



“ We continue to seek out opportunities to further enhance the remuneration approach at Croda, taking on board advice from our investors and other stakeholders.”

Dr Helena Ganczakowski
Chair of the Remuneration Committee

Report of the Remuneration Committee for the year ended 31 December 2020

A. Chair's letter

On behalf of the Board and the Remuneration Committee, I am pleased to present Croda's Directors' Remuneration Report for the year ended 31 December 2020. I would like to thank my colleagues for their engagement throughout the year, and to welcome John Ramsay as a new member of the Committee.

The Committee believes that Croda's remuneration approach plays a key role in the achievement of the Group's strategic objectives and in the delivery of sustainable, profitable growth. Last year we reviewed and updated our policy to ensure ongoing alignment to Croda's evolving ambition and were pleased to receive 97% votes in favour. The Remuneration Committee is not proposing any material changes to the operation of the policy in 2021, being satisfied with both the outcome of the review and the changes made in 2020 and having considered the management of COVID-19 and its impact on the business.

Continued strong progress despite COVID-19

I am pleased to confirm that, despite the challenges presented by the COVID-19 pandemic, Croda continues to progress successfully in line with its strategy, with a strong share price performance. It remains a highly profitable, cash generative business, with ample liquidity in place. Croda's priorities during the pandemic have continued to be to fairly and equally balance the needs of all our stakeholders, including employees, customers, investors, suppliers and local communities, while ensuring the health and safety of our people at all times.

All but two of our 19 principal manufacturing sites globally have operated without interruption. We have maintained high customer service levels and demand has remained resilient. In addition, we have supported our customers and suppliers with flexible payment terms, where necessary. We have not made anyone redundant or furloughed any employees due to COVID-19, and have protected pay and benefits, including for those unable to work normally due to the need to self-isolate, or because of caring responsibilities.

In April we launched our "Acts of Kindness" initiative and made £200,000 available to support communities closest to our largest manufacturing sites globally. In addition, the Croda Foundation, an independent enterprise that will be funded by Croda to provide a framework for charitable giving was legally incorporated.

Our shareholders benefited from full payment of dividends as they were due, and our share price recovered strongly after the initial sharp COVID-19 related market reduction in March 2020. The PSP awards to Executive Directors were made after the AGM in May and at a time when the share price had recovered from this low.

Alignment to strategic objectives

Croda's strategy continues to focus on consistently delivering sustainable, profitable growth by providing innovative, sustainable solutions to our customers consistent with our Purpose: Smart science to improve lives™. This sense of purpose aligns strongly with our business culture and underpins our three business sectors of Consumer Care, Life Sciences and Performance Technologies.

With its robust business model proven through COVID-19, Croda has been able to continue to expand and grow at a time when many companies have been forced to rein in their strategic plans. In August, we completed the acquisition of Avanti Polar Lipids LLC, a leader in drug delivery systems for next-generation pharmaceuticals, and in November we completed the acquisition of Iberchem, a leading global fragrances and flavours company. These acquisitions represent strong

alignment to our strategy and both businesses have an excellent financial record.

Delivering sustainable, profitable growth is directly reflected in our performance measures and stretching targets. The Group Profit Incentive Bonus Scheme (senior annual Bonus Plan) is based on a single operating profit metric with no payout unless the previous year's outcome is exceeded.

For the longer-term Performance Share Plan (PSP), 35% of the award is based on earnings per share (EPS) growth and 35% is based on relative Total Shareholder Return (TSR) performance against a bespoke group of our most relevant competitors. Innovation and sustainability are key to Croda's success and we continue to focus management on the delivery of these. 30% of the 2021 award will continue to be based on Sustainability metrics. 15% will be based on our innovation metric, New and Protected Products (NPP), those products that will drive our future growth. The remaining 15% will be focused on carefully selected KPIs aligned to the delivery of our "Climate Positive" and "Land Positive" sustainability Commitment. We will be continuing with our EVA underpin.

Performance is always considered holistically; each year the Committee applies a Discretion Framework to satisfy itself that the outcome in terms of primary performance metrics has not been to the detriment of other measures of corporate performance. Health and safety remains a key metric of particular focus in this review.

Alignment of executive reward with the wider workforce

Our 'One Croda' culture drives focus on alignment of executive reward with the wider workforce. To better understand how reward is perceived across the workforce, the business ran a Global Reward pulse survey in 2020, covering recognition, pay and wellbeing activities. This survey was completed by over 3,150 employees, 66% of our workforce, and the findings were shared with the Board, as well as management.

In response to these findings, management identified an opportunity to extend a sense of ownership across the whole employee base and are therefore proud to be launching the "Ten Share Plan" in 2021 where all employees globally who are not eligible for the senior annual Bonus Plan will be gifted up to 10 Croda shares (or cash equivalent) if the 2021 senior annual Bonus Plan pays out.

In 2018 we gained accreditation in the UK as a Living Wage Employer from the Living Wage Foundation. The business continues to pursue its Global Living Wage target, one of our sustainability KPIs linked to the UN SDGs, and has forged a partnership with the Fair Wage Network to establish a Living Wage in each of the countries in which we operate.

Workforce reward continues to evolve, and in 2020 we introduced a new UK car scheme, focused on encouraging use of electric vehicles and open to all employees, and launched a pilot online Recognition Programme.

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 450 employees participate in the senior annual Bonus Plan and 70 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.

Pay for all employees is set in line with the market and closely monitored, and local bonus schemes are available for those below senior leader level in most regions. Around 85% of our UK workforce and 63% globally participate in share plans and therefore benefit from the rewards enjoyed by all shareholders.

In addition, we are proud to be one of only two FTSE 100 companies with a career average defined benefit pension scheme that is open to all new and existing employees. Our pension scheme is a generous and inclusive benefit for our UK workforce. An important part of the value to employees is that the level of pension is guaranteed, as the Company bears all the investment risk. This security for our workforce is an important part of our 'One Croda' culture. In 2020 we aligned Executive Director pension supplements to the same level as that paid to all employees who are above the defined benefit pension scheme cap.

Remuneration out-turn for 2020

We delivered a resilient performance in 2020 with sales growth driven by a second half recovery and acquisitions, a robust margin and healthy cash generation. This demonstrates the strength of the business model in challenging economic conditions created by the pandemic.

As the bonusable profit did not exceed the outcome for 2019, the threshold for the senior annual Bonus Plan was not reached and no annual bonus is therefore payable.

Our longer-term performance in profitable growth and Total Shareholder Return was more reflective of our long-term growth trajectory. For PSP, 2020 was the year in which grants made in 2018 concluded their three-year period, and the Committee has reviewed performance for the targets that were set at that time. Over the period TSR performance was 58.8%, placing Croda in the top quartile against our bespoke comparator group, resulting in 100% of this part of the award vesting. The subdued market conditions experienced in the last two years has had an adverse impact on EPS growth which, at -2%, fell short of the target required for this element to vest. NPP growth also failed to meet the vesting target, reflecting the ambition of this metric and the slowdown of certain NPP sales.

The PSP award is dependent on satisfactory underlying financial performance of the Group. The Committee considered this, and a range of other broader performance criteria using the Discretion Framework, and concluded that the awards were consistent with, and reflective of overall financial performance over the time period. Therefore, after consideration of all factors, an overall PSP vesting of 40% of the total award was agreed.

Salaries for 2021

For 2021, the general increase set for the UK workforce is 1%. The Committee considered the salaries of the Executive Directors in the context of positioning against market benchmarks, as well as the performance of the Company. The Committee determined that the salary increase for Executive Directors should be in line with that of the UK workforce.

Looking ahead

We are confident that our Remuneration Policy approved in 2020 will continue to serve us well over the next two years. Targets for 2021 have been set in line with the approach for 2020, and new sustainability targets have been set reflecting our ambitious sustainability agenda.

Going forward, we will continue to seek out opportunities to further enhance the remuneration approach at Croda, taking on board 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.

Dr Helena Ganczakowski

Chair of the Remuneration Committee



B. Remuneration at a glance

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We remain committed to ensuring that our remuneration framework reflects the evolving needs of all of our stakeholders and the societies in which we operate.”

