

CRODA

The Croda Pension Scheme

for members joining the Scheme
on or before 5 April 2016

THE IMPORTANCE OF YOUR PENSION

So much of our life involves planning for the future. An important career move, a special holiday, a new car – all of these we plan with excitement. But while we are so forward-looking in many ways, we often tend to neglect some of the most important planning of our lives. How will we manage in retirement? How will our families manage if we die or fall ill?

As an employee of Croda, you are not alone in the task of planning for the future. You have the opportunity to belong to The Croda Pension Scheme (the Scheme). For many people, it will be an important part of your retirement income, along with benefits from the State and other savings you may have. It also provides protection in the event of ill health as well as benefits for your dependants following your death. Though it carries the Croda name, the Scheme and its finances are managed by a trustee company, which acts in the best interests of the Scheme's members, according to the Scheme's Trust Deed and Rules.

The aim of this booklet is to give a brief explanation of the Trust Deed and Rules of the Scheme. Rights to benefits can only be conferred by the Trust Deed and Rules. In the event of any conflict between this outline and the Trust Deed and Rules, the provisions of the latter documents will prevail.

A copy of the Trust Deed and Rules is available from the Pensions Administration Team at the address below or via email at pensions@croda.com:

Pensions Administration Team
Cowick Hall
Snaith
Goole
East Yorkshire
DN14 9AA

They will also answer any questions you may have concerning the Scheme generally or your benefit entitlement.

Please note that this booklet is applicable to members who joined the Scheme on or after 1 January 2010¹. If you joined the Scheme prior to this date then there may be some differences in your benefits. These are set out in the relevant insert which is available on request from the Pensions Administration Team. In this booklet, certain terms have defined meanings. You will find these terms printed in **bold**. On page 19 there is a glossary explaining what these terms mean.

¹The Scheme started on 15 September 2010 as a result of the merger of the Croda Group Pension Scheme (CGPS) and the Croda International Supplemental Scheme (CISS). Where we are talking about a member joining the Scheme before 15 September 2010 (including in a relevant insert to this booklet) we are referring to his or her date of joining the CGPS or CISS.

AN OVERVIEW OF THE SCHEME

The Scheme is a defined benefit pension scheme which provides a pension based on your earnings and the length of your membership in the Scheme, as well as substantial protection for your family in the event of your death.

On 6 April 2016, known as the **CARE date**, some changes were made to the way in which your pension at retirement will be calculated. However, this change will only apply to the benefits that you have built up since the **CARE date**.

This booklet includes details of the main benefits from both the CARE Section of the Scheme, which is applicable for service from 6 April 2016, and the benefits that you accrued prior to this date.

Benefits when you retire	Benefits if you leave	Benefits if you die
A pension for life	Leave your benefits in the Scheme until you are ready to receive them	A lump sum (in certain circumstances)
An option to take a tax-free cash sum	Transfer the cash value of your benefits to another pension arrangement	A pension for your Spouse /civil partner (or other Dependant at the discretion of the Trustee)
You could also choose to: <ul style="list-style-type: none"> – retire early with a reduced pension (with your Employer's consent); or – retire late with an increased pension; or – transfer the cash value of your benefits to another pension arrangement. 	Short service refund	If you are an active member or a pensioner, pensions for your Eligible Children

Pension benefits at normal retirement age

As a member of the Scheme, you will receive a pension when you retire. The amount of pension you will receive is calculated differently for the period of your membership in the Scheme before and after 6 April 2016.

Your membership on or before 5 April 2016 provides Final Salary benefits

Your pension at retirement will be based on your salary near to retirement and the length of your membership until 5 April 2016.

At normal retirement age, for each year of **Pensionable Service** until 5 April 2016, you will receive 1/80th of your **Final Pensionable Pay**.

Your membership from 6 April 2016 provides CARE benefits

Your pension at retirement will be based on your average **CARE Pensionable Pay** over the period of your membership from 6 April 2016.

From 6 April 2016, you will build up a 'block' of pension each **Benefit Year** calculated as 1/80th of your **CARE Pensionable Pay** in that year. Each 'block' of pension will be increased every year to reflect the change in the cost of living (using the Consumer Prices Index (CPI) and capped at 5%) until your normal retirement age. At normal retirement age, you will receive the total of these 'blocks'.

The pension that you receive at normal retirement age will be the total of your calculated **Final Salary benefits** and **CARE benefits**.

Protection for you and your Dependants

Pensions may be payable to your **Dependants** if you die, and an allowance for **Eligible Children** is also payable. In addition, if you die in **Group** employment while you are building up pension benefits in the Scheme, a cash sum equal to four times your **Reckonable Pay**, plus your **Total Contributions** (if applicable), will be payable. Finally, the Scheme may also provide benefits if serious ill health or **Incapacity** means you have to give up work.

