

# Our Responsibility



Corporate Social Responsibility 2008

CRODA

It is the **responsibility** of leadership to provide opportunity, and the **responsibility** of individuals to contribute.

William Pollard

## Contents

Croda - Our Responsibility	1
Employees - Our People	6
Community - Our Neighbours	12
Environment - Our World	18
Market Place - Our Partners	24
Action Plan - Our Objectives, Targets and Performance	34
GRI Report	42

# Croda - Our Responsibility

## Corporate Social Responsibility Executive Sponsor Statement

2008 represented a year of solid progress towards achieving our CSR objectives based on the '4 Pillars' of employees, community, environment and market place.

Our commitment to our CSR principles remains resolute, with their continued importance within the Group reinforced by my assignment to be executive sponsor and the creation of a new cross functional team to lead CSR across the Group. This team, which has representation from all of the business divisions and regions, has made a huge difference by building on the existing momentum.

We have identified our top priorities for action and this report provides information on our performance against current objectives and our new objectives for the future. We have also decided to adopt the Global Reporting Initiative (GRI) format to provide a consistent and transparent approach to our CSR reporting.

Most important, however, is the enthusiasm, creativity and inspiration of our employees worldwide in their endeavours to sustain a successful and responsible company.

**Bryan Dobson**

Chairman – Corporate Social Responsibility Steering Committee

# Croda - Our Responsibility

For more than 80 years, we have been a global leader in natural based speciality chemicals. The successful Uniqema integration in 2006 has resulted in a business that is well placed to meet the challenges of the twenty first century.

Throughout our history, we have shown a commitment to safety, environmental and social responsibility through recognising and implementing good practice and encouraging a culture of responsibility and action in all that we do.

Sustainability and social responsibility have always been synonymous within Croda and they continue to sustain our vision going forward.

## The Croda Vision

Underpinning life at Croda is the Croda Vision – our statement of the company culture, which both informs and describes our behaviour:

- To remain an independent company and operate as one global team
- We will remain a 'fun', lively, stimulating and exciting place to work, where all employees have the courage to question, and all functions and individuals are valued
- There will be a place for many styles of leadership, but all leaders will have as their primary objective to build other leaders
- We can only achieve our goals through excellent and constant communication, creativity and setting clear objectives at every level
- We will continually improve
- We will continue to be an ethical and responsible company

**Mike Humphrey**  
Group Chief Executive

## The Croda CSR policy

Croda believes that to be successful as a company it must act responsibly and with integrity in all areas of its activities. Croda is committed to its business operations throughout the world being conducted in a manner that is consistent with relevant good practice in relation to social responsibility.

It is the responsibility of everyone working within the company to ensure that wherever we operate in the world...

- We will work within the standards in our Code of Ethics to ensure that all our business practices are conducted with integrity
- We will treat our employees fairly, complying with the ILO declaration on the Fundamental Principles and Rights at Work and providing a rewarding environment in which our employees are engaged and developed
- We will respect our customers and suppliers and aim to treat them honestly and responsibly with consistent standards wherever we operate
- We will minimise any negative impact on the environment that might be associated with our operations or our products, searching out new ways to conserve natural resources and innovating to improve our products and processes
- We will be a good neighbour: Not just keeping our own house in order but also reaching out to support, aid and relate to those in our neighbourhood. In particular we will focus on providing educational and academic support and engaging in projects that will benefit our local communities
- We will seek out opportunities for dialogue with all our stakeholders
- We will monitor and record our achievements under this policy so that we may continuously improve

**Mike Humphrey**  
Group Chief Executive

# Croda - Our Responsibility

## Our Corporate Social Responsibility Commitments

We have recognised Croda is not just about the products, how they are made, or how they are used, but also the impact of our activities on everything we do – Our People, Our Neighbours, Our World and Our Partners.

A new team consisting of a cross section of different functions from across the company reviewed and prioritised the issues and risks facing the group now and in the future.

Through stakeholder engagement we have been able to review our issues and objectives and ensure we have in place a process to enable thorough, open and transparent dialogue with all our key stakeholders.

This activity led to the identification and ranking of a number of priorities relating to people and communities which go beyond our historical focus on environmental issues.

Responsible sourcing of raw materials and the assessment of carbon footprint for our products were also identified as priority areas.

Our commitments and their objectives have been carefully selected to align with the priorities across our '4 Pillars' of corporate social responsibility - Our People, Our Neighbours, Our World and Our Partners.

These commitments are detailed in the Corporate Social Responsibility Action Plan for each of our '4 Pillars' which identify the issues, the objectives, targets and where possible, appropriate key performance indicators. This plan will be reviewed annually to ensure the priorities remain relevant and to set new objectives if necessary.

Ownership and delivery of these objectives and targets rests with the Executive Committee of Croda.

Progress on all of our objectives and targets is described in this report.

In 2008, we investigated the relevance of applying the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. We have looked at the indicators and their relevance to our CSR approach. We have decided to progressively implement GRI reporting, starting with the content and indicators which match with our priority areas and guiding principles.

Our decision is to initially become a GRI Level C reporter and this report introduces our reporting for the first time. Our plans for GRI Reporting reflect our commitment to continuous improvement. We plan to extend the number of reporting indicators reported as part of our action plan.

Our GRI Report Index can be found in the annex to this report.

### Our Responsibility - Recognition

Our responsibilities as a global speciality chemical company go beyond just being economically successful. Our approach to corporate integrity is increasingly recognised externally with The Observer Good Companies Guide prepared by Co-operative Asset Management ranking our company in the top 50 of the entire FTSE 350.

Croda International Plc is listed on FTSE4Good and is a member of Business in the Community reporting to the Environmental Index.

*Our commitments and their objectives have been carefully selected to align with the priorities across our '4 Pillars' of corporate social responsibility - **Our People, Our Neighbours, Our World** and **Our Partners**.*



Our People



Our Neighbours



Our World



Our Partners

# Employees - Our People

We recognise that business success depends on retaining and developing the skilled, motivated employees who are part of our global team based in 43 worldwide locations.

The success of the individual and hence the company depends on the academic and vocational development of all employees, and this forms the core of Croda's people management strategy.

Our responsibility extends to providing our people with a safe and healthy workplace. It is based on respect and partnership, which stimulates individuals to achieve their full potential.

To achieve this, we will provide fair and equitable employment conditions, recruiting where possible from our local communities, and ensure that open and comprehensive dialogue is encouraged at all locations to allow Croda to address employee needs and concerns. We will, as a minimum, comply with all legislative requirements and set more demanding internal standards for recruitment and people management.

## Employee Development

Croda's focus on employee development has continued throughout the year with many courses, educational programmes and leadership development activities taking place around the globe.

### Graduate Development

Croda India introduced its first graduate development programme, which aims to develop high calibre graduates from leading business and technical schools. This scheme is in addition to programmes currently running in the USA and Europe, ensuring there is a constant supply of fresh talent into the business.

### New Managers

In Europe, 56 employees have taken part in the Croda New Manager Development Programme – a new eight module course covering aspects of people management. The course runs over several months and enables employees to apply learning in the workplace and record outcomes and review their progress.

### Leadership Development

24 senior managers from around the globe joined Croda's Leadership Development Group during 2008. The cross functional, multicultural teams, which make up the group, focus on personal and leadership development and networking within the company. In addition they undertake projects of strategic importance to the business which included in 2008 "Our Responsibility" communication strategies and the development of renewable raw material strategies.

### In-Company School

In the chemical industry, finding and employing highly skilled process operators can be difficult. For example, at our Gouda site, demand is much greater than supply, mainly because suitable candidates tend to live in Rotterdam, close to the main industrial area of Botlek.

In the past, the Gouda site had a long tradition of tackling the problem by setting up its own in-company training school, so it was decided to resurrect this idea. In October, a new intake of seven enthusiastic students started their training. The five day training programme comprised a registered process operator course (VAPRO) of 12 hours, two days intensive on-the-job training, getting to know the plants and processes, plus a considerable amount of home study. Experienced operators acted as mentors and trainers, and the programme should lead to this year's intake taking up their first Process Operator jobs at Gouda from April 2009.

You can delegate authority, but  
not **responsibility**.

Stephen W Comiskey

We look for our employees to have passion, courage, self belief and a great attitude - individuals who can develop an ability to excite and inspire teams to higher levels of performance.



# Employees - Our People

## Building the Future Together - Croda India

The creation of a new team always brings new opportunities and new challenges, so to help the whole integration process at Croda India, it was decided to get people together and spend some time away from the hurly-burly of everyday life – to reflect and to interact. So with this in mind, for three days in September, 20 managers attended a workshop on ‘Building Croda India’s future together’ at the North Point Centre of Learning at Khandala, some two hours from Mumbai.

Dr Zahid Gangjee, a respected corporate trainer in India, ran the workshop and concentrated more on interaction and discussions rather than formal lectures. It culminated in the development of personal and business plans for Croda India and the management team.

### **Outstanding Contribution to Youth Mentoring**

Croda Inc was one of twenty-nine businesses presented with Tributes from the Governor of Delaware at a business appreciation event held at the University of Delaware.

These businesses have supported youth mentoring in different ways, all of which are invaluable to its success. The tribute recognized Croda “for its outstanding contribution in youth mentoring, especially through the participation in The Great Delaware Mentoring Challenge. By supporting youth mentoring and nurturing the growth of mentor-mentee relationships with its employees, Croda Inc has and continues to lead by example.”

Croda was the one of five to be singled out for its participation in The Great Delaware Mentoring Challenge. One Croda employee was also honoured at the event, receiving a certificate from Big Brothers/Big Sisters in recognition of her three years as a mentor for the same child.

### **Health & Safety**

Health & Safety training continues to be an important part of our employee development strategy. During the year employees from across the globe have participated in a number of different Health & Safety related courses.

Members of each of the five shift teams from our Rawcliffe Bridge site in the UK took part in two days of off site training to improve their knowledge and practical skills in fire fighting techniques.

