

# 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