

# Notice of Annual General Meeting

**Wednesday 27 April 2016 at 12 noon**

to be held at The Royal York Hotel, Station Road,  
York, North Yorkshire, YO24 1AA

**This document is important and requires your immediate attention.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, bank manager, solicitor or accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares in Croda International Plc, you should pass this Notice and accompanying documents to the purchaser or transferee, or to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee. A personalised proxy form for use by holders of ordinary shares in the Company has been despatched with this Notice.

Dear Fellow Shareholder

## Annual General Meeting

I am pleased to enclose the Notice convening the forthcoming Annual General Meeting (the 'AGM' or the 'Meeting') for shareholders of Croda International Plc, which will be held on Wednesday 27 April 2016. The AGM will be at The Royal York Hotel, Station Road, York, North Yorkshire, YO24 1AA and will commence at 12 noon. The business to be considered at the AGM is set out in the Notice, which you can find on pages 4 and 5 of this document. Explanatory notes on each Resolution to be considered at the AGM appear on pages 6 and 7 of this document.

## Final dividend

Shareholders are being asked to approve a final dividend of 38 pence per ordinary share for the financial year ended 31 December 2015. If shareholders approve the recommended final dividend, this will be paid on 2 June 2016 to all ordinary shareholders who are on the Register of Members on 6 May 2016.

## Special Dividend and Share Consolidation

The Board is proposing a special dividend to shareholders of 100p per ordinary share.

The proposal of a special dividend is aligned with our Capital Allocation Policy, which was approved by the Board in 2015. The policy states that below a balance sheet target leverage range of 1 to 1.5 times net debt:EBITDA (excluding deficits on retirement benefit schemes), the Board would consider a return of excess capital to shareholders. The effect of this return of capital would have been to increase the 2015 year end leverage to around the mid-point of the Board's target range.

The proposed special dividend will be combined with a share consolidation of existing ordinary shares on the basis of 28 new ordinary shares for every 29 existing ordinary shares. If shareholders approve the special dividend, it will be paid on 2 June 2016 to all ordinary shareholders who are on the Register of Members on 6 May 2016.

The share consolidation is intended, as far as possible, to maintain the comparability of the Company's share price before and after the special dividend. The total amount of the special dividend is £136 million, which is equivalent to approximately 3.4% of the market capitalisation of the Company as at 9 March 2016 (being the latest practicable date prior to the publication of the Notice convening the AGM).

The effect of the share consolidation will be to reduce the number of ordinary shares in issue by approximately the same percentage. It is anticipated, therefore, that the market price of each ordinary share should remain at a broadly similar level following the special dividend and the share consolidation.

Shareholders will still hold the same proportion of the Company's ordinary share capital as before the share consolidation (subject to any fractional entitlements). Whilst the new ordinary shares will have a different nominal value, they will carry equivalent rights under the Company's articles of association to the existing ordinary shares currently in issue. Fractions of new ordinary shares will not be allotted to shareholders; instead the shares representing the fractions of new ordinary shares will be aggregated and sold for the best price reasonably obtainable on behalf of the shareholders entitled to the fractions as soon as practicable after the share consolidation. The net proceeds of the sale, after the deduction of the expenses of the sale, will be distributed in due proportion among the relevant shareholders. Shareholders with a holding of existing ordinary shares that is not exactly divisible by 29 will be left with an entitlement to a fraction of a new ordinary share. The payment of any fractional amounts arising from the share consolidation will be made separately on 23 May 2016.

Shareholders who hold fewer than 29 existing ordinary shares will still have their shareholding consolidated and their shareholding will be dealt with in accordance with the procedure for fractional entitlements to new ordinary shares described above.

To effect the share consolidation it may be necessary to issue or repurchase for cancellation such minimum number of additional existing ordinary shares so that the number of the Company's existing ordinary shares is exactly divisible by 29.

For purely illustrative purposes, examples of the effect of the share consolidation and the special dividend are set out below:

No. of existing ordinary shares	No. of new ordinary shares	Fractional entitlement of a new share	Value of fractional entitlement (£)*	Special dividend (£)
5	4	0.82759	24.17	5
30	28	0.96552	28.19	30
40	38	0.62069	18.12	40
50	49	0.27586	8.06	50
100	96	0.55172	16.11	100
1,000	965	0.51724	15.10	1,000

\* Based on an implied value of a new ordinary share as at 9 March 2016.

If Resolution 19 is not passed, the special dividend will not be paid and the share consolidation will not take place.

A short summary of the taxation effect of the special dividend and share consolidation is set out in the attached appendix.