The facility used enabled them to re-enact scenarios they may face on site such as multilevel fire fighting, fighting carbonaceous live fires and dealing with thick black smoke, cracking steel and unbearable heat.

At Gouda, in the Netherlands, site emergency crews took part in two major training exercises in conjunction with local emergency services. The first focused on dealing with a diesel fire in a pump house whilst the second centred on first aid. Both exercises were extremely useful in terms of preparation and readiness of company employees should a major incident take place.

Rawcliffe Bridge, members from all five shifts take part in exercises to improve their knowledge and practical experience in fire fighting techniques.



# Employees - Our People



## Employee Communication

Our distinctive approach to communication with our employees operates at a number of levels.

### Croda Way

A company wide magazine – Croda Way – connects all people and locations globally, reinforcing the ethos of one company bound together by a common purpose.

Croda Way has proved to be a catalyst to capture the commitment and enthusiasm of our people, harnessing their desire to be involved and having a positive influence on 'Our Responsibility'. The ethos is that even the smallest contribution will have a positive effect on the environment, our partners, on each other and our neighbours. The 'Our Responsibility' publication of Croda Way showed that people in Croda are committed to making a contribution and influencing even in small ways our future.

# Our Responsibility

## OUR PEOPLE



## OUR NEIGHBOURS



## OUR WORLD



## OUR CUSTOMERS



### ...and that we do this not because we have to, but because we want to!

These "Four Pillars" of Our Responsibility form the framework that allows us to understand where we can have a positive impact.

Last year, Croda commissioned a report to assess the quantity and quality of activities of this type being undertaken within the group. You may have seen it, as it was distributed to shareholders, and will in the future be available in hard copy form to all employees, as well as through the Croda website. The findings were astounding! The quantity of really worthwhile projects, initiatives, training and community activity was incredibly extensive. As a business we believed we should be really proud of ourselves and decided we should measure our activities in this area on an annual basis and commit to reporting our performance. After all, many will want to hear about the great things we are doing as individuals and as a company.

Our working life is littered with great examples of Our Responsibility - the Vision Family Fun Day at Cowick, the wind turbine initiative at Hull, the environmentally friendly lubricant additives developed to have reduced impact on the planet, our positive performance with regard to energy and resource use, the BBQs, picnics and parties that seem to happen virtually every month, the charity runs and community work that make such a positive impact on those that live close to us.

So what does this mean practically for you? Well that's quite simple... as much or as little as you want to take on. This is not a 'here today gone tomorrow' scheme, but it is something that could make you feel pretty good about yourself, proud of your company and positive about your community.

### Not because you have to... because you want to!!

So how do you get involved? Well, in numerous ways but consider this as the starting point... choose something you are passionate about and make it happen. Discuss it with your line manager if you feel the need to, or if the project needs some financial assistance, and then get on with it. Remember, local support mechanisms, such as the 1% club in the UK, can provide some valuable time to help you in the community project area. Use it if you can... the business wants you to do so.

Remember: Our Responsibility is to do the RIGHT thing for the future. To act responsibly and with integrity for the future of ourselves and our families, our communities, our company and our world.

How will you do the RIGHT thing?

## Embedding CSR

Croda Latin America officially launched a CSR awareness programme during 2008. The event enabled the business to demonstrate its commitment to CSR and Croda's '4 Pillar' approach. It provided employees with an overview of the benefits of working for Croda and highlighted the social actions relating to our community, the environment policies established through the global group and the ethical and responsible relationship Croda has with its stakeholders.

All these initiatives were presented and connected into the CSR – Our Responsibility Programme and we do them not because we have to, but because we want to.

### Policies & CSR Reporting

Our guiding principles for CSR highlight the emphasis and importance we place on our people.

#### New Policy and Procedures Manual

During 2008, a central team developed a Global Policy & Procedures Manual which outlines processes, systems and minimum standards for managing people-related activities throughout Croda.

This document also serves to minimise risks to our business by:

- Employing the right people by ensuring our recruitment, selection and retention processes select and retain people competent to execute required roles and deliver our strategic plan
- Demonstrating the right skills and behaviours – ensuring our performance management, reward systems, training and development policies and procedures are in place to develop behaviour in line with our vision and culture
- Demonstrating legal compliance by ensuring all of our operating units follow the legal and regulatory rules and guidelines relating to personnel

Continued updating of this document will enable best practice for people management within Croda to be available to all managers. Utilisation of Croda's intranet will ensure that policy revisions keep pace with generally accepted business practices and that changes in employment legislation are communicated rapidly around the Group.

### Future Priorities

Four issues relating to the 'Our People' Pillar have been identified in the CSR Objectives for 2009 as the most important to Croda and plans are now in place to report on these in the future.

It is vital for Croda to understand how people feel about their jobs, so that we can create the right conditions to maximise their potential. An employee survey will be a considerable investment, but we believe it will provide valuable insights and enable us to engage better with our colleagues.

This will start in 2009. By identifying "what is going well" and "what could go better" across the Group and locally, we will be in a better position to create and monitor action plans that will help us to continue developing as a successful company and supporting our employees.

There are many examples of Croda communicating openly and regularly with its employees, 2009 will be the year when this is formally put in place across all locations. The same will apply for workplace health and safety, where a baseline will be set for occupational health promotion and monitoring, leading to more focused objectives in future years.

Finally, we will establish the baseline for comprehensive employee development, and ensure that every employee can take advantage of the opportunity to benefit from vocational or academic training.

# Community - Our Neighbours

The local communities in which Croda operates are important elements of what makes us successful. Not only do they provide the core of those people who work for us, both now and in the future, but they also provide the supporting infrastructure that allows us to operate. It is important that we develop a positive relationship with 'Our Neighbours'.

The commitment of Croda to its communities has been a matter of focus for a number of years. The "Croda in the Community" policy statement states the intent of Croda to be a good neighbour; not only by managing our own affairs in a proper manner; but also reaching out to support and relate to the local community. Specifically, Croda has committed to four elements of engagement with our neighbours.

- Protecting the community
- Employment for the community
- Standards within the community
- Engaging with the community

This defines our attitude towards the community, allowing us to proactively pursue and positively respond to projects and opportunities which support it. For example, activities such as our employee volunteering program 'The 1% Club', our association with relevant local charities and good causes, and our development and educational programmes.

In summary, 'Our Responsibility' is to act responsibly and with integrity towards our neighbours, and we are committed to having a positive impact on the local community wherever we operate in the world.

## Tackling Skin Cancer in the UK

It is not broadly known, but the single most common cancer effecting the UK population is skin cancer. Around 2000 people in the UK will die each year as a result of malignant melanomas. Frighteningly, death rates are on the increase; a startling statistic when you consider that melanoma is the easiest cancer to prevent and the easiest to cure if spotted early enough.

As an innovator in the area of UV protection technologies and formulation, Croda has always been at the forefront in assisting constant improvement in sun protection from both a scientific and regulatory viewpoint. But now, through its association with Skcin (The Karen Clifford Skin Cancer Charity), Croda is supporting the message of "being safe in the sun" through the use of shade, appropriate clothing and a good UVA/UVB sun lotion.

2009 will see Croda as the principal sponsor and financial supporter for the inaugural UK conference on the prevention of skin cancer. This will bring together a range of stakeholders. Educational, commercial, political and medical experts in their field will meet, debate and plan to address the issues of communication, that if remain unresolved will lead to more people dying of skin cancer.

Let us accept our own **responsibility**  
for the future.

John F Kennedy

Croda has always been at the forefront in assisting constant improvement in sun protection from both a scientific and regulatory viewpoint.



# Community - Our Neighbours

## Supporting our Local Communities - Crodamazon

The Crodamazon project has been operating in Brazil for a number of years and involves Croda Brazil working in partnership with the communities living in the Rainforest on the banks of the Amazon. This is the world's greatest natural resource and the most bioactively diverse natural phenomenon on earth. The Amazon rainforest has plants which are rich in nutrients, phytochemicals and other constituents, which have always been used by the people of the rainforest for their health and wellbeing. Working with these local communities on how plants can be used to support our Personal Care and Health Care businesses in a sustainable manner is of great interest to both Croda and the communities themselves.

Croda Brazil identifies those communities, the small townships and villages, which will work in a responsible manner to cultivate and harvest the fruits and nuts from which the Crodamazon oils are extracted. A further objective is to take the community involvement a step further by showing them how to press or crush the pulps themselves, so that Croda buys the actual oil rather than the fruit or seed raw materials.

This objective has now been realised. Sixty three miles from Manaus, in the heart of the rainforest, separated by the Negro and Solimões rivers, the town of Careiro Castanho recently welcomed its first natural oils processing plant, Cupuama Óleos. The business opened its headquarters in late September, with equipment transferred from Crodamazon for the extraction of seed oils and butter.

The assets transfer is part of Crodamazon's strategic plan. This arrangement allows Cupuama Óleos to take on this role from us, and at the same time keep Croda as a customer.

At the opening ceremony of the new plant, Hamilton Alves Villar, the Mayor of Careiro Castanho said, "We are delighted with this partnership between Cupuama and Crodamazon. This is the first plant established in our town and it brings major investment to the region along with new jobs and opportunities."

Furthermore, as a result of the partnership between Crodamazon and Cupuama Óleos, a number of local families have started investing in cupuaçu crops. The local government see this as being a very important development as it creates a guaranteed market coupled with a fair price for the product.

### Development & Education

Throughout the world, Croda has continued its efforts in support of academic development and education at schools, colleges and universities within its local communities. This is particularly important for Croda, given our strong heritage of investment in research and development. This educational development within our local centres of learning is therefore a simple extension of our approach to doing business. Learning never stops and as a business we can always improve.

### Working with Schools, Colleges & Universities

One of the most developed relationships with our communities is with local schools and colleges. Many of the children are potential Croda employees of the future and so this investment in local schools is a longer-term investment in ourselves. The engagement of local schools is aimed at supporting standardised academic development through activities that are related to national curriculum needs in the territories in which we operate.

**Site visits** teach children and young adults about chemistry and how it impacts upon their daily lives, allowing them to see first hand some of the issues they cover in their science lessons.



