develop, manufacture and supply chemical ingredients. We are clear about our role in that transformation and recognise that it will require us to embrace innovation and collaboration more than ever before, adapting our thinking, cultures and approaches.

In this report, we delve deeper into these themes and shine a light on changes that present the greatest opportunities for continuing to improve lives through smart science for the next 100 years.

Our outstanding people will continue to drive the positive impact we have. The successes of the past, the progress being made in the present, and our potential for the future, all stem from the incredible intellect, passion and dedication of individuals who have made this company what it is today and who will determine its future.

Steve Foots
Group Chief Executive

Explore our century of innovation online

Business model

Our competitive advantages

We are a B2B company that, through direct local relationships, sells small quantities of mission-critical, novel ingredients to customers of all sizes. These ingredients are included in customers' formulations at low inclusion levels but are vital to the performance of their products, giving us a sustainable competitive advantage. We operate globally with a focus on high-value niches in consumer care and life sciences markets.

Read more about the solutions we provide in Consumer Care on pages 20-21

Read more about the solutions we provide in Life Sciences on pages 22-23

1

'One Croda' culture

United by our strong sense of Purpose and our values, we work together as one global, connected team. We promote a 'One Croda' culture through our Remuneration Policy and high levels of employee share ownership. We strive to be more agile and entrepreneurial than our competitors, with a decentralised operating model that ensures decisions are made 'close to customers'.

Read more about how we deliver a positive impact through our culture on page 8

2

Customer intimacy

We employ our own local, science-focused sales force who understand our customers, rather than using distributors. This direct selling model builds relationships with customers, totalling more than 16,000 in 2024, and provides us with insights about their challenges that are key to how we innovate. We complement direct selling with local innovation centres, where we co-formulate with customers to accelerate their time-to-market. This intimacy coupled with innovation enables us to anticipate future demands faster than our competition, particularly more disruptive market changes, such as the demand for sustainable ingredients and solutions from novel technologies.

3

Innovation leadership

We have a technology portfolio differentiated by protected intellectual property and know-how, including over 1,700 patents across more than 275 patent families. This means our ingredients have unique attributes and deliver higher value to our customers. We have a collaborative open innovation model, which combines internal R&D with partnering and technology acquisitions.

4

Sustainability leadership

We have embedded a long-term sustainability strategy into the way we work to ensure we deliver on our Commitment to be the world's most sustainable supplier of innovative ingredients by 2030. With consumers and other end-customers keen to make a positive impact through their purchasing decisions, the creation of sustainable ingredients and offering sustainability claims through the use of our ingredients are key drivers of our future commercial success.

Read more about our Commitment to be the most sustainable supplier of innovative ingredients on page 18

5

Our approach to growth

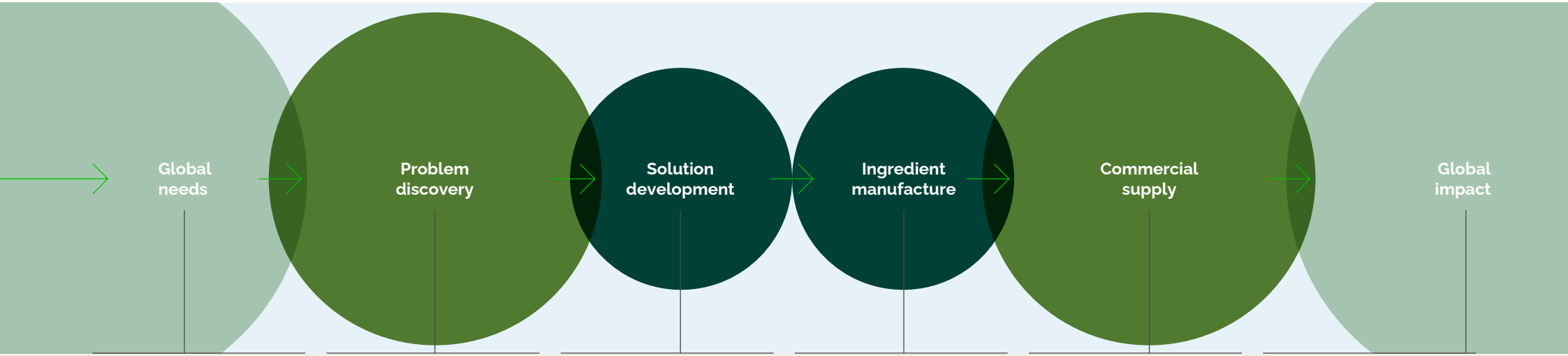
Our growth strategy is focused on pioneering new market and technology niches where our leadership in innovation and sustainability allows us to compete on value rather than on price.

We operate flexible, capital-light manufacturing sites, rather than large continuous operation plants, producing ingredients in test tube quantities rather than tanker loads. Our principal focus is on driving the continued differentiation of our portfolio through innovation and sustainability. In parallel, we prioritise sales volumes in those parts of the portfolio where there is less differentiation to underpin consistent plant utilisation.

There is no single big competitor that spans all our markets; instead, there are different competitors in each of our niches. We have a broad base of customers, large and small, and a high number of customer/ product combinations which reduces our exposure to any specific customer, market or geography.

Value creation, from discovery to supply

We apply our knowledge, intellectual property and core technologies to transform alternative feedstocks that are typically bio-based, into ingredients that enable customers to maximise their impact with minimum footprints.



Our approach

We have refocused our portfolio so our capabilities help address the challenges created by global population growth and living sustainably within planetary boundaries.

We employ our own sales teams rather than using distributors, enabling us to build close relationships with our customers, who give us a privileged understanding of their future requirements.

We design innovative ingredients that deliver vital functionality with superior sustainability profiles to customer formulations.

We produce ingredients to consistently high standards, using mainly bio-based raw materials at 42 sites globally, all of which have decarbonisation roadmaps in place.

We sell and deliver ingredients directly to our customers using local warehouses and distribution for speed and flexibility.

By using our innovative ingredients, customers maximise the impact of their products with minimum footprints, so that our smart science contributes to improving lives.

How we are creating value

For Croda, sustainability has a direct link to value, as we provide customers with unique ingredient options that help them meet their own sustainability commitments, respond to consumer demands and adhere to new regulations.

We have aligned sales, marketing and R&D with Consumer Care and Life Sciences, so that insights about customer challenges contribute directly to how we innovate.

We ensure that all innovation is impact-focused by considering the lifecycle of customer products during the design phase, and are increasing our partnerships with universities and SMEs to access a broader range of scientific expertise.

We are focused on ensuring our sourcing has a positive impact on the planet and society and are transforming how we manufacture to meet our sustainability Commitment and support customers in meeting theirs.

We carefully monitor our finished goods inventories to strike the right balance between meeting customer needs and managing working capital.

We are building a more complete picture of the wider benefits in the use of our ingredients by engaging with customers to understand the full lifecycle of our products.

The building blocks of our business

Our People
We employ 6,027 people, with employee costs accounting for approximately 24% of our sales. We commercialise and develop their skills and knowledge to drive our sales and profits.

Raw materials
Raw material and packaging costs constitute approximately 35% of our sales. Our raw materials primarily comprise bio-based (rather than petrochemical-derived) resources, including crop-based commodities and natural oils.

Sites and infrastructure
We invest 6-8% of sales in capital expenditure annually to maintain, develop, and decarbonise our sites and infrastructure. We expect capex to trend downwards towards 6% of sales as new capacity expansions are completed.

Capital
Our capital requirements are primarily met through loans and credit facilities. Our leverage ratio of 1.4x net debt to EBITDA is well within our targeted range of 1-2x over the medium-term cycle, providing continued balance sheet strength and optionality.

R&D
In 2024, we allocated 4% of sales to in-house innovation. This investment is supplemented by over 600 open innovation partnerships with universities, SMEs and leading scientists providing access to specialised expertise and facilities.

Supply chain and logistics
Our well-established supply chains help us to source bio-based raw materials in harmony with nature. A global network of local warehouses for finished products ensures efficient delivery of ingredients to customers worldwide.

Energy
Energy costs represent approximately 2% of our sales. Our efficient use of energy, sourced from diverse internal and external sources, minimises its proportion in our cost structure. Renewable energy was 40% of total energy use in 2024.

Regulations
Operating globally, we adhere to relevant regulations, with legislative change often driving requirements for our innovation. Active involvement in shaping regulations and standards helps maintain product efficacy, increase competitive advantage and build stakeholder confidence.

Global needs → Problem discovery → Solution development → Ingredient manufacture → Commercial supply → Global impact

Delivering stakeholder value

For our Section 172(1) statement and further information on how we create value for stakeholders, see pages 56-59.

Our People
- All employees receive a Living Wage, a commitment we also make to our contractors
- Employees each received an average of 32 hours of learning and development in 2024
- 75% of employees said they enjoy their work and 70% would recommend Croda as a place to work

Customers
- More than 2,500 customers responded to our customer survey, with an NPS score of +32 placing us in the category of 'Great'
- Customers value our innovative products and technical knowledge, as well as high-levels of product quality
- Carbon Footprint data is now available across more than 2,000 product codes across all markets, including details of upstream supplier carbon footprints

Suppliers
- Over 90% of key suppliers have been assessed by Ecovadis and meet our minimum requirements
- More than 45% of key suppliers have publicly committed to carbon reduction targets

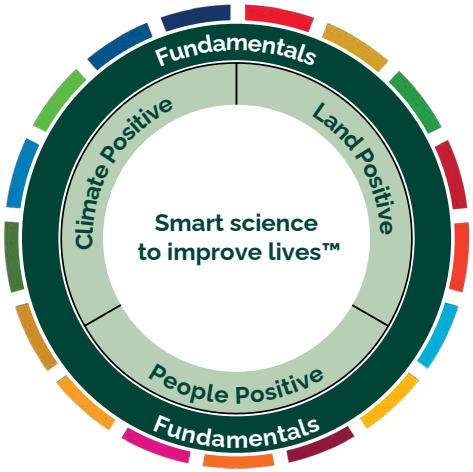
Innovation partners
- More than 600 innovation partners have collaborated with us on over 340 innovation projects
- Our partners include academia, SMEs, and customers and our partnership helps to advance science, leading to new product launches

Shareholders
- We aim to deliver consistent top and bottom-line growth
- In 2024, despite lower profits, free cash flow improved reflecting our strong record of cash generation
- Our dividend was increased to 110p, continuing more than 30 years of unbroken dividend growth

Communities
- Croda employees donated 4,202 hours of their time volunteering in local communities through our 1% Club
- The Croda Foundation has improved the lives of more than 22 million people since inception, making 46 grants across 23 countries

NGOs
- We engage with various NGOs on topics including upcoming regulations, supply chain sustainability and human rights, both directly and through membership of industry working groups and task forces
- This includes our work as part of industry consortia Together for Sustainability

Our Purpose – Smart science to improve lives™



Our Purpose is embedded throughout Croda and is integrated into our strategy (page 16), risk framework (page 30) and Remuneration Policy (page 79). In line with our Purpose, we are committed to being the most sustainable supplier of innovative ingredients by being Climate, Land and People Positive by 2030.

Read more on our Commitment in our Sustainability Impact Report at www.croda.com/sustainability

Delivering positive impact through our Purpose

Our people are motivated by delivering positive impact in their everyday work, helping to tackle the biggest challenges that the world is facing. The breadth and depth of our portfolio means we are well positioned to use our Smart science to improve lives™, including:

Key:

People Positive

Climate Positive

Nature Positive

By sustainably improving lives through the Croda Foundation, which is working to improve access to healthcare and to reduce poverty and hunger

Read more online at www.croda.com

Promoting the hygiene, health, wellbeing and confidence of consumers through the use of our ingredients in consumer care products

Read more online at www.croda.com

Reacting to climate change and nature loss through the delivery of our 2030 Commitment and use of sustainable feedstocks

Read more online at www.croda.com

Enhancing crop yields, enabling land savings and improving food security as well as biodiversity through the development of crop care technologies

Read more online at www.croda.com

By helping to prevent, treat and potentially cure diseases through the use of our drug delivery systems in Pharma

Read more online at www.croda.com

Delivering positive impact through our culture

Our values-led culture

Our values of 'Responsible', 'Innovative' and 'Together' underpin our distinctive culture and drive collaboration, ownership and a solutions-oriented approach in support of our Purpose. These values are supported by 14 associated competencies, which guide how we behave and are reinforced through performance reviews, succession and talent planning, and organisational change programmes. Given the global nature of our business and operations, these behaviours transcend geographical borders, complementing the agile and entrepreneurial spirit of our people that has existed since we were founded in 1925.

We have developed a leadership framework which encompasses our values and articulates the behaviours seen in our high-performing leaders, recognising the importance leadership has in shaping our culture.

Measuring our culture

Since 2022, we have been using our Purpose and Sustainability Commitment (PSC) survey to understand employee engagement and how our people feel about aspects of Croda's culture. Alongside town hall meetings and listening groups, the insight generated has helped us to address areas for improvement.

This includes cost-of-living support, development opportunities and ways of working, that led to a new operating model being implemented at the start of the year. The changes made possible by this insight have helped ensure that since 2022, our PSC score has been stable, despite recent market volatility creating additional challenges for our people.

In 2025, we will be transitioning to a more advanced employee feedback and engagement platform, which will provide greater granularity and actionable insights to individual managers instantly, enabling them to take meaningful actions to positively impact the experience and engagement of their teams.

See more detail on our PSC score in 2024 on page 18

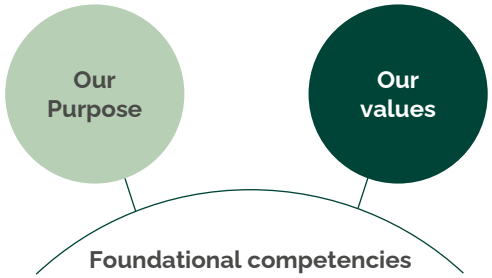
Development and retention of our people

The development and retention of high-quality people with the curiosity and ability to challenge conventional thinking and to further innovation ultimately determines the success of our business. In 2024, our people collectively undertook more than 190,000 hours of training, equivalent to 32 hours of training per employee (2023: 34 hours).

Our leadership development programmes have also continued to offer a more structured approach to development with a renewed focus on talent and succession planning among our senior leadership team helping to create the leaders of tomorrow.

With around 79% of our UK employees and 64% of non-UK employees actively participating in share schemes, our people are heavily invested in the success of the business. Importantly, all employees share in the success of the business, with the Free Share Plan, which awards free shares to employees not participating in bonus schemes when those schemes pay out, supporting our 'One Croda' culture.

Voluntary employee turnover remained stable at 9.3% (2024: 9.1%).



Responsible	Innovative	Together
Authenticity	Curiosity	Working together
Cross-culture sensitivity	Strategic perspective	Empathy
Inclusivity	Adaptability	Care and compassion
Living the values	Delivery	Managing conflict

Associated behaviours

75% of our people enjoy the work that they do **(2023: 75%)**

79% said their team or department always work to deliver their best as efficiently as they can **(2023: 79%)**

70% would recommend Croda to friends and family as a great business to work for **(2023: 71%)**

76% said managers and leaders within their department support and guide them to achieve their activities safely **(2023: 76%)**

Reflections on my first year as Chair

"The Board and shareholders are aligned that the Company's priorities should be execution and operational delivery to grow earnings and improve returns on invested capital."

First impressions

This is my first letter to shareholders as Chair, following my appointment at the Annual General Meeting in April 2024. As well as spending time with Steve and the senior leadership team over the last twelve months, I have visited a number of Croda sites to meet colleagues and enhance my understanding of the business.

It is very clear to me that our Purpose, Smart science to improve lives™, is embedded across Croda and is guiding the choices we make. Moreover, our Purpose is hugely motivating for our people, it drives them to go further for our customers and instils real pride in working for Croda. The close affinity with our customers is reflected in our Net Promoter Score (NPS) of +32, up from +23 two years ago, while our employee engagement survey achieved an overall score of 67%, with three quarters of employees saying that they enjoyed the work they do.

I have also been struck by Croda's unique culture – agile, entrepreneurial, and collaborative, with everyone working together as one global, connected team. Our people are both open – willing to express their views, and open-minded – able to take on board new perspectives and learn from experience. We define this Croda culture through our company values and support it through our Remuneration Policy and high levels of employee share ownership which are over 60% globally. I see it as an important role of the Board to oversee, protect and develop the culture of the Company.

Improving performance

Trading conditions have continued to be challenging in 2024, influenced by an unprecedented downturn in many of our end markets and high inflation. In this environment, our team has judiciously controlled what we can control, carefully managing costs, cash flow and capital allocation, while executing our strategy and implementing both structural and operational changes to modernise and support the Group's next phase of growth. We've also reflected on what we could have done better through this downturn and will ensure these learnings influence our future priorities. With our focus on extracting value from recent capital investments and acquisitions, and driving earnings growth, I am confident Croda has an exciting future.

We are encouraged that strategic execution, operational changes and cost control are starting to deliver results in a challenging economic environment. Our commitment to providing regular returns to shareholders is demonstrated by the Board's decision to increase the 2024 full year dividend, despite lower adjusted earnings.

Execution of our sustainability strategy has continued under the guidance of the Board Sustainability Oversight Committee in its first full year of operation. We remain on track to meet our 2030 Science Based Targets for greenhouse gas emissions, and in line with our People Positive commitment we pay all employees a living wage. I am encouraged by the continued improvement in our safety record, evidenced by the reduction in our Total Recordable Injury Rate (TRIR), with safety a topic of discussion at every Board meeting. I am

Question and answer with Danuta

What from your past experiences will you draw on for this role?

I started life as a scientist with a degree in BioPhysics, a good grounding. My executive and non-executive career has mainly been with companies with a strong technology focus, reliance on data and customer-centric cultures, topics I believe are important to all companies and vital for Croda. I was appointed to my first Non-executive Director position in 2006 and this is my fourth Chair role, so I have experience across a number of sectors, of many different business cycles and challenges, all of which can be supportive for Croda.

I am currently Chair of the Board at Direct Line Group Plc, a position that I have held for four years through a period of significant change. I am also on the Board at Burberry Group Plc which provides some useful insights about changing consumer trends.

How have you been spending your time?

Obviously I have been spending a lot of time with Steve and the senior leadership team. As the new Chair, I've also invested time out of the Boardroom to meet a lot of Croda colleagues through site visits, which I see as an important way to build an understanding of the business. That principle extends outside of Croda too, so I have also spent time with industry experts and our shareholders.

What do you believe is the most important role a Board can fulfil?

Comprehensive talent development and succession planning is one of the most important roles that a Board undertakes. Markets have become increasingly uncertain, and that requires experienced, adaptable, high performing leaders to navigate these markets successfully. It has always been an objective of mine to aim to have a 'ready now' bench of leaders so that there is always a choice of internal candidates for succession alongside external candidates.

We have successfully attracted two new outstanding Executive Committee members during 2024, covering the roles with excellent internal interim executives and I have been impressed in the talent of the new generation of leadership I've met to date in Croda.

What are your priorities?

Croda is a great company with a proven business model and strong customer focus. Most of the challenges that have impacted performance over the last two years have been market driven but we should reflect on how we can continually improve.

Alongside talent development, our priorities are to drive operational excellence, building on the work that is already underway to unify standards and improve processes, with better data, analytics and insight playing an important role. In addition, Croda's portfolio has always been highly differentiated, with innovation a key source of our competitive advantage, and we want to ensure we have a deep understanding of market trends, customer needs and to accelerate the conversion of our innovation pipeline.

also proud of the Croda Foundation, our independent charity, which is supporting over 45 projects. Foundation projects are supporting 29,000 small-scale farmers, bringing clean water to 19,000 people, and improving social mobility in the North East of England.

Talent management

A key role for the Board is to oversee talent development and succession planning to ensure long-term success. On 1 April 2025, Stephen Oxley joins us as Chief Financial Officer (CFO) and Executive Director. As a former partner at KPMG and CFO of Johnson Matthey Plc, he brings valuable experience in setting and executing strategy, enhancing business performance, transformation and corporate transactions. We have also recently appointed Thomas Riermeier as President of Life Sciences. Thomas joins us from Evonik Industries AG where he led the Health Care business including responsibility for drug products, substances and delivery systems such as lipids for nucleic acid-based vaccines and drugs.

In the meantime, I would like to thank Anthony Fitzpatrick and Dave Cherry for their continued commitment and contribution to the business, as Interim Chief Financial Officer and Interim President of Life Sciences, respectively.

The Board is taking a personal interest in guiding the progress of a group of high-potential employees identified through talent development and succession planning processes. We regularly meet a number of these employees on a one-to-one basis to hear how they are already playing instrumental roles in the business, and we will continue this commitment in 2025 by spending in-person time with as many of this group as possible.

Board composition

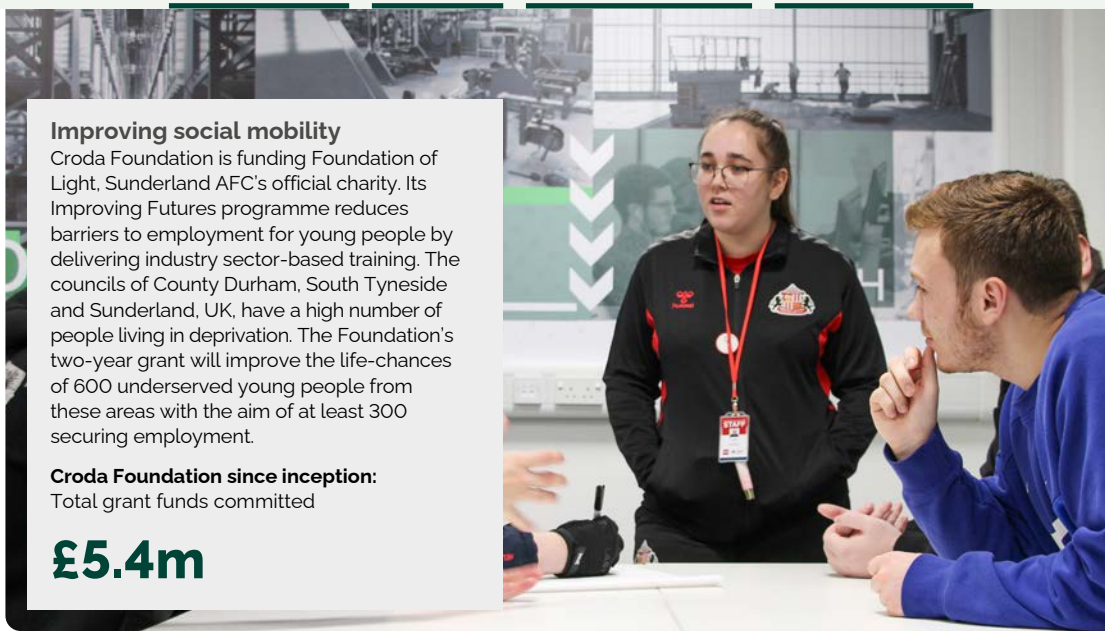
In support of achieving our targets, the Board will continue to ensure high standards of corporate governance, overseeing both our financial and non-financial performance. I believe every Board needs a balance of Non-Executive Directors with general business experience as well as specialist sector and functional expertise to ensure the company is governed effectively. As Chair, I am well supported by fellow Directors with deep domain expertise in both Consumer Care and Life Sciences. Ian Bull joined the Board as a Non-Executive Director in June 2024 bringing additional expertise in financial and operational leadership, with more than 30 years of executive and non-executive experience across UK and international businesses. He took over as Audit Committee Chair on 1 December 2024, succeeding John Ramsey who retires from the Board on 1 March 2025. John has made an outstanding contribution to Croda, and we thank him for all his advice, wise counsel and support over the past five years.

Shareholder engagement

The principal role of the Board is to ensure obligations to shareholders and all other stakeholders are understood and met. In support of this role, I met with shareholders representing 25% of our issued share capital during my first six months as Chair to understand their views.

All shareholders welcomed the chance to meet and were positive about the honesty and transparency of Croda's engagement more generally. They view Croda's culture and conservative balance sheet as sources of strength, and believe that the Company has the right portfolio to 'win', strengthened by the work that the executive team has done to realign it with drivers of structural growth. Shareholders were supportive of the Board's focus on talent management, particularly given recent Executive Committee changes, and thought this focus essential in an increasingly complex global business environment. They were also reassured about the ongoing focus on innovation at Croda and the link between sustainability leadership and commercial success. Finally, the Board and shareholders are aligned that the Company's priorities should be execution and operational delivery to grow earnings and improve returns on invested capital.

I would like to thank the shareholders for their open engagement and continued support.



Improving social mobility

Croda Foundation is funding Foundation of Light, Sunderland AFC's official charity. Its Improving Futures programme reduces barriers to employment for young people by delivering industry sector-based training. The councils of County Durham, South Tyneside and Sunderland, UK, have a high number of people living in deprivation. The Foundation's two-year grant will improve the life-chances of 600 underserved young people from these areas with the aim of at least 300 securing employment.

Croda Foundation since inception:
Total grant funds committed

£5.4m

Future priorities

Croda has a well-established business model, founded on our own local, science-focused sales force. Following our significant strategic transition over recent years, our portfolio serves attractive market niches, with long-term technology trends creating valuable growth opportunities. Ongoing Board oversight will ensure that we have a clear understanding of and focus on value creation based on a deep understanding of trends in our markets.

As innovation is key to Croda's competitive advantage, the Board is focused on our innovation processes, critical to the continued differentiation of Croda's portfolio, and driving the conversion of our innovation pipeline into commercial value. Croda is a sustainability leader having set out demanding targets in 2019 and becoming the third chemical company globally to commit to a 1.5°C Science Based Target. 2025 represents the mid-point of both our sustainability goals and the United Nations' Decade of Action, so the Board Sustainability Oversight Committee is reviewing the progress we have made and working with the executive team to deliver on our priorities for the remainder of the decade.

Following significant portfolio transition in recent years, as well as the new organisational structure that was introduced in 2024 to improve accountability, our focus is now on delivering returns from recent investments. Driving operational excellence is an important aspect of this focus on delivery, building on the work that is already underway to unify standards and improve processes. This will be enhanced by better data, metrics, analytics and insight, with the Board's broader experience of approaches in other industries providing a useful input.

2025 is Croda's centenary year, which provides an excellent opportunity to celebrate our rich history and reflect on the foundations for future success. Croda's growth during this past century has been grounded in a determination not to rest on its laurels but instead to look outwards and continually adapt to meet future customer requirements. Our people are at the heart of our Company, and I'd like to conclude my first letter as your Chair by thanking so many talented colleagues around the world for their ongoing commitment to Croda's success.

Danuta Gray
Chair

Accelerating actions to grow earnings and improve returns

"We are focused on delivery and modernisation, ensuring rigorous cost discipline and driving operational efficiencies to continue our long record of strong performance."

Accelerating actions to grow earnings and improve returns

2024 was another transitional year following two years of unprecedented demand and record profits in 2021 and 2022, then an industry-wide reset from 2023 carrying on into 2024. Whilst sales growth was lower than we hoped, proactive actions to reduce costs and drive efficiencies enabled us to deliver profits in line with our guidance. Consumer Care and Industrial Specialities both grew sales on a constant currency basis, and Life Sciences returned to growth in the second half year (ex CV19) with a better performance in both Crop Protection and Seed Enhancement. We delivered a further sequential improvement in adjusted operating margin in the second half year by proactively driving sales volumes to improve capacity utilisation, combined with strong pricing and cost discipline.

Whilst the overall economic backdrop remains subdued, we are benefitting from more stable customer inventories and demand in most markets and geographies. In Consumer Care, local and regional (L&R) customers are continuing to grow, whereas conditions for many multinational customers remain more challenging. In Pharma, biopharma markets are improving but consumer health markets remain challenging, particularly in Europe. In Crop Protection, whilst customer inventory levels are mixed, demand has started to improve in the context of stabilising crop commodity prices.

Despite unprecedented fluctuations in sales volumes since 2020 and significant raw material inflation and subsequent deflation, the financial characteristics of our differentiated business model remain strong. The margins that we make in our sales prices on raw materials continue to be attractive and stable, free cash flow generation remains strong, and we have increased the full year dividend despite lower earnings.

We are accelerating our actions to grow earnings and improve returns, driving sales growth by leveraging our intimacy with smaller customers, stepping up innovation, and driving returns from recent investments, whilst at the same time driving margin expansion through increasing capacity utilisation and realigning our cost base.

- With innovation centres close to customers in key countries worldwide and a direct sales force, our business model is optimised to support customers of all sizes. As markets continue to fragment, we are localising the delivery of innovation in Consumer Care to enhance our intimacy with L&R customers which are winning market share, and diversifying our customer base in Crop Protection
- Following a period of reduced customer appetite for new product innovation during the pandemic, we are stepping up innovation to meet renewed customer demand. Our innovation pipelines are expanding, with new and protected products (NPP) sales growing at 6% in constant currency to 35% of total sales (2023: 33%) and our priority is to convert these pipelines into commercial sales
- We are in the latter stages of our recent intensive investment cycle which has positioned us well for earnings growth with two new greenfield sites being commissioned in 2025. Our priority is now to deliver returns from all recent investments
- Croda is a high value-added ingredients business, focused on value over volume, but with inefficient utilisation remaining a drag on margins, our priority is to drive sales volumes to increase capacity utilisation at our larger manufacturing sites
- With cost base inflation ahead of revenue delivery, we are driving operational efficiencies to underpin margin progression. We are working to ensure that the actions and benefits achieved through robust control in 2024 are captured permanently and have established a business excellence team to deliver longer-term structural changes as part of our modernisation agenda. Through this multi-year programme, we are targeting £40m of incremental pre-tax benefits over the next two years, including £25m in 2025 which will largely offset inflation and incremental costs of strategic investments being commissioned.

Through these actions to drive higher profits, as well a prudent approach to managing our invested capital, we are committed to improving returns.

Business summary

Consumer Care

- Sales increased to £920.0m (2023: £886.1m), up 4% on a reported basis or 7% at constant currency
  - This comprised an 11% increase in sales volumes, with price/mix 5% lower, a 1% acquisition contribution from sales of ceramides and a 3% headwind from foreign currency translation
  - Sales to L&R customers increased 11% at constant currency
- IFRS operating profit was £128.4m (2023: £127.8m). Adjusted operating profit was flat at £160.2m (2023: £160.3m), increasing 4% at constant currency. The adjusted operating margin was 17.4% (2023: 18.1%)
- In Consumer Care, we aim to be the most sustainable and responsive supplier of innovative ingredients:
  - NPP sales grew 11% at constant currency and improved to 43% of total sales (2023: 42%)
  - We provide carbon footprint data for over 2,000 product codes, a leading position in this sector
- By business unit (in constant currency):
  - F&F led the way, growing 18%, with continued momentum in the second half year, reflecting its leading position with higher-growth L&R customers
  - Beauty Actives grew 6%, led by Asia (+16%, excluding acquired ceramides) and sales to L&R customers
  - Beauty Care sales were flat with all regions growing other than EMEA, with a 6% increase in NPP sales as we accelerate innovation, and growth in North America aided by market share regains
  - Home Care grew 13% due to its focus on innovative ingredients differentiated by sustainability

Consumer Care sales up 7% at constant currency

Life Sciences

- Sales fell to £504.3m (2023: £602.3m), down 16% on a reported basis, or 14% at constant currency
  - This comprised a 3% reduction in sales volumes, with price/mix 4% lower, a 1% acquisition contribution from sales of phospholipids, adverse impacts of 8% from the absence of CV19 lipids and 2% from foreign currency translation
  - Excluding CV19 lipids sales in the prior year, Life Sciences returned to growth in H224 driven by higher sales volumes in Crop Protection and a stronger performance in Seed Enhancement
- IFRS operating profit was £85.5m (2023: £131.7m). Adjusted operating profit was £104.0m (2023: £150.3m). The adjusted operating margin improved from 18.3% in H124 to 22.9% in H224 due to higher sales volumes in Crop Protection as well as strong cost control, resulting in a full year adjusted operating margin of 20.6% (2023: 25.0%), the prior year margin having benefitted from high margin CV19 lipid sales
- In Life Sciences our strategy is to empower biologics delivery through the development of innovative solutions:
  - NPP sales improved to 31% total sales (2023: 28%) with growth of strategic focus areas in Pharma
- By business unit (in constant currency):
  - Pharma sales fell by 2% (ex CV19) with lower sales into consumer health and veterinary markets particularly in Europe, partially offset by growth in delivery systems for protein-based drugs and lipids for drug research
  - Crop Protection sales were down 16% but up 6% in the second half year as demand began to return
  - Seed Enhancement sales were up 1% with our microplastic-free seed coatings continuing to grow

Returned to growth in H224 (ex CV19)

Industrial Specialties

- Sales were £203.8m (2023: £206.1m), down 1% on a reported basis and up 2% at constant currency, with a modest increase in the second half year
  - This comprised an 8% increase in sales volumes, with price/mix 6% lower, and a 3% headwind from foreign currency translation
- IFRS operating profit was £13.6m (2023: £12.0m loss) and adjusted operating profit was £15.5m (2023: £9.4m). The resulting adjusted operating profit margin of 7.6% (2023: 4.6%) benefitted from positive product mix
- Industrial Specialties is contributing to the efficiency of our shared manufacturing sites by helping to optimise utilisation rates through sales to industrial customers, both direct and via a supply agreement established as part of the sale of the majority of our industrials businesses in 2022:
  - Direct sales grew by 5% in constant currency
  - Sales via the supply agreement fell by 5% in constant currency

See pages 20-25 for business reviews

Regional summary

- By business, Consumer Care grew sales in every region at constant currency whereas Life Sciences was behind in all regions except Asia
- By region (at constant currency):
  - Asia sales were up 7% with growth across the board other than to industrial customers in China
  - Latam was broadly flat with good growth in Consumer Care offset by lower sales in Crop and Pharma
  - North America was broadly flat aided by resilient biopharma/new drug development demand
  - EMEA sales fell 6% with Life Sciences lower, but were flat excluding prior year CV19 sales

A high value-added ingredients business

Croda provides mission-critical, novel ingredients that represent a fraction of customers' costs but are vital to the performance of their products. With a portfolio aligned with long-term technology trends, our strategy is well established and has been supported by a period of heightened investment.

Group strategy

We combine market-leading innovation with sustainability leadership to deliver profit growth, ahead of sales growth and ahead of cost growth.

- Innovation is our key differentiator, creating new market and technology niches. Our R&D teams now report directly into Consumer Care and Life Sciences, ensuring that our priorities are customer driven. Increasing customer demand for our innovation-led approach is evidenced by NPP growth, more new product development, an increase in application-focused innovation, and more external R&D partnership in areas such as biotech
- For Croda, sustainability has a direct link to commercial value with our ability to provide customers with ingredient options, often unique to Croda, that help them meet their own sustainability commitments. Demand is increasing for our ingredients that are differentiated by their sustainability characteristics, with sales of ECO surfactants and mineral sunscreens, for example, continuing to grow. We are driving commercial value from our position as a sustainability leader by expanding our portfolio of sustainable ingredients and providing best-in-class validation data to enable customer decision-making. Cradle-to-gate carbon footprint data is now available for over 1,000 product codes in Life Sciences as well as over 2,000 in Consumer Care, enabling customers to quantify the positive impact on the carbon footprint of their products

Business strategies

In **Consumer Care**, our leadership in innovative and sustainable ingredients, and the breadth of our ingredient portfolio, customer base and geographic reach are our key strengths. With the continued fragmentation of Consumer Care markets, our leading position with L&R customers, which represent 80% of sales (2023: 77%), is a particularly important source of competitive advantage as these customers win share. Our strategy is to localise the delivery of innovation to meet the specific requirements of consumers in each region, 'widen the gap' in our sustainability leadership, and prioritise selected countries, notably China and India, where we are growing strongly.

In **Life Sciences**, the move to biologics is the principal technology trend in both pharmaceutical and agriculture markets over the next decade. Through the execution of our strategy, we have established our Agriculture businesses as innovation partner for delivery systems to meet the sustainability challenges of conventional pesticide delivery while creating new systems for biopesticides. In Pharma, we have developed a portfolio of delivery systems with a well-diversified risk portfolio combining both near and medium-term growth opportunities. This includes novel technologies that generate revenue at every stage of the development cycle of new drugs, from discovery through to commercial supply.

Priorities for 2025

As we accelerate actions to grow earnings and improve returns, our priorities in 2025 as follows:

To drive sales growth we are:

1. Leveraging our proximity to L&R customers as our markets continue to fragment
2. Stepping up innovation to meet renewed demand from customers of all sizes
3. Driving growth and returns from all recent investments

To underpin margin recovery we are:

4. Prioritising sales volumes to improve the utilisation and efficiency of our shared manufacturing assets
5. Realigning our cost base with revenues

Investment intensity reducing; positioned for earnings growth

Since 2020, we have completed a number of strategic acquisitions and invested selectively in projects to realign our portfolio with structural drivers of growth, taking net capital expenditure above the historic run-rate of 6-8% of sales. Investment intensity has already begun to moderate and will reduce further as key assets are commissioned in 2025. Our priority is to deliver returns from recent investments and we would expect any acquisitions in the near term to be limited to small next-generation technologies.

Net capital expenditure was £137.9m (2023: £170.1m), below our guidance of ~£150m, as we reviewed all projects and carefully considered phasing. We are towards the end of the previously announced £175m Pharma investment programme, so would expect capex to moderate further as we utilise the capacity we have built and investment in future capacity is highly selective.

Recent investments in our capital base have strengthened our position as a high value-added ingredients business, positioning us for earnings growth.

In Consumer Care:

- F&F, initially acquired in 2020 as we commenced the transition of our portfolio, is delivering sales growth ahead of its broader markets
- Our investments in Asia are delivering fast growth with Consumer Care sales up 12% in China, 17% in India and 26% in South Korea at constant currency
- Reflecting our continued prioritisation of high-growth markets in Asia, a new surfactants plant in Dahej, India is due to be commissioned in 2025, and a new facility will come on-stream in Guangzhou, in 2026 initially to support the continued growth of fragrances in China

In Life Sciences:

- Sales of lipid delivery systems for the development of new nucleic acid-based drugs have continued to grow, up double-digit percentage CAGR since 2020 (ex CV19)
- We are nearing the end of the previously announced £175m Pharma capacity scale-up programme, initially focused on lipids, with approximately £130m invested to date. This programme is being supported by an additional £75m of US and UK Government grants and provides us with the capacity necessary to deliver commercial scale volumes

Our priority is to drive returns from all investments made as part of our portfolio transition since 2020. Whilst most are already making a significant contribution to the performance of the Group, we have more work to do to ensure that Solus Biotech, acquired in July 2023, delivers the growth rate and profit conversion it is capable of. We have accelerated the integration of its capabilities into our South Korean business to leverage our global sales network and formulation expertise.

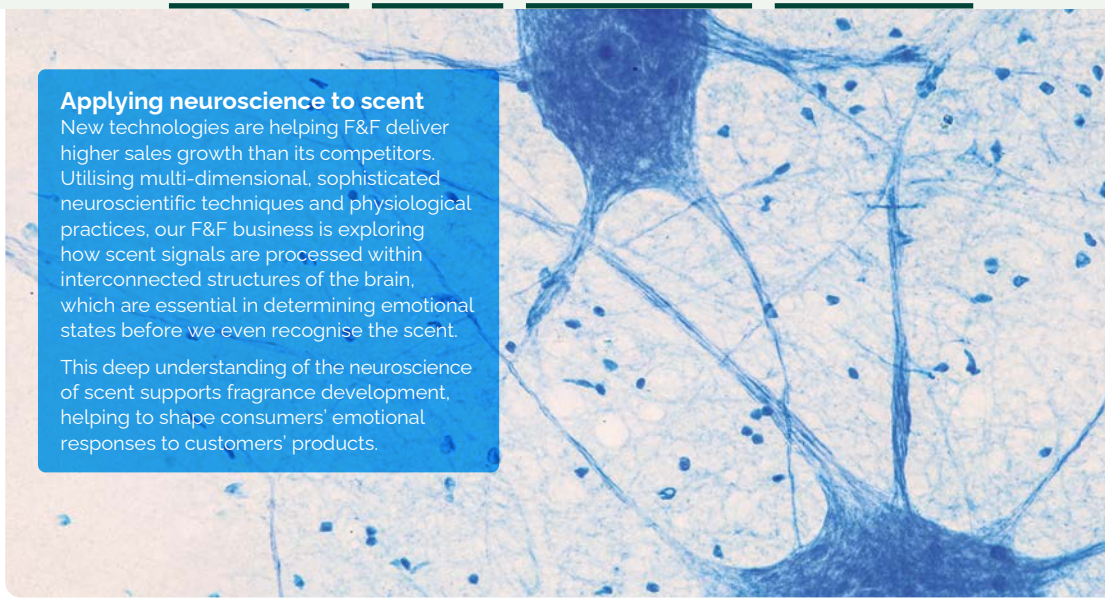
We are committed to prudent management of our invested capital base, as well as driving profit growth, to deliver consistent improvements in returns on invested capital.

Driving operational efficiencies

A new organisational structure has been in place since the start of 2024 which makes the Presidents of Consumer Care and Life Sciences fully accountable for strategy and performance. The new organisation has clarified accountabilities, is ensuring we deliver more quickly and effectively for our customers and has simplified our structure for employees.

Enabled by this simpler structure, we have identified significant opportunities to simplify business processes, modernise systems, standardise the way we work and reduce costs. We have created a new centre of business excellence to share best practice and coordinate workstreams that are targeting operational efficiencies across supply chain, operations, distribution and back-office support. Cost disciplines that were established in 2024 are also being embedded to ensure that benefits are captured permanently.

In 2025, we are targeting £25m of pre-tax benefits from this multi-year programme, largely offsetting inflation and the incremental costs that we expect to incur as our recent strategic investments are commissioned. The benefits will be principally derived from reduced payroll costs and a reduction in other operating expenses. In 2026, we are targeting a further £15m of incremental pre-tax savings, as we realise the early benefits of these efficiency and modernisation workstreams, bringing the total pre-tax benefits to £40m over two years. In addition to any non-cash charges, we estimate that the cash cost to realise these benefits will be approximately £20m, which we expect to be accounted for as exceptional restructuring charges, approximately £15m in 2025 and approximately £5m in 2026. We will go further to realign our cost base with revenue delivery as necessary, with Stephen Oxley bringing valuable experience in enhancing business performance through transformation when he joins as Chief Financial Officer (CFO) on 1 April 2025.



Applying neuroscience to scent

New technologies are helping F&F deliver higher sales growth than its competitors. Utilising multi-dimensional, sophisticated neuroscientific techniques and physiological practices, our F&F business is exploring how scent signals are processed within interconnected structures of the brain, which are essential in determining emotional states before we even recognise the scent.

This deep understanding of the neuroscience of scent supports fragrance development, helping to shape consumers' emotional responses to customers' products.

Outlook

We are focused on creating significant value for shareholders through sales growth and adjusted operating margin expansion in Consumer Care and Life Sciences, combined with prudent management of our invested capital base and strong cash flow generation.

With sales volumes higher in 2024 and price/mix headwinds likely to diminish, we expect both Consumer Care and Life Sciences to grow sales in 2025, and operational efficiencies to largely offset inflation and the incremental costs of investments coming online. Overall for 2025, we expect Group adjusted profit before tax to be between £265m and £295m at constant currency.

Croda will report sales performance quarterly during 2025 and we will provide an update on first quarter trading at the AGM on 23 April 2025.

Steve Foots
Group Chief Executive

The Strategic Report was approved by the Board on 24 February 2024 and signed on its behalf by Steve Foots.

Navigating the future of specialty ingredients – long-term trends

As well as reflecting on a century of progress, we have identified the following emerging trends that will shape our core markets over the next 25 years.

Sustainability – from corporate ambition to ingredient sustainability	Localisation and distributed manufacturing	Biotechnology	The personalisation revolution	The role of collaboration	Artificial intelligence (AI)
Overview					
Delivering net zero and contributing to a nature positive world cannot be achieved only at a corporate level; goals and data need to filter down to individual ingredients.	In the face of geopolitical uncertainty, governments are focused on securing domestic production of critical ingredients, with the USA leading the charge.	Biotechnology will continue to disrupt traditional chemical manufacturing processes with an increasing emphasis on biotech solutions, particularly in pharma and consumer care.	As the personalisation trend continues, more drugs will be tailored to the genetic makeup of each patient, and consumer care products will be formulated to uniquely suit individual needs.	Collaborative efforts are becoming the most effective sources of innovation where knowledge sharing breeds novel thinking.	AI is already becoming an established tool in many industries with significant future potential as tools become more powerful and the quality of data improves.
Impact					
Ingredient-level sustainability requires data about an ingredient's composition and performance, as well as planning how to transform the technology to respond to global challenges.	The localisation of supply chains is likely to spread to other countries, reversing globalisation which has been the preeminent force for many decades.	Three areas hold considerable potential – plant cell cultures, fermentation and marine biotech, with demand for bioprocessing aids also likely to grow to help optimise production.	Personalisation will require the development of a wider range of ingredients and formulations to cater to the diverse needs of genetically unique consumers.	We expect to see a particular rise in the role of university spin-outs which are emerging at a rapid pace already, particularly in the fields of biotechnology and AI-driven businesses.	The impact of AI will be wide-ranging, spanning the discovery of new materials, improving production efficiency, enhancing demand forecasting and identifying risks more accurately.
Our response					
We are working up and down our value chain to understand the lifecycle of our ingredients and already provide cradle-to-gate product-level carbon footprint data for the majority of our product portfolio.	We already have a strong local footprint across sales, R&D and distribution, and are selectively expanding our manufacturing footprint in fast-growth regions such as North America and Asia.	We are already a world leader in plant cell cultures and are launching new ingredients with their origins in marine micro-organisms.	Agility, already a strength of Croda's, and the ability to scale up and down, are both going to be essential qualities to meet the breadth of demand we can expect by 2050.	We already collaborate closely with universities and SMEs through joint ventures, co-investments and access to manufacturing facilities. Closer partnerships will require more data sharing throughout the supply chain.	Whilst better tools will make it easier to process more complex data sets, shared data sets from greater collaboration across the value chain will improve the results of that work.

Our markets – current trends

Our portfolio is aligned with the long-term trends in our markets. Our performance in 2025 should benefit from more stable customer inventories and demand in most markets and geographies.

Consumer Care

Life Sciences

Pharma

Agriculture

Long-term trends

Consumer care markets are sensitive to macro-level changes, driven by fast-moving trends, shifting consumer preferences and shorter product lifecycles requiring constant innovation. Key forces shaping its future include:

- economic turbulence, demanding cost-effective yet high-performance ingredients;
- diverse populations, requiring tailored solutions for emerging and ageing markets;
- sustainability, necessitating a continued transition to sustainable ingredients; and
- digital/human augmentation, enabling ultra-personalised products through advanced technologies.

The pharmaceutical industry is pivoting towards biologics, nucleic acids and precision therapies, all of which require smarter, more sustainable delivery systems.

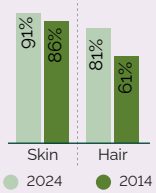
Agriculture faces a critical challenge: increasing output by 70% by 2050 while enabling environmental restoration. Innovations in crop science will all balance productivity with sustainability, shaping a resilient and efficient agricultural future, underpinned by sustainable innovative ingredients.

Beauty

Fragrances & Flavours (F&F)

Current market environment

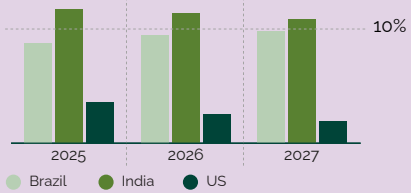
L&R share of product launches



Source: Mintel

While conditions for most multinational customers remain challenging, local and regional (L&R) customers are continuing to innovate and grow. The graph shows their increasing share of beauty product launches over the last decade.

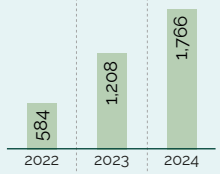
Forecast market growth



Source: Euromonitor

The F&F market grew strongly in 2024 and is expected to continue to grow in 2025. The fastest growing segments are L&R customers, and (as shown on the graph) emerging markets such as Brazil and India which rank in the top five fastest growing markets globally.

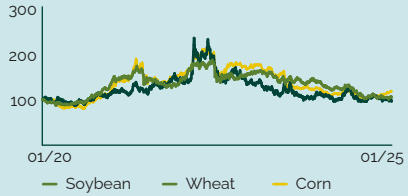
Growing pipeline of mRNA therapies



Global industry pipelines of preclinical and clinical mRNA and gene editing drugs. Source: Beacon RNA database

Consumer health markets remain challenging particularly in Europe. Biopharma markets are improving following a period of normalisation post the Covid-19 pandemic and a squeeze on funding. This provides a more supportive environment for further growth in clinical pipelines such as for new nucleic acid-based drugs.

Increasingly stable crop commodity prices



Source: Factset

In Agriculture, customer inventory levels are mixed but demand has improved in the context of stabilising prices for crop commodity prices as shown on the graph. Whilst the performance of Croda's Agriculture business is driven by longer-term trends, it also has some correlation to crop commodity prices.

Croda positioning and response

With the continued fragmentation of beauty markets, our leading position with L&R customers, which represent 80% of sales, is a particularly important source of competitive advantage. We are localising the delivery of innovation to meet the specific requirements of consumers in each region.

Our F&F business is delivering higher sales growth than the wider market due to its niche positioning with L&R customers, particularly in developing countries. We continue to allocate capital to this business to drive this strong growth.

We have a broad portfolio of Pharma delivery systems with a well-diversified risk portfolio. Our biopharma-focused platforms are continuing to grow, providing delivery systems for protein and nucleic acid-based drugs. We are refocusing resources to drive an improvement in consumer health, supported by ongoing flexibility in price.

Our Agriculture businesses are positioned as innovation partners for delivery systems, enabling customers to respond to long-term trends. To capture the full opportunity globally, we are increasing business development activities with local and regional customers who are growing well.

A growth strategy centred on commercial needs

With a portfolio aligned with long-term technology trends, our strategy is well established and has been supported by a period of heightened investment.

Group strategy

Croda provides mission-critical, novel ingredients that represent a fraction of customers' costs but are vital to the performance of their products. We combine market-leading innovation with sustainability leadership to deliver profit growth, ahead of sales growth and ahead of cost growth.

- Innovation is our key differentiator, creating new market and technology niches.
- We derive commercial value from our position as a sustainability leader by providing ingredients that are bio-based, biodegradable and have lower carbon footprints than alternatives. We are building on this position by expanding our portfolio and providing best-in-class validation data to enable customer decision-making.

Strengthen to grow Consumer Care

In Consumer Care, our leadership in innovative and sustainable ingredients, and the breadth of our ingredient portfolio, customer base and geographic reach are our key strengths. Our strategy is to localise the delivery of innovation, 'widen the gap' in our sustainability leadership, and prioritise selected countries.

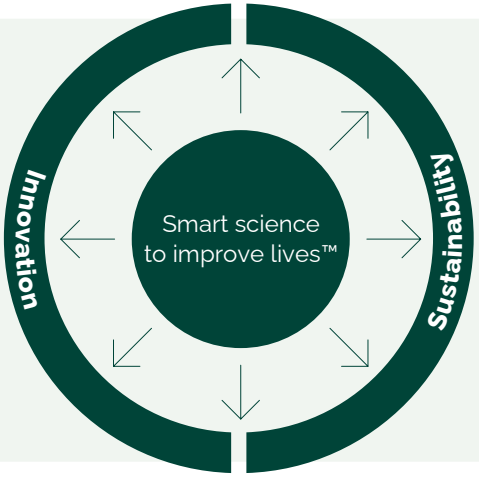
Expand to grow Life Sciences

In Life Sciences, the move to biologics is the principal technology trend over the next decade. In Agriculture, our strategy is to help customers meet the sustainability challenges of conventional pesticide delivery and create new systems for biopesticides. In Pharma, our strategy is to broaden our portfolio of delivery systems and bioprocessing aids, while driving the conversion of our pipeline opportunities into revenue.

Strategic progress in 2024

Innovation

- Our R&D teams now report directly into Consumer Care and Life Sciences, ensuring that our priorities are customer driven
- New and Protected Products (NPP) increased to 35% of total sales (2023: 33%)
- Group NPP sales grew 6% in constant currency
- We created new ingredients including an anti-ageing active derived from a marine micro-organism, hair care ingredients derived from ceramides, and an aid to cell growth for biopharma processing
- Application-focused innovation increased, driven directly by customer requests
- We initiated more external R&D partnerships in areas such as biotech



Strategic progress in 2024

Sustainability

- We were recognised for our sustainability leadership by EcoVadis, MSCI and FTSE4Good
- Sales of sustainable ingredients, such as our ECO surfactants, continued to grow
- Cradle-to-gate carbon footprint data is now available for >2000 ingredients in Life Sciences and Industrial Specialties as well as Consumer Care
- We met many of our interim milestones including for Scope 1 and 2 emissions, and remain on track to meet our Science-Based Target (see page 17)
- We achieved our target of zero process waste to landfill across our manufacturing sites
- Croda Foundation is supporting 46 projects to improve lives globally

Strategic priorities for 2025

In addition to implementing our Group and business strategies, our strategic priorities for 2025 are to:

To drive sales growth we are:

1. **Leverage proximity to L&R customers as our markets continue to fragment**
2. **Step up innovation to meet renewed demand from customers of all sizes**
3. **Deliver growth and returns from all recent investments**

To underpin margin recovery we are:

4. **Prioritise sales volumes to improve the utilisation and efficiency of our shared manufacturing assets**
5. **Realign our cost base with revenues**

Tracking our progress

We use smart science to create high performance ingredients and technologies that improve lives and aim to have positive global impacts on climate, nature and society over the long term.

Key

- R Links to long-term incentive scheme (PSP)
- B Links to annual bonus scheme

Whilst the focus of our Sustainability Commitment is delivering positive impact, we also understand the value of external ratings to our stakeholders. In 2024, we received an AAA rating from MSCI, and were in the top 5% of companies rated by EcoVadis. We use the submission and feedback process as one mechanism to identify areas for improvement.

MSCI ESG RATINGS AAA

CCC B BB BBB A AA AAA

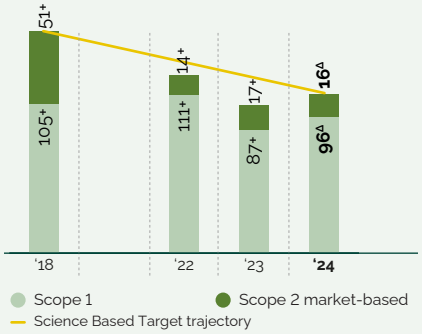
CDP Discloser 2024

FTSE4Good

Delivering on our sustainability ambitions

Scope 1 and 2 GHG emissions ('000 tonnes CO_2e)

111,831



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 (SBT), reducing Scope 1 and 2 emissions by 46.2% from our 2018 baseline.

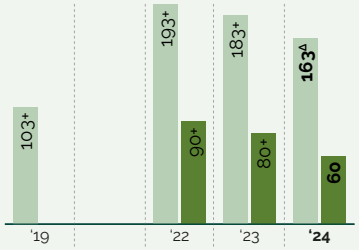
Performance

We have reduced our Scope 1 and 2 emissions by 28% since our 2018 baseline ahead of our interim milestone of a 25.2% reduction. While emissions have increased in 2024 following the challenging business environment in 2023, we remain on track to meet our SBTs aligned with 1.5°C, playing our part in transitioning to a low-carbon global economy.

R

Land area saved ('000 hectares)

163,402Δ



Definition

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

Target

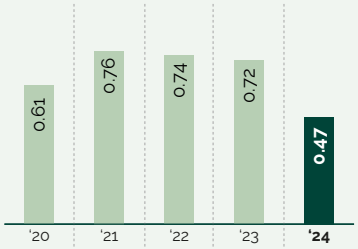
Throughout this decade, the land area saved through the application of our technologies will exceed any increase in land used to grow our raw materials by at least a factor of two, and by 2030 we will save a minimum of 200,000 hectares per year more than in 2019.

Performance

Due to a challenging demand environment in agriculture markets, we did not meet our 2024 interim milestone of saving at least 80,000 hectares per year more than in 2019. However, in the five years from 2020 to 2024, the cumulative absolute land saving of 291,321 hectares exceeded our target of 195,622 hectares.

Total Recordable Injury Rate (TRIR)

0.47



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.

Target

Achieve TRIR of 0.3 by the end of 2026.

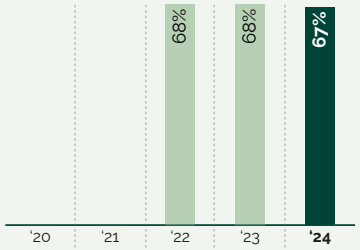
Performance

The headline TRIR decreased to 0.47 in 2024 (2023 0.72). This has been a significant step forward following higher TRIR in recent years with new acquisitions being integrated into the Group and is putting us on track for our end of 2026 target. Building on our senior leadership training in 2023 we deployed a Human Performance Programme across the Group, driving employee engagement in SHE improvement across all functions and regions. In 2024, this programme delivered over 2,500 improvement activities and actions.

See SIR page 21 for details of Assurance Δ and Restatements +

Purpose and Sustainability Commitment (PSC) score (%)

67%



Definition

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

Target

Our target is to improve the PSC score by 8 percentage points against the 2022 baseline by 2026.

Performance

Participation in 2024 was just under 80% of total headcount across the year (consistent with 2023 and 2022). The PSC score for 2024 was also broadly consistent with prior year trends at 67% (2023: 68%). In 2025, we will be evolving the way we survey our people through the introduction of YourVoice, our new employee experience feedback and engagement platform, to gain richer insights and take more meaningful actions that positively impact the experiences and ultimately engagement of our teams.

R

Five years of progress towards our Commitment

Since launching our Commitment in 2020, we have made significant progress towards many of our milestones and 2030 targets. We have learned where we need to focus our efforts to maximise impact, and connected our Purpose and corporate sustainability strategy with our business plans, engaging employees around the world.

These are some of the outcomes of our efforts over the last five years:

Executing our Commitment

Climate Positive

We remain on track to meet our Scope 1 and 2 Science Based Targets (SBTs), with 164,600 MT fewer emissions emitted from our operations over the period. To address our most significant GHG emissions, those embedded in our supply chains, >90% of our key suppliers have been assessed for sustainability progress via EcoVadis and meet our minimum requirements. Of these key suppliers, over 45% have public commitments to decarbonisation that are aligned with SBTi guidance.

Land Positive

Through the use of our crop and seed technologies, 291,321 fewer hectares of land have had to be committed globally for agriculture. From the end of 2024 we are sending zero process waste to landfill from all our manufacturing sites, and our four major manufacturing sites in water-stressed areas of the world have reduced their water use impact by more than 25% since 2018.

People Positive

An estimated 278 million people have been protected from the harmful damage of UV rays through use of our sun protection technologies. All Croda employees are paid a Living Wage, and we are in the final stages of receiving certification from the Fair Wage Network for the work done to date. 41% of our leadership positions are occupied by women.

Collaborating to drive systemic change

The Cambridge Institute of Sustainability Leadership launched a Business Transformation Framework, the final output of the Business Transformation Group, of which Croda was a founder member. The value chain consortium, Action for Sustainable Derivatives, including Croda, helped member companies continually improve their palm derivative supply chain transparency, address grievances and launch an Impact Project to address socioeconomic challenges with smallholder farmers and restore ecosystems in palm supply chains in Indonesia. The World Business Council for Sustainable Development (WBCSD), a community of over 250 leading sustainable businesses, launched its Nature Metrics report for business, the output of the Nature Preparer's group of which Croda was a member.

Engaging our employees

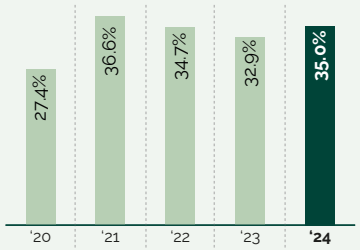
We created a network of sustainability professionals across Croda who have come together to share best practice, understand plans and progress across the organisation, and support each other to deliver our Commitment. Hundreds of Croda employees, from engineers to procurement specialists, from bench chemists to account managers, have been directly involved in executing our Commitment and connecting it to helping our customers deliver on their sustainability strategies. We are now ready to launch our internal Sustainability Academy following successful pilots in 2024, to build the competence and confidence of our teams, and turn hundreds of engaged employees into thousands.

At the halfway point to 2030, we are in the process of refreshing our sustainability strategy. Over the next cycle we will make clear choices on the impacts we will deliver, connecting them to value creation, and will focus on stretching but deliverable objectives.

Driving innovation

New and Protected Products (NPP) sales (%)

35.0%



Definition

New and Protected Products (NPP) are sales protected by virtue of being newly launched, protected by intellectual property or by unique quality characteristics.

Target

We seek to drive NPP sales growth at least as fast as total sales over the cycle.

Performance

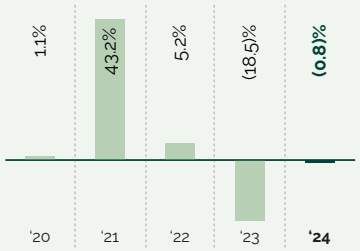
NPP grew 6% at constant currency and are now 35% of total Group sales (2023: 33%), with increases in the proportion of NPP sales in all businesses.

R

Focused on driving earnings growth and increasing returns

Sales growth (constant currency)

(0.8)%



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.

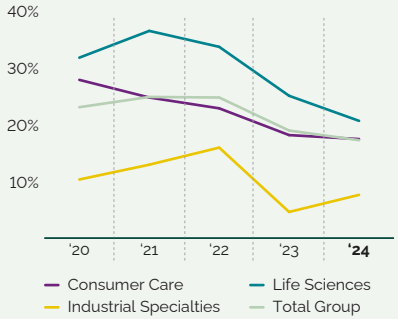
Performance

Group sales were down 1% at constant currency, but increased by 2% when adjusting for the benefit of Covid-19 lipid sales in the prior year. At constant currency, sales in Consumer Care were up by 7%, with Industrial Specialties up by 2% and Life Sciences down by 6% (excluding Covid-19 lipid sales in the prior year).

B

Adjusted operating margin

17.2%



Definition

Adjusted operating profit as a percentage of sales.

Target

Adjusted operating margin over the medium term at or above 25% in Consumer Care and at or above 30% in Life Sciences, dependent on the mix of growth in the two businesses.

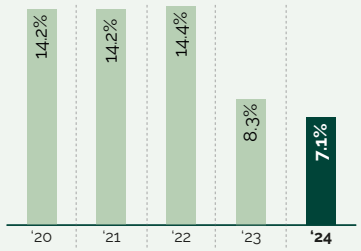
Performance

The adjusted operating profit margin fell to 17.2% (2023: 18.9%). Recent declines primarily reflect volume declines across our core markets through 2023 (leading to low utilisation and reduced overhead coverage), the absence of high-margin Covid-19 lipid sales (which peaked at around $200m in 2021 and were nil in 2024, as well as continued investment in our business).

B

Return on invested capital (ROIC)

7.1%



Definition

Adjusted operating profit after tax divided by the average adjusted invested capital. Adjusted invested capital represents net assets adjusted for net debt, earlier goodwill written off to reserves, accumulated amortisation of acquired intangible assets and the net pension asset/liability.

Target

ROIC of at least two times cost of capital.

