



Corporate Social Responsibility 2009

CRODA

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# Corporate Social Responsibility

Corporate Social Responsibility (CSR) is embedded in our business. We know that our customers want to buy products from companies they trust, suppliers want to form business partnerships with companies they can rely on and employees want to work for companies they respect.

We recognise that customers and consumers are influenced by a company's reputation in social and economic areas and therefore our customers are the focus of this report as they shape our business and our future.

Communication with our other stakeholders has not been overlooked. During 2009 we have worked hard to develop different mechanisms for communicating with all stakeholder groups. We have made greater use of the company's intranet and employee magazine for our internal audience and of the company website for our external stakeholders.

This report highlights our Corporate Social Responsibility efforts, activities and progress in 2009. For clarity and ease of use the report is structured around our '4 Pillars' of responsibility. Each section focuses on our commitments and our progress against key business objectives and is supported by a selection of case studies from around the Croda group. The topics selected are those we believe will be of most interest to our customers.

This is our third CSR report. Our aim is to achieve greater transparency to facilitate and encourage engagement on a broader range of issues.

The key issues and future priorities for Croda are covered in this report and summarised in the table below.

**Issue Review and Future Priorities**

<b>Lead</b> Those things we choose to do to differentiate		- Community Involvement	- Responsible Sourcing
<b>Enhance</b> Those things we do to compete	- Responsible Manufacturing - Resource Efficiency (Mains Water)	- Employee Engagement - Employee Development - Waste Disposal - External Communication	- Climate Change - Waste Minimisation - Community Education
<b>Comply</b> Those things we must do	- Atmospheric Emissions - Waste Water - Process Safety	- Occupational Health Promotion & Monitoring - Energy Consumption	
	<b>Past</b> Those things the business already did	<b>Present</b> What we are doing differently today	<b>Future</b> What we plan to achieve for the future

Our customers are the focus of this report as they shape our business and our future



# Business Overview

## Safety, Health and the Environment

Accident rate	0.25 per 100,000 man hours compared to 0.30 in 2008
Energy consumption*	3.7% increase per manufactured tonne compared to 2008
Atmospheric emissions*	3.9% reduction per manufactured tonne compared to 2008
Waste disposal to landfill*	4% increase per manufactured tonne compared to 2008
Consumption of mains water*	9.6% reduction per manufactured tonne compared to 2008

\*Five year target in place

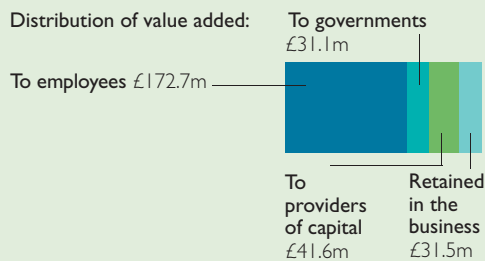
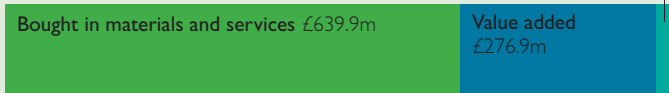
## Employees

Total workforce by region	
Europe	2249
Asia	633
The Americas	579
Total	3461

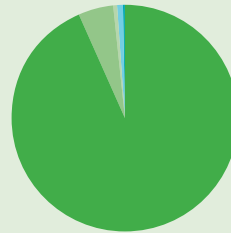
## Financial Highlights:

Turnover £945.8m

Other £29.0m

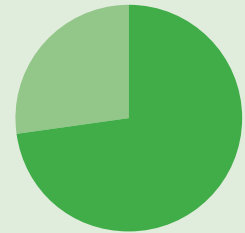


## Direct energy used by source



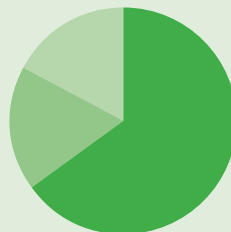
- Natural Gas (94%)
- Combined light & heavy fuel oils (4%)
- LPG (0.1%)
- Biofuel (0.5%)
- Wind (1.4%)

## Raw material sources



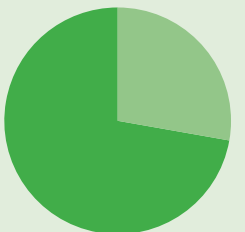
- Renewable (71%)
- Non renewable (29%)

## Total workforce by region



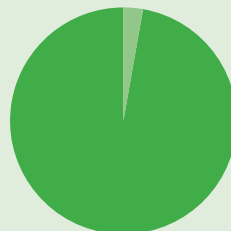
- Europe (65%)
- Asia (18%)
- The Americas (17%)

## Employees by gender



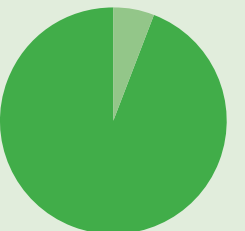
- Males (70%)
- Females (30%)

## Employees working on temporary contract



- Permanent contract (98%)
- Temporary contract (2%)

## Employees working part time



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

# Products and Markets

Consumer Care - Total continuing turnover = £467.7m Total continuing operating profit = £104.9m

## Personal Care

### Markets:

Croda is a leading global supplier of speciality ingredients that meet customer demands in the skin, sun and hair care markets.

### Products:

The Personal Care product portfolio includes inorganic UV absorbers, lanolins, emollients, polymers, proteins, surfactants, skin care actives and much more.

## Health Care

### Markets:

Croda is a leading supplier of high purity ingredients for the pharmaceutical, dermatological, animal health, nutraceutical and functional food markets.

### Products:

The Health Care portfolio includes concentrated omega 3 fatty acids, ultra pure medical grade lanolins, Super Refined™ excipients and a wide range of surfactants, solubilisers, emulsifiers and fatty acid esters.

## Crop Care

### Markets:

Croda is a leading supplier of formulation inert ingredients and adjuvants for the full spectrum of agrochemical applications.

### Products:

The Crop Care portfolio includes polymeric surfactants, dispersants, wetting agents, emulsifiers, stabilisers, adjuvants and seed coating binders.

Industrial Specialities - Total continuing turnover = £448.5m Total continuing operating profit = £15.0m

## Home Care

### Markets:

Croda is a leading supplier of ingredients for laundry, household, industrial and institutional cleaning applications, as well as for wipes, tissues, diapers and hygiene articles.

### Products:

The Home Care portfolio includes a wide range of products including proteins and derivatives, softeners, surfactants, solvents, emulsifiers, solubilisers, hydrotropes, tissue lotions, botanical extracts, fatty acids and glycerine.

## Process Additives

### Markets:

Croda is a leading supplier of ingredients and additives for use in markets such as rubber; candles, textiles, leather and surfactants.

### Products:

The Process Additives portfolio includes the full range of the group's products; from base oleochemical fatty acids and glycerine to esters, polymeric surfactants and amides.

## Polymer Additives

### Markets:

Croda is a world leader in providing speciality effects for a wide range of industrial and consumer plastics, packaging and rubber applications.

### Products:

The portfolio of Polymer Additives includes slip and anti-block agents, antistatic agents, antifog agents, UV absorbers, mould release agents, torque release agents, dispersants and concentrates.