### **The Board of Directors**

I would like to take this opportunity to make special mention of Resolutions 4 to 11, which relate to the re-election of directors. In accordance with the UK Corporate Governance Code, all directors will be standing for re-election this year. The Board contains a broad range of skills and experience from different industries and advisory roles and from international markets. These skills support the strategic aims of the Company. A summary of the key strengths and experience of each director and the value they bring to the Board, as well as their biographical details, are set out on pages 36 and 37 of the Company's Annual Report and Accounts or at [www.croda.com](http://www.croda.com). Each of the directors being proposed for re-election has been subject to a formal performance evaluation and is considered to be effective in their role and to be committed to making available the appropriate time for Board Meetings and other duties. Further details of the performance evaluation are set out in the Corporate Governance report on page 43 of the Annual Report and Accounts.

### **Actions to be taken by shareholders**

Voting on all Resolutions at the AGM will be conducted by way of a poll rather than a show of hands. Your Board believes that this is more transparent and equitable as the voting intentions of all members are taken into account; not just those who are able to attend the meeting. Voting by way of a poll will give as many shareholders as possible the opportunity to have their votes counted, whether tendered by proxy in advance of, or in person at, the AGM. The results of the poll will be announced via a Regulatory News Service and made available at [www.croda.com](http://www.croda.com) as soon as practicable after the AGM.

Although we like as many shareholders as possible to attend our AGM, I do appreciate that this is not always possible. However, even if you are not able to come to the AGM in person your vote is still important. I would therefore encourage you, regardless of the number of shares you own, to complete, sign and return the accompanying Form of Proxy to our Registrars as soon as possible but, in any event, by no later than 12 noon on 25 April 2016. Alternatively, you may also register your proxy appointment(s) and voting instructions electronically. Please refer to page 8 of the Notice for further details of how to appoint a proxy or proxies, the deadlines for submission and also how to vote electronically. Registration of a proxy appointment will not prevent you from attending and voting at the Meeting if you so wish. CREST members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the Notice.

### **Recommendation**

Your Board considers all of the proposed Resolutions set out in this Notice to be put to the AGM to be in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that shareholders vote in favour of the Resolutions, as the directors intend to do in respect of their own shareholdings.

### **Questions and answers**

The AGM provides an opportunity for you to ask questions about the business set out in this Notice and to raise other matters about the business of the Company. I will endeavour to ensure that discussions are kept relevant and that as many shareholders as possible have the opportunity to speak. I do hope that you will be able to attend the Meeting and I look forward to seeing you.

Yours sincerely



**Anita Frew**  
Chairman

# Notice of Annual General Meeting

Holders of ordinary shares are entitled to attend the meeting and vote on all the Resolutions to be proposed at the Annual General Meeting.

Notice is hereby given that the ninety-first Annual General Meeting (the 'AGM' or the 'Meeting') of Croda International Plc (the 'Company') will be held at The Royal York Hotel, Station Road, York, North Yorkshire, YO24 1AA on Wednesday 27 April 2016 at 12 noon.

You will be asked to consider and, if thought fit, to pass the Resolutions set out below (the 'Resolutions'), of which Resolutions numbered 1 to 15 (inclusive) and 19 will be proposed as Ordinary Resolutions and Resolutions numbered 16 to 18 (inclusive) will be proposed as Special Resolutions.

As a member of the Company, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting.

1. To receive the financial statements of the Company and the Group and the reports of the directors and auditors for the year ended 31 December 2015.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2015, in accordance with s439 of the Companies Act 2006 (the "Act").
3. To declare a final dividend of 38 pence per ordinary share.
4. To re-elect A M Ferguson as a director.
5. To re-elect S E Foots as a director.
6. To re-elect A M Frew as a director.
7. To re-elect H L Ganczakowski as a director.
8. To re-elect K Layden as a director.
9. To re-elect J K Maiden as a director.
10. To re-elect P N N Turner as a director.
11. To re-elect S G Williams as a director.
12. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting of the Company at which accounts are laid.
13. To authorise the Company's Audit Committee to determine the remuneration of the auditors on behalf of the directors.

## Political donations

14. The Company, and any company which is or becomes its subsidiary during the period in which this Resolution has effect, be authorised for the purpose of Part 14 of the Act, during the period from the date of the passing of this Resolution until the conclusion of the Company's next annual general meeting, to:

- (i) make political donations to political parties and/or independent election candidates;
- (ii) make political donations to political organisations other than political parties; and
- (iii) incur political expenditure.

This is provided that in each case any such donations and expenditure made by the Company or by any such subsidiary shall not exceed £50,000 in aggregate.