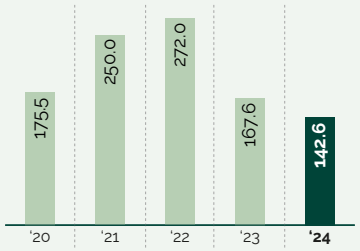
Performance

Post-tax ROIC reduced to 7.1% (2023: 8.3%), with lower adjusted operating profit after tax accompanied by an increase in invested capital. This reflects heightened capital investment, including the Pharma investment programme which is nearing completion. With ROIC below target, our focus is on delivering value from recent investments.

R

Adjusted basic earnings per share (EPS)

142.6p



Definition

Adjusted profit after tax attributable to owners of the parent, divided by the average number of shares in issue during the year.

Target

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

Performance

EPS reduced to 142.6p (2023: 167.6p) reflecting lower operating profit, partly due to the benefit of Covid-19 lipid sales in the prior year. While net finance costs were higher, reflecting higher average debt levels through 2024, the effective tax rate was lower at 23.0% (2023: 23.9%).

B

Business review – Consumer Care

Performance in 2024

Consumer Care	2024 £m	2023 £m	Change	Constant currency change
Beauty Actives sales			3%	6%
Beauty Care sales			(3)%	0%
Fragrances and Flavours sales			15%	18%
Home Care sales			9%	13%
Total Consumer Care sales	**920.0**	886.1	4%	7%
Adjusted operating profit	**160.2**	160.3	(0)%	4%
Adjusted operating margin	**17.4%**	18.1%	(0.7)ppts	
IFRS operating profit	**128.4**	127.8	1%	

Consumer Care grew sales by 4% on a reported basis or 7% at constant currency. Sales growth was driven by an 11% increase in sales volumes, reflecting more stable customer inventory levels and demand. Price/mix was 5% lower as we took advantage of lower raw material costs to reduce prices in certain business units, with the margin that we make on raw materials in our sales prices stable. Acquisitions added 1% from sales of ceramides in H1 following the Solus Biotech acquisition, whilst foreign currency translation was a 3% headwind.

Adjusted operating profit increased 4% with the second half adjusted operating margin down slightly on H1 due to the mix impact of continued strong F&F sales, but significantly ahead of the same period last year due to higher sales volumes and robust cost control.

In Consumer Care, our leadership in innovative and sustainable ingredients, and the breadth of our ingredient portfolio, customer base and geographic reach are our key strengths. With the continued fragmentation of Consumer Care markets, our leading position with local and regional (L&R) customers is a particularly important source of competitive advantage as these customers win share.

Business units

A Beauty Actives

is a leader in peptides – the most effective ingredient for preventing skin ageing, biotech-derived ingredients, botanicals and ceramides for rapid skin moisturisation.

B Beauty Care

comprises 'effect' ingredients – such as hair care proteins and mineral sunscreens, and formulation ingredients which make up the structural chassis of customer formulations, many of which are differentiated by their sustainability profile.

C Fragrances and Flavours (F&F)

goes to market as Iberchem, with its wide range of fragrances and niche positioning with L&R customers, Parfex, for fine, premium skin care and natural fragrances, and Scentium for Flavours.

D Home Care

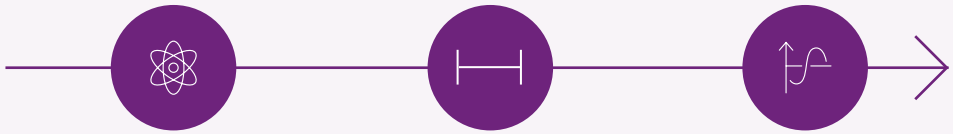
is focused on two technology platforms which provide improved efficacy and sustainability – fabric care, with proteins that increase the lifetime of clothes; and household care, with sustainable surfactants.

Sales

£920.0m

Strategy

In Consumer Care, we aim to be the most responsive and sustainable supplier of innovative ingredients. Our strategy is:



to localise the delivery of innovation to meet the specific requirements of consumers in each region;

'widen the gap' with competitors in our sustainability leadership;

and prioritise selected countries, notably China and India, where we are growing strongly.

Consumer Care is making a significant contribution to the UN Sustainable Development Goals. For details see page 6 of the Sustainability Impact Report.

Strategic progress

Innovation – our key differentiator

Our Innovation pipelines are expanding as customer demand increases for our innovation-led approach:

- NPP sales grew 11% at constant currency and improved to 43% of total sales (2023: 42%)
- We are developing and launching more new products including:
  - Luceane, obtained from the bio-fermentation of a marine micro-organism, and proven to reduce premature skin ageing by five years in one month, as well as immediately reducing skin fatigue
  - New hair care ingredients derived from ceramides, currently used for skin care, such as Shingo'HAIR DryPure which promotes scalp health
- A rapid increase in application-focused innovation, driven directly by customer requests, which often results in the creation of new formulation ingredients, such as new emulsifiers and surfactants that are PEG-free

Localising innovation delivery

With a direct sales force and innovation centres close to customers in key countries globally, our business model is optimised to support customers of all sizes. We are localising the delivery of innovation to meet the specific requirements of consumers in each region, and to enhance our intimacy with L&R customers who are continuing to grow strongly. Our prices are normally higher to smaller customers because we provide them with additional support, so less concentration in our customer base is providing more opportunities for us at good margins:

- Sales to L&R customers increased 11% in constant currency
- They now represent 80% of Consumer Care sales (2023: 77%)

Widening the gap in our sustainability leadership

With sustainability continuing to influence customer buying behaviour, we are seeking to leverage our leadership position through the creation of new sustainable ingredients and verification data to prove our claims:

- Demand is increasing for our ingredients that are differentiated by their sustainability characteristics including strong double-digit percentage increases in sales of ECO surfactants and mineral sunscreen dispersions
- Sector-leading product-level carbon footprint data is now available for ~1,500 product codes in Beauty Care and ~600 in Home Care, enabling customers to make informed decisions about the carbon footprint of their formulations
- We are increasing transparency and traceability of our natural raw material supply chains, building customer confidence in ingredient integrity

Driving fast growth in Asia

Whilst Consumer Care grew sales in every region, Beauty sales were strongest in Asia, up 10% (at constant currency and excluding sales of ceramides acquired in July 2023):

- The key Asian markets of China, India and South Korea grew 11%, 18% and 26% respectively at constant currency, leveraging our excellent relationships with L&R customers and investment in R&D and sales in recent years
- Asia remains the primary focus of Consumer Care investment with selective expenditure in new manufacturing capacity. A new surfactants plant in Dahej, India is due to be commissioned in early 2025, and a new facility will come on-stream in Guangzhou in 2026, initially to support the continued growth of fragrances in China

Extracting value from recent investments

We are committed to capturing the full potential of recent acquisitions, including Solus Biotech in South Korea, which completed in July 2023. Whilst its biotech-derived active ingredients, such as ceramides, are excellent additions to our portfolio, growth rates should be higher. We have accelerated implementation of our integration plan:

- Integrating the business with our South Korean operations and exiting all distributor agreements
- Accelerating global sales by leveraging Croda's global selling network, with dedicated business development leads in each region
- Developing ceramides that are easier for customers to formulate

Taking ceramides beyond skin care

Shingo'HAIR Drypure is a new ceramide innovation from our team in South Korea. The biotech-derived active enhances scalp health, thereby promoting strong and healthy hair. It's a great example of how the rapid moisturisation qualities of ceramides can be used beyond skin care.

100% natural origin

78% increase in hair shine

Business unit commentary

F&F

F&F led the way with sales up at 18% in constant currency and the business delivering higher sales growth than competitors. This excellent performance reflects its leading position with higher-growth L&R customers. Growth was well balanced across both Fragrances and Flavours and was driven by a combination of higher sales with existing customers, market share gains and new technologies. Focus areas for innovation include micro-encapsulation with new patents filed in year, and odour-neutralising fragrances that are biodegradable. Capital continues to be allocated to this business to sustain growth, with a new R&D centre now open in Dubai, the expansion of fine fragrances at our dedicated facility in Grasse in France, and ongoing construction of a new manufacturing facility in China which will be in partnership with Beauty Actives.

Beauty Actives

Beauty Actives grew 6%, in constant currency, driven by a 16% increase in sales to Asia (excluding acquired ceramides) including double-digit percentage growth in China where the business has excellent relationships with L&R customers which are winning market share. Whilst peptides drove the sales growth, new product development is also focused on biotech-based ingredients and ceramides, leveraging the combined expertise of teams in France and South Korea.

Beauty Care

Beauty Care sales were flat with a 9% increase in sales volumes offset by lower price/mix, and the margins that we make on raw materials in our sales prices were higher than the prior year. Beauty Care grew in all regions at constant currency other than Europe, with sales in North America benefiting from regained business that we lost in 2022 due to our inability to meet all of the demand for certain ingredients at the peak of restocking. Performance also benefitted from our focus on contract manufacturers as an additional route to independent brands, who we can support through our expertise in trends and formulation. We are accelerating innovation to enhance portfolio differentiation, with NPP sales growing 6% at constant currency and a significant increase in projects undertaken in close collaboration with customers to meet their precise performance requirements and specific growth opportunities. To underpin consistent plant utilisation, we are also managing sales volumes at the lower end of the Beauty Care portfolio where there is less differentiation, for example through greater flexibility in pricing for certain product/customer combinations.

Home Care

Home Care grew 13% at constant currency with strong volumes and good growth in all regions driven by demand for its innovative ingredients differentiated by sustainability and strong performance claims.

Business review – Life Sciences

Performance in 2024

Life Sciences	2024 £m	2023 £m	Change	Constant currency change	2023 £m (ex CV19*)	Change (ex CV19*)	Constant currency change (ex CV19*)
Sales							
Pharma sales			(18)%	(16)%		(5)%	(2)%
Crop Protection sales			(19)%	(16)%			
Seed Enhancement sales			(2)%	1%			
Total Life Sciences sales	504.3	602.3	(16)%	(14)%	554.3	(8)%	(6)%
Adjusted operating profit	104.0	150.3	(31)%	(27)%			
Adjusted operating margin	20.6%	25.0%	(4.4)ppts				
IFRS operating profit	85.5	131.7	(35)%				

* Where indicated, sales exclude £48m of lipid sales for CV19 vaccine applications in 2023. They are excluded from this growth calculation to give a more informative year-on-year comparison, as there were no CV19 lipid sales in 2024.

Life Sciences sales fell 16%, comprising a 3% reduction in sales volumes, with price/mix 4% lower, a 1% acquisition contribution from sales of phospholipids, and adverse impacts of 8% from the absence of CV19 lipids and 2% from foreign currency translation. Life Sciences returned to growth in the second half year, with sales up 6% (ex CV19, at constant currency) driven by an improved performance in our Agriculture businesses – both Crop Protection and Seed Enhancement.

The adjusted operating margin improved from 18.3% in H124 to 22.9% in H224 due to higher sales volumes in Crop Protection as well as strong cost control, resulting in a full year adjusted operating margin of 20.6% (2023: 25.0%), the prior year margin having benefitted from high margin CV19 lipid sales.

Life Sciences focuses on providing delivery systems for active pharmaceutical and agricultural products. Our technologies deliver the active ingredient, improve its efficacy, and solve challenges of stability and sustainability in customer formulations.

Business units

A Pharma

targets leadership in biologics drug delivery, providing excipients and adjuvants for drugs through synthesis, purification, formulation and application technology know-how

B Crop Protection

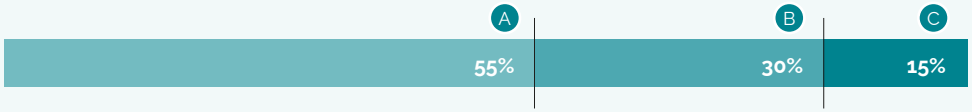
has leading relationships with the major crop science companies, offering ingredients that improve performance and delivery of crop protection formulations

C Seed Enhancement

leverages our leadership in seed coating systems and enhancement technologies to improve germination, stimulate development of seeds and increase crop yields

Sales

£504.3m



Strategy

Over the next decade, the move to biologics is the principal technology trend in both pharmaceutical and agricultural markets. In Life Sciences, we aim to empower biologics delivery through the development of innovative solutions.

Through execution of our strategy, we have established our Agriculture businesses as innovation partner for delivery systems, creating new systems specifically for the delivery of biopesticides and meeting the sustainability challenges of conventional pesticide delivery and seed solutions.

In Pharma, we have developed a portfolio of delivery systems that generate revenue at every stage of the development cycle of new drugs, from discovery through to commercial supply. Our portfolio includes an increasing number of novel technologies focused on segments with the highest innovation needs, and has a well-diversified risk profile combining both near and medium-term growth opportunities. Growth of our existing business will be supplemented by opportunities for breakout growth as new drugs that we are supporting are commercialised and we bring our own new drug delivery technologies to market.

Life Sciences is making a significant contribution to the UN Sustainable Development Goals. For details see page 6 of the Sustainability Impact Report.

Strategic progress

Innovation – our key differentiator

NPP improved to 31% of total sales (2023: 28%) as our strategic growth areas in Pharma grew more quickly than sales for consumer health applications.

In Pharma, innovation pipelines are expanding rapidly:

- Customer new drug pipelines are growing and maturing as new drugs progress through clinical trials:
  - Globally, there are 1,700 RNA therapeutics under development across mRNA and gene editing, with the number increasing rapidly. Moderna's mRNA vaccine for RSV was approved in 2024 and GSK, Pfizer and Moderna are developing vaccines for flu that are expected to commercialise in 2025 or 2026. New Nucleic Acid therapeutics require bespoke delivery systems, playing to our strengths.
  - As adjuvant systems are semi-active substances critical to the efficacy of new vaccines, we have good visibility of the clinical trials in the market and the future systems required. There are now ~1,500 therapeutic vaccines undergoing clinical trials with an additional 280 now marketed, up from 140 in 2022
- We are executing against our plan for launching new technologies:
  - Our novel, lipid-based synthetic alternative to an adjuvant already used in shingles, malaria and RSV vaccines, has been included in 80 active customer projects spanning research and clinical phases
  - Virodex, our sustainable alternative to a bioprocessing aid now banned in Europe, delivered early sales in 2024 across 10 projects with over 150 other opportunities being pursued
  - We have just launched Super-Refined Poloxamer 188, leveraging our refining and purification expertise. It is an aid to cell growth that is used during upstream bioprocessing, delivering excellent cell culture performance and batch-to-batch consistency, and therefore lowering biomanufacturing risk
- We are driving partnership opportunities to enhance our in-house capabilities
  - With vaccine adjuvants a particular focus of our sustainability strategy for Pharma, our fermentation-derived squalene adjuvant, developed via an exclusive licensing agreement with Amyris, provides a sustainable replacement for shark-derived material, and is currently under advanced evaluation by global pharma companies

In Agriculture, we develop sustainable solutions to improve yields, accelerate the transition to biopesticides and contribute to food security. All technologies launched in 2024 are contributing sales including:

- Our first dedicated delivery system for biopesticides
- A delivery system optimised for application by drone, now available across Asia after good uptake in China
- Additions to our range of seed coatings that are free from micro-plastics, which grew well reflecting our market-leading position ahead of the ban on microplastics in seeds in Europe by 2028. These coatings are being sold across Europe, North America and Latin America, and are in final test stages with major seed companies

Looking ahead, our internal innovation pipelines and Agriculture product launches for 2025 are focused on:

- Biodegradability – aligned with customer demand
- Biopesticides – with the US Environmental Protection Agency estimating that biopesticides now represent 75% of applications for new pesticides and R&D programmes in place at all major customers
- Biologicals more broadly – including technologies for delivering sensitive microbes on seeds

Extracting value from investments

Whilst our Crop Protection business will benefit from the commissioning of our new surfactants plant in India in 2025, Pharma has been the principal beneficiary of capital allocated to Life Sciences since 2020 due to its potential for significant incremental growth at superior returns. We are capturing the full potential of acquisitions and organic investments by:

- Driving the sales of phospholipids, acquired with Solus Biotech, through our global selling network
- Leveraging the Alabaster site in Alabama, USA as our centre of excellence for lipid development providing R&D, process development, analysis, small-scale manufacturing and regulatory support. We are also expanding our lipid portfolio and leveraging the Avanti brand to access research customers
- Transferring larger-scale manufacturing and enabling future growth at a new multi-purpose facility in Lamar, Pennsylvania, due to commence production in H2 and built with US Government support
- Expanding our cGMP lipid manufacturing capabilities in Leek, Staffordshire with UK Government support, to provide a second lipid production facility in Europe

We are nearing the end of the previously announced £175m Pharma investment programme and expect capex to moderate in 2025 as new assets are commissioned.

Leadership

Thomas Riermeier joins Croda as President of Life Sciences in April 2025. He has excellent knowledge of both the chemical and pharmaceutical industries having previously led the Health Care business at Evonik Industries AG. In this role he was responsible for drug substances, drug delivery and products, and health solutions, including lipid delivery systems for nucleic acid-based vaccines and drugs.

Business unit commentary

Pharma

Pharma sales fell by 2% excluding the impact of currency translation and £48m of CV19 lipid sales in the prior year. Following the acquisition of Solus Biotech in July 2023, there was a 1% inorganic contribution from phospholipid sales for both intravenous nutrition and as delivery systems for pharma actives. With biopharma demand improving through the year, sales of lipids for drug research and delivery systems for protein-based drugs, both strategic growth areas for Croda, continued to grow. By contrast, sales into consumer health and veterinary markets fell particularly in Europe, and Adjuvant Systems was impacted by the normalisation of CV19 demand. As a result, sales were higher in Asia and North America, important regions for drug development, but fell in EMEA and Latam, where consumer health represents a larger proportion of sales. In response to challenging conditions in consumer health markets, we are refocusing resources to drive an improvement in sales, supported by ongoing flexibility in price.

Crop Protection

Crop Protection sales fell 16% at constant currency, comprising a 31% decline in H124 against a very strong comparator period and a 6% increase in H224 when volumes started to recover. While customer inventory levels remain mixed, demand has begun to improve in the context of stabilising in crop commodity prices. Our continued development of business with fast-growing local and regional crop protection companies delivered positive sales and volume impact despite the challenging market environment.

Seed Enhancement

Seed Enhancement sales grew 1% at constant currency with the second half weighting more pronounced than usual. Adverse weather conditions and falling commodity prices earlier in the year adversely impacted field crop sales but the vegetable services business performed well, particularly in EMEA, positively impacting business mix.

Business review – Industrial Specialties

Croda's Industrial Specialties business is not a priority for capital allocation, but it plays an important role in our integrated Group manufacturing model. The business contributes to the efficiency of our shared manufacturing site model by helping to optimise utilisation rates, maximising sales into value-added industrial applications using Croda's core chemistries, and operating a supply contract established as part of the divestment of the industrial businesses in June 2022.

2024 performance

Industrial Specialities	**2024 £m**	2023 £m	Change	Constant currency change
Sales				
Direct sales			2%	5%
Sales via Supply Agreement			(8)%	(5)%
Total Industrial Specialities sales	203.8	206.1	(1)%	2%
Adjusted operating profit	15.5	9.4	65%	73%
Adjusted operating margin	7.6%	4.6%	3.0ppts	
IFRS operating profit	13.6	(12.0)	-	

Industrial Specialties sales were £203.8m (2023: £206.1m), down 1% on a reported basis and up 2% at constant currency, with industrial demand more stable following a progressive decline in 2023, and a modest increase in H2. Sales comprised a 9% increase in volumes, with price/mix 7% lower, and an 3% headwind from foreign currency translation. The margin that we make on raw materials in our sales prices was robust and stable. At constant currency, direct sales by Croda to industrial customers grew by 5% and sales via the supply agreement fell by 5%.

Adjusted operating profit was £15.5m (2023: £9.4m) with the associated adjusted operating margin of 7.6% (2023: 4.6%) benefitting from favourable product mix particularly in the first half year.

Reducing GHG emissions and water consumption in the textile industry

The textile producing industry consumes a lot of energy and water in its many process steps. Matexil from Croda helps our customers dramatically reduce water consumption and lowers the processing temperatures required to manufacture textiles. In addition it ensures textile colours last longer, extending the lifetime of fabrics. In these ways Croda is helping reduce the carbon and water footprints of the textile industry and extend the lifetime of fabrics.

Financial performance

Anthony Fitzpatrick
Interim Chief Financial Officer,
President Strategy and Industrial Specialties

Performance enhanced by cost and capital discipline

Group sales grew 2% at constant currency (ex CV19) as we proactively drove sales volumes and as a consequence improved our capacity utilisation. Our financial performance benefitted from proactive cost discipline and strict control of discretionary expenditure alongside strong pricing and capital discipline. Cost control actions included freezing recruitment, minimising travel, optimising production and accelerating the integration of acquisitions. Many of the self-help measures that we introduced in 2024 are the right thing to do for the business over the longer term as well as having a positive impact on Group adjusted operating margin in the year. For 2025, our objective is that continued proactive cost control and the early benefits of further operational efficiencies and modernisation initiatives will significantly offset the impacts of inflation and the incremental costs associated with recent strategic investments being commissioned. These investments have realigned our portfolio with structural drivers of growth in our markets, positioning us for future earnings growth and improving returns.

Sales (ex CV19* where indicated)	Constant Currency Change	Change	Constant Currency Change (ex CV19*)	Change (ex CV19*)
Consumer Care	7%	4%	7%	4%
Life Sciences	(14)%	(16)%	(6)%	(8)%
Industrial Specialties	2%	(1)%	2%	(1)%
Group	(1)%	(4)%	2%	(1)%

Sales	2024 £m	Price/mix	Volume	Acquisition	CV19 lipids*	Currency	2023 £m	Change
Consumer Care	**920.0**	(4.8)%	11.4%	0.6%	-	(3.4)%	886.1	3.8%
Life Sciences	**504.3**	(3.7)%	(2.9)%	0.8%	(8.0)%	(2.5)%	602.3	(16.3)%
Industrial Specialties	**203.8**	(6.4)%	8.5%	-	-	(3.3)%	206.1	(1.2)%
Group	**1,628.1**	(5.5)%	6.9%	0.6%	(2.8)%	(3.1)%	1,694.5	(3.9)%

Currency translation

Sterling strengthened against both the US Dollar, at US$1.28 (2023: US$1.24) and against the Euro, at €1.18 (2023: €1.15). Currency translation reduced sales by £52.1m and adjusted operating profit by £13.9m. This was driven by both the strength of Sterling against the US Dollar and the Euro (which together represent approximately 65% of the Group's currency translation exposure) and by the impact of changes in exchange rates for other smaller currencies including the effect of the application of IAS 29 ('Financial Reporting in Hyperinflationary Economies') to reporting in Argentina and Turkey. We estimate that the average annual currency translation impact on adjusted operating profit is £1m per Dollar cent movement per annum and £1m per Euro cent movement per annum.

Sales

Group sales were £1,628.1m (2023: £1,694.5m), impacted by higher sales volumes, lower price/mix, the absence of lipid sales for CV19 vaccine applications that totalled £48m in the prior year, a 3% headwind from foreign exchange and a 1% inorganic contribution from the Solus Biotech acquisition which completed in July 2023. Our approach is to disclose the impact of acquisitions separately in their first year of ownership, so the acquisition benefit from Solus Biotech comprises its sales and profit contribution in the first half year. We have also disclosed below quarterly sales performance as we will continue to report sales performance quarterly during 2025.

Quarterly sales £m	Consumer Care	Life Sciences	Industrial Specialties	Group	Life Sciences (ex-CV19)*	Group (ex-CV19)*	Year-on-year change
Q1 2023	236.8	170.8	69.1	476.7	170.8	476.7	-
Q2 2023	218.8	132.4	53.0	404.2	132.4	404.2	-
Q3 2023	218.2	125.0	43.7	386.9	125.0	386.9	-
Q4 2023	212.3	174.1	40.3	426.7	126.1	378.7	-
Q1 2024	236.8	121.8	49.9	408.5	121.8	408.5	(14)%
Q2 2024	231.6	124.4	51.4	407.4	124.4	407.4	1%
Q3 2024	228.1	128.8	49.7	406.6	128.8	406.6	5%
Q4 2024	223.5	129.3	52.8	405.6	129.3	405.6	7%

Half yearly sales £m	Consumer Care	Life Sciences	Industrial Specialties	Group	Life Sciences (ex-CV19)*	Group (ex-CV19)*	Year-on-year change
H1 2023	455.6	303.2	122.1	880.9	303.2	880.9	-
H2 2023	430.5	299.1	84.0	813.6	251.1	765.6	-
H1 2024	468.4	246.2	101.3	815.9	246.2	815.9	(7)%
H2 2024	451.6	258.1	102.5	812.2	258.1	812.2	6%

* Life Sciences and Group sales exclude £48m of lipid sales for CV19 vaccine applications in Q4 2023. They are excluded from this growth calculation to give a more informative year-on-year comparator, as there were no CV19 lipid sales in 2024.

Profit and margin

	2024			2023		
	IFRS £m	**Adjustments £m**	**Adjusted £m**	IFRS £m	Adjustments £m	Adjusted £m
Sales	**1,628.1**	**-**	**1,628.1**	1,694.5	-	1,694.5
Cost of sales	**(894.2)**	**-**	**(894.2)**	(964.5)	-	(964.5)
Gross profit	**733.9**	**-**	**733.9**	730.0	-	730.0
Operating costs	**(506.4)**	**(52.2)**	**(454.2)**	(482.5)	(72.5)	(410.0)
Operating profit	**227.5**	**(52.2)**	**279.7**	247.5	(72.5)	320.0
Net interest charge	**(19.7)**	**-**	**(19.7)**	(11.2)	-	(11.2)
Profit before tax	**207.8**	**(52.2)**	**260.0**	236.3	(72.5)	308.8
Tax	**(48.2)**	**11.6**	**(59.8)**	(64.2)	9.5	(73.7)
Profit after tax	**159.6**	**(40.6)**	**200.2**	172.1	(63.0)	235.1

	2024			2023		
Operating Profit	**IFRS £m**	**Adjustments £m**	**Adjusted £m**	IFRS £m	Adjustments £m	Adjusted £m
Consumer Care	**128.4**	**(31.8)**	**160.2**	127.8	(32.5)	160.3
Life Sciences	**85.5**	**(18.5)**	**104.0**	131.7	(18.6)	150.3
Industrial Specialties	**13.6**	**(1.9)**	**15.5**	(12.0)	(21.4)	9.4
Group	**227.5**	**(52.2)**	**279.7**	247.5	(72.5)	320.0

Adjustments	**2024 £m**	2023 £m
Business acquisition costs	**-**	(9.6)
Restructuring costs	**(3.0)**	(5.4)
Business transformation costs	**(3.5)**	-
Environmental provision	**(8.5)**	-
Impairment	**-**	(20.8)
Amortisation of intangible assets arising on acquisition	**(37.2)**	(36.7)
Total adjustments	**(52.2)**	(72.5)

Adjusted profit	**2024 £m**	Underlying growth £m	Acquisition impact £m	Constant currency change	Currency impact £m	2023 £m	Change
Consumer Care	**160.2**	7.2	(0.1)	4.4%	(7.2)	160.3	(0.1)%
Life Sciences	**104.0**	(39.7)	(0.6)	(26.8)%	(6.0)	150.3	(30.8)%
Industrial Specialties	**15.5**	6.8	-	72.6%	(0.7)	9.4	64.9%
Operating profit	**279.7**	(25.7)	(0.7)	(8.2)%	(13.9)	320.0	(12.6)%
Net interest	**(19.7)**					(11.2)	
Profit before tax	**260.0**					308.8	(15.8)%

Cost of sales benefitted from a reduction in raw material costs, which fell ~4% following a ~12% reduction in 2023. Lower raw material costs enabled us to selectively reduce prices in certain business units with the margin that we make in our sales prices on these raw materials robust and broadly in line with the pre-pandemic period. Aided by lower prices, we delivered a 9% increase in sales volumes in both Beauty Care and Industrial Specialties, which account for almost 70% of volumes at our 11 shared manufacturing sites, thereby improving asset utilisation and benefiting adjusted operating margins. We expect a small increase in the average cost of raw materials in the first quarter of 2025 driven by the rising cost of bio-based raw materials, notably palm oil derivatives. With raw material costs expected to rise modestly in 2025, the headwinds that we have seen from price/mix are expected to diminish. People and freight costs were higher as anticipated, with energy costs lower.

IFRS operating profit was £227.5m (2023: £247.5m). IFRS operating profit included a charge for adjusting items of £52.2m (2023: £72.5m), comprising a £37.2m (2023: £36.7m) charge for amortisation of acquired intangibles, an increase in environmental provisions of £8.5m (2023: nil increase), restructuring costs associated with changes to the Group's operating model of £3.0m (2023: £5.4m), and business transformation costs of £3.5m (2023: nil) principally relating to our Enterprise Resource Planning (ERP) system.

Group adjusted operating profit was £279.7m (2023: £320.0m). The full year adjusted operating profit margin of 17.2% (2023: 18.9%) was adversely impacted by investment costs, inflation, the absence of CV19 lipid sales and the partial unwind of the benefit we saw in 2023 from a negligible variable remuneration charge. The adjusted operating margin improved from 16.6% in H124 to 17.7% in H224 driven by robust cost discipline and better capacity utilisation as sales volumes began to recover in Crop Protection which also uses our shared sites for its manufacturing.

Net finance costs were £19.7m (2023: £11.2m), in line with our guidance; we expect a further small increase in net finance costs in 2025. Profit before tax (on an IFRS basis) was £207.8m (2023: £236.3m) and adjusted profit before tax was £260.0m (2023: £308.8m) or £273.1m at constant currency.

The effective tax rate on adjusted profit was 23.0% (2023: 23.9%) and the effective tax rate on IFRS profit was 23.2% (2023: 27.2%). IFRS basic earnings per share (EPS) were 113.5p (2023: 122.5p) and adjusted basic EPS were 142.6p (2023: 167.6p).

Cash flow

Proactive cash flow management yielded good results with improved free cash flow of £181.1m (2023: £165.5m). This included a working capital inflow of £20.9m (2023: £29.1m inflow) which benefitted from payment of a CV19 lipid receivable from 2023 as well as careful management of net working capital days.

	Full year ended 31 December	
Cash flow	**2024 £m**	2023 £m
Adjusted operating profit	**279.7**	320.0
Depreciation and amortisation	**98.6**	89.5
Adjusted EBITDA	**378.3**	409.5
Working capital	**20.9**	29.1
Interest & tax paid	**(84.4)**	(93.5)
Non-cash pension expense	**2.9**	(4.4)
Share-based payments	**5.0**	(4.2)
Other cash movements	**(3.3)**	1.0
Net cash generated from operating activities	**319.4**	337.5
Net capital expenditure	**(137.9)**	(170.1)
Interest received	**6.9**	8.3
Payment of lease liabilities	**(17.5)**	(17.0)
Exceptional items cash outflow add back	**10.2**	6.8
Free cash flow	**181.1**	165.5
Dividends	**(152.2)**	(150.7)
Acquisitions	**-**	(241.8)
Business disposal	**(6.8)**	(4.6)
Exceptional items cash outflow	**(10.2)**	(7.9)
Other cash movements	**(5.2)**	(10.3)
Net cash flow	**6.7**	(249.8)
Net movement in borrowings	**(9.0)**	125.1
Net movement in cash and cash equivalents	**(2.3)**	(124.7)

Continued balance sheet strength

Enhanced by improved free cash flow, our balance sheet remains strong.

Net capital expenditure fell to £137.9m (2023: £170.1m) as we reviewed capital commitments and phasing. We are towards the end of the previously announced Pharma investment programme so would expect capex to moderate further as we utilise the capacity we have built and investment in future capacity is highly selective. We expect depreciation to increase by approximately £10m in 2025, partially driven by the impact of new facilities commencing operations (notably in Lamar, USA and Dahej, India).

Building on our record of consistent distribution to shareholders, the Board is proposing to increase the full year dividend to 110p (2023: 109p), despite temporarily taking us above our stated percentage of adjusted profit after tax, reflecting its confidence in delivery of future earnings growth.

Closing net debt was £532.3m (31 Dec 23: £537.6m), with a leverage ratio of 1.4x adjusted EBITDA (31 Dec 23: 1.3x), within our 1-2x target range.

In October 2024, we successfully refinanced our bank Revolving Credit Facility with a new five-year £630m multi-currency facility. As at 31 December 2024, the Group had committed funding in place of £1,075.8m, with undrawn long-term committed facilities of £418.0m and £166.8m in cash.

Retirement benefits

The post-tax asset on retirement benefit plans at 31 December 2024, measured on an accounting valuation basis under IAS-19, improved to £77.7m (31 Dec 2023: £64.9m). Cash funding of the various plans is driven by the schemes' ongoing actuarial valuations. The triennial actuarial valuation of the largest pension plan, the UK Croda Pension Scheme, was performed as at 30 September 2023 and indicated that the funding position of the scheme had significantly improved. The scheme was 120.6% funded on a technical provisions basis. Consequently, the cash cost of providing benefits has fallen and no deficit recovery plan is required.

Capital allocation policy

We allocate capital in line with the following priorities:

1

Reinvest for growth – investment in organic capital expenditure to drive shareholder value creation through new capacity, product innovation and expansion in attractive geographic markets to drive sales and profit growth.

2

Provide regular returns to shareholders – pay a regular dividend to shareholders, representing 40 to 50% of adjusted profit after tax over the business cycle.

3

Acquire disruptive technologies – target technology acquisitions in existing and adjacent markets.

4

Maintain an appropriate balance sheet and return excess capital – maintain an appropriate balance sheet to meet future investment and trading requirements, targeting a leverage ratio of 1 to 2x over the medium-term cycle. We consider returning excess capital to shareholders when leverage falls below our target range and sufficient capital is available to meet our investment opportunities.

Alternative Performance Measures

We use a number of Alternative Performance Measures (APMs) to assist in presenting information in this report. We use such measures consistently at the half year and full year, and reconcile them as appropriate. Whilst the Board believes the APMs used provide a meaningful basis upon which to analyse the Group's financial performance and position, which is helpful to the reader, it notes that APMs have certain limitations, including the exclusion of significant recurring items, and may not be directly comparable with similarly titled measures presented by other companies.

The measures used in this report include:

- Constant currency results: these reflect current year performance for existing business translated at the prior year's average exchange rates. Constant currency results are the primary measure used by management to monitor the performance of overseas business units, since they remove the impact of currency translation into Sterling, the Group's reporting currency, over which those overseas units have no control. Constant currency results are similarly useful to shareholders in understanding the performance of the Group excluding the impact of movements in currency translation over which the Group has no control. Constant currency results are reconciled to reported results in the review of financial performance. The APMs are calculated as follows:

  a. For constant currency profit, translation is performed using the entity reporting currency before the application of IAS 29 hyperinflation and any associated one-off foreign exchange gains or losses;

  b. For constant currency sales, local currency sales are translated into the most relevant functional currency of the destination country of sale (for example, sales in Latin America are primarily made in US Dollars, which is therefore used as the functional currency). Sales in functional currency are then translated into Sterling using the prior year's average rates for the corresponding period;

- Underlying results: these reflect constant currency values adjusted to exclude acquisitions in the first year of impact. They are used by management to measure the performance of each sector before the benefit of acquisitions are included, in order to assess the organic performance of the sector, thereby providing a consistent basis on which to make year-on-year comparison. They are seen as similarly useful to shareholders in assessing the performance of the business. Underlying results are reconciled to reported results in the review of financial performance section below;
- Adjusted results: these are stated before exceptional items (as disclosed in the review of financial performance) and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a meaningful basis upon which to analyse business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results;
- Adjusted operating margin or return on sales: this is adjusted operating profit divided by sales, at reported currency. Management uses the measure to assess the profitability of each sector and the Group, as part of its drive to grow profit by more than sales value, in turn by more than sales volume as set out in the Group performance section below;
- Net debt: comprises cash and cash equivalents (including bank overdrafts), current and non-current borrowings and lease liabilities. Management uses this measure to monitor debt funding levels and compliance with the Group's funding covenants which also use this measure. It believes that net debt is a helpful additional measure for shareholders in assessing the risk to equity holders and the capacity to invest more capital in the business;
- Leverage ratio: this is the ratio of net debt to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and adjusted to include EBITDA from acquisitions or disposals in the last 12 month period. EBITDA is adjusted operating profit plus depreciation and amortisation. Calculations and reconciliations are provided in the five year record of the Group's Annual Report. The Board monitors the leverage ratio against the Group's debt funding covenants and overall appetite for funding risk, in approving capital expenditure and acquisitions. It believes that the APM is a helpful additional measure for shareholders in assessing the risk to equity holders and the capacity to invest more capital in the business;
- Free cash flow: comprises net cash generated from operating activities adjusted for the cash effect of exceptional items less net capital expenditure and payment of lease liabilities, plus interest received. The Board uses free cash flow to monitor the Group's overall cash generation capability, to assess the ability of the Company to pay dividends and to finance future expansion, and, as such, it believes this is useful to shareholders in their assessment of the Group's performance;
- Return on invested capital (ROIC): this is adjusted operating profit after tax divided by the average adjusted invested capital. Adjusted invested capital represents net assets adjusted for net debt, net retirement benefit assets/(liabilities), earlier goodwill written off to reserves and accumulated amortisation of acquired intangible assets (both net of deferred tax). Calculations and reconciliations are provided in the five-year record of the Group's Annual Report. The Board believes that ROIC is a key measure of efficient capital allocation and that it is useful to shareholders in assessing the returns delivered by the Group and the impact of deploying more capital to grow future returns faster; and,
- New and Protected Products (NPP): these are products which are protected by virtue of being either newly launched, protected by intellectual property or by unique quality characteristics. NPP is used by management to measure and assess the level of innovation across the Group.

Managing risks

Risk strategy

Effective risk management enables the business to protect and create value, helping us to identify opportunities and minimise threats to the delivery of our strategy and to build resilience within our business model.

Risk governance

Our Board owns and oversees our risk management programme, with overall responsibility for ensuring that our risks are aligned with our goals and strategic objectives. The Audit Committee assists the Board in monitoring the effectiveness of our risk management and internal control policies, procedures and systems.

Risk monitoring

Global visibility of risks identified by regions, sites and sectors is obtained through bottom-up risk registers that are continuously updated in our risk and control system. Using our global risk management framework (page 30), bottom-up risks are combined with top-down risks, the latter being identified and owned by a member of the Executive Committee, in our Executive Risk Register.

In 2024, we implemented a new enterprise risk management system, enhancing our risk management process. Our scoring scale has been updated from six-by-six to five-by-five, and all previous assessments have been re-based for consistency.

Movements to the Executive Risk Register are reviewed by the Risk Committee during quarterly meetings, which also has standing agenda items to review and monitor internal and external emerging risks; IT and cyber risks; internal audit; and safety, health, environmental and quality (SHEQ) assurance. The Committee also provides the Board with visibility of the principal risks facing the organisation through quarterly reports.

Risk management

While our Board owns and oversees our risk management programme, risk management accountability is embedded throughout our organisation:

- Our first line of defence, our employees, have a responsibility to manage day-to-day risk in their own areas guided by Group policies, procedures, control frameworks and risk appetite. Local management, and ultimately the Executive, ensure that risks are managed and actioned according to these frameworks
- The second line of defence is provided by management team review of each risk register, culminating in review by the Risk Committee
- The third line of defence is through assurance over the effectiveness of mitigating controls, which is provided through internal audits, supplemented by reports from external assurance providers
- Our Global Crisis Management Plan, which is in place to manage significant risk events, is owned by the Executive Committee
- Croda's Group Fraud Policy, Group Code of Conduct, Group Code of Ethics and Group Whistleblowing Policy in addition to our controls framework are in place to prevent and detect fraud. Annually the Audit Committee reviews the adequacy and effectiveness of the Company's anti-fraud procedures.
- Our process for managing climate-related risks is integrated into our global risk management framework. In collaboration with our Sustainability team, we adhere to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose the effectiveness of our management of climate-related risks and opportunities. In 2024 we completed a Double Materiality Assessment considering Croda's Environmental, Social and Governance impacts, risks and opportunities. The financially material risks identified by the assessment have been incorporated into our global risk management framework. For more information, please refer to pages 37-49.

Emerging risks

We consider emerging risks and opportunities as part of our risk landscape and define them as those whose effects have not yet been substantially realised and whose evolution is highly uncertain.

The Risk Committee reviews emerging risks and opportunities from internal and external sources at its quarterly meetings and considers whether they should be included in our risk register.

Emerging risks can be slow moving, when they have potential to materialise in more than a year, or rapid velocity, which are those that may materialise within the next year. The later are closely monitored and actively managed.

Risk appetite

Compiled based on our company values, strategy, and capacity to absorb risk, we define risk appetite statements and allocate appetite and tolerance scores for each risk subcategory.

Risk appetite indicates the level of risk that Croda deems appropriate in pursuit of a specific objective or strategy, guiding our control posture towards each type of risk. By indicating which areas require more stringent controls in comparison to those where excessive controls might be prejudicial, risk appetite supports the definition of material controls for each principal risk.

We assess the appetite status of each risk by comparing residual risk scores with risk appetite and tolerance scores. At Croda, the appetite status is not used as a target or bar but serves as a basis for discussing the effectiveness of current controls, identifying risks that need additional mitigation, and determining their priority.

Risk appetite statements serve as an effective tool to communicate the Company's stance towards various types of risk, providing consistent guidance for decision-making throughout the organisation.

Our risk framework

What we monitor

Executive risk register

Summary of the principal risks facing us prepared by combining risks identified through the local bottom-up registers with group-level risks identified by the Executive Committee

Our risk landscape

Current risks
Risks we are managing now that could inhibit us from achieving our strategic objectives

Emerging risks
Risks and opportunities that have not yet been significantly realised and whose development remains highly uncertain

What we assess

Risk ownership: each risk has a named owner

Likelihood and impact: globally applied 5x5 scoring scale

Inherent risk: before mitigating controls

Controls: subject to internal audit review and monitoring

Residual risk: after mitigating controls are applied

Risk appetite and tolerance: defined at parent risk statement level

Appetite status: comparison of residual risk against appetite and tolerance, prompt discussion around control effectiveness

Responses: for further mitigation if required

Risk categories we assess

Six categories:

- Strategic
- People and culture
- Process
- External environment
- Business systems and security
- Financial

Bottom-up registers

Owned by business, regions, manufacturing sites and functions, they identify local risks and mitigating controls arising from day-to-day operations in over 40 risk registers globally.

How we monitor

Board

Responsible for the risk framework and definition of risk appetite.

Reviews key risks with an opportunity for in-depth discussion of specific key risks and mitigating controls annually.

Audit Committee

Reviews the effectiveness of the Group risk management process.

Reviews assurance over mitigating controls, directing internal audit to undertake assurance reviews for selected key risks.

Risk Committee

Chaired by Chief Finance Officer

Meets quarterly to monitor and review risks other than SHEQ, ethics and sustainability. Considers the results of internal audit work for all risks.

Executive-Level Sustainability Committee

Chaired by Group General Counsel, Company Secretary and President Sustainability

Meets quarterly to oversee the development, measurement and delivery of our sustainability strategy and related risks and opportunities. Also reviews ethics risks. Monitors against agreed KPIs. Considers the results of assurance audits over ethics controls.

Group SHEQ Steering Committee

Chaired by President Global Operations

Meets quarterly to review SHEQ risks. Monitors against targets and agreed KPIs. Considers the results of assurance audits over SHEQ controls.

Principal risks

We consider principal risks to be those risks, or combination of risks, that, were they to arise and not be effectively mitigated, would cause serious disruption to our business model, threatening future performance, solvency, liquidity or our ability to deliver our strategy. Risks at this level are recorded in our Executive Risk Register with a high inherent score.

The Directors have carried out a robust assessment of the emerging and principal risks facing the Group. The following table lists our principal risks, their respective trends, connections to our strategy and business model, their significance, our responses, and the actions taken in 2024 to mitigate them.

Strategic

Risk	Why this matters to us	How we respond	What we have done in 2024
Revenue generation ↔ ● PD CS Risk owner: Business Presidents	Our ambition is to deliver consistent top and bottom-line growth, with profit growing ahead of sales, ahead of volume. To grow, we need to innovate and also keep pace with our customers as they serve consumers globally in established markets and higher-risk developing markets. Failure to manage these challenges and the consequences of geopolitical tensions will adversely impact delivery of our growth objective. Acquisitions of adjacent technologies will dilute growth if they are not effectively integrated.	Through our global sector sales, marketing and technology teams, we identify consumer trends and respond swiftly to satisfy customer needs through key technologies. We measure our Net Promoter Score (NPS) to gauge customer satisfaction and loyalty, helping to improve products and services based on feedback. Our direct selling model enhances customer intimacy (see our competitive advantages – customer intimacy on page 4 for details). Our resilient business model and focus on controlling costs, managing cash flow and increasing sales activity helps to mitigate the impact of difficult trading conditions (see our competitive advantages – our approach to growth on page 4 for details).	• Worked with our strategic customers to regain share in the less differentiated part of our Beauty Care portfolio to increase our volume leverage • Opened a new sales office, laboratory and customer experience centre in Dubai to take advantage of the rapidly growing Middle East market, particularly in fragrances • Continued on track with the construction of new manufacturing facilities in India, China and the USA to deliver Croda's new technology and product innovation into the market • Expanded our global reach for the Ceramide and Phospholipid portfolios we acquired in Korea, training our sales teams, enabling us to exit distribution agreements and go direct to market • Continue to build the portfolio and stock of commercial ready cGMP lipids from our research catalogue • Invested in new capacity at our European seed enhancement facility to meet strong demand • Our 2024 NPS was +32, in line with previous year

Risk trend

- ↑ Risk increase
- ↔ No change
- ↓ Risk decrease

Link to our strategy (page 16)

- Sustainability
- Innovation
- Growth

Link to our business model (page 5)

- GN Global Needs
- PD Problem Discovery
- SD Solution Development
- IM Ingredient Manufacture
- CS Commercial Supply
- GI Global Impact

Strategic continued

Risk	Why this matters to us	How we respond	What we have done in 2024
Product and technology innovation and protection PD SD Risk owner: Business Presidents	Innovation is the lifeblood of our business. It plays a critical role across our operations; it differentiates us from the competition, protects sales and improves our margins. Failure to leverage our global innovation teams could lead to a reduction in New and Protected Products (NPP), impacting growth and margin. Failure to protect our intellectual property (IP) in these products in existing and new markets could undermine our competitive advantage.	Our technical research and development (R&D) teams, based in our customer innovation centres and application laboratories globally, focus innovation on customer and market needs and are embedded across our business (see value creation, from discovery to supply – problem discovery on page 5 for details). We invest in: R&D, open innovation and smart partnership programmes, developing premium niches and disruptive technology acquisitions (see value creation, from discovery to supply – solution development on page 5 for details). Our specialist IP team protects new products and technologies, defending our IP and challenging third-party IP where appropriate (see our competitive advantages – innovation leadership on page 4 for details).	• Reorganised our R&D teams to ensure a balanced approach to long term strategic innovation while also being able to rapidly respond to localised trends through improved market/customer alignment and focus • Created specific teams dedicated to the support of customers to enable rapid response to customer problems, education and training • Developed long term plans in collaboration with academic partners to facilitate research programme which support of net zero sustainability ambitions • Leveraged our expertise in France alongside our new capability in Korea in skin actives to ensure continued technical leadership in this sector • Continued the programme of innovation and scale-up in focus areas, including protein delivery, nucleic acid delivery, vaccine adjuvant systems, aqueous dispersants for pharma and block polymers for crop applications. • Launched new products into the pharma market for vaccine adjuvants and bioprocessing
Digital technology innovation PD SD IM CS Risk owner: Chief Financial Officer	Digital technology is transforming Croda, reshaping markets and driving value for customers, employees, and the broader business ecosystem. Customers demand greater product transparency and more intuitive digital experiences. By embracing digital and data innovation, Croda maintains its competitive edge, meets customer and employee needs, enhances operational efficiency, and fosters sustainable growth. With the rapid evolution of AI, the risks and opportunities surrounding digital technology innovation are increasing.	Croda is intensifying its focus on technology and digital strategy, aligning it with business needs. We are establishing centres of excellence for AI leadership in EMEA and process automation in Latin America. Our global leadership leverages the rapidly evolving digital landscape, while local teams develop agile solutions tailored to market needs. We are committed to creating an integrated digital experience across our value creation model, ensuring competitiveness and innovation in meeting customer demands and enhancing the employee experience.	• Implementation of data and advanced analytics (AI) to gain insights and improve decision-making, and the continued adoption of cloud computing for scalability and flexibility • Launched a revamped website strengthening our online presence along with continued expansion of our customer portal aimed at allowing us to be more interactive and responsive to customer needs • Developed an AI tool to speed up time to create fragrances aligned with customer briefs • Our commitment to sustainability and innovation continued with successful piloting of a new Product Information Management system, global supplier integration platform deployment and Product Carbon Footprint portal launches

Strategic continued

Risk	Why this matters to us	How we respond	What we have done in 2024
Delivering sustainable solutions – Climate, Land and People Positive GN IM GI Risk owner: Group General Counsel, Company Secretary and President Sustainability	We have made a bold Commitment to be Climate, Land and People Positive by 2030, aligning our smart science with the United Nations Sustainable Development Goals (SDGs). We are committed to delivering improvements in line with the objective to limit global temperature rises to no more than 1.5°C above pre-industrial levels. Climate change, biodiversity loss and rising inequality are changing consumer and other end-user demands, making sustainability leadership a key differentiator for our customers. Failure to remain ahead of our competitors and to deliver on our stretching 2030 targets will damage our reputation as a sustainability leader and compromise growth.	The Executive-level Sustainability Committee, which meets quarterly and is chaired by our Group General Counsel, Company Secretary and President Sustainability, monitors progress and allocates the necessary resources to meet our targets, with accountability embedded across the organisation. The central Group Sustainability team provides subject matter expertise, assists in measuring and reporting internally and leads our external reporting and assurance of non-financial data. We see more opportunity than risk in helping our customers meet the challenging targets they have set to improve their impacts on planet and society. Refer to our Sustainability Impact Report 2024 for more information on our approach.	• Updated and increased the breadth of our product-level carbon footprint data for the majority of our ingredients across all markets, to enable our customers to make decisions that will help meet their climate targets • Completed our first Double Materiality Assessment, engaging with over 100 external stakeholders and employees • The new Board-level Sustainability Oversight Committee has met four times to oversee our approach to managing the risks and opportunities associated with sustainability, including regulatory compliance • Continued to include sustainability targets into our senior-level long-term incentive plans and our annual bonus scheme • Invested in our capabilities to generate steam from alternative sources, reducing natural gas consumption and GHG emissions
Management of business change GN PD SD IM CS GI Risk owner: Group Chief Executive	Delivery of our strategy requires significant business change globally, including acquisition of businesses and investment in our capital expenditure programme. Such transformational change has the potential to distract the organisation, resulting in failure to deliver expected results, or at worst destroy value. As we approach the completion of an investment cycle, with new facilities coming on-stream in the coming years, and initiate an transformative multi-year operational efficiency programme (see details on page 13), effective change management becomes increasingly critical, thus contributing to the upward risk trend.	We have refocused our portfolio, so our capabilities address consumer and our customer needs (see value creation, from discovery to supply – global needs on page 5 for details). The Board and Executive have oversight of the strategic projects and receive regular updates on status and progress. Skilled programme managers, supported by external consultants, lead our delivery of change programmes and our Capital Project Director monitors and oversees the capital investment programme.	• Introduction of new organisational structure to simplify the organisation and help create a high-performing inclusive culture, which will enhance customer responsiveness • Progress has been made to harmonise standards and enhance processes, establishing a robust foundation for achieving operational excellence • Continued on track with the construction of three greenfield facilities in India, China and the USA • Initiated an operational efficiencies programme comprising of multi-year transformative workstreams to simplify business processes, modernise the way we work, and reduce costs (see details on page 13)

People and culture

Risk	Why this matters to us	How we respond	What we have done in 2024
Our people – culture, wellbeing, talent development and retention GN PD SD IM CS GI Risk owner: President Human Resources	Retaining and developing the experience and motivation of all our knowledgeable and diverse employees is critical to maintaining our ability to deliver our strategic priorities. Failing to maintain our distinctive Croda culture within which people thrive and which attracts new and diverse talent to join the Company would significantly damage our ability to innovate.	A clear Purpose, strong development culture, excellent learning opportunities and competitive reward programmes support the retention, engagement and career development of the high-quality teams we need (see our competitive advantages – 'One Croda' culture on page 4 for details). Global graduate and management development programmes include stretching and high-profile assignments and provide a pipeline of internal talent. Our bi-annual global talent review process considers resources and succession plans for critical roles, with actions monitored by the Executive Committee and the Board.	• Recruited 44 graduates across all four regions, with diverse skills and capabilities, focussing on future needs • Reduced total attrition rate by 2%, with a similar decrease in leavers with less than two years' service • Enhanced our talent and development offerings by providing better structure around development planning • Delivered leadership development programmes to our high potential talent • Held Board-led Town Halls and Employee Listening Groups to inform Board decision making • Rolled out our new YourVoice employee experience platform to enhance engagement and foster an inclusive culture • Launched the Croda Alumni to keep our retired experts connected with our specialist communities and enable them to share their knowledge post-retirement

Process

Risk	Why this matters to us	How we respond	What we have done in 2024
Product quality IM Risk owner: President Operations	We sell into several highly regulated applications and the transition to a focused Consumer Care and Life Sciences business increases our exposure to this environment. Weak product quality control leading to non-compliance with our customers' stringent product quality requirements and global and local regulation could expose us to liability claims, significant reputational damage and compromise our ability to deliver growth.	Monitored by Croda's Group SHEQ Steering Committee, our sites are certified to demanding external quality standards highly valued by our customers (including ISO 9001, Active Substance GMP, EFfCI and EXCiPACT). Our global network of quality professionals enforces compliance with the Group Quality manual, assured through internal audits delivered by our specialist Group Quality audit team and external body certification audits. Croda proactively works with relevant trade associations to shape future regulation.	• Refreshed quality strategy and directional approach, to continue progress to 99.5% right first time (RFT) in manufacturing, and balance compliance, quality assurance and continuous improvement • Progressed toward our 2030 target of achieving 99.5% right first time in manufacturing. The Company ended 2024 with an RFT rate of 98.6% (2023: 98.4%). • Reviewed internal audit approach and developed six-year audit plan. Risk-based audit approach implemented to balance the usage of maturity assessment audits and compliance audits, which when combined enhance the effectiveness of our quality management systems and ensure compliance requirements are being met

Risk	Why this matters to us	How we respond	What we have done in 2024
Loss of significant manufacturing site (major safety or environmental incident) IM Risk owner: President Operations	We rely on the continued sustainable operation of our manufacturing sites around the world, including newly acquired sites. Climate change directly impacting the location of a site or availability of utilities used, or a major event causing loss of production and violating safety, health or environmental regulations, could limit our operations. This could also expose the Group to liability, cost and reputational damage, especially in light of our commitment to sustainability and customer service.	Monitored by our Group SHEQ Steering Committee, our global network of site-based safety professionals enforces compliance with global policies and procedures defined in the Group SHE manual. Assurance is provided by the specialist Group SHE internal audit team, while external auditors certify our compliance with international safety standards. Our sites are certified to ISO 14001/45001 standards. Additionally, local emergency response plans are in place which are regularly tested.	• High priority process safety equipment assessed and improved where necessary across all high-risk sites • Process risk peer review programmes have been completed across all relevant sites at the end of 2024 • A new risk-based auditing programme was introduced, including an in-depth process safety assessment • All 500 senior leadership team members committed to personal objectives to deliver improved SHE performance and create a 'SHE is a Value' culture

External environment

Risk	Why this matters to us	How we respond	What we have done in 2024
Ethics and compliance GN PD SD IM CS GI Risk owner: Group General Counsel, Company Secretary and President Sustainability	At Croda, compliance is at the heart of everything we do. We strive to conduct our business in accordance with all applicable laws and regulations, including UK ethics legislation which has extra territorial scope, human rights legislation, competition laws, data privacy laws and tax laws. Through our Purpose, Smart science to improve lives™, we are firmly committed to upholding the highest standards of integrity and ethical behaviours in our business dealings in our global activities. Our continued growth into higher-risk markets, the complexity of our supply chain and the introduction of new regulation create an elevated compliance and reputational risk.	The Executive-level Sustainability Committee oversees the Group's ethics and human rights strategies and is responsible for reinforcing a culture of integrity, transparency and fairness in business dealings. The Compliance team has responsibility for the development, reinforcement, oversight and cascade of the Group's compliance programmes. In 2024, Croda created the Ethics Forum, which meets quarterly to consider new legislation, review the effectiveness of current processes (including monitoring annual training programmes) and promote the importance of ethics and compliance across our business and among key stakeholders. Our Audit Committee reviews the effectiveness of the Group's compliance procedures on an annual basis.	• Created the Ethics Forum to promote the importance of ethics and compliance across our business and among key stakeholders • Continued with the development and roll-out of the human rights programme, designing specific due diligence methodologies and processes • Carried out deep dives and reviews of the different elements of our ethics programme in order to identify weaknesses and improvement areas as part of our continuous improvement commitment • Developed training materials to strengthen our ethics and compliance programme including training videos and leaflets in several languages • Investigated reports received through the Speak Up system, our whistleblowing line
Security of business information and networks GN PD SD IM CS GI Risk owner: Chief Financial Officer	As technology advances, the associated security threats and potential business impacts become more complex. Securing our information and networks is crucial for Croda to protect intellectual property and production, maintain customer trust, and comply with an increasingly intricate regulatory landscape. By prioritising security, we enable safe collaboration and innovation, which are essential for growth, maintaining a competitive edge, and being a responsible part of our wider business ecosystem.	To address the growing complexity of technology and security threats, Croda has invested in advanced security technologies, established comprehensive security policies, and conducted regular employee training. Additionally, strengthening our GMP compliance and operational technology (OT) security, and collaborating with industry partners to share knowledge and develop collective defence strategies, has enhanced Croda's security posture, protecting assets and maintaining customer trust while fostering innovation and growth.	• Enhanced threat detection and vulnerability management within OT security, a crucial initiative that will continue through 2025 • Invested in new processes and technologies to gain insights into the cyber risks of our supply chain. By utilising this technology, we aim to improve our internal footprint and further secure the organisation • Continuous improvement is a central aspect of the security programme, which has strengthened key fundamentals within the security framework during 2024, such as patching and vulnerability management, access control and security testing

Long-term viability statement

Confirmation of viability

Based on their assessment of its prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Directors also considered it appropriate to prepare the financial statements on a going concern basis, as explained in the Group accounting policies (page 127).

Assessment of viability

We assess viability through two lenses: a 'top-down' test which quantifies the magnitude of profit or loss required to endanger liquidity and our bank covenants and a 'bottom-up' assessment that makes use of downside scenario models, which reflect the key risks facing the Group, to test against the Group's financial headroom and leverage over the viability period.

We evaluate the Group's future outlook through five-year strategic and capital investment plans, with three-year detailed financial modelling being prepared. Most of the detailed sector delivery plans also look forward three years, including product innovation, manufacturing expansion timescale and market development. We chose to use a three-year period for the viability assessment because, given the inherent uncertainty of long-term planning, we believe this is the horizon that provides the most appropriate balance between accuracy and long-term visibility.

Our strategic plan is built from a bottom-up sector view considering different macroeconomic scenarios and near-term risk factors, including weaker demand, inflation and raw material price changes. The base case model is used to assess the impact for both the viability statement and the going concern assessments. For more on going concern see page 127.

Top-down liquidity headroom

We assess our overall capacity to withstand catastrophic events by stress testing the adjusted EBITDA reduction required to trigger a default under our funding covenants, and liquidity headroom available from committed debt facilities, including any which mature within the viability period:

- Bank leverage covenant: the leverage ratio at the end of 2024 of 1.4x remains substantially below the maximum covenant level under the Group's debt facilities of 3.5x. Based on 2024 results, stress testing assesses that adjusted operating profit would need to fall by 75% to trigger an event of default. In the event that breaching the maximum covenant level was possible, we would also take additional unmodelled action to conserve cash and improve the covenant position (we also test the impact on our interest covenant; however, with a high level of fixed rate debt, there is no plausible scenario which endangers compliance with this covenant);
- Unused committed liquidity headroom: as at 31 December 2024, over 70% of current committed debt facilities of £1,075.8m mature after the end of the viability period, with current committed unused headroom of £418.0m (see financial review on page 27 for more details). In normal lending market circumstances, we would expect to have ample access to renew facilities as these mature. The Company therefore expects to have the necessary liquidity headroom available to cope with unexpected risk events during the viability period.

Bottom-up risk scenario headroom

Using the 'base case' model, individual downside scenario events were identified and modelled. In addition, five severe but plausible combinations of these individual scenario events (labelled A to E on the table in the opposite column) were tested to assess the potential combined downside impact on the liquidity and covenant headroom of the Group over the three-year viability period. None of the individual scenarios or scenario combinations was found to endanger the liquidity or covenant requirements over the viability period.

The key scenarios tested were as follows:

Scenario	Key assumptions	Principal risks	Scenario combinations A	B	C	D	E
New entrants or enhanced competition in our market space make significant inroads into our business	Loss of business in Consumer Care, Life Sciences and Industrial Specialties	1				X	X
Regulatory or reputational issues affecting individual products or product groups	Loss of contribution from significant products	1					X
Disruptive production or digital customer interaction technologies are brought to the market by competitors and we lose competitiveness	Loss of business in a major technology platform and competitive attrition within Consumer Care and Life Sciences customers	2 3					
Failure to secure supply of key raw materials	Loss of contribution from products affected by lack of constrained raw materials	1	X				
Catastrophic incident leading to complete loss of a manufacturing site	Uninsured loss of major manufacturing site resulting in lost margin for an extended period	8		X			
Major ethics and compliance breach leading to government investigation and fine	Loss of business due to reputational damage, in addition to cost of fines and legal expenses	9					
Loss of main ERP system for prolonged time	Loss of contribution margin during the ERP outage, mitigated by business continuity actions	10					
Cyber attack	A significant cyber attack damages reputation and results in disruption of processes, in addition to costs of data recovery	10		X			
Failure to demonstrate delivery against sustainability commitments	Reputational damage, leading to loss of business in all sectors	4	X				
Product quality failure leading to a product recall	Financial impact from damages and legal costs	7				X	
Failure to deliver expected benefits from a large capital expenditure	Revenue growth from large capital expenditure is not realised	5			X		
Failure to attract, retain and develop the necessary skills to deliver the expected growth	Sales growth rate is affected by lack of necessary skills	6			X		

The principal risks to which these scenarios relate are as follows:

1. Revenue generation; 2. Product and technology innovation and protection; 3. Digital technology innovation; 4. Delivering sustainable solutions – Climate, Land and People Positive; 5. Management of business change; 6. Our people – culture, wellbeing, talent development and retention; 7. Product quality; 8. Loss of significant manufacturing site (major safety or environmental incident); 9. Ethics and compliance; 10. Security of business information and networks

Non-financial disclosures

Task Force on Climate-related Financial Disclosures (TCFD)

Croda has long recognised the scale of the climate emergency, which we believe creates both opportunities and risks to our future growth. We develop innovative products which help our customers to reduce their own carbon footprint and we set stretching climate-related targets as part of our Commitment to become Climate Positive[1] by 2030 (Sustainability Impact Report (SIR) – page 13).