Benefits if you leave

There are a number of options available to you if you leave **Pensionable Service**, including leaving your pension in the Scheme or transferring your benefits to another registered pension arrangement. These are detailed on page 11.

Nominating your beneficiaries

Please complete a nomination form which allows you to let the Trustee know of your wishes for the payment of any cash sum due in the event of your death. The nomination form also allows you to nominate adult **Dependants** for a pension following your death. The Trustee is not bound by your nomination form but will take your wishes into account, so it is important that the form is kept up to date.



CONTRIBUTIONS

Your contributions

Your contributions to the Scheme will be 6% of your **CARE Pensionable Pay**.

You can choose to participate in the Scheme through our salary sacrifice arrangements. Under **Smart Pensions**, contributions are paid by making an adjustment to your contractual pay. However, your **Notional Salary** will continue to be used to calculate your pension benefits. When you participate in **Smart Pensions** your Employer pays the pension contributions you would otherwise have to pay. As a result, your earnings will go down by the amount you would normally pay as pension contributions into the Scheme, and you will make no contributions yourself. This means that you do not have to pay National Insurance (NI) contributions on your pension contributions.

The reduction in NI varies according to the size of your earnings and the NI rates applicable in each tax year.

Additional details of **Smart Pensions** can be found in the FAQ leaflet available from Connect or the Pensions Administration Team.

Reduced National Insurance contributions until April 2016

The Scheme was contracted-out of the State Second Pension (formerly the State Earnings-Related Pension Scheme) until 5 April 2016 and accordingly your NI contributions were at the lower contracted-out rate whether you participated in **Smart Pensions** or not.

After this date, as a result of the introduction of a flat-rate State Pension, you will pay the higher contracted-in rate whether you participate in **Smart Pensions** or not.

Employer contributions

The **Group** contributes the balance of the cost, over and above member contributions, which it is anticipated will be needed to meet benefits under the Scheme.

Additional Voluntary Contributions (AVCs)

For most people, paying AVCs is a tax-efficient means to save for a retirement income. AVCs are deducted from your earnings before tax, and so attract full tax relief at your highest tax rate.

You are able to pay up to 100% of your earnings (including ordinary contributions) into the Scheme and any other registered pension scheme in each tax year. However, AVC contributions do count towards your assessment against the Annual Allowance (see page 14).

If you are interested in paying AVCs, please contact the Pensions Administration Team or look on Connect for more information.



RETIREMENT BENEFITS

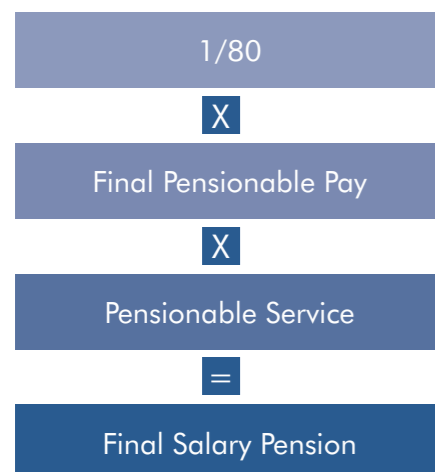
Normal retirement

Your normal retirement age (NRA) is 65, although it is possible for you to bring your pension into payment after age 65 (see 'On late retirement' on the opposite page). Subject to your Employer's consent you may also retire at any time between ages 55 and 65, or sooner under certain circumstances if on the grounds of ill health (see the opposite page).

Final Salary benefits

Your pension will be equal to 1/80th of your **Final Pensionable Pay** at retirement for each year of **Pensionable Service** until the **CARE date**.

This is equivalent to 1/960th for each month of **Pensionable Service** until the **CARE date**.



CARE benefits

For every year after the **CARE date**, you will build up a 'block' of pension equal to 1/80th of your average **CARE Pensionable Pay** over that **Benefit Year**. Each 'block' is then increased every year until retirement to reflect the change in the cost of living (using the Consumer Prices Index (CPI) and capped at 5%). The 'block' of pension is pro-rated if you leave part way through a year.

Your **CARE benefits** are then calculated by adding together the pension you built up each year from 6 April 2016.

Total pension

Your total pension at retirement is the total of your **Final Salary benefits** at retirement plus your **CARE benefits** at retirement.

There is a maximum annual pension of 2/3rds of your **Final Remuneration** at the time of your retirement.

Cash lump sum

When you retire, you may have the opportunity to exchange part of your pension for tax-free cash. You are able to take up to 25% of the value of your pension from the Scheme as tax-free cash (including any AVCs you may have invested), subject to any Lump Sum Allowance restriction which may apply to your benefit.

The actual calculation of your maximum tax-free cash is complex. You will be provided with an illustration of this amount when you approach retirement.