For the purposes of this Resolution the terms "political donations", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363-365 of the Act.

## Directors' authority to allot shares

15. The directors, pursuant to section 551 of the Act, be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company:

- (i) up to an aggregate nominal amount of £4,485,860; and
- (ii) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £8,971,721 (including within such limit any shares or rights issued or granted under paragraph (i) above) in connection with an offer by way of a rights issue:
  - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

- (b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary, and so that the directors may impose any limits or restrictions and make any arrangements that they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until (unless previously reviewed, varied or revoked by the Company in a general meeting) the earlier of (i) the conclusion of the next annual general meeting of the Company, and (ii) the close of business on 27 July 2017 provided that in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares in the Company to be allotted or rights to subscribe for, or convert securities into, shares to be granted, after the authority ends and the directors may allot shares or grant rights to subscribe for, or convert securities into, shares under any such offer or agreement as if the authority had not ended.

## Disapplication of pre-emption rights

16. That subject to the passing of Resolution 15, the directors be empowered pursuant to section 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash and/or to sell ordinary shares held by the Company as treasury shares for cash, pursuant to the authority conferred by Resolution 16 as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- (i) the allotment of equity securities and sale of treasury shares (but in the case of the authority granted under paragraph (ii) of Resolution 15, by way of rights issue only) in connection with an offer of, or invitation to apply for, securities, open for acceptance for a period fixed by the directors:

- (a) to holders of ordinary shares and other persons entitled to participate in such offer in proportion (as nearly as may be practicable) to their holdings (or, as appropriate, to the number of shares which such other persons are deemed to hold) on a record date fixed by the directors;
- (b) to holders of other equity securities, as required by the rights of those securities, or as the directors otherwise consider necessary, as permitted by the rights of those securities, and so that the directors may impose any limits and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever; and
- (ii) in the case of the authority granted under paragraph (i) of Resolution 15, to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities with an aggregate nominal value of up to £1,359,352

such authorities to apply until (unless previously reviewed, varied or revoked by the Company in a general meeting) the earlier of (i) the date of the next annual general meeting of the Company, and (ii) close of business on 27 July 2017, and so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power had not expired.

This power shall supersede the previous power to allot equity securities conferred at the annual general meeting of the Company held on 22 April 2015 which shall be terminated upon the passing of this Resolution, but without prejudice to any action taken under such power prior to such termination.

This power applies in relation to a sale of treasury shares which is included as an allotment of equity securities by virtue of section 560(2) of the Act as if all references in this Resolution to any such allotment included any such sale and as if in the first paragraph of this Resolution the words "pursuant to the authority conferred by Resolution 15" were omitted in relation to such sale.

### Company's authority to purchase its own shares

- 17.** The Company be authorised generally and unconditionally in accordance with section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of its own ordinary shares, provided that:
- (i) the Company may not purchase more than 13,593,516 ordinary shares in the capital of the Company;
  - (ii) the minimum price (excluding expenses) which the Company may pay for each ordinary share is 10 pence;
  - (iii) the maximum price (excluding expenses) which the Company may pay for each ordinary share is the higher of (a) an amount equal to 105% of the average of the closing middle market price taken from the London Stock Exchange Daily Official List for each of the five business days preceding the date on which the ordinary share is contracted to be purchased, and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the London Stock Exchange Trading Systems;
  - (iv) such authority shall, unless previously renewed, revoked or varied, expire at the earlier of (i) the conclusion of the next annual general meeting of the Company, and (ii) 27 October 2017; and
  - (v) the Company may, pursuant to the authority granted by this Resolution, enter into a contract to purchase such ordinary shares before the expiry of this authority which would or might be executed wholly or partly after such expiry and may make a purchase of ordinary shares in pursuance of such contract as if the authorities had not expired.

### Notice period for shareholders' meetings

- 18.** That a general meeting (other than an annual general meeting) may be called on not less than 14 clear days' notice, provided that the authority for this Resolution shall expire at the conclusion of the next annual general meeting of the Company.

### Special dividend and share consolidation

**19.** That:

- (i) a special dividend of 100p per ordinary share be declared and paid to members on the register at 5.00 pm on 6 May 2016; and
- (ii) subject to and conditional upon admission of the new ordinary shares to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange becoming effective ('Admission'), every 29 existing ordinary shares of 10p each in the capital of the Company as at 5.00 pm on 6 May 2016 be consolidated into 28 new ordinary shares of 10.357143p each, provided that, where such consolidation results in any member being entitled to a fraction of a new ordinary share, such fraction shall, so far as possible, be aggregated with the fractions of new ordinary shares to which other members of the Company may be entitled into new ordinary shares of 10.357143p each and, as soon as possible after Admission, be sold in the open market at the best price reasonably obtainable and the aggregate proceeds (net of expenses) be remitted in due proportion to the relevant members entitled thereto.