Dr Helena Ganczakowski

Chair of the Remuneration Committee

How we performed in 2020

Adjusted Operating Profit

-5.9% to

£319.6m

Adjusted EPS

-5.1% to

175.5p

NPP

27.4%

of Group sales

Total Shareholder Return

58.8%

over the three-year PSP performance period (1 January 2018 to 31 December 2020)

Croda's resilience to the impact of the COVID-19

- Early in the pandemic, we assured all employees that there were no plans to reduce employee numbers, furlough staff or reduce regular salary and benefits as a result of COVID-19, and we honoured this pledge.
- We paid final and interim dividends to shareholders in full during 2020.
- We have not utilised any government liquidity facilities.
- We protected the pay and benefits of those self-isolating, unwell or with caring responsibilities.
- £200,000 was set aside for our Acts of Kindness initiative, aimed at helping our local communities.
- For employees working onsite, we applied strict safety protocols and focused on making life as easy as possible, with remote handovers, provision of PPE including hand sanitiser, social distancing measures and training in new procedures to keep everyone safe.
- We understood some employees' needs to balance caring responsibilities and work, so encouraged people to work flexibly as needed.
- There was a focus on mental health and in some countries, we increased the provision of Employee Assistance Programmes and provided direct access to doctors and medical teams.
- We issued regular pulse surveys to gauge how employees were feeling and how best to support them.

Linking our reward and business strategy

Our reward policy is designed to link directly to our Group strategic priorities and how we manage and measure our business performance.



Growth



Innovation



Sustainability



Values-led culture



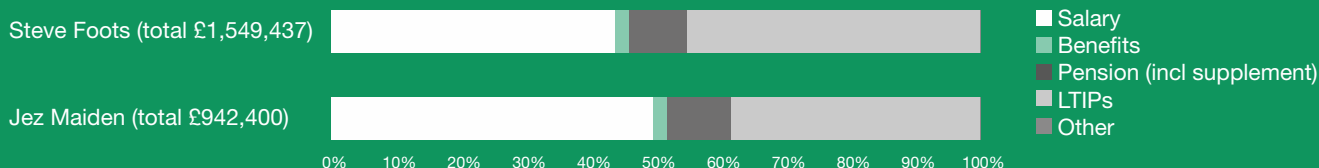
Long-term shareholder value

Engaging with our workforce on remuneration

We are committed to both engaging with, and including, our employees in our remuneration structures. In 2020 we undertook the following key engagement processes:

- **Reward principles:** Our Reward Principles guide the way in which we recognise and remunerate all our global employees.
- **Global Employee Pulse Surveys:** We launched a series of pulse surveys in 2020 with one specifically carried out to better understand how reward is perceived across the workforce.
- **Listening groups:** Virtual listening groups, attended by the Chair of the Remuneration Committee, have been arranged with employees from across our regions.
- **Dedicated email to Chair of Committee:** A dedicated email address 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.
- **Board roadshows:** Our Executive Directors and Board regularly hold roadshows with our global workforce.

Single figure remuneration:



Operation of our policy in 2020

Key component and timeline	Feature	Metrics and results	Group Chief Executive (CEO)	Group Finance Director (GFD)																				
Basic salary	Competitive package to attract and retain high-calibre executives.	<ul style="list-style-type: none"> Pay rise of 2% awarded to Executive Directors. UK workforce was awarded a 2% increase. 	£675,584	£465,920																				
Annual bonus	Incentivise delivery of strategic plan, targets set in line with Group KPIs.	Bonusable Profit (see page 90 for definition of Bonusable Profit) Threshold 2019 actual Maximum 2019 actual plus 10% Actual 2019 actual minus 1.2% 0% of maximum bonus paid	-	-																				
Deferred element of bonus	Compulsory deferral of one third of bonus into shares with three-year holding period to align with long-term business performance.	N/A	-	-																				
PSP	Incentivise execution of the business strategy over long term measuring profit, shareholder value and innovation.	Vesting of the 2018 PSP award <table border="1"> <thead> <tr> <th></th> <th>Threshold</th> <th>Maximum</th> <th>Actual</th> <th>% payout</th> </tr> </thead> <tbody> <tr> <td>EPS*</td> <td>5%</td> <td>11%</td> <td>-0.65%</td> <td>0%</td> </tr> <tr> <td>TSR**</td> <td>Median</td> <td>Upper Quartile</td> <td>84.2 percentile Above UQ</td> <td>40.00%</td> </tr> <tr> <td>NPP***</td> <td colspan="2">NPP sales growth to be at least twice non-NPP sales.</td> <td>Not met</td> <td>0%</td> </tr> </tbody> </table> Total payout – 40% * EPS growth p.a. is calculated on a simple average basis over the three-year period. ** Actual TSR performance over the performance period was 58.8%. *** Subject to a minimum average of 5% growth per year and overall positive Group profit growth.		Threshold	Maximum	Actual	% payout	EPS*	5%	11%	-0.65%	0%	TSR**	Median	Upper Quartile	84.2 percentile Above UQ	40.00%	NPP***	NPP sales growth to be at least twice non-NPP sales.		Not met	0%	£698,600	£361,349
	Threshold	Maximum	Actual	% payout																				
EPS*	5%	11%	-0.65%	0%																				
TSR**	Median	Upper Quartile	84.2 percentile Above UQ	40.00%																				
NPP***	NPP sales growth to be at least twice non-NPP sales.		Not met	0%																				
Pension	Pension benefits are either a capped career average defined benefit pension plan with a cash supplement above the cap, or a cash supplement. For 2020, cash allowance of up to 20% of salary, in line with the UK workforce.	N/A	£138,492	£93,184																				
Shareholding requirements	Share ownership guideline to ensure material personal stake in business.	CEO 225% of salary GFD 175% of salary	>225% of target	>175% of target																				

C. Report of the Remuneration Committee for the year ended 31 December 2020






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

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

How our reward strategy links to our business strategy

	Growth	Consistent top and bottom line growth, with profit growing ahead of sales, ahead of volume. The key metric of our senior annual Bonus Plan is profit increase over prior year. Long-term growth is measured and rewarded through metrics within our long-term incentive, the Performance Share Plan (PSP) which includes a measure of increased EPS over a three-year period. Both the senior annual Bonus Plan and PSP are subject to our Discretion Framework which includes financial underpins such as EVA.
	Innovation	The lifeblood of our business, we seek to increase the proportion of New and Protected Products (NPPs) that we sell. Within our PSP sustainability metrics, is an established NPP metric, measuring growth of NPP products against non-NPP products. Innovation is also rewarded within the EPS metric as sustained EPS growth can only come through relentless innovation and the creation of new ingredients for our customers.
	Sustainability	Aligning our business with our Purpose and accelerating our customers' transition to sustainable ingredients. Our PSP includes metrics related to reductions in emissions and the reduction of land use. These are directly linked to our ambitions to be Climate, Land and People positive by 2030.
	Values-led culture	Our Purpose is enabled by our distinctive values that govern how we work with one another and guides our relationships with all of our partners. Our senior annual Bonus Plan has one common metric for our top 450 employees ensuring fairness and transparency. The introduction of our Ten Share Plan is a way of sharing reward throughout our business benefiting our lowest-paid employees the most. Our PSP and senior annual Bonus Plan underpins include a review of culture measures and ethical compliance.
	Long-term shareholder value	We strongly believe that all the various features and metrics of our Remuneration Policy combine to incentivise long-term shareholder value. Our PSP directly rewards increasing shareholder value through our TSR metric, and our focus on growth, innovation and sustainability supports long-term sustainable shareholder value creation.

How our remuneration practices support our strategy

Element of reward	Metrics					
		Growth	Innovation	Sustainability	Values-led culture	Long-term shareholder value
Bonus	Profit	✓			✓	
LTI (PSP)	EPS	✓	✓			✓
	TSR	✓	✓			✓
	NPP	✓	✓	✓	✓	✓
	Sustainability	✓	✓	✓	✓	✓
Underpins	Safety, health and environment	✓		✓	✓	✓
	EVA	✓				✓
	General financial	✓		✓		✓
	Culture and ethics			✓	✓	✓
Other features	Holding periods				✓	✓
	Shareholding requirements				✓	✓

Summary of Remuneration Policy adopted in 2020

An updated Remuneration Policy was presented and approved by shareholders at the 2020 AGM. This is intended to operate until the AGM in 2023. In reviewing the Policy and its implementation, the Remuneration Committee undertook a thorough review of existing arrangements with a particular focus on alignment to Croda's strategy and ambitions. This review was completed with the following principal objectives in mind:

- achieve the closest possible alignment with the Company's strategy;
- support the Company's ambition to be a purpose-led organisation focused on Smart science to improve lives™;
- ensure that business performance is appropriately measured and rewarded and that the scale of reward is proportionate;
- make certain that the Policy properly reflects the various interests of all our stakeholders in its structure and metrics;
- ensure that the Policy is fair and competitive and that it also considers reward more broadly in the organisation;
- disclose the Policy in an open and transparent way.