## Coatings and Polymers

### Markets:

Croda provides environmentally friendly, high performance solutions to resin manufacturers, paint formulators and additive producers.

### Products:

Croda's Coatings and Polymers portfolio includes a wide range of natural, high performance oleochemicals and speciality surfactants.

## Lubricant Additives

### Markets:

Croda is a leading global supplier of renewable ingredients to the automotive and industrial lubricant markets.

### Products:

Croda's Lubricant Additives deliver high performance energy efficient solutions to meet the challenging demands of the lubricant industry and includes multi-functional esters, polyalkylene glycols and speciality lubricity additives

## Geo Technologies

### Markets:

Croda serves the markets of oilfield, mining and water treatment and is a leading supplier of emulsifiers, demulsifiers and additive components.

### Products:

Croda provides demulsifiers and drilling additives for the oilfield industry, emulsifiers for use in emulsion explosives, and supplies formulation components for the manufacture of water soluble polymers in water treatments.

## Countries of Operation

As at 31 December 2009

### Asia

Australia  
China  
Korea  
Thailand  
Japan \*  
Singapore \*  
India \*  
South Africa  
Hong Kong  
Zimbabwe  
Taiwan

### Europe and the Middle East

UK ◆\*\*\*\*\*  
France \*\*\*  
Germany \*  
Italy \*  
Poland  
Russia  
Spain \*  
Sweden  
Belgium  
Hungary  
Czech Republic  
The Netherlands \*  
United Arab Emirates

### The Americas

Chile  
Argentina  
Mexico  
Peru  
Columbia  
Brazil \*  
USA \*\*  
Canada



Croda is involved in two joint ventures. These are in Indonesia \* and South Korea \*  
Key: ◆ Head Office \* Manufacturing site(s)

# Corporate Social Responsibility

In 2009,  
71% of  
Croda's raw  
materials  
came from  
renewable  
sources

Croda was founded 85 years ago and a responsible and ethical approach to business has always been part of its ethos.

As a speciality chemicals manufacturer, it is particularly important for our customers, investors, employees and neighbours that we operate responsibly. We have always operated safely.

We have formalised our approach to CSR by establishing a CSR Steering Committee chaired by a member of the Executive Committee. Our CSR activities are structured around four themes and we have adopted the GRI reporting framework. This has allowed us to share best practice throughout Croda and to report in a more detailed and open manner to all our stakeholders.

However, CSR in Croda is embedded in our business units. In this report you will read about the progress made throughout Croda in key CSR areas.

A key responsibility is product safety and Croda is fully aligned with the REACH initiative. Product quality and testing remain the fundamental basis of our operations. We are also acutely aware that we have a responsibility to society to manufacture our products safely. We have a strong focus on process safety.

You will read about efforts to reduce our environmental impact. Historically, we have been very successful in this area, but following the acquisition of Uniqema we have found it more difficult to meet our energy targets, due to previous underinvestment at legacy ICI sites. We are committed to meeting targets and will make capital available for all environmental projects.

We are dedicated to developing products that are as natural as possible. In 2009, 71% of Croda's raw materials came from renewable sources and we will strive to reduce our environmental impact in many other ways.

Croda has always been committed to good relationships with its employees and neighbours and, having started to measure our progress in these areas, we will be able to set more meaningful targets for the future. I am particularly proud of our '1% Club', which gives employees time off to participate in community activities.

I know there are many CSR challenges ahead as society and our industry evolve, but I am encouraged by the solid progress made by Croda around the world.

**Mike Humphrey**

Group Chief Executive, Croda International Plc

## Statement from the Chairman of the CSR Committee

While 2009 was a challenging year for the industry, I am pleased with Croda's progress on its CSR agenda.

The use of the '4 Pillars' of Our Partners, Our World, Our People and Our Neighbours has improved communication throughout the organisation and has really helped to share best practice with our more than 3000 employees around the world.

This report provides information on performance against our long term objectives and targets, both in areas where we have done well and areas where we have found it difficult. Throughout the report there are stories and case studies that we have specifically selected which demonstrate our commitment to our stakeholders and, in particular, our customers in all areas of CSR.

During 2008 we decided to adopt the GRI format for reporting and I am delighted we achieved our target GRI rating in 2009.

In 2010, we will focus on further improving our performance in all areas and we will also look at finding additional ways to communicate with all of our key stakeholders.

### **Bryan Dobson**

Chairman – Corporate Social Responsibility Steering Committee

We achieved  
our target  
GRI rating in  
2009





We recognise the importance of strong engagement with customers

## Our Partners – *Market Place*

2009 has been a challenging year for our customers and suppliers. Our focus on providing customers with first class products, excellent service, competitive prices and innovation has become even more important.

We are recognised as one of the world's leading suppliers of speciality chemicals based on renewable raw materials.

In many of our markets the growing concern around sustainability is driven by heightened ethical and environmental consumer interest. Interest that focuses on the origin of raw materials and how ethically and environmentally responsibly these have been sourced.

The end consumer's desire to purchase more sustainable products has continued to be a focus for consumer product companies, whether they be in food, household products, cosmetics or toiletries. 'Our Responsibility' has created much momentum, linking CSR values and reporting with sustainability. In Personal Care we were voted "Best in Class in Green Chemistry" according to an independent survey of cosmetic formulators in Europe, the USA and Asia.<sup>1</sup>

Less apparent is the association of sustainability with manufactured products that are not in the public consciousness. Many Croda products such as Lubricant, Polymer and Coating and Crop Care additives fall into this category. We recognise the importance of strong engagement with customers in these industries.

In 2009, two key objectives were set for the global business in relation to 'Our Partners'.

- Responsible sourcing and use of natural renewable raw materials
- Climate change

These contained a number of individual targets and progress against these can be seen on page 11.

### Responsible Sourcing

#### *Our Commitments*

As a global business we cannot operate in isolation and we recognise that the complexity of our supply chain can leave us open to business risks.

We have the opportunity through working with our customers to positively influence the actions of our suppliers towards more responsible practices. The targets we set ourselves focus our global purchasing and sales teams on ongoing proactive engagement.

#### *Our Progress*

During 2009 we have begun dialogues with a number of major customers to better understand their expectations of Croda in relation to product sustainability. Feedback from these meetings has been integral to setting relevant CSR business objectives and targets.

Similarly, we have engaged with suppliers to mentor and direct their approach to CSR across the full spectrum of our requirements.

<sup>1</sup>SpecialChem Green Ingredients Survey March 2009





### Our Future

Our aim during 2010 is to develop and implement a corporate purchasing policy that defines 'Responsible Sourcing', 'Renewable', 'Natural', 'Sustainable' and sets out a behavioural framework for employees, suppliers and other stakeholders to follow in respect of the '4 Pillars' of 'Our Responsibility'.

An area of particular concern is palm oil. With the help of our suppliers, we will quantify the amount of palm oil or palm kernel oil required to produce our finished products. This information will be made available to our customers to allow them to use the 'Book and Claim' mechanism approved by the Roundtable for Sustainable Palm Oil (RSPO)<sup>1</sup> to support the growth and use of Certified Sustainable Palm Oil (CSPO).

<sup>1</sup>RSPO is an association created by organisations carrying out activities in and around the entire supply chain for palm oil to promote growth and use of sustainable palm oil through cooperation within the supply chain and open dialogue with its stakeholders.