### By Order of the Board

**Tom Brophy**  
Group General Counsel  
and Company Secretary  
21 March 2016

Registered Office:  
Cowick Hall  
Snaith  
Goole  
East Yorkshire DN14 9AA  
Registered in England and Wales No: 206132

# Explanatory notes

## 1. Resolution 1 – Financial statements

The directors are required to present to the AGM the audited financial statements and the directors' and auditors' reports for the financial year ended 31 December 2015.

## 2. Resolution 2 – Directors' Remuneration Report

Pages 57 to 74 of the Annual Report and Accounts 2015 form the annual Directors' Remuneration Report which shareholders are asked to approve. The vote is advisory and the directors' entitlement to receive remuneration is not conditional on it meaning that payments already made to directors will not have to be repaid in the event that Resolution 2 is not passed.

## 3. Resolution 3 – Declaration of dividends

The directors are recommending that the ordinary shareholders declare a final dividend of 38 pence per ordinary share in respect of the year ended 31 December 2015. The final dividend declared may not exceed the amount recommended by the directors and must be approved by the ordinary shareholders. If approved, the final dividend will be paid on 2 June 2016 to ordinary shareholders who were on the Register of Members at close of business on 6 May 2016.

## 4. Resolutions 4 to 11 – Re-election of directors

These Resolutions concern the re-appointment of directors. All directors are standing for re-election at this AGM in accordance with the UK Corporate Governance Code. Biographical details of the directors appear on pages 36 and 37 of the Annual Report. The Board considers that each non-executive director is independent in character and judgement. This follows an evaluation during the year that confirmed that each of the directors makes an effective and valuable contribution to the Board and demonstrates commitment to the role (including making sufficient time available for Board and committee meetings and other duties as requested). The Board is recommending that shareholders should re-elect them.

## 5. Resolutions 12 and 13 – Appointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders. Resolution 12 proposes the appointment of PricewaterhouseCoopers LLP as the Company's auditors until the conclusion of the next AGM. It is normal practice for a company's directors to be authorised to determine the level of the auditors' remuneration for the ensuing year. Resolution 13 proposes to give such authority to the Company's Audit Committee.

## 6. Resolution 14 – Political donations

This Resolution enables the directors to incur expenditure of up to £50,000 in aggregate in respect of the activities identified in Resolution 14 (including any such expenditure by a subsidiary company) without unintentionally breaching the provisions of the Act. It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression. However, without the authorisation contained in this Resolution, some of the Company's activities may inadvertently fall within the prohibition contained in the Act and the Company's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited without such authority. The authority sought will, if granted, last until the conclusion of the next annual general meeting of the Company when the directors intend to seek renewal of this authority. The Company will continue its policy of not giving any cash contributions to any political party. Any expenditure which may be incurred under authority of this Resolution will be disclosed in next year's Annual Report. During 2015, no donations were made by the Company or any of its subsidiaries for political purposes.

## 7. Resolution 15 – Renewal of directors' authority to allot shares

Under section 551 of the Act, the directors of the Company may only allot shares or grant rights to subscribe for or convert any securities into shares if authorised to do so. The Company's Articles of Association give a general authority to the directors to allot shares.

This Resolution, which complies with guidance issued by the Investment Association (the 'IA'), will, if passed, authorise the directors to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount of £4,485,860 (representing 44,858,603 ordinary shares of 10p each and being approximately 33% of the current issued share capital, excluding shares held in treasury, as at 9 March 2016, the latest practicable date prior to publication of this Notice) and up to an additional amount not exceeding £4,485,860 in the case of allotments in connection with a rights issue. As at 9 March 2016, this additional authority represents approximately 33% of the issued ordinary share capital, excluding shares held in treasury, which brings the aggregate authority for allotments in connection with a rights issue to approximately 66% of the issued ordinary share capital, excluding shares held in

treasury. As at 9 March 2016, the Company held 4,014,808 ordinary shares in treasury, representing 2.95% of the issued ordinary share capital of the Company, excluding shares held in treasury. The directors have no present intention to exercise either of the authorities sought under this Resolution. However, the directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives. If the directors do exercise the authorities, they intend to follow the IA's recommendations concerning their use (including as regards the directors standing for re-election in certain cases). The authorities will last until the earlier of (i) the conclusion of the next annual general meeting of the Company and (ii) 27 July 2017.