On pages 37 to 47 of this report we summarise material climate-related disclosures consistent with the four pillars and 11 disclosures proposed by the TCFD, including the "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" released in October 2021. As part of these disclosures we have considered the guidance in Section C "Guidance for all Sectors" and Section E "Supplemental Guidance for Non-Financial Groups – Materials and Buildings" of the TCFD Annex. We also reference links to further information which can be found in our Annual Report, Sustainability Impact Report (SIR) and Croda Reporting Hub to supplement our compliance. We cross refer to our SIR throughout this TCFD section as that report offers us additional space to explain our strategic Climate Positive commitment, to illustrate this through case studies (SIR page 12) and enhance our explanation of our targets, metrics and progress (SIR pages 18 to 21). We continue to work to remain aligned with evolving climate and non-financial disclosure requirements as required by the Listing Rules.

Governance

	How we comply	What we have done in 2024	Next steps and timeframes supporting further improvement
a) Describe the Board's oversight of climate-related risks and opportunities	As one of the three pillars of our Commitment (page 18), climate risks and opportunities are core to our overall strategy and as such the Board considers climate-related issues as part of its annual review of the strategy described on page 55. The Board is accountable for all risks, including those relating to climate, and reviews these annually. The Board Sustainability Oversight Committee, created in 2023, brings continued focus, challenge and support to this area and helps build Board competency to enable effective oversight and challenge to Croda's sustainability strategy and risks. It receives a quarterly report from the Chief Sustainability Officer, as well as minutes and discussion materials from the Executive Sustainability Committee meeting, which consider progress against climate targets and metrics, including the risks to delivering these. The Board approves significant capital expenditure and acquisition proposals and has oversight of the Group's innovation strategy, ensuring that these align with our climate and decarbonisation goals. The Remuneration Committee agrees climate-related performance objectives which are incorporated into senior leadership remuneration (page 74). The Board guides the leadership values that are key to Croda, helping ensure we build future leadership competencies that include sustainability and decarbonisation.	The Board Sustainability Oversight Committee met four times in 2024 (see page 68 for Committee Report). The Committee spent significant time building its competency with sessions led by subject matter experts on themes around Net Zero, scope 3 GHG emissions, ESG regulations and nature. The Committee oversaw the Double Materiality Assessment process, essential for compliance with the Corporate Sustainability Reporting Directive (CSRD), approving the material Impacts, Risks and Opportunities, including those connected to the detailed requirements of the regulation set out in Environmental Sustainability Reporting Standard E1 (Climate Change). The Audit Committee approved the reappointment of KPMG to provide limited assurance of a set of Climate Positive, Land Positive, and People Positive KPIs (page 71).	The Board Sustainability Oversight Committee priorities for 2025 include overseeing Croda's approach to CSRD compliance and corporate sustainability strategy refresh process. The Audit Committee will continue its oversight of non-Financial KPIs as we review the scope of metrics assured.
b) Describe management's role in assessing and managing climate related risks	The Board delegates responsibility for running the business to the Group Chief Executive Officer and the Executive Committee, which includes responsibility for managing climate related issues. A sub-committee, the Sustainability Committee, meets at least quarterly, chaired by the Group General Counsel, Company Secretary and President Sustainability, who is supported by the Group Sustainability team. The Committee comprises senior leaders (including an executive sponsor for Climate Positive, the President of Global Operations, Mark Robinson) from across the business, each of whom has a responsibility to identify further strategic opportunities, understand the risks posed in delivery of the strategy, monitor progress towards declared targets and coordinate Group-wide engagement with our sustainability targets. Through our risk management framework (page 30) climate-related risks are captured, assessed, mitigated and owned at the appropriate level of the organisation. Our organisation structure is shown in the Governance section of the Sustainability Impact Report (page 22).	The Sustainability Committee met five times in 2024 and work was carried out to review climate-related risks and opportunities, particularly resulting from the first Double Materiality Assessment completed. Following internal reorganisation, accountabilities and responsibilities for climate-related risks and opportunities were identified across the organisation, embedding ownership close to impact.	Enhance framework for sustainability risks, controls and oversight in the new enterprise risk management system. Roll out training across the business to support a consistent approach to the assessment of climate risks. Launch a new competency framework, the Sustainability Academy, that will prioritise climate-related knowledge building in 2025, prioritising key teams and leaders who are required to own climate-related risks or take action.

1. 'Climate Positive' is not considered a technical term with recognised definition, it is the branding Croda have used for our combined climate targets since we publicly launched this strategy in 2020 and indicates our efforts to go further than reducing our own carbon footprint.

Strategy

	How we comply	What we have done in 2024	Next steps and timeframes supporting further improvement
a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term	Our definition of short-, medium- and long-term time horizons is included on page 40 and they are aligned with business planning, strategic sustainability commitments to 2030 and interim milestones for delivery. Climate-related physical and transitional risks and opportunities are assessed using our global risk framework, described on page 30 of this report. They include increased raw material costs, carbon pricing, emerging regulation and the effects on our people and working environment. The four most impactful climate-related risks, and how these were selected, are described in more detail on page 44 of this report, together with a summary of other less impactful risk themes identified from our bottom-up risk registers.	The Sustainability Committee reviewed significant sustainability-related risks following the output of a Double Materiality Assessment process, transferring ownership to leaders as appropriate to allow improved monitoring and control. Group Sustainability were engaged during the migration to a new enterprise risk management system and will support further development to build in the framework for climate and other sustainability risks as it is enhanced.	Enhance framework for sustainability risks, controls and oversight in new enterprise risk management system. Perform a full review of the Climate Scenario Analysis in 2025.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Delivery of climate-related commitments identified in our Climate Positive strategy form a core part of our overall business strategy and as such the impact of not delivering our climate-related objectives is significant. We reflect this in our principal business risks on page 33. The financial impact of the four highest risks in our register is described in more detail on pages 45 to 47 of this report. Since 2020 we have applied an internal shadow carbon price to capital investment to help to prioritise projects that will reduce scope 1 and 2 emissions. Following review in 2024 the price has been maintained at £124/MT CO_2e for 2025. All capital projects over £100k are required to complete a sustainability impact assessment. The impact of increased capital cost on impairment and useful economic life is considered on page 127. Since 2021 carbon budgets have been presented annually alongside the financial budgets by the businesses, which consider the impact of the short- and long-term site decarbonisation plans.	Scope 3 upstream emissions were included in our annual budget process for the first time, ensuring they are prioritised for action by the businesses. We developed Net Zero[1] Roadmaps for technology platforms representing >45% of our product-related carbon footprint, to support the transformation and future preparedness of our business to grow. Sustainability strategies for our individual businesses were updated following the outcomes of the Double Materiality Assessment (DMA) based on stakeholder input received relating to climate risks and opportunities. We conducted a significant review of our corporate carbon footprint, identifying potential material rebaselining to be considered. It is worth noting that carbon offsets form no part of our decarbonisation strategy to 2030.	Refresh our investment and innovation frameworks to fully consider decarbonisation impacts and climate risks. Refresh our corporate strategy relating to climate, as a result of the material impacts risks and opportunities identified during the DMA. Continue development of further Net Zero roadmaps for product technologies that cover at least 75% of our total, product-related carbon footprint.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios	Supported by external consultants, Accenture, we have a detailed climate scenario analysis (CSA) of the most impactful climate-related risks identified against three future climate-related scenarios to assess our resilience to these risks. Under each scenario we consider impact across six, five-year time periods, which is significantly in excess of our strategic planning horizon but is in line with our commitment to be net zero and our SBT targets. Our methodology is described in more detail on pages 40 and 41.	We developed Net Zero Roadmaps for key technology platforms, in part to build greater resilience to anticipated climate transitions. They are informing our development of a formal transition plan.	Continue the development of our formal transition plan aligned with the UK Transition Plan Task Force Framework.

1. Our definition of 'Net Zero' is aligned with the SBTi definition: Scope 1, 2 and 3 (upstream and downstream) emissions will have been reduced to a residual level (no more than 10% of baseline emissions). Any residual emissions are neutralised by permanent carbon removals to reach net zero emissions. Please refer to the Sustainability Impact Report p13 for more information.

Risk management

	How we comply	What we have done in 2024	Next steps and timeframes supporting further improvement
a) Describe the organisation's processes for identifying and assessing climate-related risks	The process for identifying climate-related risks, assessing both their impact and likelihood, is fully embedded as part of our global risk management process which is described on page 30. New and emerging risks and opportunities can be identified at a local level (mainly physical risks) or by the Sustainability Committee (emerging risks requiring action to be driven globally, or requiring more granular analysis). We have used the TCFD framework to support our assessment of climate-related risks. Impact and likelihood scoring for all risks uses the five-point scoring methodology defined in the Group risk framework. Emerging risks and opportunities include those resulting from the rapidly evolving climate and sustainability regulation. In both cases a business owner is identified, and the risk is assessed for both impact and likelihood using the global risk framework. As the impact of emerging risks on specific sites or regions is understood, local business owners are identified, and the risks are moved to local risk ownership to drive mitigating actions.	New enterprise risk management (ERM) system has been implemented which will allow for an improved controls process for climate and other sustainability risks to be built. The six-point scoring scale has been updated to a five-point scale, and all previous risk assessments have been re-based to the new scale to ensure consistency. We completed a Double Materiality Assessment considering Croda's Environmental, Social and Governance impacts, risks and opportunities. The financially material risks identified by the assessment have been incorporated into our ERM system.	Double Materiality Assessment to be assured (limited assurance). Perform a full review of the Climate Scenario Analysis in 2025.
b) and c) Describe the organisation's processes for managing climate-related risks. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Our Group risk framework, described on page 30, includes risk/opportunity areas across six categories and 17 subcategories, against which risk owners identify local interpretations. Sub-categories most relevant to climate include growth (organic and inorganic), innovation, production, sourcing, supply chain, and external environment, which incorporate the risks and opportunities referred to in appendix 1 of Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures June 2017. Whole Group transitional and emerging risks and opportunities are currently identified by the Sustainability Committee through the 'sustainability risk register'. When fully defined, these risks are migrated into the appropriate local risk register and transferred to local ownership. This includes risks identified through scenario analysis. Local physical climate-related risks (both acute and chronic) are already embedded and managed in local risk registers with local owners and mitigation actions defined.	We have defined our approach to governance of Net Zero roadmap development and a suitable roadmap quality standard. The Sustainability Committee reviewed significant sustainability-related risks, transferring ownership to business owners as appropriate to allow improved monitoring and control. A new enterprise risk management system has been implemented which will improve the tagging and local monitoring of climate-related risks. We piloted the new competency development framework, the Sustainability Academy.	Enhance framework for sustainability risks, controls and oversight in new enterprise risk management system. Formally embed accountabilities for climate-related risks across our business teams. Launch the Sustainability Academy to develop our knowledge and competence enabling the wider Croda community to assist in the identification of risks and mitigation improvements.

Climate scenario analysis (CSA) methodology

The CSA was conducted using a standard methodology in line with the TCFD's guidance. Climate scenarios defined primarily by the Network for Greening the Financial Systems (NGFS) and supplemented with comparable Shared Socioeconomic Pathways (SSP) and Orbitas Finance scenarios were used to model the potential climate-related risks and opportunities that Croda may be exposed to, which were identified through our risk assessment process described in more detail on pages 29 to 31 of this report.

Three climate scenarios

	Orderly	Disorderly	Hot House World
Description	Assumes climate policies are introduced early and become gradually more stringent. There is increased international coordination and commitment to achieving development goals that reduce inequality across and within countries. Consumption is generally oriented toward low material growth as well as lower resource and energy intensity.	Assumes uneven commitment to climate policies with some countries making relatively good progress while others fall short of expectations. Disorderly scenarios exhibit higher transition risks due to coordinated policies being delayed to latter half of the century and medium-term and immediate progress being divergent across countries and sectors.	Assumes the drive for economic and social development is coupled with increased emissions due to continued consumption of fossil fuels and the adoption of resource and energy-intensive lifestyles around the world. Climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant warming.
NGFS scenarios	Net Zero 2050	Delayed Transition, Divergent Net Zero	Current Policies
SSP scenarios	SSP 1-2.6	SSP 2-4.5	SSP 5-8.5
Orbitas scenarios	Co-ordinated Projects	-	Business As Usual Projections
Estimated 2100 warming	1.5-2°C	2-3°C	3°C+

Three time horizons:

Short-term: 0-3 years, this is aligned with our time horizon used in our viability assessment (page 36) and with our interim sustainability milestones focused on delivery by or ahead of this date.

Medium-term: 3–10 years, this is aligned to our strategic planning horizons. This time horizon encompasses targets supporting our Commitment to be Climate, Land and People Positive by 2030.

Long-term: 10–30 years, this is aligned to our longer-term aspirations including our Commitment to be net zero by 2050. This time horizon encompasses the typical lifetime of our plant and equipment.

Six time points:

The assessment considered six time points, each five years apart, from 2025 to 2050, with 2030 reflecting our medium-term timeframe.

Defining financial impact materiality:

Risk impact is assessed using the same five-point financial impact scale used in our group risk framework and is colour coded as follows:

Risk impact score	Financial impact
1	Opportunity – Minor Impact
2-3	Low – Moderate Impact
4-5	High – Critical Impact

Building the scenarios:

In line with good practice Croda commits to formally review the CSA at least every three years and will complete a full review in 2025. The CSA was first performed in 2021, then refined and re-baselined in 2022 to remove the contribution of the majority of the Performance Technologies and Industrial Chemicals business divested in June 2022 and include the climate footprint of businesses acquired in 2021. Multi-disciplinary workshop groups reviewed the assumptions for forecasting our growth (using financial assumptions used in our strategic forecasting process), and our demands for each of raw materials, energy and people. The baseline for our energy estimates and site water withdrawal are taken from our non-financial reporting system, Sphera, which is fed with quarterly actual data from all our sites globally. There have been no material changes to the organisation in 2024, and periodic risk reviews confirmed that our principal risks reported in 2022 remain relevant and no new principal risks were identified (see pages 31-35). No factors were identified to impact on the validity of the 2022 CSA.

Modelled in conjunction with external scenario data from the NGFS, Orbitas Finance and SSP to forecast and quantify the potential levels of climate-related financial risk in line with Croda's risk matrix (see pages 31-35), the results of our 2022 assessment are shared on pages 44 to 47.

For each transitional risk we also considered the impact under the assumption that Croda continues to operate as today (business as usual) and secondly that mitigating actions to meet our verified science based targets are successfully implemented. This clearly illustrates the significance of the mitigating steps Croda is taking.

Croda climate scenario analysis has been conducted at an organisational level; however, regions or sites that have material contributions to the overall risks have been identified, affording the opportunity to account for any dominant locations in the assumptions used.

Metrics and targets

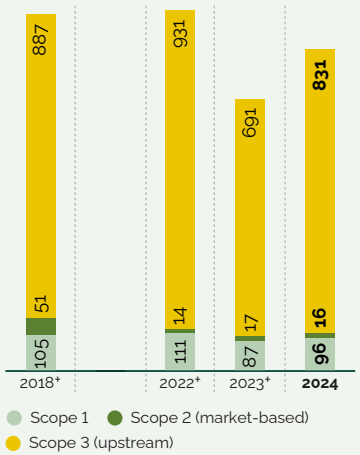
	How we comply	What we have done in 2024	Next steps and timeframes supporting further improvement
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Our sustainability strategy (SIR p6) defines strategic targets and milestones for 2030, progress towards which is reported quarterly to the Executive Committee and Board. The metrics used to assess progress, and a description of the targets are presented in more detail on page 43 and in our Sustainability Impact Report on pages 18 to 21 and cover the following: • Absolute Scope 1, 2 and upstream Scope 3 emissions and emissions intensity • Energy usage • Land area used and land area saved • Water Use Impact • Bio-based Raw Material • Process Waste to Landfill Further climate-related measures have been proposed for our primary transition and physical risks. These are presented alongside the relevant target on pages 45 to 47. The Remuneration Committee includes sustainability targets in the Performance Share Plan for senior executives currently relating to 15% of the award (page 78). We apply a shadow carbon price to capital expenditure projects, aiding prioritisation of those that result in reduced scope 1 and 2 emissions. This price is set at £124/tonne referencing UK Government guidance. Refer to page 127 for consideration of climate change on our financial impact performance and position.	We have evaluated the evolving guidance from SBTi and the GHG Protocol for chemical sector pathways and alternative feedstocks, ahead of refreshing our corporate sustainability strategy and supporting metrics. Our individual business sustainability strategies were updated which is helping advance our approach to land used/saved metrics. We clarified the definition of our "zero waste to landfill" metric and supported our sites to deliver on our 2024 milestone of zero process waste to landfill.	We will refresh our corporate sustainability strategy, including a review of the meaningful metrics that we require, supported by quality data. Develop improved data management controls, reviewing opportunities to enhance reporting accessibility to leadership at business, Executive and Board level. Enhance the suite of performance measures reported in line with CSRD disclosures.

Metrics and targets (cont.)

	How we comply	What we have done in 2024	Next steps and timeframes supporting further improvement
b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks	Scope 1, 2 and upstream Scope 3 greenhouse gas emissions and our calculation methodology are disclosed on page 43. Information on energy use, water withdrawal and waste is recorded in our Sphera system by all Croda locations globally as a single source of data for reporting of these and scope 1 and 2 emissions metrics. Our scope 3 upstream emissions are calculated using our automated corporate dashboard. Our 2024 GHG emissions and many other climate metrics (marked Δ in the Annual Report and Accounts and the Sustainability Impact Report) have been assured (limited assurance) under ISAE (UK) 3000 and ISAE 3410 by KPMG, our independent assurance provider (opinion statement can be found at www.croda.com/sustainability). Our chosen calculation of carbon intensity is not industry standard and uses 'value add' as a measure of profit. This allows us to demonstrate how we are decoupling economic growth from environmental impact.	Assisting customers and employees in decision making, our cradle-to-gate product-level carbon footprint data has now been launched to customers across all Croda's business covering more than 2000 individual products. We developed Net Zero roadmaps for technology platforms representing >47% of our product-related carbon footprint, to support the transformation and future preparedness of our business to grow. We refined our methodology and assumptions for our downstream Scope 3 inventory to better identify hotspots, prioritising collaboration with customers towards meaningful decarbonisation.	Continue development of further Net Zero roadmaps for product technologies that cover at least 75% of our total product-related carbon footprint.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have set strategic targets and milestones for 2030 as described in the Metrics and targets section a) and our Sustainability Impact Report pages 18-21. Progress towards meeting these targets is reported quarterly to the Executive Committee and Board. All targets are absolute. Supplemental information on our performance and progress is available in more detail on pages 18 to 21 of our Sustainability Impact Report. Refer to page 127 for consideration of climate change on our financial impact performance and position.	A detailed description of the targets and our progress towards these in 2024 is included in our Sustainability Impact Report on pages 18 to 21. Further information on our non-financial data is available in our Croda Reporting Hub on our website at www.croda.com/sustainability. KPMG engaged to provide limited assurance of our 2024 performance against a set of Climate Positive, Land Positive, and People Positive KPIs. The scope of the engagement was extended from 2023 to reflect strategic priorities and anticipation of regulatory demands. Their opinion and our reporting criteria document are available online at www.croda.com/sustainability.	Develop improved data management controls, reviewing opportunities to enhance reporting accessibility to leadership at business, Executive and Board level.

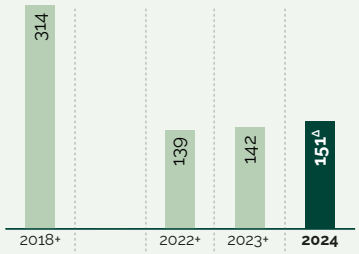
GHG emissions[1]

'000 tonnes CO_2e



GHG emissions intensity

tonnes CO_2e / £m value add



Emissions and energy usage

Emissions and energy usage	2024			2023		
	UK	Rest of world	Total	UK	Rest of world+	Total+
Scope 1/tonnes CO_2e	15,566	80,365	95,931Δ	15,025	72,342	87,367
Scope 2/tonnes CO_2e	64	15,836	15,900Δ	71	17,025	17,096
Total scope 1 and 2/tonnes CO_2e	15,630	96,201	111,831	15,096	89,367	104,463
Scope 1 energy consumption/kWh	83,592,375	574,532,959	658,125,334	80,224,063	502,825,940	583,050,003
Scope 2 energy consumption/kWh	21,318,505	213,994,224	235,312,729	21,012,965	188,394,131	209,407,096
Total energy consumption/kWh	104,910,880	788,527,183	893,438,063Δ	101,237,028	691,220,071	792,457,099

Emissions progress

Since 2018, our baseline year, our total scope 1 and 2 greenhouse gas (GHG) emissions[1] have reduced by 28%. Within this, scope 1 emissions decreased by 8% and we have seen a greater than 69% reduction in scope 2 emissions. Scope 1 and 2 GHG emissions from our UK operations were 15,630 TCO_2e in 2024 (2023: 15,096 TCO_2e) representing approximately 14% of our global GHG emissions. Scope 2 (location-based) emissions were 70,403 TCO_2e^{Δ} in 2024 (2023: 62,933 TCO_2e^{+})

In 2024 upstream scope 3[3] emissions increased by 20% from prior year due to an increase in output volumes and we have refined our methodology and assumptions for our downstream scope 3 inventory.

Limited assurance of GHG emissions data[Δ]

Δ indicates where metrics have been assured (limited assurance) under ISAE (UK) 3000 and ISAE 3410 by KPMG, our independent assurance provider. See www.croda.com/sustainability for details.

Emissions intensity

Our chosen measure of GHG emission intensity divides our GHG emissions (including market-based scope 2 emissions) by value added[2], a measure of our business activity. The GHG emission intensity for 2024 and 2023 are calculated using scope 1 and scope 2 emissions data and value add. The result for 2022 uses scope 1 and 2 emissions and an estimated value add if the PTIC divestment have been completed at 1 January 2022. The results for 2018 uses value add and scope 1 and scope 2 emissions inclusive of the divested locations. All acquisitions have been included in the GHG emissions numerator for all years, with no adjustment for the value add prior to date of acquisition.

On this basis, our GHG emissions intensity has improved by 52% since 2018, indicating we are decoupling growth from climate impact.

Energy consumption and efficiency improvements

In 2024 we consumed 893,438,063 kWh[Δ] (2023: 792,457,099 kWh[+]) of energy across our global operations. This included 104,910,880 kWh (2023: 101,237,028 kWh) consumed by UK operations.

As part of our strategy to improve the efficiency of energy consumption, 24 projects were implemented globally, realising 12,249,361 kWh of annualised efficiency improvements, equivalent to 2,333 TCO_2e.

+ See SIR page 21 for details of restatements

1. Our GHG inventory has been completed in accordance with the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard (Revised Edition) using the operational controls approach. Scope 1 emissions are calculated using UK Government emission conversion factors for greenhouse gas company reporting. Scope 2 emissions have been calculated in line with the market-based method set out in the GHG Protocol Scope 2 standard.
2. Value add: Croda Group adjusted operating profit before depreciation (excluding IFRS 16 depreciation), amortisation and Group employment costs including Directors, share-based payment costs and non-exceptional redundancies, at reported currency.
3. Our Scope 3 emissions are calculated in accordance with the GHG Protocol Corporate Value Chain Scope 3 standard and cover all relevant upstream categories. Scope 3 emissions are calculated using primarily LCA data (including industry recognised LCA from EcoInvent) and where this is not available, an Extended Environmental Input-Output (EEIO) model method – using spend data, to quantify the emissions associated with a sector of the economy in a given geography.

Identifying our highest impact climate risks and opportunities

Climate-related risks and opportunities are identified at all levels of our organisation and are assessed for both impact and likelihood using our global risk framework (page 30). Detailed scenario analysis was originally conducted in 2021 to investigate the risks identified to have the highest financial impact from these bottom-up assessments. The updated modelling in 2022 reduced the impact of climate on labour productivity, which we removed from our disclosure, and increased our assessment of water usage which we then introduced. We enhanced our reporting in 2023 to reflect our assessment of water impacts, disruption from both water stress and flooding, rather than simply water usage. We consider the geographical impact of these key risks below.

Transitional risks

Climate risk	Description of risk/opportunity	Geographical impact
Impact of carbon pricing on our emissions	Rising carbon emissions from our sites may impact profits through increased direct costs if emissions are taxed. Evolving local regulation in key markets and regions, such as the EU carbon border tax, will add further pressure.	Atlas Point is our largest contributor to scope 1 and 2 emissions and when viewed with our other sites in North America this region is the most material, accounting for c.42% of our scope 1 and 2 emissions. EMEA is the second most material region, accounting for c.24% of our scope 1 and scope 2 emissions.
Impact of carbon pricing on the cost of utilities, particularly natural gas	The increasing cost of natural gas resulting from recent geopolitical issues may increase further as a result of carbon pricing. Natural gas is a key utility used in our manufacturing process, accounting for 55% of our energy consumption.	Atlas Point is currently our largest consumer of natural gas and when viewed with our other manufacturing sites in North America this region is the most material, accounting for 50% of our natural gas consumption.

Physical risks

Climate risk	Description of risk/opportunity	Geographical impact
Climate change impact on the availability of natural raw materials	Potential changes in mean global temperatures are likely to affect the location, yield and type of crops grown around the world, with a resulting impact on raw material availability and cost. Palm oil derivatives form a significant volume of our raw materials and this trend is expected to continue.	Future change in the price of palm derivatives will have a direct effect on the cost of our palm-based products/ingredients. The use of palm oil derivatised raw materials is spread across our operations. Asia has the highest use 45% followed by EMEA 26% of our total purchased palm oil derivatives.
Water impact – water stress and flood risk	Changes in global climate can significantly increase/decrease precipitation at a given location over time. Potential changes in precipitation, reduced rainfall over extended periods and extreme rainfall events are likely to affect Croda sites 1) in water stressed locations by causing droughts or 2) in areas of increased riverine flood risk. This can have financial implications for local industry by impacting regional water supply, with loss of production due to flood damage leading to lost revenue and potential loss of business.	Changes in global climate have varied localised effects and therefore periods of both high and low precipitation levels will become increasingly extreme and prolonged. Sites located in water-stressed areas across Southern Europe, Northern Africa and Latin America are expected to face increasingly arid conditions. As reported in 2022 the scenario analysis has demonstrated that there is no material financial risk associated with operating our sites in water-stressed regions. Our Thane site located in an area of riverine flood risk in India, and those sites with recent flood events in Alabaster and Mevisa, are expected to face increasing risks. The results for the flood risk component have been reported on page 47.

Other climate-related risks/opportunities identified

Other climate-related risks currently assessed to have a lower impact are identified in our risk registers across products and services, distribution and supply chain, suppliers, R&D, operations and acquisitions and divestments.

The tables below set out the assumptions used, the risk profile generated and our planned mitigations for each of the four key climate risks selected. Our analysis shows that the financial risks they present to Croda could be managed by currently planned mitigating actions meaning that we would not have to materially change our strategy or business model and indicating confidence in the resilience of both. The impact of climate change is considered under our Accounting Policies - see page 127.

Impact of carbon pricing on our emissions

Driver for assumptions	Risk profile and financial impact	Mitigations and measures
Using Croda revenue and GHG emissions projections, the potential cost impact of increased carbon prices associated with Croda emissions (scope 1 and 2) was calculated. Predicted emissions were reviewed for assumptions of both no climate action (pro-rata for 2021 performance) and achievement of our net zero strategy, considering our validated SBT trajectory to 2030. The cost was modelled across the future climate-related scenarios using carbon price models at an organisational level from the NGFS database.	In a Hot House World scenario, the additional cost of carbon tax increases is limited, resulting in a minor level of financial risk to the business out to 2050. In both the Disorderly and Orderly transition scenarios the additional costs due to higher levels of carbon taxation and restrictive measures are forecast to expose Croda to high levels of financial risk beyond 2035 and 2040 respectively assuming a business-as-usual emissions trajectory. 2025 2030 2050 (Worst case of Disorderly transition) This is mitigated when following the planned emissions reduction trajectory in line with Croda's current verified Science Based Targets. 2025 2030 2050 (Disorderly transition after incorporating decarbonisation strategy)	Croda has a verified 1.5°C 2030 Science Based Target. Every location, including non-manufacturing sites, has a decarbonisation road map towards achieving a 50% reduction in scope 1 and 2 emissions by the end of 2029. The quality assessment process for these was externally validated by Accenture. While a high proportion of the reduction is based on alternative energy sources, assuring a high confidence level, our plans also cover reducing energy consumption and increasing energy efficiency. For example, our manufacturing site in Spain installed a heat recovery system and solar panels that led to a reduction in annual CO_2 emissions of 15%. Incotec's new highly sustainable Aquarela site in Holambra, Brazil has 788 solar panels installed on the roof, aiming to generate 100% of its electricity consumption, our site in Chocques, France, receives steam, vital for process heating, from a local municipal waste incinerator verified as having zero impact on the site's scope 2 emissions and several UK collaborative funding opportunities have been applied for to further accelerate the decarbonisation of our heat. A key project to commission a landfill gas powered boiler will further displace natural gas usage at our Atlas Point facility delivering potential carbon savings of 13,770TCO_2e from 2026. We apply a shadow carbon price to capital expenditure projects, aiding prioritisation of those that result in reduced scope 1 and 2 emissions. This price is set at £124/tonne, referencing UK Government guidance. Related targets and metrics: By 2030, we will have achieved our SBTs, reducing scope 1 and 2 emissions by 46.2% from a 2018 baseline, in line with limiting global warming to 1.5°C, and reducing upstream scope 3 emissions by 13.5% (see page 17 for progress) Potential carbon tax based on scope 1 and 2 (market-based) emissions x shadow carbon price: £13.9m 2024, £13.0m 2023 Potential carbon tax as % PBT: 5% 2024, 4% 2023

Impact of carbon pricing on utilities, particularly natural gas

Driver for assumptions	Risk profile and financial impact	Mitigations and measures
Using Croda revenue and natural gas usage projections, this scenario assessed the possible cost to Croda of increased natural gas prices. Predicted natural gas usage was reviewed for assumptions of both no climate action (pro-rata for 2021 performance) and achievement of our decarbonisation strategy. The cost was modelled across the future climate-related scenarios using natural gas price models at an organisational level from the NGFS database.	In a business-as-usual energy usage trajectory, the Hot House World scenario saw the lowest levels of financial risk, with a moderate risk level to 2050. In both the Disorderly and Orderly transition scenarios the additional costs due to natural gas price increases are expected to expose Croda to high levels of financial risk from 2045 and 2050 respectively. 2025 2030 2050 (Worst case of Disorderly transition) This is mitigated to low risk levels by implementing Croda's current decarbonisation strategy, resulting in reduced usage of natural gas: 2025 2030 2050 (Disorderly transition scenario after incorporating decarbonisation strategy)	The development of our decarbonisation road maps has enabled all locations to assess the opportunities for migrating to alternative energy sources, reducing energy consumption and increasing energy efficiency. Notable projects relating to natural gas substitution include the installation of a bioethanol boiler on our manufacturing site in Brazil, our Singapore site has switched from steam heat tracing to electrical, using less natural gas, and our Atlas Point site at Delaware, USA increased its landfill gas burning capability in 2023 to replace part of its natural gas demand and is due to increase this capacity from mid-2025. As a material consumer, the latter will substantially reduce Croda's overall exposure to natural gas pricing. **Related targets and metrics:** By 2030, we will have achieved our SBTs, reducing scope 1 and 2 emissions by 46.2% from a 2018 baseline, in line with limiting global warming to 1.5°C, and reducing upstream scope 3 emissions by 13.5% (see page 43 for progress against our emissions targets and details of our total energy consumption) PBT per kWh natural gas consumed: 0.53 / kWh 2024, 0.69 / kWh 2023

Risk impact score	Financial impact
1	Opportunity – Minor Impact
2-3	Low – Moderate Impact
4-5	High – Critical Impact

Impact of climate change on raw material availability

Driver for assumptions	Risk profile and financial impact	Mitigations and measures
The potential changes in the cost of sales that Croda may be exposed to has been modelled using the future percentage increase of palm oil prices (Orbitas – Climate Transition Risk Analyst Brief: Indonesian Palm Oil) against the total volumes and price of palm oil derivatives purchased by Croda in 2021. Indonesia is the dominant origin of Croda's supply. The cost of palm oil is forecast to expose Croda to varying levels of risk across the two different climate-related scenarios – Current Policies and Net Zero 2050 – for which clear models are available.	In the Hot House World scenario, the cost of palm oil increase is limited, resulting in a low level of financial risk to the business out to 2035, at which point the cost of palm oil is forecast to drop below the 2021 baseline cost resulting in a cost-saving opportunity for the business, driven by continual efficiency improvement in farming technologies (partially supported by Croda crop innovation) driving prices down. In an Orderly transition scenario, a predicted increase in the cost of palm oil (driven by increasing demand for palm oil as an alternative to fossil based oils for fuel) is expected to drive initially moderate impacts towards critical levels of financial risk by 2045. 2025 2030 2050 (Orderly transition)	Roundtable on Sustainable Palm Oil (RSPO) certified palm oil cultivation leads to increased yields due to more efficient farming practices, increasing availability of palm and palm kernel oil without further deforestation. Being a leading voice in industry and working with coalitions such as Action for Sustainable Derivatives (ASD) to drive further industry transition to RSPO helps to mitigate the risks associated with increased pricing due to lack of availability. 88% of our palm derivative purchases in 2024 were RSPO-certified and >95% of purchased volumes in 2023 were mapped back to either refineries, mills or plantations, working with ASD. For further details see page 14 of our Sustainability Impact Report. Our focus on high-value niches and differentiated products with unique characteristics also helps to mitigate this risk by enabling us to pass on raw material cost increases to our customers. **Related targets and metrics** By 2030, over 75% of our organic raw materials by weight will be bio-based, absorbing carbon from the atmosphere as they grow. 56%[A] in 2024 and 59% in 2023 of our organic raw materials were bio-based.

Water Impact - Riverine Flood risk

Driver for assumptions	Risk profile and financial impact	Mitigations and Measures
The most at-risk sites were identified as either being within areas of Extremely High Riverine Flood Risk from the WRI Aquaduct tool or have recently been exposed to flooding events. Using Croda revenue and assessment of financial impact (lost production leading to lost revenue and potential loss of business), this scenario assessed the possible cost to Croda of damage from river floods. The cost was modelled across the future climate related scenarios in line with expected annual growth rate (CAGR) and increase in Annual Expected Damage from River Floods for India from the NGFS database. India was chosen due to the higher risk of flooding at Croda's sites in this area.	In all three forecasted climate scenarios (Hot House World, Disorderly and Orderly), the predicted cost increase as a result of Annual Expected Damage from River Floods reaches 'high' levels of financial risk to the business by 2040. This gradual increase in financial exposure is replicated across all four sites in the analysis. 2025 2030 2050 (Orderly transition)	Following a specific risk assessment conducted by Croda's insurers, with recommended controls, the residual risk is relatively low to the business. Specific measures underway include implementing flood mitigation strategies including flood monitoring, hard defences in the form of flood barriers and soft defences such as marshland/wetlands. Contingency plans and controls are in place for these variations and flooding scenarios. Croda has multiple sites which can produce products which alleviates this issue, and there is a large investment in the region to mitigate this. To measure our water use impact, Croda developed an internal methodology that considers the entire water cycle and accounts for the social, environmental, and business impacts of water use. Six Croda sites were identified as being located in regions exposed to the highest levels of disruption from water use impacts (flooding or water stress) and have defined realistic water use impact reduction roadmaps. **Related targets and metrics:** Reduce our water use impact by 50% from our 2018 baseline: By the end of 2024, our top four material sites had met the milestone target to reduce their water use impact by 25% from our 2018 baseline (see SIR page 14 for details). % revenue for sites with significant risk of flood: 14.6% 2024, 14.8% 2023. Note this is gross risk and does not account for transfer of production to alternative locations.

Non-financial and sustainability information statement

In accordance with the Non-Financial Reporting Directive we have summarised where non-financial information relating to environmental, employee, social, respect for human rights, anti-corruption and anti-bribery matters can be found in our Annual Report (ARA), Sustainability Impact Report (SIR) and online. Our Viability Statement on page 36 assesses the key risks and combinations of risks (including consideration of business relationships and products) which could adversely impact the Group. Confirming environmental integrity and social accountability is an increasingly important prerequisite in our upstream supply chains.

During 2024 we can confirm there were no significant safety, health, environment or quality incidents across our operations on which to report.

We want to ensure that our sustainability strategy and actions align with the expectations of our stakeholders. In 2024 we conducted our fifth materiality assessment, first completed in 2011. As we prepare to comply with the EU CSRD regulations from 2025, for the first time we completed a Double Materiality Assessment (DMA), considering Croda's impacts on planet and society, as well as the financial risks and opportunities for Croda associated with the sustainability agenda.

Double Materiality Assessment

We followed the methodology laid out by the European Sustainability Reporting Standards (ESRS) to complete our DMA, to ensure we are able to use it as the basis for our compliance with these new corporate ESG disclosure standards. We also wanted to gain as much rich information from the stakeholder engagement as possible and develop better two-way relationships with those stakeholders (customers, employees, local community, suppliers and investors). The output of the assessment is a list of impacts, risks and opportunities (IROs) meeting the materiality threshold and approved by our Executive Committee and Board. The financially material risks identified by the assessment are in the process of being incorporated into our ERM system (see Risk report p29), and all the material outcomes are informing the review and development of our sustainability strategy.

Material IROs

ESRS numbers	Impacts, Risks and Opportunities	Financial materiality	Impact materiality
ESRS E1	Climate change adaptation	●	●
ESRS E1	Climate change mitigation	● ●	●
ESRS E2	Pollution of air	●	●
ESRS E2	Pollution of living organisms and food resources	●	●
ESRS E3	Water	●	●
ESRS E4	Direct impact drivers of biodiversity loss	●	●
ESRS E4	Impacts and dependencies on ecosystem services	●	●
ESRS E5	Resource inflows, including resource use	●	●
ESRS S1	Working conditions – Own workforce	●	●
ESRS S1	Equal treatment and opportunities for all – Own workforce	●	●
ESRS S4	Social inclusion of consumers and end-users	● ●	●
ESRS G1	Corporate culture	●	●
ESRS G1	Responsible procurement practices	●	●

●●● Scale of impact ● Financial risk ● Financial opportunity ● Negative impact ● Positive impact

ESRS numbers	Other strategic IROs[1]
ESRS E1	Energy
ESRS E2	Pollution of water
ESRS E2	Pollution of soil
ESRS E2	Microplastics
ESRS E3	Marine resources
ESRS E4	Impact on the extent and conditions of ecosystem services
ESRS E5	Resource outflows related to products and services
ESRS E5	Waste
ESRS S1	Other work related rights – Own workforce
ESRS S2	Working conditions – workers in value chain
ESRS S2	Equal treatment and opportunities for all – Workers in value chain
ESRS S2	Other work related rights – Workers in value chain
ESRS S3	Communities' economic, social, and cultural rights
ESRS S3	Communities' civil and political rights
ESRS S3	Rights of indigenous peoples
ESRS S4	Information related impacts for consumers
ESRS S4	Personal safety of consumers and/or end-users
ESRS G1	Corruption and bribery
ESRS G1	Protection of whistleblowers
ESRS G1	Animal welfare
ESRS G1	Political engagement
ESRS G1	Management of relationships with suppliers, including payment practices

1. Important to Croda now or in the future, but did not meet the materiality thresholds

This table summarises our policies and sets out where you can find the information required to meet the non-financial and sustainability information statement reporting requirements under the amended sections 414CA and 414CB of the Companies Act 2006.

Risks	ARA	SIR	Policies	Impacts and metrics	ARA	SIR
Environmental matters						
• Major safety or environment incidents • Delivering sustainable solutions • TCFD • CFD	**P48** **P33** **P37** **p37**		• Supplier Code of Conduct • Group SHE policy	• Total Recordable Injury Rate (TRIR) • Environmental stewardship • Product stewardship • Sustainable sourcing and supplier partnership • Climate Positive • Land Positive	**P17** **P17** **P17**	**P15** **P14** **P11** **P13** **P13** **P14**
Respect for human rights						
• Our people	**P34**		• Code of Conduct • Guidelines policy for Managing Diversity	• Fair income (Living Wage)	**P76**	**P15**
Social matters						
• Our people	**P34**	**P15**	• Code of Conduct • Guidelines policy for Managing Diversity • Group Transgender policy	• Diversity and inclusion	**P76**	
Employees						
• Our people • Ethics and compliance	**P34** **P35**	**P15**	• Group Code of Ethics • Code of Conduct • Group policy on Training and Development • Equal opportunities policy • Group SHE policy	• Culture • Key people metrics • Purpose and Sustainability Commitment Score (Workforce Engagement) • Gender balance • Health, Safety and Wellbeing	**P8** **P66** **P18** **P17**	 **P20** **P20**
Anti bribery and corruption						
• Responsible business	**P69**		• Code of Conduct • Guidelines policy for Managing Diversity • Group Transgender policy • Anti-bribery and corruption statement • Ethics and anti-corruption compliance programme • Croda Modern Slavery Statement • Whistleblowing reporting procedure	• Responsible business	**P69**	
Business model						
• Principal risks	**P31**			• Key performance indicators	**P17**	

All policies listed can be found at croda.com/sustainability

Governance report

"At its heart, corporate governance is about the leadership we provide as a Board and how we set and demonstrate the values and standards for Croda, to ensure its ongoing long-term success in line with our Purpose."

Danuta Gray
Chair

In this section

Chair's introduction to Governance	51
Board biographies	52
Board activity	54
S172 Stakeholder engagement	56
Board leadership	60
Audit, risk and internal control	63
Report of the Nomination Committee	65
Report of the Sustainability Oversight Committee	68
Report of the Audit Committee	69
Report of the Remuneration Committee	74
Directors' report	103

UK Corporate Governance Code

During the year under review, the Company applied the principles and complied with all the provisions of the 2018 UK Corporate Governance Code (the Code). The Code is available at www.frc.org.uk. In January 2024, the Financial Reporting Council (FRC) announced the publication of the 2024 Code which will apply to the financial year beginning on 1 January 2025, with the exception of the changes to Provision 29, which relate to the effectiveness of the risk management and internal control framework. The changes to Provision 29 will apply to the financial year beginning on 1 January 2026. The Board and its Committees will oversee the application of the revised Code.

How we apply the principles of the Code

Board Leadership and Company Purpose

The role of the Board	60
Purpose and culture	7, 8, 59
Resources and controls	36, 70
Stakeholder engagement	56
Workforce engagement	57, 62

Division of responsibilities

Role of the Chair, Non-Executive Directors and Company Secretary	60
Composition of the Board	60

Composition, succession and evaluation

Appointments to the Board and succession planning	65
Board skills, experience and knowledge	67
Board evaluation	61

Audit, risk and internal control

Audit Committee report	69
Risk report	29

Remuneration

Remuneration Committee report	74

Chair's introduction

Dear shareholders,

On behalf of the Board, I am pleased to present my first Corporate Governance report, following my appointment as Chair in April. The following pages set out our approach to governance and how the Board and its Committees operated during 2024.

Although it has been a challenging year for the business, strong corporate governance through effective Board leadership has supported the Executive Committee in executing strategy and implementing operational changes as the Group transitions to its next phase of growth. I feel privileged to be Chair of Croda, particularly as we enter our 100th year as a Company. I have managed to connect with many of our key stakeholders, including the majority of our largest shareholders and also many of our people as I visit our sales, manufacturing, and research and development operations around the world. These site visits have enabled me to engage directly and informally with a wide range of colleagues and to experience firsthand the culture of the Group.

Board activities

Our Board

Succession planning and the composition of the Board are important components of good governance. John Ramsay retired from the Board on 1 March 2025 having served as a Non-Executive Director and Audit Committee Chair for over five years. I would like to thank John for his advice, wise counsel and support and wish him all the best for the future. In preparation for John's retirement, Ian Bull took over as Audit Committee Chair in December. Ian was appointed as a Non-Executive Director in June and he has extensive and relevant financial and leadership experience in both his former executive as well as in his non-executive career. In April, Stephen Oxley joins the Board as CFO. As a former partner at KPMG and CFO of Johnson Matthey Plc, Stephen brings valuable experience in setting and executing strategy, enhancing business performance, transformation and corporate transactions. I would like to thank Anthony Fitzpatrick for his valuable contribution as Interim CFO since May 2024.

Leadership and diversity

We recognise the importance of diversity in the Boardroom to ensure we have the right structure and skills to support and challenge the management team across the Group. Diversity, including gender diversity, is a key consideration in the Nomination Committee's succession planning. With 40% female membership of the Board, we meet the diversity target of the FCA Listing Rules as well as the ambitions set out in the FTSE Women Leaders Review and the Parker Review. Two of our Board members are from ethnic minority backgrounds and with a female Chair and Senior Independent Director we are also comfortably in line with the requirement for at least one of the senior Board positions to be held by a woman.

Stakeholder engagement

We continue to listen to our stakeholders to ensure that their priorities are considered in our decision making. The tables on pages 57 to 58 set out how we have engaged with our various stakeholders and how this engagement has fed into Board discussions and decision making.

Board evaluation

This year we carried out an internal Board performance evaluation with assistance from Lintstock. The evaluation was positive across all areas and key themes emerging from the 2024 review included management of business change, talent development and succession, increased external focus, and management information and reports. Further information is on page 61.

AGM

Our AGM will be held on 23 April 2025. Full details, including the resolutions to be proposed, can be found in the Notice of AGM. We look forward to meeting shareholders, hearing your views and answering your questions.

Danuta Gray
Chair

The Board's biographies

N

Danuta Gray

Chair

Appointment: February 2024 and Chair since April 2024

Nationality: British

Danuta is a highly experienced Non-Executive Director and Chair with a strong understanding of consumers, technology, sales and marketing within both the UK and international business markets gained through her executive career. Danuta is currently Chair of Direct Line Insurance Group Plc and a Non-Executive Director and Chair of the Remuneration Committee at Burberry Group plc. She is also a member of the Board of Trustees of the Resolution Foundation and a supporter of Employ Autism. She was previously Chair of St Modwen Properties plc, Senior Independent Director and interim Chair at Aldemore Bank plc, Non-Executive Director and Chair of the Remuneration Committee at PageGroup plc and Old Mutual plc, and Non-Executive Director at Paddy Power Betfair plc.

Danuta's wealth of Plc board experience and a deep understanding of UK governance requirements make her a strong asset to the Board. Her broad knowledge and experience across a range of sectors are invaluable to the Board and the Group as a whole.

Steve Foots

Group Chief Executive

Appointment: July 2010 and Group Chief Executive since January 2012

Nationality: British

Steve joined Croda as a Graduate Trainee in 1990 and brings to the Board a business, strategic and operational background gained from a number of senior leadership roles across the Group. Outside of Croda, Steve is Industry Co-Chair of the UK Chemistry Council which enables him to work alongside Government Ministers and industry peers to bring wider industry knowledge into the Croda business.

Having spent several years leading many different Croda businesses, Steve has gathered extensive insight into the markets served, the importance of customer focus and the power of an innovative culture.

A N S R

Jacqui Ferguson

Non-Executive and Senior Independent Director

Appointment: September 2018

Nationality: British

Jacqui is an experienced CEO from the technology industry with general management and M&A experience in international and emerging markets. She spent three years in Silicon Valley as Chief of Staff at Hewlett Packard, focused on new company strategy and turnaround. She is a Non-Executive Director of National Grid plc and Softcat plc, and deputy Chair of Engineering UK, a charity focused on inspiring the next generation of Engineers and Technologists. She was formerly Chair at Tesco Bank.

Jacqui's international general management experience and first-hand insight of transformational/disruptive digital, cyber security, technology and business process solutions bring valuable insight to Board discussions.

A N R

Ian Bull

Non-Executive Director

Appointment: June 2024

Nationality: British

Ian has extensive experience with listed companies across a wide range of industries, both domestic and international, as an Executive Director as well as Senior Independent Director and Audit Committee Chair. He is currently Non-Executive Director and Audit Committee Chair of Dunelm Group plc and the Senior Independent Director of Domino's Pizza Group Plc. Previously he was Group Finance Director of Greene King plc, Chief Financial Officer at Ladbrokes plc, and was most recently Chief Financial Officer of Parkdean Resorts Group. Ian was formerly a Non-Executive Director of Paypoint Ltd, Chair of Lookers plc and Senior Independent Director and Audit Committee Chair of St. Modwen Properties plc. He is a Fellow of the Chartered Institute of Management Accountants.

Ian contributes expertise in financial and operational leadership to the Board, and his recent and relevant financial experience further strengthens the composition of the Audit Committee.

A N S R

Chris Good

Non-Executive Director

Appointment: April 2023

Nationality: British

Chris has spent his career in the Consumer Care industry. He recently retired following more than 20 years at Estée Lauder Companies, a global leader in prestige beauty. Prior to joining Estée Lauder Companies, Chris spent over 10 years at Unilever in senior marketing, executive and general management roles across Europe, North America and Asia. Chris' deep understanding of the Consumer Care industry and in particular his insights into beauty care markets and consumers is of great value to Croda and the Board. As well as having significant P&L experience, Chris also brings a truly international perspective to the Board, having lived and worked in the USA, Switzerland, Japan, Singapore, Russia and the UK.

His experience strengthens the Consumer Care knowledge around the Board and supports Croda's continued transition to a Consumer Care and Life Sciences business.

A N R

Roberto Cirillo

Non-Executive Director

Appointment: April 2018

Nationality: Swiss

Roberto has 10 years' experience as Country and Group CEO in the service and health care industries with many years spent as a strategy practitioner in Europe and Asia. Alongside his role as Non-Executive Director for Croda, he is CEO of

Swiss Post. He was previously the Group CEO at Optegra Eye Health Care Ltd France, CEO and Group COO at Sodexo SA and Associate Partner at McKinsey & Co.

Roberto brings knowledge of, and passion for, growth and operations to the Croda Board. He can also share lessons learned from large transformations and M&A. Roberto's engineering background enables him to link Croda's R&D and production competencies with the evolving demands of its multifunctional markets.

A N R

Julie Kim

Non-Executive Director

Appointment: September 2021

Nationality: US

Julie brings nearly 30 years of experience in the health care industry, with more than 15 years in international leadership positions. She is currently President, US Business Unit and US Country Head at Takeda Pharmaceutical, a global, values-based, R&D driven biopharmaceutical leader headquartered in Japan. Previous executive positions include roles as Head of International Market Access and Global Franchise Head of multiple therapeutic areas at Shire, Baxalta and Baxter. Julie also sits on the industry board for the Plasma Protein Therapeutics Association.

Her geographic experience in both global and regional roles, focused on Europe, Asia and Latin America, means that Julie brings valuable strategic and operational insights to Board discussions.

N S

Keith Layden

Non-Executive Director

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

Nationality: British

Keith brings to the Croda Board 34 years' of experience of working at Croda in a variety of positions, including leading the Global Research, Development and Innovation function and as President of the Global Life Sciences business before his retirement from the business in 2017. He also has an interest and background in organisational culture and innovation which are key considerations in the decision-making of the Board.

In his roles as Honorary Professor of Chemistry and Industry at the University of Nottingham and a Fellow of the Royal Society of Chemistry, Keith widens his network of emerging technology companies and research institutes to help to spot new talent that will aid Croda's future success.

A N S R

Nawal Ouzren

Non-Executive Director

Appointment: February 2022

Nationality: French

Nawal has 20 years of expertise across a wide range of international business roles, including clinical development, operational and strategic management roles within the pharmaceutical industry. Nawal currently serves as CEO at Sensorion, a Euronext listed biopharmaceutical company headquartered in France.

Nawal brings to the Board firsthand experience in biologics and novel gene therapies. Her pharma experience and market insight provide a real advantage in driving the implementation of Croda's Pharma strategy.

A N R

John Ramsay

Non-Executive Director

Appointment: January 2020

Nationality: British

A chartered accountant, John has over 30 years' broad-based international finance experience with Life Science businesses such as ICI, AstraZeneca and Syngenta. A large part of this experience was gained while working in Latin American and Asian countries. He is a Non-Executive Director and Chair of the Audit Committee at DSM-Firmenich AG, RHI Magnesita NV and Babcock International Plc.

John brings extensive knowledge of business strategy to the Board as well as a keen interest in building Croda's strong culture to deliver superior business performance.

A N S R

Tom Brophy

Group General Counsel, Company Secretary and President Sustainability

Appointment: December 2012 as Board Secretary

Nationality: British

Tom is an experienced corporate lawyer, having worked at City law firm Hogan Lovells and FTSE 100 company Ferguson. In addition to his General Counsel and Company Secretary role, Tom is President Sustainability and has previously held other senior roles in Croda, including leading the Group HR function and as the Managing Director of the Western European region. Tom provides corporate governance know-how to the Board and Croda. Having spent many years leading global teams, Tom leads the Legal, Company Secretary, IP and Sustainability teams.

For information on Board and Committee meetings, see page 60

For information on the skills, experience and tenure of the Board, see page 67

Key to the Board Committees

- ● Chair of the Committee
- ○ Member of the Committee
- ● Secretary of the Committee

- (A) Audit Committee
- (N) Nomination Committee
- (S) Sustainability Oversight Committee
- (R) Remuneration Committee

Board activity

During 2024, the Board held six formal meetings and, with the exception of the December meeting which John Ramsay was unable to attend due to other personal commitments, there was full attendance at each meeting. In addition, the Board had an offsite strategy day and held an ad-hoc meeting to discuss the Q3 trading update.

Meeting agendas are agreed in advance by the Chair, CEO and General Counsel and Company Secretary. They ensure that the Directors discharge their duties including under Section 172(1) of the Companies Act 2006 and cover a number of regular standing items. These include:

Strategy

During these updates, the Board considers key areas of strategy and progress made towards delivery of in-year plans. This year the Board used these sessions to challenge management to bring in more outside-in perspectives and greater focus on the competitor landscape.

Executive updates

Executive Directors provide high-level operational and financial updates, presenting the key challenges and actions taken during the period and a look forward to priorities for the coming period. Safety is always a key topic with a focus on embedding safety as a value to enhance safety performance for the benefit of our employees and communities. Quarterly reports from the Executive Committee are also presented to give progress against strategic plans and actions taken.

Governance and Committee reports

The General Counsel and Company Secretary provides regular updates on corporate governance developments as well as internal governance matters alongside upcoming changes to law or regulation. Committee Chairs provide regular updates on their Committee meetings, highlighting any decisions made and key issues for the Board's attention. At the conclusion of each meeting, a dedicated session for Non-Executive Directors is held which provides a valuable opportunity for open discussions among the Non-Executives.

Overview of time spent in 2024

- Strategy 40%
- People and culture 15%
- Governance and reporting 10%
- Financial risk and performance management 25%
- Stakeholder engagement 10%

The Board's year

February

Board and Committee meetings

- Approved the publication of the 2023 annual results and accounts and recommended approval of the 2023 final dividend to shareholders.
- Reviewed feedback on the implementation of the new organisational structure and approved changes to authority levels reserved for the Board to ensure alignment with the changes.
- Reviewed the Board Diversity Policy.

Board oversight of key growth investments

The Board considered progress of the Group's five-year capex plan. As well as progress of individual projects, the Board reviewed safety performance, progress in relation to Croda's sustainability goals and the governance framework for project management. The Board challenged management to ensure appropriate investment continued to be made in IT enabling systems to facilitate effective management of the Group's capex investment programme. A further review of the performance of investments was undertaken in September.

April

Board and Committee meetings

- Discussed feedback from investors following the full-year results.
- Considered proposals to modernise the Croda brand and adopt a unified brand architecture (see page 59 for further information).
- Discussed the development and commercialisation of a new family of vaccine adjuvants.
- Approved the release of the Q1 2024 trading announcement.
- Received a safety update on Group pressure relief standard compliance.

AGM

The AGM in 2024 was held in April at the Great Yorkshire Showground in Harrogate. The AGM offers the opportunity for all shareholders to meet with the Directors in-person, to receive an update on the business and to engage directly with the Board. A number of investors and their representatives attended our AGM, where Mark Robinson, the President Operations, gave an update on our Safety is a Value leadership programme.

The AGM complements the Company's comprehensive investor engagement programme led by the Director of Investor Relations and Corporate Affairs, which comprises results presentations, investor roadshows, attendance at conferences, seminars, site visits and one-to-one meetings.

June

Strategy day

In June, the Board held its annual strategy meeting to review progress against strategic priorities and to consider how these should be further developed to ensure the promotion of the success of the Company for the benefit of shareholders and having regard for the Company's wider stakeholders. The day provided the opportunity to conduct deep-dive reviews of our Life Sciences and Consumer Care businesses, including analysis of key markets and trends, commercial delivery strategies, customer needs, sustainability and innovation. The format for the day encouraged interactive discussions and enhanced opportunities for the Non-Executive Directors to share their external perspectives. The Company's brokers provided an external perspective on the macroeconomic environment in core geographies as well as a deeper dive into trends and new business streams in the Pharmaceutical sector. The strategy was further reviewed in November within the context of the Group's five-year business plan.

July

Board and Committee meetings

- Danuta Gray chaired her first meeting of the Board.
- Approved the 2024 interim results and interim dividend.
- Discussed the Company's defence planning with an outside-in perspective presented by the Company's broker.
- Assessed the annual risk review, which included an evaluation of the Company's emerging and principal risks (see pages 29 to 35 for further information).

Board safety session

Safety is always the first matter covered by the CEO in his report to the Board with a focus on both employee behavioural safety and process safety issues, and in July the Board held its annual deep-dive safety session. This included discussion of the Group's safety culture and progress in ensuring safety is a core value held by all employees, as well as undertaking an in-depth review of the Group's safety performance and consideration of the Group's process safety strategy. The Board was able to spend time meeting with the safety team, which provided the Non-Executive Directors with further insights into the key challenges faced.

September

Board and Committee meetings

- Discussed feedback from investors following the half-year results.
- Reviewed the performance of investments.
- Approved the capital investment in flexible scale lipid asset facility in the UK in line with Croda's overall lipid expansion strategy (see page 58 for further information).
- Engaged with the recently appointed Global Head of Quality Assurance on his key initial observations, strategy and priorities to drive an enhanced culture of quality across the business.

Talent and innovation day

In September, the Board held a talent and innovation day, which included meetings with some of Croda's high-performing talent, with the Directors organised into pairs to encourage more intimate and informal discussions. In addition, presentations were received from the Life Sciences and Consumer Care R&D teams on innovation and metrics. The day ended with a tour of the Innovation Centre at Cowick, with the Board interacting with innovation teams in the laboratories and discussing specific projects and challenges being managed. The informal sessions facilitated positive engagement between the Board and some of the Group's emerging talent thereby providing additional context to Board and Nomination Committee discussions on succession planning and talent pipeline, as well as ensuring that the employee voice is fed into Board decision making.

October

Approved the refinancing of the Group's £600m Revolving Credit Facility.

November

Board and Committee meetings

- Approved the release of the Q3 2024 trading announcement.
- Five-year strategy and financial plan 'deep dive' review sessions.
- Reviewed senior management succession plans and talent pipeline across the Group, including a debate and discussion of organisational culture in support of the Group's Purpose and strategic plans.
- Reviewed a strategy deep dive on Consumer Care in the US.

December

Board and Committee meetings

- Reviewed and approved the Group's 2025 budget.
- Considered the outcome of the internal Board and Committee effectiveness evaluation.
- Engagement session with some of the Group's high-performing talent.
- Approved the renewal of the Group's global insurance programme as part of the risk management framework.

S172 Stakeholder engagement

Section 172(1) statement

The Board of Directors confirms that during the year under review it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006. The table below sets out how these factors have fed into Board discussion and decision making:

S 172 (1) factor			Further information:
A	The likely consequences of any decision in the long term	• Purpose • Business model • Strategy • Financial review • Sustainability	P7 P4 P16 P25 P17, 48, 68
B	The interests of employees	• People • Employee engagement • Diversity • Speak Up • Culture	P8, 59 P57 P57, 66 P35, 57 P8, 59
C	The need to foster the Company's business relationships with suppliers, customers and others	• Financial review • Modern Slavery Statement • Business model • Sustainability • Human rights and ethical standards • Culture	P25 P58 P4 P17, 48, 68 P57 P8, 59
D	The impact of the Company's operations on the community and the environment	• Purpose • Sustainability • TCFD • Sustainability Oversight Committee	P7 P17, 48, 68 P37 P68
E	The desirability of the Company maintaining a reputation for high standards of business conduct	• Purpose • Speak Up • Human rights and ethical standards • Internal controls • Modern Slavery Statement • Ethics and compliance	P7 P35, 57 P57 P64 P58 P58, 59, 70, 82
F	The need to act fairly between members of the Company	• Stakeholder engagement • AGM	P56 P54

The Board continued to focus on its engagement with key stakeholders, acknowledging that this is fundamental to being a responsible business and furthering the fulfilment of our strategy. Having consideration for our stakeholders aligns with our Purpose and our values, both of which guide us in our approach to delivering our strategic commitments and promoting the long-term sustainable success of the Company. In discharging their responsibilities, the Directors sought to understand, and have regard to, the interests and priorities of the Group's key stakeholders, including in relation to material decisions that were taken by the Board during the course of the year.

Section 172 principal decision

Payment of dividends

During the year the Board considered the recommendation of a final dividend and the payment of an interim dividend.

The Board assessed the balance sheet strength of the Company and the availability of distributable reserves, the level of free cash flow and considered that stable leverage provided reassurance that the Company could continue to pay dividends despite challenging trading conditions and lower adjusted profit after tax. In reaching this decision the Board took into account stakeholders' perspectives, including those of shareholders, employees, suppliers, customers, and debt providers, as well as market perception. The Board considered that the payment of the ordinary dividend did not disadvantage stakeholders as it did not materially affect Croda's ability to meet payments as they fell due or the ability to continue investing in the business for the benefit of all stakeholders.