### Eradicating Shark Squalane

Squalane is a widely used and important ingredient in many prestige cosmetics. It is supplied from two sources, shark and vegetable oil. Squalane derived from shark is unsustainable. Croda manufactures Squalane only from 100% vegetable sources.

Deepsea sharks are some of the most vulnerable species and many are classified as endangered by the International Union for Conservation of Nature (IUCN). Sharks grow very slowly, take decades to mature and have few young. Overfishing threatens to drive a third of the world's deepsea shark species to extinction.

Until recently there was no satisfactory method for categorically determining the origin of Squalane (shark or vegetable) or the presence of animal derived product when both sources are blended.

Croda has worked in conjunction with independent scientists to develop an analytical method, both quantitative and qualitative, to distinguish between vegetable and shark derived Squalane. This analysis can be used to detect adulteration of vegetable derived Squalane with that of shark origin and can be applied to both raw materials and finished cosmetic formulations.

This method clearly identifies the source of Squalane and will prevent shark material being incorrectly traded as vegetable origin and also prevent the blending of both types. As a result, this will serve to help remove shark Squalane from cosmetics and help protect endangered species.

# Our Partners – Market Place

In 2009, we successfully completed a pilot study in the USA to assess the carbon footprints of individual products

## Climate Change

### *Our Commitments*

Knowledge regarding the carbon footprint of our products is necessary for the pursuit of cost-effective carbon mitigation strategies needed to maintain business growth. Our focus is on the impact of individual product processes in terms of their life cycle assessment, with emphasis on measuring carbon footprint profiles in line with the BSI (PAS) 2050 specification.<sup>1</sup>

The importance of this data to our customers is clear and will be made available to enable them to complete their own product life cycle assessments.

### *Our Progress*

In 2009, we successfully completed a pilot study in the USA to assess the carbon footprints of individual products. We also initiated dialogue with academic organisations to assist in the development of appropriate data analysis tools. Following the launch of the 'Principles of Green Chemistry' during 2008, all of our global research groups have adopted these and are encouraging the development of lower carbon intensive products.

### *Our Future*

In 2010, the findings of the pilot study will enable us to apply product profiling to other manufacturing sites within Croda, extend life cycle assessment coverage and together with the application of effective data analysis tools, allow us to progress carbon footprint measurements to satisfy both internal and customer needs.

<sup>1</sup> A standardised route to measure greenhouse emissions from individual processes from cradle to grave.



### Retaining Knowledge - Carbon Footprint

During 2009, Croda Inc started a pilot study programme to measure the carbon footprint of a large number of their US manufactured products. A Croda Inc graduate trainee was assigned to the project to collect data and calculate the carbon footprint of 123 Croda Inc products. During this period, Croda Inc measured only 'gate to gate' carbon footprint, this being the part of the supply chain over which Croda has direct control. A second graduate trainee has now started working on the 'cradle to gate' carbon footprint (what happens before raw materials arrive at Croda), which involves working with Croda Inc raw material suppliers.

The study programme is now being rolled out in Europe, with the graduate transferring to share her experience and expertise.

Cradle to gate carbon footprint data will be of considerable interest to our customers, especially those who wish to make positive environmental claims for their finished products.

### Palm Oil Sourcing

The use of palm oil has come under close scrutiny recently over concerns about deforestation, habitat loss, exploitation of indigenous peoples and loss of biodiversity. Croda uses relatively small quantities of palm oil, palm kernel oil and their derivatives. 'Our Responsibility' in respect of the sourcing of palm derivatives is reflected in our participation in the Roundtable for Sustainable Palm Oil (RSPO), a non-profit organisation made up of interested parties that promotes the growth and use of sustainable palm oil.

Croda has been a member of RSPO since its foundation in 2003. Our RSPO membership enables us to engage with our customers, suppliers and other stakeholders. During 2009 we have clearly defined our approach to the promotion of sustainable palm oil and this is publicly available on our website.

# Our Partners – *Market Place*



## The Science of Innovation

Enterprise Technology, a corporate research group, was established in 2005 as an initiative to find and acquire new technologies for our existing markets. It was tasked with accelerating innovation for the future technology needs of our customers and developing Croda's technology base.

A key area of focus for Enterprise Technology is sustainability. This is driven by developing innovation in biotechnology. One area of specific interest is that related to marine or 'blue' biotechnology. Terrestrial biodiversity has been well mapped and exploited, whereas the vast marine biodiversity remains virtually untapped and unknown. It is apparent that many new discoveries and future technologies will be based on the sustainable use of this marine diversity.

To drive forward interests in marine biotechnology, Croda has funded collaboration with a leading blue biotechnology company, Aquapharm Biodiscovery Ltd. Croda has an exclusive arrangement with Aquapharm to exploit a collection of micro-organisms to discover novel actives and excipients for the personal care industry.

To fully develop a future bio-based product range, Croda is building a multi million pound fermentation facility at its Ditton, UK, site. This is due to be commissioned in 2010.









## Sustainable Products




*Reducing solvents in alkyd based paints*



Croda's Coatings and Polymers business has developed LoVOCoat™ polymeric emulsifiers for the decorative paint industry. LoVOCoat provides an environmentally friendly solution to meet the European VOC legislation limiting the use of Volatile Organic Compounds as from January 2010.

LoVOCoat allows the incorporation of water in a solvent borne alkyd based paint as partial replacement for the solvent. The paint producer can formulate a high quality, low VOC paint with no compromise on performance such as drying time, dry film properties and stability over time. Experimental research work has also shown that drying times can even be reduced dramatically when incorporating water in paints, based on high solids alkyds.

## Our Partners - Progress Report

Our Commitments	Our Targets	Our Achievements	Our Progress	Our Future	
<b>Responsible sourcing and use of natural and renewable raw materials</b> Use of renewable raw materials in line with responsible supply chain management.	In 2009, to establish practice worldwide to accurately monitor the sourcing and use of renewable raw materials.		Process developed for manual compilation of this data.	During 2010 complete the development of the ERP based system. Use this to develop quantitative targets.	
	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.		Dialogues with customers conducted. Discussions with RSPO Secretariat conducted.	Continue membership of RSPO and other such bodies promoting the growth and use of sustainable raw materials.	
	With the help of our supply chain partners, identify the palm oil and palm kernel oil volume equivalent for all our raw material purchases and finished products.				
	Aid our customers' efforts in supporting the use of certified sustainable palm oil and palm kernel oils. Make available, upon request, the palm oil and palm kernel oil volume demand per tonne of products for the volume of finished products they buy.				
	Wherever possible, seek to develop new products based on natural raw materials.				
	Implement a Purchasing Policy for Croda International Plc that encompasses the principles of plan, do, check, review in a management system.				
<b>Climate change</b> Reduction in carbon emissions.	To continue to be an active contributor to the Carbon Disclosure Project reporting on greenhouse gas emissions and energy usage and participate in the supply chain leadership cooperation initiative.		Croda continued to be an active contributor to the Carbon Disclosure Project during 2009.	To continue to be an active contributor to the Carbon Disclosure Project, reporting on greenhouse gas emissions and energy usage and to 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 greenhouse gas emissions across each product's lifecycle.		Pilot study completed in the USA, gate to gate analysis only.	In 2010, to implement the findings from the 2009 pilot study to fully assess the carbon footprint profiles of key products using the 'business to business' requirements according to the PAS 2050 protocol and to develop/implement appropriate data evaluation tools.	