The Remuneration Committee is not proposing any substantive changes to the operation of the Policy in 2021, being satisfied with both the outcome of the review and the changes made in 2020. These were:

- Reduction of the pension cash supplement for the CEO and Group Finance Director to align with our UK workforce.
- The introduction of new sustainability metrics, incorporating NPP, into the PSP to align with our strategy to be industry leaders in sustainability.
- The introduction of an EVA underpin to further ensure our long-term incentive awards are aligned with overall business performance.
- An increase in the level of normal PSP awards for Executive Directors from 200%/150% to 225%/175% for the CEO and Group Finance Director respectively reflecting the significant long-term growth of the business.
- An increase in the shareholding guidelines and the introduction of a post-employment shareholding requirement to ensure compliance with the UK Corporate Governance Code and shareholders expectations.

Summary of Policy and its operation

Salary	Set taking into account an individual's responsibilities, performance and experience as well as pay and employment conditions elsewhere in the Group and other external factors.
Annual bonus	<p>Maximum annual bonus opportunities:</p> <ul style="list-style-type: none"> • Group Chief Executive – 150% of salary • Group Finance Director – 125% of salary <p>Bonusable profit growth targets, with no bonus payable until the previous year's profit is exceeded. Discretion Framework applies, which includes health, safety and environmental performance.</p> <p>One third deferred for three years.</p> <p>Malus and clawback provisions apply.</p>
Performance Share Plan	<p>Normal maximum PSP opportunities:</p> <ul style="list-style-type: none"> • Group Chief Executive – 225% of salary • Group Finance Director – 175% of salary <p>Awards based on EPS, Relative TSR and sustainability metrics, including NPP with an EVA underpin applying across the whole of the PSP award. The Discretion Framework also applies, which includes satisfactory underlying financial performance.</p> <p>Three-year performance period with an additional two-year holding period.</p> <p>Malus and clawback provisions apply.</p>
Pension and benefits	<p>Pension benefits are either a capped career average defined benefit pension plan with a cash supplement above the cap, or a cash supplement.</p> <p>Cash allowance for Executive Directors of up to 20% of salary which aligns with our UK workforce.</p> <p>Typical other benefits include Company car, private fuel allowance, private health insurance and other insured benefits.</p>
Shareholding guidelines	<p>Shareholding guidelines of:</p> <ul style="list-style-type: none"> • Group Chief Executive – 225% of salary • Group Finance Director – 175% of salary <p>Post-employment shareholding guidelines also apply for two years after leaving employment. These are set at 100% of the in-employment guideline for the first year after leaving employment, tapering to 0% by the end of year two. This policy applies to shares from awards that vest in 2020 and beyond. During 2021 the Committee will be formalising the structures in place to allow it to monitor and enforce the post-employment shareholding requirement.</p>

Further details about the Policy can be found on pages 100 and 101.

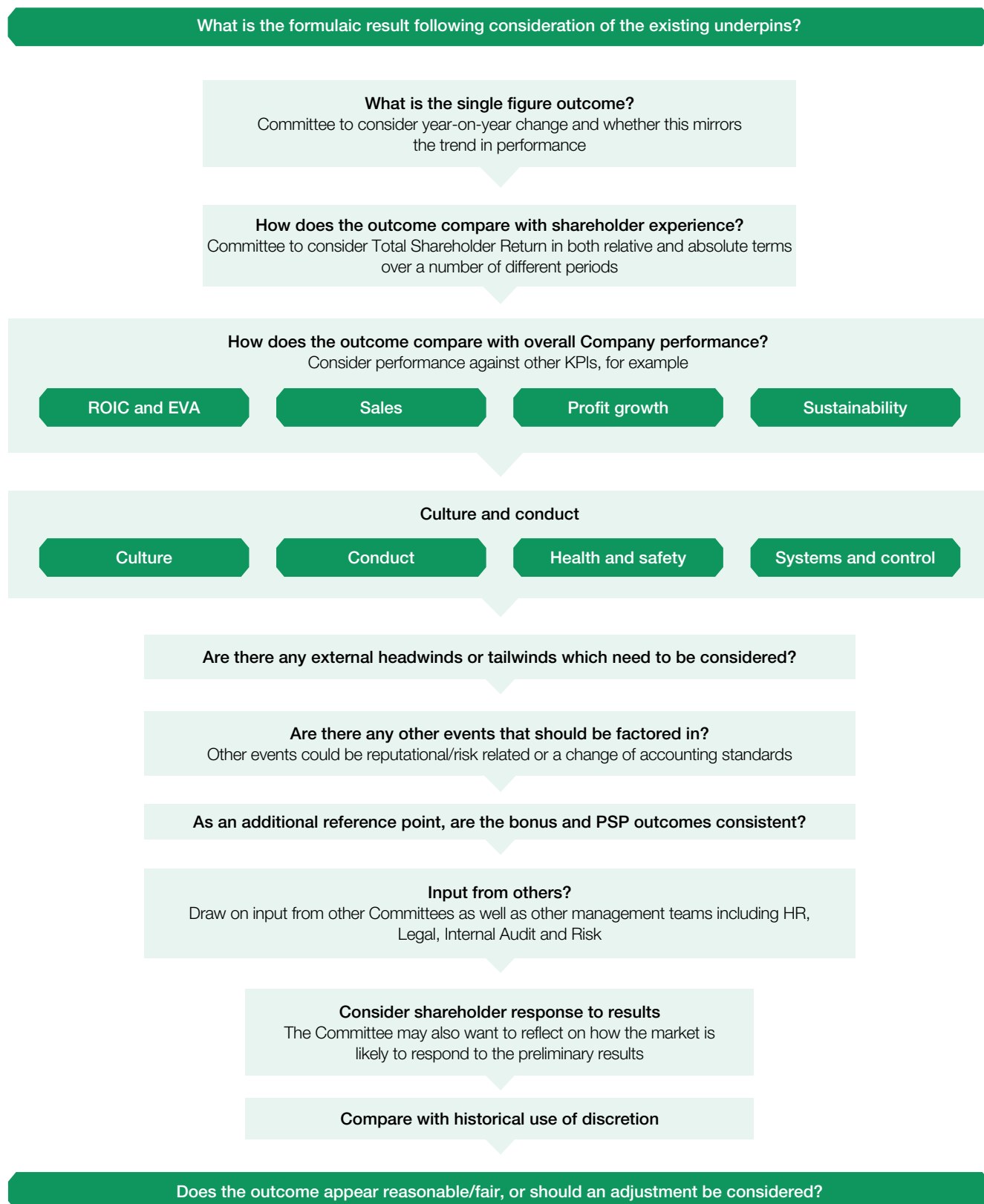
How our Remuneration Policy links to the UK Corporate Governance Code

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	<ul style="list-style-type: none"> • Our values of openness and transparency are 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	<ul style="list-style-type: none"> • 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 450 of our global employees participate, is based on a single profit metric, with a simple key requirement that no bonus can be paid until the previous year's profit is exceeded.
Risk	<ul style="list-style-type: none"> • 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. A copy of the Discretion Framework is provided on the next page. • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Alignment to our 'One Croda' culture is clearly established in our Remuneration Policy; our senior annual Bonus Plan has the same metric for all participants, our PSP metrics reflect our commitment to sustainability and pensions are aligned across the workforce.

Our Discretion Framework

In order to enhance the rigour and consistency in the way in which performance is reviewed the Remuneration Committee has adopted a Discretion Framework which it applies when assessing bonus and long-term incentive plan outcomes:



Workforce engagement

Engagement with the workforce to explain how executive remuneration aligns to the wider company pay policy is an area where we continue to make progress. The introduction of regular pulse surveys and a dedicated email address for employees to contact the Chair of the Committee in 2020 helped us to understand how best to consult with our geographically dispersed population and provided useful feedback on a range of reward topics. We will continue with both of these engagement channels in 2021 and have also arranged virtual listening groups with the Chair of the Remuneration Committee for employees to discuss and share their thoughts on executive remuneration and reward in the wider business. A summary of engagement activities undertaken to date is as follows:

Reward principles	Our Reward Principles, which were developed and approved during 2019, guide the way we recognise and remunerate all our global employees. These principles focus on Total Reward including intangible rewards and were strongly influenced by the results of our previous Global Employee Survey. These have been shared across the organisation.
Global Employee Pulse Survey	<p>In 2020, we launched a pulse survey, translated into 16 languages, to draw employee's attention to the publication of the Remuneration Report and to help us understand the level of interest in the report. Over 1,000 employees responded to the survey with results showing that 90% of employees had an interest in the Annual Report and the Sustainability Report. We will run this survey again in 2021.</p> <p>Throughout 2020, a series of pulse surveys covering a range of topics including flexible working, stress in the workplace and COVID-19 were also undertaken. Completion of these surveys has been consistently strong with an average of over 60% of employees taking part. Findings were shared with the Board as well as management and have helped to guide decisions throughout the year including the drafting of new Flexible Working guidance.</p> <p>One of these pulse surveys was carried out to better understand how reward is perceived across the workforce. This covered pay and recognition as well as broader topics such as wellbeing activities. This survey was completed by 66% of our global employees and the findings were shared with the Board as well as management.</p>
Listening groups	<p>During January 2021, Helena Ganczakowski, Chair of the Remuneration Committee held listening groups across a cross-section of employees in Asia, the Americas and Western Europe.</p> <p>Throughout the listening groups, Helena presented about the role of the Board and the Remuneration Committee and also shared an overview of the Elements of Reward at Croda and feedback on the Global Reward pulse survey conducted in 2020. The sessions were greatly appreciated by those who attended, with a number of participants noting that they had limited knowledge of the Board and Remuneration Committee before the session.</p> <p>Useful feedback was provided by the participants on a range of areas that they feel are working and areas that could be improved. These areas will be reviewed in 2021.</p>
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.
Board roadshows	Our Executive Directors and Board regularly hold roadshows that allow a cross-section of our global workforce to discuss business issues and provide feedback.