#### **Work Experience**

Our Mill Hall production facility in Pennsylvania, USA supported the Central Mountain Middle School job shadowing programme, where a number of 8th graders joined employees at the site to learn about the different types of careers and opportunities available in the industry.

On the other side of the Atlantic, the Bromborough, UK site hosted students from a number of nearby schools in connection with the Nuffield Science Bursaries Scheme. This scheme provides students, interested in a career in science or engineering, opportunity to spend time in a real work environment.

#### **Mentoring & Careers Advice**

During 2008, employees from our head office at Cowick Hall, continued to provide a trained mentoring service to Year 11 students from local colleges which assists them with different aspects of their studies, future career opportunities and decisions regarding further education.

#### **Site Visits**

Each year, Croda supports on-site visits to our manufacturing plants and laboratories. This not only teaches children and young adults about chemistry itself, but also how chemistry impacts upon their daily lives.

During the spring of 2008, the Mevisa site in Northern Spain hosted twenty prospective plant operators who were all studying for their degrees at the Narcis Monturiol Institute. A complete site tour allowed the students to gain a better understanding of industrial chemical operations and plant design by translating chemical theory into practice.

We also continued our support of the "Children Challenging Industry" initiative. This focuses on a theme relevant to the children and then builds on this theme as part of the site visit. Our Hull, UK site used the theme 'Water for Industry' in 2008 which allowed the children to learn about the industrial uses of water; and to see first hand some of the issues they had covered in their science lessons.

# Community - Our Neighbours

Croda Brazil, continues to support a campaign to create a greater awareness of the environmental challenges facing the planet. The target audience is young people and involves a cartoon character named “Julinha Relógio” who has an objective of showing how to conserve environmental resources.

Julinha Relógio in her latest book shows children how they can preserve the environment by reducing waste and recycling.



The theme of this edition was "Julinha Relógio na Amazônia" – Julinha Relógio in the Amazon, where she shows the cultural diversity and the relationship children have with nature. Julinha shows the culture and lifestyles of the children who live in the Amazon and how different it is from an urban setting.

Over 1700 of the books have been donated to many different schools and institutions. We are proud to have championed this project and especially proud of the employees of Croda Brazil who have played a real part in coordinating it.

#### **Engaging with the Community**

Croda's significant involvement in community activities continued throughout 2008 in all locations. Our long history of support of charities and community groups has covered general fundraising and skills support and through our '1% Club' we aim to facilitate even greater engagement in community activity in coming years.

The '1% Club,' which allows employees to take up to 1% of their time off from work to enable community activity, has been used to support some interesting and very worthwhile initiatives.

A selection of '1% Club' projects through 2008 covered activities such as:

- Training to become a voluntary care worker
- Creating a sculpture gallery at a local school
- Helping a group of disabled youngsters travel on a pilgrimage to Lourdes with the sick and elderly
- Supporting "Dogs for the Disabled", a charity providing trained dogs to help the day to day lives of disabled people
- Working with children who have special needs at a local primary school
- Giving a gymnastic lesson at a childrens' school as part of a healthy living topic

#### **Future Priorities**

The focus activities associated with our local communities in 2009 can be summarised in three words – openness, dialogue and involvement. Two key objectives associated with efficient and productive dialogue with our neighbours, and the participation of employees in community activities will challenge us to become even more community focused.

The continued sharing of good practice through our company magazine, web-site and through the activities of project groups tasked with building on and developing the commitment from within our business will allow us to increase our performance in this area.

# Environment - Our World

Croda operates its business in a manner which actively seeks to prevent or minimise the possibility of our operations causing harm to people, plants or animals. We strive to provide the resources to educate and involve every individual in the Company in achieving this objective.

Excellence in the management of safety, health and the environment is vital to ensuring the long term future and profitability of the Company.

This commitment is reflected in Croda's Safety, Health and Environment Policy:

- We believe that all accidents, incidents and work related ill health are preventable and we manage our business with this aim, including the provision of adequate resources for the prevention of major accident hazards
- Because we are human, mistakes can be made; but because we are committed, intelligent human beings, we investigate to identify the basic causes and take action to prevent these mistakes being repeated
- As an absolute minimum we will comply with all national regulations but in addition we set our own demanding internal corporate standards on matters relating to safety, health and the environment and endeavour to comply with them throughout our international operations
- Site management teams within the Company are measured for their contribution to the continuous improvement of safety, health and environmental performance in their area of responsibility. Individual employees each have a responsibility to participate in and contribute to the improvement of the corporate SHE performance
- We will continue to search out new ways of conserving all the natural resources used in our processes
- We will continue to innovate in order to improve our products and processes so that their effect on safety, health and the environment is reduced
- We will continue to improve communication and the exchange of views with employees, employee representatives, customers, contractors, suppliers, neighbours and any other individual or organisation affected by our business

**Mike Humphrey**  
Group Chief Executive

There are two pressing choices in life: to accept conditions as they exist, or accept the **responsibility** for changing them.

Denis Waitley

Wind turbine at Hull factory Croda was the first chemical company in the UK to build and operate a 2MW wind turbine to cut costs and CO<sub>2</sub> emissions. The turbine is producing 40% of the Hull site's electricity needs and exporting any excess to the national grid.



# Environment - Our World

We have assessed the significant safety, health and environmental risks posed by the Company's activities, and an appropriate set of arrangements has been implemented to control these hazards. The effectiveness of these arrangements is monitored and reviewed on a regular basis with action taken to redress any deficiencies and ensure continuous improvement.

**Gouda** A new, more efficient membrane disk aeration system was installed, resulting in not only meeting the performance expectations in effluent treatment but halving energy consumption of the compressors, and reducing noise levels.



One must care about a **world** one  
will not see.  
Bertrand Russell

The Group controls its business by the delegation of much of its management responsibility, including safety, health and environmental matters, to its site heads and senior managers.

The overall strategy, development of policy and review of SHE performance within the Group is controlled by the Group SHE Steering Committee. The Group SHE department assists in setting standards, providing guidance, brokering best practice and auditing the sites against international standards as well as Croda internal standards.

The Group SHE Manual, issued in 2007, provides the framework upon which the individual site SHE management systems are based. Sites are regularly audited for compliance with this Manual and all Croda manufacturing sites have the objective of certification to BS EN ISO 14001 and BS OHSAS 18001 by the end of 2010.

The results of SHE audits and other relevant performance indicators are used to focus the Group SHE initiatives and the annual Group SHE objectives. The audit process, used by the Group SHE department to audit the manufacturing sites, has been externally validated by BSI in 2004 as being in accordance with BS EN ISO 19011 auditing guidelines for quality/environmental management systems.

Most of these key safety and environmental objectives were issued in 2007 using 2006 as the baseline and running until 2011, and they play a central and important part in our overall corporate social responsibility goals. Where necessary, the performance against these objectives and targets has been re-based on current manufacturing operations at the end of 2008. Our performance and progress are reviewed later in the report.

#### **Improved Effluent Treatment System - Gouda, The Netherlands**

The management of the environmental performance of our manufacturing operations forms a major part of our commitment. In the early 1970s, the Gouda site became one of the first to install a state-of-the-art industrial effluent treatment system. Over time, we have made significant progress in reducing water consumption at the site, with the resultant reduction in total water discharge to the river. To achieve further benefits, it was obvious that the 'aeration' part of the waste water treatment operation needed to be upgraded. Following the evaluation of several systems, a new, more efficient membrane disk aeration system was installed, resulting in not only meeting the performance expectations in effluent treatment but halving energy consumption of the compressors, and reducing noise levels.

#### **New Filtration System - Rawcliffe Bridge, UK**

Every year, there is more recycled green glass in the UK than can be processed through normal routes. This surplus must either be used in alternative markets or exported - at a cost! One such market is in water treatment, where deep bed filtration is used to remove suspended solids from effluent. In this application, sand has been traditionally used for many years, but following trials, it has been shown that medium grade recycled glass can remove 30% more solids than the same grade sand. A deep bed filtration system was installed, prior to the final discharge of the site's effluent, utilising recycled glass as the filtration medium. Results have shown an improved removal of suspended solids.

# Environment - Our World

## Sustainable Energy - Emmerich, Germany

In April 2008, the Ministry of Economics of North Rhine Westphalia organised a climate conference. As part of the proceedings, a Best Practice Manual was published, illustrating examples of projects aimed at reducing energy across a wide range of industries.

Croda Emmerich was one of the main contributors, with a feature outlining key aspects of its EMMergy (energy saving) Programme.

The aim is to reduce the site's energy costs by approximately 20%, mainly by 20 energy saving projects which will be implemented over the next three years. The major project was the installation of two new triple action steam generators, capable of burning gas, side streams and all of the site's volatile organic compound (VOC) streams. This not only gave cost savings but led to a reduction in greenhouse gas emissions as well. This investment has proved to be more energy efficient and has eliminated VOC emissions on the site.

Our feature in this important publication demonstrated our proactive approach to energy conservation and shows that Croda, at a time when the chemical industry, like many other manufacturing industries, is under scrutiny in respect of energy consumption and environmental considerations, is a leader in energy and resource efficiency.

### Process Effectiveness and Energy - Cremona, Italy

Energy saving and optimisation is a must for every operational site. A successful way of recovering heat and achieving energy savings has been implemented on the Cremona site, with the installation of a thermo-compression system to recover low level heat from the distillation units used in fatty acid manufacturing. This has led to a reduction of energy use by the simple recovery of heat previously lost to the air, to generate low pressure steam used elsewhere on the site.

### Energy Synergy - Chocques, France

For over 15 years the Chocques site has established an energy trading relationship with the nearby waste incineration plant. The incinerator which processes 84,000 tonnes of household waste from the community in the Bethune area is operated by Veolia.

The furnaces within the incinerator produce steam which is then used to generate electricity via a turbine for their own consumption. However, there is an excess of steam produced by the processing of waste for which the incinerator facility has no need.