Relevant stakeholders

- Shareholders
- Employees
- Suppliers
- Customers

Stakeholder	How we engaged	Outcome of engagement and KPIs
Our people The Board recognises the importance of engaging with employees and listening to their views to help them to feel valued, supported and heard. It also ensures that the Board is aware of any pressing issues or challenges	• Directors engaged with our people across the business during site visits participating in listening groups, town halls and informal dinners which helped to foster open dialogue and connection. • The Chair launched grassroots listening sessions with high-potential female employees during site visits. • The Board reviewed the results and levels of engagement of employee engagement 'Pulse' surveys. • The Board tracked essential employee metrics including turnover rates, retention levels, and DEI metrics across the business as part of quarterly HR reporting. • The Board received updates on use of our Speak Up line and related investigations.	• Enabled the Directors to gain diverse insights from a range of locations, functions, roles and experiences. This helped the Board to gauge employee sentiment and identify any themes and emerging issues. Hearing firsthand how employees are feeling about Croda enables the Directors to address any culture shifts required to support the ongoing success of the Company. • Facilitated informal engagement with emerging talent across the business and identification of any challenges, including those relating to diversity and inclusion. • Enhanced the Board's understanding of employee engagement with our organisational culture. • Enabled the identification of trends, such as employee turnover, allowing the Board to effectively challenge management when necessary. • Meetings with high-potential employees provided direct input into talent and succession planning and decisions. • Enabled the identification of any behavioural trends or underlying cultural issues.
Our customers The Board recognises the importance of understanding our customers' needs to ensure we consistently meet their expectations	• The Board tracked essential customer metrics and sentiment as presented in quarterly business reports. • The Board considered the results of key customer surveys, including net promoter scores. • The Board received regular feedback from the CEO on his meetings with strategically important customers. • Non-Executive Directors attended customer visits with key account managers.	• Helped the Board to assess customers' business needs, including in relation to sustainability. • Offered insights into customer relationships to identify opportunities to enhance customer outcomes. • Provided the Board with firsthand insights into the challenges faced by customers and what matters most to them. • Influenced decisions on where to make future investments in innovation and manufacturing assets to create most value.
Our communities It is essential that we operate safely and sustainably in the communities in which we operate and that we understand the impact of our operations on these communities and the environment	• Site community engagement committees were attended by representatives from the sites and from the local community. • When undertaking site visits, Directors are able to discuss local community engagement with management teams. • Employees can take up to two paid volunteering days every year to work with projects that benefit their local communities. • The Company matches funding for employee donations to certain charitable causes. • The Board received updates on the Group's human rights programme and on EUDR compliance. • The Board reviewed the annual update on the work and priorities of the Croda Foundation.	• Provided a platform for engaging with the local communities, allowing us to listen to their concerns and actively participate in community activities and social events. • Demonstrated the business' dedication to transparency in supply chains and commitment to upholding and respecting human rights. • Renewed the Company's commitment to ongoing funding of the Croda Foundation to enable it to continue its mission by awarding grants that align to Croda's Purpose, values and expertise.

Stakeholder	How we engaged	Outcome of engagement and KPIs
Our suppliers Supply chain integrity is essential to Croda's ambition to be the most sustainable supplier of innovative ingredients and in supporting delivery for our customers	• The Board received updates on the ongoing evaluation of suppliers' ethical, social and sustainability practices, primarily through EcoVadis. • The Board reviewed and approved the Company's Modern Slavery Statement. • The Board reviewed the Company's ethics programme. • The Board received updates on the Group's human rights programme and on EUDR compliance.	• Ensured alignment with Croda's Purpose, values and our Supplier Code of Conduct. • Demonstrated the business's dedication to transparency in supply chains and commitment to upholding and respecting human rights. • Demonstrated Croda's commitment to promoting an ethical culture throughout the Group, including in relation to suppliers. • The award of CDP Supplier Engagement Leader rating 2023 serves as external validation of the Company's commitment to its suppliers. • The impact of the Company's business on local communities where raw materials are sourced formed part of the Company's Double Materiality assessment which determined the Board's areas of focus.
Our shareholders Regular engagement with shareholders is essential to ensure that they are well informed of our strategy to deliver long-term value growth and sustainable returns and allows them to share any feedback	• The Chair meets regularly with the Company's major shareholders, including meeting them as part of her induction programme. • Investor meetings and roadshows were held in the UK and globally to discuss interim and year-end results. • The CEO and Investor Relations team hosted visits to Croda's offices and laboratories at Cowick and operational sites in the UK and US. • The AGM provides a forum for shareholders to engage with the Board and ask questions. • The Director of Investor Relations and Corporate Affairs gave regular updates to the Board, including peer group analysis.	• Provided the Chair with firsthand insights into any shareholder concerns and allowed her to gauge shareholder sentiment. • Facilitated discussions on any areas of concern as well as an understanding of shareholder perspectives on governance and performance against strategy. • Enabled shareholders to gain insight into Croda and its culture. • Enabled the Board to assess shareholder sentiment, which was then incorporated into the Board's strategy discussion and decision making. • Provided a forum for shareholders to engage with the Board and to ask questions either submitted in advance or raised on the day. All resolutions received over 89% of votes in favour at the 2024 AGM.

Section 172 principal decision

Approval of flexible scale lipid facility in the UK

In line with Croda's overall lipid expansion strategy, the Board considered a co-investment capital expenditure project to create flexible asset capability to make a wide range of lipids in variable batch sizes, including larger scale batches of lipids for use in mRNA vaccines and smaller scale volume batches used for therapeutic vaccines. The Board discussed future business opportunities and current and future market potential in relation to the long-term growth potential of lipids as well as potential risks. Considerable time was spent in understanding the terms of the co-investment with the UK Government and the Board considered the likely consequences of the investment decision in the long term having regard to the interests of Croda's stakeholders who would be affected by the investment.

The Board considered the interests of Croda's customers, determining that the investment would allow Croda to support the development of innovative lipid delivery better aligned to customer needs. The investment aligned with Croda's sustainability strategy and safety priorities by providing a state of the art, safe manufacturing facility for employees to work. This would provide an exciting future for the manufacturing site, supporting employment in the local community. The Board had regard to alignment of the Company's Purpose of using Smart science to improve lives™ with the benefits that the new facility would have in supporting preparedness for larger scale lipid production to support a pandemic response should the need arise.

Having regard to the interests of all stakeholders, the Board concluded that it was in the best interests of the Company and its shareholders to approve the investment in the project.

Relevant stakeholders

- Customers
- Shareholders
- Employees
- Local community

Section 172 principal decision

Brand refresh

The Board reviewed a proposal for a refresh of the Croda brand with the adoption of a consistent brand architecture and the embedding of an evolved corporate visual identity across the Group.

In assessing the proposal, the Board considered feedback from a diverse range of stakeholders obtained by management during the review process. This included internal interviews across the business, engagement with customers of key Croda brands, and employee focus groups representing different geographies and areas of the business. This was to ensure global resonance and alignment with the Company's values. Feedback was that the rationale for a refreshed visual identity was very strong.

The Board recognised that the adoption of a unified brand architecture would raise Croda's visibility with customers and shareholders, enhance synergies across the Group, reduce the long-term cost of sustaining multiple brands, help with customers' understanding of the business and the full range of technologies and capabilities within the Group, and enable the creation of a stronger employer brand that would support the competition for talent.

Relevant stakeholders

- Customers
- Shareholders
- Employees

The Board and culture

Our Purpose, Smart Science to improve lives™, is reflected in the Board's strategy and is underpinned by our values and our unique culture. The Board sets the culture and is responsible for assessing, monitoring and promoting it. This is undertaken in a number of ways including: engaging in regular meetings with members of the Executive Committee and senior management; reviewing employee survey results and response rates; considering feedback from employee engagement activities; assessing key employee data such as retention rates, quarterly safety and wellbeing data, and diversity and inclusion metrics; and having oversight of ethics and whistleblowing reports.

The Board is fully supportive of the range of employee development programmes run by the business for high-potential senior talent as well as employee initiatives focused on facilitating inclusion, such as the Solaris programme which is targeted at the development of black professional females. All of our talent programmes are underpinned by our values of Responsible, Innovative and Together, brought to life through the behaviours that sit within them. Through our leadership framework we articulate what good looks like and seek to develop and reward these behaviours through our development programmes. Phoenix Rising is our inclusive leadership programme with delegates from a range of levels across different geographies and functions. During the year the CEO joined delegates during module two of the programme and engaged in a Q&A where he responded to questions on his own personal leadership journey, and the longer-term strategic direction of the business and current challenges. The Board remains engaged in the furtherance of diversity and inclusion initiatives across the business.

Once again, Croda was shortlisted as one of the Best Places to Work in the UK by the Sunday Times. This recognises companies who provide a workplace which fosters a supportive, inclusive and a fair environment for their employees, thereby creating an engaged workforce as a result.

The Board places great emphasis on ensuring that our culture is aligned to our Purpose and values. A key focus is to monitor and assess culture using KPIs and metrics as well as direct employee engagement and listening sessions which provide valuable insight into how employees are experiencing our culture and any challenges faced. These include:

- The Purpose and Sustainability Commitment (PSC) score which is a gauge of employee satisfaction and is measured through employee surveys. The 2024 PSC score was 67% following a global participation rate across all surveys of just under 80%.
- Employee retention and attrition rates.
- Diversity, Equity and Inclusion (DEI) metrics including balanced shortlists, gender breakdown by grade, and diversity on development programmes.
- Ethics and whistleblowing reports.

Board leadership

The Company is led by a diverse and effective Board that has responsibility for the overall leadership of the Group and whose role is to promote the long-term sustainable success of the Company.

As at the 31 December 2024, the Board comprised 10 Directors: the Chair, the Group Chief Executive, seven independent Non-Executive Directors and one non-independent Non-Executive Director. On 1 March 2025, John Ramsay, an independent Non-Executive Director, will retire from the Board. The interim Chief Financial Officer also attends all Board meetings. The Board is responsible for the long-term success of the Company and it provides leadership and direction.

The size of the Board allows time for constructive debate and challenge on key elements of the Company's performance and strategic projects and enables all Directors' views to be heard. It monitors operational and financial performance against agreed goals and objectives and ensures that appropriate controls and systems exist to manage risk and that there are the necessary financial resources and people with the necessary skills to achieve the strategic goals the Board has set.

The Board discharges some of its responsibilities directly and others through its Committees, details of which are in the adjacent section. Execution of the strategy and day-to-day management of the Company's business is delegated to the Executive Committee, and subsequently to senior leadership teams where relevant, with the Board retaining responsibility for overseeing, guiding and holding management to account. In addition to its scheduled meetings, the Board met and heard from the Executive Committee members, senior management and a wider range of colleagues on a regular basis.

The terms of reference for each Board Committee can be found at www.croda.com.

Board and Committee meetings and attendance

Membership of the Board and its Committees, and attendance (eligibility) at meetings held in 2024

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability Oversight Committee
Danuta Gray (Chair)	C 6 (6)		C 4 (4)		
Anita Frew	2 (2)		2 (2)		
Ian Bull	4 (4)	C 2 (2)	2 (2)	2 (2)	
Louisa Burdett	2 (2)				
Roberto Cirillo	6 (6)	5 (5)	4 (4)	5 (5)	
Jacqui Ferguson	6 (6)	5 (5)	4 (4)	C 5 (5)	4 (4)
Steve Foots	6 (6)				
Chris Good	6 (6)	5 (5)	4 (4)	5 (5)	C 4 (4)
Julie Kim	6 (6)	5 (5)	4 (4)		
Keith Layden	6 (6)		4 (4)		4 (4)
Nawal Ouzren	6 (6)	5 (5)	4 (4)	5 (5)	4 (4)
John Ramsay*	5 (6)	5 (5)	3 (4)	4 (5)	

C Chair of the Committee

* John Ramsay was Chair of the Audit Committee until 30 November 2024. He was unable to attend the December Board, Nomination and Remuneration Committee meetings due to other personal commitments.

Division of responsibilities

Board

Chair

- Provides overall leadership and ensures the effectiveness of the Board.
- Sets the agenda and tone of meetings and discussions.
- Promotes a culture of openness and debate and constructive challenge at Board meetings.
- Leads the annual performance evaluation of the Board and its Committees.

Senior Independent Director

- Acts as a sounding board for the Chair and an intermediary for the Non-Executive Directors, where necessary.
- Is available to shareholders if they wish to raise any concerns.
- Leads the Chair succession process.

Non-Executive Directors

- Provide strategic and specialist guidance together with effective governance.
- Provide support and constructive challenge to the Executive Directors.
- Scrutinise the performance of management in meeting agreed goals and objectives and ensure all stakeholder views are considered.

Group Chief Executive

- Develops and proposes strategy to the Board and is responsible for its implementation.
- Responsible for the performance of the Group and the day-to-day management of the business, including the Group's safety and sustainability activities.
- Leads the Executive Committee.

Chief Financial Officer

- Supports the Group Chief Executive in ensuring the development and execution of strategy.
- Responsible for the financial management of the Group and the accuracy and completeness of the financial statements.
- Ensures the Group operates a robust risk management and internal controls system to ensure accurate and timely financial and non-financial reporting.

General Counsel, Company Secretary and President Sustainability

- Supports the Chair in the efficient and effective functioning of the Board and its Committees.
- Works closely with the Chair in the formulation of meeting agendas and annual agenda programmes.
- Ensures that Board procedures are complied with and also advises on regulatory compliance and corporate governance.

Governance structure

The Board has four main Committees:

Nomination Committee

Reviews the structure, size and composition of the Board and its Committees. Identifies and nominates suitable candidates for appointment to the Board and has responsibility for Board and Executive Committee succession planning.

For information, see page 65

Audit Committee

Monitors the integrity of the Group's financial statements and announcements, the effectiveness of internal controls and risk management as well as managing the external auditor relationship.

For information, see page 69

Sustainability Oversight Committee

Monitors the execution and implementation of the Group's sustainability strategy and compliance with regulations and best practice, and oversees communication of the Group's sustainability activities.

For information, see page 68

Remuneration Committee

Recommends the Company's Remuneration Policy and framework and determines the remuneration packages for members of senior management.

For information, see page 74

Independence of Non-Executive Directors

The independence of the Non-Executive Directors is kept under review to ensure continuing independence and objective judgement. The Chair was independent upon her appointment in 2024 and both the Chair as head of the Board and the Group Chief Executive as head of executive management have clearly defined roles. Further information on their roles is included in the table on page 60. With the exception of Keith Layden, the Board considers that all Non-Executive Directors who served during the year are independent in character and judgement, with no relationships or circumstances that are likely to affect, or could appear to affect, their judgement. Keith Layden is not considered independent, having served as the Company's Chief Technology Officer prior to retirement from the Company and appointment as a Non-Executive Director in May 2017.

On behalf of the Board, the Nomination Committee assesses the Non-Executive Directors' independence, skills, knowledge and experience annually. The Chair also meets regularly with each Non-Executive Director and, together with the Nomination Committee, concluded that each Non-Executive Director continued to contribute effectively and demonstrated that they were committed to the role. The current Directors, with the exception of John Ramsay, will submit themselves for election or re-election at the 2025 AGM.

Board evaluation

Each year the Board undertakes a review of its own performance and effectiveness in accordance with the guidance set out in the Code. In 2024 the Board carried out an internal evaluation process using an online evaluation tool provided by Lintstock tailored to Croda's activities and current concerns. Questionnaires were also used for the Audit, Remuneration, Nomination and Sustainability Oversight Committees. In addition, the Chair held one-to-one discussions with each Director. A report was prepared based on the completed questionnaires and the discussions held, which facilitated an evaluation of the effectiveness of the Board and its Committees with feedback discussed. The Board considered the key findings from the evaluation process and agreed the key areas of focus for 2025. The findings are outlined below with key areas of progress from the 2023 evaluation.

Key areas of focus in 2023 external Board evaluation	Progress made in 2024
• Enhance the level of challenge to executives, and the inclusion of more data-driven perspectives in Board presentations. • Increased use of outside-in perspectives to bring fresh perspectives. • Aspects of Croda's culture to be evolved to support the next phase of growth. • The Board to place more regular emphasis on Croda's long-term succession and talent pipeline.	• Enhanced use of data in business updates. • An update from Croda's brokers presented to the Board. • Analysis of peer performance and commentary following results' announcements. • Debate and discussion of organisational culture in support of the Group's Purpose and strategic plans. • Increased time dedicated for deep-dives on the talent pipeline. • Increased focus on exposure of the Board to potential future leaders, including a talent and innovation day.

Key findings from the 2024 internal Board evaluation	2025 areas of focus
• The Board composition and relationships rated very highly. • Greater use of executive summaries to help the Board assimilate information. • Enhanced use of leading indicators and external comparator data. • Talent development and succession seen as a critical issue. • Continue to have more external focus, including the competitive environment and peers' strategies and performance.	• Review approach to Management Information reporting for improved and sharper synthesis of reports. • Continued focus on talent and succession planning, including market mapping. • Use of data and IT as enabling platforms. • Management of Business change. • Enhance the Board's focus and information by streamlining presentations with a greater focus on Q&A. • Group strategy refresh and tracking of strategy execution.

At the end of every meeting, the Chair and the Non-Executive Directors met without the Executive Directors present to allow additional opportunity for discussion on areas relevant to the operation of the Board. The Non-Executive Directors also met on their own without the Chair.

The Senior Independent Director met with the Chair to provide feedback on her performance following discussions with the other Non-Executive Directors and the Executive management to gather their views. The evaluation of the Chair was highly positive and it was agreed that she displays all the desired skills and behaviours of an experienced, inclusive and competent Chair.

The Chair met and provided feedback to each Non-Executive and Executive Director.

Director induction and training

All new Directors appointed to the Board undertake an induction programme aimed at ensuring they develop an understanding and awareness of the business, people and processes and of their role and responsibility as a Director, including their duties under Section 172(1) of the Companies Act 2006. Programmes are tailored to suit each Director and include visits to operations around the Group, briefings from Group functions, and one-to-one meetings with Board members, senior management and the Company's advisers.

The Board is committed to the training and development of Directors and the Company Secretary. Professional advisers are invited to provide in-depth updates. For example, as part of the strategy day the Board received an outside-in perspective from the Company's brokers on their current macroeconomic view and a deeper dive into trends in the Pharmaceutical sector. The Company Secretary provides regular updates on regulatory and corporate governance matters.

Conflicts of interest and external appointments

The Board has an established process in place for reviewing and monitoring potential conflicts of interests. The Company's Articles of Association allow the non-conflicted members of the Board to authorise an actual or potential conflict situation. Prior to their appointment and on an ongoing basis, Directors are required to disclose any other commitments they hold outside the Company. Actual and potential conflicts of interest are included on a register which is maintained by the Company Secretary and reviewed annually.

During the year the Chair and the Company Secretary continued to keep under review any potential or perceived conflict of interest with John Ramsay's directorship of DSM/Firmenich and concluded that no conflict of interest existed.

At the time of appointment of any new Non-Executive Directors, their other commitments are taken into account to ensure that they have sufficient time to dedicate to their role, in addition to whether or not a conflict or potential conflict would exist. Any proposed new appointments are reviewed and approved in advance by the Board. The Directors' ability to commit sufficient time to their duties, including having regard to their external appointments, is reviewed by the Board annually in advance of Directors being proposed for election or re-election at the AGM, following recommendation by the Nomination Committee. Details of the professional commitments of the Non-Executive Directors are included in their biographies on pages 52 to 53. The Board is satisfied that these do not interfere or conflict with the performance of their duties for the Company.

Board support

The Board and each Director has access to the advice and services of the Company Secretary. Directors may seek external independent professional advice at the Company's expense, if required.

Employee engagement

In view of Croda's global operations, the Board decided that the most effective way of organising its engagement with employees is to continue to share the responsibility among all Non-Executive Directors and to utilise the variety of mechanisms in place. This includes participating in listening groups, town halls and informal dinners with our people during site visits which help to foster open dialogue and connection. The Board is comfortable that it can continue to rely on alternative methods to engage with employees, rather than one of the three methods outlined in the 2018 UK Corporate Governance Code.

Audit, risk and internal control

Fair, balanced and understandable

To assist the Board in determining whether the Annual Report was fair, balanced and understandable, the Annual Report team prepared a Board paper that, amongst other things, reviewed the process of preparation of the report, the controls in place to ensure consistency and reliability of the underlying information, identified the material positive and negative matters referred to in the report to ensure balanced content and provided details of the level of senior oversight of the content of the report.

The Annual Report and Accounts process is designed to give the Board enough time to assess whether it is fair, balanced and understandable, as required by the Code. The key themes and messages to be included in the Annual Report and Accounts are considered by the Board early in the process.

The Board considered whether the Annual Report and Accounts contained the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Directors received a full draft of the Annual Report and provided feedback. This review ensures that each Director has an opportunity to highlight any areas requiring further clarity as well as suggesting issues and areas that were not adequately covered or on which the report may have placed too much emphasis.

The key messages in the narrative in the Strategic Report and Governance sections of the Annual Report and Accounts were reviewed to ensure they were consistent with the financial reporting contained in the financial statements.

The Board reviewed whether the Annual Report and Accounts disclosed the successes and the challenges that had been faced in the period and that the narrative and analysis effectively balanced the information needs and interests of each of our key stakeholder groups. In particular, the Board had regard to the current macroeconomic and geopolitical issues and the potential for wider impact alongside continued inflationary pressures.

The framework and layout were considered to be clear and coherent, with a consistent tone throughout and clearly signposted linkage between all sections, in a manner that reflected a comprehensive narrative and highlighted the key messages appropriately throughout.

Following this assessment, the Board was of the opinion that the 2024 Annual Report and Accounts are representative of the year and present a fair, balanced and understandable overview, providing the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Risk management and internal control

The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management, in accordance with the guidance set out in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014, and in the 2018 UK Corporate Governance Code. The Board receives updates on principal risks and risk appetite on an annual basis.

Transparent policies and procedures

Executive management have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority which was reviewed by the Board. In particular, there are clear procedures and defined authorities for the following:

Financial reporting and financial statements review

Policies and procedures governing the financial reporting process and preparation of the financial statements are owned by the Chief Financial Officer and clearly and transparently communicated through the Group Policies system. In order to assess the financial statements, the Audit Committee regularly reviews reports from members of the finance team and the external auditor who is invited to attend the Committee's meetings. When conducting its review the Committee considers material accounting assumptions and estimates made by management, any significant judgements or key audit matters identified by the auditor (page 112), compliance with relevant accounting standards and other regulatory reporting requirements, including the 2018 UK Corporate Governance Code, and the accounting policies and procedures applied (pages 69 to 73).

Internal audit function

The internal audit function is a key element of the Group's corporate governance framework. Its role is to provide independent and objective assurance, advice and insight on governance, risk management and internal controls to the Board and Audit Committee and the Group. It supports the Group's strategy and objectives by evaluating and assessing the effectiveness of risk management systems, business policies and procedures, system and key internal controls. In reporting on their reviews, internal audit makes recommendations to address issues and improve processes. Once recommendations are agreed with management, the internal audit function monitors their implementation and reports to the Audit Committee on progress at every meeting. See pages 70 to 71 of the Audit Committee report.

Capital investment

The Finance Committee (a sub-committee of the Executive Committee) operates a clearly defined capital expenditure process including detailed business plan appraisal, risk analysis and authorisation. The Global Capital Project Director has developed a framework for managing major capital expenditure, and post-investment review processes are completed by internal audit (at the Audit Committee's request).

Business risk management

As described on page 29, the Executive Committee has established an ongoing process for identifying, evaluating and managing emerging and principal risks. The Board receives updates on principal risks and risk appetite on an annual basis and the Audit Committee receives reports from internal audit on the effectiveness of mitigating controls in place over principal risks. The Risk Committee, a sub-committee of the Executive Committee, meets on a quarterly basis to monitor and review both current and emerging risks. Please see page 31 for the Directors confirmation that they have carried out a robust assessment of the emerging and principal risks facing the Group.

Internal controls

There is a documented framework of required internal controls for business processes, IT, safety, quality and compliance, which form part of our business as usual activities and which are documented in controls manuals. Policies governing the internal controls are documented in the Group Policies system, which is available online to all employees, and each Group policy is owned by a member of the Executive Committee. Confirmation that the controls are being adhered to is the responsibility of managers, who together with their teams complete a self-assessment process against relevant controls which provides a snapshot of the control environment. Compliance with controls is tested by the internal audit team as part of their annual plan of work approved by the Audit Committee each year, as well as being tested by other internal assurance providers; see pages 70 to 72 for more information.

The Board discharged its responsibility for monitoring the operational effectiveness of the internal control and risk management systems throughout the year using a process which involved:

- Delegation of review of systems of risk management and internal control to the Audit Committee, whose activities are described in detail on pages 69 to 73.
- Receipt of written confirmations from senior management.
- Board review of the report on significant control weaknesses.
- Annual review of risk appetite statements and principal risks (page 29).

These processes have been in place for the full financial year up to the date on which the financial statements were approved by the Board. The systems are designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatement or loss.

For the full statement of Directors' responsibilities see page 106.

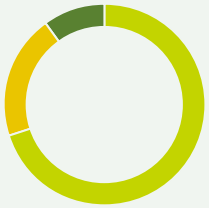
Report of the Nomination Committee

The Committee is responsible for succession planning and for nominating candidates for appointment to the Board for approval by the Board. It evaluates the balance of skills, knowledge, experience and diversity on the Board and is responsible for keeping the structure, size and composition of the Board and its Committees under review, including Director independence and tenure.

I am pleased to present the Committee's report for 2024, my first as Chair of the Committee.

"Succession planning is a continual process and as the Group evolves, it is essential to have leaders with the right mix of skills and capabilities to deliver our strategy and Purpose."

Time allocation



Key responsibilities

- To regularly review the structure, size and composition, including the skills, knowledge, experience and diversity of the Board and make recommendations for any changes.
- To give full consideration to succession planning for Directors and other senior Executives, taking into account the challenges and opportunities facing the Company and, consequently, what skills and expertise the Board will need in the future.
- Where a Board vacancy is identified, to evaluate the balance of skills, knowledge, experience and diversity on the Board, and prepare a description of the role and capabilities required for the respective appointment.
- To identify and nominate candidates to fill Board vacancies, for the approval of the Board, as and when openings arise.
- To keep the organisation's leadership needs, both Executive and Non-Executive, under review to ensure that the Company continues to compete effectively in the marketplace.
- To review annually the time required from a Non-Executive Director and the Chair to fulfil their duties.
- To make recommendations on succession planning for the Board.

Key focus areas in 2024

- Board appointments – reviewed the updated Board skills and experience assessment and led the recruitment process for a new CFO and a new Non-Executive Director.
- Succession planning – assessed the changes to the Executive Committee and senior leadership teams.
- Governance – ensured compliance with key governance issues.
- Reviewed the Committee's terms of reference.
- Details of attendance at meetings during the course of the year can be found on page 60. When it is appropriate to do so, members of the Executive Committee attend meetings at the request of the Chair of the Committee.

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

Board changes

The Committee led the search for a new CFO, working closely with the Board on specifying the skills and experience needed. MWM Consulting (a signatory to the voluntary code of conduct for executive search firms, which has no other connection to the Company or any individual director) was engaged to assist with the process. This included an internal and external search and benchmarking exercise followed by an interview process. Shortlisted candidates were interviewed by members of the Committee as well as the Executive Directors, resulting in the selection of Stephen Oxley. Stephen, a former partner at KPMG and currently CFO of Johnson Matthey Plc, will join the Board in April 2025. Anthony Fitzpatrick was appointed as acting CFO in May on an interim basis and I would like to thank Anthony for taking on this role before helping to oversee an orderly handover to Stephen when he joins the business.

The Committee also led a search for a new Non-Executive Director with recent and relevant financial experience to further strengthen the composition of the Audit Committee. Egon Zehnder (a signatory to the voluntary code of conduct for executive search firms, which has no other connection to the Company or any individual director) was appointed to assist with the search. Following an evaluation of a final shortlist of candidates and interviews, the Committee recommended the appointment of Ian Bull. We welcomed Ian to the Board in June and his expertise in financial and operational leadership together with his significant Board experience have made him an excellent addition. In November, we announced that John Ramsay would be retiring from the Board in March 2025 and in preparation for John's retirement, Ian was appointed as Chair of the Audit Committee, effective 1 December 2024. On behalf of the Committee and the Board I would like to thank John for his outstanding contribution to the Board and his leadership of the Audit Committee.

The Committee and the Board also focused on executive succession to ensure that we have the right leaders to support the long-term success of the Company, and it oversaw a number of changes in the transition to the new Group organisational structure introduced at the beginning of the year. This included the appointment of Thomas Riermeier as President Life Sciences who will join us in April 2025 from Evonik. The Committee regularly reviews the internal pipeline of candidates for immediate, medium and longer-term movement to leadership roles. This ensures that the Committee understands the breadth of potential within the business so that internal succession planning can be balanced with the need for external perspectives. These reviews are complemented by informal sessions held between the Board and some of the Company's high-potential talent, for example at the September and December talent and innovation forums (see page 55 for more information).

Diversity and inclusion

Diversity and inclusion continues to be an area of focus for the Board and for the Group as a whole. We support and monitor Group activities to increase the percentage of senior management roles held by women and under represented groups across the organisation. During my induction site visits, I held listening sessions with some of our high-potential female talent across the business which facilitated informal engagement and identification of any challenges, including those in relation to diversity and inclusion. We recognise the importance of a diverse and inclusive organisation and our Board Diversity Policy ensures that the tone is set from the top. Our Board Diversity Policy, a copy of which is available in the corporate governance section at www.croda.com, is reviewed regularly and confirms our commitment to meeting or exceeding the target set by the FTSE Women Leaders and Parker reviews, and our current Board composition meets the targets recommended.

Details of gender and ethnic representation as prescribed by UK Listing Rule 6.6.6R (10) are set out in the adjacent table. Our chosen reference date is 31 December 2024 and, as at that date, the Company had met all three of the Board diversity targets of having 40%[Δ] women on the Board, at least one ethnic minority director, and having a woman in at least one senior Board role.

There have been no changes from the reference date. We have not set any targets for senior management, but this is something we continue to consider.

As at 31 December 2024, the gender balance of the Executive Committee and their direct reports stood at 37% female. Beyond the Board we aspire to have gender balance across all levels of the Group. In 2024 49% of available leadership roles were filled by women, with the number of women in leadership positions now at 41%[Δ] (2023: 39%). Across the Group the gender balance for all employees is 40%[Δ] female and 60% male.

Numerical diversity data, in the format required, is outlined in the adjacent table as at 31 December 2024. The Company has collected the data on which the tables are based by the individuals concerned self-reporting their data on being asked about their ethnicity and gender.

Director induction

All Directors receive a comprehensive induction programme. This is tailored through discussion with the Chair and the Company Secretary and considers existing expertise and any Committee roles. All new Directors are given access to our electronic Board papers which provide easy access to key documents. As with my own induction programme, Ian Bull's extensive induction programme is in progress and he has already visited a number of our operational sites to meet our teams in person.

Gender identity/sex of members of the Board and Executive Committee

as at 31 December 2024	Number of Board members	Percentage of the Board	Number of senior Board positions*	Number in executive management	Percentage of executive management
Men	6	60%	1	5	71%
Women	4	40%[Δ]	2	2	29%
Not specified/prefer not to say					

Ethnic background of members of the Board and Executive Committee

as at 31 December 2024	Number of Board members	Percentage of the Board	Number of senior Board positions*	Number in executive management	Percentage of executive management
White British or other White (inc. minority white groups)	8	80%		7	100%
Mixed/multiple Ethnic Groups	1	10%			
Asian/Asian British	1	10%			
Black/African/Caribbean/Black British					
Other ethnic group					
Not specified/prefer not to disclose					

* CEO, CFO, SID, Chair

Other activities of the Committee

The Committee reviewed the time commitment of the Non-Executive Directors, which is assessed before appointment and on an annual basis. The Committee was satisfied that all the Non-Executive Directors remain able to commit the required time for the proper performance of their duties.

It is the Committee's responsibility to keep Board composition under review, including Director independence and tenure. During the year the appointments of Roberto Cirillo, Jacqui Ferguson, Julie Kim and Keith Layden were considered by the Committee. Julie's term was extended for a further three years and the appointments of Roberto, Jacqui and Keith were extended for another year. This is in line with the Nomination Committee policy that once a Non-Executive Director has served six years, any extension to their term is on a year-by-year basis.

The Committee considered and concluded that, except for Keith Layden, all the Non-Executive Directors continue to fulfil the criteria of independence. As Keith was formerly an Executive Director of the Company, he is not considered to be independent.

Board effectiveness review

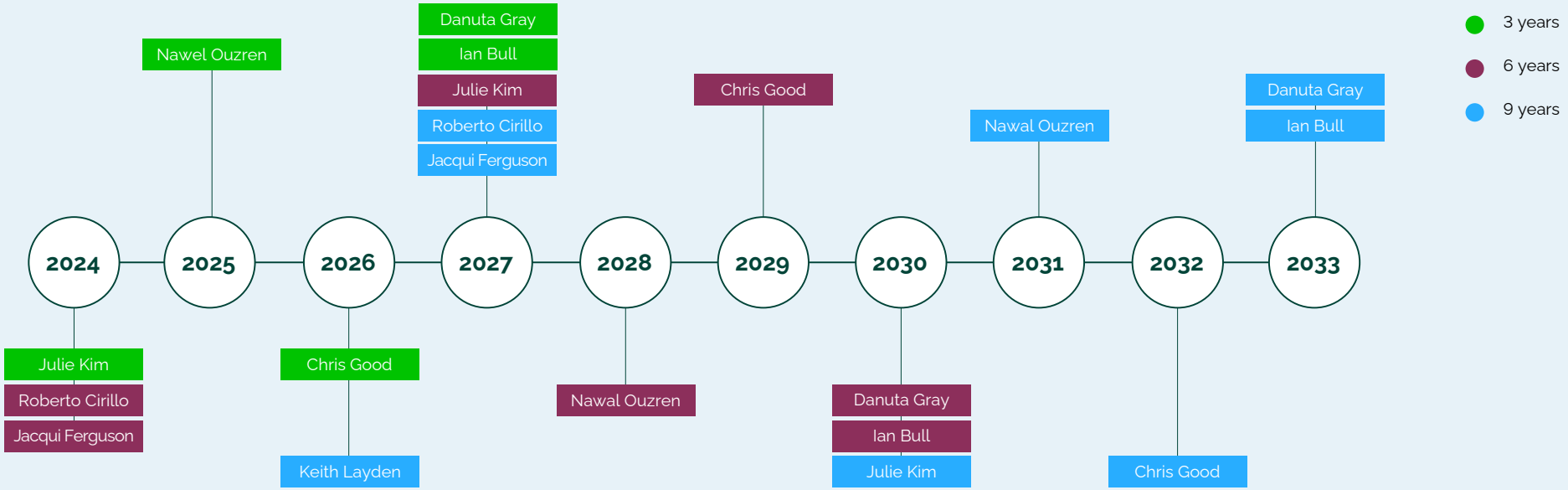
In line with the 2018 Code requirements, during the year an internal evaluation of the effectiveness of the Board and Committees was undertaken using an online questionnaire from Lintstock, tailored to Croda's activities and current concerns to consider the Board and Committee's operations, oversight and progress during the year. This concluded that the Board continues to operate effectively with open and honest discussions with a high degree of trust, while also signalling minor areas for improvement, details of which can be found on page 61.

Danuta Gray
Chair

See inside front cover for details of Assurance Δ

Board composition dashboard information

Non-Executive Directors' tenure



General – skills/experience required from the majority of FTSE 100 Boards

Strategy	✓✓✓
UK Listed Governance	✓✓✓
Remuneration	✓✓✓
Finance and Risk – UK plc	✓✓
Corporate Activity	✓✓✓

Croda skills – generic

Operational Excellence and Process Management in Chemicals and Pharma	✓✓✓
Marketing	✓✓✓
International and Emerging Markets	✓✓✓
Digital and IT as Business Enabler	✓✓✓
SHE in a Production Environment	✓✓

Croda – specific skills and experience

Consumer Care - Personal Care and Beauty Sector	✓✓✓
Life Sciences and Pharma Sector	✓✓
Regulatory Knowledge	✓✓✓
Science-based Innovation Process	✓✓✓
Technical Science Knowledge eg Biotech	✓✓✓

Skills – in Board or use of Specialist Advisers

Broader Technical Science Knowledge	✓✓✓
Sustainability	✓✓
Direct Experience Working in Key Emerging Markets	✓✓
Executive P&L or CEO experience	✓✓✓

Key

✓✓✓ the Board has the appropriate amount of skill/experience in this area

✓✓ the Board may benefit from additional skill/experience in this area

✓ the Board does not have the required skill/experience in this area

Report of the Sustainability Oversight Committee

Sustainability is at the core of Croda's strategy and the Committee was established in 2023 to bring continued focus, challenge, and support to this area. The Group has continued to invest in resources to support our sustainability agenda and drive forward initiatives both internally and externally.

I am pleased to present the Sustainability Oversight Committee report for the year ended 31 December 2024.

"Sustainability is at the core of Croda's strategy, connecting our impacts on planet and society with our material financial risks and opportunities. In 2024 the Sustainability Oversight Committee prioritised the support of and challenge to Croda's sustainability strategy alongside developing its competence in this expanding agenda."

The Committee met four times in 2024, and received presentations on a range of topics and focus areas, including business strategy development as it relates to sustainability; regular updates on performance towards achieving our Group sustainability targets; engagement with stakeholders; evolving external trends relating to sustainability; and upcoming ESG reporting requirements.

Key responsibilities

Croda's sustainability strategy is developed by the Executive Committee and approved by the Board with the role of the Sustainability Oversight Committee to:

- Monitor the execution and implementation of the sustainability strategy, including progress of Group sustainability targets and metrics.
- Monitor compliance with sustainability policies, regulations and best practice.
- Support the Board by considering in more depth the Group's principal sustainability risks and opportunities.
- Oversee communication of the Group's sustainability activities, including review of the sustainability reporting in the Sustainability Impact Report and the Annual Report including TCFD disclosures.
- Provide input to the Board and other Board Committees on sustainability matters as required.
- Build Board competency through recent sustainability related thought leadership as well as relevant subject deep-dives, for example into nature and ecosystems impacts.

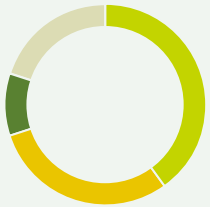
The Committee's strategically focused role is complemented by the Audit Committee which is responsible for overseeing the assurance programme of Croda's sustainability commitments, and the Remuneration Committee which is responsible for monitoring and approving sustainability linked performance metrics as well as the alignment of senior executives' individual objectives with Group sustainability goals. Cross Committee representation and collaboration provides a link between all the Board Committees to ensure alignment.

Committee membership

The Committee comprises myself as Chair and Jacqui Ferguson, Keith Layden and Nawal Ouzren as members. All other Directors are invited to attend Committee meetings, as are the Chief Sustainability Officer and the Group General Counsel, Company Secretary and President Sustainability.

Time allocation

- Sustainability strategy 40%
- Reporting, disclosure and assurance 30%
- Governance 10%
- Competency building 20%



Main activities and priorities in 2024

- Reviewed Croda's approach and outcomes from the Double Materiality Assessment in preparation for future CSRD compliance.
- Considered progress against Group sustainability targets and metrics and implications for all stakeholders.
- Conducted the first deep-dive into business-specific sustainability positioning with Croda's Pharmaceutical business.
- Monitored compliance and future trends in ESG regulations.
- Built Committee competency with deep-dives into nature, Net Zero and corporate disclosures.
- Reviewed the Committee's terms of reference.

Specific focus areas in 2025

Looking ahead, the Committee has identified the following areas of focus for 2025:

- Deep-dives into Consumer Care and Agriculture sustainability positioning and strategy.
- Oversight of a refresh of the Group's sustainability leadership strategy.
- Monitoring CSRD compliance implementation.
- Further competency development in sustainable supply chains, business and social impact, and the interrelationship between climate and nature action.

Committee evaluation

Through the annual Board evaluation process, see page 61, the performance of the Committee was assessed and the output of the Committee was considered in January 2025. The overall performance of the Committee and the Chair were both highly rated. The need to carefully manage the overlap with the Audit and Remuneration Committees was highlighted as was the importance of data quality to enable the Committee oversight to become more data driven. The importance of the Committee continuing its focus and challenge to ensure that sustainability is embedded into the business to create value was also highlighted.

I look forward to continuing to lead the Committee and developing its role in Croda's sustainability governance framework in 2025 and beyond.

Chris Good
Non-Executive Director

Report of the Audit Committee

The Committee assists the Board in ensuring that the Group's financial systems provide accurate and up-to-date information on its financial position.

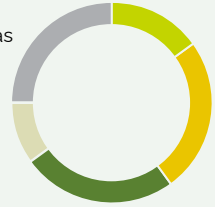
I am pleased to present my first Audit Committee report following my appointment as Committee Chair in December.

"A critical role of the Audit Committee Chair is to develop a strong, professional, healthy relationship with the CFO and I look forward to working with Stephen who will join the business in April."

Key responsibilities

- To monitor the integrity of the financial statements and results announcements of the Group and to review significant financial reporting issues and judgements.
- To recommend external auditor appointment and removal, assess audit quality, consider and approve the audit fee, assess independence, monitor non-audit services and be responsible for audit tendering.
- To review the adequacy and effectiveness of the Group's internal controls and risk management systems, and the adequacy, effectiveness and output of the internal audit function.
- To review the adequacy and effectiveness of the Group's whistleblowing arrangements, procedures for detecting fraud and systems and controls for the prevention of bribery.
- To provide assurance on and monitoring of the Group's sustainability disclosures.

Time allocation



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

I would like start by thanking my predecessor, John Ramsay, who will be stepping down from the Board on 1 March 2025, for his support and wise counsel in handing over the reins to me. I joined the Board in June and having this time before becoming Chair not only allowed me to focus on my induction to the Board and the Group, but it also afforded time for a comprehensive and structured handover of the Audit Committee Chair responsibilities.

In June, we announced the appointment of Stephen Oxley as our new CFO following Louisa Burdett's departure. Stephen, a qualified accountant, is currently CFO of Johnson Matthey Plc and was previously a Partner at KPMG for nearly 30 years, and he brings valuable experience in strategy setting and execution, enhancing business performance, transformation and corporate transactions. A critical role of the Audit Committee Chair is to develop a strong, professional and healthy relationship with the CFO, and I look forward to working with Stephen who will join the business in April. Anthony Fitzpatrick was appointed Interim CFO in May. Both John and I would like to thank Anthony for taking on the Interim CFO role and seeing us through year-end before helping to oversee an orderly handover to Stephen when he joins the business.

Committee membership

The Committee continues to be composed solely of independent Non-Executive Directors and the Board is satisfied that all members of the Committee have sufficient financial experience as well as a broad and diverse range of competence relevant to the sector and the Group's long-term strategic aims. It also meets the Code requirement that at least one member has significant, recent and relevant financial experience. The experience of each Board member is outlined on pages 52 to 53. Other regular attendees at meetings include the Chair of the Board, Keith Layden (a Non-Executive Director), the CEO, the CFO, the Company Secretary, the VP Risk and Assurance, the Group Financial Controller and representatives from the external auditor, KPMG LLP, and the internal audit outsourcing partner, PwC.

The Committee met five times during the year with members of senior management present as and when appropriate. The Committee met with the external auditor and the VP Risk and Assurance (and PwC) separately during the year without management present. The Audit Committee Chair(s), as a matter of normal course, also met with KPMG and the VP Risk and Assurance privately.

Committee activity in 2024

The Committee's core activities, as well as the additional focus areas, and an estimate of the proportion of time spent on them, are:

Financial reporting 25%

The Committee:

- Monitored the Group's financial statements and results announcements, including the Annual Report and the interim statement, and with support from the external auditor, reviewed those items in the Group's financial statements that were material to our reporting. The Committee challenged management on the statements and the underlying accounting judgements, including goodwill impairment considerations.
- Considered management's reassessment of the Group's Cash Generating Unit (CGU) structure and approved the proposal for separate CGUs for Consumer Care, Life Sciences, Industrial Specialties, and Fragrances & Flavours. The remaining CGUs were considered part of the operating segments to which they related. Assessed the impairment testing reviews and supported management's conclusion that there was no indication of possible material impairment either at a Group, Operating Segment or CGU level.
- Consideration was given to the appropriateness of accounting policies, critical accounting judgements and key sources of estimation uncertainty. Recommendations were made to the Board supporting the half and full-year accounts and financial statements.

- Monitored the Group's financial performance and ensured that management's judgements and estimates remained reasonable and prudent.
- Reviewed the Group's external reporting framework and use of Alternative Performance Measures (APMs) to assess ongoing appropriateness. The Committee was satisfied that the APMs were consistent with market practice of both the peer group and wider FTSE 100 companies, and that disclosures and reconciliations to statutory measures were appropriate.
- Reviewed consideration given by management relating to various Financial Reporting Council (FRC) thematic reviews and guidance for financial reporting.
- In conjunction with the Board, challenged management on the assumptions and forecasts behind the financial modelling and stress testing conducted for the going concern assessment. A recommendation was made to the Board to support the going concern statement. Further information can be found on page 127.
- Reviewed the viability assessment process undertaken in support of the long-term viability statement, based on severe but plausible scenarios (including different combinations of scenarios) arising from key risks and their impact on headroom and debt covenants. The Committee challenged the assessment period, assumptions and calculations in the modelling and scenarios, noting the effect they would have during the viability period and was satisfied that they were robust and well thought through. The Committee also considered and was satisfied with the appropriateness of the three-year period for assessing the viability and the severity of the stress-testing scenarios. A recommendation was made to the Board to support the long-term viability statement. Further information can be found on page 36.
- Undertook regular reviews of the Group's litigation. The Committee receives reports twice a year from the Group General Counsel, Company Secretary and President Sustainability and was satisfied with the approach to provisioning and disclosure.
- Received presentations from the Group Tax Director and the North America Regional Finance Director which enhanced the Committee's understanding of current risks in relation to tax and a better understanding of the depth of finance capability employed in the divisions as well as providing different perspectives and insights.
- Reviewed the summary provided by management detailing the distributable reserves position of Croda International Plc to support the payment of the interim dividend and approval of the final dividend.

Governance 10%

The Committee:

- Reviewed the effectiveness of the Group's anti-bribery and fraud procedures, including those for whistleblowing. The Committee received a report on the independent investigations that had been conducted in response to concerns raised under the whistleblowing and fraud policies and was satisfied with the conclusions, including follow-up actions. The Committee also reviewed a summary of the controls in place to mitigate the risk of fraud in the Group, along with a bottom-up fraud risk assessment prepared by management. The Committee was satisfied that the ethics and fraud programmes were effective but these would be reviewed again in light of the new corporate offence of failure to prevent fraud contained within the Economic Crime and Corporate Transparency Act 2023 during 2025.
- Undertook an external evaluation of the Committee's effectiveness. Information on the evaluation process can be found on page 61. The results of the review concluded that the Committee continued to be effective.
- Reviewed the Committee's terms of reference.
- Undertook its annual legal and compliance review of the corporate governance and regulatory requirements of the Committee, concluding that it was in full compliance with the 2018 UK Corporate Governance Code and other corporate governance requirements.
- Completed its annual review of the Group's tax compliance policy and risks relating thereto. No significant updates were required. The policy is available at www.croda.com.
- Continued to track developments with the UK Government's corporate governance reforms and considered management's plans to respond to the requirements, in particular, Provision 29 of the revised Corporate Governance Code 2024, which requires the Board to provide a declaration on the effectiveness of material controls. In preparation for this change, management presented a high-level roadmap to the Committee that will continue to be reviewed and discussed in more detail over the forthcoming year to ensure that the Group is well prepared.

External audit 25%

The Committee:

- Discussed and approved the external audit plan, including the assessment of significant audit risks; the engagement risk profile; the use of data analytics; the scope of the audit in terms of coverage, the materiality level and the de minimis reporting threshold; the co-ordination of external audits; and the key members of the engagement team. The Committee monitored the progress made by the statutory audit team against the agreed plan and discussed issues as they arose.
- The Committee supported and encouraged the auditor to ensure that there was robust challenge of management on their assumptions and judgements in preparing the Financial Statements.
- Discussed and approved the external audit fee. Information on the audit fees can be found in note 3 on page 136.
- Reviewed in-depth a range of indicators to judge the overall audit quality as described in the auditor effectiveness considerations on page 72.
- Met with the auditor without management present. The Committee considered the auditor's views. There were no significant issues to report.
- Considered the independence and objectivity of the auditor. The Committee confirmed the independence of the auditor as further described on pages 72 to 73.
- Considered the effectiveness of the external audit process, concluding that the audit was effective (see page 72) and a recommendation was made to the Board on the re-appointment of KPMG as auditor at the AGM.

Internal audit and risk management 25%

The Committee:

- Reviewed the internal audit planning approach and its link to the Company's strategic objectives and priorities, reviewed reports on the work of the internal audit function from the VP Risk and Assurance and monitored compliance with the Group risk assurance programme. The Committee approved the internal audit plan and the implementation of any resulting actions by management, including follow up on agreed actions.
- Discussed the results of the 2024 controls assurance internal audits delivered by our co-source partner, PwC. The Committee considered the adequacy of management's response to matters raised and challenged management to ensure that outstanding audit findings were promptly remedied despite resource pressures.
- Reviewed the results of internal audits on General Computer Controls and Application Embedded Controls.

- Discussed sustainability related non-financial KPIs and how the Audit Committee and the Board could obtain visibility about the processes and systems that underlie the KPI calculations. For more information see page 48.
- Approved the enhanced scope of non-financial KPIs to be subject to limited assurance by the external assurance partner, KPMG, to enable progress towards the CSRD regulations requirement in 2025.
- Continued to receive updates on IT security, particularly in relation to the Operations Technology control environment. The Chief Information Officer presented to the Committee to discuss strengths, weaknesses and action plans as well as the findings of third-party audits. During the year, an externally facilitated training exercise was held with the Executive to focus on cyber awareness. The Committee received quarterly updates, including progress against agreed KPIs, and continued to challenge management on the rate of progress on cyber security and for management to consider ways of accelerating the work.
- Assisted the Board in its assessment of the Group's emerging and principal risks. The Committee reviewed and approved the 2025 internal audit plan and scope of the peer reviews.
- Met with the internal auditors without management present. There were no significant issues identified.
- Conducted its annual review of the effectiveness of the Group's internal audit function. The Committee concluded that the internal audit team, supported by PwC resource, was effective. The Committee agreed that PwC be maintained as the co-source partner for the next two years to ensure stability in delivering Croda's assurance programme.
- Received a presentation on actions being taken to mitigate money laundering risks.
- Received a presentation on the Group's sanctions compliance programme.

Specific focus areas for 2024 15%

In addition to our core work, as set out in our terms of reference, we noted four specific focus areas for 2024, which absorbed the balance of the Committee's time.

Specific focus area	Actions during the year	Progress
Maintain focus on cyber security and the delivery of projects identified in the information security strategy	The Committee reviewed cyber security Key Performance Indicators (KPIs) and the execution of the Information Security Programme, which included investment in new processes and technologies to gain insights into supply chain cyber risks. The Operational Technology (OT) cyber security project remained a priority for 2024. Phase 1 of the project to enhance threat detection and vulnerability management within OT security was completed. Crisis management training took place with the Executive including cyber awareness training and a cyber incident simulation. This provided a valuable opportunity to rehearse and prepare Croda's response team for a cyber incident, giving insight to the types of decisions that would be needed and enabling the team to brainstorm possible consequences that would need to be considered and managed.	Ongoing – will remain a focus for 2025
Maintain focus on monitoring the impact of major business change programmes on Croda's risk and control environment	Recurring findings in capex audits of five major projects over the past two years have been reviewed by PwC. This review identified thematic areas for improvement, which will be integrated into future projects to increase the likelihood of successful completion. The membership of the VP Risk and Assurance in key business change programmes provides a comprehensive overview across the organisation. This allows for early detection of risks, which are reported through the risk management framework.	Ongoing – will remain a focus for 2025
Monitor progress of control framework changes resulting from UK corporate reform	The Audit Committee reviewed the progress on the new UK Corporate Governance Code 2024 compliance. In 2024, the focus was on financial controls. A scoping exercise identified key entities and processes, which streamlined the control framework. Standardised material controls were implemented, supported by a new system for control operation and testing. In 2025, emphasis will be placed on material controls related to principal risks and non-financial reporting.	Ongoing – will remain a focus for 2025
Oversee the development of internal controls over the production and disclosure of non-financial information and oversee the provision of external assurance in respect of that information	The Committee has been actively overseeing controls and reporting of non-financial information. They discussed interim testing results for limited assurance of a set of KPIs, supporting a public opinion scope of engagement for these. The Committee reviewed variations in emissions data, challenging the existing controls. Additionally, they evaluated a proposal to extend the list of non-financial KPIs subject to limited assurance for the current year.	Ongoing – will remain a focus for 2025

Looking ahead to 2025

In addition to our core business, the Committee has identified four focus areas for 2025. We will:

- Maintain cyber security as a focus area for 2025 given it remains a principal risk.
- Maintain focus on monitoring the impact of major business change programmes on Croda's risk and control environment.
- Maintain UK corporate reform as a focus area for 2025, monitoring the Group's control environment to ensure we can report on the effectiveness of all material controls by FY 2026, in accordance with the UK Corporate Governance Code 2024 amendments.
- Oversee the continued development of internal controls over the production and disclosure of non-financial information and oversee the provision of external assurance in respect of that information.

Internal audit and risk management

John and I met with the VP Risk and Assurance several times during the year outside of the formal meetings to discuss the performance and output of the internal audit function and aspects of risk management. The VP Risk and Assurance attended each Committee meeting and presented an internal audit report that was reviewed and discussed fully, highlighting any major deviations from the annual plan agreed with the Committee.

At each meeting, the Committee considered the results of the audits undertaken and the adequacy of management's response to matters raised, including the time taken to resolve such matters. Particular focus was addressed to those areas where there was a major divergence between the outcome of the internal audit and the control standards. In these instances, the Committee challenged management as to what actions it was taking to minimise divergences arising in the future.

In January 2025, the Committee conducted its annual review of the internal audit function, including its approach to audit planning and risk assessment, communication within the business and with the Committee and its relationship with the external auditor. Senior management feedback from sites, included in the 2024 audit programme, is gathered by questionnaire to support this process. Details on how the business monitors risk and how it implements its risk management framework are set out on pages 29 to 30.

Committee evaluation

Through the annual Board evaluation process, see page 61, the performance of the Committee was assessed and the output of the evaluation was considered by the Committee.

The overall performance of the Committee and that of the Committee Chairs were both highly rated, as was the Committee's use of time. The Committee's effectiveness in assessing the system of internal controls was rated highly, and there was seen to be good scrutiny and focus on closing out actions. The need to continue to assess the responsibilities of the Committee and the Sustainability Oversight Committee in relation to the assurance of non-financial KPIs was highlighted. Consideration of the inclusion of occasional thematic discussions on critical topics such as fraud was also noted.

Looking ahead to 2025, a focus on cyber risk management was highlighted as a continued priority as well as an increased use of data analytics within internal audits and continuous controls monitoring as part of the UK corporate reforms to further enhance the Committee's assessment of internal controls.

External auditor's effectiveness

During the year, the Committee assessed the effectiveness of KPMG as Group external auditor. To assist in the assessment, the Committee considered the quality of reports from KPMG and the additional insights provided by the audit team, particularly at partner level. It took account of the views of the CFO and Group Financial Controller, who had discussed subsidiary component audits with local audit partners, to gauge the quality of the team and knowledge and understanding of the business. The Committee also considered how well the auditor assessed key accounting and audit judgements and the way it applied constructive challenge and professional scepticism in dealing with management.

The Committee reviewed the output from a questionnaire completed by senior members of the finance team across the business to obtain their views on KPMG's effectiveness in carrying out the audit. The questionnaire covered:

- Structure of the external audit team and their quality and approach.
- The planning, delivery and execution of the audit.
- The effectiveness of their reporting.
- Effectiveness of communications between management and the audit team.
- Robustness of the audit, including the independence of the external audit team and their ability to challenge management as well as demonstrate professional scepticism and independence.
- The external audit team's judgement.

The Committee considered the scores compared to the previous year's to understand trends and highlight areas of improvement. The independence, team size, seniority and expertise of the external audit team continued to be assessed positively. Examples included the senior team dealing with complex issues as they came up and being helpful in providing feedback on disclosures and technical issues. Although, regional close-out meetings had been succinct and clear, minor improvement areas were noted, which included the need for clearer upfront planning and effective communication on progress in some areas.

The Committee acknowledged that there were several quality interventions that had contributed to the overall audit quality and which had helped to ensure independent challenge. These included the use of specialists, audit consultations, a technical review, a second line inflight review and finally an independent audit partner review.

The Committee also reviewed KPMG's AQR review results and the individual internal and external review results of the Lead Audit Partner.

External auditor's independence

The Committee and the Board place great emphasis on the objectivity of the Group's external auditor, KPMG, in reporting to shareholders. Our Group policy on the provision of non-audit services by external auditors, which is on our website www.croda.com, sets out permitted and prohibited non-audit services and the controls over assignments awarded to the external auditor to ensure that audit independence is not compromised and the provision of such services does not impair the external auditor's objectivity.

In 2024, non-audit fees were £0.3m, significantly less than the total audit fees of £2.7m; the non-audit to audit fees ratio stands at 0.1:1. The non-audit fees include the approved fees for carrying out a limited assurance of significant climate and gender diversity KPIs, as noted earlier.

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

Croda is in compliance with the Statutory Audit Services Order 2014. We undertook an audit tender in 2017, and the Board appointed KPMG as external auditor. The first year to be audited by KPMG was the year ended 31 December 2018. Subject to the continued quality and effectiveness of the current auditor, we plan to re-tender ahead of a 2028 appointment. The proposed tender date is in the best interests of shareholders and the company, as KPMG has a detailed knowledge of our business, an understanding of our industry, and continues to demonstrate that it has the necessary expertise and capability to undertake the audit. The current Lead Audit Partner, Ian Griffiths, was first appointed for the year ended 31 December 2021.

External auditor reappointment

As noted above, the Committee recommended to the Board that KPMG be offered for re-election at the forthcoming AGM. I will be available at the AGM to respond to any questions shareholders may raise on the Committee's activities in the year.

Ian Bull
Chair of the Audit Committee

Significant financial statement reporting items

The Committee, with support from the external auditor, reviewed those items in the Group's and Parent Company's financial statements that have the potential to significantly impact reporting and challenged management on their assumptions and judgements relating to these key accounting matters. These are set out below.

Goodwill impairment: The strategy of the Group includes acquiring new technologies and businesses operating in adjacent markets. As a result, goodwill represents a significant asset value on the balance sheet of £899.6m out of total net assets of £2,296.9m at 31 December 2024.

The Committee considered the revised Cash Generating Unit (CGU) structure prepared by management following changes to the Group's operating model in the year. The Committee assessed whether this was considered appropriate, giving particular attention to the reduction in the number of CGUs, from ten to four, with the remainder allocated to the Group's operating business segment CGUs. The Committee considered management's assessment that there were no indicators of impairment to the previous CGUs, based on financial performance and other information available as at the time of the Group's interim results in June 2024, prepared as part of their consideration of the new CGU structure. The Committee was satisfied that the revised CGU structure was appropriate in view of the Group's revised operational structure and the increased level of integration of these previous acquisitions with the Group's underlying businesses.

The Committee further completed its annual impairment review of the carrying value of goodwill as prepared by management, including the detailed sensitivity analysis to a number of underlying assumptions, including the current macroeconomic outlook and the broader consequences on the markets in which the Group operates. The Committee assessed the methodologies used and the adequacy of the management disclosures. After challenge, the Committee was satisfied that the assumptions were reasonable and that no impairments were necessary.

Pensions: The Committee monitored the Group's pension arrangements, in particular the funding of the defined benefit plan in the UK, which are sensitive to assumptions made in respect of discount rates, salary increases and inflation.

The Group engages external actuarial specialists. The Committee reviewed the actuarial assumptions used and compared them with those used by other companies. The external auditor also challenged the benchmark assumptions applied and conducted sensitivity analysis. Following their review, the Committee found the assumptions to be reasonable.

Parent Company's carrying value of investments in subsidiaries and intercompany receivables: The Committee considered the carrying amount of the Parent Company's investments in subsidiaries and intercompany debtors, held at cost less impairment, representing 98% of the Parent Company's total assets (2023: 99%).

The recoverability of these balances is not considered judgemental; however, they are the most significant component of the Parent Company balance sheet and therefore require additional consideration as part of preparing the financial statements. This included comparing the carrying amount with the respective subsidiary's net asset value, profitability and cash generation. After review, the Committee was satisfied that the recoverability of these balances was acceptable, and no impairments were necessary.

Report of the Remuneration Committee

The Committee approves the company's remuneration policy and framework, and determines the remuneration packages for members of senior management. Policies and practices support company strategy and promote long-term sustainable success, ensuring senior management have appropriate incentives to encourage enhanced performance and are rewarded in a fair and responsible way.

On behalf of the Board and the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024.

Contents

A Chair's letter	**74**
B 2024 Remuneration at a glance	**77**
C Report of the Remuneration Committee	**79**
• Executive Directors' remuneration for the year ending 31 December 2025.	
• How our reward strategy aligns to and supports the delivery of our business strategy.	
D Directors' remuneration for the year ended 31 December 2024	**88**
E Summary of the Remuneration Policy	**100**

Key responsibilities

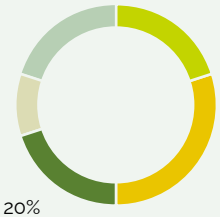
- Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chair, the Group Chief Executive, the Executive Directors, the Company Secretary and other members of senior management.
- Ensure that the remuneration framework is aligned with the Company's strategy and promotes the long-term success of the Company, appropriately incentivising senior management and the wider workforce.
- Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the Remuneration Policy for Directors.
- Feedback to the Board on workforce reward, incentives and conditions in support of the Board's monitoring of whether the workforce policies and practices of the Company are aligned with its Purpose, values and strategy.
- Review the ongoing appropriateness and relevance of the Remuneration Policy.
- Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee and obtain reliable, up-to-date information about remuneration in other companies.
- Oversee any major changes in employee benefits structures throughout the Group.

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

Key focus areas

- Determine remuneration outcomes for 2024, including vesting of the 2022 PSP awards.
- Review of wider workforce remuneration.
- Setting appropriate targets for the senior annual Bonus Plan and Performance Share Plan for 2025.

Time allocation



- Remuneration outcomes 20%
- Policy implementation and target setting 30%
- External reporting 20%
- Governance 10%
- Review of wider workforce remuneration 20%

Chair's letter

I would like to thank my colleagues for their engagement throughout the year, and to welcome Ian Bull as a new member of the Committee in 2024.

2024 was another transitional year, following two years of unprecedented demand in 2021 and 2022, with an industry-wide reset from 2023. Against this subdued economic backdrop, we delivered a performance that demonstrated effective management of the aspects within our control through improved cost management and working capital whilst delivering volume growth, albeit at a lower margin.

Attracting, developing and retaining high-quality people throughout the organisation is key to our success and the Committee believes that Croda's approach to remuneration is pivotal in driving the Group's strategic objectives and fostering long-term, profitable growth. In 2023 we reviewed and updated our policy to ensure ongoing alignment to Croda's evolving ambition and received 94% votes in favour. Last year we were pleased to receive 95% votes in favour of the 2023 Remuneration Report.

Remuneration out-turn for 2024

Whilst benefitting from more stable customer inventories and demand in key markets and geographies, the subdued trading environment seen in 2023 continued into 2024, with sales of £1,628.1m down by 3.9% and adjusted operating profit of £279.7m down by 12.6%. Despite this Group sales grew 2% at constant currency (ex CV19) with an increase in sales volumes.

Under our senior annual Bonus Plan performance was based on profit performance (90% weighting) and an ESG metric (10% weighting). For 2024, profit targets were set consistent with our normal annual bonus framework which is based on year-on-year growth in Bonusable Profit. Bonusable Profit is an established performance measure at Croda, which has been used for many years and is focused on operational profitability based on adjusted EBITDA. Through proactive cost management alongside strong pricing and capital discipline, Bonusable Profit grew by 3.7% in 2024. Consistent with the approach taken in prior years, Bonusable Profit for the prior year was adjusted to exclude profit in relation to lipid system sales for our principal Covid-19 vaccine contract, there were no similar sales in 2024. For 2024, the ESG metric was based on safety and focussed on embedding SHE as a value throughout the organisation and measuring engagement in this area. In respect of 2024, the profit element was partially met while the ESG measure was achieved in full. The Committee also assessed the Group's safety performance over the year against the safety underpin which applies in respect of the senior annual Bonus Plan and noted continued improvement in our safety record. Steve Foots requested that he forgo his annual bonus in light of shareholder experience and will therefore not receive a bonus payment for 2024. No annual bonus was therefore paid to an executive director in respect of 2024.