Additional Dependant's pension

You will also have the option to exchange some of your pension prior to your retirement date to provide a pension to a specified **Dependant** or **Dependants** in the event of your death. This pension would be payable in addition to the pension payable to your **Spouse**. Further information on this option is available from the Pensions Administration Team.

Payment of your pension

Your pension will be paid monthly in arrears into your bank or building society account. Your pension will be taxed under the PAYE system and is payable for life.

Pension increases

All pensions in payment are guaranteed to increase by 2.5% per year (or the increase in inflation if lower) on 1 October each year. The measure of inflation is however different for benefits built up before and after 6 April 2016. The benefits you built up prior to 6 April 2016 will be underpinned by the increase in the Retail Prices Index (RPI), while those built up after that date will be underpinned by the increase in the Consumer Prices Index (CPI)

Additional discretionary increases may be awarded, subject to the agreement of the **Principal Employer** and the funding position of the Scheme.

On early retirement

If you have completed at least five years' employment with the **Group**, you may be able to start to draw your pension earlier than age 65, but no earlier than age 55. Your Employer's consent to such a request is required.

Your pension on early retirement will tend to be lower than that payable on normal retirement for three reasons:

- your **Final Salary benefits** are based on your **Final Pensionable Pay** at your early retirement date (which is likely to be lower than it would be at normal retirement);
- it is based on your completed **Pensionable Service** only (not the **Pensionable Service** you could have completed up to normal retirement); and
- it will usually be reduced to take account of the longer period over which it will be paid (this is known as the 'early retirement reduction').

The level of early retirement reduction is regularly reviewed by the Trustee and may change from time to time.

You may also have the option of exchanging part of your pension for cash on retirement (as described on the opposite page). Early retirement pensions are increased in payment in the same way as normal retirement pensions (as described on the opposite page). If you wish to investigate taking your pension early you should contact the Pensions Administration Team.

On ill health

If ill health requires you to leave the employment of the **Group**, it may be possible for you to draw an early pension from the Scheme on the grounds of **Incapacity**. You may be able to retire before age 65, provided you have completed at least two years' **Pensionable Service**. In this situation, your pension will be calculated in the same way as under normal retirement.


Incapacity pensions are increased in payment in the same way as normal retirement pensions as described on the opposite page. You may also have the option of exchanging part of your pension for cash on retirement (this is also explained in more detail on the opposite page).

If, in the Trustee's opinion, you cease to be under an **Incapacity**, or fail to supply such evidence of your **Incapacity** as the Trustee may from time to time require, then the **Incapacity** pension may be suspended.

On late retirement

If you continue to work for your Employer after NRA, you can continue to contribute to the Scheme and build up additional benefits (as described on page 6) or, if you leave **Pensionable Service** and stop contributing, have your pension increased to take account of its late payment.

Please contact the Pensions Administration Team if you would like further information about options for late retirement.



The Scheme's NRA is age 65. This is the age at which your pension benefits from the Scheme are payable without reduction. However, in certain circumstances you can choose to start to receive your Scheme pension before or after reaching age 65.

Under legislation there is now no 'default retirement age' for employment purposes and reaching age 65 will not in itself have any bearing on your continuing employment with the **Group**.



EXAMPLE

Sue joined the Scheme or former section of membership on 6 April 2010 aged 54 and continues in **Pensionable Service** under the Scheme until she retires at age 65 on 6 April 2021.



Final Salary benefits

Sue has 6 years of **Pensionable Service** to 6 April 2016.

If her **Final Pensionable Pay** is £32,000 per year her pension will be:

$$1/80 \times £32,000 \times 6 = \text{£2,400 per year}$$

CARE benefits

Sue's average **CARE Pensionable Pay** is as follows:

Year	Pensionable pay	Pension earned in year (pa)	Pension earned over the year increased to retirement (pa)
Year 1 6 April 2016 to 5 April 2017	£26,000	£325.00	£351.79
Year 2 6 April 2017 to 5 April 2018	£27,000	£337.50	£358.16
Year 3 6 April 2018 to 5 April 2019	£28,000	£350.00	£364.14
Year 4 6 April 2019 to 5 April 2020	£30,000	£375.00	£382.50
Year 5 6 April 2020 to 5 April 2021	£32,000	£400.00	£400.00

This assumes that the annual increase in each year is 2%.

$$\text{Total CARE pension} = \text{£351.79} + \text{£358.16} + \text{£364.14} + \text{£382.50} + \text{£400.00} = \text{£1,856.59 per year}$$

Total benefits

This is the total of Sue's **Final Salary benefits** and **CARE benefits**:

$$\text{Total pension} = \text{£2,400.00} + \text{£1,856.59} = \text{£4,256.59}$$

LEAVING SERVICE BENEFITS

On leaving **Pensionable Service** you will have a number of options, depending on how long you have been a member of the Scheme:

- keep your pension in the Scheme as a deferred pension;
- transfer the value of your pension to another registered pension scheme; or
- receive a refund of contributions.