Today, 90% of the Chocques site steam requirement is supplied by the neighbouring incineration plant - in practice this equates to 45000 tonnes of steam transferred by connecting pipeline to Chocques, which would have otherwise been condensed and all of its heat content lost to atmosphere.

There are multiple benefits of this arrangement. Environmental benefits are the active reduction of atmospheric emissions, the indirect saving of fossil fuel by Croda and a meaningful contribution to our reduction in green house gas emissions. There are obvious economic advantages to both Croda and Veolia and of course the broader mutual benefits of the co-operation between two local employers. The working relationship has developed so closely that the Chocques site ensures planned shutdowns and key maintenance programmes are co-coordinated with the neighbouring incinerator.

### **Water Sustainability - Croda Singapore**

We recognise that water scarcity, especially of mains drinking water, is an emerging issue and our goal across all of our manufacturing sites is to reduce the use of mains water.

Our manufacturing site in Singapore started to use 'Newater' in April 2008 and its use has now increased to approximately 90% of its total water consumption. 'Newater' is the brand name given to reclaimed water produced by Singapore's Public Utilities Board. Using state of the art technology, the Utilities Board is treating wastewater through a combination of stringent purification techniques, including dual-membrane reverse osmosis and ultraviolet technologies, in addition to conventional water treatment processes.

The use of 'Newater' has enabled the site to reduce mains drinking water consumption by over 200 tonnes per day and significant cost savings have also been achieved.

### **Future Priorities**

The Group has established long standing practice in setting and reporting on annual safety, health and environmental objectives and targets. Our performance on each of these objectives is presented in this report.

We have set ourselves a further objective within this 5 year cycle, reflecting our priority to reduce organic losses via waste water directly and indirectly to the aquatic environment. This will require a coordinated programme of monitoring and collation of organic losses to establish base line data and to develop location based action plans and targets to minimise loss.

# Market Place - Our Partners

Treating our customers and partners with honesty and integrity is essential to our business success and we recognise that working constructively with all stakeholders on the responsible management of our raw materials and products is essential to our future.

Our goal is to improve our products and actively search out new ways of maximising the efficient use of all resources used in their manufacture. Our commercial teams work with customers and other business partners, aiming to anticipate and respond to their needs.

Underpinning this work is the knowledge that as an absolute minimum we will comply with all legislative requirements applicable to our products and where appropriate set our own more demanding standards.

## Up Close and Green

We are recognised as being one of the world's leading suppliers of speciality chemicals based on renewable raw materials. In many of our markets there is more interest than ever from customers and end consumers in the origin of raw materials.

Our definition of 'natural' relates to the source and refers to plant, animal or mineral origin while 'renewable' refers to the capacity for replacement and renewal. Therefore, it is limited to plant and animal sources. Oil and petrochemical derived resources do not qualify.

In 2008, over 70% of the raw materials we used were from renewable sources and our reporting of the percentage of renewable raw materials forms a major part of our response to GRI indicator EN1.

In 2009, our intention is to establish practice worldwide to more accurately monitor the sourcing and use of renewable raw materials and to continue to actively engage with suppliers, customers and other stakeholders in the development of responsible and sustainable supply chain initiatives for renewable raw materials.

With a predominantly renewable raw material base it follows that the majority of our finished products are ideally suited to meet the increasing environmental demands in many industries.

In Personal Care, we believe that no other company provides such a wide and diverse range of ingredients, many of which satisfy the industry's desire for green chemistry. Whilst there is growing interest in "natural cosmetics", there is no regulation of such products. Guidelines for the manufacture, marketing and labelling of "natural cosmetics", as well as the use of the term, vary from country to country. In the absence of any official definition, organisations have started to develop their own guidelines and labels for natural cosmetics. Each of these bodies has taken a slightly different approach and, as a result, there are various "natural", "organic" and "eco-labelling" standards.

To support our customers' diverse options, we have published a Personal Care 'Green Guide', which allows customers to make an informed choice based on an appropriate selection of green product criteria.

The Crodarom Botanicals business is at the forefront of renewable, sustainable sourcing. Crodarom is able to classify whether or not an extract is derived from plants that are organically cultivated and has an established policy of sustainability, exemplified by its adherence to CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora). Crodarom also offers products with Ecocert natural and organic certification and products derived from forests which have been given the Forest Stewardship Council (FSC) accreditation.



We are made wise not by the recollection of our past, but by the **responsibility** for our future.

George Bernard Shaw

Green Product Guides Croda leads the way in giving our customers the opportunity to formulate greener products.



# Market Place - Our Partners

In Home Care, environmentally conscious consumers seek more information on the ingredients used in household products, putting further focus on biodegradability and aquatic toxicity of raw materials. To assist customers, we have published a Home Care “Green Guide” that provides valuable green product information based on criteria that have been specifically designed for the home care market.

We are now going beyond the intrinsic characteristics of our ingredients such as source, composition and environmental performance and implementing a programme to assess the carbon footprint of key technologies and products using the accepted BSI protocol PAS2050 on green house gas emissions across each product’s lifecycle.

## Innovation - Naturally Successful

Within Croda, Enterprise Technology has a remit to consider and acquire new technologies for the global Croda business network. The technologies include new chemistry, new routes to existing chemistry or new applications for existing chemistry. An important aspect of Enterprise Technology’s responsibility is the issue of sustainability, driven by Croda’s technology platforms of natural ingredients, green chemistry and biotechnology.

The better utilisation of natural chemistry is central to our part in a UK consortium run by the Biosciences for Business Knowledge Transfer Network called the “Integrated Biorefinery Technology Initiative” (IBTI), which is funding a network of universities looking at the complete utilisation of crops for new chemistry and other products.

We are supporting a European funded Framework 7 project, carrying out a two year exercise to collate existing scientific data relating to sunflower, olive and rape seed crops and discover how the whole plant could be used to provide chemicals and ingredients.

## Green Chemistry

Green Chemistry is the “design, development, and implementation of chemical products and processes to reduce or eliminate the use and generation of substances hazardous to human health and the environment”. This is pivotal to our technologies for the future.

The Croda Green Chemistry Steering Group has prepared a policy for green chemistry. All research groups within Croda are encouraged to adopt its principles when developing new products and chemical processes.

## CRODA

All Croda Research and Process Development Scientists are committed to the principles of Green Chemistry. When developing new chemical products or processes, our scientists endeavour to:

- Prevent waste generation when designing new chemical syntheses
- Design products that provide maximum functionality with little or no toxicity
- Minimise the use of chemicals hazardous to humans and the environment
- Use renewable and sustainable raw materials whenever possible
- Make use of catalytic reactions to reduce waste
- Minimise the number of steps in a chemical syntheses
- Make efficient use of atom economy such that final products contain the maximum proportion of starting materials
- Make use of safer solvents or eliminate solvent use
- Design syntheses and processes that operate at lower or preferably ambient temperatures to reduce carbon footprints
- Design products that are biodegradable and present no harm to or accumulation in the environment
- Develop real-time monitoring of processes to minimise formation of by-products
- Design products with safety built in to the manufacturing processes

### **Biotechnology**

The group has been very active in developing biotechnology as a core technology platform for Croda's future.

Sederma in France has developed many products based on biotechnology. Our new focus is on the discovery of novel marine actives and materials for the Personal Care market, with research being carried out in the areas of industrial biotechnology and marine biotechnology, to discover novel enzymatic processes and sustainable raw materials.

### **Design for the Environment**

Croda develops new products for a diverse range of applications. The goal is to develop products which fully match the technical needs and expectations of the different markets. However, we have increasingly targeted new products, which have an improved environmental impact with no reduction in performance.

This can range from developing new processes for existing products or replacement new products which use less scarce raw materials, ensuring that our products have an improved environmental profile. Replacement of petrochemical based raw materials with renewable raw materials is a good example.

### **Health Care**

For the Health Care market we have developed improved processing techniques for our Omega 3 concentrates from marine oil. The nutritionally beneficial fatty acids in marine oil are thermally unstable and so processes with only short periods of time at elevated temperatures are utilised. This results in inefficient separation of components and low yields of highly concentrated products. Replacement products are being developed using new processing techniques to ensure more efficient use of marine oils. We have developed novel seed crops such as Echium, containing Omega 3 fatty acids, that will replace some of the marine oil used in nutritional supplements.

### **Personal Care**

In the Personal Care market, we are developing products which can replace traditional petrochemical based emulsifiers. Molecules are being developed which meet or surpass the high performance of traditional products, but are produced from renewable raw materials.

### **Home Care**

In our customers' applications, some of our products can be released into the environment, so it is important that they have a minimal impact. We are developing products which improve the performance of hard surface cleaners. This will protect surfaces after cleaning so that less surfactant is needed for re-cleaning. The additive has also been designed to be biodegradable. This new development will help reduce the levels of surfactants washed down the drain as well as having minimal impact on the environment.

# Market Place - Our Partners

You cannot escape the **responsibility** of tomorrow by evading it today.

Abraham Lincoln

Eco-considerate Hydraulic Fluids Croda has designed a range of Priolube™ high performance, highly biodegradable esters which can be substituted for conventional mineral oils. The Priolube™ range continues to work under high load/high temperature conditions yet can still be used in the coldest of climates.

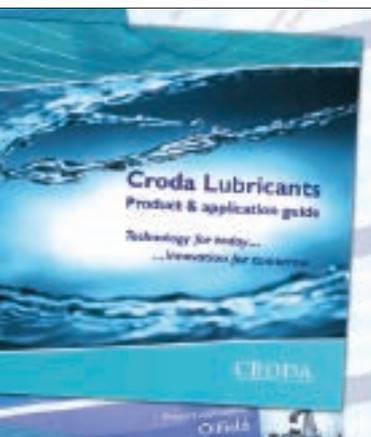


## Lubricants – Seizing the Environmental Opportunity

A number of international studies have shown that for many industrial nations, the direct costs of friction and wear can account for nearly 10% of GDP and savings of 1-2% of GDP could be achieved by simply using the right lubricant.