2024 was the year in which PSP grants made in 2022 concluded their three-year cycle and the Committee reviewed performance against targets. Over the period, Total Shareholder Return (TSR) performance (35% weighting) was (59.7)%. This placed Croda below median when compared to our bespoke comparator group and this part of the award will therefore not vest. Earnings per share (EPS) growth over the period (35% weighting) was (12.3)% p.a., falling short of the threshold target of 5% growth p.a., meaning that this part of the award will also not vest. New and Protected Products (NPP) growth (15% weighting) did not meet the vesting target, nor did it meet the profit growth underpin. Therefore this part of the award will not vest. The 2022 PSP cycle included sustainability metrics (15% weighting), split equally between Climate Positive and People Positive targets. The Climate Positive metric was met which results in 100% of this condition vesting. The People Positive element met the threshold target which results in 25% of this part of the award vesting.

The 2022 PSP award was subject to a discretionary underpin based on Economic Value Added (EVA) with vesting subject to satisfactory EVA performance over the performance period. Aggregated EVA performance over the period was £172.5m.

The Committee also took into account the Discretion Framework and determined that no adjustment would be made under either the PSP or the senior annual Bonus Plan. The formulaic out-turn in respect of the PSP was 9.375% of the total award.

Performance framework for 2025

Croda's strategy continues to focus on delivering sustainable, profitable growth by providing innovative and sustainable solutions to our customers. This is consistent with our Purpose, Smart science to improve lives™, with our remuneration framework therefore underpinning our Purpose through performance measures and stretching targets.

For 2025, the senior annual Bonus Plan will continue to be based on a profit performance metric (90% of the total award) and an ESG metric (10% of the total award). The focus of the ESG metric varies each year, adapting to our evolving priorities in this area. For 2025 the focus will be strategically aligned with the increasing customer demand for higher-quality, readily available product-level sustainability-related data, both to provide to customers and better inform internal decision-making.

The PSP performance framework is unchanged in substance and will continue to include EPS growth (35% of the award), relative TSR (35% of the award), NPP (15% of the award) and sustainability targets (15% of the award). The NPP element incentivises innovation based on NPP revenue, being revenue from those products that will drive our future growth. Innovating sustainably is core to Croda's success, and we continue to focus management on the delivery of this. The sustainability element will be focused on a reduction in Scope 3 emissions aligned with the verified SBT trajectory and building on the Climate Positive target set for the 2024 PSP.

In line with normal practice, the Committee reviewed targets ahead of 2025. Targets for our senior annual Bonus Plan continue to be set using growth in Bonusable Profit, for this year also including a PBT underpin. Safety also continues to be a specific underpin in our senior annual Bonus Plan.

For the PSP award to be granted in 2025, the Committee revised the EPS growth targets upwards for this cycle, with the aim of ensuring targets are motivational while also appropriately stretching. The ROIC underpin will be maintained, recognising that long-term ROIC performance continues to be a key focus for the business.

The Committee carefully considered the impact of the share price performance on the number of shares to be granted under the PSP in 2025 given shareholder guidance in this area. Taking into account the challenges in the sector, the Committee determined that it would be more appropriate to judge whether participants have benefited from any windfall gains at the point of vesting rather than at grant. At vesting the Committee will review the outcome against a pre-determined framework in order to consider whether windfall gains have arisen. For the 2025 awards, the Committee will however continue to monitor share price performance in the period prior to grant.

Salaries and fees for 2025

For 2025, there will be a general increase to salaries for UK employees of 2.5%. The Committee reviewed the salary of our Group Chief Executive and determined that an increase of 2.5% would be awarded in line with that of the UK workforce.

The fees for the Chair of the Board and Non-Executive Directors were also reviewed and increased by 2.5%.

Board changes

Following the resignation of Louisa Burdett, a rigorous search was undertaken for her successor, and we were delighted, during the course of last year, to announce the appointment of Stephen Oxley as Chief Financial Officer. Stephen will join Croda on 1 April 2025 following the conclusion of his notice period in respect of his Chief Financial Officer role at Johnson Matthey Plc. Stephen will be appointed on a salary of

£580,000. He will participate in both the senior annual Bonus Plan and PSP on the same basis as Louisa Burdett. Further details on Stephen's remuneration arrangements, and the context to the decisions made, are included on page 93.

As disclosed in the Annual Report & Accounts 2023, remuneration arrangements for Louisa Burdett were managed in line with the Remuneration Policy. Louisa was not eligible to receive an annual bonus or PSP award for 2024 and all outstanding PSP awards lapsed upon her resignation.

Consideration of wider workforce and alignment of reward across the organisation

Our approach to workforce reward forms an important part of Croda's philosophy and culture. One of the principles of Croda's culture is to drive 'One Croda', and therefore many of the remuneration structures that apply to the Executive Directors also apply further in the global organisation. The key difference being that remuneration for Executive Directors is more heavily weighted towards variable pay and share ownership. Highlights of our approach to workforce pay include:

- Our commitment to paying a Global Living Wage – in 2021 Croda established a Living Wage in each of the countries in which it operates and ensured that all employees receive this as a minimum. We are in the final stages of receiving certification from the Fair Wage Network (FWN) for the work we have done to date. We also established which of our third-party contractors are paid a Living Wage and for those that are not are in the process of formulating an action plan to address this.
- Sharing of success with employees – achieved through the operation of various all-employee share plans, including our Free Share Plan which was introduced in 2021. We are pleased that workforce participation in these plans remains consistently strong year-on-year and allows our employees to become shareholders in the business.
- Generous and inclusive benefits – our holistic health and wellbeing benefit offering is highly valued across the workforce. In spite of significant cost inflation in-year, we continued to provide private medical insurance to all of our UK employees and discounted access for their families. In addition, our CARE pension, which applies across our entire UK workforce, represents our commitment to the financial wellbeing of our people.

In line with our 'One Croda' culture, our senior leaders all share the same performance metrics for the senior annual Bonus Plan and PSP. Around 525 employees participate in the senior annual Bonus Plan and 55 of these are also in the PSP. We believe that this focuses our leadership on working together globally to deliver the best overall outcome for our customers and, in turn, our shareholders and other stakeholders.

Workforce engagement

Over the last three years, we have established a regular engagement programme to gain insight from employees across the Group. Through surveys, listening groups, site visits and a dedicated email address, all Croda colleagues can give their feedback directly so we can better understand how they are feeling about certain areas of business.

In 2024, I held a listening group dedicated to reward and recognition. Danuta Gray, and several other Non-Executive Directors, also held listening groups with members of the workforce on a variety of topics. Further details on some of the findings from these listening groups are included on page 84.

We also continued to run our Purpose and Sustainability Commitment (PSC) survey, where we gain valuable feedback on how our workforce feel. The PSC score for 2024 was 67% (2023: 68%). In 2025, we are evolving our approach in this space, taking a significant step forward as we launch YourVoice. YourVoice expands on the PSC survey. This will give us more regular and richer quantitative and qualitative data to help us better understand how our people feel and to equip our leaders to feel empowered to take meaningful actions that positively impact their teams from the feedback they receive, fostering our high-performing, inclusive culture through an approach that focuses on continuous listening and response. More details can be found in the culture section of the report on page 8.

Looking ahead

We remain confident that the Remuneration Policy that was approved in 2023 will continue to serve us well over the next year.

The Remuneration Policy is due for its triennial renewal at the 2026 AGM and therefore during 2025 we will be undertaking a comprehensive review to ensure that it continues to align to our strategy, taking on board input and advice from our investors and other stakeholders. We remain committed to ensuring that our remuneration framework reflects the evolving needs of all of our stakeholders and the communities in which we operate.

Jacqui Ferguson
Remuneration Committee Chair

Report of the Remuneration Committee

B. 2024 Remuneration at a glance

How we performed in 2024

Adjusted operating profit

(12.6)%
to £279.7m

Adjusted basic EPS

(14.9)%
to 142.6p

Total Shareholder Return

(59.7)%

over the three-year PSP performance period (1 January 2022 to 31 December 2024)

NPP (constant currency)

35.1%

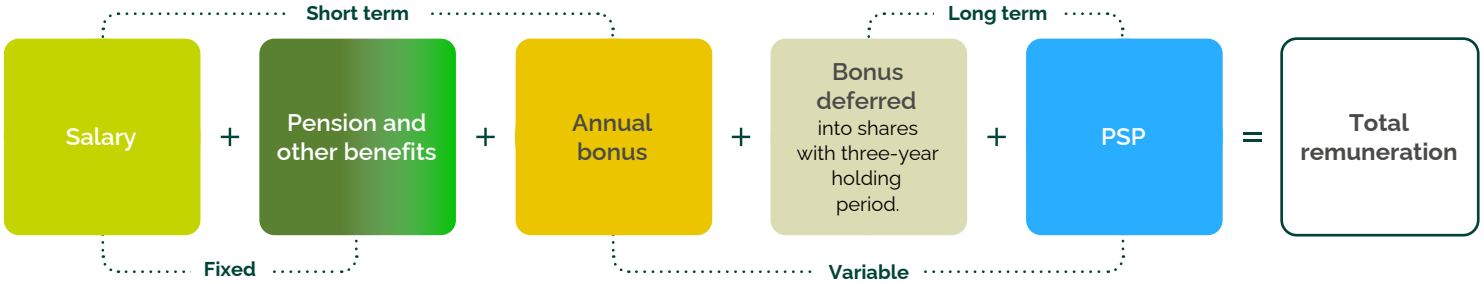
of Group sales

Scope 1 and 2 emissions

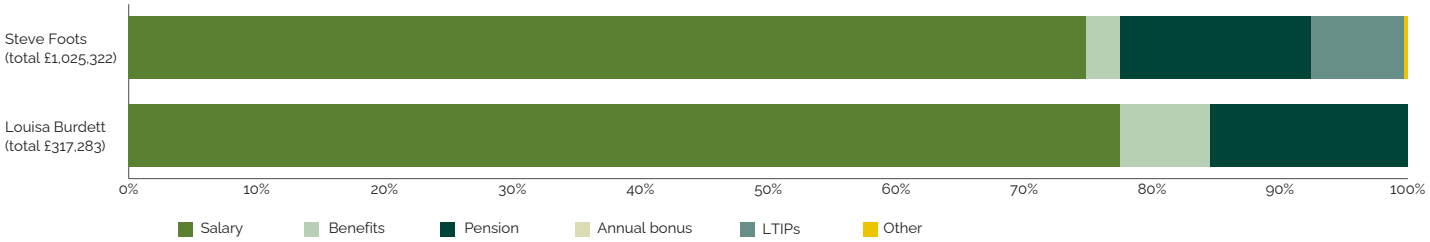
28.3% reduction

compared to a 2018 baseline over the three-year PSP performance period (1 January 2022 to 31 December 2024)

Elements of our Executive Directors' remuneration



Single figure remuneration



Operation of our policy in 2024

Key component	Group Chief Executive (CEO) Steve Foots	Chief Financial Officer (CFO) Louisa Burdett[1]
Basic salary Competitive package to attract and retain high calibre executives.	£767,469	£245,827
Pension To provide competitive long-term retirement benefits to act as a retention mechanism and reward service.	£153,494	£49,165
	Cash supplement of 20% of salary in line with UK workforce	
Benefits To provide competitive benefits to act as a retention mechanism and reward service.	£26,634	£22,291
	Benefits include company car or cash allowance, private medical insurance and private fuel and travel allowances	
Annual bonus Incentivise delivery of strategic plan, targets set in line with Group KPIs.	£0 Steve Foots requested to forgo his annual bonus for 2024	–
PSP Incentivise execution of the business strategy over the long term, measuring profit, shareholder value, innovation and sustainability.	£74,107 9.375% of maximum	–
Shareholding requirements Share ownership guideline to ensure material personal stake in business.	Greater than 250% of salary	–

Performance outcomes

Annual bonus

Bonusable Profit (90%)	2023 actual	2023 actual plus 10%	**37.5%** of maximum
ESG (10%)	Safety tasks partially met	Safety tasks met in full	**100%** of maximum

PSP

EPS (35%)	5% p.a	11% p.a	**0%** of maximum
TSR (35%)	Median	Upper quartile	**0%** of maximum
NPP (15%)	NPP sales to grow at least twice rate of non-NPP sales subject to overall Group profit growth and a minimum average of 3% growth per year – not met		**0%** of maximum
Climate positive (7.5%)	Reduction of 21%	Reduction of 25.2%	**100%** of maximum
People positive (7.5%)	Leadership roles 40% filled by women	Leadership roles 55% filled by women	**25%** of maximum

1. Louisa Burdett resigned as a Director of the Company on 24 May 2024 and left the Company on 17 June 2024.

C. Report of the Remuneration Committee

Summary of Remuneration Policy and implementation for the year ending 31 December 2025

Key component	CEO	CFO[1]
Basic salary To assist in the recruitment and retention of high-calibre Executives.	**£786,656** Increase of 2.5% in line with general increase for UK employees.	**£580,000** Salary set from date of appointment.
Annual Bonus Incentivise delivery of strategic plan, targets set in line with Group KPIs.	Maximum of **175%** of salary	Maximum of **150%** of salary
PSP Incentivise execution of the business strategy over the long term measuring profit, shareholder value, innovation and sustainability.	Maximum of **250%** of salary	Maximum of **200%** of salary
Shareholding guidelines Share ownership guidelines to ensure material personal stake in business.	Maximum of **250%** of salary	Maximum of **200%** of salary

Pension
20%
of salary as pension supplement aligned to UK workforce

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

Annual Bonus – Operation

2/3 paid in cash

1/3 deferred into shares with three-year holding period.

Performance measure (weighting)

Bonusable Profit 90% of total

ESG metric 10% of total

See page 80 for details

PSP – Operation

3 year Performance period

2 year holding period

Performance measure (weighting)	Threshold	Maximum
EPS (35%)	6% p.a.	12% p.a.
TSR (35%)	Median	Upper quartile
NPP (15%)	3% p.a.	7% p.a.
	Subject to overall positive Group profit growth	
Sustainability (15%)	See page 81 for details	

Post-employment shareholding guidelines also apply for two years after leaving employment.

1. Stephen Oxley will join Croda on 1 April 2025.

Further detail on implementation for 2025

Annual bonus

Incentivise delivery of strategic plan, targets set in line with Group KPIs.

Operation:

Performance measure (weighting)	
Bonusable Profit* (90% of total)	Based on Bonusable Profit with an additional PBT underpin.
ESG measure (10% of total)	Measures for 2025 are strategically aligned with the increasing customer demand for higher-quality, readily available product-level sustainability-related data, both to provide to customers and better inform internal decision-making. 1. Ingredient Transparency (5%) - successfully migrate products at six target manufacturing sites into the Product Information Management system, such that a minimum of 80% of products with sustainability-related information demanded by customers at each site are migrated with at least 80% of the critical datapoints completed. • 100% payout (5%) would be achieved if a minimum of 80% of products at six target manufacturing sites are successfully migrated with at least 80% of the critical datapoints completed. • 50% payout (2.5%) would be achieved if a minimum of 50% of products from at least four out of six target manufacturing sites are successfully migrated with at least 80% of the critical datapoints completed, with no payout below this. 2. Product Carbon Footprint (PCF) data (5%) - 80% of products with Product Carbon Footprint data currently available to customers are updated with the required additional information to comply with the published Together for Sustainability standard on PCF data, and reissued to customers by 31 December 2025. • 100% payout (5%) would be achieved if 80% of products are updated with the required additional information, and issued to customers by 31 December 2025. • 50% payout (2.5%) would be achieved if 50% of products are updated with the required additional information, and issued to customers by 31 December 2025, with no payout below this.

Safety underpin:

- Awards will be subject to a safety underpin such that the Committee will actively consider safety performance over the year, and in particular shall consider whether to reduce (including potentially to zero) the amount of any payment made to any individual member under the scheme if it considers performance to be unsatisfactory.

Commentary:

- No change in opportunity levels or the balance of performance measures.
- When determining bonus outcomes, the Committee applies the Discretion Framework which includes a range of factors, see page 83.
- The Committee remains comfortable that the structure of the senior annual Bonus Plan does not encourage inappropriate risk-taking and that the mandatory deferral of one third of bonus into shares for a three-year period provides clear alignment with shareholders and fosters a longer-term link between annual performance and reward.
- Malus and clawback provisions apply.
- Full retrospective disclosure of targets and actual performance against these will be made in next year's Annual Report on Remuneration.

* Underlying profitability for the performance-related annual Bonus Plan ('Bonusable Profit') is based on adjusted EBITDA for continuing operations before exceptional items, less a notional interest charge on working capital employed during the year. The Bonusable Profit target is measured on a constant currency basis, excludes any charges or credits under IFRS 2 Share-based Payments, and is after the cost of bonuses.

PSP

Incentivise execution of the business strategy over the long term, measuring profit, shareholder value, innovation and sustainability.

Operation:

Performance measure (weighting)	Threshold	Maximum
EPS[1] (35%)	6% p.a.	12% p.a.
TSR[2] (35%)	Median	Upper quartile
NPP (15%)	Subject to overall positive Group profit growth and a minimum average of 3% NPP growth per year (25% vesting), with payments being made on a sliding scale up to 7% growth per year (maximum vesting).	
Sustainability (15%)	Climate Positive – A reduction in upstream Scope 3 emissions aligned with our verified SBT trajectory from a 830,763 Mt CO_2e adjusted baseline[3] by end 2027, equating to an absolute reduction of 62,250Mt. Subject to a minimum reduction in upstream Scope 3 emissions of 15,563Mt (25% vesting), with payments being made on a sliding scale up to a reduction of 62,250Mt by end 2027.	

ROIC underpin

Awards will be subject to a ROIC underpin such that vesting is subject to satisfactory ROIC performance over the three-year performance period, as determined by the Committee. In determining whether the underpin has been met, the Committee will consider a range of factors including, but not limited to, the intended time horizons for returns on capital deployed, and Croda's long-term ROIC objective. In circumstances where the underpin is not met, the Committee may consider, in its absolute discretion, whether to reduce or cancel the vesting of awards.

Commentary:

- Performance period 1 January 2025 to 31 December 2027.
- Malus and clawback provisions apply.
- When assessing outcomes, the Committee applies the Discretion Framework which considers, for example, the management of EVA and ROIC, health and safety and sales growth and may adjust awards if it considers appropriate.
- An additional two-year holding period will apply for any shares vesting.
- The Committee will review awards on vesting to consider whether windfall gains have arisen.

1. 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.
2. TSR group: Akzo Nobel, Ashland, Azelis, BASF, Chr. Hansen, Clariant, Elementis, Evonik, Givaudan, IFF, IMCD, Johnson Matthey, DSM-Firmenich, Lonza, Merck, Novozymes, Stepan, Syensqo, Symrise, Synthomer and Victrex.
3. Adjusted baseline is the absolute upstream Scope 3 emissions from 2024.

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

Over the last four years we have accelerated key elements of our strategy to transition to a dedicated Consumer Care and Life Sciences company. Across these markets, innovation and sustainability will be the core drivers of our future growth.

In developing and implementing our Remuneration Policy the Committee has been mindful to ensure that every element of reward directly aligns to our strategy, ensuring we provide and protect long-term shareholder value.

Element of reward	Link to strategy	Sustainability	Innovation	Growth	Long-term shareholder value
Senior annual Bonus Plan					
Profit	Clear and simple measure that supports our strategic objective of consistent bottom-line growth. One third of awards are deferred, further protecting shareholder value.			↑	£
Sustainability	Sustainability is at the centre of Croda's strategy and our senior annual Bonus Plan includes an ESG metric.	✓			£
Performance Share Plan					
Earnings per share (EPS)	A measure of earnings growth over a three-year period recognising that sustained growth can only come through relentless innovation.		✓	↑	£
Total Shareholder Return (TSR)	Measured against our peers, a key indicator of long-term growth and shareholder value.		✓	↑	£
New & Protected Products (NPP)	An established measure of innovation, the metric is growth of NPP, those products rewarding growth that is driven by innovation.	✓	✓	↑	£
Sustainability	Since 2020 we have incorporated sustainability metrics directly linked to our ambitions to be Climate, Land and People Positive by 2030.	✓	✓	↑	£
Underpins & Discretion Framework					
Safety, health and environment (SHE)	The SHE underpins ensure that rewards are not made at the expense of the safety, health and environment of our employees or the communities that we serve.	✓			£
Financial underpins	The financial underpins, including ROIC and our broader Discretion Framework, ensure that reward reflects the overall financial health of the business.			↑	£
Culture and ethics	The culture and ethics underpin ensures that reward reflects strong governance and the experience of all our stakeholders.	✓			£
Other features					
Holding periods	Extends the period to five years before shares are released, further protecting shareholder value.				£
Shareholding requirements	Ensures that our Executives' interests are aligned to shareholders.				£
Malus and clawback	Allows incentive awards to be clawed back or reduced in the event of significant financial or personal misconduct.				£

Our Discretion Framework

To enhance the rigour with which performance is reviewed the Committee has adopted a Discretion Framework which it applies when assessing bonus and long-term incentive plan outcomes.

As with all Board/Committee decisions (in line with section 172) we also reflect on the experience of all our stakeholders throughout the course of the plan periods.

How our Remuneration Policy reflects the UK Corporate Governance Code

When developing the Remuneration Policy, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following factors:

Factors	How these are addressed
Clarity	Our commitment to openness and transparency is reflected in our reward principles. The Committee is committed to providing open and transparent disclosure on executive remuneration for our stakeholders. Our arrangements are clearly disclosed and any changes to our Remuneration Policy and its operation are highlighted in a way that defines their alignment to both our strategic ambitions as well as the provisions of the UK Corporate Governance Code.
Simplicity	Our executive remuneration arrangements, as well as those throughout the global organisation, are simple in nature and well understood by both participants and shareholders. Our senior annual Bonus Plan, in which around 525 of our global employees participate, is primarily based on a single profit metric, with a simple key requirement that no bonus can be paid for this element until the previous year's profit is exceeded.
Risk	The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking. Performance is based on a balance of metrics which also reflect our broader stakeholders, for example inclusion of sustainability targets and health and safety underpins. We then take a holistic assessment of performance using our Discretion Framework. Annual bonus deferral, the PSP holding period and our shareholding guidelines provide a clear link to the ongoing performance of the business as well as alignment with shareholders. Executives will be rewarded for sustainable long-term shareholder return. Malus and clawback provisions also apply for both the senior annual Bonus Plan and PSP.
Predictability	Our Remuneration Policy contains details of maximum opportunity levels for each component of pay, with actual incentive outcomes varying depending on the level of performance achieved against specific measures.
Proportionality	Our Remuneration Policy directly aligns to our strategy and financial performance. The Committee considers performance from a range of perspectives. Poor financial performance is not rewarded.
Alignment to culture	Alignment to our 'One Croda' culture is clearly established in our Remuneration Policy. Our senior annual Bonus Plan has the same metrics for all participants. Our PSP metrics, and our senior annual Bonus Plan ESG metric, reflect our commitment to sustainability. Pensions are also aligned across the workforce.

Workforce remuneration at Croda

Highlights of our approach

'One Croda' culture
Alignment of remuneration structure across our workforce

Sharing of success with employees
Under the Free Share Plan, all eligible employees are gifted an award of Croda shares when the senior annual Bonus Plan pays out

Continued high participation in all employee share plans
In 2024, 79% of our UK employees and 64% of our non-UK employees participated in one of our all-employee share plans

Living Wage employer
Croda pays a 'Living Wage' globally. In 2024 we also established which of our third-party contractors are paid a Living Wage and for those that are not are in the process of formulating an action plan to address this

CARE pension in the UK
Applies across our entire UK workforce and is a generous and inclusive benefit

Workforce engagement on executive remuneration
Listening group hosted by Chair of Remuneration Committee ran in 2024, with representation from all regions

Holistic health and wellbeing benefit offering
We recently enhanced healthcare benefits for UK employees

Fair Wage Network
We are in the final stages of receiving certification from the Fair Wage Network for the work we have done to date

Workforce engagement

We continue to develop our approach to workforce engagement. We believe it is important to our culture and our values to have an active dialogue with employees on topics such as reward, recognition, motivation, wellbeing, safety and inclusion. A summary of engagement activities undertaken to date is as follows:

Employee pulse surveys	In 2024 a number of pulse surveys covering a range of topics, including culture and reward, were undertaken and findings were shared with the Board, management and employees to help guide decisions.
Listening groups	During 2024 the Chair of the Board, Chair of the Remuneration Committee and other Non-Executive Directors attended listening groups to better understand how employees felt on a range of different topics. This included an international listening group hosted by the Chair of the Remuneration Committee that was specifically focused on executive remuneration and wider workforce reward.
Dedicated email to Chair of Committee	A dedicated email address has been established for employees to send comments or questions to the Chair of the Remuneration Committee.
Overview of pay and policy decisions	Committee members are updated annually on global employees' terms and conditions and are made aware of any significant changes to policies and other pay-related matters.

How our Remuneration Policy relates to reward in the wider employee context

When making decisions about executive remuneration the Committee considers the pay and reward structures across the business. Annually, the President Human Resources provides the Committee with a review of workforce remuneration, and the Committee is updated periodically on any feedback received on remuneration practices across the Group. One of the principles of Croda's culture is to drive 'One Croda', therefore, many of the remuneration structures that apply to Executives also apply further in the global organisation, as set out in the table below. The key difference between the policy for Executive Directors compared to other employees is that remuneration for Executive Directors is more heavily weighted towards variable pay and share ownership.

Remuneration element	Who participates?	Details
Base salary	All employees	Pay is set in line with the market and closely monitored. Any comparator group used as a reference point is country and/or industry specific. We pay a 'Living Wage' globally.
Annual bonus	Executive Directors, Executive Committee, senior leaders and senior managers (c.525 employees globally)	Consistent senior annual Bonus Plan aligned to increase in annual profit and ESG priorities. Operates across the most senior global grades on a tiered basis from 175% of salary to 22% of salary. Deferral applies for Executive Directors and members of the Executive Committee.
	All other employees	Local schemes apply in many locations.
Free Share Plan	All employees who do not participate in the senior annual Bonus Plan (c.5,500 employees globally)	An award of free shares or the cash equivalent if the senior annual Bonus Plan pays out.
Performance Share Plan	Executive Directors, Executive Committee and senior leaders (c.55 employees globally)	Consistent PSP based on EPS, TSR and sustainability metrics, including NPP. Operates across the most senior global grades on a tiered basis from 250% of salary to 30% of salary.
Restricted Share Plan (RSP)	Selected employees generally not eligible for PSP	Discretionary awards can be granted annually to selected employees to reward exemplary performance.
All-employee share plans[1]	All employees	Employees can participate in our global Sharesave Scheme, 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 plus 20% cash supplement paid for salaries above the cap or to employees who are tax limited and have opted out of the pension scheme.
Healthcare (UK only)[3]	All employees	All UK-based employees benefit from membership of Bupa private healthcare provided free of charge for employees and subsidised for family members. In addition, employees are provided with triennial health assessments also with Bupa.

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.
3. A range of healthcare benefits are also available in many of our locations globally.

Sharing success across the business

The Committee believes in sharing success across the business and extending share ownership more widely across our employee base. This is promoted through the operation of our 'Free Share Plan' and a number of all-employee share schemes.

Free Share Plan

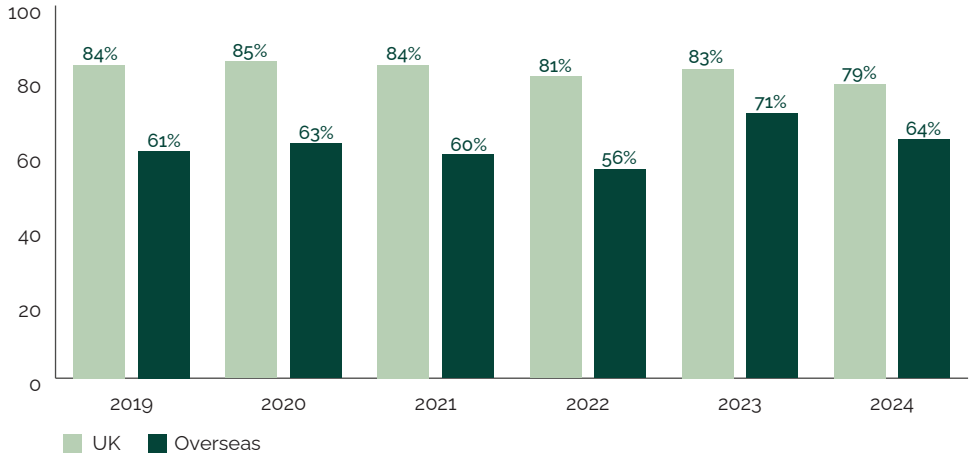
In 2021 we launched the 'Free Share Plan'. Under this plan, all employees globally who are not eligible for the senior annual Bonus Plan are gifted Croda shares (or the cash equivalent) if the senior annual Bonus Plan pays out. Unlike other elements of remuneration this award is not set as a multiple of salary, instead it rewards all eligible employees at the same value.

The Free Share Plan was developed in response to findings from the Global Reward Survey in 2020 and aims to share success more widely across the business and encourage share ownership.

As the senior annual Bonus Plan paid out for 2024, an award was made under the Free Share Plan.

All-employee share plans

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



Living Wage

Croda gained accreditation in the UK as a Living Wage Employer from the Living Wage Foundation in 2018. Since 2021, Croda has paid a Living Wage globally as per our partner Fair Wage Network's (FWN) independent and economically rigorous methodology,

We reviewed our Living Wage levels in 2024 and made any adjustments necessary in order to continue paying a Living Wage to all employees. We are in the final stages of receiving certification from the FWN for the work we have done to date. In 2024 we also completed an initial assessment of our contractor population and compliance with our Living Wage standards. In 2025 we will look to progress this further.

More than just pay

Our employees and our culture remain central to the continued success of Croda. We have continued to enhance our offering of activities available to employees, including:

- We are proud of the training and development that we provide for employees and have set a target of ensuring all employees receive at least one week of training a year by the end of 2025. In 2024, our employees undertook over 190,000 hours of training with the average number of hours an employee completed being 32 hours.
- In 2024 we ran our Accelerated Leadership Programme, for high performing and mid-level colleagues showing leadership behaviours and our inclusion-based global leadership programme, Phoenix Rising.
- Each of our sites is tasked with ensuring at least four health and wellbeing events are run per year, with many sites running significantly more than this. We also continued with Employee Assistance Programmes in many of our countries.

See page 8 for further information on our culture including details on how we approach the recruitment, development and training of our workforce.

Other disclosures

UK gender pay gap

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

	2020	2021	2022	2023	2024
Mean pay gap	18.7%	17.7%	7.2%	7.9%	4.1%
Median pay gap	19.2%	21.1%	15.7%	12.1%	8.5%
Mean bonus gap	64.4%	62.6%	23.3%	3.2%	3.4%
Median bonus gap*	0%	0%	29.9%	17.3%	0%

* The senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme did not pay out for 2019 (payable in 2020), 2020 (payable in 2021) or 2023 (payable in 2024). A small number of employees received a sales bonus but the median bonus for both female and male employees was zero giving a median bonus gap of 0%.

We are confident that our gender pay gap is not an equal pay issue but is a result of a lack of female representation across our business at senior levels and particularly in production roles which represent the bulk of the workforce between the 25th and 75th percentile. Addressing this issue will require a long-term approach but we have already begun work to increase the number of females working in production and in senior positions.

Over 2024 49% of available leadership roles were filled by women, with the number of women in leadership positions now at 41%[Δ] (2023: 39%).

Other actions taken to address the gender pay gap include:

- Promoting balanced shortlists for all appointments.
- Further improving our talent and succession planning processes to help identify and nurture talent early in their career.
- Developing career paths to help our people identify opportunities for growth across the organisation.
- Ensuring that our global talent development programmes continue to have a gender-balanced mix of participants.
- Supporting female leaders in their development, offering attendance on programmes such as Solaris, a women's executive leadership development programme for women specifically of Black heritage.
- 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.
- Continuing to invest in our STEM activities to encourage a wide range of applicants to apply for roles in our business.

More information is available on the Croda website.

UK CEO pay ratio

The table in the adjacent section sets out the ratio of the CEO's 'single figure' total remuneration to the 25th, 50th and 75th percentile full-time equivalent total remuneration of the Company's UK employees. The pay ratios are calculated on a Group-wide basis by reference to UK employees only.

Under the regulations, there are three methodologies that companies can choose to report their pay ratio, known as Option A, B and C. For 2024 we have chosen to continue to use the Government's preferred option, Option A. Using this methodology, we have determined the full-time equivalent total remuneration for all UK employees and have ranked this data to identify employees whose remuneration places them at the 25th, 50th and 75th percentile. The pay ratios are then calculated by comparing total remuneration for these three employees against our CEO 'single figure' total remuneration.

	FY 2024	FY 2023*	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018**
Methodology	A	A	A	A	A	A	C
25th percentile	27:1	37:1	121:1	103:1	48:1	57:1	85:1
50th percentile	20:1	28:1	90:1	81:1	37:1	44:1	67:1
75th percentile	16:1	23:1	73:1	67:1	31:1	37:1	57:1

* The ratio for 2023 has been restated. This is to reflect the updated CEO 'single figure' total remuneration for 2023, which was due to the PSP award being updated to reflect the actual share price at vesting. Where relevant, PSP calculations for the workforce have also been updated on the same basis. Sales bonus amounts for the workforce have also been updated to reflect the actual amounts paid in March 2024.

** The CEO pay ratio for 2018 was calculated using Option C, which enabled us to calculate, on an indicative basis, the total remuneration packages of three individual UK employees at the 25th, 50th and 75th percentile. Option C was used in 2018 because the full administrative process to enable us to calculate the equivalent total remuneration for UK employees was not in place.

1. Calculations for the workforce exclude severance pay, notice pay, SIP repayments, fractional share payments, SAR payments and relocation expenses.
2. The calculations for the workforce exclude the value of the defined benefit pension plan due to the difficulty of calculating these figures for our complex historical pension arrangements.
3. Calculations of annual bonus for the workforce reflect an estimate at the time of the calculation of the ratio. The actual amounts paid to these employees will be finalised in March 2025 and the ratio will be updated in next year's report to reflect the actual amounts paid.
4. Calculations for the workforce include amounts granted under the Restricted Share Plan and Free Share Plan. Unlike the PSP these figures will not be restated at vesting.
5. Excludes Non-Executive Directors, contractors and employees who left during the relevant year.
6. New starters, part-time employees and employees on long-term sick and maternity are included; their salary has been amended to reflect a full-time and full-year salary.

Employee total remuneration

	Actual base salary 2024	Total remuneration 2024
75th percentile	£58,685	£63,212
50th percentile	£43,283	£50,206
25th percentile	£33,377	£38,091

The CEO pay ratio is calculated based on the total remuneration payable to the CEO, which could include payments under the senior annual Bonus Plan and PSP. The outcomes of these elements are directly linked to performance, with the value of the PSP also incorporating share price growth. It is therefore expected that the ratios will fluctuate significantly year-on-year to reflect Croda's performance. In respect of the 2024 figures, as Steve Foots has decided to forgo his senior annual Bonus for 2024 and the PSP has paid out at a lower level, from 37.1% in 2023 to 9.375% in 2024, the ratio has decreased significantly.

See inside front cover for details of Assurance Δ

D. Directors' remuneration for the year ended 31 December 2024 – Audited information

In this section

1	Directors' remuneration for the year ended 31 December 2024	88
2	Pension	93
3	Payments for cessation of office	93
4	Payments to past Directors	93
5	Transition of Chief Financial Officer	93
6	Share interests	94
7	Performance graph	95
8	10-year remuneration figures for Group Chief Executive	95
9	Board Chair and other Non-Executive Directors' fees 2024 and 2025	96
10	Non-Executive Directors' remuneration	96
11	Service contracts and outside interests	97
12	Remuneration Committee membership and advisers	97
13	Other disclosures	98
14	Statement of voting	99

1. Directors' remuneration for the year ended 31 December 2024

	Steve Foots		Louisa Burdett[1]	
	2024	2023	**2024**	2023[2]
Salaries	**£767,469**	£745,116	**£245,827**	£520,000
Benefits[3]	**£26,634**	£25,969	**£22,291**	£51,332
Pension supplement[4]	**£153,494**	£149,023	**£49,165**	£104,000
Total fixed pay	**£947,597**	**£920,108**	**£317,283**	**£675,332**
Annual bonus	-	-	-	-
Long-term incentives[5A-B]	**£74,107**	£454,812	-	-
Other[6]	**£3,618**	£3,236	-	-
Total variable pay	**77,725**	**£458,048**	**-**	**-**
Single total figure of remuneration	**1,025,322**	**£1,378,156**	**£317,283**	**£675,332**

1. Louisa Burdett resigned as a Director of the Company on 24 May 2024 and left the Company on 17 June 2024. Her salary, benefits and pension supplement were paid up until the date of her departure and these values have been included in the table above. Louisa forfeited any entitlement to bonus upon resignation and any in-flight PSP awards lapsed.
2. The 2023 benefits figure has been restated to include costs incurred in respect of the travel allowance having previously been excluded. The amount reported has been updated from £22,999 to £51,332. This change has also been reflected in the 2023 total fixed pay figure and single total figure of remuneration.
3. Benefits include company car or cash allowance, private medical insurance and private fuel and travel allowances.
4. This represents the 20% of salary supplement.
5. A. The PSP awards granted in March 2022 reached the end of their performance period on 31 December 2024. The awards will vest at 9.375% of maximum (see page 90). The values included in the table above are based on the three-month average price to 31 December 2024 of 3652.4p. This is lower than the share price at grant, and therefore no value is attributable to share price growth. These values will be updated in next year's Annual Report based on the share price at vesting which will take place on 24 March 2025.
   B. The PSP award included in the 2023 single figure (the 2021-23 PSP award) has been updated to reflect the actual share price at vesting of 5020p. This is lower than the share price at grant, and therefore no value is attributable to share price growth.
6. Represents the value received in the year from participation in all-employee share schemes. Steve Foots received 42 matching shares as part of the Share Incentive Plan (SIP) with a transaction value of £1,771. He also participated in the 2024 Sharesave Scheme and was granted 236 shares at a discounted rate of 3131p. The share price on the date of grant was 3913.6p representing a 20% discount.

Annual bonus

The annual bonus for Executive Directors in 2024 was calculated by reference to profit and safety performance. In line with our well-established practice, profit targets were set based on the amount by which the profit for the year exceeded the profit for 2023 (the 'Bonusable Profit'). Bonusable Profit is focused on operational profitability based on adjusted EBITDA, and, consistent with last year, was adjusted for lipid system sales for our principal Covid-19 vaccine contract in the comparative period.

Measure	Weighting	Threshold	Maximum	Actual performance	Out-turn (% of max element)
Bonusable Profit	90%	£328.5m	£361.3m	£340.8.m	37.5%
ESG metric	The ESG metric for 2024 was in relation to safety for the whole population of eligible employees (c.550 employees), and the extent to which the population: 1. Agreed a quarterly communication (SAY) and engagement plan (DO) for their team and peers. All leaders were expected to set quarterly targets and capture progress in Croda's global human resources information system (HRIS). Achievement was recorded via the employees' end of year appraisal. 90% of the cohort had to achieve this by year end for this element to be considered complete. 2. Measured workforce engagement through a 'Safety is a Value' survey which had to receive a 70% response rate across the whole organisation by year end for this element to be considered as complete. 3. Identified measures of success for their team and demonstrate achievement at year end. All leaders had to capture their objective in Croda's global HRIS. Achievement was recorded via the employees' end of year appraisal. 90% of the cohort had to achieve this by year end for this element to be considered complete. Two of the elements had to be considered complete for a 5% payout. All of the elements had to be considered complete for the full 10% to be payable.			96% of eligible employees achieved objective 1. The 'Safety is a Value' survey was executed in April (83% response rate) and November (76% response rate). 96% of eligible employees achieved objective 3. All 3 targets were achieved resulting in a pay-out of 100% under the ESG metric.	
Final outcome for 2024					43.75%
Steve Foots requested to forgo his annual bonus for 2024					0%

The Remuneration Committee has discretion to reduce (including to zero) the amount of any payment under the scheme if it considers the safety, health or environment (SHE) performance is in serious non-compliance with the Croda SHE policy statement, document of minimum standards. In addition, the Committee can also reduce any payment (including to zero) if it considers the underlying business performance of the Company is not sufficient to support the payment of any bonus. The Committee also applies the Discretion Framework, a rigorous framework for the application of judgement and discretion, when reviewing awards (see page 83).

PSP

PSP awards vesting in March 2025

The PSP awards granted in March 2022 reached the end of their three-year performance period on 31 December 2024.

Measure	Weighting	Threshold	Maximum	Actual performance	Out-turn (% of max element)
Relative TSR versus bespoke peer group[1]	35%	Median (50th percentile)	Upper quartile (75th percentile)	Below median	0%
Adjusted annual average EPS growth over three years[2]	35%	5% p.a.	11% p.a.	(12.3)% p.a.	0%
NPP	15%	NPP sales to grow at twice the rate of non-NPP, subject to overall positive Group profit growth and a minimum average of 3% NPP growth per year, with payments being made on a sliding scale up to 5% growth per year.		Decline in NPP sales and Group profit	0%
Sustainability Climate Positive metric	7.5%	A reduction target specifically aimed at Scope 1 and 2 emissions and aligned with our external commitment to achieve a Science Based Target (SBT) in line with a 1.5°C pathway. Over the three-year PSP performance period the target was a 25.2% reduction compared to a 2018 baseline[3] with any award paid in defined ranges between: • a reduction of 25.2% and above results in maximum vesting. • a reduction of 21% results in 50% vesting, with no vesting below this.		28.0% reduction	100%
People Positive metric	7.5%	A target aimed at increasing the number of women in leadership positions, aligned to our gender balance ambition. Over the three-year performance period the target was to appoint or promote women in more than 50% of available leadership roles with any award paid in defined ranges between: • 55% or above leadership roles hired being filled by women results in maximum vesting. • 40% of leadership roles being filled by women results in 25% vesting, with no vesting below this.		44.6%Δ of available leadership roles[4] filled by women	25%
Final out-turn					9.375%

Δ See inside front cover for details of Assurance

1. TSR peer group constituents: AkzoNobel, Albermarle, Ashland, BASF, Clariant, Eastman Chemicals, Elementis, Evonik Industries, Givaudan, Johnson Matthey, Kemira, Lanxess, Novozymes, Solvay, Symrise, Synthomer and Victrex. Koninklijke DSM has been excluded following delisting in May 2023.
2. EPS growth p.a. is calculated on a simple average basis over the three-year period.
3. 2018 baseline of 156,057 TCO_2e (restated). See SIR page 21 for details of restatements +.
4. An available leadership role defined as an employment position or office within the Group which falls within the Company's senior employment grades (excluding the Board and Executives) and which: (a) is vacant or becomes vacant at any time during the Performance Period; or (b) is newly created at any time during the Performance Period.

The Committee considered both aggregate EVA during the three year performance period, as well as the EVA growth trajectory. Aggregate EVA over the three year performance period was positive £172.5m. EVA growth over the three year period was negative. In relation to EVA growth, the Committee noted that the overall PSP vesting outcome had already been impacted by the EPS and TSR metrics which aligned to growth in profitability and shareholder value. These measures had an outcome of zero and together comprised 70% of the award. Overall the Committee considered that since the aggregate EVA over the three years had been positive, meaning that aggregate profit achieved was higher than the cost of capital, the underpin condition had been met and no downwards adjustment would be applied to vesting of the remaining measures.

The forecast vesting value of the awards made in March 2022 is included in the 2024 single figure table on page 88. Any shares vesting will be subject to a two-year holding period.

Gains made on exercise of share options and PSP

The gains are calculated according to the market price of Croda International Plc ordinary shares on the date of exercise, although the shares may have been retained.

Executive Director	Exercise date	Shares exercised	Scheme	Exercise price	Market price	Gain (before tax)
Steve Foots	25 Mar-24	9,060	PSP	0p	5020p	£454,812

PSP awards granted in 2024

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	34,557	225%	1,726,779	28.75% (100%)	01.01.24 – 31.12.26
	4,061	25%	191,838	28.75% (100%)	01.01.24 – 31.12.26

1. Face value/maximum value is calculated based on a share price of £49.969 and £47.239, being the average mid-market share price of the three dealing days prior to the date of the grants.

The 2024 PSP awards were granted in two instalments. The first grant of 225% of salary for Steve Foots was made on 27 March 2024 at the same time as awards for other employees. Following the approval of the Performance Share Plan rules at the 2024 AGM, which included changes as a result of the Directors' Remuneration Policy approved at the 2023 AGM including an increase to the maximum PSP of 25% of base salary for Executive Directors, a further grant of 25% of salary was made on 29 April 2024.

The 2024 PSP awards are subject to a performance condition which is split 35% EPS, 35% TSR, 15% NPP and 15% sustainability metrics. Performance targets were disclosed in full last year, see page 112 of our Annual Report & Accounts 2023. Vesting will take place on a sliding scale. A ROIC underpin applies across the entire award, also detailed on page 112 of our Annual Report & Accounts 2023.

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

As Louisa Burdett gave notice of resignation from the Company in December 2023 no PSP award was granted for 2024.

All-employee share plans

Executive Directors are invited to participate in the HMRC tax-approved UK Sharesave Scheme and the Croda Share Incentive Plan (SIP) in line with, and on the same terms as, the wider UK workforce.

SIP

Details of shares purchased and awarded to Executive Directors under the SIP are shown in the table below. A brief description of the SIP is set out in note 23 on page 161.

Executive Director	SIP shares held 01.01.24	Partnership shares acquired in year	Matching shares awarded in year	Total shares 31.12.24*	SIP shares that became unrestricted in the year	Total unrestricted SIP shares held at 31.12.24
Steve Foots	5,958	42	42	6,042	66	5,728

There have been no changes in the interests of any Director between 31 December 2024 and the date of this report, except for the purchase of 5 SIP shares and the award of 5 matching shares by Steve Foots during January and February 2025. Louisa Burdett did not participate in the SIP.

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 01.01.24	Granted in year	Exercised in year	Cancelled in year	Number at 31.12.24
Steve Foots									
10 September 2020	01 November 2023	30 April 2024	£6,724	4804p	112	–	–	112	–
16 September 2021	01 November 2024	30 April 2025	£8,975	7327p	98	–	–	–	98
15 September 2022	01 Nov ember 2025	30 April 2026	£6,748	5509p	98	–	–	–	98
14 September 2023	01 November 2026	30 April 2027	£6,909	3977p	139	–	–	–	139
11 September 2024	01 November 2027	30 April 2028	£9,236	3131p	–	236	–	–	236
					447	**236**	**–**	**112**	**571**

During 2024, the highest mid-market price of the Company's shares was 5059p and the lowest was 3321p. The year-end closing price was 3385p. The year-end mid-market price was 3360.5p.

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

2. Pension

The pension rights that accrued during the year in line with the policy on such benefits as set out in the Policy Report were as follows:

Executive Director	Normal retirement date under the CPS	Total accrued pension at 31.12.24 (p.a.)	Single remuneration pension figure 2024	Single remuneration pension figure 2023	Single remuneration pension figure 2024 excluding supplement
Steve Foots	14 September 2033	£149,374	£153,494	£149,023	–
Louisa Burdett	n/a	–	£49,165	£104,000	–

* Neither Steve Foots nor Louisa Burdett were active members of the Croda Pension Scheme in 2024 or 2023.

Croda has a number of different pension plans in the countries in which we operate. Pension entitlements for Executive Directors are tailored to local market practice, length of service and the participant's age. In 2016, a Career Average Revalued Earnings (CARE) scheme was introduced with a cap applied to pension benefits; at this time the cap was set at £65,000. The cap is increased each year in line with inflation, and from April 2025 will be £81,813. Employees who earn in excess of the pension cap or who cannot be members of the plan due to tax limitations receive a pension supplement. For Executive Directors this supplement is up to 20% of salary in line with the wider UK workforce.

Steve Foots' historic pension provision

Steve Foots was a member of the Croda Pension Scheme up to 31 January 2021. He accrued pension benefits under the Croda Pension Scheme up to this date with a CARE accrual rate of 1/60th and an entitlement to retire at age 60. From 6 April 2011 onwards, pension benefits accruing were based on a capped salary. This cap was £187,500 until April 2014 at which point it reduced to £150,000, and due to annual allowance regulations and changes to the pension scheme, reduced to £37,500 in April 2016 (reduced from the scheme cap of £65,650 due to annual allowance regulations) and reduced again in April 2020 to £15,000 following new annual allowance regulations. If Steve Foots retires before the age of 60, a reduction will be applied to the element of his pension accrued before 6 April 2006, unless he is retiring at the Company's request. In the event of death, a pension equal to two thirds of the Director's pension would become payable to the surviving spouse. Steve Foots' pension in payment is guaranteed to increase in line with the rate of inflation up to a maximum of 10% per annum for benefits accrued before 6 April 2006, and in line with inflation up to a maximum of 2.5% per annum for benefits accrued from 6 April 2006 onwards.

Steve Foots is entitled to death-in-service benefits from an Excepted Life Policy. Steve Foots elected to opt out of the Croda Pension Scheme from 31 January 2021 and therefore now only receives a pension supplement of 20% of salary.

Louisa Burdett's pension provision

Louisa Burdett elected not to join the Croda Pension Scheme and was therefore paid a pension supplement of 20% of salary in 2023 and 2024. She was entitled to death-in-service benefits from an Excepted Life Policy.

3. Payments for cessation of office

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

4. Payments to past Directors

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

5. Transition of Chief Financial Officer (unaudited information)

Louisa Burdett resigned as a Director of the Company on 24 May 2024 and left the Company on 17 June 2024. As such she was not entitled to a senior annual Bonus Plan award or PSP award for 2024. All existing PSP awards also lapsed.

Stephen Oxley was announced as successor to Louisa Burdett as Chief Financial Officer during the course of 2024 and will join Croda on 1 April 2025.

Stephen's salary was set at £580,000. The Committee was conscious that this salary was therefore set at a level above the salary of Louisa Burdett. The Committee considered this to be necessary in order to recruit Stephen and, in particular, given the significantly higher salary at his current role as Chief Financial Officer at Johnson Matthey. He will receive a travel allowance to facilitate travel to Croda's offices in Yorkshire and will participate in both the senior annual Bonus Plan and PSP on the same basis as Louisa Burdett, with a maximum opportunity of 150% of salary and 200% of salary, respectively, for 2025. Stephen will also receive a pension supplement of 20% of salary aligned to the UK workforce.

Following his appointment, buy-out awards will be made to Stephen to compensate him for incentives which he will forfeit upon joining Croda. These awards will be made aligning to the form (cash or shares), timing and performance conditions of the remuneration being forfeited. Full details will be disclosed in Croda's Annual Report & Accounts 2025.

6. Share interests

The interests of the Directors who held office at 31 December 2024 are set out in the table below:

	Legally owned[1]					SIP			
	31.12.23	31.12.24	PSP (unvested)	DBSP (unvested)	Sharesave (unvested)	Restricted	Unrestricted	Total 31.12.24[1]	% of salary held under shareholding guideline
Executive Director									
Steve Foots	205,438	210,231	89,632	10,815	473	314	5,728	317,193	>250% target
Louisa Burdett[2]	–	–	–	–	–	–	–	–	<200% target
Non-Executive Director									
Ian Bull[3]	–	1,600	–	–	–	–	–	1,600	–
Roberto Cirillo	–	–	–	–	–	–	–	–	–
Jacqui Ferguson	76	76	–	–	–	–	–	76	–
Anita Frew[4]	9,425	9,425	–	–	–	–	–	9,425	–
Chris Good	–	–	–	–	–	–	–	–	–
Danuta Gray[5]	900	2,050	–	–	–	–	–	2,050	–
Julie Kim	60	60	–	–	–	–	–	60	–
Keith Layden	60,339	60,339	–	–	–	–	–	60,339	–
Nawal Ouzren	–	–	–	–	–	–	–	–	–
John Ramsay	2,836	2,836	–	–	–	–	–	2,836	–

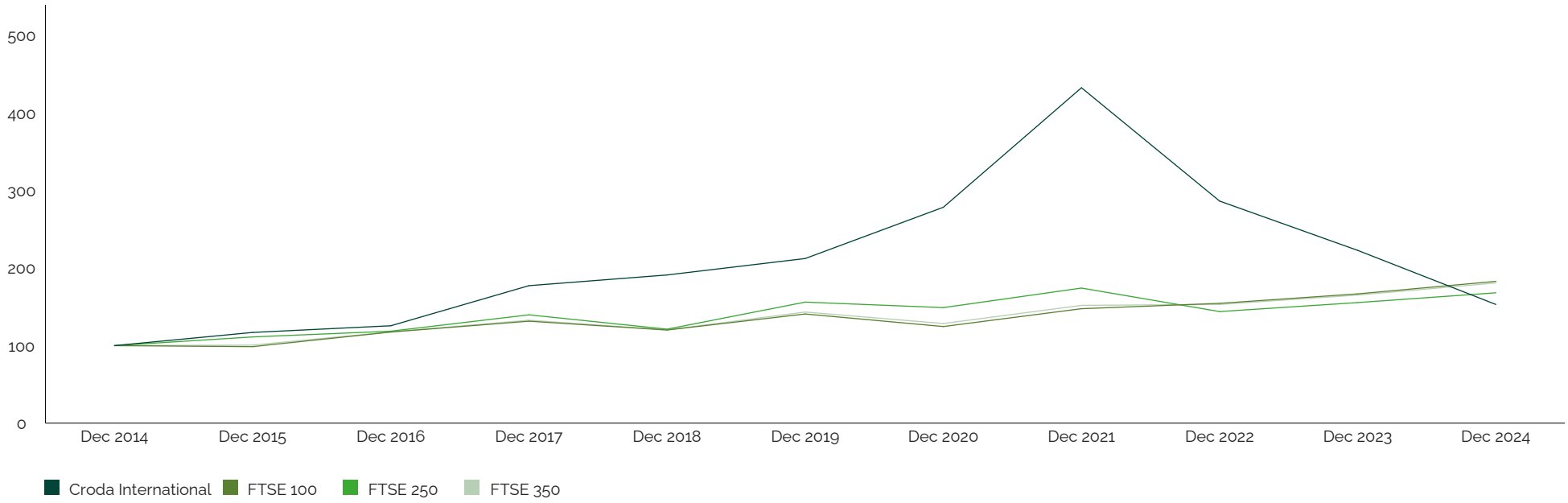
1. Including connected persons
2. Louisa Burdett resigned as a Director of the Company on 24 May 2024 and left the Company on 17 June 2024.
3. Ian Bull was appointed to the Board on 25 June 2024 and held nil shares on appointment.
4. Anita Frew stepped down from the Board following the 2024 AGM on 24 April 2024.
5. Danuta Gray was appointed to the Board on 1 February 2024 and held 900 shares on appointment.

Post-employment shareholding requirements also apply for two years after leaving employment. The policy applies to shares from awards that vest from 2020. From adoption of the 2023 policy, the post-employment shareholding requirements will be set at 100% of the in-employment guideline to be retained for the entire two-year period following leaving. A structure is in place to ensure that post-employment shareholding requirements are adhered to, via a restricted share dealing third-party nominee account.

7. Performance graph (unaudited information)

10-year Total Shareholder Return chart

Source: Refinitiv Datastream



8. 10-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.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**
Total remuneration (£)	1,374,046	2,404,441	3,570,251	3,311,700	1,693,242	1,543,377	3,719,864	4,155,280	1,378,156	**1,025,322**
Annual bonus (%)	76.4%	100%	78.4%	36.2%	0%	0%	100%	100%	0%	**0%***
Long-term incentives vesting (%)	0%	43%	100%	100%	56.2%	40%	97.4%	100%	37.1%	**9.375%**

* The Annual bonus out-turn for 2024 was 43.75%. However, Steve Foots requested to forgo his annual bonus.

The 2023 total remuneration figure has been updated to reflect the value of the 2023 PSP award at vesting.

9. Board Chair and other Non-Executive Directors' fees 2024 and 2025 (unaudited information)

The fees paid to the Non-Executive Directors (including chairing of Committees) and to the Senior Independent Director were reviewed in December 2024 and increased by 2.5%, in line with the Executive Directors and the general increase for our UK employees. These changes took effect from 1 January 2025. The revised fee structure for the Board Chair and other Non-Executive Directors for 2025 is detailed below.

Position	2024 fee £	2025 fee £
Board Chair (all-inclusive fee)	425,000	435,625
Non-Executive Director base fee	71,841	73,637
Additional fees		
Senior Independent Director	11,936	12,234
Committee Chairs (Audit, Remuneration and Sustainability Oversight)	17,381	17,816

10. Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors for the year ended 31 December 2024 payable by Group companies is detailed below; this table reflects actual payments in 2024.

		Non-Executive Director fees £	Benefits[1] £	Total £
Danuta Gray[2]	2024	308,085	12,065	320,150
	2023	–	–	–
Anita Frew[3]	2024	135,673	–	135,673
	2023	331,868	2,069	333,937
Jacqui Ferguson[4]	2024	101,159	1,368	102,527
	2023	94,483	2,574	97,057
Roberto Cirillo	2024	71,842	–	71,842
	2023	69,749	2,162	71,911
Keith Layden	2024	71,842	1,368	73.210
	2023	69,749	331	70,080
John Ramsay	2024	87,774	327	88,101
	2023	86,624	542	87,166
Julie Kim	2024	71,842	–	71,482
	2023	69,749	763	70,512
Nawal Ouzren	2024	71,842	1,380	73,222
	2023	69,749	514	70,263
Chris Good[4]	2024	89,223	694	89,917
	2023	47,036	1,323	48,359
Ian Bull[5]	2024	38,474	1,490	39,964
	2023	–	–	–

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. Danuta Gray received a fee of £71,841 per annum for her services as a Non-Executive Director and Chair designate from 1 February 2024. Following her appointment as Chair on 24 April 2024, her fee increased to a total of £425,000 per annum.
3. Anita Frew stepped down from the Board following the 2024 AGM on 24 April 2024.
4. Chris Good was appointed to the Board on 27 April 2023 and was appointed as Chair of the Sustainability Oversight Committee on 1 January 2024.
5. Ian Bull was appointed to the Board on 25 June 2024.

Non-Executive Directors' appointment (unaudited information)

The effective dates of the letters of appointment for the Board Chair and each Non-Executive Director who served during 2024 are shown in the table below:

Non-Executive Director	Original appointment date	Expiry date of current term
Anita Frew[1]	05 March 2015	24 April 2024
Danuta Gray	01 February 2024	01 February 2027
Roberto Cirillo	26 April 2018	26 April 2025
Jacqui Ferguson	01 September 2018	01 September 2025
Julie Kim	01 September 2021	01 September 2027
Keith Layden	01 May 2017	01 May 2025
Nawal Ouzren	01 February 2022	01 February 2028
John Ramsay	01 January 2020	01 January 2026
Chris Good	27 April 2023	27 April 2026
Ian Bull	25 June 2024	25 June 2027

1. Anita Frew stepped down from the Board following the 2024 AGM on 24 April 2024.

11. Service contracts and outside interests (unaudited information)

The Executive Directors have service contracts as follows:

Executive Director	Contract date	Termination provision
Steve Foots	16 September 2010	by the Company 12 months, by the Director 6 months

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. During her tenure at Croda Louisa Burdett was a Non-Executive Director of RS Group.

12. Remuneration Committee membership and advisers (unaudited information)

The following Directors served as members of the Committee during 2024:

- Jacqui Ferguson (Chair)
- Roberto Cirillo
- John Ramsay
- Julie Kim
- Nawal Ouzren
- Chris Good
- Ian Bull (from appointment)

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 2024, invitees included other Directors and employees of the Group and the Committee's advisers, including Anita Frew (former Chair), Danuta Gray (Chair), Steve Foots (Group Chief Executive), Louisa Burdett (former Chief Financial Officer), Keith Layden (Non-Executive Director), Michelle Lydon (President – Human Resources), Tom Brophy (Group General Counsel, Company Secretary and President Sustainability) and Laura Dobson (Deputy Company Secretary).

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

See page 60 for details of attendance at meetings during the year.

Remuneration Committee advisers (unaudited information)

Deloitte LLP was retained as the appointed adviser to the Committee for the whole of 2024 having been appointed in October 2017, following a tender and selection process led by the Chair and including Committee members. As well as providing advice in relation to Executive remuneration and Non-Executive fees, Deloitte LLP also provides advice to the Group in relation to global employer services, global business tax services, indirect tax and M&A.

Deloitte LLP is a signatory to the Remuneration Consultants Group Code of Conduct. The lead engagement partner has no other connection with the Company or individual Directors. The total fees paid to Deloitte LLP for its services during the year in relation to Executive remuneration and Non-Executive fees were £134,400 (excluding VAT). The Committee regularly reviews the external adviser's relationship and is comfortable that the advice it is receiving remains objective and independent.