## 8. Resolution 16 – Disapplication of pre-emption rights

This is a Special Resolution to renew the directors' authority to allot shares for cash without first offering them to existing shareholders in proportion to their existing holdings. In addition, subject to a waiver by way of Special Resolution, or to the Articles of Association, treasury shares must in the first instance be offered for sale to existing shareholders in proportion to their holdings. As with the allotment of shares for cash, the directors consider that it is in the interests of the Company, in certain circumstances, for the directors to be able to sell treasury shares for cash without having to offer them to existing shareholders first. Therefore, the directors' authority to allot equity securities for cash on a non pre-emptive basis pursuant to this Special Resolution will also cover the sale for cash of any share held by the Company as treasury shares.

Although there is currently no intention to make use of this authority, its renewal would provide the directors with continued flexibility to act in the best interests of shareholders when opportunities arise and, in respect of treasury shares, also give the Company the ability to sell treasury shares quickly and cost-effectively. The authority sought is limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the directors otherwise consider necessary, or otherwise up to an aggregate nominal amount of £1,359,352, which represents approximately 10% of the issued ordinary share capital, excluding shares held in treasury, as at 9 March 2016, the latest practicable date prior to publication of this notice. This authority will last until the earlier of (i) the conclusion of the



next annual general meeting of the Company, and (ii) 27 July 2017.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles, as updated in March 2015, and not to allot shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 16: (i) in excess of an amount equal to 5 per cent of the total issued ordinary share capital of the Company excluding treasury shares or (ii) in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company excluding treasury shares within a rolling three-year period, without prior consultation with shareholders, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

#### **9. Resolution 17 – Company's authority to purchase its own shares**

Resolution 17 is a Special Resolution seeking to renew the authority to purchase up to 10% of the Company's issued ordinary shares (excluding treasury shares). The maximum price to be paid on any occasion for each ordinary share will be the higher of (a) an amount equal to 105% of the average of the closing middle market price taken from the London Stock Exchange Daily Official List for each of the five business days preceding the date on which the ordinary share is contracted to be purchased, and (b) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading Systems. The minimum price to be paid on any occasion for each ordinary share will be 10 pence. In exercising this authority the directors will comply with the rules of the London Stock Exchange and the IA guidelines on the purchase of own shares. This authority will expire on the date of the earlier of (i) the next annual general meeting of the Company, and (ii) 27 October 2017.

As at 9 March 2016, the latest practicable date prior to publication of this Notice the full exercise of all options and satisfaction of all awards outstanding under the Company's employee share plans would require the issue of 1,206,864 ordinary shares. This represents approximately 0.89% of the Company's issued ordinary share capital (excluding treasury shares) on that date and would represent 0.96% of the Company's issued ordinary share capital (excluding treasury shares) in the event that the proposed new authority to repurchase shares were to be exercised in full.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the 'Regulations') the Company is allowed to hold its own shares purchased in the market in treasury as an alternative to cancelling them. Shares held in treasury may subsequently be sold for cash, transferred for the purposes of employee share schemes or cancelled.

The directors will only purchase the Company's shares from the market if they believe that such purchases will improve earnings per share and will be in the best interests of the shareholders generally. It is the intention of the directors that any such shares purchased will be held as treasury shares, provided that the number of treasury shares does not at any one time exceed 10% of the Company's issued share capital (excluding treasury shares). This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and provide the Company with additional flexibility in the management of its capital base.

#### **10. Resolution 18 – Notice period for shareholders' meetings**

The Companies (Shareholder Rights) Regulations 2009 require that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period which is subject to a minimum of 14 days. Prior to August 2009 we were able to call general meetings (other than annual general meetings) on 14 days' notice and this Special Resolution is being proposed so that we can continue to be able to do so. In order to be able to call a general meeting on less than 21 clear days' notice the Company must make an electronic means of voting available to all shareholders for the meeting. This condition is met by the Company providing the facility for shareholders to appoint a proxy via an online shareholder portal operated by our Registrars. It is not the Company's intention to use the shorter notice period as a matter of routine but only when the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

#### **11. Resolution 19 – Special dividend and share consolidation**

The proposal of a special dividend is aligned with our Capital Allocation Policy, which was approved by the Board in 2015. The policy states that below a balance sheet target leverage range of 1 to 1.5 times net debt:EBITDA (excluding deficits on retirement benefit schemes), the Board would consider a return of excess capital to shareholders. The effect of this return of capital would have been to increase the 2015 year end leverage to around the mid-point of the Board's target range.

