

## Key Performance Indicators

We identify targets for, and measure progress towards delivery of our strategic objectives through our Key Performance Indicators. Our sustainability KPIs have changed this year to reflect our 2030 Commitment to be Climate, Land and People Positive.

## Strategic objectives and remuneration

- Growth:** consistent top and bottom line growth
- Innovation:** increase the proportion of NPP that we sell
- Sustainability:** align our business with our Purpose and accelerate our customers' transition to sustainable ingredients
- Remuneration:** KPIs that are reflected in our Remuneration Policy

## How we performed

### KPI

#### Return on sales (ROS)%



**KPI definition:** Adjusted operating profit as a percentage of sales.

### Comment

Group ROS declined to 23.0% in 2020 reflecting the effect of lower sales and adverse price/mix. Life Sciences had another standout year, with a record ROS, now broadly in line with the historical Personal Care margin target. Personal Care ROS was significantly impacted by COVID-19 lockdowns, with the higher-margin Beauty Actives and Effects businesses impacted by disruption in prestige consumer shopping channels and 'going out'. Performance Technologies saw lower ROS due to reduced volume in higher-margin businesses and higher operational gearing in this sector.

### Target

Personal Care (PC) maintain 2018 level.

### Behind target

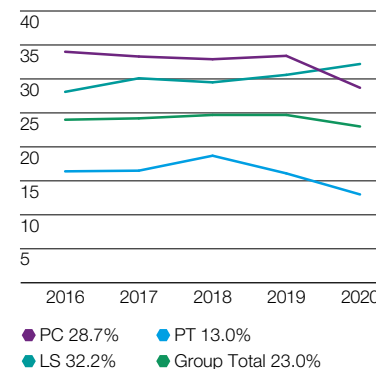
Life Sciences (LS) grow to equal Personal Care in the medium term.

### On target

Performance Technologies (PT) grow to 20% in the medium term.

### Our performance

#### Return on sales %



#### Core Business sales growth %



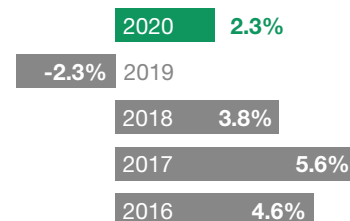
**KPI definition:** Total sales growth in the Core Business measured at constant currency.

Despite COVID-19, Core Business sales grew low single-digit in 2020, benefiting from acquisitions. Sales growth in Life Sciences reflected a strong performance in Health Care and Seed Enhancement, supported by the acquisition of Avanti. COVID-19 adversely impacted Personal Care and Performance Technologies sales but both sectors saw steady sales improvement in the second half of the year.

Low-to-mid single digit % growth (excluding raw material price recovery).

### On target

#### Core Business sales growth %



#### New and Protected Products (NPP) sales %



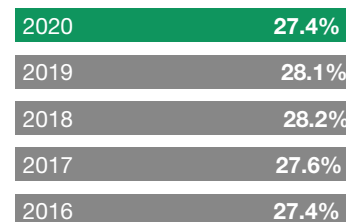
**KPI definition:** Proportion of sales from NPP (in constant currency). NPP products are where sales are protected by virtue of being either newly launched, protected by intellectual property or by unique quality characteristics.

NPP and non-NPP sales both declined in 2020 (excluding acquisitions). This reflected the impact of COVID-19 lockdowns across many markets, with associated changes in mix adversely impacting NPP sales. We continue to strategically invest resources to enable us to focus technically and commercially on increasing the proportion of Group sales from NPP.

NPP sales to be 30% of Group sales in the medium term.

### Behind target

#### NPP sales %



#### Total recordable Injury rate (TRIR)



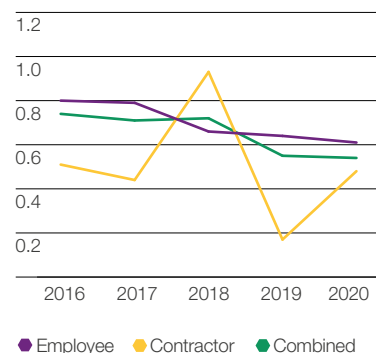
**KPI definition:** The number of incidents per 200,000 hours worked where a person has sustained an injury, including all lost time, restricted work and medical treatment cases.