Key:  Target achieved     Circumstances meant target has been delayed or date altered     New objective/target

 Target is on track     Target not achieved



We have a long history of published targets in the areas of safety, health and the environment

## Our World – Environment

### We recognise that applying exceptional standards of environmental management is our license to operate.

We have a long history of published targets in the areas of safety, health and the environment. In 2009 these were incorporated into our CSR objectives and targets. These targets focus on:

- Resource Efficiency
- Responsible Manufacturing
- Waste Minimisation
- Energy Consumption
- Loss to Atmosphere
- Waste Water
- Process Safety

Full details of our performance in 2009 against these objectives can be found on pages 16-17.

#### Process Safety

##### *Our Commitments*

Croda recognises that the importance of Process Safety to the individual, the organisation and the community should be understood by all employees. We achieve this through visible, active and constant commitment and leadership from the top. Discussion in the annual report, development of clear objectives and targets, extensive training and sharing of best practice has all helped to embed Process Safety into our culture. Good communication and leadership has been coupled with technical excellence in areas such as risk assessments and 'basis of safety' documentation.

Process Safety is not new to Croda and our 2009 objectives focused on enhancing and improving our work in this area. In particular we focused on ensuring that the critical parameters and controls that we have in place for the safe operation of all processes were clearly recorded.

We developed a programme to ensure all risk assessments are reviewed at least once every five years and we committed to monitor the completion rates of all actions arising from a process risk assessment.

##### *Our Progress*

During 2009, six targets associated with the assessment, control, review and reduction of process risk were achieved.

##### *Our Future*

Our aim during 2010 is to continue developing systems and improving performance in Process Safety. We will achieve this by focusing on our Process Safety objectives and targets and continuing to set annual improvement targets.

## Hazard Study Leadership

The Hazard Study Leadership course was facilitated by Group SHE in order to provide all Croda manufacturing sites with the necessary skills to be able to:

- Meet company objectives and targets for Process Safety
- Fulfil their responsibilities for conducting hazard studies for new and existing process plant
- Maintain the required level of competence as employees move to different roles and responsibilities
- Meet the Group SHE minimum standards for competency for hazard study leaders and participants

The course was tailored to meet the specific needs of the business to ensure the Company Process Safety objectives and targets were incorporated. Delivery of the same course for all Croda sites ensures that a consistent message is delivered throughout the organisation.

The effective management of Process Safety is crucial for maintaining continued business credibility and continued survival, where major hazards can lead to loss of life or detrimental environmental impact. Effective hazard identification and risk assessment is at the heart of a strong Process Safety culture. This course ensures that Croda is equipped to continue to meet its own demanding standards as well as evolving regulatory and insurance expectations.

Process Safety is at the heart of a safe operation and enhances safe and reliable processes, which reduces the risk of accidents that could affect the supply of a product to our customers. Hazard studies are conducted at a site level by multi-disciplined teams. Attendees have come from Operations, Engineering, Technical and SHE disciplines. For employees the course has:

- Provided training in hazard study methodologies
- Provided training in leadership skills for hazard studies
- Provided continued career development opportunities
- Provided opportunities for networking with employees in similar roles throughout the company



## Responsible Care Special Award for Process Safety Leadership 2009

This award was received at the annual UK Chemical Industries Association ceremony held in Edinburgh, Scotland. The award is given to the company or site that best demonstrates excellence in Process Safety Leadership performance, including demonstrable leadership by senior management and engagement of staff at all levels, as well as excellence in Process Safety performance.

Croda has developed a novel Company Process Safety Model with key leading and lagging Process Safety Performance Indicators (PSPIs) upon which objectives and targets have been set and against which progress has been demonstrated.

Croda recognises the importance of communicating the Process Safety message at all levels in the organisation. Senior Managers routinely engage with Operations staff on Process Safety during site visits. Group SHE professionals have delivered training on the Process Safety model. At a site level, Process Safety initiatives are delivered through formal training, team briefs, Safety Committees and Union Representatives.

We conducted a survey at all manufacturing sites using the HSL Safety Climate Tool and are now providing feedback and actively seeking ways to respond to the comments received.

The key learning points have been:

- Regular discussion at Board level
- Accountable business line managers
- Simple model and concise Basis of Safety documentation
- Targeted training
- Small number of relevant Process Safety Performance Indicators
- Empowerment of sites to set own indicators



### Improving Efficiency at Atlas Point

In September 2007, Croda Inc acquired the assets and land from an adjacent company SPI Polyols at the New Castle, Delaware site. Part of the acquisition included a steam generation plant which provided steam for both Croda Inc as well as SPI Polyols. The plant had minimal investment under the previous owner and Croda completed an energy efficiency study in early 2008, which identified several areas for significant improvement. A capital project was sanctioned for \$1.0 Million to capture energy losses throughout the system. The project installed a flue gas economiser on the main boiler, boiler feed water pre-heater to recover heat from boiler water blow-down, a variable frequency drive on the boiler feed water pump and extended condensate recovery across the site.

The capital investment was completed in early 2009. Currently the changes are delivering savings of \$590,000 per year resulting in a payback of less than two years. The following table lists the approximate breakdown in energy savings for the major portions of the project:

Energy Upgrades at Croda Inc New Castle, DE Site			
	Investment (\$)	Savings (\$)	Energy Savings/hr (000 btu's/hr)
Flue Gas Economiser	500,000	258,000	2,590
Blowdown Heat Exchanger	35,000	46,000	500
Condensate Recovery	445,000	274,000	1,960
VFD Boiler Feed Water Pump	20,000	9,300	-----
<b>Totals</b>	<b>1,000,000</b>	<b>587,300</b>	<b>5,050</b>

This project helped reduce overall site energy consumption by 12%, in addition to reducing site water consumption and chemical usage through the recovery of hot condensate water. In the past the site recovered less than 5% of the condensate generated. The condensate was sent to the plant effluent treatment system further increasing treatment fees.

### Energy Consumption

#### Our Commitments

Croda is committed to the improvement of the energy efficiency of our manufacturing processes and has set published targets for energy reduction for the last ten years. In the first five year plan (2001-2005) we improved our energy efficiency by 39%. We are now four years into our second five year plan (2006-2010) that aims to reduce the energy efficiency of our manufacturing sites by a further 8% by the end of 2010.

#### Our Progress

In 2009, we experienced reduced manufacturing volumes and closed two of our UK sites. As a result, the Group energy efficiency per tonne was down by 3.7% compared to 2008 and by 13.5% since 2006.

In absolute figures the energy used in 2009 was lower by 6.2% compared to 2008 and lower by 15.3% compared to 2006.

This overall energy reduction has been achieved through a series of large and small projects to reduce energy usage. 8.3% of our energy is obtained from renewable or sustainable sources, such as our wind turbine at Hull for the generation of electricity and the use of biofuels for the generation of steam at sites in the UK, Netherlands, Germany and Japan.