The main areas of potential savings are reductions in:

- Energy consumption due to reduced friction
- Maintenance and repair bills and investment savings due to increased asset life
- Lubricant consumption due to extended drain intervals
- Waste disposal bills



As well as cost savings, many of these have a direct impact on the size of the carbon footprint left by the use of the lubricant. Croda manufactures a range of synthetic lubricants and additives that can significantly improve performance. Mineral oils currently represent over 90% of the global lubricant market. Synthetic lubricants, with the key advantages of higher performance, lower carbon footprint and the ability to be based on renewable raw materials, are growing fast.

### Eco-considerate Hydraulic Fluids

Earth movers and bulldozers rely on hydraulic fluids to lift and dig. It is not uncommon for them to lose 70 - 80% of their hydraulic fluids through leaks and line breakages. In the 1990s, this amounted to 460,000 tonnes of lubricant per year in Western Europe alone. Natural crop based lubricants can answer part of this problem. However, such lubricants have performance issues when used under the most demanding applications (very high or very low temperatures). To answer this need, Croda has designed a range of Priolube™ high performance, highly biodegradable esters which can be substituted for conventional mineral oils.

The Priolube™ range continues to work under high load/high temperature conditions yet can still be used in the coldest of climates. Croda scientists have managed to build high levels of sustainable raw materials (>75%) into the back-bone of these molecules. This has allowed Croda customers to develop a range of "top-tier" products which not only meet the most demanding of applications but also pass the challenging European "eco-label" targets for green hydraulic fluids.

### Fuel Efficient Engine Oils

Car engines are becoming smaller and more powerful leading to higher operating temperatures. At the same time, with the introduction of engine management sensors and turbochargers, the engine has become much more sensitive to decomposition products which can block or degrade these components. Also, consumers want to significantly extend the drain interval of the oil.

There are also continuing and growing pressures to improve the fuel efficiency of the car. To put this in perspective, General Motors have estimated that a 1% improvement in efficiency would save 1.4 billion gallons per year of fuel in the USA alone.

Croda has developed a range of patented, oxidatively stable Priolube™ fuel efficient lubricant additives and Perfad™ friction modifiers that seeks to address these issues. The high performance of the Priolube™ lubricant additive range has also led several formulators to use them in top tier racing car formulations such as in Formula 1. As well as giving marked improvements in fuel efficiency, their enhanced stability allows them to maintain their superior frictional benefits over extended periods.

# Market Place - Our Partners

We have to do the best we can. This is our sacred human **responsibility**.

Albert Einstein

ATPLUS S-10 In Crop Care, we have developed novel water soluble packaging for a powdered adjuvant. This enables controlled dosing and safe application. Handling, waste management and container recycling costs are virtually eliminated.



## Crop Care

As the world's population continues to grow, the amount of land available for food production reduces. Further pressure is applied as more of the crops traditionally grown for food production find higher value uses in biofuels. It is important to maximise crop yields, at the same time ensuring that quality and consistency of crops is also enhanced.

The crop protection industry has developed focus on the control of weeds, fungus and pests as these can seriously impact upon production levels.

The industry develops active ingredients that are specifically designed to target and eradicate different competing weeds prior to seed germination, thereby achieving maximum crop yield. However, in addition to developing the active ingredient, it is also necessary to produce a formulation that 'wraps around' them to enable them to work more effectively, whilst minimising application rates.

The industry supplies in excess of \$30 billion per annum of agrochemical formulations and seed treatments. The growers of corn, soybean, cotton, wheat, barley, canola, rice, all types of fruit and vegetables, through to the ranchers whose pasture and rangeland are used as forage for cattle, horses and other livestock, rely on these important products.

The Crop Care industry uses surfactants and dispersants to improve the effectiveness of crop protection products in two ways. Firstly, they are used as formulation aids in the active ingredient formulation. These include diluents, solvents, carriers, colourants and other functional ingredients. Surfactants are generally used as dispersants and/or emulsifiers for the active ingredient in the formulation. Secondly, they are used as adjuvants, where the surfactant improves the efficacy of the agrochemical after it has been applied, by improving its wetting, spreading and sticking characteristics. It is these two classes of product, formulation aids and adjuvants, which Croda's Crop Care business supplies to the industry, sold under respected brand names such as Atlox™, Crovol™ and Atplus™.

An example of the science Croda brings to the industry can be found in Latin America where a solution has been developed to not only meet the customer requirement for product performance but with a focus on improved environmental performance.

BASF is one of our key global partners in the Crop Care market. BASF is a company that is always looking for innovative and safer products. In Argentina, BASF was developing a new herbicide (Imazapyr) system for modified sunflower seeds. The customer had two key requirements, improved product performance and improved environmental impact. A new adjuvant was required that allowed the replacement of older less environmentally friendly ingredients such as nonyl phenol ethoxylates, combined with a different formulation technique, WDG -water dispersible granules, that allowed a more targeted end use application.

Croda Argentina worked together with BASF and Croda Inc to find an innovative solution that would meet these challenging needs. The product developed is Atplus™ S 10, a solid, nonyl phenol ethoxylate free adjuvant, with a technology that helps BASF to improve the efficacy of their Clearsol DF herbicide. Clearsol is part of the Clearfield System®.

Atplus™ S-10 delivers improved product efficacy combined with extensive environmental advantages.

- Water soluble package: no empty drums with residual product inside
- Increases the efficacy of the active ingredient, reducing the dosage rate
- Safe transport and easy handling. 100% of the product goes to the tank mix
- Biodegradability

# Market Place - Our Partners

## Product Performance, Quality and Safety

The commitment to product stewardship is a key element of our business. Croda looks beyond regulatory compliance and our policies encompass the protection of our customers and the public by the assessment and management of the potential risk from our products throughout their lifecycle; covering research and development, raw material sourcing, manufacture, storage, distribution and ultimate applications including safe handling and use.

Quality is fundamental to everything we do. All manufacturing locations and increasingly other locations (sales and distribution) which are involved in ensuring customer satisfaction are required to be registered to an independently accredited quality management system.

This is usually ISO 9001 but some locations adopt further standards that are more appropriate to the products they make and the customers they serve. Invariably these standards are more demanding and provide even greater assurance of quality to customers.

Across the group, our SAP R/3 enterprise management system is the backbone of all quality management activities. This fully integrated system ensures the delivery of high quality products to customers.

Croda has developed action plans for enhancing the quality management systems in place at our manufacturing sites, with particular focus on the implementation of Good Manufacturing Practice (GMP). In recent years we have been very active in developing internationally recognised guides for GMP for Cosmetic Ingredients (with the European Federation for Cosmetic ingredients) and for Pharmaceutical Excipients (with the International Pharmaceutical Excipients Council). Several manufacturing sites that supply these market sectors already meet or exceed these standards.

The ability to communicate the quality and safety of our products to our customers has undergone a step change with the formation of a central Product Assurance Department in Europe. Many uses of Croda's speciality chemicals are heavily regulated and a great deal of information has to be sent to customers to allow them to comply with these regulations and place their product on the market. This is in addition to the information presented in safety data sheets and product specifications.

An investment in new environmental hazard systems is allowing the key information on product safety to be communicated consistently and in a wide selection of languages, assisting our customers in the safe handling and use of our products.

### REACH

New EU regulations requiring registration, evaluation and authorisation of nearly all chemical substances supplied in Europe are now in force (REACH). They require a phased approach to registration over the next 9 years, starting with the largest volume substances.

Croda recognises that REACH is a reforming and radical approach to chemical regulation and we will play our part in ensuring that the industry achieves the ultimate goal of ensuring there is sufficient information on chemicals made and used within the EU. There will be a demand for higher levels of proof of performance and environmental acceptability for novel products, but Croda sees this as a positive move for the high-tech European chemical industry with its close links to the end consumer markets.

Croda started preparing for compliance on REACH as far back as 2004, assembling a high level Steering Group to assess, evaluate and define the strategic impact of these regulations. Extensive analysis and communication of REACH and the potential impact on both existing and future products has been completed within Croda, and an implementation plan agreed to ensure that all substances in our products, intermediates and key raw materials were identified and pre-registered as required before 1 December 2008.

Croda has successfully completed pre-registration and we are able to reassure our customers that all substances within the products supplied by Croda into Europe that fall under the REACH regulations are pre-registered for use until their required phase-in registration dates.

This ensures the continued ability of Croda to manufacture and import substances falling under the scope of REACH. We have worked closely with our suppliers and customers worldwide to assist in their understanding and preparation for REACH. Our view is that REACH is complementary to our company commitment to ensure there is an adequate understanding of the hazards of the chemicals we make and use, and to innovate with technology that improves chemical safety profiles for humans and the environment. We see our current best practice in communicating information on the hazards and safe use of our products as consistent with these objectives under REACH.

To help communicate with our customers, Croda has recently launched a web portal dedicated to our approach to REACH, [www.REACHforCroda.com](http://www.REACHforCroda.com)

Here, customers can find information on Croda's policies, answers to many key questions they may have and provide Croda with information on product end usages to allow us to complete relevant risk assessments on the exposure of humans and the environment to our chemicals.

#### Future Priorities

The vast array of natural and renewable raw materials used by the Group underpins responsible and sustainable practice. We recognise that sustainability is not just about demonstrating that natural and renewable raw materials form the majority of our raw materials. Our responsibility is to ensure that our sourcing is in line with responsible supply chain management.