On a like-for-like basis our 2020 target was achieved a year early and was maintained this year at TRIR 0.54. This shows a positive trend resulting from our focused attention. A number of acquisitions made during the last five years brought with them TRIRs above the Group average. This, and a small number of subjective work-related COVID-19 cases, resets our headline TRIR to 0.86 as we enter 2021. We aim to reduce this to 0.3 by the end of 2024.

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### On target

#### Total Recordable Injury Rate (TRIR)



**KPI**

**Absolute scope 1 & 2 emissions and scope 1 & 2 emissions intensity**

**KPI definition:** Our operational emissions (associated with burning fuels onsite and purchased electricity), both in absolute terms as well as emissions intensity. Our chosen measure of GHG emission intensity divides our GHG emissions (market-based scope 2 emissions) by value added: a measure of our business activity.

**Comment**

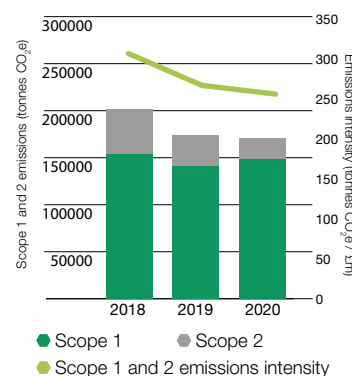
Since 2018, our emissions have reduced in line with the absolute emissions reduction pathway required by the Science Based Targets initiative for limiting global warming to no more than 1.5°C above pre-industrial levels. These reductions are from our scope 2 emissions, as we have switched to renewable electricity where possible. Our emissions intensity has fallen by 16% since 2018, demonstrating how we continue to decouple economic growth from environmental impact.

**Target**

By 2030, we will have achieved our Science Based Target, reducing emissions in line with limiting global warming to no more than 1.5°C above pre-industrial levels.

**On target**

**Our performance**



GHG emission intensity divides our GHG emissions (market-based scope 2 emissions) by value added, defined as operating profit before depreciation and employee costs in reported currency.

**Land area saved (hectares)**

**KPI definition:** Land area saved since we launched Our Commitment (2020). This is a measure of growth compared to our 2019 baseline year, eg new product launches or sales to new customers.

In 2020 the use of our agricultural ingredients and new technologies saved an additional 16,455 hectares of land compared to our 2019 baseline. More than our target of 8,000 hectares for 2020, this puts us on track to achieve our 2030 target that the land we save outpaces the land we use as our business grows by at least a factor of two.

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

**On target**

**16,455 hectares**  
of land saved over the baseline in 2020

**Number of lives improved**

**KPI definition:** Number of lives improved through the use of Croda components as a critical part of Pfizer-BioNTech's COVID-19 vaccine in 2020.

We delivered critical components to Pfizer-BioNTech to allow them to meet their target of supplying 50 million doses of COVID-19 vaccine, to fully vaccinate 25 million people. Protecting the health and wellbeing of the most vulnerable in our society should help us all to begin to operate more freely in 2021, reduce the spread of COVID-19, protect more livelihoods and improve mental health.

We will use our smart science to promote healthy lives and wellbeing through the development and application of our ingredients and technologies.

**On target**

**25 million people**  
will be fully vaccinated against COVID-19 with doses delivered in 2020 containing critical Croda components

**Creating shareholder value**

**Adjusted basic earnings per share (EPS)**

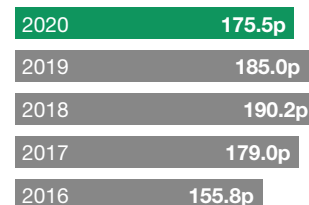
**KPI definition:** Adjusted profit after tax divided by the average number of issued shares.

The challenging conditions in 2020 saw adjusted basic EPS of 175.5p, a decrease of 5.1% on last year. Over the last three years, EPS has declined by an average of just over 0.5% p.a.

5-11% EPS growth per annum over the last three years

**Behind target**

**Adjusted basic earnings per share (EPS)**



**Return on invested capital (ROIC) %**

**KPI definition:** Adjusted operating profit after tax divided by the average adjusted invested capital for the year for the Group. Adjusted invested capital represents net assets adjusted for net debt, earlier goodwill written off to reserves and accumulated amortisation of acquired intangible assets.

ROIC fell to 14.6% in 2020, at the lower end of the target range. This reflects increased acquisition spend and continued investment in future organic growth through targeted capital expenditure. We expect ROIC to improve (subject to the impact of any further acquisitions) as the profit benefits of recent investments deliver.

Achieving ROIC of two to three times cost of capital.

**On target**

**Return on invested capital %**