# Our World – Environment

## Our Future

The four year plan for an 8% (GJ/tonne) improvement in energy efficiency may not be achieved by the end of 2010, because of the adverse effect of a reduction in manufacturing output, which more than outweighs the benefits of the energy reduction projects in the last three years. Plans for the future include the purchase of combined heat and power (CHP) at two more sites to improve our energy generating efficiency and the use of further streams of biofuels to increase the use of renewable resources.

In the Netherlands, Croda has bought back the responsibility for the operation of a large CHP plant from a third party, with the intention of maximising the efficiency of the unit. It is anticipated that these projects will help to recover some of the efficiency losses since 2006 and further reduce the overall energy consumption of the Group.

## Atmospheric Emissions

### Our Commitments

Croda has made public its long term commitments to a reduction of volatile organic compounds (VOCs) released to the environment as a result of our activities. Historically, Croda was involved in the manufacture of products that use large quantities of solvents such as paints, inks and adhesives.

Over the last twenty years Croda has withdrawn from these markets and since 2001 has continued to set published targets on the reduction of VOCs emitted from our manufacturing sites. During the first five year plan, 2001-2005, Croda committed to reduce its VOCs released by 25%. For the second five year plan, 2006-2010, it has set a target of a further 20% reduction.

## Our Progress

Since 2006, the target of 20% reduction in VOC/tonne has already been achieved with an overall reduction of 21% over the three years. In 2009, there was a 3.9% reduction in the amount of VOCs per tonne released to air compared to 2008.

In absolute figures the amount of VOCs emitted during 2009 was reduced by 13% compared to 2008 and reduced by 41.2% since 2006.




## Our Future



Although the five year target has already been achieved, projects are already planned that are projected to achieve a further 5% reduction in VOC/tonne in 2010.

8.3% of our energy is obtained from renewable or sustainable sources



# Our World – Environment

Key:  Target achieved     Circumstances meant target has been delayed or date altered     New objective/target

 Target is on track     Target not achieved

Our World - Progress Report		
Our Commitments	Our Targets	Our Achievements
<b>SHE management</b> To continually improve the effectiveness of our SHE management systems.	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 the end of 2010.	
<b>Energy consumption</b> To continually improve the energy efficiency of our manufacturing processes.	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.	
<b>Atmospheric emissions</b> To minimise the mass of volatile organic compound (VOC) emissions released to air from our processes.	Based on 2006, all manufacturing sites to reduce VOC emissions (kg/tonne manufactured) by 5% per year (20% overall) until the end of 2010.	
<b>Waste disposal</b> To minimise the quantities of waste disposed to landfill.	Based on 2006, to reduce waste to landfill (kg/tonne manufactured) by 5% each year (20% overall) until the end of 2010.	
<b>Waste water discharges</b> To reduce the environmental impact the Group has on controlled waters.	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.	
<b>Consumption of mains water</b> To reduce the Group requirement for mains water.	All manufacturing sites to reduce the use of mains water (m <sup>3</sup> per tonne manufactured) by 2.5% each year (10% in all) until the end of 2010.	
<b>Resource efficiency and waste minimisation</b> Ongoing reduction in organic waste to the aquatic environment.	Reduction in organic losses via waste water directly and indirectly to the aquatic environment. In 2009, introduce a programme to monitor and collate organic losses to establish base line data.	
<b>Assessment of process risk</b> To assess the individual risk of fatality from the site activities and to identify whether this risk meets a recognised criterion.	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.	
<b>Control of process risk</b> To demonstrate and monitor the effectiveness of control for each process.	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.	
<b>Review of process risk</b> To regularly review the process risk assessments.	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.	
<b>Reduction of process risk</b> To reduce process risk to as low as reasonably practicable.	To ensure that actions arising from process risk assessments are prioritised and appropriately managed.	
	To monitor completion rates of all actions.	
In addition we have set two new objectives for 2010.		
<b>Assessment of process risk</b> To ensure that no change is introduced that increases the individual risk of fatality from all site processes to an intolerable level.	All manufacturing sites to demonstrate annual improvements in evaluating process risks for new processes and the management of change for existing processes.	
<b>Personal accidents</b> Ongoing reduction in personal accident rate.	To achieve an ongoing reduction in the personal accident rate numbers.	



Our Progress	Our Future
All former Croda manufacturing sites have successfully been certified to BS OHSAS 18001 standards.	
Six of the former Uniqema sites are already certified to both BS EN ISO 14001 and BS OHSAS 18001 and the remaining four sites are expected to achieve certification by the target date.	All former Uniqema manufacturing sites to be certified to BS EN ISO 14001 and BS OHSAS 18001 by the end of 2010.
In 2009, the Group energy efficiency per tonne was worse by 3.7% compared to 2008 and worse by 13.5% since 2006. This is due to much reduced manufacturing volumes. In absolute figures the energy used in 2009 was lower by 6.2% compared to 2008 and lower by 15.3% compared to 2006.	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.
In 2009, there was a 3.9% reduction in the amount of VOCs per tonne released to air compared to 2008 and an overall reduction by 21.2% since 2006. In absolute figures the amount of VOC emitted during 2009 was reduced by 13% compared to 2008 and reduced by 41.2% since 2006.	Based on 2006, all manufacturing sites to reduce VOC emissions (kg/tonne manufactured) by 5% per year (20% overall) until the end of 2010.
In 2009, waste disposal to landfill per manufactured tonne increased by 4% compared to 2008 and decreased by 36.2% since 2006. In absolute figures the waste disposal to landfill during 2009 was reduced by 5.8% compared to 2008 and reduced by 52.4% since 2006.	Based on 2006, to reduce waste to landfill (kg/tonne manufactured) by 5% each year (20% overall) until the end of 2010.
In 2009, the compliance with our effluent discharge consents was 96.8% compared to 97% in 2007 and the baseline compliance of 91.6% in 2006.	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.
In 2009, the mains water used per manufacturing tonne reduced by 9.6% compared to 2008 and increased by 18.5% since 2006. In absolute figures the mains water used by the Group reduced by 18.2% compared to 2008 and reduced by 11.6% since 2006.	All manufacturing sites to reduce the use of mains water (m <sup>3</sup> per tonne manufactured) by 2.5% each year (10% in all) until the end of 2010.
In 2009, all manufacturing sites with an effluent discharge consent have put in place the necessary plant and procedures to report chemical oxygen demand (COD) load accurately.	During 2010, begin to report the losses of organic materials to the aquatic environment. Due consideration is given to off-site treatment where relevant, since in some instances this can be justified as BAT (best available technique) and BEO (best environmental option).
In 2009, 18 out of 20 manufacturing sites were able to demonstrate that their activities met the Group criterion. Two sites have yet to complete the assessment work.	To use improved risk assessment techniques to confirm that the individual risk of fatality from site activities meets the Group criterion by end of 2010.
In 2009, all manufacturing sites were able to clearly and concisely record the critical parameters and controls that are in place for the safe operation of all processes by means of a basis of safety document complying with Group standards.	All manufacturing sites to demonstrate annual improvements in the reporting and investigation of significant deviations from safe operating conditions.
The basis of safety document identifies all significant process deviations. In 2009 there were 14 calls on the last layer of protection and 38 calls on the last layer of prevention. All these incidents were investigated thoroughly with a view to preventing a further occurrence.	
In 2009, each manufacturing site developed a programme for the review of process risk assessments at least once every five years. At present 87% of all processes have been reviewed in the last five years. The programme will deliver 100% of processes reviewed in the last five years by the end of 2012.	To develop a programme to ensure that all process risk assessments are reviewed at least once every five years.
In 2009, 19 out of 20 sites met the review programme.	To monitor the timely completion of the review programme.
In 2009, all actions arising from process risk assessments were prioritised. At the end of the year there were 521 high priority actions and none of them were overdue.	To ensure that actions arising from process risk assessments are prioritised and appropriately managed.
At the end of 2009, 19 out of 20 sites met the target of less than 20% overdue low and medium priority actions. All sites are now monitoring completion rates and are working towards a target of less than 20% overdue low and medium priority actions.	To monitor planned rates of all actions.