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 Group Human Resources Director 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.

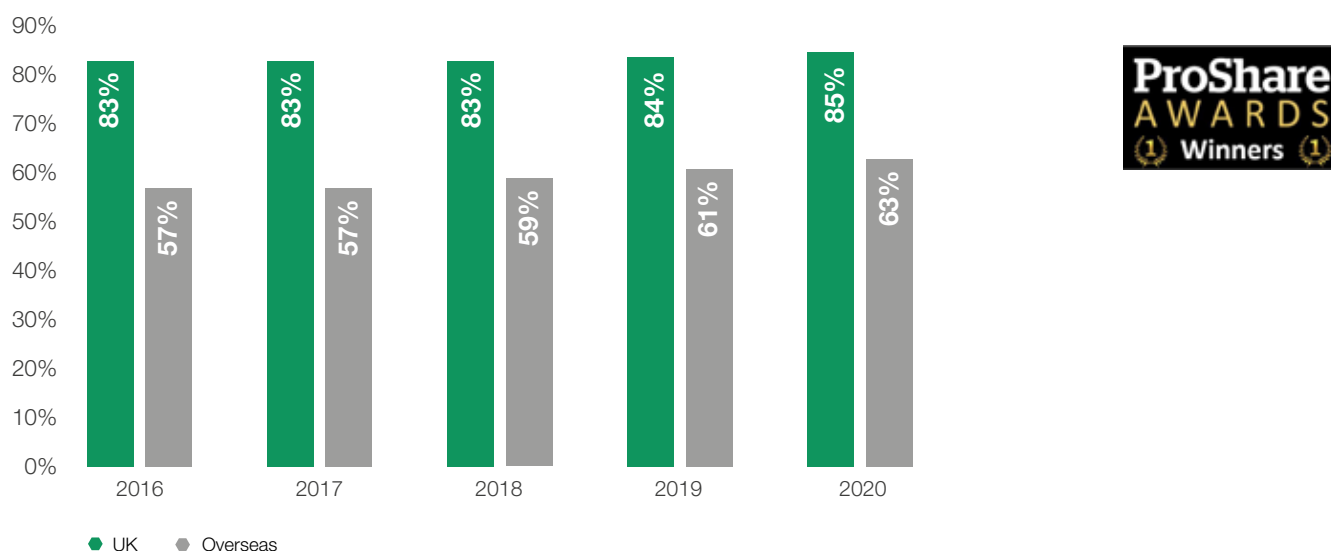
Remuneration element	Who participates?	Details
Base pay	All employees	<p>Pay is set in line with the market and closely monitored. Any comparator group used as a reference point is country and/or industry specific.</p> <p>Our aim is to pay a 'Living Wage' globally. We are already a Living Wage employer in the UK.</p>
Annual bonus	Executive Directors, Executive Committee, Senior leaders and Senior managers	<p>Consistent senior annual Bonus Plan aligned to increase in annual profit.</p> <p>Operates on a tiered basis from 150% of salary to 20% of salary across the most senior global grades. Deferral applies for Executive Directors and members of the Executive Committee.</p>
	All other employees	Local schemes apply in many locations.
Performance Share Plan	Executive Directors, Executive Committee and Senior leaders	Consistent PSP based on EPS, TSR and sustainability metrics, including NPP.
Restricted Share Plan	Selected employees not eligible for PSP	Discretionary awards can be granted annually to selected employees to reward exemplary performance.
All employee share plans¹	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.

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

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

Employee participation in employee share schemes

The Committee believes in wider employee share ownership and promotes this through the operation of a number of all-employee share schemes. Workforce participation in these plans has remained consistently strong and is driven by our culture of employees feeling a strong loyalty to the business. We were proud that this performance was recognised at the 2020 ProShare Awards, where Croda were joint winners in the Best Overall Performance in Fostering Employee Share Ownership (501 – 5,000 employees) category.



Croda's continued strong share price performance has led to the all-employee share schemes being a strong benefit for employees. The 2017 Sharesave Scheme which was granted in September 2017 at a share price of 3092p could be exercised from November 2020. The price of Croda shares on 2 November 2020 was 6096p, meaning employees could have made a potential return of c.97% on their savings. For example, an employee saving £50 a month would have made a profit in excess of £1,700.

Sharing success across the business

In order to share success more broadly and extend share ownership more widely across our employee base, Croda is proud to be launching the "Ten Share Plan" in 2021. Under this new plan, all employees globally who are not eligible for the senior annual Bonus Plan will be gifted up to 10 Croda shares (or cash equivalent) if the senior annual Bonus Plan pays out.

The "Ten Share Plan" was developed in response to findings from the Global Reward survey undertaken in 2020 and aligns to our 'One Croda' culture.

CEO Pay Ratio

The table below 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 2020 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 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.

	Methodology	25th Percentile	50th Percentile	75th Percentile
FY 2020	A	49:1	37:1	31:1
FY 2019*	A	57:1	44:1	37:1
FY 2018**	C	85:1	67:1	57:1

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. Excludes Non-Executive Directors, contractors and employees who left during the relevant year.

4. 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.

* The ratio for 2019 has been restated to reflect the updated CEO 'single figure' total remuneration for 2019. This was due to the 2019 PSP award being updated to reflect the actual share price at vesting.

** 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.

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 year-on-year to reflect Croda's performance. In respect of the 2020 figures, the ratios represent a reduction in PSP payout in comparison to prior year. In 2019, PSP payout was 56.24% of maximum potential compared to 40% in 2020, which has resulted in an decrease in the pay ratio.

Employee total remuneration

	Actual base salary 2020	Total remuneration 2020
75th percentile	£46,951	£50,125
50th percentile	£39,078	£42,252
25th percentile	£27,317	£31,869

We believe that our CEO pay ratio is consistent with our pay, reward and progression policies.

Living Wage



We were pleased to announce in 2018 that we gained accreditation in the UK as a Living Wage Employer from the Living Wage Foundation. In 2021, we will continue to ensure that all our UK employees and regular contractors are paid at, or above, the rates advised by the Living Wage Foundation.

In addition, the business continues to pursue its Global Living Wage target, one of our sustainability KPIs linked to the UN SDGs, and has forged a partnership with the Fair Wage Network (FWN) to establish, using an independent and economically rigorous methodology, Living Wage levels across the world. We are now in the process of comparing our global wage levels to Living Wage comparators provided by the FWN. Once the assessment is complete, any necessary adjustments will be made to ensure we meet our goal that all our employees will be paid a Living Wage by end of 2022.

More than just pay

Our employees and our culture remain central to the continued success of Croda. As outlined on page 78, Croda has been resilient in its response to COVID-19 and during the pandemic the wellbeing and safety of our employees was a key priority. In response we co-ordinated a number of key initiatives, including:

- We issued regular global and regional announcements and webcasts providing information and reassuring messages.
- We hosted regional and global web-based calls to answer questions and communicate with employees.
- We conducted various pulse surveys globally to test how we were managing the crisis and to gauge employee opinions and morale.
- We ran several online training courses specifically aimed at the management of health and safety, including mental health during the pandemic.
- We sought to support employee's wellbeing through the crisis by setting up mental health and mindfulness programmes.