13. Other disclosures (unaudited information)

Percentage change in remuneration levels

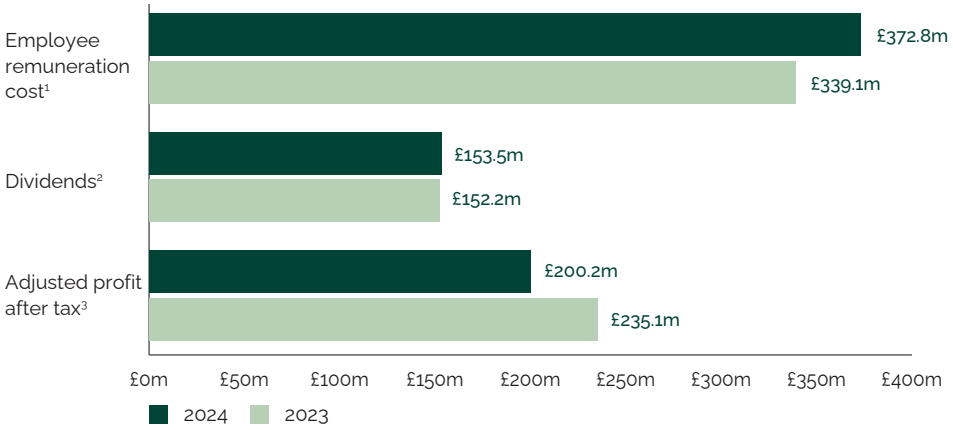
The following chart shows the movement in salary/fees, benefits and annual bonus for each of the Group's Directors between the current and previous financial year compared with that of the average employee of the Group's Parent Company. The movement for the average UK employee is also provided for additional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

	% change in salary/fees					% change in benefits[1]					% change in bonus[2,3]				
	2024	2023	2022	2021	2020	**2024**	2023	2022	2021	2020	**2024**	2023	2022	2021	2020
Average employee of the Group's Parent Company[4]	5.15%	1.55%	6.46%	(5.12)%	3.66%	(4.94)%	(11.28)%	27.95%	(25.04)%	(0.06)%	–	(100.00)%	5.46%	–	0.00%
Average UK employee[4]	2.82%	8.34%	5.54%	0.68%	3.43%	(2.41)%	29.32%	46.21%	(8.63)%	(3.27)%	–	(99.78)%	17.32%	–	27.96%
Executive Directors															
Steve Foots	3.00%	4.00%	5.00%	1.00%	2.00%	2.56%	15.92%	(10.17)%	(25.87)%	0.50%	–	(100.00)%	5.00%	–	0.00%
Louisa Burdett[5]	(52.73)%	–	–	–	–	(56.57)%	–	–	–	–	–	–	–	–	–
Non-Executive Directors															
Anita Frew	(59.12)%	4.00%	5.00%	1.00%	2.00%	(100.00)%	(48.65)%	–	–	(100.00)%	–	–	–	–	–
Keith Layden	3.00%	4.00%	5.00%	1.00%	2.00%	313.07%	(92.32)%	–	–	(100.00)%	–	–	–	–	–
Roberto Cirillo	3.00%	4.00%	5.00%	1.00%	2.00%	(100.00)%	(58.08)%	–	–	(100.00)%	–	–	–	–	–
Jacqui Ferguson[7]	7.07%	30.37%	13.47%	1.00%	2.00%	(46.86)%	(16.69)%	–	–	(100.00)%	–	–	–	–	–
John Ramsay[6,8]	1.33%	4.00%	5.00%	7.50%	–	(39.62)%	(91.74)%	–	–	–	–	–	–	–	–
Julie Kim[9]	3.00%	13.45%	–	–	–	(100.00)%	(75.03)%	–	–	–	–	–	–	–	–
Nawal Ouzren[10]	3.00%	13.45%	–	–	–	168.70%	(75.78)%	–	–	–	–	–	–	–	–
Chris Good[11]	89.69%	–	–	–	–	(47.58)%	–	–	–	–	–	–	–	–	–
Danuta Gray[12]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ian Bull[13]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1. The benefits for Non-Executive Directors relate to the undertaking of business travel on behalf of Croda and ensuring the Directors are not out of pocket for related tax. No taxable business travel expenses were claimed by Non-Executive Directors in 2020 due to the Covid-19 pandemic and therefore there are no comparable figures to give a % change in 2021. In 2022, Non-Executive Directors' travel returned to pre-pandemic levels, however, reflective of the low levels of travel in the prior year, the % change figures are not meaningful. These are 35,311% for Anita Frew, 471% for Roberto Cirillo, 1,726% for Jacqui Ferguson, 4,744% for Keith Layden, 727% for John Ramsay and (73)% for Julie Kim. For a full breakdown of the benefits for Non-Executive Directors see page 96.
2. Bonus including annual bonus, DBSP and sales bonus.
3. The senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme did not pay out for 2019, 2020 or 2023 and therefore there is no comparable figure to give a % change in 2021 or 2024 for Executive Directors or the average employee of the Group's Parent Company. For the average UK employee, the % change in 2020 and 2023 relates to only a small number of employees who received a sales bonus. As the senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme paid out for 2021 and 2024, the bonus received by the average UK employee for 2021 and 2024 is significantly higher than the prior year and as such the % change is not meaningful.
4. Excluding Executive Directors and Non-Executive Directors.
5. Louisa Burdett was appointed on 1 January 2023 and resigned as a Director of the Company on 24 May 2024, leaving the Company on 17 June 2024.
6. In 2020 John Ramsay was appointed as the Chair of the Audit Committee. His fees were pro-rated accordingly.
7. Jacqui Ferguson was appointed as the Chair of the Remuneration Committee on 1 September 2022. Her fees were pro-rated accordingly.
8. John Ramsay was appointed to the Board on 1 January 2020 and therefore has no comparable remuneration figures for 2019.
9. Julie Kim was appointed to the Board on 1 September 2021 and voluntarily decided to waive her fees for 2021 and January 2022. She therefore has no comparable remuneration figures for 2020 or 2021.
10. Nawal Ouzren was appointed to the Board on 1 February 2022 and therefore has no comparable remuneration figures for 2021.
11. Chris Good was appointed to the Board on 27 April 2023 and therefore has no comparable remuneration figures for 2022.
12. Danuta Gray was appointed to the Board on 1 February 2024 and therefore has no comparable remuneration figures for 2023.
13. Ian Bull was appointed to the Board on 25 June 2024 and therefore has no comparable remuneration figures for 2023.

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 141. These comprise all amounts charged against profit in respect of employee remuneration for the relevant financial year, less redundancy costs and share-based payments, both of which can vary significantly from year to year.
2. Dividends are the amounts payable in respect of the relevant financial year.
3. Adjusted profit after tax is profit for the relevant year adjusted for exceptional items, acquisition costs, amortisation of intangible assets arising on acquisition and the tax thereon.

14. Statement of voting (unaudited information)

	Remuneration Policy 2023 AGM		Annual Report on Remuneration 2024 AGM	
Number of votes	number of votes	% of votes	number of votes	% of votes
Votes cast in favour	108,740,593	94.16%	110,627,859	95.12%
Votes cast against	6,741,782	5.84%	5,670,564	4.88%
Total votes cast	115,482,375	100%	116,298,423	100%
Withheld	42,225		157,691	

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

Jacqui Ferguson
Chair of the Remuneration Committee

E. Summary of the Remuneration Policy

An updated Remuneration Policy was presented and approved by shareholders at the 2023 AGM. It is intended that this will operate until the AGM in 2026. The full Remuneration Policy can be found on pages 113 to 121 of our Annual Report & Accounts 2022.

Remuneration Policy table

The table below sets out the main components of Croda's Remuneration Policy for Executive Directors:

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
Basic salary – to assist in the recruitment and retention of high-calibre Executives		
Normally reviewed annually with increases effective from 1 January. Base salaries will be set by the Committee, considering: • The performance and experience of the individual concerned. • Any change in scope, role and/or responsibilities. • Pay and employment conditions elsewhere in the Group. • Rates of inflation and market-wide wage increases across international locations. • The geographical location of the Executive Director. • Rates of pay in relevant sector 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 Director or the workforce as a whole (in percentage of salary terms) may be awarded by the Committee at its discretion. For example, where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value or complexity of the Group. The Committee retains the flexibility to set the salary of a new hire at a discount to the market level initially, and to implement a series of planned increases in subsequent years, in order to bring the salary to the desired positioning, subject to individual performance.	• The Committee considers individual salaries taking due account of the relevant factors set out in this policy, which includes individual performance.
Benefits – to provide competitive benefits to act as a retention mechanism and reward service		
The Group typically provides the following benefits: • Company car (or cash allowance). • Private fuel allowance. • Private health insurance, life assurance and other insured benefits. • Other ancillary benefits, including travel reimbursement, relocation expenses/arrangements (including tax thereon) as required. Additional benefits might be provided from time to time (for example in circumstances where an Executive Director is deployed to or recruited from overseas). The Committee will consider whether the payment of any additional benefits is appropriate and proportionate when determining whether they are paid.	The cost of benefits is not pre-determined and may vary from year to year based on the cost to the Group.	None.

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
Performance-related senior annual Bonus Plan – to incentivise and reward delivery of the Group's key annual objectives and to contribute to longer-term alignment with shareholders		
The senior annual Bonus Plan provides for payment of an annual bonus to Executive Directors and other senior employees of the Group, subject to certain performance conditions. Normally one third of any bonus payable is compulsorily deferred into shares for three years through the Deferred Bonus Share Plan (DBSP). The Committee has the discretion to permit DBSP awards to benefit from dividends on shares that vest. The balance of the bonus is paid in cash.	Group Chief Executive: 175% of salary. Other Executive Director: 150% of salary. In exceptional circumstances, and only in connection with recruitment, annual awards may be made up to 200% of salary. This maximum does not apply to the incumbent Executive Directors at the time the policy is approved.	• The majority of the bonus will typically be based on challenging financial targets set in line with the Group's KPIs (for example profit growth targets). • For a minority of the bonus, targets related to other Group measures, such as sustainability, may be included where this is considered appropriate by the Committee. • For a profit measure, bonus normally starts to accrue once the threshold target is met, from 0% payable rising on a graduated scale to 100% for outperformance. Were an additional financial KPI metric to be introduced, the amount payable for threshold performance would not exceed 25% of maximum. • In relation to any sustainability measure, the structure of the target will vary based on the nature of the target set. • The Committee applies a Discretion Framework, which includes health, safety and environmental performance, when determining the actual overall level of individual bonus payments and it may adjust the bonus awards (including potentially reducing to zero) if it considers it appropriate to do so. • Bonuses paid are subject to provisions that enable the Committee to recover value overpaid through the withholding of variable pay previously earned or granted (malus) or through requesting a payment from an individual (clawback) in the event of a misstatement of results, an error in assessing the performance conditions, serious misconduct, serious reputational damage or material corporate failure. The provisions will operate for a three-year period following the date on which the bonus is paid.
Performance Share Plan (PSP) – to incentivise and reward the execution of business strategy over the longer term and to reward sustained growth in profit and shareholder value		
The PSP provides for awards of free shares (i.e. either conditional shares or nil-cost options) normally made annually which vest after three years subject to continued service and the achievement of challenging performance conditions. Shares are subject to a two-year post-vesting holding period. The Committee has the discretion to permit awards to benefit from the dividends paid on shares that vest.	Normal maximum opportunity of: • Group Chief Executive: 250% of salary. • Other Executive Director: 200% of salary. In exceptional circumstances (e.g. recruitment), awards may be granted up to 300% of salary (e.g. to compensate for value forfeited from a previous employer).	• Granted subject to a blend of challenging financial (e.g. EPS), shareholder return (e.g. relative TSR) and strategic (e.g. sustainability) targets. The performance targets may also include an additional underpin (e.g. a ROIC underpin). • Targets will normally be tested over three years. • In relation to financial targets (e.g. EPS growth and TSR), 25% of awards subject to such targets will vest for threshold performance with a graduated scale operating through to full vesting for equalling or exceeding the maximum performance targets (no awards vest for performance below threshold). In relation to strategic targets or underpin targets, the structure of the target will vary based on the nature of target set (e.g. for milestone strategic targets it may not always be practicable to set such targets using a graduated scale and so vesting may take place in full for strategic targets if the criteria are met in full). • Vesting is also dependent on application of the Discretion Framework, including satisfactory underlying financial performance of the Group over the performance period, and the Committee may adjust outcomes (including potentially reducing to zero) if it considers it appropriate to do so. • There are also provisions that enable the Committee to recover value overpaid through the withholding of variable pay previously earned or granted (malus) or through requesting a payment from an individual (clawback) in the event of a misstatement of results, an error in assessing the performance conditions, serious misconduct, serious reputational damage or material corporate failure. The provisions will operate for a three-year period following the date on which the PSP awards vest.

Operation	Maximum opportunity	Framework used to assess performance and for the recovery of sums paid
All-employee share plans – to encourage retention and long-term shareholding in the Company and to provide all employees with the opportunity to become shareholders in the Company on similar terms		
Periodic invitations are made to participate in the Group's Sharesave Scheme and Share Incentive Plan. Shares acquired through these arrangements have significant tax benefits in the UK subject to satisfying certain HMRC requirements. The plans can only operate on an all-employee basis. The plans operate on similar terms but on a non-tax favoured basis outside the UK as appropriate. In the event that Croda were to introduce an all-employee plan similar in nature to the current Sharesave and Share Incentive Plan, or where an Executive Director is located overseas, the Committee retains the discretion to allow Executive Directors to participate in all-employee share plans on the same basis as other employees.	• In relation to HMRC plans (or equivalent) the maximum participation level is as per HMRC limits. • For any other all-employee plan the maximum opportunity available to Executive Directors will be equivalent to the maximum applying to all employees.	• There are no post-grant targets currently applicable to the Group's Sharesave and Share Incentive Plan.
Pension – to provide competitive long-term retirement benefits and to act as a retention mechanism and reward service		
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. In the event an Executive Director is located overseas, the Committee retains the discretion to offer pension benefits in line with local practice. Only basic salary is pensionable.	• In line with current pension benefits provided to all UK employees, Career Average Revalued Earnings (CARE) scheme with a maximum 1/60th accrual up to a capped salary plus cash allowance of 20% of salary above the cap; or cash allowance of 20% of salary. • Pension benefits for an overseas Executive Director would be aligned with workforce rates.	None.
Legacy arrangements		
For the current CEO, and in line with other employees, there is a legacy capped defined benefit pension scheme. While there are no future accruals, the arrangement remains inflation-linked.		

Directors' report

Other disclosures

Pages 50 to 106 inclusive, together with the sections of the Annual Report and Accounts incorporated by reference, constitute a Directors' Report that has been drawn up and presented in accordance with applicable English company law; the liabilities of the Directors in connection with that report are subject to the limitations and restrictions provided by that law.

Research and development

Research and development activities are undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Dividends

The Directors are recommending a final dividend of 63.0p per share (2023: 62.0p). If approved by shareholders, total dividends for the year will amount to 110.0p per share (2023: 109.0p). Details of dividends are shown in note 8 on page 140; details of the Company's Dividend Reinvestment Plan can be found on page 173. The Company has established various Employee Benefit Trusts (EBTs) in connection with the obligation to satisfy future share awards under employee share incentive schemes. The trustees of the EBTs have waived their rights to receive dividends on certain Ordinary Shares of the Company held in the EBTs. Such waivers represent less than 1% of the total dividend payable on the Company's Ordinary Shares. Further details of the EBTs can be found in note 24 on page 161.

In response to a rise in the number of uncashed dividend cheques, we have decided that in future dividend payments will only be made by electronic means. This will start with the interim dividend, which we expect to pay in October 2025. From that point on we will no longer be issuing payments by cheque. Further details on how you can register your bank account details, so you can have dividends paid directly to your account, can be found in the shareholder information section on page 173.

Directors

The Company's Articles of Association (Articles) give the Directors power to appoint and replace Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board of Directors. The present Directors of the Company are shown on pages 52 to 53.

In line with the 2018 UK Corporate Governance Code, each Director will be standing for election or re-election at the AGM, with the exception of John Ramsay. Details of the Directors' service contracts are given in the Directors' Remuneration Report on page 97.

Apart from the share option schemes, long-term incentive schemes and service contracts, no Director had any beneficial interest in any contract to which the Company or a subsidiary was a party during the year. A statement indicating the beneficial and non-beneficial interests of the Directors in the share capital of the Company, including share options, is shown in the Directors' Remuneration Report on page 94.

The Directors are responsible for managing the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, the Company's Articles and any directions given by special resolution.

Directors' indemnities

The Company maintains Directors' and Officers' liability insurance that gives appropriate cover for any legal action brought against its Directors. The Company has also granted indemnities to each of its Directors, members of the Executive Committee and the Company Secretary, which represent 'qualifying third party indemnity provisions' (as defined by Section 234 of the Companies Act 2006), in relation to certain losses and liabilities that the Directors, Executive Committee members or the Company Secretary may incur to third parties in the course of acting as Directors or the Company Secretary or as employees of the Company or of any associated company. In addition, such indemnities have been granted to other officers of the Company who are Directors of subsidiary companies within the Group. Such indemnities were in place during 2024 and at the date of approval of the Group financial statements.

Share capital

At the date of this report, 142,536,884 Ordinary Shares of 10.609756p each have been issued and are fully paid up and quoted on the London Stock Exchange. At the date of this Report, the Company has issued and fully paid up 21,900 7.5% Cumulative Preference Shares, 498,434 6.6% Cumulative Preference Shares and 615,562 5.9% Cumulative Preference Shares, all of £1 each (the Preference Shares). The rights and obligations attached to the Company's Ordinary Shares and Preference Shares are set out in the Articles. The Articles are available on the Company's website www.croda.com or copies can be obtained from Companies House in the UK or by writing to the Company Secretary. There are no restrictions on the voting rights attached to the Company's Ordinary Shares or on the transfer of securities in the Company. The 7.5% Cumulative Preference Shares do not confer on the holders any right to receive notice of or to be present or to vote at any general meeting of the Company unless the cumulative preferential dividend on such shares is more than 12 calendar months in arrears. The 6.6% and 5.9% Cumulative Preference Shares do not confer on the holders any right to receive notice of or to be present or to vote at any general meeting of the Company, unless the cumulative preferential dividend on such shares is more than six calendar months in arrears or the business of the general meeting includes the consideration of a resolution for reducing the share capital of the Company, to sell the undertaking of the Company or to alter the Articles. No person holds securities in the Company that carry special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Power to issue or buy back shares

At the 2024 AGM, authority was given to the Directors to allot unissued shares in the Company up to a maximum amount equivalent to approximately one third of the issued share capital, excluding shares held in treasury, for general purposes, plus up to a further one third of the Company's issued share capital, excluding shares held in treasury, but only in the case of a rights issue.

A further special resolution passed at that meeting granted authority to the Directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006. Both of these authorities expire on the date of the 2025 AGM, that is 23 April 2025, and so the Directors propose to renew them for a further year.

Substantial shareholdings

As at 31 December 2024, in accordance with DTR 5, the holders of notifiable interests in the Company's share capital are shown in the table below.

	Number of shares	% of issued capital
Norges Bank	13,261,024	9.49%
BlackRock, Inc.	8,534,795	6.62%
Massachusetts Financial Services Company	6,978,719	4.99%

Employees

Diversity: We are committed to the principle of equal opportunity in employment and to ensuring that no applicant or employee receives less favourable treatment on the grounds of any protected characteristic or is disadvantaged by conditions or requirements that cannot be shown to be justified. Group human resources policies are clearly communicated to all of our employees and are available through the Company intranet.

Recruitment and progression: It is established policy throughout the business that decisions on recruitment, career development, promotion and other employment related issues are made solely on the grounds of individual ability, achievement, expertise and conduct.

We give full and fair consideration to applications for employment from people with disabilities, having regard to their particular aptitudes and abilities. Should an employee become disabled during their employment with the Company, they are fully supported by our Occupational Health provision. Efforts are made to continue their employment with reasonable adjustments being made to the workplace and role where feasible. Retraining is provided if necessary.

Development and learning: The Company recognises that the key to future success lies in the skills and abilities of its dedicated global workforce. The continuous development of all of our employees is key to meeting the future demands of our customers, especially in relation to enhanced creativity, innovation and customer service.

Involvement: We are committed to ensuring that employees share in the success of the Group. Owning shares in the Company is an important way of strengthening involvement in the development of the business and bringing together employees' and shareholders' interests. In 2024, 79% of our UK employees and 64% of our non-UK employees participated in one of our all-employee share plans, indicating employees' continued desire to be involved in the Company.

Employees are kept informed of matters of interest to them in a variety of ways, including the Company magazine, Croda Way; quarterly updates; the Company intranet, SharePoint; team briefings; podcasts; webinars; Yammer, and Croda Now email messages. These communications help achieve a common awareness of the financial and economic factors affecting the performance of Croda and of changes within the business. We are committed to providing employees with opportunities to share their views and provide feedback on issues that are important to them. The Directors maintain oversight of employee matters through the Board and Committee meeting processes and information flows, including regular updates on employee matters and employee feedback received through employee engagement surveys. How the Directors engaged with employees and considered their interests when taking key decisions is further detailed on pages 56 to 59.

Non-financial reporting directive

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (the Regulations) require companies to disclose non-financial information necessary to provide investors and other stakeholders with a better understanding of a company's development, performance, position and impact of its activity. Throughout this Annual Report the Directors have disclosed a mix of financial and non-financial KPIs which they believe best reflect the Group's strategic priorities, and which will help to convey an understanding of the culture of the business and the drivers which contribute to the ongoing success of the Company. Please see the non-financial and sustainability information statement on pages 48 to 49 which sets out where stakeholders can find information relating to non-financial matters.

Mandatory XBRL tagging

The Board reviewed the process that had been developed to ensure that the primary financial statements and the notes to the financial statements had been tagged in line with required taxonomy.

Other disclosures

Certain information that is required to be included in the Directors' Report can be found elsewhere in this document as referred to below, and is incorporated by reference into the Directors' Report:

- Information on greenhouse gas emissions can be found on pages 17 and 43.
- Information on energy consumption can be found on page 43.
- Information on energy efficiency can be found on page 43.
- Information on gas emissions, energy consumption and energy efficiency – other disclosures can be found on page 43.
- For the purposes of UK Listing Rule (UKLR) 6.6.6R(8) the information on climate-related financial disclosures consistent with the TCFD recommendation and the TCFD recommended disclosure can be found on pages 37 to 47.
- Further details of the actions which the Group is taking to reduce emissions can also be found in the Sustainability Impact Report and at www.croda.com.
- An indication of likely future developments in the Group's business can be found throughout the Strategic Report, starting on page 1.
- The long-term viability statement can be found on page 36.
- Information on the appropriateness of adopting the going concern basis of the accounts can be found on page 127.
- Our approach to risk management can be found on pages 29 to 31.
- Details of the services provided to shareholders can be found on pages 173 to 174 and on the Company's website.
- An indication of the Company's overseas branches are on pages 169 to 172.
- The Company's compliance with the 2018 UK Corporate Governance Code is stated on page 50.

There have been no events affecting the Company since the financial year end to report to shareholders in accordance with the Accounts Regulations and Disclosure Guidance and Transparency Rules.

For the purposes of UK Listing Rule (UKLR) 6.6.1, the information required to be disclosed by UKLR 6.6.1 can be found in the adjacent table.

All the information cross referenced above is incorporated by reference into the Directors' Report.

References in this document to other documents on the Company's website, such as the Sustainability Impact Report, are included as an aid to their location and are not incorporated by reference into any section of the Annual Report and Accounts.

Independent auditor

Our auditor, KPMG, have indicated their willingness to continue in office and, on the recommendation of the Audit Committee, a resolution regarding their re-appointment and remuneration will be submitted to the AGM on 23 April 2025.

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have each taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Articles of Association

Unless expressly specified to the contrary in the Articles, the Company's Articles may be amended by a special resolution of the Company's shareholders.

A copy of the Articles is available at www.croda.com

Significant contracts and change of control

The Group has borrowing facilities which may require the immediate repayment of all outstanding loans together with accrued interest in the event of a change of control. The rules of the Company's employee share plans set out the consequences of a change in control of the Company on participants' rights under the plans. Generally, such rights will vest and become exercisable on a change of control subject to the satisfaction of performance conditions. None of the Executive Directors' service contracts contain provisions that are affected by a change of control and there are no other agreements that the Company is party to that take effect, alter or terminate in the event of a change of control of the Company, which are considered to be significant in terms of their potential impact on the Group. The Company does not have any contractual or other arrangements that are essential to the business of the Group.

Political donations

No donations were made for political purposes during the year (2023: £nil).

Financial risk management

The Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risks are contained in note 20 on pages 152 to 156.

UK Listing Rule 6.6.1 information

Section	Topic	Page reference
(1)	Capitalised interest	Not applicable
(2)	Publication of unaudited financial information	Not applicable
(3)	Details of long term incentive schemes established specifically to recruit or retain a Director	Not applicable
(4) (5)	Waiver of emoluments by a Director	Pages 95
(6) (7)	Allotments of equity securities for cash	Not applicable
(8)	Participation in a placing of equity securities	Not applicable
(9)	Contracts of significance	Page 105
(9) (10)	Controlling shareholder disclosures	Not applicable
(11) (12)	Dividend waiver	Page 103
(13)	Independence from controlling shareholder	Not applicable

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- for the parent Company financial statements, make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under Disclosure Guidance and Transparency Rule ("DTR") 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report and the Strategic Report, including the sections of the Annual Report and Accounts incorporated by reference, is the 'management report' for the purposes of the Financial Conduct Authority Disclosure Guidance and Transparency Rules (DTR 4.1.8R). It was approved by the Board on 24 February 2025 and is signed on its behalf by

Tom Brophy,
Group General Counsel, Company Secretary and President Sustainability

24 February 2025

KPMG LLP's Independent Auditor's Report

To the members of Croda International Plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of Croda International Plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Croda International Plc ('the Company') for the year ended 31 December 2024 ('FY24') included in the Annual Report and Accounts, which comprise:

Group (Croda International Plc and its subsidiaries)	Parent Company (Croda International Plc)
Group Income Statement; Group Statement of Comprehensive Income; Group Balance Sheet; Group Statement of Cash Flows; Group Cash Flow Notes; Group Statement of Changes in Equity; and Notes 1 to 27 to the Group financial statements, including the accounting policies on page 127.	Company Balance Sheet; Company Statement of Changes in Equity; and Notes A to O to the Parent Company financial statements, including the accounting policies on page 165.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ('AC').

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Our risk assessment considers the Group's operations, the macro-economic environment and other relevant external factors which impact the results of the Group. Having considered these external factors, we have identified the below key audit matters.

We have identified the valuation of the UK defined benefit pension scheme liabilities as a key audit matter given the scheme remains open to future accrual and new members, and small changes in the assumptions and estimates with respect to the obligation may have a significant effect on the financial position of the Group.

We have identified the carrying amount of the Parent Company's investments in subsidiaries as the key audit matter for the Parent Company. We do not consider the recoverable amount of these amounts to be at high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our company audit.

Following the reassessment of the Group's cash generating units ('CGUs'), described on page 127 and the improved financial performance we no longer consider Flavours goodwill impairment to be a key audit matter. This is based on the CGU headroom shown within the relevant model and our risk assessment procedures which have considered how sensitive the revised CGU is to key assumptions such as short-term revenue growth, long term growth rates and the discount rate.

Key Audit Matters ("KAM")	Vs FY23	Item
Valuation of UK defined benefit pension scheme liabilities	◀ ▶	4.1
Recoverability of Parent Company's investments in subsidiaries	◀ ▶	4.2
Key No change	◀ ▶	

Audit Committee interaction

During the year, the Audit Committee ('AC') met five times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Chair's report on page 69 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 December 2018. The period of total uninterrupted engagement is for the 7 financial years ended 31 December 2024.

The Group engagement partner is required to rotate every 5 years. As these are the fourth set of the Group's financial statements signed by Ian Griffiths, he will be required to rotate off after the FY25 audit.

The average tenure of component engagement partners is 2.7 years, with the shortest being 1 and the longest being 6.

Total audit fee	£2.7m
Audit related fees (including interim review)	£0.3m
Other services	£0.001m
Non-audit fee as a % of total audit and audit related fee %	0.03%
Date first appointed	25 April 2018
Uninterrupted audit tenure	7 years
Next financial period which requires a tender	2028
Tenure of Group engagement partner	4 years
Average tenure of component engagement partners	2.8 years

Materiality (item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

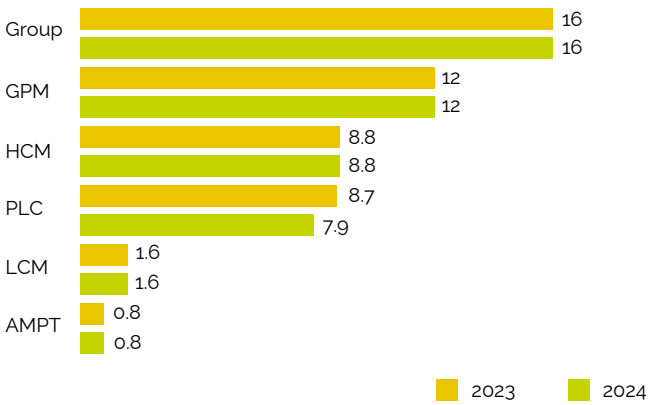
We have determined overall materiality for the Group financial statements as a whole at £16.0m (FY23: £16.0m) and for the Parent Company financial statements as a whole at £7.9m (FY23: £8.7m).

Consistent with FY23, we determined Group materiality with reference to a benchmark of normalised Group profit before tax ('PBTCO') of £222.8m (2023: £262.5m) as Croda is a profit-making trading business. We normalised PBTCO by adding back adjustments that do not represent the normal, continuing operations of the Group and by averaging over 5 years. The items we adjusted for were restructuring costs, business transformation costs, and movements in environmental provisions (2023: goodwill impairment and restructuring costs) disclosed in note 3. We also selected 5 years (2023: 5 years) to average PBTCO to account for the fluctuations in the Group's performance due to events such as the Group's PTIC disposal, revenue generated from the Group's involvement in the Covid-19 vaccination programme and the recent fall in demand due to customer destocking.

As such, we based our Group materiality on normalised PBTCO, of which it represents 4.9% (FY23: 4.7%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.3% (FY23: 0.3%).

Materiality levels used in our audit



GPM	Group Performance Materiality
HCM	Highest Component Materiality
PLC	Parent Company Materiality
LCM	Lowest Component Materiality
AMPT	Audit Misstatement Posting Threshold

Group scope (item 7 below)	We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world. Of the Group's 83 reporting components, we performed audit procedures over 13 components based on both their individual financial significance for specific captions and to ensure the remaining financial information was of an appropriate level. In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components. We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.	**Coverage of Group financial statements** Our audit procedures covered 68% of Group revenue. We performed audit procedures at the components that accounted for 57% of Group profit before tax and 51% of Group total assets. In addition, at the Group level, we performed audit procedures over goodwill and deferred tax assets that together accounted for a further 23% of the total Group assets.
The impact of climate change on our audit	In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group is monitoring Climate Positive targets and Science Based targets in line with limiting global warming to 1.5°C by 2030, and to be climate net zero by 2050. Climate change initiatives impact the Group in a variety of ways including opportunities and risks relating to bio-based raw material supply, operational and supply chain decarbonisation and emerging regulatory requirements such as carbon taxes. Further information is provided on pages 37 to 47. The Group considered the impact of climate change and the Group's targets in the preparation of the financial statements, including an evaluation of critical accounting estimates and judgements. The Group concluded that this did not have a material effect on the consolidated financial statements, as described on page 127. We performed a risk assessment, taking into account climate change risks and commitments made by the Group, considering how climate change may impact the financial statements and our audit. This included enquiries of management, consideration of the Group's processes for assessing the potential impact of climate change risk on the consolidated financial statements and assessing the TCFD scenario analysis performed by the Group, including their assessment of critical accounting estimates and judgements, and the effect on our audit. Our risk assessment considered in particular the potential impact on the recoverable amount of goodwill and intangible assets, the estimates made regarding useful economic lives of property, plant and equipment, going concern and the valuation of certain unquoted pension assets. Based on our risk assessment we determined that the climate related risks to the Group's business, strategy and financial planning do not have a significant impact on balances in the consolidated financial statements or on our key audit matters. We have read the Group's disclosure of climate related information in the front half of the Annual Report as set out on pages 37 to 47 and considered consistency with the financial statements and our audit knowledge.	

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- Weaker demand which could have an adverse impact on the Group's future cashflows, forecasts and overall profitability as seen through 2024

We also considered less predictable but realistic second order impacts, such as regulatory incidents, site incidents and impact of product quality issues leading to a product recall or loss of revenue which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure on page 127.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' Statement on page 127 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure on page 127 to be acceptable; and
- The related statement under the Listing Rules set out on page 36 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the long-term viability statement on page 31 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the Directors' explanation in the long-term viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the long-term viability statement set out on page 36 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Valuation of UK defined benefit pension scheme liabilities (Group)

Financial Statement Elements			Our assessment of risk vs FY23	Our results
	FY24	FY23		
Gross defined benefit obligations £781.4m (FY23: £867.3m); although this specific risk is only associated with the UK scheme £653.9m (FY23: £735.5m)	**£653.9m**	£735.5m	◀ ▶ Our assessment is that the risk is similar to FY23	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter

Subjective valuation

- The Group has a defined benefit pension scheme in the UK that is material in the context of the overall balance sheet and the results of the Group.
- Significant assumptions, including the discount rate, the inflation rate and the mortality rate, are made in valuing the Group's defined benefit pension obligations (before deducting the scheme assets). The UK scheme is also open to future accrual and new members, and small changes in the assumptions and estimates with respect to the obligation may have a significant effect on the financial position of the Group. The Group engages external actuarial specialists to assist them in selecting appropriate assumptions and calculate the liabilities.
- The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the defined benefit obligations has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

The financial statements (note 11) disclose the sensitivity estimated by the Group.

Our response to the risk

Our procedures to address the risk included:

- **Benchmarking assumptions:** we challenged key assumptions applied (discount rate, inflation rate, and mortality rate) with the support of our own actuarial specialists, including a comparison of key assumptions against market data.
- **Actuary's credentials:** we assessed the competence, capabilities, and objectivity of the Group's actuarial specialist.
- **Sensitivity analysis:** we assessed the sensitivity of the defined benefit obligation to changes in key assumptions.
- **Assessing transparency:** we considered adequacy of the Group's disclosures in respect of the sensitivity of the gross obligation to changes in key assumptions.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Croda International Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of UK defined benefit pension scheme obligations, including the involvement of our actuarial specialists.
- Our conclusions on the appropriateness of key assumptions used.
- The adequacy of the disclosures, particularly as it relates to the sensitivity of the key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the valuation of UK defined benefit pension scheme liabilities and in particular, the selection of key assumptions used in the valuation (the discount rate, the inflation rate and the mortality rate).

Our results

We found the valuation of the pension obligation to be acceptable (2023 result: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 73 for details on how the Audit Committee considered this key audit matter as an area of significant attention, page 128 for the significant accounting judgements and estimates, page 130 for the accounting policy, and page 141/note 11 for the financial disclosures.

4.2 Recoverability of Parent Company's investments in subsidiaries (Parent Company)

Financial Statement Elements			Our assessment of risk vs FY23	Our results
	FY24	FY23		
Investments in subsidiaries	**£1,521.4m**	£1,567.0m	◀ ▶ Our assessment is that the risk is similar to FY23	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter	Our response to the risk
Low risk, high value • The carrying amount of the Parent Company's value of investments in subsidiaries represents 55% (FY23: 54%) of the Parent Company's total assets. • We do not consider the recoverable amount of these amounts to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Parent Company audit.	Our procedures to address the risk included: • **Test of detail:** we compared the carrying amount of 100% of investments to the net assets of the relevant subsidiaries included within the Group consolidation, to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. We performed the tests above rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Croda International Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the recoverability of the Parent Company's investments in subsidiaries including details of our planned substantive procedures.
- Our conclusions on the appropriateness of the carrying value of the Parent Company's investments in subsidiaries and accounting policies.

Areas of particular auditor judgement

We do not consider that there were any areas of particular auditor judgement exercised in responding to this key audit matter.

Our results

We found the parent Company's conclusion that there is no impairment in subsidiaries to be acceptable (2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 73 for details on how the Audit Committee considered the Parent Company's carrying value of investments in subsidiaries as an area of significant attention, page 165 for the accounting policy on Parent Company's carrying value of investments in subsidiaries, and page 166/note F for the financial disclosures.

Changes to key audit matters

Flavours goodwill impairment

We continue to perform audit procedures over goodwill impairment which includes the goodwill balance previously recognised within the Flavours cash-generating unit ('CGU'). However following the reassessment of the CGUs, described on page 127 and the improved financial performance we no longer consider this to be a key audit matter. This is based on the CGU headroom shown within the relevant model and our risk assessment procedures which have considered how sensitive the revised CGU is to key assumptions such as short term revenue growth, gross margin and the discount rate.

Recoverability of Parent Company's shares in Group undertakings and amounts owed by Group undertakings

The key audit matter associated with the Parent Company has been adjusted to consider only the carrying value of its investments in subsidiaries. Following our risk assessment procedures and consideration of the audit response, the key audit matter no longer considers the recoverability of the intercompany receivable balance.

5. Our ability to detect irregularities, and our response

Fraud – Identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of Directors, the Audit Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud. • Reading Board, Nomination Committee, Remuneration Committee and Audit Committee minutes, and whistleblowing logs. • Considering remuneration incentive schemes (annual Bonus Plan and Performance Share Plan) and performance targets for the Directors and key management personnel. • Using our own forensic specialists to assist us in identifying fraud risks. This included holding a fraud risk assessment discussion with the audit team and assisting us in designing procedures to identify fraud risks.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component auditors of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We do not believe there is a fraud risk related to revenue recognition because revenue transactions have low individual value with high volume, are routine and process driven and do not involve judgement or estimation. This reduces the opportunities for fraudulent activity. We did not identify any additional fraud risks.
Procedures to address fraud risks	We performed procedures including: • Identifying journal entries to test at the Group level and for selected components based on risk criteria identified by the Group audit team. These included those posted by senior finance management or other high-risk users, those posted to unusual account combinations, those posted with round sum amounts at year-end and those posted with specific high risk descriptions. • Assessing whether the judgements made in making accounting estimates and related accounting treatment are indicative of a potential bias.

Laws and regulations - Identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussions with the Directors and other management of the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for these component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, pensions legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/regulation areas	The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety and product liability, competition, anti-bribery and corruption, intellectual property, employment law, tax, trade compliance laws and environmental legislation, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.
Context	
Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

£16.0m (FY23: £16.0m) Materiality for the Group financial statements as a whole	**What we mean** A quantitative reference for the purpose of planning and performing our audit. **Basis for determining materiality and judgements applied** Materiality for the Group financial statements as a whole was set at £16.0m (FY23: £16.0m). This was determined with reference to a benchmark of normalised Group profit before tax from continuing operations ('PBTCO'), averaged over 5 years. Consistent with FY23, we determined that Group normalised PBTCO is the main benchmark for the Group. We normalised by adding back adjustments that do not represent the normal, continuing operations of the Group and by averaging over 5 years. The items we adjusted for were restructuring costs, business transformation costs and movements in the environmental provisions (2023: goodwill impairment and restructuring costs) disclosed in note 3. We selected 5 years (2023: 5 years) to average PBTCO to account for the fluctuations in the Group's performance due to events such as the Group's PTIC disposal, revenue generated from the Group's involvement in the Covid-19 vaccination programme and the recent fall in demand due to the customer destocking. As such, we based our Group materiality on Group normalised PBTCO of £222.8m (2023: £262.5m). Our Group materiality of £16.0m was determined by applying a percentage to Group normalised PBTCO. When using a benchmark of normalised PBTCO to determine overall materiality, KPMG's approach for public interest entities considers a guideline range 3% - 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.9% (FY23: 4.7%) to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £7.9m (FY23: £8.7m), which is the component materiality for the Parent Company determined by the Group auditor. This is lower than the materiality we would otherwise have determined with reference to a benchmark of Parent Company total assets, of which it represents 0.3% (FY23: 0.3%).
£12.0m (FY23: £12.0m) Performance materiality	**What we mean** Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. **Basis for determining performance materiality and judgements applied** We have considered performance materiality at a level of 75% (FY23: 75%) of materiality for Croda International Plc group financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £5.9m (FY23: £6.5m), which equates to 75% (FY23: 75%) of materiality for the Parent Company financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.
£0.8m (FY23: £0.8m) Audit misstatement posting threshold	**What we mean** This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to Croda International Plc's Audit Committee. **Basis for determining the audit misstatement posting threshold and judgements applied** We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £16m (FY23: £16m) compares as follows to the main financial statement caption amounts:

	Total Group revenue		Group profit before tax		Total Group assets	
	FY24	FY23	**FY24**	FY23	**FY24**	FY23
Financial statement caption	**£1,628.1m**	£1,694.5m	**£207.8m**	£236.3m	**£3,509.3m**	£3,579.2m
Group materiality as % of caption	**1.0%**	0.9%	**7.7%**	6.8%	**0.5%**	0.4%

7. The scope of our audit

Group scope

What we mean

How the Group audit team determined the procedures to be performed across the Group.

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, which changes the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ('RMMs'). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 13 components, having considered our evaluation of both the Group's legal structure and geographical locations and our ability to perform audit procedures centrally.

Of those, we identified 3 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected 10 components with accounts contributing to the specific RMMs of the Group financial statements.

Accordingly, we performed audit procedures on 13 components, of which we involved component auditors in performing the audit work on 9 components. We performed audit procedures on the items excluded from the normalised Group profit before tax used as the benchmark for our materiality. We also performed the audit of the Parent Company.

We set the component materialities, ranging from £1.6m to £8.8m, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 68% of revenue. We performed audit procedures at components that accounted for 57% of Group profit before tax and 51% of Group total assets. In addition, at the group level, we performed audit procedures over goodwill and deferred tax assets that together accounted for a further 23% of the total Group assets.

For the remaining components for which we performed no audit procedures, no component represented more than 3% of Group total revenue, 4% of Group profit before tax or 3% of Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Impact of controls on our Group audit

We identified the main centralised finance IT system, which primarily relies on a single core ERP system, along with three key specific supporting applications, which we assess as being key to the audit of the Group (together 'the core IT platform'), as being relevant to the audit of the 11 of the 13 components within scope of the Group audit. These systems are managed from the UK. The other in scope components are acquisitions where full IT integration has not yet occurred in the Group and therefore they currently use other finance systems, ahead of planned integration into the Group's core systems.

On this audit we believe it is more efficient not to rely on controls and so performed a predominately substantive audit. We adopted a centralised and data-oriented approach to testing revenue, purchases and journals, by performing data and analytics routines for the 11 components on the single core ERP system. The Group team assessed the outputs of these routines before sending outputs to component auditors and instructing them to test transactions meeting certain criteria. For one other component, the component auditor also used data and analytic routines. Given that we did not plan to rely on IT controls in our audit, a manual / direct testing approach was used over the completeness and reliability of data used in these routines. For the other component, we planned and performed additional substantive testing rather than relying on controls.

Group audit team oversight	**What we mean** The extent of the Group audit team's involvement in component audits. In working with component auditors, we: • Included the component auditors' engagement partners and managers in the Group planning discussions to facilitate input from component auditors in the identification of matters relevant to the Group audit. • Issued Group audit instructions to component auditors on the scope of their work. • Visited four components in-person including Croda Europe, the US, Brazil and Spain. Where component auditors were engaged, this aided with our understanding of progress, to challenge the audit approach and to evaluate their work. Organised regular video conferences with the Partners and Directors of the Group and component audit teams. At these visits and video conferences, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component audit teams. • Inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed. • Performed data and analytics routines on the 11 components on the single core ERP system and instructed the component teams to test transactions within the output based on specific criteria.

8. Other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility	Our reporting
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic Report and Directors' Report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

Our responsibility	Our reporting
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.	In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: • the Directors' Statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; • the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and • the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility	Our reporting
Under the Companies Act 2006, we are required to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 106, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

24 February 2025

Group Consolidated Statements

Group Income Statement

for the year ended 31 December 2024

	Note	2024 Adjusted £m	2024 Adjustments £m	2024 Reported Total £m	2023 Adjusted £m	2023 Adjustments £m	2023 Reported Total £m
Revenue	1	1,628.1	–	1,628.1	1,694.5	–	1,694.5
Cost of sales		(894.2)	–	(894.2)	(964.5)	–	(964.5)
Gross profit		733.9	–	733.9	730.0	–	730.0
Operating costs	2	(454.2)	(52.2)	(506.4)	(410.0)	(72.5)	(482.5)
Operating profit	3	279.7	(52.2)	227.5	320.0	(72.5)	247.5
Financial costs	4	(31.0)	–	(31.0)	(26.0)	–	(26.0)
Financial income	4	11.3	–	11.3	14.8	–	14.8
Profit before tax		260.0	(52.2)	207.8	308.8	(72.5)	236.3
Tax	5	(59.8)	11.6	(48.2)	(73.7)	9.5	(64.2)
Profit after tax for the year		200.2	(40.6)	159.6	235.1	(63.0)	172.1
Attributable to:							
Non-controlling interests		1.1	–	1.1	1.1	–	1.1
Owners of the parent		199.1	(40.6)	158.5	234.0	(63.0)	171.0
		200.2	(40.6)	159.6	235.1	(63.0)	172.1

Adjustments relate to exceptional items, amortisation of intangible assets arising on acquisition and the tax thereon. Details are disclosed in note 3.

Earnings per 10.61p ordinary share		Pence	Pence	Pence	Pence
Basic	7	142.6	113.5	167.6	122.5
Diluted	7	142.5	113.5	167.4	122.3

Group Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Profit after tax for the year		159.6	172.1
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-retirement benefit obligations	11	15.5	(23.3)
Tax on items that will not be reclassified	5	(3.9)	5.5
		11.6	(17.8)
Items that have been or may be reclassified subsequently to profit or loss:			
Currency translation		(90.3)	(58.4)
Cash flow hedging	20	–	(19.3)
		(90.3)	(77.7)
Other comprehensive expense for the year		(78.7)	(95.5)
Total comprehensive income for the year		80.9	76.6
Attributable to:			
Non-controlling interests		0.9	0.1
Owners of the parent		80.0	76.5
		80.9	76.6
Arising from:			
Continuing operations		80.9	76.6

Group Balance Sheet

at 31 December 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Intangible assets	12	**1,310.6**	1,408.5
Property, plant and equipment	13	**1,082.9**	1,044.0
Right of use assets	14	**85.0**	87.5
Investments	16	**1.9**	1.9
Deferred tax assets	6	**14.7**	14.4
Retirement benefit assets	11	**130.0**	113.5
		2,625.1	2,669.8
Current assets			
Inventories	17	**367.9**	341.2
Trade and other receivables	18	**349.5**	395.7
Cash and cash equivalents	20	**166.8**	172.5
		884.2	909.4
Total assets		**3,509.3**	3,579.2

	Note	2024 £m	2023 £m
Liabilities			
Current liabilities			
Trade and other payables	19	**(274.0)**	(252.0)
Borrowings and other financial liabilities	20	**(35.0)**	(36.7)
Lease liabilities	14	**(13.2)**	(13.7)
Provisions	21	**(6.5)**	(8.6)
Current tax liabilities		**(7.8)**	(9.2)
		(336.5)	(320.2)
Net current assets		**547.7**	589.2
Non-current liabilities			
Borrowings and other financial liabilities	20	**(580.2)**	(588.4)
Lease liabilities	14	**(70.7)**	(71.3)
Other payables	19	**(1.1)**	(1.1)
Retirement benefit liabilities	11	**(25.7)**	(26.8)
Provisions	21	**(17.3)**	(10.5)
Deferred tax liabilities	6	**(180.9)**	(192.8)
		(875.9)	(890.9)
Net assets		**2,296.9**	2,368.1
Equity			
Ordinary Share capital	22	**15.1**	15.1
Share premium account		**707.7**	707.7
Reserves		**1,559.7**	1,629.7
Equity attributable to owners of the parent		**2,282.5**	2,352.5
Non-controlling interests in equity	25	**14.4**	15.6
Total equity		**2,296.9**	2,368.1

The financial statements on pages 122 to 162 were signed on behalf of the Board who approved the accounts on 24 February 2025.

Danuta Gray
Chair

Group Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash generated from operating activities			
Cash generated by operations	i	**403.8**	431.0
Interest paid		**(28.5)**	(24.2)
Tax paid		**(55.9)**	(69.3)
Net cash generated from operating activities		**319.4**	337.5
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	27	**–**	(204.3)
Payment of contingent consideration		**–**	(9.6)
Purchase of property, plant and equipment	13	**(178.4)**	(180.4)
Receipt of government grants		**43.0**	10.9
Purchase of other intangible assets	12	**(3.4)**	(8.6)
Proceeds from sale of property, plant and equipment		**0.9**	4.0
Tax paid on business disposals		**(6.8)**	(4.6)
Settlement of acquisition-related FX derivatives		**–**	(23.9)
Cash paid against non-operating provisions	21	**(1.3)**	(1.6)
Interest received		**6.9**	8.3
Net cash used in investing activities		**(139.1)**	(409.8)

	Note	2024 £m	2023 £m
Cash flows from financing activities			
New borrowings		**440.4**	336.0
Repayment of borrowings		**(449.4)**	(210.9)
Payment of lease liabilities	14	**(17.5)**	(17.0)
Net transactions in own shares		**(1.8)**	(9.8)
Dividends paid to equity shareholders	8	**(152.2)**	(150.7)
Dividends paid to non-controlling interests		**(2.1)**	–
Net cash used in financing activities		**(182.6)**	(52.4)
Net movement in cash and cash equivalents	ii, iii	**(2.3)**	(124.7)
Cash and cash equivalents brought forward		**150.2**	281.6
Exchange differences	iii	**(6.2)**	(6.7)
Cash and cash equivalents carried forward		**141.7**	150.2
Cash and cash equivalents carried forward comprise:			
Cash at bank and in hand		**166.8**	172.5
Bank overdrafts		**(25.1)**	(22.3)
		141.7	150.2

Group Cash Flow Notes

for the year ended 31 December 2024

(i) Cash generated by operations

	Note	2024 £m	2023 £m
Adjusted operating profit		**279.7**	320.0
Exceptional items	iv	**(15.0)**	(35.8)
Amortisation of intangible assets arising on acquisition		**(37.2)**	(36.7)
Operating profit		**227.5**	247.5
Adjustments for:			
Depreciation and amortisation		**135.8**	126.2
Impairments on intangible assets and property, plant and equipment		**–**	22.0
Impairment of investment		**–**	1.5
Loss on derivatives		**–**	4.6
Loss on disposal and write-offs of intangible assets and property, plant and equipment		**0.6**	0.2
Net provisions charged	21	**13.4**	5.6
Share-based payments		**5.0**	(4.2)
Non-cash pension expense		**2.9**	(4.4)
Net-monetary adjustment		**5.0**	6.3
Cash paid against operating provisions	21	**(7.3)**	(3.4)
Movement in inventories		**(39.3)**	117.8
Movement in receivables		**21.3**	(19.0)
Movement in payables		**38.9**	(69.7)
Cash generated by operations		**403.8**	431.0

(ii) Reconciliation to net debt

	Note	2024 £m	2023 £m
Net movement in cash and cash equivalents	iii	**(2.3)**	(124.7)
Net movement in borrowings and other financial liabilities	iii	**26.5**	(108.1)
Change in net debt from cash flows		**24.2**	(232.8)
Loans in acquired businesses		**–**	(6.1)
Non-cash movement in lease liabilities		**(18.2)**	(12.9)
Exchange differences		**(0.7)**	9.4
		5.3	(242.4)
Net debt brought forward		**(537.6)**	(295.2)
Net debt carried forward	iii	**(532.3)**	(537.6)

(iii) Analysis of net debt

	2024 £m	Cash flow £m	Exchange movements £m	Other non-cash £m	2023 £m
Cash and cash equivalents	**166.8**	1.4	(7.1)	–	172.5
Bank overdrafts	**(25.1)**	(3.7)	0.9	–	(22.3)
Movement in cash and cash equivalents		(2.3)	(6.2)	–	
Borrowings repayable within one year	**(9.9)**	3.9	0.6	–	(14.4)
Borrowings repayable after more than one year	**(580.2)**	5.1	3.1	–	(588.4)
Lease liabilities	**(83.9)**	17.5	1.8	(18.2)	(85.0)
Movement in borrowings and other financial liabilities		26.5	5.5	(18.2)	
Total net debt	**(532.3)**	24.2	(0.7)	(18.2)	(537.6)

Included within other non-cash movements are £8.3m of lease liabilities recognised in the year.

(iv) Cash flow on exceptional items

The total cash outflow during the year in respect of exceptional items, including those recognised in prior years' income statements, was £10.2m (2023: £7.9m). Details of exceptional items can be found in note 3 on page 136.

Group Statement of Changes in Equity

for the year ended 31 December 2024

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2023		15.1	707.7	47.1	1,645.7	15.5	2,431.1
Profit after tax for the year		–	–	–	171.0	1.1	172.1
Other comprehensive expense		–	–	(76.7)	(17.8)	(1.0)	(95.5)
Total comprehensive (expense)/income for the year		–	–	(76.7)	153.2	0.1	76.6
Hedging losses transferred to cost of goodwill	20	–	–	19.3	–	–	19.3
Transactions with owners:							
Dividends on equity shares	8	–	–	–	(150.7)	–	(150.7)
Share-based payments		–	–	–	1.6	–	1.6
Transactions in own shares		–	–	–	(9.8)	–	(9.8)
Total transactions with owners		–	–	–	(158.9)	–	(158.9)
Total equity at 31 December 2023		**15.1**	**707.7**	**(10.3)**	**1,640.0**	**15.6**	**2,368.1**
At 1 January 2024		15.1	707.7	(10.3)	1,640.0	15.6	2,368.1
Profit after tax for the year		–	–	–	158.5	1.1	159.6
Other comprehensive (expense)/income		–	–	(90.1)	11.6	(0.2)	(78.7)
Total comprehensive (expense)/income for the year		–	–	(90.1)	170.1	0.9	80.9
Transactions with owners:							
Dividends on equity shares	8	–	–	–	(152.2)	–	(152.2)
Share-based payments		–	–	–	4.0	–	4.0
Transactions in own shares		–	–	–	(1.8)	–	(1.8)
Total transactions with owners		–	–	–	(150.0)	–	(150.0)
Changes in ownership interests:							
Dividends paid to non-controlling interests	25	–	–	–	–	(2.1)	(2.1)
Total changes in ownership interests		–	–	–	–	(2.1)	(2.1)
Total equity at 31 December 2024		**15.1**	**707.7**	**(100.4)**	**1,660.1**	**14.4**	**2,296.9**

Other reserves include the Capital Redemption Reserve of £0.9m (2023: £0.9m) and the Translation Reserve of £(101.3)m (2023: £(11.2)m).

Group Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, in accordance with applicable law and UK-adopted international accounting standards. A summary of the more important Group accounting policies is set out below.

Going concern

The consolidated financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

At 31 December 2024 the Group had £1,075.8m of committed debt facilities available from its banking group, USPP bondholders and lease providers, with principal maturities between 2026 and 2030, of which £418.0m (2023: £381.2m) was undrawn, together with cash balances of £166.8m (2023: £172.5m). The Group's debt facilities have funding covenant requirements, principally the leverage covenant with a maximum level of 3.5x net debt to covenant EBITDA, and interest cover.

The Directors have reviewed the liquidity and covenant forecasts for the Group's going concern assessment period covering at least 12 months from the date of approval of the financial statements. Given the time horizon of these forecasts, the risk of climate change is not expected to have a material impact on these forecasts. Based on these forecasts, the Group continues to have significant liquidity headroom and strong financial covenant headroom under its debt facilities.

A reverse stress testing scenario has been performed which assesses that adjusted operating profit would need to fall by almost 75% to trigger an event of default prior to 30 June 2026. This scenario includes some mitigating actions to conserve cash, including reducing dividends and capital expenditure. Throughout this scenario, the Group continues to have significant liquidity headroom. The Directors do not consider this a plausible scenario. This is consistent with the bottom-up risk scenario modelling for the long-term viability statement which considered severe but plausible, individual, and combined scenarios, none of which trigger an event of default. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Climate change

The Group has long recognised the scale of the climate emergency and considers this to offer both opportunities and risks in the future. The Group's current climate change strategy focuses on reducing its carbon footprint and increasing its use of bio-based raw materials, whilst the benefits in using its ingredients will enable more carbon to be saved than is emitted through operations and supply chain.

The impact of climate change has been considered in the preparation of these financial statements, including the risks identified as part of the Task Force on Climate-related Financial Disclosures (TCFD) on pages 37 to 47. None of these risks had a material effect on the consolidated financial statements of the Group. In particular, the Directors have considered the impact of climate change in respect of the following areas.

- Going concern and viability of the Group over the next three years;
- Post-retirement benefit obligations;
- Carrying value and useful economic lives of property, plant and equipment; and
- The discounted cash flows included in the value in use calculation used in the annual goodwill impairment testing.

Whilst there is currently no material impact expected from climate change, the Group is aware of the ever-changing risks related to climate change and will continue to develop its assessment of the impact on the financial statements.

Significant accounting judgements and estimates

The Group's significant accounting policies under UK-adopted international accounting standards have been set by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Under UK-adopted international accounting standards an estimate or judgement may be considered significant if it has a significant effect on the amounts recognised in the financial statements or if the estimates have a risk of material adjustment to assets and liabilities within the next financial year.

The significant accounting judgement required when preparing the Group's accounts is as follows:

(i) Goodwill impairment – As disclosed in note 12, the Group has revised its Cash Generating Unit (CGU) structure during the year as there has been a change in the way it monitors strategy and financial performance. A revised operating model was implemented at the start of 2024 which has resulted in a simplified and more cost-effective organisational structure to provide clear accountabilities and enhanced customer focus. Accounting standards require that CGU structure is reassessed when there have been significant changes to the way the Group monitors performance or there are other relevant factors which would indicate the current CGU structure is no longer appropriate. The Group has concluded that the revised operating model change required the Group to perform a reassessment of the CGU structure used for goodwill impairment.

The determination of the Group's CGU structure requires significant judgement to assess and conclude on what the most appropriate CGU structure is. The assessment performed considered the CGUs previously identified and the extent to which their separate identification remained appropriate. The Group further considered the way in which strategy and financial performance is assessed, alongside the level of integration of the CGU with the wider Group and the extent to which the Group has the ability to identify independent separate cash inflows for the acquired businesses from those of the remaining Group.

The Group specifically considered whether, if the update to CGU structure was not completed, there would have been indicators of impairment to the previous standalone CGUs. This review considered factors known to the Directors and considered financial performance and information up to the time of the Group's interim results in June 2024. No impairment indicators were identified in this review.

As a result of this review, the CGU structure of the Group was revised and resulted in a reduction in the number of standalone CGUs from ten to four.

In the prior year a significant judgement was required in relation to hedge accounting linked to the Group's acquisition of Solus Biotech Co Ltd. There have been no similar hedge accounting transactions during 2024.

The significant accounting estimates required when preparing the Group's accounts are as follows:

(i) Post-retirement benefits – As disclosed in note 11, the Group's principal retirement benefit schemes are of the defined benefit type. Year end recognition of the liabilities under these schemes require a number of significant assumptions to be made. These assumptions are made by the Group in conjunction with the schemes' actuaries and the Directors are of the view that any estimation should be appropriate and in line with consensus opinion.

The critical accounting estimate specifically relates to the Group's UK scheme, given the size of the liabilities and their sensitivity to underlying assumptions. Small changes in these assumptions could result in a material adjustment to carrying values in the next financial year. Sensitivities of key defined benefit obligation assumptions, including those related to the Group's UK defined benefit obligations, are included in note 11.

The Group's accounts include other areas of estimation. While these areas do not meet the definition of significant accounting estimates, the recognition and measurement of certain material assets and liabilities are based on assumptions. The other areas of accounting estimates are:

(i) Goodwill impairment review of the Fragrances & Flavours CGU (note 12) – the recoverable amount, and therefore level of headroom, is predominantly dependent upon estimates used in arriving at the cash flow projections, terminal value growth rate, and the discount rate.

In the prior year, valuation of acquired intangible assets was considered an accounting estimate and related to the Group's acquisition of Solus Biotech Co Ltd. There have been no similar acquisition transactions in 2024.

Changes in accounting policy

(i) The Group adopted the following new accounting policies on 1 January 2024 to comply with amendments to IFRS. The accounting pronouncements, none of which had a material impact on the Group's financial reporting on adoption, are:

- Amendments to IFRS 16, 'Leases' (Lease Liability in a Sale-and-Leaseback);
- Amendments to IAS 1, 'Presentation of Financial Statements' (Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants); and
- Amendments to IAS 7, 'Statement of Cash Flows' and IFRS 7, 'Financial Instruments: Disclosures' (Supplier Finance Arrangements).

(ii) The IASB has issued the following pronouncements for annual periods beginning on or after 1 January 2025, 1 January 2026 or 1 January 2027:

- Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' (Lack of Exchangeability);
- Amendments to IFRS 9, 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (Amendments to the Classification and Measurement of Financial Instruments);
- Annual Improvements to IFRS Accounting Standards – Amendments to:
  - IFRS 7, 'Financial Instruments: Disclosures' and its accompanying guidance on implementing IFRS 7;
  - IFRS 9, 'Financial Instruments';
  - IFRS 10, 'Consolidated Financial Statements'; and
  - IAS 7, 'Statement of Cash Flows'.
- IFRS 18, 'Presentation and Disclosure in Financial Statements'.

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from 1 January 2025, 1 January 2026 or 1 January 2027 as applicable.

Group accounts

General information

Croda International Plc is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. It is registered in England and Wales and the address of its registered office can be found on page 174.

Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred.

Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of identifiable net assets acquired is recorded as goodwill.

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Intangible assets

Goodwill

On acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. Goodwill arising on acquisitions is capitalised and carried at cost less accumulated impairment losses. Goodwill is subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets and where financial performance and strategy are monitored by the Group, known as CGUs. Goodwill is allocated to the CGU that is expected to benefit from the synergies of the acquisition.

If the recoverable amount of the CGU is less than the carrying value of the goodwill, an impairment loss is recognised immediately against the goodwill value. The recoverable amount of the CGU is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is measured on a market-based approach using prices and other relevant information generated by market transactions. Value in use is estimated with reference to estimated risk adjusted future post-tax cash flows in nominal terms discounted to net present value using a market participant nominal post-tax discount rate that reflects the time value of money and size risk premium specific to the CGU. Post-tax calculations, rather than pre-tax, are used as they are considered more accurate. For disclosure purposes, pre-tax discount rates are then back-solved using the equivalent pre-tax cash flows, and therefore there is no material difference between the calculations on a pre-tax or post-tax basis. Where required, specific risks associated with the CGU are adjusted through changes to the future cash flow projections. The Group uses growth estimates that track below the Group's historical growth rates unless the profile of a particular CGU warrants a different treatment.

Other intangible assets arising on acquisition

On acquisition, intangible assets other than goodwill are recognised if they can be identified through being separable from the acquired entity or arising from specific contractual or legal rights.

Once recognised, such intangible assets will be initially valued using an appropriate methodology.

Following initial recognition, the assets will be written down on a straight-line basis over their useful lives, which range from 7 to 20 years for technology processes and from 3 to 20 years for trade names, brands and customer relationships. Useful lives are regularly reviewed to ensure their continuing relevance.

Research and development

Research expenditure, undertaken with the prospect of gaining new scientific, technical or commercial knowledge and understanding, is charged to the income statement in the year in which it is incurred. Internal development expenditure, whereby research findings are applied to a plan for the production of new or substantially improved products or processes, is charged to the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 'Intangible Assets'. Development uncertainties typically mean that such criteria are not met, most commonly because the Group can only demonstrate the existence of a market at a late stage in the product development cycle, at which point the material element of project spend has already been incurred and charged to the income statement. This includes, for example, substantiating potential product claims for use by our customers. Until the desired outcome of such work can be proven, at an economic production cost, the market for a product cannot be said to exist. Furthermore, the Group does not have the ability to reliably measure the development expenditure attributable to all projects during development.

Where, however, the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives from product launch.

Intangible assets relating to products in development are subject to impairment testing at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off to the income statement.

Computer software

Cloud computing arrangements are assessed and classified as either service contracts or intangible assets. Computer software licences that meet the definition of an intangible asset, covering a period of greater than a year, are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which range from 3 to 7 years.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes intra-Group sales. The Group recognises revenue on completion of contractual performance obligations, generally when it transfers control over a product or service to a customer.

Sale of goods

The principal activity from which the Group generates revenue is the supply of products to customers from its various manufacturing sites and warehouses, and in some limited instances from consignment inventory held on customer sites. Products are supplied under a variety of standard terms and conditions, and in each case, revenue is recognised when contractual performance obligations between the Group and the customer are satisfied. This will typically be on dispatch or delivery. When sales discount and rebate arrangements result in net variable consideration, appropriate adjustments are recognised as a deduction from revenue at the point of sale. The Group typically uses the expected value method for estimating rebates, reflecting that such contracts have similar characteristics and a range of possible outcomes. The Group recognises revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not be required.