At least two years' Pensionable Service

Receiving a deferred pension from NRA

If you leave **Pensionable Service** after two or more years' **Pensionable Service** you will be entitled to a deferred pension payable from NRA or, in some cases, before NRA. The pension will be calculated in the same way as the retirement pension described on page 8, however:

- Your **Final Salary benefits** will be based on your completed Pensionable Service to 6 April 2016 and your **Final Pensionable Pay** at your date of leaving.
- Your final 'block' of **CARE benefits** will be based on the number of days completed in your final year before date of leaving and your average **CARE Pensionable Pay** during that period.

Your deferred pension is increased between leaving the Scheme and NRA in line with the Consumer Prices Index up to 2.5% each year. It is possible that this measure of inflation used in statutory calculations may change in the future.

Transfer of benefits

As an alternative to receiving a pension from the Scheme, in certain circumstances you have a right to transfer the cash equivalent of your deferred pension to the Registered Pension Scheme of your new employer or to a personal pension.

If you are interested in transferring your benefits to another pension arrangement please contact the Pensions Administration Team and ask for more details.

Less than two years' Pensionable Service

If you leave membership with less than two years' **Pensionable Service**, you can elect to receive a refund of your **Total Contributions**. Alternatively, you will be offered a transfer value to another Registered Pension Scheme or personal pension.

If you participate in **Smart Pensions**, you will not be entitled to a refund of contributions.

Rejoining the Scheme after opting-out

You can opt-out of **Pensionable Service** (even though you have not left employment) at any time prior to your NRA by giving the Trustee one month's written notice. If you did so, you could only rejoin the Scheme at a later point in your employment if the Trustee (with the agreement of Croda International Plc) allowed you to. In these circumstances, you would be readmitted to membership of the Scheme as though you were a new member. Details of the terms of the Scheme applicable to your membership would be supplied at this time. If you had an entitlement to a deferred benefit you would retain this. Enquiries about rejoining the Scheme in these circumstances should be addressed in the first instance to the Pensions Administration Team at Cowick Hall. This is subject to the automatic enrolment requirements that your Employer has by law to fulfil, which are briefly explained in the next paragraph.

Your Employer has a legal duty to automatically enrol eligible workers into a workplace pension scheme at certain points in time that are specified in legislation. If having opted-out of the Scheme, you were automatically re-enrolled into the Scheme at a later time in your employment you would be given details of your options at that time.



DEATH BENEFITS

Death in Pensionable Service before NRA

If you die while in **Pensionable Service**, the following benefits are payable:

- A cash sum equal to four times your **Reckonable Pay** plus your **Total Contributions**, if applicable (see page 6).
- A **Spouse/Dependant's** pension to your surviving **Spouse** — if you die without leaving a **Spouse** a pension may be paid to other **Dependants** at the discretion of the Trustee.

The **Spouse's** pension will be equal to 50% of the notional pension which would have been payable to you had you retired on the **CARE date**, calculated as described on page 10 but based on your **Final Pensionable Pay** at the time of your death. Your **Spouse** will also receive 50% of the CARE 'blocks' of pension built up to your date of death and prospective 'blocks' to your NRA. The prospective 'blocks' to your NRA will be based on the annualised rate of your **Pensionable Pay** at the date of your death.

- A children's pension in respect of any of your **Eligible Children**.

Death in Pensionable Service after NRA

If you die after reaching NRA, the same benefits will be payable as described in the previous section. However, the **Spouse's** pension will be equal to 50% of the pension, which would have been payable to you had you retired on the day before your death.

Death after leaving Pensionable Service

If you die after you have left **Pensionable Service** but before your NRA, a **Spouse's** pension, equal to 50% of your deferred pension entitlement revalued up to the date of your death, is payable to your surviving **Spouse**.

If you die without leaving a **Spouse**:

- A pension may be paid to other **Dependants** at the discretion of the Trustee; or
- A cash sum equal to the greater of (a) your **Total Contributions** or (b) five times your deferred pension at date of death will be payable, plus the return of any AVCs paid (plus interest up to the date of death).

Death after retirement

The following benefits will be payable in the event of your death after retirement:

- A **Spouse's** pension equal to 50% of the pension, which would have been payable to you at the date of your death (assuming you had not taken a cash lump sum or exchanged part of your pension to provide additional pension for a **Dependant** at retirement). If you die without leaving a **Spouse** a pension may be paid to other **Dependants** at the discretion of the Trustee.
- A children's pension in respect of any of your **Eligible Children**.
- Should you die within five years of retirement, a cash sum equivalent to the balance of your first five years' pension payments (ignoring any future increases).