In addition, we continue to enhance our range of other workforce initiatives, including:

- We further developed our People Dashboard, which provides senior management with data relating to a range of people topics, by introducing wellbeing activity content and additional demographics data such as gender balance by grade and region.
- We published new Flexible Working guidance, which aims to encourage the use of flexible working arrangements where the needs of the business and the servicing of internal and external customer demands can be effectively balanced with employee's wishes. Specifically, this policy covers home working, flexible start and finish times, and implementing a 'dress for your day' policy.
- We introduced a new UK car scheme, focused on encouraging the use of electric vehicles and open to all employees.
- We launched a pilot online Recognition Programme – Croda Stars – which was positively received by employees. Consideration is being given to rolling out more broadly across the organisation.
- We launched an internal Diversity & Inclusion site, to inform all employees at Croda about the Group's commitment to a Diverse and Inclusive business, as well as giving insights and the tools to help drive awareness, understanding and competence. This included the launch of 40 training modules, webinar sessions with key speakers and a series of podcasts featuring a cross-section of Croda's leadership.
- We are proud of the training and development that we provide for employees. In 2020 our employees undertook over 85,000 hours of training.

Gender pay gap

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

	2018	2019	2020
Mean pay gap	27.68%	27.06%	18.72%
Median pay gap	23.10%	23.90%	19.22%
Mean bonus gap	63.05%	67.08%	64.36%
Median bonus gap	33.26%	33.36%	0%*

* The senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme did not pay out for 2019 (payable in 2020). A small number of employees received 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.

In the last two years we have increased the number of women in leadership positions by 19%. In our most senior grade we have increased the number of women by 67%. We are pleased to report that we have 41 women working as process operators across 13 of our global sites.

Actions taken to address the gender pay gap include:

- Ensuring we have a balanced shortlist for all positions that we are recruiting for; we have a target of achieving balanced shortlists for 80% of roles by 2023
- Further improving our talent and succession planning processes to help identify and nurture talent early in their career
- Finding ways to reduce shift work (especially night work) and to examine the feasibility of part-time and job share arrangements in our production facilities
- Changing the way we advertise production roles to ensure we reach a diverse population
- Improving family-friendly policies including flexible working, parental leave and other benefits; in 2019 we introduced a new Global Parental Leave Policy and in 2020 we launched new Flexible Working guidance
- 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.

Diversity & Inclusion

As a business with innovation at its heart, diversity of thought and ideas is critical to our long-term success and we are committed to encouraging and promoting diversity within our organisation. We are progressing towards being able to report on broader pay gaps, including our Ethnicity Pay Gap, and despite the challenges, we will begin to collect this data in 2021.

Remuneration Committee year ended 31 December 2020**Responsibilities**

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

Key responsibilities of the Committee:

Detailed responsibilities are set out in the Committee's terms of reference, which can be found at croda.com/en-gb/investors/governance/board-committees/remuneration-committee.

A summary is provided below:

- 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
- In determining such policy, take into account factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance
- Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting 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.

The Company's remuneration policies and practices should:

- Support the Company's strategy and promote long-term sustainable success
- Ensure that the senior management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

Summary of key decisions for 2020

- Considering and agreeing the proposed new Remuneration Policy
- Vesting of 2017 PSP awards; the EPS target representing 40% of the award vested at 40.6%, the TSR target representing 40% of the award vested at 100%, the NPP target representing 20% of the award was not met therefore the overall award vesting was at 56.24%
- Granting of the 2020 PSP awards based on 35% EPS, 35% TSR and 30% sustainability metrics, including NPP
- Granting of new Restricted Share Plan awards to a small number of selected employees below the Executive Committee
- Establishing the senior annual Bonus Plan and PSP targets for 2020
- The salary of the CEO and Group Finance Director to be increased by 1% effective 1 January 2021, in line with the UK workforce
- The fee of the Chair to also be increased by 1% effective from 1 January 2021.

Summary of Remuneration Committee meetings

January 2020	<ul style="list-style-type: none"> • Approved Chief Executive and Executive Committee salary increases for 2020 • Approved Chair fee increase for 2020 • Reviewed the draft Directors' Remuneration Report, including new Remuneration Policy
February 2020	<ul style="list-style-type: none"> • Reviewed the draft Directors' Remuneration Report, including new Remuneration Policy • Approved the calculation for 2019 senior annual Bonus Plan award for payment in March 2020 • Approved the vesting outcome for the 2017 PSP awards • Approved the senior annual Bonus Plan targets for 2020 • Approved the granting of the Restricted Share Plan awards • Reviewed the update on ABI headroom limits as they apply to the business • Reviewed share ownership guidelines • Reviewed the Committee's Terms of Reference
April 2020	<ul style="list-style-type: none"> • Reviewed shareholder feedback on Directors' Remuneration Report and Policy • Approved PSP targets for 2020 and the granting of PSP awards to Executive Directors for 2020 • Gave authority for UK employees to join the UK Sharesave scheme and non-UK employees to join the International Sharesave scheme • Agreed dividend enhancement to the Deferred Bonus Share Plan • Approved updated International Sharesave Plan rules
November 2020	<ul style="list-style-type: none"> • Reviewed forecast outcomes for 2020 • Considered and reviewed remuneration trends • Discussed remuneration approach for 2021 • Reviewed workforce remuneration • Agreed dividend enhancement to the Deferred Bonus Share Plan • Gave authority for the execution of actions in relation to the 2017 Sharesave maturity
December 2020	<ul style="list-style-type: none"> • Reviewed initial draft of the Chair's letter for inclusion in the Directors' Remuneration Report • Reviewed proposed targets for the 2021 senior annual Bonus Plan and PSP award • Approved salary increases for Chief Executive and Executive Committee • Considered the Committee's effectiveness review

Executive Directors' remuneration for the year ending 31 December 2021

Key component Implementation in 2021

Basic salary Executive Directors' base salaries were reviewed during the final quarter of the financial year ended 31 December 2020. Salaries for 2021 are as follows:

	Salary at Jan 2021	Salary at Jan 2020	Increase
Steve Foots	£682,340	£675,584	1%
Jez Maiden	£470,579	£465,920	1%

Commentary

- The Committee considered each individual's progression in their role as well as their responsibilities, performance, skills and experience.
- The Committee also considered the wider pay levels and salary increases being proposed across the Group as a whole. UK-based employees will be awarded an increase of 1% in 2021.

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

Performance related senior annual Bonus Plan Steve Foots 150% of salary

Jez Maiden 125% of salary

The targets for the awards are set out below:

Level of award	Bonusable Profit*	% of bonus payable
Threshold	Equivalent to 2020 actual	0%
Maximum	2020 actual plus 10%	100%

* Bonusable Profit is the growth in underlying profitability (defined for bonus purposes as Group EBITDA for continuing operations before exceptional items and any charges or credits under IFRS 2 share-based payments) less a notional interest charge on working capital employed during the year. Target is measured after providing for the cost of bonuses on a constant currency basis.

Commentary

- No change to maximum award levels or performance measures from last year.
- When determining bonus outcomes, the Committee applies the Discretion Framework which includes a range of factors, see page 83.
- One third of any bonus paid will be deferred into shares for a three-year period.
- 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.
- 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 provides clear alignment with shareholders and fosters a longer-term link between annual performance and reward.
- The Committee considers the targets set for 2021 to be at least as demanding as in previous years and were set after taking due account of the Company's commercial circumstances and inflationary expectations.

Performance share plan Steve Foots 225% of salary

Jez Maiden 175% of salary

The targets for the awards are set out below:

Performance measure (weighting)	Threshold vesting	Maximum vesting
EPS ¹ (35%)	5% p.a.	11% p.a.
TSR ² (35%)	Median	Upper quartile

- Sustainability metrics (30%)
- 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.**
 - 'Climate Positive' (7.5%) – a reduction target specifically aimed at Scope 1 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 is a 12.6% reduction (average of 4.2% per year) compared to verified emissions³ in 2020 with any award paid in defined ranges between:
 - a reduction of 12.6% and above award of 7.5% (maximum)
 - a reduction of 6.2% and below no award (0%).
 - 'Land Positive' (7.5%) – our key target for 2030 is that we will save more land than we use. For the three-year PSP performance period we have set annual targets for Land Area saved, with a target in 2023 of 56,750 ha of additional land saved over that in the 2019 baseline year with any award paid in defined ranges between:
 - 56,750 ha or above award of 7.5% (maximum)
 - below 35,600 ha no award (0%).

An EVA underpin applies across the whole PSP award, requiring an improvement in EVA over the three-year performance period. In circumstances where the underpin is not achieved, the Committee would reduce or cancel any vesting of awards. The Committee retains the right to apply discretion to restrict the impact of the underpin in exceptional circumstances, for example material increases to tax rates or to the cost of capital or a major acquisition which had a significant effect on the Group's EVA.

- EPS growth p.a. is calculated on a simple average basis over the three-year period and therefore growth of 33% or more over three years is required for maximum vesting.
- TSR peer group constituents: AzkoNobel, Albermarle, Ashland, BASF, Clariant, Koninklijke DSM, Eastman Chemicals, Elementis, Evonik Industries, Givaudan, Johnson Matthey, Kemira, Lanxess, Novozymes, Solvay, Symrise, Synthomer, Victrex.
- Emissions in 2020 have been independently verified by Avieco.