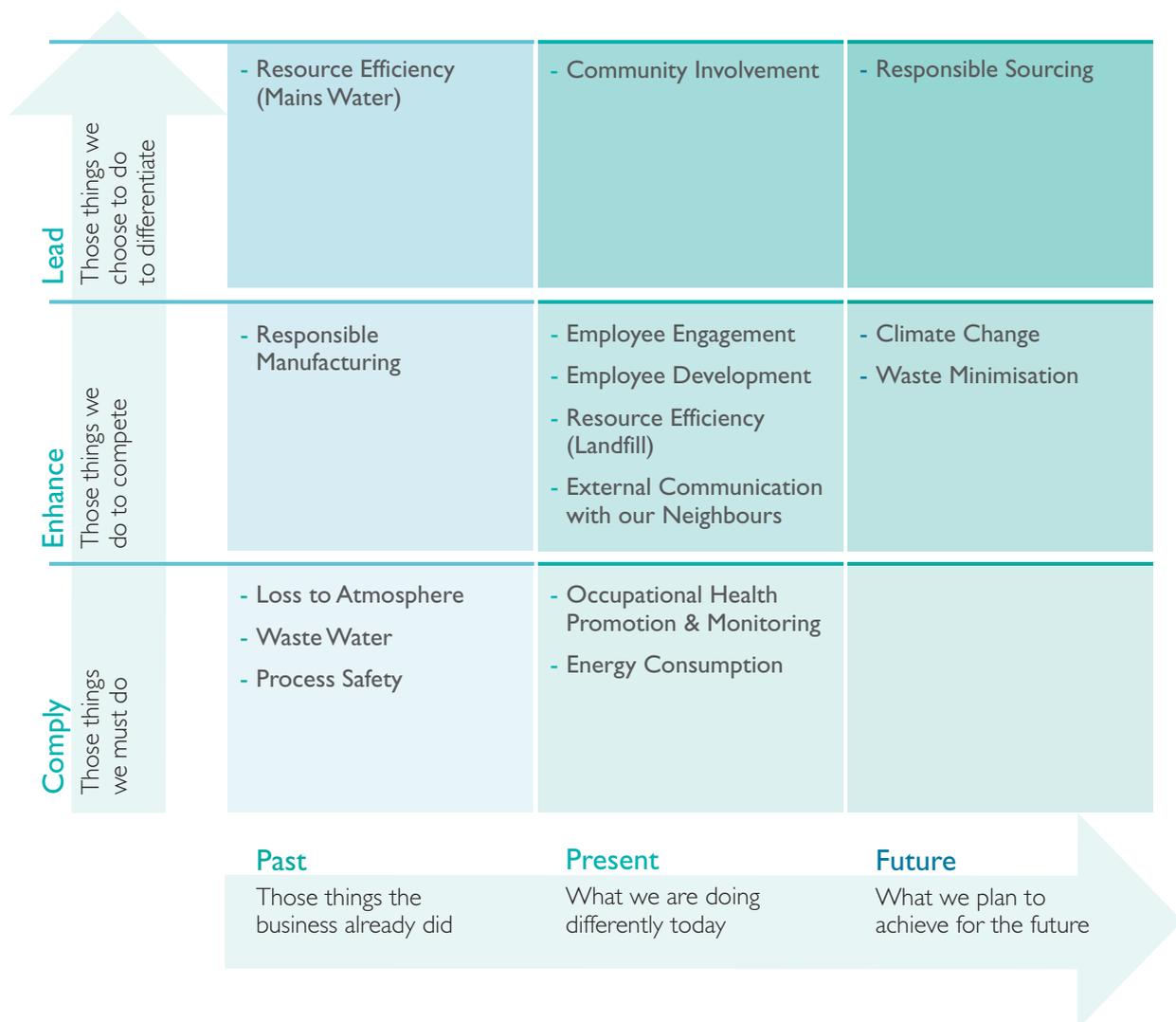
In 2009, we plan to establish practice worldwide to accurately monitor the sourcing and use of renewable raw materials and to continue to actively engage with suppliers, customers and other stakeholders in the development of responsible and sustainable supply chain initiatives for renewable raw materials. We have formed a senior level team from across the company to review the Group's portfolio of renewable raw materials and to identify future practice and opportunities.

Greenhouse gas emissions are monitored and reported by the Group, which is an active contributor to the Carbon Disclosure Project. We remain committed to increasing use of energy from renewable sources as demonstrated by investments made across the Group in using alternative fuels and wind power.

Our commitment is to broaden our activities by focusing on our products and the impact of processes, materials and decisions through their life cycle. We intend to assess the carbon footprint of key products with the BSI (PAS) 2050:2008 – Specification for the assessment of the life cycle greenhouse gas emissions of goods. The standard offers a way of counting the green house gas emissions embedded in products throughout their entire lifecycle - from sourcing raw materials, through to manufacture, distribution, use and disposal. We aim to reduce emissions in the design, making and supplying of products, giving products that are less carbon intensive and developing new products with lower carbon footprints.

# Action Plan - Objectives, Targets and Performance

## Outcome - Issue Review and Future Priorities



## Issues & Objectives - Our People

This is a new area of CSR measurement for Croda. We are showing our new objectives and targets. Our performance on these objectives will be reported each year.

### Issue: Employee engagement & satisfaction

#### Objective

To gain a better understanding of employee expectations, commitment, engagement and satisfaction.

#### Targets

On a global basis to maintain average voluntary\* turnover at less than 10%.

#### Performance in 2008

Partial information provided on GRI indicator LA2.

To identify, develop and roll out a comprehensive employee survey during 2009, to gain a better understanding of employee expectations, commitment, engagement and satisfaction, globally.

At the end of 2009 set realistic and relevant CSR targets for 2010, 2011 & 2012 based on employee feedback and turnover analysis.

### Issue: Openness of communication

#### Objective

To ensure that all locations have in operation channels for regular two way dialogue with employees.

#### Target

Every Croda site to hold a minimum of 2 employee communication sessions (sales offices & manufacturing sites) per annum.

### Issue: Employee development

#### Objective

To ensure that development and training opportunities are made available to all employees to enable them to reach their full potential.

#### Target

By the end of 2009 to have an accurate base line figure on which to report number of days training and the percentage of workforce receiving training. From this to set realistic targets for 2010.

### Issue: Best practice in occupational health promotion and monitoring

#### Objective

To ensure all locations have in operation health promotion and monitoring activities.

#### Targets

To undertake a training/communication programme to ensure best practice occupational health promotion & monitoring is in place at all locations.

By the end of 2009 to set realistic CSR targets for 2010 onwards in relation to improvements to global occupational health promotion and monitoring activities.

\* As defined by GRI Indicator LA2

# Action Plan - Objectives, Targets and Performance

## Issues & Objectives - Our Neighbours

This is a new area of CSR measurement for Croda. We are showing our new objectives and targets. Our performance on these objectives will be reported each year.

### Issue: Openness of communication

#### Objective

To ensure that all locations have in operation channels for regular two way dialogue with local communities.

#### Target

Every Croda manufacturing site to hold at least one face to face dialogue with their local communities per annum.

### Issue: Community involvement

#### Objective

To ensure that all locations operate the 1% club (or similar initiatives) to enable employees to undertake relevant community activities.

#### Targets

By the end of 2009 to ensure that all employees are aware of the availability of the 1% club or similar initiative.

By the end of 2009 to have an accurate base line figure on which to report number and type of community activities. From this to set realistic targets for 2010.

## Issues and Objectives - Our World

This is a long standing area of focus for Croda and we have measured our performance against each of the targets on a yearly basis. Here is our performance for 2008.

### Issue: SHE management

#### Objective

To continually improve the effectiveness of our SHE management systems.

#### Target

All former Croda manufacturing sites to be certified to BS OHSAS 18001 by 2009.  
All former Uniqema manufacturing sites to be certified to BS EN ISO 14001 and BS OHSAS 18001 by 2011.

#### Performance in 2008

The first target for all former Croda sites to be certified to BS OHSAS 18001 by 2009 has been successfully achieved. With respect to the second target, two of the former Uniqema sites are already certified to both BS EN ISO 14001 and BS OHSAS 18001 and the remaining nine sites are expected to achieve certification by the target date.

### Issue: Environment - Energy consumption

#### Objective

To continually improve the energy efficiency of our manufacturing processes.

#### Target

Based on 2006, to improve energy efficiency (GJ/tonne manufactured) at all manufacturing sites by 2% each year (8% overall) until the end of 2010.

#### Performance in 2008

The Group energy efficiency per tonne declined by 6.1% compared to 2007 and has declined by 7.7% since 2006. Overall energy use by the Group reduced by 3.6% compared to 2007 and has reduced by 9.25% since 2006. This was partly due to much reduced manufacturing volumes in 2008. Progress with energy reduction projects is demonstrated by our continued compliance with the energy reduction targets of UK Climate Change Agreement and the EU Emissions Trading Scheme.

During the year two sustainable energy projects were completed:

- A wind turbine capable of supplying 40% of the energy needs of the Hull, UK site
- A steam generator plant fuelled by waste combustible gases, biofuels and natural gas. In 2009, it is expected that 15% of the Emmerich, Germany site energy needs will be provided from biofuels

# Action Plan - Objectives, Targets and Performance

## Issue: Environment - Atmospheric emissions

### Objective

To minimise the mass of volatile organic compound (VOC) emissions released to air from our processes.

### Target

Based on 2006, all manufacturing sites to reduce VOC emissions (kg/tonne manufactured) by 5% per year (20% overall) until the end of 2010.

### Performance in 2008

There was a 20.4% reduction in the amount of VOCs per tonne released to air compared to 2007, and an overall reduction by 18.8% since 2006. This improvement was due to major investment during the period to control the releases of VOCs.

## Issue: Environment - Waste disposal

### Objective

To minimise the quantities of waste disposed to landfill.

### Target

Based on 2006, to reduce waste to landfill (kg/tonne manufactured) by 5% each year (20% overall) until the end of 2010.

The waste data relates to waste generated by the manufacturing operations. One off disposals of waste not directly associated with the manufacturing process, for example, construction excavations or contaminated land remediation, are excluded.

### Performance in 2008

Waste disposed to landfill per manufactured tonne reduced by 18.0% compared to 2007 and has reduced by 31.4% since 2006.

## Issue: Environment - Waste water discharges

### Objective

To reduce the environmental impact the Group has on controlled waters.

### Target

All manufacturing sites to achieve greater than 97.5% compliance with their effluent discharge consents in every year and for year on year continuous improvement towards 100% compliance.

### Performance in 2008

The compliance with our effluent discharge consents improved to 96.7% compared to 94.8% in 2007 and the baseline compliance of 90.8% in 2006.