PAYMENT OF DEATH BENEFITS

Cash sums

The Trustee has discretion to decide who will receive any cash sums payable from the Scheme because, under current tax law, this means payments can be made free of inheritance tax. The Trustee will take account of members' wishes for the payment of such sums.

If you have not already done so, you should complete and return a nomination form, and review it from time to time to ensure that it is always up to date. The form enables you to state the people you would like to receive the benefit (the beneficiaries) and the proportion of the benefit payable to each one. The beneficiaries will normally be your **Spouse** or close family, although you are free to nominate other people or organisations if you wish. The Trustee will take your wishes into account but cannot be legally bound by them.

A nomination form is available on Connect or can also be obtained from the Pensions Administration Team.

Pension benefits

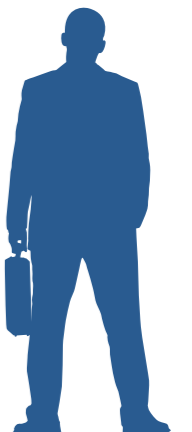
The **Spouse/Dependant's** pension will be payable for the rest of his or her life (except in the case of children). In certain circumstances if your **Spouse/Dependant** (except in the case of children) is more than ten years younger than you, their pension will be reduced by an amount determined by the Trustee. For more information please contact the Pensions Administration Team.

The Trustee has a discretion not to treat a person as a **Spouse** where:

- a member has more than one **Spouse**; or
- that person was, at the date of the member's death, separated from the member by reason of the breakdown of the marriage. This applies to members where the marriage occurs after their period of membership commences.

A person who has married or begun co-habiting with a member after he or she ceased to be in **Pensionable Service** but within six months of the member's death will not be treated as a **Spouse** unless the Trustee decides otherwise.

The Trustee has a discretion to reduce a **Spouse's** pension and pay a pension or pensions to one or more **Dependants**.



GENERAL INFORMATION

Management

The Scheme has been established under a Trust so that the assets and liabilities are kept entirely separate from the **Group**. It is managed by a separate company, Croda Pension Trustees Limited, with individuals appointed as Trustee Directors. The Trustee Directors, referred to as the Trustee in this booklet, have a duty to act in accordance with the Trust Deed and Rules governing the Scheme. Some of the Trustee Directors are appointed following consultation with the membership. Full details of the nomination arrangements for Trustee Directors will be distributed to members in line with statutory arrangements.

The Trustee appoints several professional advisers to assist in the smooth running of the Scheme. The Trustee is required to produce an annual report about the Scheme, including details of the Scheme's accounts.

The names of the current Trustee Directors and the Trustee's advisers are available from the Pensions Administration Team.

The **Principal Employer** of the Scheme is Croda International Plc.

Tax Status

The Scheme is a registered scheme under the Finance Act 2004. This ensures favourable tax treatment, including tax relief on your contributions, certain benefits and the Scheme's investment income.

Maximum benefits

In return for the valuable concessions outlined above, HM Revenue & Customs (HMRC) sets allowances for the benefits you can receive and the contributions that can be paid. Any benefits and contributions above these allowances will not receive the same favourable tax treatment.

Annual Allowance

There is a limit, set by the Government, on the value of pension benefits that you can build up each year tax-efficiently. This limit is called the Annual Allowance. If you do not use up your Annual Allowance in a particular year, the unused portion can be carried forward for up to three tax years and used to increase your allowance in a subsequent year. Further details are available at www.gov.uk/tax-on-your-private-pension/annual-allowance

All individuals will have their pension benefits tested against the Annual Allowance, but the amount of the Annual Allowance will vary depending on your income and there are set rules for determining this.

For the purpose of measuring your pension savings under the Scheme against the Annual Allowance, a notional value is placed on the increase in your pension benefits over the year from 6 April to the following 5 April (which is known as the Scheme's 'Pension Input Period'). Any Additional Voluntary Contributions you have paid during the year are added to this notional value.

After allowing for inflation, the increase in your pension between 6 April and the following 5 April is multiplied by 16 and measured against the Annual Allowance. If this amount exceeds the Annual Allowance (plus any unused allowance carried forward from the past three tax years), you will be subject to tax at your marginal income tax rate on the excess.

As the Annual Allowance applies to all pension arrangements you may be a member of, it is your responsibility to make sure you do not exceed **the limits**.

Lump Sum Allowance

The total value of pension lump sums that you can build up tax efficiently during your lifetime cannot exceed the maximum allowance set by HMRC. This is called the Lump Sum Allowance and is reviewed every year. Importantly, the Lump Sum Allowance covers all your registered pension arrangements, for example, pension benefits from previous employers' schemes or personal pensions, not just those from the Scheme.