The directors are recommending that the ordinary shareholders declare a special dividend of 100p per ordinary share. The special dividend is being combined with a share consolidation of existing ordinary shares on the basis of 28 new ordinary shares for 29 existing ordinary shares.

The special dividend and share consolidation are conditional on the new ordinary shares being admitted to the Official List of the UK Listing Authority and being admitted to trading on the London Stock Exchange. The special dividend is payable to shareholders who are on the Register of Members at 5.00 pm on 6 May 2016 and is expected to be paid to shareholders on 2 June 2016.

Following the share consolidation and assuming no further shares are issued between the date of the Notice convening the AGM and the share consolidation becoming effective, the Company's issued ordinary share capital will comprise 135,124,108 new ordinary shares (including treasury shares). No change in the total aggregate nominal value of the Company's issued share capital will occur, it will still be approximately £15,130,892.90.

If the share consolidation is approved pursuant to Resolution 19, the Company will send holders of certificated existing ordinary shares new share certificates in respect of the new ordinary shares. The new share certificates will be sent on 23 May 2016 by pre-paid first class post, at the risk of the relevant holder of ordinary shares, to the registered address of that holder or, in the case of joint holders, to the holder whose name appears first in the register of members.

Share certificates for existing ordinary shares will no longer be valid and should be destroyed once the new certificate is received.

Shareholders who hold their entitlement in uncertificated form through CREST will have their CREST accounts adjusted to reflect their entitlement to new ordinary shares. The existing ISIN (GB0002335270) will be disabled at 4.30 pm on Friday 6 May 2016 with ISIN (GB0002335270), in respect of the new ordinary shares of 10.357143p, becoming effective at 8.00 am on Monday 9 May 2016.

If the share consolidation is approved pursuant to Resolution 19, trading in new ordinary shares on the London Stock Exchange is expected to commence on an ex-dividend and post-consolidation basis at 8.00 am on Monday 9 May 2016.

If shareholders do not approve Resolution 19, including the share consolidation, then the special dividend will not be paid.

# Notes

## 1. Entitlement to attend and vote

To be entitled to speak, attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 pm on 25 April 2016 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the Meeting.

## 2. Appointment of proxies

- (i) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact our registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively you may choose to vote online by logging on to [www.capitashareportal.com](http://www.capitashareportal.com) and selecting the 'Proxy Voting' link. If you have not previously registered to use the portal you will require your investor code ('IVC'), which can be found on your share certificate or dividend tax voucher.
- (ii) To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF or online at [www.capitashareportal.com](http://www.capitashareportal.com) or, in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, and in each case by no later than 12 noon on 25 April 2016.

- (iii) The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 3 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- (iv) In accordance with section 149 of the Act, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act (a 'Nominated Person'). Any Nominated Person to whom this notice is sent may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right, or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (v) The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 (i) and 2 (ii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

## 3. Electronic proxy voting through CREST

- (i) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (ii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual

(available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 25 April 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- (iii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (iv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.



#### 4. Voting rights

As at 9 March 2016 (being the last practicable date before the publication of this Notice) the Company's issued share capital consisted of 139,949,969 ordinary shares, carrying one vote each. Croda International Plc holds 4,014,808 ordinary shares in treasury and so the total number of voting rights in the Company at that date was 135,935,161.

#### 5. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

#### 6. Website publication of audit concerns

Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

#### 7. Questions

Any member attending the Meeting or any proxy or corporate representative attending the Meeting on behalf of a member has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered. The Chairman may also nominate a Company representative to answer a specific question after the AGM.

#### 8. Website

A copy of this Notice, and other information required by s311A of the Act, can be found on the Company's website at [www.croda.com/AGM](http://www.croda.com/AGM).

#### 9. Inspection of documents

The following documents are available for inspection at the registered office of the Company during normal business hours on any business day, and will also be available for inspection during the AGM and for 15 minutes beforehand:

- Copies of the service contracts of the executive directors; and
- Letters of appointment of the non-executive directors.

#### 10. Addresses

You may not use any electronic address provided in either this Notice or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

#### 11. Shareholders' statement and AGM business

Under section 338 and section 338A of the Act, shareholders meeting the threshold requirements in those sections have the right to require the Company i) to give to shareholders of the Company entitled to receive this Notice, notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory, or (c) it is frivolous or vexatious. Such a request may be in hard copy or electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 14 March 2016, being the date six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

# Appendix

The following summary is intended as a general guide only and relates only to certain limited aspects of the UK taxation treatment of the special dividend, the related share consolidation and the Company's dividend reinvestment plan. It is based on current UK tax law and what is understood to be the current practice of HM Revenue & Customs as of the date of this letter, either of which may change, possibly with retrospective effect. It applies only to shareholders who are resident and, in the case of an individual, domiciled for tax purposes in the UK, who are the absolute beneficial owners of their shares and any dividends paid on them, and hold them as an investment (but not through an individual savings account or self-invested personal pension). The tax position of certain categories of shareholders who are subject to special rules (such as persons acquiring their shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own independent tax advisers.