Commentary

- No changes to maximum award levels from last year.
- Re-balancing of sustainability metrics, with NPP and sustainability targets, now equally weighted at 15% of the total PSP.
- Sustainability targets aligned to key 2030 sustainability ambitions.
- Performance period 01 January 2021 to 31 December 2023.
- When assessing outcomes, the Committee applies the Discretion Framework which considers, for example, the management of 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.
- Malus and clawback provisions apply.

Pension Steve Foots

Jez Maiden

- 20% of salary as pension supplement.

Commentary

- The 20% pension supplement aligns to our UK workforce.

D. Directors' remuneration for the year ended 31 December 2020 (audited information)

In this section

1. Directors' remuneration for the year ended 31 December 2020
2. Pension
3. Payment for cessation of office
4. Payments to past directors
5. Share interests
6. Performance graph
7. Ten-year remuneration figures for Group Chief Executive
8. Board Chair and other Non-Executive Directors' fees 2020 and 2021
9. Non-Executive Directors' remuneration
10. Service contracts and outside interests
11. Remuneration Committee attendance and advisers
12. Other disclosures
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1. Directors' remuneration for the year ended 31 December 2020

Elements of remuneration

Executive Directors' remuneration

Executive Director	Steve Foots		Jez Maiden	
	2020	2019	2020	2019
Salaries and fees ¹	£675,584	£662,337	£465,920	£456,784
Benefits ²	£33,642	£33,476	£20,117	£19,667
Pension supplement ³	£130,992	£156,209	£93,184	£114,196
Pension ⁴	£7,500	£2,620	–	–
Total fixed pay	£847,718	£854,642	£579,221	£590,647
Annual bonus	–	–	–	–
Long-term incentives ^{5A-B}	£698,600	£835,445	£361,349	£432,118
Other ⁶	£3,119	£3,155	£1,830	£4,051
Total variable pay	£701,719	£838,600	£363,179	£436,169
Single total figure of remuneration	£1,549,437	£1,693,242	£942,400	£1,026,816

1. Steve Foots' salary before salary sacrifice pension contributions of £1,650.

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

3. This represents the 20% of salary supplement for 2020 and 25% of salary for 2019. For Steve Foots the supplement was only in relation to benefits provided above the salary pension cap.

4. For defined benefit pensions the amount included is the additional value accrued during the year, calculated using HMRC's methodology for the purposes of income tax using a multiplier of 20. This methodology can result in year-on-year fluctuations due to underlying inflation inputs. For 2020, the calculation methodology has been amended to align the revaluation rate that is applied to value Steve Foots' Croda Pension Scheme benefits to the inflation rate that is allowed for within the calculation of the disclosable benefit. This reduces the level of volatility in the calculated figure from year to year.

5. A. The PSP awards granted in March 2018 reached the end of their performance period on 31 December 2020. The awards will vest at 40% (see page 92). The values included in the table above are based on the three-month average price to 31 December 2020 of 6259.3p. Of these values, £184,190 and £95,272 is attributable to share price growth for Steve Foots and Jez Maiden, respectively. These values will be updated in next year's Annual Report based on the share price at vesting which will take place on 15 March 2021.

B. The 2019 PSP award has been updated to reflect the actual share price at vesting of 4259p. Of these values, £133,251 and £68,922 is attributable to share price growth for Steve Foots and Jez Maiden, respectively.

6. Represents the value received in the year from participation in all-employee share schemes. Steve Foots and Jez Maiden received 33 and 34 matching shares respectively as part of the Share Incentive Plan (SIP) with a transaction value of £1,775 and £1,830. Steve Foots also participated in the 2020 Sharesave scheme and was granted 112 shares at a discounted rate of 4804p. The share price on the date of grant was 6004p representing a 20% discount.

Annual bonus

The annual bonus for Executive Directors in 2020 was calculated by reference to the amount by which the profit for the year exceeded the profit for 2019 (the 'Bonusable Profit'). Bonuses for 2020 are payable against a graduated scale once the Bonusable Profit exceeds the base profit with bonus targets set, and performance measured, based on constant currency actual exchange rates.

Executive Director	Threshold target	Maximum target	Actual	Bonus outcome (% of maximum)
Bonusable Profit	£369.3m	£406.2m	£365.0m	0%

While not applicable for 2020, 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 2021**

The PSP awards granted in March 2018 reached the end of their three-year performance period on 31 December 2020.

Measure	Weighting	Threshold	Maximum	Actual performance	Out-turn (% of max element)
Relative TSR versus bespoke peer group ¹	40%	Median (50th percentile)	Upper quartile (75th percentile)	84.2 percentile	100%
Adjusted annual average EPS growth over three years ²	40%	5% p.a.	11% p.a.	-0.65% p.a.	0%
NPP	20%	Target vesting for NPP sales growth to be at least twice non-NPP sales, subject to a minimum average of 5% growth per year and overall positive Group profit growth.		Not met	0%
Total out-turn					40%

1. TSR peer group constituents: AkzoNobel, Albemarle, Arkema, Ashland, BASF, Clariant, Koninklijke DSM, Eastman Chemicals, Elementis, Evonik Industries, Givaudan, Johnson Matthey, Kemira, Lanxess, Novozymes, Solvay, Symrise, Synthomer, Victrex.

2. EPS growth p.a. is calculated on a simple average basis over the three-year period; and therefore growth of 33% or more over three years is required for maximum vesting.

As well as considering the EPS, TSR and NPP targets, under the rules of the PSP, the Remuneration Committee is obliged to consider the underlying performance of the Company over the performance period, which it did using the Discretion Framework on page 83. On review, the Committee considered the outcome of the PSP consistent with overall Company performance over the three-year performance period.

The forecast vesting value of the awards made in March 2018, subject to the above performance targets, is included in the 2020 single figure table on page 91. 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	09-Mar-20	19,616	PSP	0	4259p	£835,445
	09-Mar-20	7,593	DBSP	0	4259p	£323,386
	08 Nov-19	204	Sharesave	2639p	4814p	£4,437
	04 Mar-19	41,284	PSP	0	5055.9p	£2,087,278
	04 Mar-19	6,855	DBSP	0	5055.9p	£346,582
Jez Maiden	09-Mar-20	10,146	PSP	0	4259p	£432,118
	09-Mar-20	4,187	DBSP	0	4259p	£178,324
	08 Nov-19	341	Sharesave	2639p	4814p	£7,417
	04 Mar-19	21,354	PSP	0	5055.9p	£1,079,637
	04 Mar-19	3,799	DBSP	0	5055.9p	£191,062

PSP awards granted in 2020

The PSP awards granted on 29 April 2020 were as follows:

Executive Director	Number of PSP shares awarded	Basis of award granted (% of salary)	Face/maximum value of awards at grant date ¹	% of award vesting at threshold (maximum)	Performance period
Steve Foots	31,533	225%	1,520,048	25% (100%)	01.01.20 – 31.12.22
Jez Maiden	16,914	175%	815,339	25% (100%)	01.01.20 – 31.12.22

1. Face value/maximum value is calculated based on a shares price of 4820.5p, being the average mid-market share price of the three dealing days prior to the date of grant.

The 2020 PSP awards are subject to a performance condition which is split into three parts; 35% EPS, 35% TSR, and 30% sustainability metrics, including NPP. Performance targets were disclosed in full last year, see page 90 of our Annual Report and Accounts 2019. Vesting will take place on a sliding scale. An EVA underpin applies across the entire award, as detailed on page 90.

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

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 152.

Executive Director	SIP shares held 01.01.20	Partnership shares acquired in year	Matching shares awarded in year	Total shares 31.12.20*	SIP shares that became unrestricted in the year	Total unrestricted SIP shares held at 31.12.20
Steve Foots	5,728	33	33	5,794	59	5,462
Jez Maiden	355	34	34	429	3	4

There have been no changes in the interests of any Director between 31 December 2020 and the date of this report, except for the purchase of five SIP shares and five matching shares by Steve Foots and four SIP shares and four matching shares by Jez Maiden during January and February 2021.

* Jez Maiden also had six additional shares acquired through the Dividend Reinvestment Plan.