Interest and dividend income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Government grants

The Group recognises government grant income related to assets when the grant becomes receivable and deducts the income from the cost of the associated asset. Government grant income is recognised separately in the Group Statement of Cash Flows.

Segmental reporting

The Group's sales, marketing and research activities are organised into three global market sectors, being Consumer Care, Life Sciences and Industrial Specialties. These are the segments for which summary management information is presented to the Group's Executive Committee, which is deemed to be the Group's Chief Operating Decision Maker.

Employee benefits

Pension obligations

The Group accounts for pensions and similar benefits under IAS 19 'Employee Benefits' (revised). In respect of defined benefit plans (pension plans that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation), obligations are measured at discounted present value whilst plan assets are recorded at fair value. The assets and liabilities recognised in the balance sheet in respect of defined benefit pension plans are the net of plan obligations and assets. A scheme surplus is only recognised as an asset in the balance sheet when the Group has the unconditional right to future economic benefits in the form of a refund or a reduction in future contributions. For those schemes where an accounting surplus is currently recognised, the Group expects to recover the value through reduced future contributions. No allowance is made in the past service liability in respect of either the future expenses of running the schemes or for non-service-related death in service benefits which may arise in the future. The operating costs of such plans are charged to operating profit and the finance costs are recognised as financial income or an expense as appropriate.

Service costs are spread systematically over the future working lives of employees and financing costs are recognised in the periods in which they arise. Remeasurements are recognised in the statement of comprehensive income. Payments to defined contribution schemes (pension plans under which the Group pays fixed contributions into a separate entity) are charged as an expense as they fall due.

Other post-retirement benefits

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Remeasurements are recognised in the statement of comprehensive income. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments

The Group operates a number of cash and equity settled, share-based incentive schemes. These are accounted for in accordance with IFRS 2 'Share-based Payments', which requires an expense to be recognised in the income statement over the vesting period of the options. The expense is based on the fair value of each instrument which is calculated using the Black Scholes or binomial model as appropriate. Any expense is adjusted to reflect expected and actual levels of options vesting for non-market-based performance criteria.

Currency translations and hyperinflation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Certain subsidiaries of the Group operate in hyperinflationary economies. Where considered significant, the results of those subsidiaries are adjusted to reflect the current purchasing power of that currency at the year end, as if that rate had applied to the results of the entity for the whole period. Any gain or loss on monetary assets and liabilities is recognised within operating costs in the Group Income Statement as a net monetary gain or loss.

Transactions and balances

Monetary assets and liabilities are translated at the exchange rates ruling at the end of the financial period. Exchange profits or losses on trading transactions are included in the Group Income Statement except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency and are not considered to be hyperinflationary are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and related cash flows for each subsidiary, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses and cash flows are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

For subsidiaries operating in hyperinflationary economies, the results and financial position are translated into the Group's presentation currency using the closing rate for all transactions, rather than at an average rate for income and expense items.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and for accounting purposes. Temporary differences arise on differences between the carrying value of assets and liabilities in the financial statements and their tax base. Full provision is made for the tax effects of these differences. No provision is made for unremitted earnings of foreign subsidiaries where there is no commitment to remit such earnings.

Similarly, no provision is made for temporary differences relating to investments in subsidiaries since realisation of such differences can be controlled and is not probable in the foreseeable future. Deferred tax assets are recognised, using the balance sheet liability method, to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group has determined that the global minimum top-up tax, which is a liability under Pillar Two legislation, is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Following adoption of amendments to IAS 12 the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets.

All taxation is calculated on the basis of the tax rates and laws enacted or substantively enacted at the balance sheet date.

Income statement presentation

Adjusted results are stated before exceptional items and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group Income Statement) assists shareholders by providing a basis upon which to analyse business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results.

Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. In the current year exceptional items relate to restructuring costs associated with changes to the Group's operating model, business transformation costs linked to a planned upgrade to the Group's Enterprise Resource Planning system and an increase to environmental provisions related to historic contamination at one operational and one non-operational site in the Americas. Exceptional items in the prior year related to a goodwill impairment to the carrying value of the Chinese SIPO Cash Generating Unit in Industrial Specialties, acquisition costs and restructuring costs associated with changes to the Group's operating model. Details can be found in note 3 on page 136.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The Group's policy is to write off the difference between the cost of all property, plant and equipment, except freehold land, and their residual value on a straight-line basis over their estimated useful lives.

Reviews are made annually of the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence, the impact of climate change, site decarbonisation road maps, as well as normal wear and tear, and adjustments are made where appropriate. Under this policy it becomes impractical to calculate average asset lives exactly. However, the total lives range from approximately 15 to 40 years for land and buildings, and 3 to 25 years for plant and equipment. All individual assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. The Group's 'plant and equipment' asset class predominantly relates to the value of plant and equipment at the Group's manufacturing facilities. Consequently, the Group does not seek to analyse out of this class other items such as motor vehicles and office equipment.

The TCFD on pages 37 to 47 highlights the riverine flood risk across specific sites. The sites with significant risk of flood account for 14.6% of Group revenue in 2024 and include 13.2% of the Group's property, plant and equipment net book value. Due to the mitigations detailed in the TCFD, climate change does not have a material impact on the net book value or remaining useful life of property, plant and equipment at the balance sheet date.

Impairment of non-financial assets

The Group assesses at each year end whether an asset may be impaired. If any evidence exists of impairment, the estimated recoverable amount is compared to the carrying value of the asset and an impairment loss is recognised where appropriate. The recoverable amount is the higher of an asset's value in use and fair value less costs to sell. In addition to this, goodwill is tested for impairment at least annually. Non-financial assets other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Leases

When entering into a new contract, the Group assesses whether it is, or contains, a lease. A lease conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the interest rate implicit in the lease or, more typically, the Group's incremental borrowing rate (when the implicit rate cannot be readily determined).

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or changes in the Group's assessment of whether a purchase, extension or termination option is reasonably certain to be exercised.

The Group adopts recognition exemptions for short-term (less than 12 months) and low value leases and elects not to separate lease components from any associated fixed non-lease components.

The Group classifies payments of lease liabilities (principal and interest portions) as part of financing activities. Payments of short-term, low value and variable lease components are classified within operating activities.

Derivative financial instruments

The Group uses derivative financial instruments where deemed appropriate to hedge its exposure to interest rates and short-term currency rate fluctuations. The Group's accounting policy is set out below.

Derivative financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument as either: (i) a hedge of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (ii) a hedge of highly probable forecast transactions (cash flow hedge).

(i) Fair value hedge

Changes in the fair value of derivatives, for example interest rate swaps and foreign exchange contracts, that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The forward elements of the forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the current amount and timing of the respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the cash flows of the hedged item using the hypothetical derivative method. In these hedge relationships, the main sources of ineffectiveness are changes in the time or amount of the hedged transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are recognised initially at fair value. With the exception of contingent consideration and forward foreign exchange contracts, trade and other payables are subsequently measured at amortised cost using the effective interest method. Forward foreign exchange contracts are initially recognised at cost and subsequently measured at fair value on a mark-to-market basis.

Inventories

Inventories are stated at the lower of cost and net realisable amount on a first in first out basis. Cost comprises all expenditure, including related production overheads, incurred in the normal course of business in bringing the inventory to its location and condition at the balance sheet date. Net realisable amount is the estimated selling price in the ordinary course of business less any applicable variable selling costs. Provision is made for obsolete, slow moving and defective inventory where appropriate. Profits arising on intra-group sales are eliminated in so far as the product remains in Group inventory at the year end.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses. A provision for impairment of trade receivables is recognised based on lifetime expected losses, but principally comprises balances where objective evidence exists that the amount will not be collectible. Such amounts are written down to their estimated recoverable amounts, with the charge being made to operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and bank overdrafts are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts, there is an intention to settle on a net basis and interest is charged on a net basis.

Environmental, restructuring, site restoration and other provisions

The Group is exposed to certain liabilities relating to its operations. Provisions are made immediately where a legal or constructive obligation is identified, can be quantified and it is regarded as more likely than not that an outflow of resources will be required to settle the obligation. The Group does consider the impact of discounting when establishing provisions and provisions are discounted when the impact is material and the timing of cash flows can be estimated with reasonable certainty.

Share capital

Investment in own shares

(i) Employee share ownership trusts – shares acquired by the trustees of the employee share ownership trust (the Trustees), funded by the Company and held for the continuing benefit of the Company are shown as a reduction in equity attributable to owners of the parent. Movements in the year arising from additional purchases by the Trustees of shares or the receipt of funds due to the exercise of options by employees are accounted for within reserves and shown as a movement in equity attributable to owners of the parent in the year. Administration expenses of the trusts are charged to the Company's income statement as incurred.

(ii) Treasury shares – where any Group company purchases the Company's equity share capital as treasury shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Dividends

Dividends on ordinary share capital are recognised as a liability when the liability is irrevocable. Accordingly, final dividends are recognised when approved by shareholders and interim dividends are recognised when paid.

Investments

Investments in equity securities are measured at fair value, with movements in the fair value being recognised in the income statement or equity on an instrument-by-instrument basis. Investments in associates are initially recorded at cost and subsequently adjusted for the Group's share of results. Investments are subject to impairment testing at each balance sheet date or earlier upon indication of impairment.

Notes to the Group Accounts

1. Segmental analysis

The Group's sales, marketing and research activities are organised into three global market sectors, being Consumer Care, Life Sciences and Industrial Specialties. These are the segments for which summary management information is presented to the Group's Executive Committee, which is deemed to be the Group's Chief Operating Decision Maker. A review of each sector can be found within the Strategic Report on pages 20 to 24.

There is no material trade between segments. Segmental results include items directly attributable to a specific segment as well as those that can be allocated on a reasonable basis.

	2024 £m	2023 £m
Income statement		
Revenue		
Consumer Care	**920.0**	886.1
Life Sciences	**504.3**	602.3
Industrial Specialties	**203.8**	206.1
Total Group revenue	**1,628.1**	1,694.5
Adjusted operating profit		
Consumer Care	**160.2**	160.3
Life Sciences	**104.0**	150.3
Industrial Specialties	**15.5**	9.4
Total Group operating profit (before exceptional items and amortisation of intangible assets arising on acquisition)	**279.7**	320.0
Exceptional items and amortisation of intangible assets arising on acquisition[1]	**(52.2)**	(72.5)
Total Group operating profit	**227.5**	247.5

1. Relates to Consumer Care £31.8m (2023: £32.5m), Life Sciences £18.5m (2023: £18.6m) and Industrial Specialties £1.9m (2023: £21.4m).

The Group's revenue from external customers in the UK is £40.1m (2023: £42.8m), in France is £90.2m (2023: £99.0m), in Germany is £60.5m (2023: £80.4m), in China is £156.9m (2023: £155.9m), in the US is £348.5m (2023: £362.9m) and the total revenue from external customers from other countries is £931.9m (2023: £953.5m). No single external customer represents more than 4% of the total revenue of the Group. The total of non-current assets other than financial instruments, retirement benefit assets and deferred tax assets located in the UK is £261.9m (2023: £249.6m), in the US is £612.3m (2023: £607.1m) and in other countries is £706.6m (2023: £747.3m). Goodwill has not been split by geography as this asset is not attributable to a geographical area.

The Group manages its business segments on a global basis. The operations are based in the following geographical areas: Europe, with manufacturing sites in the UK, France, the Netherlands, Italy, Spain and Denmark; North America, with manufacturing sites in the US; Latin America, with manufacturing sites in Brazil, Argentina, Colombia and Mexico; Asia, with manufacturing sites in Singapore, Japan, India, China, Indonesia, Malaysia and Korea; Africa, with manufacturing sites in South Africa and Tunisia; and Australia.

In the following table, revenue has been disaggregated by sector and destination. This is the primary management information that is presented to the Group's Executive Committee.

	Europe, Middle East & Africa £m	North America £m	Latin America £m	Asia £m	Total £m
Revenue 2024					
Consumer Care	383.2	188.7	100.7	247.4	**920.0**
Life Sciences	173.5	156.1	72.5	102.2	**504.3**
Industrial Specialties	75.5	37.5	7.3	83.5	**203.8**
Total Group revenue	632.2	382.3	180.5	433.1	**1,628.1**
Revenue 2023					
Consumer Care	375.1	189.7	89.4	231.9	**886.1**
Life Sciences	245.9	167.6	87.7	101.1	**602.3**
Industrial Specialties	69.2	39.3	8.3	89.3	**206.1**
Total Group revenue	690.2	396.6	185.4	422.3	**1,694.5**

	2024 £m	2023 £m
Depreciation and amortisation (before amortisation of intangible assets arising on acquisition)		
Consumer Care	**51.0**	45.7
Life Sciences	**34.6**	32.6
Industrial Specialties	**13.0**	11.2
Total Group	**98.6**	89.5

2. Operating costs

	2024 £m	2023 £m
Analysis of net operating expenses by function:		
Distribution costs	**79.2**	77.2
Administrative expenses	**427.2**	405.3
	506.4	482.5

Additional information on the nature of operating expenses, including depreciation and employee costs, is provided in note 3.

3. Profit for the year

	2024 £m	2023 £m
The Group profit for the year is stated after charging/(crediting):		
Depreciation and amortisation (notes 12, 13 & 14)	**135.8**	126.2
Goodwill impairment (exceptional) (note 12)	**–**	20.8
Property, plant and equipment impairment (non-exceptional) (note 13)	**–**	1.2
Staff costs (note 9)	**379.1**	340.8
Redundancy costs (non-exceptional) (note 9)	**0.6**	0.6
Redundancy costs (exceptional) (note 9)	**3.0**	5.4
Net-monetary adjustment arising from application of IAS 29 'Hyperinflation'	**5.0**	6.3
Impairment of investment (non-exceptional) (note 16)	**–**	1.5
Inventories – cost recognised as expense in cost of sales (note 17)	**894.2**	964.5
Inventories – provision movement in the year	**(6.2)**	11.6
Research and development	**63.6**	62.3
Net foreign exchange	**1.8**	7.0
Bad debt charge (note 18)	**2.0**	1.4

	2024 £m	2023 £m
Adjustments:		
Exceptional items – operating profit		
Business acquisition costs (note 27)	**–**	(9.6)
Restructuring costs (note 21)	**(3.0)**	(5.4)
Business transformation costs	**(3.5)**	–
Environmental provision (note 21)	**(8.5)**	–
Goodwill impairment (note 12)	**–**	(20.8)
Exceptional items	**(15.0)**	(35.8)
Amortisation of intangible assets arising on acquisition	**(37.2)**	(36.7)
Total adjustments	**(52.2)**	(72.5)

The exceptional items in the current year relate to:

- the ongoing costs of changes to the Group's operating model, announced in December 2023, which have been classified as exceptional due to their size and one-off nature;
- business transformation costs where the Group has commenced the planning and scoping of a significant Group-wide business transformation project during the year, including the planned upgrade of the Group's current Enterprise Resource Planning (ERP) system. These costs have been presented as exceptional items due to their size and one-off nature, with the benefit to underlying performance from these costs to be realised in future years rather than the current year; and
- an increase to environmental provisions related to one operational and one non-operational site in the Americas. These costs have been presented as exceptional items due to their size and one-off nature, with the cost arising from historic contamination at those sites, rather than relating to the ongoing activities of the Group. Further detail is provided in note 21.

The exceptional items in the prior year related to a goodwill impairment to the carrying value of the Chinese SIPO Cash Generating Unit (CGU) in Industrial Specialties, acquisition costs and restructuring costs associated with changes to the Group's operating model.

	2024 £m	2023 £m
Services provided by the Group's auditor		
Audit services		
Fees payable to the Group's auditor for the audit of Parent Company and consolidated financial statements	**0.6**	0.6
Fees payable to the Group's auditor and its associates for the audit of the Company's subsidiaries	**2.1**	1.9
Other audit services		
Audit-related assurance and other services including fees payable in relation to the Group's interim review	**0.3**	0.3
	3.0	2.8

4. Net financial costs

	2024 £m	2023 £m
Financial costs		
US$100m 3.75% fixed rate 10 year note	2.9	3.0
2019 Club facility due 2026	11.8	9.9
2024 Club facility due 2029	4.5	–
€30m 1.08% fixed rate 7 year note	–	0.1
€70m 1.43% fixed rate 10 year note	0.8	0.9
£30m 2.54% fixed rate 7 year note	–	0.4
£70m 2.80% fixed rate 10 year note	2.0	2.0
€50m 1.18% fixed rate 8 year note	0.5	0.5
£65m 2.46% fixed rate 8 year note	1.6	1.6
US$60m 3.70% fixed rate 10 year note	1.7	1.8
Interest on lease liabilities	2.8	2.6
Other bank loans and overdrafts	2.3	3.1
Preference share dividend	0.1	0.1
	31.0	26.0
Financial income		
Bank interest receivable and similar income	(6.9)	(9.4)
Net interest on post-retirement benefits	(4.4)	(5.4)
	(11.3)	(14.8)
Net financial costs	19.7	11.2

5. Tax

	2024 £m	2023 £m
(a) Analysis of tax charge for the year		
UK current corporate tax[1]	(0.8)	(1.5)
Overseas current corporate taxes	60.8	62.1
Global minimum top-up tax	1.2	–
Current tax	61.2	60.6
Deferred tax (note 6)	(13.0)	3.6
	48.2	64.2

1. The UK has a current year tax credit, which is offset against a higher deferred tax charge, due to the impact of capital allowance claims

(b) Tax on items charged/(credited) to other comprehensive income or equity		
Deferred tax on remeasurement of post-retirement benefits (OCI)	3.9	(5.5)
Deferred tax on share-based payments (equity)	0.1	0.5
Deferred tax on provisions (OCI)	0.3	(0.2)
	4.3	(5.2)

(c) Factors affecting the tax charge for the year		
Profit before tax	207.8	236.3
Tax at the standard rate of corporation tax in the UK, 25.0% (2023: 23.5%)	52.0	55.5
Effect of:		
Tax rate changes	(0.1)	0.5
Prior year over-provisions	(7.5)	(10.9)
Tax cost of remitting overseas income to the UK	2.1	3.7
Expenses and write-offs not deductible for tax purposes	1.9	11.3
Tax incentives	(4.8)	(2.6)
Effect of overseas tax rates	(1.7)	5.4
Movement in temporary differences	5.1	1.3
Global minimum top-up tax	1.2	–
	48.2	64.2

The effective adjusted corporate tax rate before exceptional items of 23.0% (2023: 23.9%) is lower than the UK's standard tax rate of 25.0%. The reported corporate tax rate after exceptional items is 23.2% (2023: 27.2%).

The reported corporate tax rate after exceptional items was higher in the prior year due to expenditure which was deemed capital in nature for tax purposes being incurred in 2023.

Croda operates in many tax jurisdictions other than the UK, both as a manufacturer and distributor and it is the exposure to these different tax rates that makes it difficult to forecast the Group's future tax rate with any certainty given the unpredictable nature of exchange rates, individual economies and tax legislators. Following the increase in the UK statutory rate of tax to 25.0%, the Group's non-UK profits are taxed at an average rate that is lower than the UK rate.

Croda's effective corporate tax rate has decreased as a result of tax incentive claims and prior year adjustments which includes the release of tax provisions. The movement in temporary differences includes the movement in tax losses, whilst in the prior year unutilised tax losses not recognised through deferred tax were disclosed separately. The presentation has been aggregated to provide simplicity in reporting of temporary differences. Otherwise, there are no significant adjustments between the Group's expected and reported tax charge based on its reported accounting profit. Given the global nature of the Group, and the number of associated cross-border transactions between connected parties, we are exposed to potential adjustments to the price charged for those transactions by tax authorities. However, the Group carries appropriate provisions relating to the level of risk.

The UK current and deferred tax is calculated at 25.0%. The overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. This legislation effectively mandates the incurrence of a minimum effective tax rate of 15% (in aggregate) across each of its trading jurisdictions. The top-up tax relates to the Group's operations in Guernsey (where the statutory rate is £nil) and Singapore (where there is a lower tax rate due to graduated tax rates).

The Group recognised a current tax expense of £1.2m related to the top-up tax (2023: £nil) which is levied on the Parent Company.

6. Deferred tax

	2024 £m	2023 £m
The deferred tax balances included in these accounts are attributable to the following:		
Deferred tax assets		
Retirement benefit liabilities	**3.7**	4.5
Provisions	**49.8**	46.6
Gross deferred tax asset	**53.5**	51.1
Offset with deferred tax liabilities	**(38.8)**	(36.7)
Net deferred tax asset	**14.7**	14.4
Deferred tax liabilities		
Accelerated capital allowances	**109.3**	110.8
Acquired intangibles	**76.3**	87.9
Retirement benefit assets	**30.3**	26.3
Other	**3.8**	4.5
Gross deferred tax liability	**219.7**	229.5
Offset with deferred tax assets	**(38.8)**	(36.7)
Net deferred tax liability	**180.9**	192.8
The movement on deferred tax balances during the year is summarised as follows:		
Deferred tax credited/(charged) through the income statement		
Continuing operations before adjustments	**3.8**	(12.0)
Adjustments and exceptional items	**9.3**	8.4
Deferred tax (credited)/charged directly to other comprehensive income or equity (note 5(b))	**(4.3)**	5.2
Acquisitions	**–**	(21.2)
Exchange differences	**3.4**	3.8
	12.2	(15.8)
Net balance brought forward	**(178.4)**	(162.6)
Net balance carried forward	**(166.2)**	(178.4)
Deferred tax credited/(charged) through the income statement relates to the following:		
Retirement benefit obligations	**(0.8)**	(2.2)
Accelerated capital allowances	**0.1**	(7.7)
Provisions	**7.4**	0.3
Other	**6.3**	6.0
	13.0	(3.6)

Deferred tax is calculated in full on temporary differences under the balance sheet liability method at rates appropriate to each subsidiary. Deferred tax expected to reverse in the year to 31 December 2025 and beyond has been measured using the rate due to prevail in the year of reversal.

Deferred tax assets have been recognised in all material cases where such assets arise, as it is probable the assets will be recovered. At 31 December 2024, the unrecognised deferred tax asset was £15.4m in respect of losses of £63.4m (2023: unrecognised deferred tax asset of £9.9m on losses of £40.4m) across the Group, as it is not considered probable that there will be future taxable profits against which these losses can be offset.

Deferred tax is only recognised on the unremitted earnings of overseas subsidiaries to the extent that remittance is expected in the foreseeable future. If all earnings were remitted, an additional £20.9m (2023: £19.1m) of tax would be payable on unremitted earnings of £500m (2023: £469m).

All movements on deferred tax balances have been recognised in the income statement with the exception of the items shown in note 5(b).

Of the gross deferred tax assets, £0.4m are expected to reverse within 12 months of the balance sheet date. No material reversal of any of the deferred tax liability is expected within 12 months of the balance sheet date based on the Group's current capital expenditure programme.

7. Earnings per share

	2024 £m	2023 £m
Adjusted profit after tax for the year attributable to owners of the parent	199.1	234.0
Exceptional items and amortisation of intangible assets	(52.2)	(72.5)
Tax impact of exceptional items and amortisation of intangible assets	11.6	9.5
Profit after tax for the year attributable to owners of the parent	158.5	171.0

	Number m	Number m
Weighted average number of 10.61p (2023: 10.61p) ordinary shares in issue for basic calculation	139.6	139.6
Deemed issue of potentially dilutive shares	0.1	0.2
Average number of 10.61p (2023: 10.61p) ordinary shares for diluted calculation	139.7	139.8

	Pence	Pence
Basic earnings per share	113.5	122.5
Adjusted basic earnings per share	142.6	167.6
Diluted earnings per share	113.5	122.3
Adjusted diluted earnings per share	142.5	167.4

Basic earnings per share is calculated by dividing the profit after tax attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding those shares held in treasury or employee share trusts (note 24). Shares held in employee share trusts are treated as cancelled because, except for a nominal amount, dividends have been waived.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

Additional earnings per share calculations are included above to give a better indication of the Group's underlying performance.

8. Dividends

	Pence per share	2024 £m	Pence per share	2023 £m
Ordinary				
Interim				
2023 interim, paid October 2023	–	–	47.0	65.6
2024 interim, paid October 2024	47.0	65.6	–	–
Final				
2022 final, paid May 2023	–	–	61.0	85.1
2023 final, paid May 2024	62.0	86.6	–	–
	109.0	152.2	108.0	150.7

The Directors are recommending a final dividend of 63.0p per share, amounting to a total of £87.9m, in respect of the financial year ended 31 December 2024.

Subject to shareholder approval, the dividend will be paid on 28 May 2025 to shareholders registered on 11 April 2025 and has not been accrued in these financial statements. The total dividend for the year ended 31 December 2024 will be 110.0p per share amounting to a total of £153.5m.

9. Employees

	2024 £m	2023 £m
Group employment costs including Directors		
Wages and salaries	297.5	269.2
Share-based payment charges (note 23)	6.3	1.7
Social security costs	56.6	51.7
Post-retirement benefit costs	18.7	18.2
Redundancy costs	3.6	6.0
	382.7	346.8

Included in the above are £3.0m (2023: £5.4m) charges related to exceptional items (note 3).

	2024 Number	2023 Number
Average employee numbers by function		
Production	3,685	3,650
Selling and distribution	1,405	1,307
Administration	871	898
	5,961	5,855

As required by the Companies Act 2006, the figures disclosed above are the weighted averages based on the number of employees including Executive Directors. At 31 December 2024, the Group had 6,027 (2023: 5,852) employees in total.

10. Directors' and key management compensation

Detailed information concerning Directors' remuneration, interests and options is shown in section D of the Directors' Remuneration Report, which is subject to audit, on pages 88 to 99 forming part of the Annual Report and Accounts.

Aggregate compensation for key management, being the Directors and members of the Group Executive Committee, was as follows:

	2024 £m	2023 £m
Key management compensation including Directors		
Short-term employee benefits	6.7	6.9
Post-retirement benefit costs	0.1	0.1
Share-based payment charge	1.8	1.0
	8.6	8.0

11. Post-retirement benefits

The table below summarises the Group's net year end post-retirement benefits balance sheet positions and activity for the year.

	2024 £m	2023 £m
Balance sheet:		
Retirement benefit assets	130.0	113.5
Retirement benefit liabilities	(25.7)	(26.8)
Net asset in Group balance sheet	104.3	86.7
Net balance sheet assets/(liabilities) for:		
Defined pension benefits	116.2	99.8
Post-employment medical benefits	(11.9)	(13.1)
	104.3	86.7
Income statement charge included in profit before tax for:		
Defined pension benefits	4.8	3.9
Post-employment medical benefits	0.9	0.7
	5.7	4.6
Remeasurements included in other comprehensive income for:		
Defined pension benefits	(13.3)	20.9
Post-employment medical benefits	(2.2)	2.4
	(15.5)	23.3

Defined benefit pension schemes

The Group operates defined benefit pension schemes in the UK, US and several other territories under broadly similar regulatory frameworks.

The UK scheme, which remains open to new members and future service accrual, is a Career Average Revalued Earnings (CARE) defined benefit scheme, with annual pensionable earnings capped and pensions in payment indexed based on CPI. The US Retirement Plan, which is closed to new members, operates a cash balance pension scheme that provides a guaranteed rate of return on pension contributions until retirement (other than for a small number of 'grandfathered' employees). The US plans also do not generally receive inflationary increases once in payment. With the exception of this difference in inflationary risk, the Group's main defined benefit pension schemes continue to face materially similar risks, as described on page 144.

11. Post-retirement benefits continued

All of the Group's final salary type pension schemes (which provide benefits to members in the form of a guaranteed level of pension payable for life based on salary in the final years leading up to retirement) are closed to future service accrual with the exception of a small number of 'grandfathered' employees in the US scheme.

The majority of the Group's retirement benefit asset relates to the Group's UK pension scheme. The UK pension scheme is open to future service accrual and therefore the surplus is recognised on the basis that this could be recovered through a reduction in future service contributions.

The majority of benefit payments are from trustee administered funds; however, there are also a number of unfunded plans where the relevant Group company meets the benefit payment obligation as it falls due.

Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition. Responsibility for governance of the schemes, including investment decisions and contribution schedules, predominantly lies with the particular scheme's board of trustees with appropriate input from the relevant Group company. The board of trustees must be composed of representatives in accordance with each scheme's regulations and any relevant legislation.

The amounts recognised in the balance sheet in respect of these schemes are as follows:

	2024 £m	2023 £m
Present value of funded obligations		
UK pension scheme	(653.9)	(735.5)
US pension scheme	(99.7)	(105.3)
Rest of world	(19.8)	(18.4)
	(773.4)	(859.2)
Fair value of schemes' assets		
UK pension scheme	774.9	840.8
US pension scheme	106.9	111.9
Rest of world	15.8	14.4
	897.6	967.1
Net asset in respect of funded schemes	124.2	107.9
Present value of unfunded obligations	(8.0)	(8.1)
Net asset in Group balance sheet (excluding post-employment medical benefits)	116.2	99.8

	2024 £m	2023 £m
Movement in present value of retirement benefit obligations in the year:		
Opening balance	867.3	858.4
Current service cost	9.8	9.8
Acquisitions	–	2.9
Interest cost	37.5	39.5
Remeasurements		
Change in demographic assumptions	(18.3)	(11.7)
Change in financial assumptions	(72.5)	18.4
Experience gains/(losses)	1.6	(1.3)
Contributions paid in		
Employee	2.9	2.8
Benefits paid	(46.9)	(45.0)
Exchange differences on overseas schemes	–	(6.5)
	781.4	867.3
Movement in fair value of schemes' assets in the year:		
Opening balance	967.1	969.3
Interest income	42.5	45.4
Remeasurements		
Return on scheme assets, excluding amounts included in financial expenses	(75.9)	(15.5)
Contributions paid in		
Employee	2.9	2.8
Employer	7.1	14.2
Acquisitions	–	2.5
Benefits paid out	(46.9)	(45.0)
Exchange differences on overseas schemes	0.8	(6.6)
	897.6	967.1

As at the balance sheet date, the present value of funded and unfunded retirement benefit obligations comprised approximately £131m in respect of active employees, £189m in respect of deferred members and £461m in relation to members in retirement.

Total employer contributions to the schemes in 2025 are expected to be £1.9m.

The actuarial assumptions used to determine the present value of the defined benefit obligations were:

	2024 UK	2024 US	2023 UK	2023 US
Discount rate	5.5%	5.5%	4.5%	5.0%
Inflation rate – RPI	3.3%	3.0%	3.0%	3.0%
Inflation rate – CPI	2.8%	n/a	2.5%	n/a
Rate of increase in salaries	4.8%	4.0%	4.5%	4.0%
Rate of increase for pensions in payment	3.1%	n/a	2.9%	n/a
Duration of liabilities (i.e. life expectancy) (years)	13.3	8.7	14.3	9.6
Remaining working life	9.3	10.2	9.3	10.2

The inflation risk premium element of the UK scheme RPI inflation rate assumption has been updated during the year and is considered a change in accounting estimate. The estimated impact of this change is an increase in the defined benefit obligation of the UK scheme by £11.6m. The update has been made to move to a single inflation risk premium rather than separate assumptions before and after 2030, recognising the passage of time since the original assumption was set and resultant conclusion that a single measure is now considered more appropriate.

Mortality assumptions are based on country-specific mortality tables and where appropriate allow for future improvements in life expectancy. Where credible data exists, actual plan experience is taken into account. The UK mortality improvement scale has been updated to CMI 2023, in order to reflect the most recent CMI model with a long-term rate of 1.25% pa, and default weight parameters for 2020 (0%), 2021 (0%), 2022 (15%) and 2023 (15%) to provide for uncertainty around the long-term impact of COVID-19 on life expectancy. Applying the mortality tables adopted, the expected future average lifetime of members currently at age 65 and members at age 65 in 20 years' time is as follows:

	Current age 65		Age 65 in 20 years	
	UK	US	UK	US
Male	19.6	21.0	20.9	22.2
Female	22.9	23.0	24.3	24.1

The sensitivity of the defined benefit obligation to changes in the significant assumptions is as follows:

		Impact on retirement benefit obligation	
	Sensitivity	Of increase	Of decrease
Discount rate	0.5%	5.8%	6.4%
Inflation rate	0.5%	3.9%	3.9%
Mortality (assumes a one-year change in life expectancy)	1 year	3.8%	3.8%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the retirement benefit obligation recognised in the Group balance sheet. The weighted average duration of the defined benefit obligation is 12.7 years (2023: 13.7 years).

Given the size of the UK scheme when compared to other Group schemes, the above impact due to sensitivity in key assumptions is materially in respect of UK defined benefit obligations.

The assets in the schemes comprised:

	2024 £m	2024 %	2023 £m	2023 %
Quoted				
Equities	133.7	15%	74.4	8%
Government bonds	331.3	37%	394.5	40%
Corporate bonds	135.2	15%	57.5	6%
Other quoted securities	23.1	3%	22.8	2%
Unquoted				
Cash and cash equivalents	66.5	7%	61.0	6%
Real estate (pooled investment vehicles)	55.3	6%	40.1	4%
Derivatives	(1.6)	–	5.7	1%
Infrastructure funds	154.1	17%	159.6	17%
Other	–	–	151.5	16%
	897.6	100%	967.1	100%

Derivatives presented above represent the scheme's net position on Government bond repurchase agreements and other swap contracts (valued on a mark-to-market basis) which form part of the scheme's Liability Driven Investment (LDI) portfolio. The non-derivative assets in the LDI portfolio have been presented in the relevant asset category. Hedge funds consists of a fund of multiple investment managers across both traditional markets such as equities and credit and also more specialist diversified strategies. Infrastructure funds consists of infrastructure type investments that hold assets linked to the value and income from UK and overseas infrastructure. At the prior year end, the amount classified as an other asset was in reference to assets held in a hedge fund, which had been redeemed but the cash had not yet been received and reinvested. At the current year end, the redeemed assets have now been re-invested across different asset categories.

Within the infrastructure fund class allocation above, approximately £130.8m relates to adjusted lagged valuations as at 31 December 2024. In arriving at this figure, allowance has been made for broad market movements and distributions between 30 September 2024 (the most recent valuation these assets) and 31 December 2024.

In June 2023, the High Court made a ruling in the case Virgin Media Ltd v NTL Pension Trustees II Limited. The ruling related to Section 37 of the 1993 Pensions Act and the correct interpretation of historical legislation governing the amendment of contracted-out DB schemes. On 25 July 2024, the Court of Appeal upheld the June 2023 High Court decision. The Court's decision could have wider ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. The Trustees of Croda Pension Scheme in the UK have completed a legal review of scheme documentation and based on the available information have concluded that there is no Section 37 issue in respect of the Scheme. As a result, no changes are proposed in the current year's pension scheme liability calculations. The Group considers this approach reasonable and appropriate since there is no reason to doubt that the appropriate confirmations were obtained for relevant amendments to the Croda Pension Scheme.

11. Post-retirement benefits continued

Post-employment medical benefits

The Group operates an unfunded post-employment medical benefit scheme in the US. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs of 5.0% a year (2023: 5.0%).

The amounts recognised in the balance sheet in respect of this scheme are as follows:

	2024 £m	2023 £m
Present value of unfunded obligations		
US scheme	11.9	13.1

	2024 £m	2023 £m
Movement in present value of retirement benefit obligations in the year:		
Opening balance	13.1	10.8
Current service cost	0.3	0.2
Interest cost	0.6	0.5
Remeasurements – change in financial assumptions	(2.2)	3.3
Remeasurements – experience gains	–	(0.9)
Benefits paid	(0.2)	(0.2)
Exchange differences on overseas schemes	0.3	(0.6)
	11.9	13.1

Pension and medical benefits – risks and volatility

Through its defined benefit pension schemes and post-employment medical schemes, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, a deficit will be created. The schemes hold a proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. However, the Group and the pension trustees (Trustees) believe that due to the long-term nature of the scheme liabilities and the strength of the supporting Group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the schemes efficiently. See below for more details on the Group's asset-liability matching strategy.

Changes in bond yields

A decrease in bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, the level of inflationary increases is usually capped to protect the scheme against extreme inflation. The majority of the schemes' assets are either unaffected by inflation in the case of fixed interest bonds or loosely correlated in the case of equities, meaning that an increase in inflation will thus increase the deficit. In the US schemes, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK scheme, where inflationary increases result in higher sensitivity to changes in life expectancy. In the case of the funded schemes, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are cognisant of the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match a portion of assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group and Trustees actively monitor how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous years.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A significant portion of assets in 2024 consists of equities and bonds, although the schemes also invest in property and cash. The Group believes that equities offer the best returns over the long term with an acceptable level of risk. The UK scheme makes use of a portfolio of derivative instruments to mitigate interest rate and inflation risk.

The Trustee and Company have completed the 30 September 2023 triennial valuation during the year for the UK scheme. The funding position has improved and the cost of providing benefits has fallen. The Trustee and Company are working closely with their advisors to secure the long-term security of members' benefits. The next triennial valuation of the UK scheme will be due as at 30 September 2026. The funding review of our US scheme is undertaken annually. As at 1 December 2023 the scheme was 113.8% funded.

The expected distribution of the timing of discounted benefit payments is as follows:

	Less than a year £m	Between 1–2 years £m	Between 2–5 years £m	Beyond 5 years £m	Total £m
Pension benefits	45.5	45.6	145.7	544.6	781.4
Post-employment medical benefits	0.5	0.5	1.8	9.1	11.9
	46.0	46.1	147.5	553.7	793.3

Defined contribution schemes

	2024 £m	2023 £m
Contributions paid charged to operating profit	8.6	8.2

12. Intangible assets

	Goodwill £m	Software £m	Technology processes £m	Customer relationships £m	Trade names and brands £m	Other intangibles £m	Total £m
Cost							
At 1 January 2023	879.2	34.4	149.9	241.9	95.0	6.7	1,407.1
Exchange differences	(14.5)	(0.6)	(3.0)	(6.1)	(2.3)	(0.2)	(26.7)
Additions	–	3.4	–	–	–	5.4	8.8
Acquisitions	129.5	–	96.2	7.7	–	0.4	233.8
Disposals and write-offs	–	–	–	–	–	(1.0)	(1.0)
Reclassifications from property, plant and equipment	0.4	0.3	–	–	–	(0.5)	0.2
At 31 December 2023	**994.6**	**37.5**	**243.1**	**243.5**	**92.7**	**10.8**	**1,622.2**
At 1 January 2024	994.6	37.5	243.1	243.5	92.7	10.8	1,622.2
Exchange differences	(40.2)	(1.2)	(16.5)	(8.9)	(3.4)	(0.3)	(70.5)
Additions	–	3.4	–	–	–	–	3.4
Disposals and write-offs	–	(7.4)	–	–	–	(1.0)	(8.4)
Reclassifications from property, plant and equipment	–	3.3	–	–	–	–	3.3
At 31 December 2024	**954.4**	**35.6**	**226.6**	**234.6**	**89.3**	**9.5**	**1,550.0**
Accumulated amortisation and impairment losses							
At 1 January 2023	34.6	17.9	46.7	38.8	13.3	2.6	153.9
Exchange differences	0.9	(0.4)	(1.2)	(0.9)	(0.3)	(0.1)	(2.0)
Charge for the year (note 3)	–	3.6	18.0	13.6	5.3	0.5	41.0
Reclassifications	0.4	0.4	–	–	–	(0.8)	–
Impairments	20.8	–	–	–	–	–	20.8
At 31 December 2023	**56.7**	**21.5**	**63.5**	**51.5**	**18.3**	**2.2**	**213.7**
At 1 January 2024	56.7	21.5	63.5	51.5	18.3	2.2	213.7
Exchange differences	(1.9)	(1.0)	(3.3)	(2.1)	(0.9)	–	(9.2)
Charge for the year (note 3)	–	4.1	17.8	14.4	5.2	0.8	42.3
Disposals and write-offs	–	(7.3)	–	–	–	(1.0)	(8.3)
Reclassifications from property, plant and equipment	–	0.9	–	–	–	–	0.9
At 31 December 2024	**54.8**	**18.2**	**78.0**	**63.8**	**22.6**	**2.0**	**239.4**
Net carrying amount							
At 31 December 2024	**899.6**	**17.4**	**148.6**	**170.8**	**66.7**	**7.5**	**1,310.6**
At 31 December 2023	937.9	16.0	179.6	192.0	74.4	8.6	1,408.5
At 1 January 2023	844.6	16.5	103.2	203.1	81.7	4.1	1,253.2

12. Intangible assets continued

Intangible asset amortisation is recorded in operating costs.

During the prior year goodwill was impaired by £20.8m. This impairment was recorded in the income statement on page 122 as an exceptional item within operating costs and was within the Industrial Specialties operating business segment.

The table below shows the carrying amounts and remaining useful economic life of the Group's material intangible assets:

	2024		2023	
	Carrying value £m	Remaining period Years	Carrying value £m	Remaining period Years
Avanti technology	16.1	10	17.3	11
Avanti customer relationships	37.9	15	39.7	16
Avanti brand	14.2	15	14.9	16
Incotec customer relationships	13.2	10	15.1	11
Fragrances technology	19.3	4	25.5	5
Flavours technology	12.7	5	16.1	6
Fragrances customer relationships	70.2	16	78.4	17
Flavours customer relationships	26.9	16	30.1	17
Fragrances trade name & brand	41.2	16	46.1	17
Croda Korea Ltd (formerly 'Solus Biotech') technology	69.1	18	82.3	19

Impairment testing for CGUs containing goodwill

The Group's goodwill balance predominantly relates to the value of commercial and other synergies arising from the combination of acquired businesses with Croda's established global sales, marketing and R&D networks. This goodwill is allocated to the Group's Cash Generating Units (CGUs) expected to benefit from that combination based on the smallest identifiable group of assets that generate independent cash inflows. Assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets and where financial performance and strategy are monitored by the Group.

Accounting standards require the Group periodically to review and assess the Group's CGU structure, particularly where there are significant changes in the way that the Group monitors performance or other factors suggest that this is appropriate.

A review of the Group's CGU structure has been conducted in the year following the implementation of the revised operating model from the start of 2024. This resulted in a change to the way the Group monitors its strategy and financial performance with a simplified and more cost-efficient organisational structure to provide clear accountabilities and enhanced customer focus. The operating segments (or sectors) are responsible for both strategy and in-year financial performance, with regional delivery teams reporting into the respective sectors. In addition, over time, the level of integration of acquisitions with the wider Group has increased, resulting in a reduced ability to identify the independent cash inflows of acquired businesses from other areas of the Group, as planned integration was achieved.

This review has therefore resulted in a reduction in the number of CGUs considered for impairment testing purposes from ten to four (including the three operating business segment CGUs). The remaining standalone CGU is Fragrances & Flavours (F&F), a combination of the previous separate Fragrances and Flavours CGUs. There is more limited structural integration of F&F within the wider Group when compared to other recent acquisitions, and it remains a separate Business unit within the Consumer Care sector as referenced in the Sector Review on page 20. The Group does not separately monitor performance of the individual Fragrances and Flavours businesses, and instead considers them as one Business unit. As a separate Business unit within Consumer Care, financial performance including cash flows of the acquired F&F business is more closely monitored than for other recently acquired businesses at a Group level. The Group have therefore concluded that F&F should be one Standalone CGU for goodwill impairment testing purposes.

The operating business segment CGUs identified in the previous year: Consumer Care, Life Sciences and Industrial Specialties, remain appropriate. Therefore, there are now four CGUs, the three operating business segment CGUs alongside the Standalone F&F CGU.

For goodwill impairment testing purposes, the Group monitors goodwill at Life Sciences and F&F levels. F&F is also included within the Consumer Care group of CGUs and goodwill associated with that group is tested at the level of the group of CGUs.

For the remaining standalone CGUs identified in the prior year (Incotec, Biosector, Avanti, Alban Muller and Croda Korea (formerly Solus Biotech)) the Group has concluded that they should no longer be recognised as separate CGUs. This is on the basis that the financial performance of these acquired businesses is not separately monitored by the Group following a high level of integration of assets and cash inflows with that of the wider Group. Strategy and financial performance for these acquisitions is considered as part of the operating segment reporting. The Group specifically considered whether, if the update to CGU structure was not completed, there would have been indicators of impairment to the previous standalone CGUs. This review considered factors known to the Directors and considered financial performance and information up to the time of the Group's interim results in June 2024. No impairment indicators were identified in this review.

As discussed in the accounting policies note on page 129, goodwill is tested annually for impairment with reference to the relevant CGU's recoverable amount compared to the unit's carrying value including goodwill. The recoverable amount is based on the higher of fair value less cost to sell and value in use calculations using discounted cash flow projections with the following key assumptions:

- Five-year cash flow projections – based on management's most recent risk-adjusted view of future trading specific to the individual CGU, with assumptions on EBITDA growth (calculated as operating profit before depreciation and amortisation) as a result of fluctuating revenue and operating margins through the ability to pass on future raw material price increases.
- Terminal value growth in EBITDA – set for each CGU with reference to the long-term growth rate for the market and territory in which the CGU operates but not exceeding the Group's long-term average growth rate, estimated at 3% given the markets and territories the Group operates in.
- Discount rate – set using a weighted average cost of capital adjusted for the specific risk profile of each CGU.

The carrying amount of goodwill is allocated to operating business segment CGUs as follows:

	2024			2023		
	Standalone CGUs £m	Allocated goodwill £m	Total £m	Standalone CGUs £m	Allocated goodwill £m	Total £m
Consumer Care	338.8	306.9	645.7	461.7	215.2	676.9
Life Sciences	–	253.9	253.9	190.6	70.4	261.0
	338.8	560.8	899.6	652.3	285.6	937.9

There is no goodwill allocated to the Industrial Specialties operating business segment CGU.

The allocated goodwill includes all previously acquired goodwill which is no longer considered a Standalone CGU and includes: £60m (2023: £63m) associated with the 2020 acquisition of Iberchem as it relates to revenue synergies with Croda's existing Consumer Care business and £192m (2023: £192m) associated with the 2006 acquisition of Uniqema (with all other balances individually less than £10m). Due to the geographical and operational scale of the Uniqema acquisition, this goodwill balance is tested for impairment at an operating business segment level.

During 2024 the following previous acquisitions have been recategorised to allocated goodwill as a result of the review of the Group's CGU structure detailed above following changes to the Groups operating model on the basis that the financial performance of the previous acquisitions is not formally separately considered and there is a high level of integration of cash inflows and asset integration with that of the wider Group. This reassessment has resulted in goodwill of: £117m related to the acquisition of Croda Korea Limited (formerly Solus Biotech), £66m related to the acquisition of Incotec, £64m related to the acquisition of Avanti, £24m related to the acquisition of Biosector and £6m related to the acquisition of Alban Muller being recategorised to allocated goodwill in the year. The separate CGUs identified in the prior year have been allocated to Consumer Care (Alban Muller) and Life Sciences (Avanti, Incotec and Biosector) with Croda Korea Limited split in its allocation between both CGUs based on the relative contribution to gross margin of the business at acquisition.

Therefore, the revised CGU structure includes four CGUs, being the operating business segment CGUs of Consumer Care, Life Sciences and Industrial Specialties and the standalone CGU of F&F.

For impairment testing performed at an operating business segment CGU level the Group performed value in use calculations which considered cash flow projections based on the Group's current year results and a growth rate of 3% (an appropriate risk-adjusted view based on past experience reflecting the market and territories in which the Group operates), discounted using a weighted average cost of capital, which for these purposes has been calculated to be approximately 9.8% pre-tax (2023: 11.4%). Based on the testing performed, no impairment has been recognised for the year ended 31 December 2024.

Standalone CGUs

The carrying amount of goodwill (post impairment) is allocated to Standalone CGUs as follows:

	2024 £m	2023 £m
Fragrances & Flavours	338.8	n/a
Incotec	n/a	70.0
Biosector	n/a	25.5
Sipo	n/a	–
Avanti	n/a	62.6
Fragrances	n/a	264.8
Flavours	n/a	92.8
Alban Muller	n/a	6.5
Croda Korea Ltd (formerly 'Solus Biotech')	n/a	130.1
	338.8	652.3

For the Standalone CGU the recoverable amount was based on value in use calculations. Cash flow projections have been based on specific risk adjusted estimates taking management's most recent view of medium-term trading prospects. A cash flow projections period of five years has been considered which is the period over which the Group considers medium-term financial planning. Unless otherwise stated, cash flow projections assume an appropriate view of past experience, specifically considering revenue growth in relation to market share, maintaining operating margins, maintenance capital expenditure and working capital days. Discount rates have been calculated for the F&F CGU using a specific weighted average cost of capital adjusted for the specific risk profile of the CGU. The terminal value growth rates and discount rates applied in the CGU level calculation are set out below:

	Terminal value growth rate		Pre-tax discount rate	
	2024	2023	2024	2023
Fragrances & Flavours	3.0%	n/a	11.6%	n/a
Incotec	n/a	3.0%	n/a	14.5%
Biosector	n/a	3.0%	n/a	13.8%
Sipo	n/a	3.0%	n/a	12.8%
Avanti	n/a	3.0%	n/a	13.5%
Fragrances	n/a	3.0%	n/a	12.3%
Flavours	n/a	3.0%	n/a	12.3%
Alban Muller	n/a	3.0%	n/a	13.9%
Croda Korea Ltd (formerly 'Solus Biotech')	n/a	3.0%	n/a	13.1%

In the prior year, an impairment of £20.8m was recorded in relation to goodwill arising on the acquisition of SIPO. This principally reflected the decline in the profitability of the business in the period driven by adverse external market conditions, impacting both demand and pricing, which are expected to continue over the medium term.

12. Intangible assets continued

The annual impairment testing performed for the standalone F&F CGU has identified no impairment for the year ended 31 December 2024 and F&F remain on track to perform to our long-term expectations. In forming this conclusion, the Directors have reviewed sensitivity analysis which considered a range of possibilities on key assumptions, both individually and in combination, and considered whether these would give rise to an impairment. This analysis concluded that no reasonably possible changes in key assumptions would cause the recoverable amount of the F&F CGU to be less than the carrying value.

The range of key assumptions considered by the Directors included: EBITDA compound annual growth rates as a result of increasing revenue growth rates and improving operating margins through cost of sales and operating costs.

Climate risk and impairment testing

The impact of climate change risks including the risks identified as part of the TCFD disclosures on pages 37 to 47, with a particular focus on the impact of carbon pricing, has been considered as part of the impairment testing. The discounted cashflows included in the value in use calculations reflect the carbon costs of the CGU based on the latest Scope 1 and 2 emissions data and applying a shadow carbon price of £124/tonne which is prudent when compared with the UK Government Green Guide. It is recognised that different assessments of future carbon prices exist, however the Directors believe that those which suggest significantly higher prices than those utilised as part of our review are not currently reasonably possible due to the high level of uncertainty in the future regulatory environment.

The cost of carbon has therefore been assessed to have an immaterial effect on the recoverable amount of each of the standalone CGUs and as such carbon costs are not deemed to be a key assumption. The Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in future impairment testing.

13. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2023	305.2	1,117.4	1,422.6
Exchange differences	(12.9)	(49.6)	(62.5)
Additions	25.6	155.5	181.1
Acquisitions	2.3	6.9	9.2
Other disposals and write-offs	(1.8)	(11.5)	(13.3)
Reclassifications to intangible assets	2.0	(2.2)	(0.2)
At 31 December 2023	**320.4**	**1,216.5**	**1,536.9**
Exchange differences	(4.9)	(17.0)	(21.9)
Additions	32.1	100.0	132.1
Other disposals and write-offs	(1.0)	(21.9)	(22.9)
Reclassifications	(3.4)	3.4	–
Reclassifications to intangible assets and right of use assets	–	(3.4)	(3.4)
At 31 December 2024	**343.2**	**1,277.6**	**1,620.8**
Accumulated depreciation and impairment losses			
At 1 January 2023	78.5	379.6	458.1
Exchange differences	(3.9)	(21.2)	(25.1)
Charge for the year (note 3)	11.9	57.8	69.7
Other disposals and write-offs	(0.5)	(10.5)	(11.0)
Reclassifications	0.1	(0.1)	–
Impairments	–	1.2	1.2
At 31 December 2023	**86.1**	**406.8**	**492.9**
Exchange differences	(1.7)	(8.1)	(9.8)
Charge for the year (note 3)	12.5	64.8	77.3
Other disposals and write-offs	(1.0)	(20.6)	(21.6)
Reclassifications	0.1	(0.1)	–
Reclassifications to intangible assets	–	(0.9)	(0.9)
At 31 December 2024	**96.0**	**441.9**	**537.9**
Net book amount			
At 31 December 2024	**247.2**	**835.7**	**1,082.9**
At 31 December 2023	234.3	809.7	1,044.0
At 1 January 2023	226.7	737.8	964.5

During the year the Group recognised government grant funding of £36.8m (2023: £18.3m) relating to the US cGMP scale up project and the UK Pharma production capacity expansion project.

During the prior year plant and equipment was impaired by £1.2m. This impairment was recorded in the income statement on page 122 within operating costs.

The value of assets under construction not yet subject to depreciation at 31 December was as follows:

	2024 £m	2023 £m
Assets under construction		
Land and buildings	**38.5**	21.4
Plant and equipment	**206.4**	219.9
	244.9	241.3

14. Leases

Right of use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2023	118.7	20.3	139.0
Exchange differences	(4.4)	(0.6)	(5.0)
Additions	7.1	1.8	8.9
Remeasurements	0.5	0.8	1.3
Acquisitions	0.8	0.1	0.9
Other disposals and write-offs	(5.6)	(1.3)	(6.9)
At 31 December 2023	**117.1**	**21.1**	**138.2**
Exchange differences	(3.3)	(0.5)	(3.8)
Additions	5.0	3.3	8.3
Remeasurements	7.0	0.4	7.4
Other disposals and write-offs	(2.4)	(1.9)	(4.3)
Reclassifications from property, plant and equipment	0.1	–	0.1
At 31 December 2024	**123.5**	**22.4**	**145.9**
Accumulated depreciation and impairment losses			
At 1 January 2023	35.3	6.8	42.1
Exchange differences	(1.5)	(0.3)	(1.8)
Charge for the year (note 3)	12.3	3.2	15.5
Other disposals and write-offs	(4.0)	(1.1)	(5.1)
At 31 December 2023	**42.1**	**8.6**	**50.7**
Exchange differences	(1.7)	(0.2)	(1.9)
Charge for the year (note 3)	12.8	3.4	16.2
Other disposals and write-offs	(2.3)	(1.8)	(4.1)
At 31 December 2024	**50.9**	**10.0**	**60.9**
Net book amount			
At 31 December 2024	**72.6**	**12.4**	**85.0**
At 31 December 2023	75.0	12.5	87.5
At 1 January 2023	83.4	13.5	96.9

Lease liabilities

	2024 £m	2023 £m
Lease liabilities included in the Group balance sheet		
Current	**13.2**	13.7
Non-current	**70.7**	71.3
	83.9	85.0

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented within note 20.

Amounts recognised in the Group Income Statement

	2024 £m	2023 £m
Interest on lease liabilities	**2.8**	2.6
Expenses relating to short-term leases	**0.4**	0.4
Expenses relating to low value leases, excluding short-term leases of low value assets	**0.2**	0.2
Expenses relating to variable lease components	**0.6**	0.6
Depreciation of right of use assets	**16.2**	15.5
	20.2	19.3

Total cash outflow for leases

	2024 £m	2023 £m
Payment of lease liabilities	**17.5**	17.0
Payment of short-term, low value and variable lease components	**1.2**	1.2
	18.7	18.2

15. Future commitments

	2024 £m	2023 £m
Group capital projects		
At 31 December the Directors had authorised the following expenditure, excluding grant income, on capital projects:		
Contracted, but not provided for		
Property, plant and equipment	41.0	85.1
Intangible assets	0.4	4.7
Authorised, but not contracted for		
Property, plant and equipment	124.6	161.5
Intangible assets	8.1	4.0
	174.1	255.3

16. Investments

The amounts recognised in the balance sheet are as follows:

	2024 £m	2023 £m
Other investments	1.9	1.9

17. Inventories

	2024 £m	2023 £m
Raw materials	88.6	98.3
Work in progress	44.9	35.6
Finished goods	234.4	207.3
	367.9	341.2

The Group consumed £894.2m (2023: £964.5m) of inventories during the year.

18. Trade and other receivables

	2024 £m	2023 £m
Amounts falling due within one year		
Trade receivables	283.5	324.8
Less: provision for impairment of receivables	(6.6)	(6.8)
Trade receivables – net	276.9	318.0
Value added taxes	36.2	41.5
Other receivables	21.3	24.3
Prepayments	15.1	11.9
	349.5	395.7

The ageing of the Group's year end overdue receivables against which no material provision has been made is as follows:

	2024 £m	2023 £m
Not impaired		
Less than three months	42.2	49.9
Three to six months	7.4	7.1
Over six months	4.4	8.0
	54.0	65.0

The provision for impairment of receivables principally relates to customers in unexpectedly difficult economic circumstances. The overdue receivables against which no material provision has been made relate to a number of customers for whom there is no recent history of default, nor any other indication that settlement will not be forthcoming. The other classes within trade and other receivables do not contain impaired assets and are considered to be fully recoverable.

18. Trade and other receivables continued

The carrying amounts of the Group's receivables are denominated in the following currencies:

	2024 £m	2023 £m
Sterling	15.5	18.2
US Dollar	102.0	152.5
Euro	98.5	105.5
Other	133.5	119.5
	349.5	395.7

Movements on the Group's provision for impairment of trade receivables are as follows:

	2024 £m	2023 £m
At 1 January	6.8	5.8
Exchange differences	(0.5)	0.1
Charged to the income statement	2.0	1.4
Net write-off of uncollectible receivables	(1.7)	(0.5)
At 31 December	6.6	6.8

Amounts charged to the income statement are included within administrative expenses.

19. Trade and other payables

	2024 £m	2023 £m
Trade payables	126.7	125.8
Taxation and social security	13.0	12.2
Other payables	32.9	34.2
Accruals and deferred income	102.5	80.9
	275.1	253.1

All trade payables are payable within one year. Included in the above are balances payable after one year of £1.1m (2023: £1.1m) other payables.

20. Borrowings, other financial liabilities and other financial assets

This note should be read in conjunction with the further liquidity disclosures in our accounting policies note and the Finance Review on pages 25 to 28.

	2024 £m	2023 £m
Assets		
Non-current assets – Investments	1.9	1.9
Current assets – Trade and other receivables (excluding prepayments)	334.4	383.8
	336.3	385.7
Current liabilities		
Trade and other payables (excluding taxation, social security, accruals and deferred income)	158.5	158.9
Unsecured bank loans and overdrafts due within one year or on demand	32.8	28.4
Other loans	2.2	8.3
Lease liabilities	13.2	13.7
	206.7	209.3
Non-current liabilities		
2019 Club facility due 2026	–	216.8
2024 Club facility due 2029	208.4	–
US$100m 3.75% fixed rate 10 year note	79.9	78.5
€70m 1.43% fixed rate 10 year note	57.9	60.8
£70m 2.80% fixed rate 10 year note	70.0	70.0
€50m 1.18% fixed rate 8 year note	41.3	43.5
£65m 2.46% fixed rate 8 year note	65.0	65.0
US$60m 3.70% fixed rate 10 year note	47.9	47.1
Other secured bank loans	2.9	5.6
Other unsecured bank loans	5.8	–
Preference share capital	1.1	1.1
Lease liabilities	70.7	71.3
	650.9	659.7

In October 2024, the Group replaced its existing 2019 Club facility with a new 2024 Club facility with an initial maturity of October 2029. Interest is charged on this agreement at a floating rate based on SONIA, SOFR or EURIBOR, depending upon the drawdown currency, plus a variable margin.

	2024 £m	2023 £m
Maturity profile of financial liabilities		
Repayments fall due as follows:		
Within one year		
Bank loans and overdrafts	32.8	28.4
Other loans	2.2	8.3
	35.0	36.7
Lease liabilities	13.2	13.7
	48.2	50.4
After more than one year		
Loans repayable		
Within one to two years	131.6	2.7
Within two to five years	365.2	459.0
Five years and over	82.3	125.6
	579.1	587.3
Preference share capital	1.1	1.1
Lease liabilities	70.7	71.3
	650.9	659.7
The minimum lease payments under lease liabilities fall due as follows:		
Within one year	15.5	15.5
Within one to two years	13.9	12.9
Within two to five years	26.3	25.4
Five years and over	45.0	47.6
	100.7	101.4
Future finance charges on lease liabilities	(16.8)	(16.4)
Present value of lease liabilities	83.9	85.0

	2024 £m	2023 £m
Undiscounted maturity analysis of financial liabilities		
Within one year		
Bank loans and overdrafts	34.3	30.1
Other loans	2.3	8.6
Lease liabilities	15.5	15.5
	52.1	54.2
After more than one year		
Loans repayable		
Within one to two years	154.6	25.0
Within two to five years	427.5	502.2
Five years and over	85.8	133.1
Lease liabilities		
Within one to two years	13.9	12.9
Within two to five years	26.3	25.4
Five years and over	45.0	47.6
	753.1	746.2

The analysis above includes estimated interest payable to maturity on the underlying loans. For the loans due after more than one year £21.5m (2023: £22.3m) of the interest falls due within one year of the balance sheet date, £20.1m (2023: £22.3m) within one to two years, £46.9m (2023: £25.5m) within two to five years and £0.4m (2023: £2.9m) beyond five years.

20. Borrowings, other financial liabilities and other financial assets continued

Interest rate and currency profile of Group financial liabilities

	Total £m	Fixed £m	Floating £m	Fixed rate weighted average Interest rate %	Fixed rate weighted average Fixed period Years
Sterling	377.6	135.0	242.6	2.64	2.0
US Dollar	162.6	127.8	34.8	3.73	4.9
Euro	106.6	99.2	7.4	1.33	1.9
Other	52.3	–	52.3	–	–
At 31 December 2024	**699.1**	**362.0**	**337.1**	**2.67**	**3.0**
Sterling	345.9	135.0	210.9	2.64	3.0
US Dollar	186.3	125.6	60.7	3.73	5.9
Euro	132.9	104.3	28.6	1.33	2.9
Other	45.0	–	45.0	–	–
At 31 December 2023	**710.1**	**364.9**	**345.2**	**2.64**	**4.0**

Fair values

The table below details a comparison of the book and fair values of the Group's financial assets and liabilities. Where there are no readily available market values to determine fair values, cash flows relating to the various instruments have been discounted at prevailing interest and exchange rates to give an estimate of fair value.