## 1. Special Dividend

The Company is not required to withhold tax when paying a dividend. Liability to tax on the special dividend will depend upon the individual circumstances of a shareholder.

### Individual shareholders within the charge to UK income tax

In the Summer Budget of July 2015, the UK government announced its intention to introduce significant changes to the income tax treatment of dividends with effect from 6 April 2016. This section first addresses the current rules and then, based on draft legislation published on 9 December 2015, sets out the Company's expectation as to the operation of the new rules (if implemented).

### Current rules for dividends received on or before 5 April 2016

An individual shareholder who is resident in the UK for UK tax purposes should generally be entitled to a tax credit equal to one-ninth of the dividend he or she receives. The dividend received plus the related tax credit (the 'gross dividend') will be part of the individual shareholder's total income for UK income tax purposes and will be regarded as the top slice of that income. However, in calculating

the individual shareholder's liability to income tax in respect of the gross dividend, the tax credit (which equates to 10% of the gross dividend) is set off against the tax chargeable on the gross dividend.

#### → Basic rate taxpayers

A shareholder who is liable to income tax at the basic rate will be subject to tax on the gross dividend at the rate of 10%. The tax credit will therefore satisfy in full the shareholder's liability to income tax on the gross dividend.

#### → Higher rate taxpayers

To the extent that the gross dividend falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax, the shareholder will be subject to tax on the gross dividend at the rate of 32.5%. This means that the tax credit will satisfy only part of the shareholder's liability to income tax on the gross dividend and the shareholder will have to account for income tax equal to 22.5% of the gross dividend (which equates to approximately 25% of the dividend received).

#### → Additional rate taxpayers

To the extent that the gross dividend falls above the threshold for the additional rate of income tax, the shareholder will be subject to tax on the gross dividend at the rate of 37.5%. This means that the tax credit will satisfy only part of the shareholder's liability to income tax on the gross dividend and the shareholder will have to account for income tax equal to 27.5% of the gross dividend (which equates to approximately 30.6% of the dividend received).

### Proposed new rules for dividends received on or after 6 April 2016

As noted above, the UK government announced in the Summer Budget of July 2015 that it intends to introduce significant changes to the income tax treatment of dividends with effect from 6 April 2016. Draft legislation was published on 9 December 2015. The remainder of this section assumes that the legislation providing for these changes will be enacted in the form published in draft on 9 December 2015. It is, however, not certain that any such legislation will be enacted or, if it is, that it will be enacted in the same form.

Under the new rules, an individual shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will not be liable to UK tax to the extent that (taking account of any other dividends received in the same tax year) that dividend falls within the nil rate allowance, being the first £5,000 of taxable dividend income in a tax year.

To the extent that (taking account of any other dividends received by the shareholder in the same tax year) the dividend does not fall within the nil rate allowance, it will be subject to income tax at 7.5% (to the extent it is within the basic rate band), 32.5% (to the extent it is within the higher rate band) or 38.1% (to the extent it is within the additional rate band). For the purpose of determining which of the bands dividend income falls within, (i) dividend income will continue to be treated as the top slice of a shareholder's income and (ii) dividends falling within the nil rate allowance that would otherwise have fallen within the basic or higher rate bands will be deemed to have used up those bands to that extent, and may therefore still affect the rate of tax payable on dividend income exceeding the nil rate allowance.

### Corporate shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met.

### UK resident shareholders exempt from UK tax

Taxpayers resident in the UK who are not liable to UK tax on dividends from the Company, including pension funds and charities, will not be entitled to claim payment of the tax credit in respect of those dividends.

## 2. Share Consolidation

It is expected that for the purposes of UK taxation on chargeable gains, the share consolidation will be treated as follows:

- The new ordinary shares arising from the share consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that a shareholder receives new ordinary shares, the shareholder will not generally be treated as making a disposal of all or part of his or her holding of existing ordinary shares by reason of the share consolidation being implemented, and the new ordinary shares which replace a shareholder's holding of existing ordinary shares as a result of the share consolidation (the new holding) will be treated as the same asset acquired at the same time as the shareholder's holding of existing ordinary shares was acquired.
- To the extent that a shareholder receives cash by virtue of a sale on his or her behalf of any new ordinary shares to which he or she has a fractional entitlement, the shareholder will not, in practice, normally be treated as making a part disposal of his or her holding of existing ordinary shares, the proceeds instead being deducted from the base cost of the shareholder's new holding. HM Revenue & Customs will generally apply this practice provided that either the cash receipts are less than £3,000 or it does not constitute more than 5% of the value of the existing ordinary shares.