The key to the future success of our business lies in the skills and abilities of a dedicated global workforce

# Our People – *Employees*

Our business success depends on the ability to attract and retain individuals who are passionate about personal and business growth and want to make a significant contribution to the future of Croda. We recognise our employees' desire to make a difference and the Croda Vision encapsulates our corporate culture, where accountability, creativity, challenge and clear communication are valued.

In 2009, we set out a number of key priorities and targets for the global business in relation to 'Our People'. These focused on four key themes:

- Employee engagement and satisfaction
- Openness of communication
- Employee development
- Best practice in occupational health promotion and monitoring

Progress against all individual targets can be seen on page 21.

## Employee Engagement

### *Our Commitments*

We understand that real engagement comes down to more than 'being satisfied' or comfortable in a job. It requires true identification with the company, the corporate culture and the organisation's objectives. This understanding led us to set a challenging target in relation to employee engagement and the rolling out of a comprehensive global survey during 2009.

### *Our Progress*

Our North American business undertook a survey as planned, but due to significant changes to our other operations the surveys were deferred in other regions.

### *Our Future*

Croda is committed to fully understanding how to improve employee engagement. Regional surveys will be implemented during 2010.

## Employee Development

### *Our Commitments*

The key to the future success of our business lies in the skills and abilities of a dedicated global workforce. We believe that development opportunities focused on improving skills, knowledge and abilities should be available to all. It is only through the continual development of our workforce that we will be able to meet the future demands of our customers in enhancing creativity, innovation and customer service.

Our commitment to employee development during 2009 focused on ensuring we could accurately assess the level of training and development being undertaken around the group. From this data we will be able to ensure all future targets concentrate on improvements to the quality, quantity and applicability of training and development activities.



### Our Progress

The successful implementation of a standardised and unified global HR management information system was vital to the achievement of this target. The completion of this project during 2009 will enable future employee reporting to be efficient and effective.

Throughout the year, we have invested in many forms of learning and development. These range from structured classroom based training and webinars to one on one coaching, distance learning and leadership development groups. During 2009 our employees received, on average, 22 hours of training each.

In addition to personal skills development activities, we also run a comprehensive programme of technical sales focused training and development. Enhancing the knowledge of our global sales teams and offering greater support to our customers is critical to our business growth.

### Our Future

Employee development will continue to be core to Croda's people management strategy. In 2010, as a result of the completion of our global job evaluation project, we will undertake a comprehensive review of the development opportunities available at each stage of individual careers and across all levels of our organisation. This will ensure our development opportunities continue to deliver enhanced individual and company performance.

### Development and Training

A one day creativity and innovation training and development session was undertaken in late 2009 for the senior management team at the Hull, UK, manufacturing site.

Following the installation of the wind turbine at Hull and the implementation of several energy saving projects, it was felt that a fresh perspective was needed in terms of generating new ideas for future energy reduction and plant efficiency activities.

Getting the team to think more creatively in order to generate new ideas and innovative solutions was at the core of the training and development need. The session had three training and development objectives:

- Give people the ability to generate new ideas and imaginative solutions
- Generate the capacity to identify alternatives to traditional methods and approaches
- Think beyond conventional wisdom when tackling problems

The training and development session focused on understanding the essential characteristics of creativity and innovation.

Following the team's greater awareness and understanding of creativity and innovation the session concluded with a team activity. The activity focused on the generation of energy reduction and plant efficiency ideas, with the following longer term objectives:

- Translate the ideas into action to bring about a tangible impact (on the Company)
- Convert the ideas into better ways of doing business or into new or improved products and services that are valued by both the Company and our customers

As a result of the training and development session, thirteen energy reduction and plant efficiency ideas were generated. Several of the projects are currently being scoped to determine their feasibility and to evaluate their justification.

# Our People – Employees

Providing a safe and healthy working environment has always been of paramount importance to our business

## Occupational Health Promotion and Monitoring

### *Our Commitments*

Providing a safe and healthy working environment has always been of paramount importance to our business. We recognise that a healthy and productive workforce is essential for sustainable business success. Historically, Croda's focus has been predominantly on our manufacturing operations. For 2009, we set the target of ensuring that all Croda locations have health promotion and monitoring activities in operation.

### *Our Progress*

Such activities are in operation at 80% of our worldwide locations. Employee well-being at these locations is encouraged through group and local policies, targeted health programmes, financial assistance and the availability of health professionals. The locations not operating any of the above were sales units employing less than 10 people.

### *Our Future*

Through working with local management, we can ensure that Croda's absence strategy, policies and practices genuinely reflect the realities of particular regional circumstances and needs.

Data on absence due to sickness will be tracked globally to help us measure the effectiveness of our health promotion initiatives. This data will enable us to report the financial cost of absence to the business.

## Openness of Communication

### *Our Commitments*

Croda recognises that our employees are most highly motivated and make their best contribution to the business when there is full and open communication at work. During 2009 we were committed to ensuring that every location had in operation channels for open dialogue with employees.

### *Our Progress*









65% of our sites provided detailed data at the end of 2009. On average these sites held 16 two way communication sessions with employees during 2009. Topics discussed ranged from company performance, site performance data and SHE to specific topics such as CSR, job evaluation, employee benefits and community involvement projects.






The importance of communication was heightened by the economic situation and Croda was particularly challenged when faced with the closure of two manufacturing facilities in the UK. Through working closely with the unions, the site consultation committees and educating managers on change and personal transitions, we trust we have been able to make this difficult process less painful.

### *Our Future*

Our focus on communication will continue through 2010 with the relaunch of the company's intranet, a review of alternative communication tools and a continuation of site based employee communication sessions. Through improving access to information, we believe we can have a positive impact on employee satisfaction, productivity, turnover and morale. The employee engagement surveys will enable us to ascertain how effectively we communicate at all levels of the organisation.