	Book value 2024 £m	**Fair value 2024 £m**	Book value 2023 £m	Fair value 2023 £m
Cash deposits	**166.8**	**166.8**	172.5	172.5
Other investments	**1.9**	**1.9**	1.9	1.9
2019 Club facility due 2026	**–**	**–**	(216.8)	(216.8)
2024 Club facility due 2029	**(208.4)**	**(208.4)**	–	–
US$100m 3.75% fixed rate 10 year note	**(79.9)**	**(71.2)**	(78.5)	(71.5)
€70m 1.43% fixed rate 10 year note	**(57.9)**	**(56.6)**	(60.8)	(58.2)
£70m 2.80% fixed rate 10 year note	**(70.0)**	**(67.2)**	(70.0)	(66.1)
€50m 1.18% fixed rate 8 year note	**(41.3)**	**(39.6)**	(43.5)	(40.9)
£65m 2.46% fixed rate 8 year note	**(65.0)**	**(60.3)**	(65.0)	(59.8)
US$60m 3.70% fixed rate 10 year note	**(47.9)**	**(44.3)**	(47.1)	(43.7)
Other bank borrowings	**(41.5)**	**(41.5)**	(34.0)	(34.0)
Other loans	**(2.2)**	**(2.2)**	(8.3)	(8.3)
Preference share capital	**(1.1)**	**(1.1)**	(1.1)	(1.1)

For financial instruments with a remaining life of greater than one year, fair values are based on cash flows discounted at prevailing interest rates. Accordingly, the fair value of cash deposits and short-term borrowings approximates to the book value due to the short maturity of these instruments. The same applies to trade and other receivables and payables excluded from the above analysis.

Financial instruments

Financial instruments measured at fair value use the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments are classed as level 2 with the exception of other investments which are classed as level 3.

Preference share capital

	2024 £m	2023 £m
The authorised, issued and fully paid preference share capital comprises:		
615,562 5.9% preference shares of £1 (2023: 615,562)	0.6	0.6
498,434 6.6% preference shares of £1 (2023: 498,434)	0.5	0.5
21,900 7.5% preference shares of £1 (2023: 21,900)	–	–
	1.1	1.1

The preference shares have no redemption rights and carry no voting rights other than in certain circumstances affecting the rights of the preference shareholders, details of which are set out in the Company's Articles of Association. The three classes of preference shares rank *pari passu* with each other but ahead of the ordinary shares on a winding up. Rights on a winding up are limited to repayment of capital and any arrears of dividends.

Borrowing facilities

As at 31 December 2024, the Group had undrawn committed facilities of £418.0m (2023: £381.2m). In addition, the Group had other undrawn facilities of £86.5m (2023: £70.5m) available. All of the Group's total committed facilities of £1,062.6m expire after 2025. New and repaid borrowings disclosed in the Group Statement of Cash Flows reflect routine short-term cash management, comprising regular monthly drawdowns and repayments on the Group's revolving credit facilities. They also reflect the repayment of the Group's 2019 Club facility due to it being replaced with the Group's new 2024 Club revolving credit facility.

Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, liquidity risk, and credit risk. The Group's overall risk management strategy is approved by the Board and implemented and reviewed by the Risk Management Committee. Detailed financial risk management is then delegated to the Group Finance department which has a specific policy manual that sets out guidelines to manage financial risk. Regular reports are received from all sectors and regional operating units to enable prompt identification of financial risks so that appropriate action may be taken. In the management definition of capital the Group includes ordinary and preference share capital and net debt.

Currency risk

The Group operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Entities in the Group use foreign currency bank balances to manage their foreign exchange risk arising from future commercial transactions, recognised assets and liabilities. The Group's risk management policy is to manage transactional risk up to three months forward. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is not specifically hedged but is reduced primarily through borrowings denominated in the relevant foreign currencies where it is efficient to do so. Currency exposure arising from significant one-off transactions (for example acquisitions or disposals) is reviewed and hedged through forward contracts if required.

For 2024, had the Group's basket of reporting currencies been 10% weaker/stronger than the actual rates experienced, post-tax profit for the year would have been £21.1m (2023: £19.0m) lower/higher than reported, primarily as a result of the translation of the profits of the Group's overseas entities, and equity would have been £199.1m (2023: £204.8m) lower/higher.

20. Borrowings, other financial liabilities and other financial assets continued

Cash flow hedging

There have been no significant cash flow hedging arrangements during the current year. During the prior year, the Group held an instrument to hedge an exposure to changes in foreign currency on a highly probable future business combination (hedged item) which was completed during the year. As a result, the cumulative cash flow hedging reserve of £19.3m debit was reclassified to goodwill, presented as part of the cash consideration amount in note 27. The associated hedge ineffectiveness of £4.6m was recognised in the Group Income Statement within operating costs (administrative expenses) and reported as an exceptional item (business acquisition costs). The cash flow in relation to both the effective and ineffective portions of the hedge was recorded as an investing activity in the Group Statement of Cash Flows in accordance with the underlying hedged cash flow.

Interest rate risk

The Group has both interest bearing assets and liabilities. As per Group Treasury policy, the proportion of Group debt to be protected by fixed interest rates should fall between 40% and 75% of the Group's gross debt. As at 31 December 2024, approximately 52% of Group borrowings were at fixed rates (2023: 51%).

At 31 December 2024, aside from the fixed rate loan notes, all Group debt and cash was exposed to repricing within 12 months of the balance sheet date.

At 31 December 2024, the Group's fixed rate debt was at a weighted average rate of 2.66% (2023: 2.64%). As at 31 December 2024, the Group's floating rate liabilities are based on SONIA, SOFR or EURIBOR, depending upon the drawdown currency.

Based on the above, had interest rates moved by 100 basis points in the territories where the Group has substantial borrowings, post-tax profits would have moved by £3.4m (2023: £2.7m) due to a change in interest expense on the Group's floating rate borrowings.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term committed facilities designed to ensure that the Group has sufficient funds available for operations and planned investments.

On a regular basis, management monitors forecasts of the Group's cash flows against both internal targets and those targets imposed by external lenders. The Group has substantial committed, unused facilities and the Directors are confident this situation will remain the case for the foreseeable future.

Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any individual financial institution.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to reduce overall cost of capital.

In order to maintain this optimal structure, the Group may adjust the amount of dividends paid, issue new shares, return capital to shareholders or dispose of assets to reduce net debt. Given the Group's strong balance sheet and sustained trading growth, the Group announced a dividend policy in 2011 of paying a dividend of between 40% and 50% of sustainable earnings. Further details can be found in the Finance Review on pages 25 to 28.

Underlying growth coupled to Return on Invested Capital (ROIC) is the key perceived driver of shareholder value within the Group. The Group's ROIC now stands at 7.1% against a post-tax Weighted Average Cost of Capital (WACC) of 7.9%. The Group's target is to maintain ROIC at two to three times WACC over the long term. In addition, the Group employs two widely used ratios to measure its ability to service its debt. Both net debt/EBITDA and EBITDA interest cover were well ahead of target in 2024. Further details can be found in the Finance Review on pages 25 to 28. The Group was in compliance with its covenant requirements throughout the year. Additional information on progress against key performance indicators can be found on pages 17 to 19.

21. Provisions

	Environmental £m	Restructuring £m	Site restoration £m	Other £m	Total £m
At 1 January 2024	5.0	4.4	7.6	2.1	19.1
Exchange differences	(0.1)	–	(0.1)	0.1	(0.1)
Released to the income statement	(0.5)	–	–	(0.1)	(0.6)
Charged to the income statement	9.0	3.3	0.1	1.6	14.0
Cash paid against provisions and utilised	(1.3)	(6.8)	–	(0.5)	(8.6)
At 31 December 2024	**12.1**	**0.9**	**7.6**	**3.2**	**23.8**

Analysis of total provisions

	2024 £m	2023 £m
Current	6.5	8.6
Non-current	17.3	10.5
	23.8	19.1

Provisions are made where a constructive or legal obligation has arisen from a past event, can be quantified and where the timing of the transfer of economic benefits relating to the provisions cannot be ascertained with any degree of certainty. Provisions recognised are estimates covering many years based on current conditions, including the regulatory environment, or known future changes. Future costs may vary due to events and conditions outside of the Group's control, e.g. changes in regulations.

The environmental provision relates to soil, potential groundwater and other contamination on a number of sites, both currently in use and previously occupied, in Europe and the Americas. The provisions are based on most recently available facts and prior experience and are recorded at the estimated amount as at the balance sheet date. The amount charged to the income statement in the year includes £8.5m which has been classified as an exceptional item. This relates to two sites in the Americas, one of which is operated by the Group and one which has been previously sold to an external third party, but where the Group retains responsibility to rectify previous contamination. The contamination being remediated occurred historically, and in the case of the operational site, prior to the Group's acquisition of the site, and is not due to the ongoing activities of the Group. Whilst provisions have existed in relation to these sites for many years, new information has been identified indicating that a higher provision is required than had previously been recognised. This is in part due to an expectation that ongoing monitoring of the remediation activities completed to mitigate the contaminations will be required for longer than previously anticipated. The Directors expect that the balance will be utilised within 35 years.

The site restoration provisions relate to certain leased sites with an existing obligation to restore the environment or dismantle assets. The provisions are based on most recently available facts and prior experience and are recorded at the estimated amount as at the balance sheet date. The associated leased sites have remaining terms of between 16 and 42 years.

A restructuring provision was created in the prior year associated with changes to the Group's operating model. Further costs have been incurred during the year related to this activity, with most of the provision utilised by year end. The remaining provision is expected to be utilised in less than one year.

The Group has also considered the impact of discounting on its provisions and has concluded that, as a consequence of the size of the provisions and utilisation timescales, the impact is not material.

22. Ordinary share capital

Ordinary shares of 10.61p (2023: 10.61p)	2024 £m	2023 £m
Allotted, called up and fully paid		
At 1 January and 31 December – 142,536,884 (2023: 142,536,884) ordinary shares	**15.1**	15.1

During 2024, options were granted to employees under the Croda International Plc Sharesave Scheme to subscribe for 130,814 ordinary shares at an option price of 3131p per share. Conditional awards over 173,498 ordinary shares were granted under the Performance Share Plan during the year. Also granted in the year were 51,650 shares under the Free Share Plan and 8,843 shares under the Restricted Share Plan. There were no shares granted during the year under the Deferred Bonus Share Plan.

During the year consideration of £0.4m was received on the exercise of options over 8,105 shares. The options were satisfied with shares transferred from the Group's employee share trusts. Since the year end no further shares have been transferred from the trusts. During the year, the Group purchased 77,892 of its own ordinary shares to satisfy awards under various share-based payment schemes for consideration of £2.2m.

The outstanding options to subscribe for ordinary shares were as follows at the balance sheet date:

	Year option granted	Number of shares	Price	Options exercisable from
Croda International Plc Sharesave Scheme	2021	8,007	7327p	1 Nov 2024 to 30 Apr 2025
	2022	23,563	5509p	1 Nov 2025 to 30 Apr 2026
	2023	76,073	3977p	1 Nov 2026 to 30 Apr 2027
	2024	127,136	3131p	1 Nov 2027 to 30 Apr 2028
Croda International Plc Performance Share Plan (2014)	2022	108,463	Nil	22 Mar 2025
	2023	128,643	Nil	17 Mar 2026
	2023	2,691	Nil	02 May 2026
	2024	163,541	Nil	27 Mar 2027
	2024	4,496	Nil	29 Apr 2027
Croda International Plc Deferred Bonus Share Plan	2022	17,916	Nil	22 Mar 2025
	2023	22,928	Nil	17 Mar 2026
Croda International Plc Restricted Share Plan	2022	6,060	Nil	29 Mar 2025
	2023	8,056	Nil	21 Mar 2026
	2024	8,567	Nil	19 Mar 2027
Croda International Plc Free Share Plan				
	2024	7,300	Nil	02 May 2025

23. Share-based payments

The impact of share-based payment transactions on the Group's financial position is as follows:

	2024 £m	2023 £m
Analysis of amounts recognised in the income statement:		
Charged in respect of equity settled share-based payment transactions	4.1	1.8
Charged/(credited) in respect of cash settled share-based payment transactions	2.2	(0.1)
	6.3	1.7
Analysis of amounts recognised in the balance sheet:		
Liability in respect of cash settled share-based payment transactions	3.3	2.5

The key elements of each scheme along with the assumptions employed to arrive at the charge in the income statement are set out below. Where appropriate the expected volatility has been based on historical volatility considering daily share price movements over periods equal to the expected future life of the awards and the risk free rate is based on the Bank of England's projected nominal yield curve with appropriate duration.

Croda International Plc Sharesave Scheme ('Sharesave')

The Sharesave Scheme, established in 1983 and renewed in 2013, grants options annually in September to employees of the Group at a fixed exercise price, being the market price of the Company's shares at the grant date discounted by up to 20%. Employees then enter into a savings contract over three years and, subject to continued employment, purchase options at the end of the period based on the amount saved. Options are then exercisable for a six month period following completion of the savings contract. For options granted in the year, the fair value per option granted and the assumptions used in the calculation of the value are as follows:

	2024	2023
Grant date	11 Sep 2024	14 Sep 2023
Share price at grant date	3909p	5006p
Exercise price	3131p	3977p
Number of employees	579	678
Shares under option	130,814	120,988
Vesting period	Three years	Three years
Expected volatility	29%	27%
Option life	Six months	Six months
Risk free rate	3.5%	4.5%
Dividend yield	2.8%	2.2%
Possibility of forfeiture	7.5% p.a.	7.5% p.a.
Fair value per option at grant date	1105.9p	1518.8p
Option pricing model	Black Scholes	Black Scholes

A reconciliation of option movements over the year is as follows:

	2024 Number	2024 Weighted average exercise price	2023 Number	2023 Weighted average exercise price
Outstanding at 1 January	222,322	4687p	155,551	5592p
Granted	130,814	3131p	120,988	3977p
Forfeited	(110,252)	4748p	(48,349)	5899p
Exercised	(8,105)	4814p	(5,868)	4049p
Outstanding at 31 December	234,779	3787p	222,322	4687p
Exercisable at 31 December	8,007	7327p	36,725	4802p
For options exercised in year, weighted average share price at date of exercise		5102p		6555p
Weighted average remaining life at 31 December (years)	2.5		2.3	

Croda International Plc International Sharesave Plan 2009 ('International')

The International scheme, established in 1999 and renewed in 2009, has the same option pricing model, savings contract and vesting period as the Sharesave scheme. At exercise, employees are paid a cash equivalent for each option purchased, being the difference between the exercise price and market price at the exercise date. For options granted in the year, the fair value per option granted and the assumptions used in the calculation of the value are as follows:

	2024	2023
Grant date	11 Sep 2024	14 Sep 2023
Share price at grant date	3909p	5006p
Exercise price	3131p	3977p
Number of employees	2,223	2,870
Shares under option	420,788	430,668
Vesting period	Three years	Three years
Expected volatility	30%	28%
Option life	One month	One month
Risk free rate	4.2%	3.5%
Dividend yield	3.2%	2.1%
Possibility of forfeiture	7.5% p.a.	7.5% p.a.
Fair value per option at 31 December	751.8p	1480.0p
Option pricing model	Black Scholes	Black Scholes

A reconciliation of option movements over the year is as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	701,270	4842p	547,706	5778p
Granted	420,788	3131p	430,668	3977p
Forfeited	(298,333)	5355p	(274,528)	5225p
Exercised	(1,147)	3953p	(2,576)	4881p
Outstanding at 31 December	822,578	3777p	701,270	4842p
For options exercised in year, weighted average share price at date of exercise		4394p		6099p
Weighted average remaining life at 31 December (years)	2.2		2.3	

Croda International Plc Performance Share Plan 2014 ('PSP')

The PSP scheme was established in 2014 and replaced the Company's previous Executive long-term incentive plans. The PSP provides for awards of free shares (i.e. either conditional shares or nil-cost options) normally made annually which vest after three years dependent upon an EPS performance related sliding scale (non-market condition), an NPP growth measure (non-market condition), sustainability conditions in relation to decarbonisation roadmaps and emissions (non-market conditions) and the Group's total shareholder return (market condition). The PSP is discussed in detail in the Directors' Remuneration Report (pages 74 to 102). Shares (on an after-tax basis) are subject to a two-year post vesting holding period. For options granted in the year, the fair value per option granted and the assumptions used in the calculation of the value are as follows:

	2024			
	Market condition	Non-market condition	Market condition	Non-market condition
Grant date	29 Apr 2024	29 Apr 2024	27 Mar 2024	27 Mar 2024
Share price at grant date	4625p	4625p	4853p	4853p
Number of employees	2	2	61	61
Shares under conditional award	1,574	2,922	59,151	109,851
Vesting period	Three years	Three years	Three years	Three years
Expected volatility	29%	29%	29%	29%
Dividend yield	2.4%	2.4%	2.3%	2.3%
Possibility of forfeiture	3.45% p.a.	3.45% p.a.	3.45% p.a.	3.45% p.a.
Fair value per option at grant date	2289p	4307p	2402p	4540p
Option pricing model	Closed form valuation	Closed form valuation	Closed form valuation	Closed form valuation

	2023			
	Market condition	Non-market condition	Market condition	Non-market condition
Grant date	02 May 2023	02 May 2023	17 Mar 2023	17 Mar 2023
Share price at grant date	6962p	6962p	6401p	6401p
Number of employees	2	2	68	68
Shares under conditional award	1,599	2,970	55,367	102,825
Vesting period	Three years	Three years	Three years	Three years
Expected volatility	27%	27%	27%	27%
Dividend yield	1.6%	1.6%	1.8%	1.8%
Possibility of forfeiture	3.45% p.a.	3.45% p.a.	3.45% p.a.	3.45% p.a.
Fair value per option at grant date	3558p	6647p	3119p	5800p
Option pricing model	Closed form valuation	Closed form valuation	Closed form valuation	Closed form valuation

A reconciliation of option movements over the year is as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	395,204	–	399,115	–
Granted	173,498	–	162,761	–
Forfeited	(119,036)	–	(19,961)	–
Exercised	(41,832)	–	(146,711)	–
Outstanding at 31 December	407,834	–	395,204	–
For options exercised in year, weighted average share price at date of exercise		5020p		6641p
Weighted average remaining life at 31 December (years)	1.4		1.3	

23. Share-based payments continued

Croda International Plc Deferred Bonus Share Plan ('DBSP')

The DBSP scheme was established in 2014. Under the DBSP, one third of any annual bonuses due to certain senior executives are deferred. The size of award is determined by the amount of the total bonus divided by one third and converted into a number of Croda shares using the market value of shares at the time the award is granted. Awards are increased by the number of shares equating to the equivalent value of any dividend paid during the option period. The awards vest on the third anniversary of the date of grant unless the recipient has been dismissed for cause. There are no performance conditions applied to the award. The DBSP is also discussed in the Directors' Remuneration Report (pages 74 to 102).

	2024	2023
Grant date	–	17 Mar 2023
Share price at grant date	–	6401p
Number of employees	–	10
Shares under conditional award	–	21,951
Vesting period	–	Three years

A reconciliation of option movements over the year is as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	39,851	–	17,160	–
Granted	–	–	21,951	–
Dividend enhancement	993	–	740	–
Outstanding at 31 December	40,844	–	39,851	–
For options exercised in year, weighted average share price at date of exercise		–		–
Weighted average remaining life at 31 December (years)	0.8		1.8	

Croda International Plc Restricted Share Plan ('RSP')

The RSP scheme was established in 2018 and provides for awards of free shares or cash equivalent to a limited number of employees not eligible for the PSP scheme, based on a percentage of salary. The awards vest on the third anniversary of the date of grant, subject to the condition that the employee remains employed by the Group. There are no performance conditions applied to the award. On the vesting date, UK employees will be awarded free shares and non-UK employees will be paid a cash equivalent based on the market price. For options granted in the year, the fair value per option granted and the assumptions used in the calculation of the value are as follows:

	2024	2023
Grant date	19 Mar 2024	21 Mar 2023
Share price at grant date	4724p	6412p
Number of employees	50	38
Shares under conditional award	8,843	8,513
Vesting period	Three years	Three years
Dividend yield	2.3%	1.7%
Possibility of forfeiture	3.45% p.a.	3.45% p.a.
Fair value per option at grant date	4412p	6110p
Option pricing model	Closed form valuation	Closed form valuation

A reconciliation of option movements over the year is as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	21,524	–	19,894	–
Granted	8,843	–	8,513	–
Forfeited	(1,031)	–	(825)	–
Exercised	(6,653)	–	(6,058)	–
Outstanding at 31 December	22,683	–	21,524	–
For options exercised in year, weighted average share price at date of exercise		4711p		6482p
Weighted average remaining life at 31 December (years)	1.4		1.3	

Croda International Plc Free Share Plan ('FSP')

The FSP scheme was established in 2021 and provides for awards of free shares or cash equivalent to eligible employees. The Company has discretion to set the number of shares awarded. The awards will vest provided that the employee remains employed by the Group and that a bonus payment is paid under the terms of the Company's Group Profit Incentive Bonus Scheme in respect of the financial year concerned. Subject to the two conditions being met, on the vesting date, UK employees (and certain other identified jurisdictions) will be awarded free shares and non-UK employees will be paid a cash equivalent based on the market price. No options were granted under this plan in 2023. For options granted in the year, the fair value per option granted and the assumptions used in the calculation of the value are as follows:

	2024
Grant date	06 Sep 2024
Share price at grant date	3868p
Number of employees	5,165
Shares under conditional award	51,650
Vesting period	One year
Dividend yield	2.8%
Possibility of forfeiture	7.5% p.a.
Fair value per option at grant date	3797p
Option pricing model	Closed form valuation

A reconciliation of option movements over the year is as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	–	–	49,390	–
Granted	51,650	–	–	–
Forfeited	(1,760)	–	(2,280)	–
Exercised	–	–	(47,110)	–
Outstanding at 31 December	49,890	–	–	–
For options exercised in year, weighted average share price at date of exercise		–		6962p
Weighted average remaining life at 31 December (years)	0.3		–	

Croda International Plc Share Incentive Plan ('SIP')

The SIP scheme has similar objectives to the Sharesave Scheme in terms of increasing employee retention and share ownership. Under the scheme, employees enter into an agreement to purchase shares in the Company each month. For each share purchased by an employee, the Company awards a matching share which passes to the employee after three years' service. The matching shares are allocated each month at market value with this fair value charge being recognised in the income statement in full in the year of allocation.

24. Shareholders' equity

Croda International Plc Qualifying Share Ownership Trust (QUEST), Croda International Plc Employee Benefit Trust (CIPEBT) and Croda International Plc AESOP Trust (AESOP) each hold shares purchased on the open market or transferred from treasury shares to satisfy the future issue of shares under the Group's share option schemes. As at 31 December 2024 the QUEST held 43,243 (2023: 51,348) shares transferred at a nil cost (2023: nil cost) with a market value of £1.5m (2023: £2.6m). The CIPEBT held 1,391 (2023: 791) shares transferred at a nil cost (2023: nil cost) with a market value of £0.1m (2023: £0.1m).

As at 31 December 2024 the AESOP had issued all its previously held shares, as financed by the Company, and thus had no residual loan balance with the Company. All of the shares held by the QUEST and CIPEBT were under option at 31 December 2024 and, except for a nominal amount, the right to receive dividends has been waived.

As at 31 December 2024 the total number of treasury shares held was 2,901,442 (2023: 2,901,442) with a market value of £98.2m (2023: £146.5m).

25. Non-controlling interests in equity

	2024 £m	2023 £m
At 1 January	15.6	15.5
Exchange differences	(0.2)	(1.0)
Profit for the year	1.1	1.1
Dividends paid to non-controlling interests	(2.1)	–
At 31 December	14.4	15.6

26. Related party transactions

The Group has no related party transactions, with the exception of remuneration paid to key management and Directors (note 10).

27. Business combinations

2023 Acquisition

On 4 July 2023 the Group successfully completed the acquisition of 100% share capital of Solus Biotech Co Ltd ('Solus'), a global leader in premium, biotechnology-derived active ingredients for beauty care (Consumer Care sector) and pharmaceuticals (Life Sciences sector) employing 95 people in South Korea. The business was acquired for a total cash consideration of £227.4m with total identifiable net assets of £97.9m, generating goodwill of £129.5m. The acquisition provided access to Solus' existing biotech-derived ceramide and phospholipid technologies, and its emerging capabilities in natural retinol. This acquisition significantly strengthens Croda's Beauty Actives portfolio and increases its exposure to targeted prestige segments. Located in South Korea, Solus expands Croda's Asian manufacturing capability and creates a new biotechnology R&D hub in the region. Post-acquisition the entity has changed its name to Croda Korea Ltd.

Company Financial Statements

Company Balance Sheet

at 31 December 2024

	Note	2024 £m	2023 £m
Fixed assets			
Intangible assets	D	0.2	0.4
Tangible assets	E	0.9	1.0
Investments			
Shares in Group undertakings	F	1,521.4	1,567.0
Retirement benefit assets	K	5.9	5.1
		1,528.4	1,573.5
Current assets			
Debtors	G	1,286.5	1,296.8
Deferred tax asset	H	1.1	0.3
Cash and cash equivalents		30.6	27.6
		1,318.2	1,324.7
Creditors: Amounts falling due within one year			
Creditors	I	(87.5)	(73.9)
Borrowings	J	–	(4.5)
		(87.5)	(78.4)
Net current assets		1,230.7	1,246.3
Total assets less current liabilities		2,759.1	2,819.8
Creditors: Amounts falling due after more than one year			
Deferred tax liability	H	(1.5)	(1.3)
Borrowings	J	(431.7)	(403.5)
		(433.2)	(404.8)
Net assets		2,325.9	2,415.0
Capital and reserves			
Ordinary share capital		15.1	15.1
Share premium account		707.7	707.7
Reserves[1]		1,603.1	1,692.2
Total shareholders' funds		2,325.9	2,415.0

1. Included within Reserves is profit after tax of £60.6m (2023: £35.9m).

The financial statements on pages 163 to 168 were approved by the Board on 24 February 2025 and signed on its behalf by

Danuta Gray
Chair

Registered in England number 206132

Company Statement of Changes in Equity

for the year ended 31 December 2024

	Note	Share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 1 January 2023		15.1	707.7	0.9	1.2	1,814.8	2,539.7
Profit for the year attributable to equity shareholders		–	–	–	–	35.9	35.9
Other comprehensive expense		–	–	–	–	(2.0)	(2.0)
Transactions with owners:							
Dividends on equity shares	8	–	–	–	–	(150.7)	(150.7)
Share-based payments		–	–	–	–	1.9	1.9
Transactions in own shares		–	–	–	–	(9.8)	(9.8)
Total transactions with owners		–	–	–	–	(158.6)	(158.6)
Total equity at 31 December 2023		**15.1**	**707.7**	**0.9**	**1.2**	**1,690.1**	**2,415.0**
At 1 January 2024		15.1	707.7	0.9	1.2	1,690.1	2,415.0
Profit for the year attributable to equity shareholders		–	–	–	–	60.6	60.6
Other comprehensive income		–	–	–	–	0.2	0.2
Transactions with owners:							
Dividends on equity shares	8	–	–	–	–	(152.2)	(152.2)
Share-based payments		–	–	–	–	4.1	4.1
Transactions in own shares		–	–	–	–	(1.8)	(1.8)
Total transactions with owners		–	–	–	–	(149.9)	(149.9)
Total equity at 31 December 2024		**15.1**	**707.7**	**0.9**	**1.2**	**1,601.0**	**2,325.9**

Of the retained earnings, £994.9m (2023: £939.5m) are realised and £606.1m (2023: £750.6m) are unrealised. Details of investments in own shares are disclosed in note 24 of the Group financial statements.

Notes to the Company Financial Statements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

A. Accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ('FRS 100') issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements have been prepared under the historical cost convention, in compliance with the provisions of the Act and the requirements of the Listing Rules of the Financial Conduct Authority.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are provided in the Group financial statements of Croda International Plc.

Going concern

The financial statements which appear on pages 163 to 168 have been prepared on a going concern basis as, after making appropriate enquiries, including a review of forecasts, budgets and banking facilities, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence.

Principal accounting policies

The accounting policies which have been applied by the Company when preparing the financial statements are in accordance with FRS 101. FRS 101 is based on the recognition and measurement requirements of Adopted IFRSs, under which the Group financial statements have been prepared. As a result, the accounting policies of the Company are consistent with those used by the Group as presented on pages 127 to 134, except for those relating to the recognition and measurement of goodwill and the recognition of revenue, which are not directly relevant to the Company financial statements. Other Company specific policies include;

- Investments are held at cost less accumulated impairment. Investments are subject to impairment testing upon indication of impairment, at which point the carrying value is reviewed against the underlying net assets or forecast cash generation of the entity.
- Provisions against amounts owed by Group undertakings, based on lifetime expected losses, are not material.
- The Company operates employee share trusts for the purpose of setting share-based payment arrangements. The Croda International Plc Employee Benefit Trust is treated as a branch of the Company with assets and liabilities accounted for as assets and liabilities of the Company.

The Group accounting policy for financial risk factors is also relevant to the preparation of the Company financial statements and is disclosed on pages 155 and 156.

B. Profit and loss account

Of the Group's profit for the year, £60.6m (2023: £35.9m) is included in the profit and loss account of the Company which was approved by the Board on 24 February 2025 but which is not presented as permitted by Section 408 of the Companies Act 2006.

C. Employees

	2024 £m	2023 £m
Company employment costs including Directors		
Wages and salaries	13.0	11.3
Share-based payment charges (note L)	2.4	1.2
Social security costs	1.8	1.5
Post-retirement benefit costs	0.3	0.3
	17.5	14.3

	2024 Number	2023 Number
Average employee numbers by function		
Production	30	31
Administration	50	49
	80	80

As required by the Companies Act 2006, the figures disclosed above are weighted averages based on the number of employees including Executive Directors. At 31 December 2024, the Company had 80 (2023: 80) employees in total.

Detailed information concerning Directors' remuneration, interests and options is shown in section D of the Directors' Remuneration Report, which is subject to audit, on pages 88 to 99 which forms part of the Annual Report and Accounts.

D. Intangible assets

	Computer software £m
Cost	
At 1 January 2024	1.8
At 31 December 2024	**1.8**
Accumulated amortisation	
At 1 January 2024	1.4
Charge for the year	0.2
At 31 December 2024	**1.6**
Net carrying amount	
At 31 December 2024	**0.2**
At 31 December 2023	0.4

E. Tangible assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2024	2.3	1.3	3.6
At 31 December 2024	**2.3**	**1.3**	**3.6**
Accumulated depreciation			
At 1 January 2024	1.7	0.9	2.6
Charge for the year	0.1	–	0.1
At 31 December 2024	**1.8**	**0.9**	**2.7**
Net book amount			
At 31 December 2024	**0.5**	**0.4**	**0.9**
At 31 December 2023	0.6	0.4	1.0

F. Shares in Group undertakings

	Shares £m	Loans £m	Total £m
Cost			
At 1 January 2024	1,547.5	48.8	1,596.3
Additions	1.7	–	1.7
Reclassification	–	(48.8)	(48.8)
At 31 December 2024	**1,549.2**	**–**	**1,549.2**
Impairment			
At 1 January 2024	27.8	1.5	29.3
Reclassification	–	(1.5)	(1.5)
At 31 December 2024	**27.8**	**–**	**27.8**
Net book value			
At 31 December 2024	**1,521.4**	**–**	**1,521.4**
At 31 December 2023	1,519.7	47.3	1,567.0

The subsidiary undertakings which affect the financial statements are listed on pages 169 to 172. The requirement to state a list of the Company's subsidiaries is therefore considered to be incorporated within these financial statements by cross reference.

Additions to shares in the year of £1.7m related to capital contributions in relation to share-based payments. The Directors believe that the carrying value of the investments is supported by their underlying net assets or forecast cash generation.

The loan balances have been reclassified to debtors during the year following a detailed reassessment of the appropriate classification of the balance due to an increase in the level of ongoing activity. The loans have been reclassified to amounts owed by Group undertakings within debtors (note G).

G. Debtors

	2024 £m	2023 £m
Amounts owed by Group undertakings	**1,281.3**	1,293.0
Trade and other receivables	**0.3**	2.2
Corporation tax	**3.4**	–
Prepayments	**1.5**	1.6
	1,286.5	1,296.8

Although the amounts owed by Group undertakings have no fixed date of repayment, £1,274.4m (2023: £1,281.8m) is expected to be collected after one year. Of the amount at 31 December 2024, £1,226.6m will continue to attract interest from 1 January 2025 at a floating rate based on the main facility agreement. The remainder will continue to be interest free.

H. Deferred tax

The deferred tax (liabilities)/assets included in the balance sheet are attributable to the following:

	2024 £m	2023 £m
Retirement benefit obligations	(1.5)	(1.3)
Provisions	1.1	0.3
	(0.4)	(1.0)
The movement on deferred tax balances during the year is summarised as follows:		
At 1 January	(1.0)	(1.1)
Deferred tax credited/(charged) through the profit and loss account	0.7	(0.3)
Deferred tax (charged)/credited to other comprehensive income	(0.1)	0.4
At 31 December	(0.4)	(1.0)

Deferred tax assets were recognised in all cases where such assets arose, as it was probable that the assets would be recovered.

I. Creditors

	2024 £m	2023 £m
Amounts falling due within one year		
Trade payables	0.4	0.5
Taxation and social security	1.5	1.6
Amounts owed to Group undertakings	77.2	66.5
Other payables	1.5	1.3
Accruals and deferred income	6.9	4.0
	87.5	73.9

The amounts owed to Group undertakings are interest free, unsecured and have no fixed date of repayment.

J. Borrowings

The Company's objectives, policies and strategies in respect of financial instruments are outlined in the accounting policies note on pages 132 and 133 which forms part of the Annual Report and Accounts. Short-term receivables and payables have been excluded from all of the following disclosures.

	2024 £m	2023 £m
Maturity profile of financial liabilities		
2019 Club facility due 2026	–	163.1
2024 Club facility due 2029	196.4	–
€70m 1.43% fixed rate 10 year note	57.9	60.8
£70m 2.80% fixed rate 10 year note	70.0	70.0
€50m 1.18% fixed rate 8 year note	41.3	43.5
£65m 2.46% fixed rate 8 year note	65.0	65.0
Bank loans and overdrafts payable on demand	–	4.5
Preference share capital	1.1	1.1
	431.7	408.0
Repayments fall due as follows:		
Within one year		
Bank loans and overdrafts	–	4.5
	–	4.5
After more than one year		
Loans repayable		
Within one to five years	430.6	402.4
Preference share capital	1.1	1.1
	431.7	403.5

K. Post-retirement benefits

In line with the requirements of FRS 101, the Company recognises its share of the UK pension scheme assets, liabilities, income statement (charges)/credits and OCI movements based on the number of scheme members. A full reconciliation of the Group retirement benefit obligation can be found in note 11 of the Group financial statements on pages 141 to 144. The table below shows the movement in the obligation during the year.

	2024 £m	2023 £m
Opening balance:		
Assets	41.1	41.2
Liabilities	(36.0)	(35.6)
Net opening retirement benefit asset	5.1	5.6
Movements in the year:		
Service cost – current	(0.2)	(0.4)
Interest income	0.2	0.3
Contributions	0.6	1.4
Remeasurements	0.2	(1.8)
Closing balance	5.9	5.1

L. Share-based payments

The total charge for the year in respect of share-based remuneration schemes was £2.4m (2023: £1.2m). The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

The key elements of each scheme along with the assumptions employed to arrive at the charge in the profit and loss account are set out in note 23 to the Group financial statements.

M. Contingent liabilities

The Company has guaranteed loan capital and bank overdrafts of subsidiary undertakings amounting to £139.7m as at 31 December 2024 (2023: £179.4m).

N. Dividends

Details of dividends are disclosed in note 8 of the Group financial statements.

O. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 from disclosing transactions with other Group undertakings. There were no other related party transactions during the year. Information on the Group can be found in note 26 on page 161 of the Group financial statements.

Related undertakings

Related undertakings of Croda International Plc

All companies listed below are owned by the Group and all interests are in ordinary share capital, except where otherwise indicated. All subsidiaries have been consolidated. All companies operate principally in their country of incorporation. Unless otherwise indicated, all shareholdings represent 100% of the issued share capital of the subsidiary.

Wholly owned subsidiaries:

Incorporated in the UK

Cowick Hall, Snaith, Goole, East Yorkshire, DN14 9AA

Bio Futures Limited [vii]
Brookstone Chemicals Limited [viii]
Cowick Hall Trustees Limited [xi]
Croda (Goole) Limited [viii]
Croda Application Chemicals Limited [viii]
Croda Bakery Services Limited [viii]
Croda Bowmans Chemicals Limited [v] [viii]
Croda CE Limited [viii]
Croda Chemicals Limited [viii]
Croda Colloids Limited [viii]
Croda Cosmetics & Toiletries Limited [i] [v] [viii]
Croda Cosmetics (Europe) Limited [iii] [viii]
Croda Distillates Limited [i] [x]
Croda Enterprises Limited [viii]
Croda Europe Limited [i] [vii]
Croda Fire Fighting Chemicals Limited [viii]
Croda Food Services Limited [viii]
Croda Foundation [xiv]
Croda Hydrocarbons Limited [viii]
Croda Investments Limited [ix]
Croda Investments No 2 Limited [ix]
Croda Investments No 3 Limited [ix]
Croda JDH Limited [viii]
Croda Leek Limited [viii]
Croda Limited [viii]
Croda Overseas Holdings Limited [i] [ix]
Croda Pension Trustees Limited [viii]
Croda Polymers International Limited [i] [ix]
Croda Resins Limited [viii]
Croda Solvents Limited [iii] [iv] [viii]
Croda Trustees Limited [viii]
Croda Universal Limited [viii]
Croda World Traders Limited [i] [v] [viii]
P.I. Bioscience Limited [vii]
Plant Impact Limited [ix]
John L Seaton & Co Limited [viii]
Southerton Investments Limited [i] [viii]
Sowerby & Co Limited [viii]
Technical and Analytical Services Limited [i] [viii]
Uniqema Limited [i] [viii]
Uniqema UK Limited [i] [viii]

Citypoint, 3rd Floor, 65 Haymarket Terrace, Edinburgh, EH12 5HD

Croda (CPI) Limited [ix]

Incorporated in China

Unit 701-703, 7th Floor, Building C, No.3 Linhong Road, Changning District, Shanghai

Croda China Trading Company Ltd [vii]

No. 2 Xiang Shan Avenue, Ning Xi Street, Zeng Cheng District, Guangzhou

Croda Iberchem (Guangzhou) Co., Ltd [vi] [viii]

191 Dong Jiang Street, GET Development Zone, 510730 Guangzhou

Guangzhou Iberchem, Co. Ltd [vii]

605 International Communication Building, Buidling 83, No19A, Chegongzhuang West Road, Haidian District, Beijing

Incotec (Beijing) Agricultural Technology Co. Ltd [vii]

No.3 Plant, No.202, Huashan Road, Modern Industrial Zone, Tianjin Development Zone, Tianjin

Incotec (Tianjin) Agricultural Science & Technology Co. Ltd [vii]

No.656 East Tangxun Road, Economic-Technological Development Zone, Mianyang, Sichuan 621000

Sichuan Xihe Rape Seed Industry Co., Ltd [vii]

No.139, Jianqing Road, Pu'an Town, Jiange County Guangyuan, Sichuan, 628300

Sichuan Xiyuan Grease Chemical Co., Ltd [vii]

Incorporated in France

9, rue Jean Monnet, 28630 Fontenay Sur Eure
Alban Muller International [vii]

1, rue de Lapugnoy, 62920 Chocques
Croda Chocques SAS [vii]

Futura III, 1, avenue de Westphalie, 78180 Montigny-le-Bretonneux
Croda France SAS [vii]
Croda Holdings France SAS [ix]

Zone artisanale, 48230 Chanac
Crodarom SAS [vii]

29 rue du Chemin Vert, 78610, Le Perray en Yvelines
Sederma SAS [vii]

Incorporated in the Netherlands

Westeinde 107, 1601 BL Enkhuizen
AM Coatings BV [v] [viii]
Croda EU BV [ix]
Incotec Europe B.V. [vii]
Incotec Group B.V. [i] [ix]
Incotec Holding B.V. [ix]

Incorporated in the USA

700 Industrial Park Drive, Alabaster, AL 35007
Avanti Polar Lipids, LLC [vii]

777 Scudders Mill Road, Building 2, Suite 200, Plainsboro, NJ 08536
Croda Americas LLC [viii]
Croda Finance Inc [viii]
Croda Inc. [vii]
Croda Inks Corp [viii]
Croda Investments Inc [ix]
Croda Storage Inc [viii]
Croda Synthetic Chemicals Inc [ix]
Mona Industries Inc [viii]
Sederma Inc [vii]

1293 Harkins Road, Salinas, CA 93901
Incotec Integrated Coating and Seed Technology, Inc [vii]

Incorporated in other overseas countries

Argentina - Av. De Lagos 205, Piso 2, Sector Este Officia Nordelta - 1670 (Tigre), Buenos Aires
Croda Argentina SA [vii]

Australia - Suite 2, Level5, 111 Phillip Street, Parramatta, NSW 2150
Croda Australia Pty Ltd [vii]

Brazil - Rua Croda, 580, Distrito Industrial, Campinas, São Paulo, CEP 13.074-710
Croda do Brasil Ltda [vii]

Brazil - Avenida Mercedes Benz, 679, Distrito Industrial, Campinas, São Paulo, CEP 13.054-750
Iberchem Brazil Industria Ltda [viii]

Canada - 1700 Langstaff Road, Suite 1000, Vaughan, Ontario, L4K 3S3
Croda Canada Ltd [vii]

Chile - Los Militares 4611, 17th Floor - 7560968, Las Condes, Santiago
Croda Chile Ltda [vi] [vii]

Colombia - Calle 90 # 19-41 Office 601, Bogotá
Croda Colombia [ii] [vii]

Colombia - Aut. Medellín km. 7, Bodega 88-02, Celta Trade Park, Funza, Cundinamarca
Iberchem Colombia SAS[vii]

Czech Republic - Praha 5, Pekarˇská 603/12, 150 00
Croda Spol. s.r.o [vii]

Denmark - Elsenbakken 23, 3600 Frederikssund
Croda Denmark A/S [vii]

Germany - Herrenpfad Süd 33, 41334 Nettetal
Croda GmbH [vii]
Sederma GmbH [vii]

Guernsey - PO Box 33, Dorey Court, Admiral Park, St Peter Port, GY1 4AT
Cowick Insurance Services Ltd [i] [xii]

Hong Kong - Room 908, East Ocean Centre, No.9 Science Museum Road, Tsim Sha Tsui, East Kowloon
Croda Hong Kong Company Ltd [vii]

Hungary - 1117 Budapest XI, Bölcso utca 6. 1. emelet 4.
Croda Magyarorszag Kft [i] [vii]

India - Plot No. 1/1, Part TTC Industrial Area, Thane Belapur Road, Koparkhairne, Navi Mumbai 400710, Maharashtra
Croda India Company Private Ltd [i] [vii]

India - 38/A, Radhe Industrial Estate, Tajpur Road, Changodar 382213, Ahmedabad
Iberchem India Private Limited [vii]

Incorporated in other overseas countries continued

India - 47, Mahagujarat Industrial Estate, Opp. Pharma Lab, Sarkhej-Bavla Highway, At. Moraiya, Ta. Sanand, Ahmedabad-382213, Gujarat
Integrated Coating and Seed Technology India Pvt. Ltd [vii]

Indonesia - Kawasan Industri Jababeka, Jl. Jababeka IV Blok V Kav 74-75, Cikarang Bekasi 17530
PT Croda Indonesia [iii] [iv] [vii]

Indonesia - Palma Tower , 17th Floor, Jl. RA Kartini II-S Kav.6 , Jakarta 12310
PT Croda Trading Indonesia [vii]

Indonesia - Pusat Niaga Terpadu, Jl. Daan Mogot Raya Km 19, 6 Blok GG8N, 15122 Tangerang
PT Scentium Flavours [vii]

Iran - Unit 10, No. 8, Anahita dead end, First Alley, 14th Eastern Street, Adjudanieh Blvd, Aghdasieh Ave, Tehran
Croda Pars Trading Co [xv]

Italy - Via P. Grocco 915, 27036 Mortara
Croda Italiana S.p.A. [vii]

Italy - Calle del Commercio, 2 Desio, Monza and Brianza
Iberchem Italia SRL [vii]

Japan - 7-1 Nishi-shinjuku 3-chome, Shinjuku-ku, Tokyo 163-1001
Croda Japan KK [i] [vii]

Malaysia - 305 (Suite1) Block E, Phileo Damansara 1, 9, Jalan 16/11, Off Jln Damansara, 46350 PJ, Selangor
Scentium Malaysia Sdn Bhd [vii]

Mexico - Hamburgo 213, Piso 10, Colonia Juárez, Delegacion Cuauhtémoc, D.F., C.P. 06600
Croda México SA de CV [vii]

Mexico - Alfredo Nobel No. 3, 3 y 4, Col. Fraccionamiento Industrial Los Reyes, Estado de México, 54073 Tlalnepantla
Iberchem Mexico SA de CV [vii]

Nigeria - Landmark Towers, 5B, Water Corporation Road, Victoria Island, Lagos
Croda SI&T Nigeria Limited [vii]

Peru - Av. Juan de Aliaga 425 Of. 401, Magdalena del Mar
Croda Peruana S.A.C [vii]

Poland - ul. Wadowicka 6, 30-415 Kraków
Croda Poland Sp. z o.o. [i] [vii]

Republic of Korea - (Yongje-dong) 11, Seogam-ro 11-gil, Iksan-si, Jeollabuk-do
Croda Korea Ltd [vii]

Republic of Korea - Rm. 1201, 12th Floor, 42, Hwang Sae UI-Ro 360 Beon-Gil, Bun Dang-Gu, Seong Nam-Si, Gyeong Gi-Do, 13591
Croda Korea [ii] [vii]

Russian Federation - Office 1333, 16 Raketnyi bulvar, Moscow, 129164
Croda RUS LLC [xvi]

Singapore - 30 Seraya Avenue, Singapore 627884
Croda Singapore Pte Ltd [i] [v] [vii]

Singapore - 2 International Business Park, #04-06 The Strategy (Tower 1)
Iberchem Far East Pte Ltd [vii]

South Africa - Clearwater Estate Office Park, Block G, Corner of Atlas & Park Road, Parkhaven Ext 8, Boksburg 1459
Croda (SA) (Pty) Ltd [vii]
Incotec South Africa (Pty) Ltd [vii]

South Africa - 5 Marconi Nook, Hennopspark, Centurion, 0157
Iberchem South Africa (Pty) Ltd [vii]

Spain - Carrer Pujades, 350 planta 10, 08019 Barcelona
Croda Ibérica SA [vii]

Spain - Avenida del Descubrimiento, Parcela 9/9, Polígono I, 30820 Alcantarilla, Murcia
Iberchem SAU [vii]

Spain - Avenida de Holanda, Parcela 12/14, Polígono Industrial Las Salinas, 30840 Alhama de Murcia, Murcia
Scentium Flavours, S.L. [vii]

Sweden - Geijersgatan 2B, 216 18 Limhamn
Croda Nordica AB [vii]
MX Adjuvac AB [xiii]

Thailand - 319 Chamchuri Square Building, 16th Floor, Unit 13-14, Payathai Road, Patumwan, Bangkok 10330
Croda (Thailand) Co., Ltd [i] [vii]

Thailand - No. 41/87 Moo 6 Bangna Trad Road Km. 16.5, Bangcha long-Sub District, Bangplee District, 10540 Bangkok, Samutprakarn Province
Iberchem Thailand Ltd (vii)

Turkey - Barbaros Mahallesi, Mor Sumbul Sokak,Nidakule Atasehir Guney, No: 7/3, Kat: 5 Atasehir, Istanbul 34746
Croda Kimya Ticaret Limited Şirketi (vii)

United Arab Emirates - Units 2601 & 2602, Al Manara Tower, Al Abraj St., Business Bay, P.O. Box 191160, Dubai
The Essence of Nature F&F Trading LLC (vii)

United Arab Emirates - P. O. BOX 17916, Office 1209, 1210 & 1211, 12th Floor, Jafza One, Tower B, Jebel Ali Free Zone, Dubai
Croda Middle East FZE (vii)

Vietnam - Room # 606A, Floor 6th, Centre Point Building 106 Nguyen Van Troi Street, Ward 8, Phu Nhuan District, Ho Chi Minh City
The Representative Office of Croda Singapore Pte Ltd in Ho Chi Minh City (ii) (vii)

Zimbabwe - 4a Knightsbridge Crescent, Highlands, Harare
Croda Chemicals Zimbabwe Pvt Ltd (viii)

Classifications key

(i). Companies owned directly by Croda International Plc
(ii). Branch office
(iii). A Ordinary
(iv). B Ordinary
(v). Preference including cumulative, non-cumulative and redeemable shares
(vi). No share capital, share of profits
(vii). Manufacture, sale or distribution of speciality chemicals, or of seed treatment services and products, or fragrances and flavours compositions
(viii). Dormant
(ix). Holding company
(x). Property holding company
(xi). Trustee
(xii). Captive insurance company
(xiii). Research enterprise
(xiv). Not consolidated; Company limited by Guarantee and not having a Share Capital
(xv). In liquidation process
(xvi). Non-trading entity

Non-wholly owned subsidiaries, associates and investments:

Incorporated in the UK

3 Huxley Road, Surrey Research Park, Guildford, GU2 7RE
SiSaf Ltd 3.36%

Incorporated in other overseas countries

Brazil - Rua das Sementes nr. 291, Holambra, State of São Paulo
Incotec America do Sul Tecnologia em Sementes Ltda. (vii) 99.99%

China - No 656 East Tangxun Road Economic and Technological Development Zone Miangyang Sichuan
Croda Sipo (Sichuan) Co., Ltd (vii) 65.00%

China - No.56 Xingye 2nd Road, Changleng Industrial Zone 2, Xinjian District, 330100 Nanchang City, Jiangxi Province
Nanchang Xinduomei Bio-Technology Co.,Ltd (vii) 70.00%

France - 70 avenue Louison Bobet, 06130 Grasse
Parfex (vii) 99.47%

Indonesia - Pusat Niaga Terpadu, Jl. Daan Mogot Raya Km 19, 6 Blok GG8N, 15122 Tangerang
PT Iberchem Indonesia Fragrances (vii) 98.00%

Indonesia - Pusat Niaga Terpadu, Blok EE 8A, Jl, Daan Mogot, Raya, Km.19, Tangerang, 15122, Jakarta West Java
PT Inti Berkah Chemindo (viii) 51.00%

Sweden - Scheelevägen 22, 22363 Lund
Enza Biotech AB (xiii) 88.00%

Tunisia - 39, rue Jamel Abdennaceur, Z.I. Borj Cédria, Bir El Bey, BP 69, 2055 Ben Arous
Iberchem Tunisie S.A.R.L. (vii) 63.70%

Turkey - Yeşiltepe Mahallesi İsmetinönü-2 Cad. No:2/57 Tepebaşi, Eskişehir
Entekno Industrial, Technological and Nano Materials Corp. 9.00%

Shareholder information

2025 Annual General Meeting	23 April 2025
2024 Final ordinary dividend payment	28 May 2025
2025 Half year results announcement	29 July 2025
2025 Interim ordinary dividend payment	7 October 2025
2025 Preference dividend payments	30 June 2025
	31 December 2025
2025 Full year results announcement	24 February 2026

Investor relations

Shareholders can now get up to date information on Stock Exchange announcements, key dates in the corporate calendar, the Croda share price and brokers' estimates by visiting our corporate website at www.croda.com and clicking on the section called 'Investors'.

Shareholders can receive shareholder communications electronically by registering on the Registrar's website, www.signalshares.com and following the instructions. To register, shareholders will require their investor code (IVC): this is an 11 digit number starting with five or six zeros and can be found on your dividend tax voucher or your share certificate. Receiving corporate communications by email has a number of benefits including being more environmentally friendly, reducing unnecessary waste, faster notification of information to shareholders and a reduction in company costs.

Shareholders who register on the above website can also check their shareholding, view their dividend history, choose their dividend options, register changes of address and dividend mandate instructions.

Share price information

The latest ordinary share price is available on our website at www.croda.com.

The middle market values of the listed share capital at 31 December 2024, or last date traded*, were as follows:

Ordinary shares	3360.5p
5.9% preference shares	83p*
6.6% preference shares	90p*

Dividend reinvestment plan (DRIP)

Ordinary shareholders may wish to know about this plan, which allows you to use your dividends to buy further shares in Croda. The DRIP is offered to **shareholders resident in the UK only** by MUFG Corporate Markets which is authorised and regulated by the Financial Conduct Authority.

You can sign up to this service on Signal Shares (www.signalshares.com). For information or a paper application pack please call 0371 664 0381. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales. From outside the UK dial +44 (0)371 664 0381. Alternatively you can email drip.enquiries@cm.mpms.mufg.com.

Payment of dividends

You can arrange to have your dividends paid direct to your bank account. This means that:

- your dividend reaches your bank account on the payment date;
- it is more secure - cheques can sometimes get lost in the post;
- you don't have the inconvenience of depositing a cheque; and
- it helps reduce cheque fraud.

If you have a UK bank account you can sign up to this service on Signal Shares (www.signalshares.com) by clicking on 'your dividend options' and following the on-screen instructions or by contacting the Customer Support Centre.

Action required - we are changing the way we manage your dividends

We would like to provide you with advance notice that with effect from the interim dividend, which we expect to pay in October 2025, shareholders will no longer receive dividend payments by cheque. You will therefore need to register a mandate via the Share Portal (www.signalshares.com) to enable payments of dividends direct to your bank. Future dividend confirmations will be available on the Share Portal. If you do not provide your bank or building society account details before the October 2025 payment, your future dividend payments will not be made until this information has been provided.

Overseas shareholders - choose to receive your next dividend in your local currency

If you live outside the UK, MUFG Corporate Markets has partnered with Deutsche Bank to provide you with a service that will convert Sterling dividends into your local currency at a competitive rate.

You can choose to receive payment directly to your local bank account or alternatively you can be sent a currency draft. You can sign up to this service on Signal Shares (www.signalshares.com) by clicking on 'your dividend options' and following the on-screen instructions or by contacting the Customer Support Centre. For further information contact MUFG Corporate Markets:

By phone - UK 0371 664 0300, from overseas +44 (0)371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

By email - ips@cm.mpms.mufg.com

Relating to beneficial owners of shares with 'information rights'

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's Registrar, MUFG Corporate Markets, or to the Company directly.

Share fraud warning

Scams are increasingly sophisticated. Fraudsters can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. If you have been contacted unexpectedly, or are suspicious about a call or text message, make sure you stop and check the warning signs.

How to avoid scams

- Treat all unexpected calls, emails and text messages, social media messages or even in person visits with caution. Don't assume they're genuine, even if the person seems to know some basic information about you.
- Don't be pressured into acting quickly, hang up on calls and ignore messages if you feel pressured. A genuine bank or financial services firm won't mind waiting if you want time to think.
- Never give out your bank account or credit card details unless you are certain who you are dealing with.
- If you're buying a financial product such as a loan, insurance, investment or pension, only deal with an FCA-authorised firm - check the FS Register to see if the firm is registered. Always access the Register from the FCA website, rather than through links in emails or on a firm's website (it might be part of the scam).
- Double-check the URL and contact details of a firm in case it's a 'clone firm' pretending to be a real firm, such as your bank or a genuine investment firm.
- Check the list of unauthorised firms and individuals the FCA have received complaints about. If the firm isn't on their list, don't assume it's legitimate - it may not have been reported to them yet.
- Check your bank account and credit card statements regularly.
- Don't give access to your device by downloading software or an app from a source you don't trust. Scammers may be able to view, take control of your device and access your bank account.
- **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are worried about a potential scam or you think you have been approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Secretary and Registered Office

Tom Brophy (Company Secretary) Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA
Tel: +44 (0)1405 860551
Fax: +44 (0)1405 861767
Website: **www.croda.com**
Registered in England number 206132

Registrars

MUFG Corporate Markets
Central Square, 29 Wellington Street,
Leeds, LS1 4DL

Tel: 0371 664 0300 (from UK)
+44 (0) 371 664 0300 (from overseas)

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate; lines are open 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Website: eu.mpms.mufg.com
Email: shareholderenquiries@cm.mpms.mufg.com

Independent Auditors

KPMG LLP
15 Canada Square, London, E14 5GL

Principal Financial Advisers

Morgan Stanley & Co. International plc

Principal Solicitors

Freshfields LLP

Stockbrokers

Morgan Stanley & Co. International plc
HSBC Bank plc

Financial PR Advisers

FTI Consulting

Five year record

Earnings

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Turnover	**1,628.1**	1,694.5	2,089.3	1,889.6	1,390.3
Covenant EBITDA[4]	**384.6**	413.1	560.0	591.4	433.4
Depreciation and amortisation[1]	**(98.6)**	(89.5)	(86.4)	(79.0)	(68.2)
Share-based payments and loss on associates	**(6.3)**	(1.7)	(3.5)	(42.0)	(14.7)
Impact of acquisitions or disposals	**–**	(1.9)	45.0	(1.8)	(30.8)
Adjusted operating profit[1]	**279.7**	320.0	515.1	468.6	319.6
Adjusted profit before tax[1]	**260.0**	308.8	496.1	445.2	300.6
Profit after tax	**159.6**	172.1	653.3	322.8	201.6
Profit attributable to owners of the parent	**158.5**	171.0	649.3	320.8	201.6
Return on sales[1] (%)	**17.2**	18.9	24.7	24.8	23.0
Effective tax rate[1] (%)	**23.0**	23.9	22.8	21.2	24.1
	Pence	Pence	Pence	Pence	Pence
Adjusted earnings per share[1]	**142.6**	167.6	272.0	250.0	175.5
Ordinary dividends per share	**110.0**	109.0	108.0	100.0	91.0
	Times	Times	Times	Times	Times
Net debt/Covenant EBITDA	**1.4**	1.3	0.5	1.4	1.8
Covenant EBITDA interest cover[2]	**16.0**	24.9	24.2	22.4	22.5

Summarised balance sheet

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Intangible assets, property, plant and equipment and investments	**2,480.4**	2,541.9	2,318.0	2,350.9	2,297.8
Inventories	**367.9**	341.2	464.0	443.0	302.6
Trade and other receivables	**349.5**	395.7	375.8	337.9	289.9
Trade and other payables	**(275.1)**	(253.1)	(324.5)	(370.3)	(267.6)
Capital employed	**2,922.7**	3,025.7	2,833.3	2,761.5	2,622.7
Tax, provisions and other	**(197.8)**	(206.7)	(207.1)	(180.3)	(194.8)
Retirement benefit assets/(liabilities)	**104.3**	86.7	100.1	7.9	(32.3)
	2,829.2	2,905.7	2,726.3	2,589.1	2,395.6
Shareholders' funds	**2,282.5**	2,352.5	2,415.6	1,753.1	1,585.8
Non-controlling interests	**14.4**	15.6	15.5	12.8	9.3
Net assets	**2,296.9**	2,368.1	2,431.1	1,765.9	1,595.1
Net debt	**532.3**	537.6	295.2	823.2	800.5
Invested capital	**2,829.2**	2,905.7	2,726.3	2,589.1	2,395.6

Return on capital

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Adjusted operating profit net of tax[1]	**215.4**	243.6	397.9	369.2	242.6
Invested capital	**2,829.2**	2,905.7	2,726.3	2,589.1	2,395.6
Adjustments for:					
Goodwill previously written off	**105.6**	105.6	84.8	50.2	50.2
Retirement benefit (assets)/liabilities net of deferred tax	**(77.7)**	(64.9)	(75.2)	(5.8)	25.3
Accumulated amortisation of acquired intangible assets net of deferred tax	**145.9**	114.6	85.6	57.9	29.7
Adjusted invested capital	**3,003.0**	3,061.0	2,821.5	2,691.4	2,500.8
Average adjusted invested capital[3]	**3,032.0**	2,941.3	2,756.5	2,596.1	1,704.6
Return on invested capital (ROIC) (%)	**7.1**	8.3	14.4	14.2	14.2
Post-tax cost of capital (%)	**7.9**	8.1	7.5	6.4	6.2
Charge for invested capital	**(239.5)**	(238.2)	(206.7)	(166.2)	(105.7)
Economic value added[1]	**(24.1)**	5.4	191.2	203.0	136.9

1. Before exceptional items, amortisation of intangible assets arising on acquisition and the tax thereon where applicable.
2. Interest excludes net interest on retirement benefit liabilities.
3. The Group acquired Avanti Polar Lipids, LLC on 12 August 2020 and Fragrance Spanish Topco, S.L. ('Iberchem') on 24 November 2020. Given the value of the acquisitions, the Group's measure of average adjusted invested capital for 2020 has been adjusted for the related weighted average impact.
4. Covenant EBITDA is EBITDA as defined in the Finance Review but before share-based payment charges and the loss on associates. Covenant EBITDA is also adjusted to reflect the annualised impact of acquisitions or disposals in the period.

The five year record is presented based on the applicable accounting standards at the relevant reporting date.

Glossary

Adjusted	Before exceptional items, amortisation of intangible assets arising on acquisition and the tax thereon where applicable
AGM	Annual General Meeting
ALM	Asset-Liability Matching
Bio-based	Carbon containing, from renewable, non-fossil sources
CARE	Career Average Revalued Earnings
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIPEBT	Croda International Plc Employee Benefit Trust
The Code	Financial Reporting Council's 2018 UK Corporate Governance Code
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
Constant currency	Current year results for existing business translated at the prior year's average exchange rates and include the impact of acquisitions
CPI	Consumer Price Index
CPS	Croda Pension Scheme
DEI	Diversity, Equity and Inclusion
DRIP	Dividend Reinvestment Plan
DBSP	Deferred Bonus Share Plan
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EBT	Employee Benefit Trust
EPS	Earnings per share
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EU	European Union
EVA	Economic Value Added
F&F	Fragrances and Flavours
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
FSP	Free Share Plan
FTSE	Financial Times Stock Exchange
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
Scope 1 emissions	Direct emissions from our own, or controlled sources
Scope 2 emissions	Indirect emissions from the generation of purchased electricity, steam, heating and cooling. Croda reports using the market based method to quantify scope 2 emissions.
Scope 3 emissions	All other indirect emissions that occur in our value chain
GMP	Good Manufacturing Practice
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards
IP	Intellectual Property
IS	Industrial Specialties
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
LDI	Liability driven investment

L&R	Local and regional customers
M&A	Mergers and acquisitions
Market businesses	Consumer Care, Life Sciences, Industrial Specialties
MNCs	Multinational customers
mRNA	Messenger ribonucleic acid
NCI	Non-controlling interest
Net debt	Borrowings and other financial liabilities less cash and cash equivalents
NGO	Non-governmental Organisation
NPP	New and protected products
Operating leverage	The degree to which profits are impacted by the level of asset utilisation
PSP	Performance Share Plan
PTIC	Performance Technologies & Industrial Chemicals
QUEST	Croda International Plc Qualifying Share Ownership Trust
R&D	Research and Development
Return on sales	Adjusted operating profit divided by revenue
RFT	Right first time
ROIC	Return on Invested Capital
RPI	Retail Price Index
RSP	Restricted Share Plan
RSPO	Roundtable on Sustainable Palm Oil
SASB	Sustainability Accounting Standards Board
SBT	Science Based Targets
SDGs	United Nations Sustainable Development Goals
SHE	Safety, health, environment
SHEQ	Safety, health, environment, quality
SIP	Share Incentive Plan
SMEs	Small and Medium sized Enterprises
SIR	Sustainability Impact Report
STEM	Science, Technology, Engineering and Mathematics
TCFD	Task Force on Climate-related Financial Disclosures
T	Tonnes
TCO_2e	Tonnes carbon dioxide equivalent
TRIR	Total Recordable Injury Rate
TSR	Total shareholder return
WACC	Weighted Average Cost of Capital
WHO	World Health Organization