It is important to monitor your pension savings from all sources to check that your total pension Lump Sums from all sources is within HMRC allowances.

The Pensions Administration Team can provide you with more information in relation to the Annual Allowance and the Lump Sum Allowance, however, if you think that you may exceed either of these, we recommend that you speak to an Independent Financial Adviser (IFA).

Investment of funds

The contributions paid by members and the **Group** are paid to the Trustee for long-term investment. Responsibility for the proper investment of funds rests with the Trustee, although it delegates the day-to-day investment decisions to independent investment managers. The managers work within the guidelines set out in a document prepared by the Trustee called the Statement of Investment Principles.

Data Protection

The Trustee will hold personal data provided by you (and, where appropriate, by third parties such as your Employer or medical advisers or any pension scheme or arrangement from which benefits are transferred to the Scheme), for the purpose of calculating and providing your benefits and your survivors' benefits under the Scheme.

They may also make that information available to others (within the United Kingdom or in any other country) where the Trustee thinks it is necessary or desirable to do so in connection with the Scheme or with its administration or the payment of benefits under it. In particular, the Trustee may make the information available to its professional advisers, the administrators responsible for providing benefits and any other persons who may become involved in or responsible for providing benefits.

In addition, the Trustee may make that information available to your Employer and other companies in your Employer's group, or with

whom your Employer is dealing, (within the United Kingdom or in any other country) where required for the preparation of accounts or other financial information, for the calculation of remuneration packages or the development of remuneration policy or otherwise in connection with the business of your Employer's group.

In particular, the Trustee may make that information available to companies which are considering or have acquired your Employer or the whole or part of your Employer's business, or to the trustees, administrators or professional advisers of any pension scheme to or from which your rights under the Scheme may be, are being or have been transferred, or to any company participating in such a scheme.

Some data processing is or may be done outside the European Economic Area (EEA). For example, data may be transferred to databases held by other companies in your Employer's group worldwide outside the EEA and access to this data may be provided to authorised persons in those companies. In territories outside the EEA, laws and practices relating to the protection of personal data may be weaker than those within the EEA.

It should be noted that the Trustee may require to hold or otherwise process data for legitimate purposes other than those described above.

The reference in this statement to the Trustee includes any person within the Employer's group who processes personal data on its behalf.

The Trustee, as data controller, will comply with the data protection legislation concerning the storage and processing of personal data.

Where any personal data is transferred to a third party in the circumstances provided above and that third party becomes a data controller in relation to that data, the data protection requirements outlined in this section will apply as if references to the Trustee were references to that data controller.

If you want to know more about the information held by the Trustee or the purposes for which it is held, please contact the Pensions Administration Team.

Amendment and termination

Whilst the **Group** has every intention of continuing the Scheme, it reserves the right to amend future benefits or discontinue the Scheme at any time in the future.

Assignment of benefits

Your benefits from the Scheme are strictly personal and cannot be assigned to anyone else or, for example, used as security for a loan. If you divorce and where a Court so orders, the Trustee will use part of your benefit to create benefit rights for your former **Spouse**.



Temporary absence

If you are temporarily absent from work due to ill health or for other reasons, your membership of the Scheme may be continued at the discretion of the **Group** and you may be allowed to continue building up pension benefits. There may be instances, however, of unpaid temporary absence where pension accrual will cease. Members who are likely to be affected should contact the Pensions Administration Team for further information.

Part-time working and family leave

If you work part-time or are absent from work due to maternity, paternity, adoption or parental leave, special provisions apply to the calculation of your benefits under the Scheme. Further details are available from the Pensions Administration Team.

Internal Dispute Resolution (IDR)

The Scheme has a formal IDR procedure to deal with disputes between any member or beneficiary and the Trustee. It does not deal with any dispute between any member or beneficiary and the **Group**.

A dispute is considered, in the first instance, by the Scheme Secretary. If the Scheme Secretary's decision does not resolve the matter, the member or beneficiary may, in accordance with the IDR procedure, apply to have the dispute considered by the Trustee.

If you wish to know more about the IDR procedure, you may obtain further details from the Pensions Administration Team at the address shown on the first page.

If I want to transfer, do I need to be careful where I transfer to?

You should be aware that sometimes individuals are approached by 'unregulated' providers suggesting that they transfer their Scheme benefits in exchange for seemingly tempting investment opportunities and/or cash. This type of offer could be a scam. You could lose most or all of your pension savings as a result of tax charges, scammers' fees and losses on fake or unsuitable investments. For more information see www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams If you believe you have been approached with such an offer, contact Action Fraud on 0300 123 2040.

Requirements for transferring your benefits

If your transfer value is greater than £30,000, the Trustee of the Scheme is required by law to check that you have received appropriate independent advice before allowing you to transfer your benefits out of the Scheme. If you decide to transfer you must provide the Trustee with evidence that you have received such advice within three months of the date your transfer value is provided.