## Issue: Environment - Consumption of mains water

### Objective

To reduce the Group requirements for mains water.

### Target

All manufacturing sites to reduce the use of mains water (m<sup>3</sup> per tonne manufactured) by 25% per tonne manufactured by 2009.

### Performance in 2008

The mains water used per manufactured tonne increased by 15.1% compared to 2007 and has increased by 19.5% since 2006\*. Overall mains water used by the Group has increased by 0.8% since 2006. Again this is due to the reduced manufacturing tonnage in 2008.

\*In November 2007 the Atlas Point site acquired an adjacent company with which it already shared utility services. It has not been possible to accurately separate the respective use of mains water by the two sites prior to this time and the data for the site has been omitted from the calculation of this performance objective.

A new objective has been set in 2008:

## Issue: Environment - Resource efficiency and waste minimisation

### Objective

Ongoing reduction in organic waste to the aquatic environment.

### Targets

Reduction in organic losses via waste water directly and indirectly to the aquatic environment.

Over 2009, introduce a programme to monitor and collate organic losses to establish base line data. This will allow each site to develop plans to minimise loss.

## Safety

### Personal Accidents

In 2008, there was an increase in the reportable accident rate of 0.27 to 0.35 per 100,000 man hours. The Group takes this increase very seriously and has started several initiatives to increase personal awareness of hazards, better accident reporting and improved communication around the Group of lessons to be learned from accident investigations.

### Process Safety Performance

Croda recognises that whilst the personal injury accident rate is an important indicator of SHE performance, it is also critical to monitor those events which might lead to process incidents.

Very infrequently such an event can result in a catastrophic accident. It is important that these events are recognised so that remedial action can be taken and the risk of a catastrophic accident reduced. The Group has developed and implemented a system for monitoring the performance of those engineering control measures which are critical to the safe operation of its processes.

This initiative has now taken the form of a set of Group process safety objectives.

# Action Plan - Objectives, Targets and Performance

## Issue: Assessment of process risks

### Objective

To assess the individual risk of fatality from the site activities and to identify whether this risk meets a recognised criterion.

### Target

To use improved risk assessment techniques to confirm that the individual risk of fatality from site activities meets the Group criterion by end of 2009.

## Issue: Control of process risks

### Objective

To demonstrate and monitor the effectiveness of control for each process.

### Targets

To clearly and concisely record the critical parameters and controls that are in place for the safe operation of all processes by the end of 2009.

To develop a system to monitor, investigate and report all significant deviations from the safe process conditions by the end of 2009.

## Issue: Review of process risks

### Objective

To regularly review the process risk assessments.

### Targets

To develop a programme to ensure that all process risk assessments are reviewed at least once every five years.

To monitor the timely completion of the review programme.

## Issue: Reduction of process risk

### Objective

To reduce process risks to as low as reasonably practicable.

### Targets

To ensure that actions arising from process risk assessments are prioritised and appropriately managed.

To monitor completion rates of all actions.

During the final quarter of 2008 the Group commenced a series of lengthy detailed audits of the process safety management system at each of our manufacturing sites against the standards identified in the Group SHE Manual.

#### Enforcement Action

In 2008, the Group was prosecuted in the UK by the Environment Agency for an unauthorised release to air and was fined £24,000 plus costs.

The Group was also fined \$5,500 plus costs in the USA for a failure to perform leak detection and repair procedures in the second half of 2005. This was prior to the acquisition of the site by Croda in September 2006.

The Group also reached an out of court settlement with the Public Prosecutor in Holland for alleged waste disposal offences during 2004 to 2006. This period was prior to the acquisition of the site by Croda in September 2006.

## Issues and Objectives - Our Partners

This is a new area of CSR measurement for Croda. We are showing our new objectives and targets. Our performance on these objectives will be reported each year.

### Issue: Responsible sourcing and use of natural and renewable raw materials

#### Objective

Use of renewable raw materials in line with responsible supply chain management.

#### Targets

In 2009, to establish practice worldwide to accurately monitor the sourcing and use of renewable raw materials.

To continue to actively engage with suppliers, customers and other stakeholders in the development of responsible and sustainable supply chain initiatives for renewable raw materials.

### Issue: Climate change

#### Objective

Reduction in carbon emissions.

#### Targets

To continue to be an active contributor to the Carbon Disclosure Project reporting on green house gas and energy and participate in the supply chain leadership cooperation initiative.

In 2009, to implement a pilot study to assess the carbon footprint of key technologies and products using the accepted protocol PAS 2050 on green house gas emissions across each product's lifecycle.

# GRI Reporting and 2008 CSR Performance

Croda self declares this report to GRI application level C.

In 2008, we conducted a review assessing the applicability of the Global Reporting Initiative (GRI) 2006 G3 guidelines. A cross-functional team reviewed the GRI aspects and indicators against a number of criteria including relevance, materiality to the company and the ability to report. They selected key indicators for our first year of reporting. We consulted both internally and externally with our stakeholders – investors, suppliers, customers, neighbours and our employees – listening to their views and opinions on priorities.

The index table includes the GRI G3 disclosures and those performance indicators we have selected for our initial phase of reporting.

This GRI summary prepared for and included in this published CSR Report is simply a high level and condensed summary of our GRI reporting practice and content.

This summary identifies where content on both the standard disclosures and selected indicators can be found. The main sources are the company website – [www.croda.com](http://www.croda.com), the CSR Report for 2008, the full GRI report on [www.croda.com](http://www.croda.com), and the Company Annual Report. The link to the Annual Report on financial reporting is intended to avoid duplication of information.

The full GRI report for 2008 will be published separately on the company website in the Corporate Social Responsibility area.

We have selected 18 GRI Performance Indicators for this first year of GRI Reporting. These indicators were chosen as having high relevance and materiality to our business. We have attempted to report fully in all instances apart from where we have identified partial reporting in the GRI content index.

Our declared goal is to fully implement GRI reporting and we intend to enhance this on a year by year basis, progressively working upwards from application level 'C'. Our immediate plans for GRI reporting in 2009 are to extend our selected set of Performance Indicators.

## Company Information

Croda is one of the world's leading speciality chemical companies. In 2008, the Group employed over 3500 people and had operations in 35 countries.

The business can be broadly classified into the following areas:

- Consumer Care with a focus on the Personal Care, Health Care, Home Care and Crop Care markets
- Industrial Specialities, supplying additives for, plastics, polymerisation, coatings, and lubricants as well as base oleochemical products
- In addition, the Group has an Enterprise Technology function which identifies and integrates new technology into Croda's global business structure

## GRI Report Content Index for 2008

Strategy and Profile Disclosures		
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision maker	CSR Report - Page 1
<b>Organisational Profile</b>		
2.1	Name of the organisation	CSR Report Annual Report www.croda.com
2.2	Primary brands, products and/or services	Available on path - www.croda.com > products and markets
2.3	Operational structure of the organisation	Annual Report Available on path - www.croda.com > company > company overview
2.4	Location of organisation's headquarters	Annual Report Available on path - www.croda.com > locations
2.5	Number of countries where the organisation operates	CSR Report - Page 42 Available on path - www.croda.com > locations
2.6	Nature of ownership and legal form	Annual Report Available on path - www.croda.com > corporate governance
2.7	Markets served by the organisation	CSR Report - Page 42 Available on path - www.croda.com > products and markets
2.8	Scale of the reporting organisation	Available on path - www.croda.com > company > company overview
2.9	Significant changes during the reporting period	Annual Report
2.10	Awards received in the reporting period	GRI Report Available on path > www.croda.com > company > company overview > corporate social responsibility
<b>Report Parameters</b>		
3.1	Reporting period	Annual Report
3.2	Date of most recent previous report	2007 calendar year Available on path > www.croda.com > company > company overview > corporate social responsibility
3.3	Reporting cycle	GRI Report on path - www.croda.com > company overview > corporate social responsibility
3.4	Contact point for questions	Samantha Brook - email samantha.brook@croda.com
3.5	Process for defining report content	CSR Report - Page 34 GRI Report on path - www.croda.com > company overview > corporate social responsibility
3.6	Boundary of the report	CSR Report - Page 42 GRI Report on path - www.croda.com > company overview > corporate social responsibility
3.7	Any specific limitations on the scope or boundary of the report	CSR Report GRI Report on path - www.croda.com > company overview > corporate social responsibility
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	Annual Report

# GRI Reporting and 2008 CSR Performance

## Strategy and Profile Disclosures

Report Parameters		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Not applicable
3.11	Significant changes from previous reporting periods	Annual Report
3.12	GRI Content Index	
Governance, Commitments and Engagement		
4.1	Governance structure of the organisation	Available on path - <a href="http://www.croda.com">www.croda.com</a> > company > corporate governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Available on path - <a href="http://www.croda.com">www.croda.com</a> > company > corporate governance
4.3	State the number of members of the highest governance body who are independent and/or non-executive members	Available on path - <a href="http://www.croda.com">www.croda.com</a> > company > corporate governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Available on path - <a href="http://www.croda.com">www.croda.com</a> > company > corporate governance
4.14	List of stakeholder groups engaged by the organisation	GRI Report on <a href="http://www.croda.com">www.croda.com</a>
4.15	Basis for identification and selection of stakeholders with whom to engage	GRI Report on <a href="http://www.croda.com">www.croda.com</a>

## GRI Performance Indicators

GRI Indicator No	Indicator Description	
EC1	Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	<p>CSR Report – Data Annex – EC1 GRI Report on <a href="http://www.croda.com">www.croda.com</a></p> <p><b>Turnover</b> £1002.6m</p> <p><b>Value added</b> £302.8m</p> <p><b>Bought in materials and services</b> £691.2m</p> <p><b>Other items</b> £8.6m</p> <p><b>Distribution of value added</b></p> <ul style="list-style-type: none"> <li><b>To employees</b> Pay, pension, social security and redundancy payments £158.0m</li> <li><b>To governments</b> Corporate taxes £33.3m</li> <li><b>To providers of capital</b> Interest, dividends and minorities £46.5m</li> <li><b>Retained in the business</b> £65.0m</li> </ul> <p><b>Total value added</b> £302.8m</p>