## Our People - Progress Report

Our Commitments	Our Targets	Our Achievements	Our Progress	Our Future
<b>Employee engagement and satisfaction</b> To further develop our understanding of employee expectations, commitments, engagement and satisfaction.	To identify, develop and roll-out a comprehensive employee survey during 2009, to gain a better understanding of employee expectations, commitments, engagement and satisfaction, globally.		Due to significant business changes in our European operations the decision was taken not to commence the process this year.	During 2010, implement and report on the findings from employee engagement surveys conducted across Croda.
	On a global basis to maintain average voluntary turnover at less than 10% per annum.		Average voluntary turnover for 2009 was 5% (Calculations based on voluntary turnover defined by GRI indicator LA2).  Calculations based on resignation only = 2%	On a global basis to maintain average voluntary turnover at less than 10% per annum.
<b>Openness of communication</b> To ensure that all locations have in operation channels for regular dialogue with employees.	Every Croda site to hold a minimum of two employee communication sessions (sales offices and manufacturing sites) per annum.		65% compliance, holding an average of 16 communication sessions each.	Every Croda site to hold a minimum of two employee communication sessions (sales offices and manufacturing sites) per annum.
<b>Employee development</b> To ensure that development and training opportunities are made available to all employees to enable them to reach their full potential.	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.		Data was gathered for 97.8% of our employee population. Of this, 85% had training records and on average they received 26 hours of training each. Across the Group the average hours of training per employee is 22 hours.	
	On average, across Croda, employees will have a minimum of 21 hours of training per annum.			
<b>Best practice in occupational health promotion and monitoring</b> To ensure all locations have health promotion and monitoring activities.	To undertake a training/communication programme to ensure best practice occupational health promotion and monitoring is in place at all locations. By the end of 2009 to set realistic targets for 2010 onwards.		A thorough communication process was carried out. All of our manufacturing sites have occupational health processes in operation. Seven of our sales offices did not have in place formal arrangements and work has been ongoing to implement processes and procedures in these locations.	
	By the end of 2010 to have an accurate base line figure on which to report the financial cost of absence to business.			
	To ensure the company's absence strategy, policies and practices genuinely reflect the realities of particular regional circumstances and needs.			

- Key:
-  Target achieved
  -  Circumstances meant target has been delayed or date altered
  -  Target is on track
  -  Target not achieved
  -  New objective/target



Supporting community aims will allow for ever improving relationships which will be beneficial for all parties

## Our Neighbours – Community

One of the continuing strengths of our business is the commitment that we have to the local communities in which we operate. These local communities provide many of the dedicated and talented people that make Croda what it is today. We believe that 'Our Neighbours' deserve to be treated with respect. As a responsible company, Croda takes a proactive role in protecting and engaging with the community.

Croda has a well established history in the area of community involvement. Placing this recognition of community engagement under the CSR umbrella has provided a framework that allows us to monitor our activities and to think more critically about what we do, how we do it and why.

Our commitment to the community in 2009 focused on two issues.

- Openness of communication with the community
- Involvement in the community

### Openness of Communication

#### Our Commitments

Open and honest communication between businesses and local stakeholders can be seen as a potentially difficult issue. The act of dialogue can lead to requests or demands that have to be addressed. It is our firm belief that avoiding a response to the issues raised by 'Our Neighbours' can lead to more difficult problems in future years. 2009 was the first year for which community objectives and targets were established and it was a year for baseline assessment and alignment of activities throughout the Croda group. Our target was for each manufacturing site to hold at least one face to face dialogue with their local community per annum.

#### Our Progress

During 2009, 17 out of 18 of our wholly owned manufacturing sites complied with the objective of having dialogue with their local communities on at least one occasion. Within our commercial offices around the world there were additional and very significant examples of good practice where dialogue and activities took place with local communities.

#### Our Future

During 2010, we will establish the quality, outcome and coverage of this dialogue and ensure it is relevant and meaningful to our local communities. It is our belief that supporting community aims will allow for ever improving relationships which will be beneficial for all parties.



## Education – The Key to Our Future

Involvement in education based activities is vital to our future success. It is a means by which we can educate and inspire future generations to undertake careers in science and engineering. Involvement with local schools also educates the communities in which we operate as to what our factories do and the products we make.

Here are a few examples from around the Croda group on the types of activities we have been involved in during 2009.

### Support Students' Training Programme

Croda Singapore focuses its efforts on supporting a number of local polytechnics with yearly placements for students from the engineering and science faculties. This enables the students to shadow our chemists and engineers on various projects and to learn about the industry in a hands on way, with a real chance for them to put what they learn into practice.

The Singapore site also sponsors two prize awards at one of the polytechnics which are given in recognition of outstanding academic performance.

### STEMNET

At our Ditton site in the UK, five members of staff have recently been trained to become STEM (Science, Technology, Engineering and Mathematics) ambassadors. This enables them to visit schools in the local area and engage pupils in STEM subjects and careers.

In addition, two local primary schools have visited the site to learn about Sun Care and Biopolymers. This has involved presentations from the Research and Development team and tours of the manufacturing plants and laboratories.

### Apprenticeship Programme

At the beginning of 2009 Croda China launched an apprenticeship programme. The objective of the scheme is to make the local academic community aware of Croda. University students have the opportunity to work with our laboratory technicians to gain a deeper understanding of Croda technology and to learn more about our products in formulations.

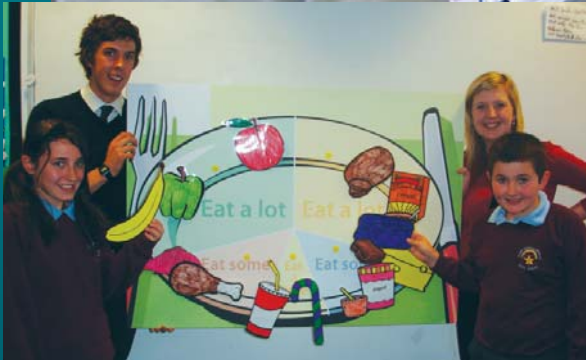


### School 'sniff around' Visit

In the Netherlands, our Gouda site hosted 23 children for a site visit. The children were divided into small groups and each group was guided to various departments across the site. They asked various questions such as; "What kind of job do you do? Do you like it? How long have you been working with Croda? What is your salary and what kind of education do you need for this job?"

During 2010, several similar school visits will take place to make it possible for young people to see a small glimpse of their possible future and, who knows, maybe we will see some of them back as our employees.

# Our Neighbours – Community

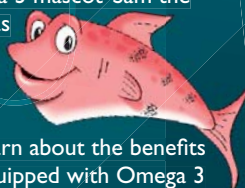


## Omega 3 Awareness

The Health Care sales and marketing team in Europe identified that a lack of understanding of Omega 3 in the general population is a potential obstacle to future Omega 3 sales growth for the business. An education programme to teach the public of the benefits could be achieved by various means, but it was thought that educating children, parents and teachers by visiting local schools was a good starting point.

A team of Croda employees met with the CEO of the School Food Trust and were delighted to receive her endorsement of the Croda School Meals Project. The team had to prepare a day's nutritional teaching at a local primary school during School Meals Week. Games were constructed to involve the children in nutritional fun, using Croda's new Omega 3 mascot 'Sam the Salmon' to praise the virtues of Omega 3 as part of a healthy and nutritious diet.

The day was a resounding success. The children took home a 'Sam the Salmon' Omega 3 fact sheet for their parents to learn about the benefits and the teachers at the school are now equipped with Omega 3 knowledge for their own use and future pupils' education.



The School Meals Project roadshow will now venture further afield, with a day's nutritional education planned for other primary schools local to our UK sites.

## Teaching at SIMSR

For the last three years Dr Annoottam Ghosh, the Managing Director of our Indian operations, has been taking time out over weekends to teach at K.J. Somaiya Institute of Management, Science and Research (SIMSR). He lectures on subjects such as Technology Management and Manufacturing Strategy for the Management students pursuing their second year of MBA. A typical class comprises 25-30 students specialising in Operations Management. SIMSR is one of the leading business schools in Mumbai and has been ranked amongst the top 25 business schools in India, as well as being one of the management institutes in India. SIMSR promotes over a dozen courses with the MBA degree as its flagship course.