The financial adviser (who is authorised to provide regulated advice) should give you a statement which must confirm:

1. That advice has been provided which was specific to the option that you have chosen.
2. That the adviser is authorised to give regulated advice.
3. The reference number of the adviser or the firm of advisers.
4. Your name, and the Scheme name.

You must provide this statement to the Trustee.

Before paying your transfer value the Trustee will check that they are satisfied with the information provided.



HELPFUL ORGANISATIONS

Phone: 0800 011 3797

Visit: <https://www.moneyhelper.org.uk/en/pensions-and-retirement>

Money Helper

MoneyHelper is a government-backed financial guidance service that brings together the support and services of three financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Phone: 0800 917 4487

Visit: www.pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

Write to: 10 South Colonnade, Canary Wharf, London, E14 4PU

Pensions Ombudsman

The Pensions Ombudsman is available to settle complaints and disputes of fact or law connected with pension schemes. If you have exhausted the internal dispute resolution procedures, you can contact the Ombudsman.

Phone: 0345 600 0707

Visit: www.thepensionsregulator.gov.uk

Email: report@tpr.gov.uk

Write to: Customer Support, The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton BN1 6AF

The Pensions Regulator

The Pensions Regulator provides support and advice to trustees, administrators and employers and ensures that employers meet their pension obligations and that schemes are run to a high standard. The Pensions Regulator can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Phone: 0800 731 0193

Visit: www.gov.uk/find-lost-pension

Write to: The Pension Tracing Service, Post Handling Site A, Wolverhampton, WV98 1AF

Pension Tracing Service

Information about the Scheme (including the address at which the Trustee may be contacted) has been given to the DWP's Pension Tracing Service. It acts as a central tracing agency to help individuals keep track of the benefits they have in previous employers' schemes.

Independent Financial Advisers (IFAs)

IFAs are able to provide impartial and personal advice about your pension options, such as whether to join a particular arrangement, whether to transfer benefits and whether to pay AVCs.

The **Group**, the Trustee, and the Pensions Administration Team are all prevented by law from giving you financial advice, therefore you may find it helpful to talk to an IFA. You may be charged a fee for any service you receive which the **Group** will not pay for.

Neither the **Group** nor the Trustee can take responsibility for the advice you receive or any action you may take as a result. You can obtain a list of IFAs in your area by visiting: www.unbiased.co.uk

How to Contact the Pensions Administration Team

Phone: 01405 860551

Visit: pensions@croda.com

Write to: Pensions Administration Team, Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA

FINDING OUT MORE

Additional information

The **Group** and the Trustee are committed to ensuring that members have all the information they need about the Scheme.

In addition to this booklet, the following items are issued to members:

- Annual benefit statement, which gives details of your benefit record.
- Information about Additional Voluntary Contributions (AVCs).
- Summary Funding Statement, which summarises the latest formal valuation of the Scheme and provides an update on the Scheme's financial position since that date.

The Company has also produced a leaflet describing **Smart Pensions**, which is available from the Pensions Administration Team.

Fund documentation

As a member of the Scheme you can ask to see the following items (and in certain cases, you can request your own copy):

- Trust Deed and Rules relating to the Scheme.
- Latest Actuarial Valuation report.
- Formal Trustee Annual Report and Accounts (which includes the audited accounts of the Scheme, a statement from the Scheme Actuary and a report from the Scheme's investment managers).
- The Trustee's Statement of Investment Principles.
- Schedule of contributions.
- Statement of Funding Principles and Recovery Plan.

If at any time you have questions about the Scheme or queries about your benefits, please contact the Pensions Administration Team.

GLOSSARY

Accrual Rate

This is the name for the fraction of **Final Pensionable Pay** that a member receives towards his or her **Final Salary benefits** and the fraction of average **Capped CARE Pensionable Pay** that the member receives towards his or her **CARE benefits**. The current **Accrual Rate** is 1/80th.

Benefit Year

This is the period over which blocks of **CARE benefits** are calculated and runs from 6 April to 5 April each year.

Cap Level

The amount of a member's salary at which pension contributions and benefit calculations are capped.

CARE benefits

Career Average Revalued Earnings benefits – a type of pension benefits which are calculated based on the member's average **CARE Pensionable Pay** over his or her period of membership in the Scheme since the **CARE date**.

CARE date

6 April 2016 - the date at which members started building up **CARE benefits**.

CARE Pensionable Pay

This is the **Pensionable Pay** for the **Benefit Year** if the member's pay is below the **Cap Level** where pay is defined as:

- a member's salary, or **Notional Salary** for members of **Smart Pensions**, from his or her Employer for that period including wages, commissions, contractual, guaranteed and regular bonuses, overtime payments and shift allowances but excluding (unless the Employer otherwise agrees) other overtime payments, under productivity schemes or other payments, or the value of any payment or benefit in kind; and
- such other amounts for that period which are subject to income tax and which are specified by the **Principal Employer** and notified to the Trustee.