Sharesave

Details of awards made under the UK Sharesave scheme are set out below:

Date of grant	Earliest exercise date	Expiry date	Face value*	Exercise price	Number at 01.01.20 (10.609756p shares)	Granted in year	Exercised in the year	Number at 31.12.20 (10.609756p shares)
Steve Foots								
13 September 2017	01 November 2020	30 April 2021	£6,725	3092p	174	–	–	174
27 September 2018	01 November 2021	30 April 2022	£8,960	4144p	173	–	–	173
12 September 2019	01 November 2022	30 April 2023	£6,723	3898p	138	–	–	138
10 September 2020	01 November 2023	30 April 2024	£6,724	4804p	–	112	–	112
					485	112	–	597
Jez Maiden								
27 September 2018	01 November 2021	30 April 2022	£11,238	4144p	217	–	–	217
12 September 2019	01 November 2022	30 April 2023	£11,206	3898p	230	–	–	230
					447	–	–	447

During 2020, the highest mid-market price of the Company's shares was 6564p and the lowest was 3963p. The year-end closing price was 6596p. The year-end mid-market price was 6505.25p.

* 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	Accrued pension 2020	Single remuneration figure 2020	Single remuneration figure 2019	Single remuneration figures excluding supplement
Steve Foots	14 September 2033	£128,719	£138,492	£158,829	£7,500
Jez Maiden	N/A	–	£93,184	£114,196	–

Note: Members of the CPS have the option to pay voluntary contributions. Neither the contributions nor the resulting benefits are included in this table. During 2020, Steve Foots was paid £130,992 (2019: £156,209) and Jez Maiden was paid £93,184 (2019: £114,196) in addition to their basic salary to enable them to make independent provision for their retirement.

Croda has a number of different pension plans in the countries in which we operate. Pension entitlements for 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 2021 will be £70,772. 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' pension provision

Steve Foots accrues pension benefits under the Croda Pension Scheme (CPS) with a CARE accrual rate of 1/60th and an entitlement to retire at age 60. From 6 April 2011 onwards, pension benefits accruing are based on a capped salary. This cap was £187,500 until April 2014 at which point it reduced to £150,000, and due to annual allowance regulations and changes to the pension scheme, reduced to £37,500 in April 2016 (reduced from the scheme cap of £65,650 due to annual allowance regulations) 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 the CPS. He also received a pension supplement at 20% of salary above his personal pension benefit cap in 2020 in line with the wider UK workforce.

Steve Foots has elected to opt out of CARE from 2021 and will therefore only receive a pension supplement of 20% of salary.

Jez Maiden's pension provision

Jez Maiden has elected not to join CARE and was therefore paid a pension supplement of 20% of salary in 2020. He has an agreement with the Company to provide him with death-in-service benefits outside of the CPS.

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 payments to past directors during the year under review.

5. Share interests

The interests of the Directors who held office at 31 December 2020 are set out in the table below:

	Legally owned ¹		PSP (unvested)	DBSP (unvested) ²	Sharesave (unvested)	SIP		Total 31.12.20	% of salary held under shareholding guideline ³
	31.12.19	31.12.20				Restricted	Unrestricted		
Executive Director									
Steve Foots	176,760	163,912	86,930	8,077	423	332	5,432	265,106	>225% target
Jez Maiden	27,167	27,167	45,568	4,639	447	425	4	78,250	>175% target
Non-Executive Director									
Roberto Cirillo	0	0	–	–	–	–	–	0	–
Alan Ferguson*	2,357	0	–	–	–	–	–	0	–
Jacqui Ferguson	76	76	–	–	–	–	–	76	–
Anita Frew	9,425	9,425	–	–	–	–	–	9,425	–
Helena Ganczakowski	361	361	–	–	–	–	–	361	–
Keith Layden	80,400	80,314	–	652	–	–	–	80,966	–
John Ramsay**	0	2,000	–	–	–	–	–	2,000	–

* Alan Ferguson retired 23 April 2020.

** John Ramsay appointed 1 January 2020, holding on appointment Nil.

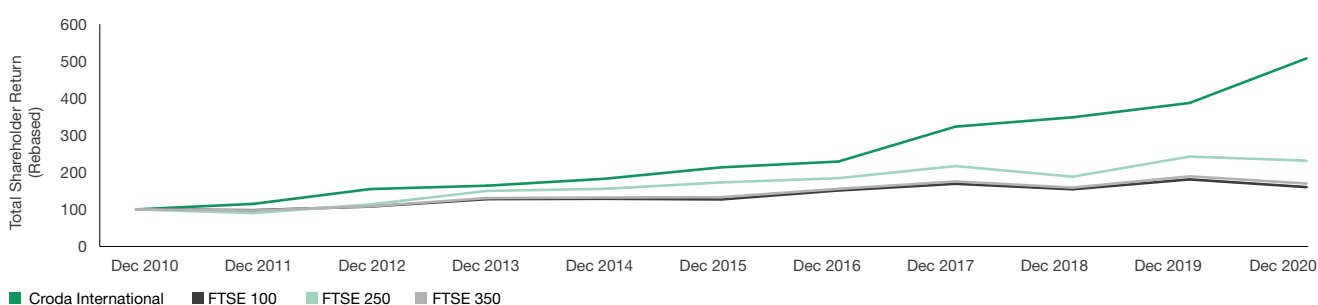
1. Including connected persons.

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

3. For 2020, the shareholding guidelines for the Chief Executive Officer and Group Finance Director increased to 225% and 175% of salary, respectively.

Post-employment shareholding guidelines also apply for two years after leaving employment. These are set at 100% of the in-employment guideline for the first year after leaving employment, tapering to 0% by the end of year two. This policy applies to shares from awards that vest in 2020 and beyond. During 2021 the Committee will be formalising the structures in place to allow it to monitor and enforce the post-employment shareholding requirement.

6. Performance graph (unaudited information)



7. Ten-year remuneration figures for Group Chief Executive (unaudited information)

The total remuneration figure includes the annual bonus and long-term incentive awards which vested based on performance in those years. The annual bonus and long-term incentive award percentages show the payout for each year as a percentage of the maximum.

	2011*	2012**	2013**	2014**	2015**	2016**	2017**	2018**	2019** ¹	2020**
Total remuneration (£)	4,142,608	1,364,048	1,427,156	769,414	1,374,046	2,404,441	3,570,251	3,311,700	1,693,242	1,549,437
Annual bonus (%)	100%	28%	0%	0%	76.38%	100%	78.36%	36.19%	0%	0%
Long-term incentives vesting (%)	100%	100%	81.8%	0%	0%	43%	100%	100%	56.2%	40%

* Relates to Mike Humphrey.

** Relates to Steve Foots.

1. The 2019 total remuneration figure has been updated to reflect the value of the 2019 PSP award at vesting.

8. Board Chair and other Non-Executive Directors' fees 2020 and 2021 (unaudited information)

The fees paid to the Non-Executive Directors (including chairing of Committees) and to the Senior Independent Director were reviewed in December 2020 and increased by 1%. These changes took effect from 1 January 2021. The revised fee structure for the Board Chair and other Non-Executive Directors for 2021 is detailed below.

Position	2020 fee £	2021 fee £
Board Chair (all inclusive fee)	300,900	303,909
Non-Executive Director base fee	63,240	63,872
Additional fees		
Senior Independent Director	10,506	10,611
Committee Chairs (Audit and Remuneration)	15,300	15,453

9. Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors for the year ended 31 December 2020 payable by Group companies is detailed below, this table reflects actual payments in 2020.

		Non-Executive Director fees £	Benefits ¹ £	Total £
Anita Frew	2020	300,900	–	300,900
	2019	295,000	5,546	300,546
Alan Ferguson ²	2020	28,084	–	28,084
	2019	87,300	3,004	90,304
Helena Ganczakowski ⁴	2020	85,789	–	85,789
	2019	77,000	4,805	81,805
Jacqui Ferguson	2020	63,240	–	63,240
	2019	62,000	2,455	64,455
Roberto Cirillo	2020	63,240	–	63,240
	2019	62,000	5,845	67,845
Keith Layden	2020	63,240	–	63,240
	2019	62,000	861	62,861
John Ramsay ^{3,4}	2020	73,793	–	73,793
	2019	–	–	–
Steve Williams ⁵	2020	–	–	–
	2019	20,667	2,787	23,454

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. Alan Ferguson retired on 23 April 2020. His fees were pro-rated accordingly.

3. John Ramsay was appointed to the Board on 1 January 2020.

4. Following Alan Ferguson's retirement, Helena Ganczakowski was appointed as the Senior Independent Director and John Ramsay was appointed as the Chair of the Audit Committee. Their fees were pro-rated accordingly.