## GRI Performance Indicators

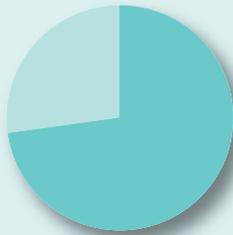
GRI Indicator No	Indicator Description	
EC3	Coverage of the organisation's defined benefit plans	Defined benefit pension plan coverage, based on a sample of 66% of the employment population is 57% CSR Report – Data Annex – EC3 Partial reporting
EN1	Materials used by weight or volume	CSR Report – Page 24 CSR Report – Data Annex – EN1 GRI Report on <a href="http://www.croda.com">www.croda.com</a> In 2008 over 70% of the raw materials we used were from renewable sources
EN3	Direct energy consumption by primary source	CSR Report – Page 37 CSR Report – Data Annex – EN3 GRI Report on <a href="http://www.croda.com">www.croda.com</a>
EN8	Total withdrawal of water by source	CSR Report – Page 39 CSR Report – Data Annex – EN8 GRI Report on <a href="http://www.croda.com">www.croda.com</a>
EN16	Total direct and indirect greenhouse gas emissions by weight	CSR Report – Data Annex – EN16 GRI Report on <a href="http://www.croda.com">www.croda.com</a> Over 2008, the total direct and indirect GHG emissions was 291,738 tonnes CO <sub>2</sub> The breakdown between direct and indirect GHG emissions was 66% and 34% respectively Detailed data on total direct GHG emissions can be found in the GRI Data Annex – EN16
EN20	NOx, SOx, and other significant air emissions by type and weight	CSR Report – Page 38 GRI Report on <a href="http://www.croda.com">www.croda.com</a> There was a 20.4% reduction in the amount of VOC per tonne released to air compared to 2007 For NOx, the 2008 figures for emissions globally were 741 tonnes and SOx were 1,479 tonnes
EN21	Total water discharge by quality and destination	CSR Report – Page 38 CSR Report – Data Annex – EN21 GRI Report on <a href="http://www.croda.com">www.croda.com</a> Partial Reporting
EN22	Total weight of waste by type and disposal method	CSR Report – Page 38 CSR Report – Data Annex – EN22 GRI Report on <a href="http://www.croda.com">www.croda.com</a> The breakdown by total weight of waste by the following criteria of hazardous, non hazardous and total can found in the GRI data annex – EN 22
EN23	Total number and volume of significant spills	There were no significant and reportable spills in 2008
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	CSR Report – Pages 24-33

# GRI Reporting and 2008 CSR Performance

GRI Performance Indicators		
GRI Indicator No	Indicator Description	
LA1	Total workforce by employment type, employment contract and region	<p>The total number of employees is 3,624 distributed as follows: Europe, 65%, Asia, 18% and The Americas 17%</p> <p>Based on a 88.7% of the employment population, the distribution by gender are males, 72% and females, 28%</p> <p>Based on a sample of 88.7% of the employment population, employees working part time are 6% of the total</p> <p>Based on a sample of 88.7% of the employment population, employees on temporary contract account for 3% of the total</p> <p>CSR Report – Data Annex – LA1 GRI Report on <a href="http://www.croda.com">www.croda.com</a> Partial reporting</p>
LA2	Total number and rate of employee turnover by age group, gender and region	<p>Employee turnover by region – based on a sample of 88.7% of the employment population is:</p> <p>Asia: 13%</p> <p>Europe: 6%</p> <p>The Americas: 17%</p> <p>The global average is 9%</p> <p>CSR Report – Data Annex – LA2 GRI Report on <a href="http://www.croda.com">www.croda.com</a> Partial Reporting</p>
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work related fatalities by region	<p>CSR Report – Page 39 CSR Report – Data Annex – LA7 GRI Report on <a href="http://www.croda.com">www.croda.com</a></p> <p>In 2008 there was an increase in the reportable accident rate of 0.27 to 0.35 per 100,000 man hours</p> <p>There was one reported case of an industrial disease – dermatitis There were no work related fatalities</p>
LA10	Average hours of training per year per employee by employee category	<p>CSR Report – Data Annex – LA10 GRI Report on <a href="http://www.croda.com">www.croda.com</a></p> <p>Average hours of training per employee, based on a sample of 88.7% of the employment population, for 2008 was 21 hours Partial reporting</p>
S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	<p>CSR Report – Pages 12-17 GRI Report on <a href="http://www.croda.com">www.croda.com</a></p>
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	<p>CSR Report – Pages 32-33 GRI Report on <a href="http://www.croda.com">www.croda.com</a></p>
PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services	<p>CSR Report – Page 40 GRI Report on <a href="http://www.croda.com">www.croda.com</a></p>

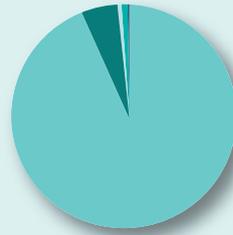
## GRI Summary Report - Data Annex

### Our World



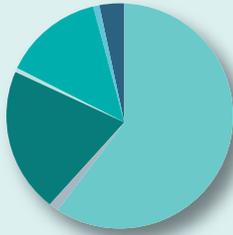
**GRI Indicator – EN 1**  
2008 Raw material sources

- Renewable (73%)
- Non renewable (27%)



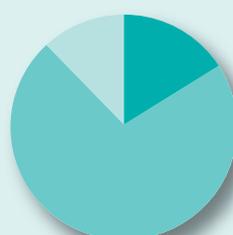
**GRI Indicator – EN 3**  
Direct energy used by source

- Natural gas (93.6%)
- Combined light and heavy fuel oils (4.9%)
- LPG (0.5%)
- Biofuel (0.8%)
- Wind (0.2%)



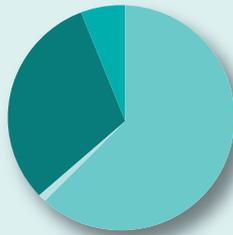
**GRI Indicator – EN 16**  
Carbon dioxide emissions by source

- Light fuel oil (3.1%)
- Natural gas (60.4%)
- Heavy fuel oil (1.4%)
- Electricity (20.3%)
- LPG (0.4%)
- Steam (13.6%)
- Biofuel (0.8%)



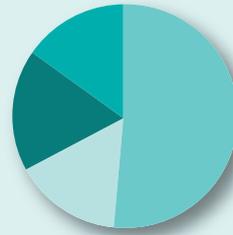
**GRI Indicator – EN 8**  
Water volumes by source

- Surface water (16.3%)
- Ground water (71.4%)
- Mains water (12.3%)



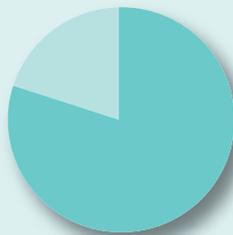
**GRI Indicator – EN 22**  
Hazardous waste

- Landfill (1.3%)
- Incinerated (30%)
- Other (6.5%)
- Recycled (62.2%)



**GRI Indicator – EN 22**  
Non hazardous waste

- Landfill (15.6%)
- Incinerated (18%)
- Other (14.7%)
- Recycled (51.7%)



**GRI Indicator – EN 22**  
Total waste

- Hazardous waste (20%)
- Non hazardous waste (80%)

# GRI Reporting and 2008 CSR Performance

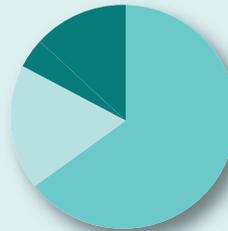
## GRI Summary Report - Data Annex

### Our People

#### GRI Indicator - LA 1 partial reporting Total workforce by region

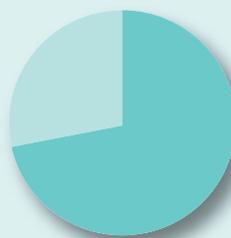
Employee numbers by region

Europe	2,361
Asia	655
The Americas	608
Total	3,624



#### GRI Indicator – LA1 Total workforce by region

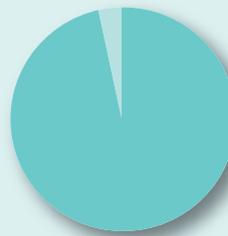
Europe	(65%)
Asia	(18%)
The Americas	(17%)



#### GRI Indicator – LA1 Employees by gender

Based on sample of 88.7% of employment population

Females	(28%)
Males	(72%)



#### GRI Indicator – LA1 Employees working part time

Based on sample of 88.7% of employment population

Part time	(6%)
Full time	(94%)

#### GRI Indicator - LA 2 partial reporting

##### Turnover by region

Based on data from a sample of 88.7% of employment population

##### Turnover

Asia	13%
Europe	6%
The Americas	17%
Global Average	9%

Calculations based on voluntary turnover defined by GRI indicator LA 2

Calculations based on resignations only – global average = 6%

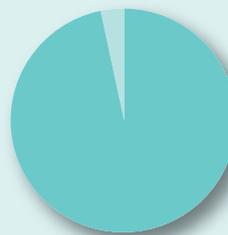
#### GRI Indicator - LA10 partial reporting

##### Average hours of training per employee

Based on sample of 88.7% of employment population

Total hours of training for all employees in sample	68,164
Total employees in the sample	3,216

Average hours of training per employee for 2008 = 21hrs



#### GRI Indicator – LA1 Employees working on temporary contract

Based on sample of 88.7% of employment population

Temporary contract	(3%)
Permanent contract	(97%)

#### GRI Indicator - EC3 partial reporting

##### Defined benefits plan coverage

Based on sample of 66.6% of employment population

Total number of employees in sample	2,379
Number of employees covered by DB Schemes	1,347
Expressed as a percentage	57%

Countries in sample: UK, Spain, India, Brazil, Netherlands, Singapore, Malaysia, Germany, Italy

This Corporate Social Responsibility report is printed on Satimat Club paper, selected from mixed sources.