If a member's **CARE Pensionable Pay** is higher than the **Cap Level** then it is capped ('**Capped CARE Pensionable Pay**') in the calculation of each 'block' of **CARE benefits**. Member's pension contributions will also be calculated on this capped amount. The initial level of the cap for the year from 6 April 2016 to 5 April 2017 is £65,000. This cap will then increase each April to reflect the change in the cost of living (using the Consumer Prices Index (CPI) and capped at 5%). The cap is pro-rated for part-time workers.

Dependant

Can include the **Spouse** of the member, any **Eligible Child** of the member, an individual who was dependent (whether or not financially dependent) on the member at the

time of the member's death, by reason of his or her physical or mental disability or any individual who in the Trustee's opinion is or was wholly or in part dependent upon the member or whose financial relationship with the member was, one of mutual dependency.

Eligible Child

A child who:

- is under age 18; or
- is under age 23 and is in full-time education or training; or
- is over 18 but is wholly or mainly incapacitated by injury or mental or physical illness, and the Trustee has in its discretion decided to treat him or her as being under 18 for as long as the disability continues.

Final Pensionable Pay

The average of the **Pensionable Pay** of the member in the 36 months immediately preceding the calculation date. Provided that, if it would result in the member's pension (see page 8) being greater, the Trustee may calculate a member's **Final Pensionable Pay** as being the member's highest average **Pensionable Pay** earned during any three consecutive **Scheme Years** within the ten **Scheme Years** immediately prior to the calculation date, or averaged over a shorter period, where his or her service is less than three **Scheme Years**.



Final Remuneration

The final remuneration of a member calculated in accordance with HMRC Practice Notes on the Approval of Occupational Pension Schemes (IR 12(2001)) as in force immediately before 6 April 2006.

Final Salary benefits

A type of pension benefits which are calculated based on the member's **Final Pensionable Pay** and **Pensionable Service** before the **CARE date**.

Group

The Croda Group of companies in the UK which participate in the Scheme.

Incapacity

Physical or mental deterioration in health which is beyond that which is either normally associated with advancing age or simply due to a decline in energy or ability and as a result of which it is established to the satisfaction of the Trustee (having obtained medical evidence from a registered medical practitioner) that the individual concerned is permanently unfit to perform his or her contractual duties.

Notional Contributions

Contributions that would be paid by a member if they were not participating in **Smart Pensions**.

Notional Salary

Salary prior to salary sacrificed through **Smart Pensions**.

Pensionable Pay

- A member's salary, or **Notional Salary** for members of **Smart Pensions**, from his or her Employer for that period including wages, commissions, contractual, guaranteed and regular bonuses, overtime payments and shift allowances but excluding (unless the Employer otherwise agrees) other overtime payments, payments under productivity schemes, or the value of any payment or benefit in kind; and
- such other amounts for that period which are subject to income tax and which are specified by the **Principal Employer** and notified to the Trustee.

Special conditions apply where a member's pay has reduced within the last ten years of his or her NRA; please contact the Pensions Administration Team for details.

Pensionable Service

The number of years and complete months of service prior to 5 April 2016 and complete days thereafter which the member achieves from and including the date of his or her admission to membership of the Scheme or former sections as an active member up to and including the date of leaving the Scheme.

Principal Employer

The Principal Employer is Croda International Plc.

Reckonable Pay

One year's fixed annual salary, or **Notional Salary** for members of **Smart Pensions**, at the rate the member was being paid at the time of his or her death or the notional **Pensionable Pay**.

Scheme Year

Currently the period ending on 30 September in each year.

Smart Pensions

A variation to the employment contract between the member and the Employer whereby the member agrees to exchange part of his or her salary for an increased Employer contribution to the Scheme in order to take advantage of National Insurance savings.



Spouse

Either:

- the person to whom a member was legally married at the date of his or her death; or
- the person who was registered as the civil partner of the member under the Civil Partnership Act 2004 at the date of his or her death; or
- if the Trustee so decides, such other person whether of the opposite or the same sex who, in the opinion of the Trustee, was co-habiting with the member at the date of his or her death where the joint standard of living enjoyed by the member and that person was wholly or in part attributable to the member's earnings.

Total Contributions

Includes:

- a member's **Notional Contributions**;
- any transfers into the Scheme treated as members' contributions;
- interest at 5% per annum from broadly the date of receipt by the Trustee of such contributions; and
- any AVCs, together with interest or other investment return to the date of calculation.



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CRODA