5. Steve Williams retired 24 April 2019.

Non-Executive Directors appointment

The effective dates of the letters of appointment for the Board Chair and each Non-Executive Director who served during 2020, are shown in the table below:

Non-Executive Director	Original appointment date	Expiry date of current term
Anita Frew	05 March 2015	05 March 2022
Roberto Cirillo	26 April 2018	26 April 2024
Alan Ferguson ¹	01 July 2011	30 June 2020
Jacqui Ferguson	01 September 2018	01 September 2021
Helena Ganczakowski	01 February 2014	31 January 2022
Keith Layden	01 May 2017	01 May 2023
John Ramsay	01 January 2020	01 January 2023

1. Alan Ferguson retired on 23 April 2020.

10. 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
Jez Maiden	09 October 2014	by the Company 12 months, by the Director 6 months

External directorships

Executive Directors are permitted to accept external appointments with the prior approval of the Board. It is normal practice for Executive Directors to retain fees provided for Non-Executive Director roles. Jez Maiden was appointed as a Non-Executive Director of PZ Cussons on 16 October 2016. He stepped down from this role on 31 May 2020 and received a fee of £26,291 for his services in 2020.

11. Remuneration Committee attendance and advisers (unaudited information)

The following Directors served as members of the Committee during 2020:

- Helena Ganczakowski (Chair)
- Alan Ferguson (Retired 23 April 2020)
- Roberto Cirillo
- Jacqui Ferguson
- John Ramsay (From 01 January 2020)

See page 63 for details of attendance at meetings during the year.

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 2020, invitees included other Directors and employees of the Group and the Committee's advisers (see below), including Anita Frew (Company Chair), Steve Foots (Group Chief Executive), Jez Maiden (Group Finance Director), Keith Layden (Non-Executive Director), Tracy Sheedy (Group HR Director), Tom Brophy (Group General Counsel and Company Secretary) and Caroline Farbridge (Deputy Company Secretary).

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

Remuneration Committee advisers (unaudited information)

Deloitte LLP were retained as the appointed adviser to the Committee for the whole of 2020 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 provide 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 £72,485 (excluding VAT). The Committee regularly reviews the external adviser's relationship and is comfortable that the advice it is receiving remains objective and independent.

12. 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 ¹	% change in benefits ²	% change in bonus ³
Average employee of the Group's parent Company³	3.66%	-0.06%	0.00%
Average UK employee⁴	3.43%	-3.27%	27.96%
Executive Directors			
Steve Foots	2.00%	0.50%	0.00%
Jez Maiden	2.00%	2.29%	0.00%
Non-Executive Directors			
Anita Frew	2.00%	-100.00%	–
Roberto Cirillo	2.00%	-100.00%	–
Alan Ferguson ⁵	-67.83%	-100.00%	–
Jacqui Ferguson	2.00%	-100.00%	–
Helena Ganczakowski ⁶	11.41%	-100.00%	–
Keith Layden	2.00%	-100.00%	–
John Ramsay ^{6,7}	–	–	–

1. Employees of the Group's parent company and UK employees received a 2% pay increase in 2020, in line with both Executive Directors and Non-Executive Directors. The % increase above this represents individual employee salary reviews, promotions and new hires.

2. 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.

3. The senior annual Bonus Plan and Croda Europe Discretionary Bonus Scheme did not pay out for 2019 or 2020. This percentage represents a small increase in the amount of sales bonus received by a small number of employees.

4. Excluding Executive Directors and Non-Executive Directors.

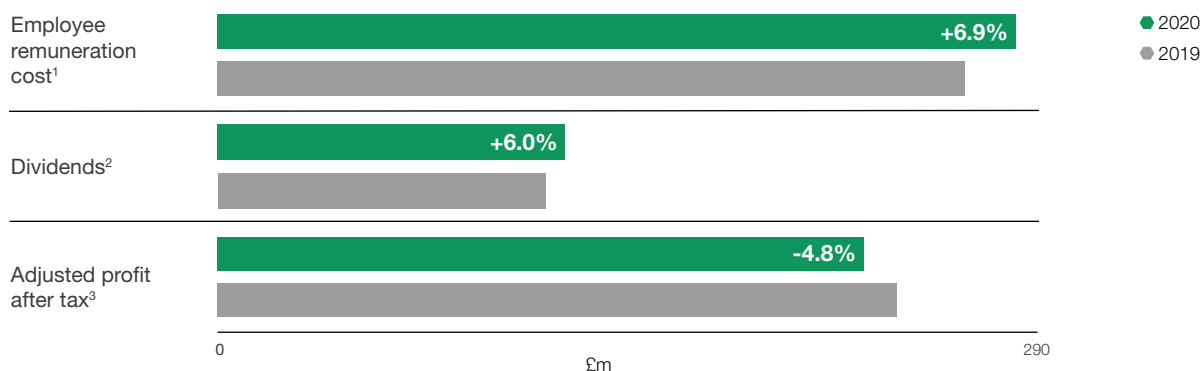
5. Alan Ferguson retired on 23 April 2020.

6. Following Alan Ferguson's retirement, Helena Ganczakowski was appointed as the Senior Independent Director and John Ramsay was appointed as the Chair of the Audit Committee. Their fees were pro-rated accordingly.

7. John Ramsay was appointed to the Board on 1 January 2020 and therefore has no comparable remuneration figures for 2019.

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 133. 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.

13. Statement of voting (unaudited information)

	Remuneration Policy 2020 AGM		Annual Report on Remuneration 2020 AGM	
	number of votes	% of votes	number of votes	% of votes
Votes cast in favour	97,230,580	97.55%	96,844,492	97.16%
Votes cast against	2,445,834	2.45%	2,833,300	2.84%
Total votes cast	99,676,414	100%	99,677,792	100%
Withheld	152,926		151,550	

I will be available at the shareholder engagement event to respond to any questions shareholders may raise on the Committee's activities.

On behalf of the Board

Helena Ganczakowski

Chair of the Remuneration Committee

1 March 2021

E. Summary of the Remuneration Policy

An updated Remuneration Policy was presented and approved by shareholders at the 2020 AGM. It is intended that this will operate until the AGM in 2023. The full Remuneration Policy can be found on pages 77 to 83 of our Annual Report & Accounts 2019.

Main components of the Remuneration Policy

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		
<p>Normally reviewed annually with increases effective from 1 January. Base salaries will be set by the Committee, considering:</p> <ul style="list-style-type: none"> 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 international manufacturing and pan-sector companies of a comparable size and complexity. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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		
<p>The Group typically provides the following benefits:</p> <ul style="list-style-type: none"> Company car (or cash allowance) Private fuel allowance Private health insurance and other insured benefits Other ancillary benefits, including relocation expenses/arrangements (including tax thereon) as required. <p>Additional benefits might be provided from time to time (for example in circumstances where an Executive Director is deployed to, or recruited from overseas).</p> <p>The Committee will consider whether the payment of any additional benefits is appropriate and proportionate when determining whether they are paid.</p>	<ul style="list-style-type: none"> The cost of benefits is not pre-determined and may vary from year to year based on the cost to the Group. 	<p>None.</p>
Performance-related annual bonus – to incentivise and reward delivery of the Group's key annual objectives and to contribute to longer-term alignment with shareholders		
<p>Normally one third of any bonus paid is compulsorily deferred into shares for three years through the Deferred Bonus Share Plan (DBSP).</p> <p>The Committee has the discretion to permit DBSP awards to benefit from dividends on shares that vest.</p> <p>The balance of the bonus is paid in cash.</p>	<p>Group Chief Executive: 150% of salary.</p> <p>Other Executive Director: 125% of salary.</p>	<ul style="list-style-type: none"> Bonus will typically be based on challenging financial targets set in line with the Group's KPIs (for example profit growth targets). The Committee has the flexibility to include, for a minority of the bonus, targets related to other Group measures where this is considered appropriate. For a profit measure, bonus normally starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for outperformance. Were an additional KPI metric to be introduced, the threshold would not exceed 25%. 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 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, 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.

Operation

Maximum opportunity

Framework used to assess performance and for the recovery of sums 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: 225% of salary
- Other Executive Director: 175% of salary.

In exceptional circumstances (eg recruitment), awards may be granted up to 300% of salary to compensate for value forfeited from a previous employer.

- Granted subject to a blend of challenging financial (eg EPS), shareholder return (eg relative TSR) and strategic targets (eg sustainability). The performance targets may also include an additional underpin (eg an EVA underpin).
- Targets will normally be tested over three years.
- In relation to financial targets (eg EPS growth and TSR) 25% of awards subject to such targets will vest for threshold performance with a graduated scale operating through to full vesting for equalling, or exceeding, the maximum performance targets (no awards vest for performance below threshold). In relation to strategic targets or underpin targets, the structure of the target will vary based on the nature of target set (eg 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 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, 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.

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, the Committee retains the discretion to allow Executive Directors to participate 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 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.

- Career average revalued earnings scheme (CARE) 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.
- None.

Only basic salary is pensionable.

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.