Where there is a disposal which is not deducted from base cost or if those proceeds exceed that base cost, or where a shareholder holds only one existing ordinary share at the date on which entitlement to a special dividend and share consolidation becomes effective and accordingly is not entitled to any new ordinary shares on the share consolidation, the shareholder will be treated as disposing of part or all of his or her holding of existing ordinary shares and will be subject to tax in respect of any chargeable gains thereby realised.

- On a subsequent disposal of new ordinary shares comprised in a new holding, a shareholder may, depending on their individual circumstances (including the availability of exemptions, reliefs and allowable losses), be subject to tax on the amount of any chargeable gain realised.

### Dividend Reinvestment Plan

UK resident shareholders who elect to use the cash special dividend to buy additional shares under the dividend reinvestment plan operated by the Company will be treated for income tax purposes (in the case of UK resident individual shareholders) and corporation tax purposes (in the case of UK resident corporate shareholders) in the same manner as if they received the special dividend in cash.

For the purposes of UK taxation on chargeable gains, the cost of the additional shares acquired with the special dividend, including any dealing charges and stamp duty or stamp duty reserve tax, should be the base cost of the additional shares purchased on the shareholder's behalf.

### Transactions in Securities: Anti-avoidance

Under the provisions of Chapter 1 of Part 13 of the Income Tax Act 2007 (for income tax purposes) and Part 15 of the Corporation Tax Act 2010 (for corporation tax purposes), HM Revenue & Customs can, in certain circumstances, counteract tax advantages arising in relation to certain transactions in securities. The Company has not sought and will not seek clearance on behalf of shareholders in respect of the special dividend and the share consolidation in relation to the applicability of these provisions.

Shareholders are advised to take independent advice on the potential application of these sections in light of their own particular circumstances.

### Stamp Taxes

No liability to stamp duty or stamp duty reserve tax will be incurred by a holder of existing ordinary shares as a result of the proposed consolidation.

# AGM information

## Attending the Meeting

If you are attending the AGM please bring your attendance card and poll card with you. This will authenticate your right to attend, speak and vote at the AGM and also speed your admission. You may find it useful to bring this Notice and the 2015 Annual Report and Accounts in order that you may refer to them in the Meeting. All joint shareholders may attend and speak at the AGM. However, it is only the most senior shareholder by reference to the Register of Members and in attendance who is entitled to vote.

## Not attending the Meeting

Whoever you appoint as a proxy can attend, speak, vote or abstain from voting, as he or she decides on any other business which may validly come before the AGM. This includes proxies appointed using the CREST service. Details of how to complete the appointment of a proxy either electronically or on paper are given in the notes to this Notice and in the accompanying Form of Proxy.

## Data Protection Statement

Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data are to be processed. The Company and any third party to which it discloses the data (including the Company's Registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## Enquiries

Capita Asset Services maintain the Company's share register. If you have any enquiries about the Meeting or about your Croda International Plc shareholding, you may contact Capita:

**by telephone to the Shareholder helpline:**  
(from the UK) – 0871 664 0300\*  
(from outside the UK) – + 44 (0) 203 728 5000

\* Calls to this number cost 12p per minute plus network extras; lines are open 9 am to 5.30 pm, Monday to Friday.

## or in writing to:

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

## Email enquiries:

shareholderenquiries@capita.co.uk

## You may also contact Croda International Plc at the following corporate address:

Cowick Hall  
Snaith  
Goole  
East Yorkshire  
DN14 9AA

## Venue location

### The Royal York Hotel

The Royal York Hotel is accessible by rail, bus or car and is next door to York railway station.

### By Car

Satellite navigation post code YO24 1AA.  
The Royal York Hotel is a 20 minute drive from the A1.

## Parking at The Royal York Hotel

There is on-site car parking which will be complimentary to AGM attendees, subject to availability. Should the hotel car park be full, there are three public car parks close by. (1) York Commuter Car Park – Leeman Road, (2) York Esplanade – Leeman Road and (3) York Nunnery Lane.

## Park and Ride Buses

There are six Park and Ride sites in York, most of which stop adjacent to York railway station. For further details visit: [www.firstgroup.com/york/routes-and-maps/park-ride/routes](http://www.firstgroup.com/york/routes-and-maps/park-ride/routes)