"I teach because I enjoy interacting with the students and passing on the benefits of my experience. It also forces me to keep up to date in the areas that I teach. I try to focus on practical aspects of Management rather than a purely theoretical approach. One of the clear benefits of my teaching is that the Croda name is much better known and has helped us to recruit some very bright youngsters."

## Community Involvement

### *Our Commitments*

We believe we can be a leading example of a business operating in a manner that balances the needs of all stakeholders. In 2009 we set a challenging business objective relating to increasing community involvement through the use of paid employee time off.

### *Our Progress*

The 1% Club<sup>1</sup> has been operating across our UK sites for several years. To make it relevant globally, it was important to reassess the design and management of the scheme.

The UK scheme has been redesigned and adapted to make it more easily accessible to employees, as well as operating on principles of simplicity and local decision making. Site coordinators have been identified and trained to act as a local resource to assist in managing the programme. These individuals manage the communication flow and are active in identifying ideas and opportunities under which people can participate. Ownership of the scheme at a local level is critical to its ongoing success.

The focus on getting the fundamentals of the scheme correct has led to delays in achieving the complete global roll-out, but we remain committed to spreading this opportunity throughout our business.

During 2009, the level of enthusiasm for the 1% Club increased as we opened doors to shared activities that had been identified locally, as well as providing more infrastructure to allow individuals to use the 1% Club for opportunities that were more personal to them but still relevant to the community. The year concluded with 459 hours of 1% Club activity. This represented a significant improvement on 2008. With the ongoing aims to increase both the geographical spread and uptake across our business, we anticipate that this growth will continue.

### *Our Future*

We will actively encourage broad uptake of the 1% Club within our workforce. The number of employees using the scheme will be determined with a commitment to increase the number of participants over the coming years.

To achieve the global roll-out, we appreciate that the scheme will require modification to take account of local cultural differences, legal issues and resource requirements, but we are committed to completing the roll-out of the 1% Club during 2010.

<sup>1</sup> The 1% Club allows employees to take off 1% of their working time to volunteer in local community activities.

We will  
actively  
encourage  
broad  
uptake of  
the 1% Club  
within our  
workforce

# Our Neighbours – *Community*










## Donations and visits to Fundación Nordelta






Barrio Las Tunas is a poor and over populated neighbourhood located approximately 10 miles from Croda Argentina. As government funding is not enough to cover the needs of the deprived children and families that live there, Fundación Nordelta is an organisation that offers help to the community. They provide basic needs such as food, clothes and also run a local school. For this reason, Croda Argentina chose Fundación Nordelta as a partner to reach the people of Las Tunas by collaborating with them on the work they do.

The Croda team has already collected clothes for the children that attend Fundación Nordelta School, with ten bags of clothes being delivered. They also discussed future engagement opportunities, which include a programme to help collect pencils and equipment for the 2010 education year.

On the previous pages are just a few examples of how Croda works with local educational institutions. We have realised that engaging with future generations and the local community delivers business benefits. Our employees are presented with personal development opportunities such as managing work experience pupils, presenting to large groups, defining and organising a site visit. In doing this, valuable skills are developed that can be used in the workplace. We have the opportunity to identify and work with some of the best young talent coming into the industry. We are also able to promote our products to a wider market that will, in turn, benefit our customers.

## Our Neighbours - Progress Report

Our Commitments	Our Targets	Our Achievements	Our Progress	Our Future
<b>Openness of communication</b> To ensure that all locations have channels for regular dialogue in operation.	Every Croda manufacturing site to hold at least one face to face dialogue with their local community per annum.		95% of our manufacturing sites held face to face dialogue with their local community. <sup>1</sup>	Every Croda manufacturing site to hold at least one face to face dialogue with their local community per annum.
	All Croda manufacturing sites and commercial offices, of more than 30 employees, to analyse and report on key local stakeholders within the communities in which they operate.			
<b>Community involvement</b> To ensure that all locations operate the 1% Club (or similar initiatives) to enable employees to undertake relevant community activities.	By the end of 2009 to ensure that all employees are aware of the availability of the 1% Club or similar initiative.		Only operational in the UK, but Croda is setting up this process globally.	By the end of 2010 to complete the remaining elements of the 2009 objective to ensure that all Croda employees have access to 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, set realistic targets for 2010.		Unable to complete due to the delayed roll-out of the 1% Club. However where we do have the 1% Club operating we have baseline data available on which to measure performance improvement.	By the end of 2010 to have an accurate baseline figure on which to report number and type of community activities.
	All manufacturing sites and commercial offices, of more than 30 employees, should undertake an audit of key local stakeholder needs. The result of such an analysis should be reviewed in line with business benefits and lead to the implementation of at least one project per site/ office, supported through the 1% Club.			
	In the UK, increase the number of individuals using at least 0.5 day of 1% Club time over a 12 month period.			
In addition we have set one new objective for 2010.				
<b>Community education – science</b> To promote and assist with education in the field of science within our local community educational institutions.	By the end of 2010 all regions to promote/assist at least one local educational institution in developing skilled personnel within the science field.			

- Key:
-  Target achieved
  -  Circumstances meant target has been delayed or date altered
  -  New objective/target
  -  Target is on track
  -  Target not achieved

<sup>1</sup>This excludes our joint venture manufacturing sites of Cikarang and Woobang.

# Global Reporting Initiative

In 2008, we conducted a review assessing the applicability of the Global Reporting Initiative (GRI) 2006 G3 guidelines. Our CSR Steering Committee (a cross-functional team) reviewed the GRI Standard Disclosures and Performance Indicators against a number of criteria including relevance, materiality and our ability to report. We consulted both internally and externally with our stakeholders – investors, suppliers,

customers, neighbours and our employees – listening to their views and opinions on our priorities.

We have reported on Standard Disclosures up to Level C and the index table below lists the Performance Indicators we have selected for our initial phase of reporting. The table below is simply a summary of our reporting practice and content.

## GRI Performance Indicators

### Economic Performance Indicators

EC1	Direct economic value generated and distributed
EC3	Coverage of the organisation's defined benefit plan obligations

### Environment Performance Indicators

EN1	Materials used
EN3	Direct energy consumption by primary source
EN8	Total water withdrawal by source
EN16	Direct and indirect greenhouse gas emissions
EN20	NO <sub>x</sub> , SO <sub>x</sub> and other air emissions
EN21	Total water discharge
EN22	Total weight of waste
EN23	Significant spills
EN26	Initiatives to mitigate environmental impacts of products and services

### Labour Practices and Decent Work Performance Indicators

LA1	Workforce by employment type, contract and region
LA2	Employee Turnover
LA7	Rates of injury and illness and number of work-related fatalities
LA10	Training per year per employee

### Society Performance Indicators

SO1	Programmes to assess the impact on communities
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### Product Responsibility Performance Indicators

PR3	Information required by procedures
PR9	Non-compliance with regulations for use of products

A copy of our annual GRI report can be found at [www.croda.com/GRI](http://www.croda.com/GRI).



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