




Corporate  
**Social**  
Responsibility  
**2010**

CRODA



To remain an independent company and operate as one global team

We will continually improve

# The Croda Vision

We will continue to be an ethical and responsible company

There will be a place for many styles of leadership, but all leaders will have as their primary objective to build other leaders

We will remain a 'fun', lively, stimulating and exciting place to work, where all employees have the courage to question, and all functions and individuals are valued

We can only achieve our goals through excellent and constant communication, creativity and setting clear objectives at every level

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# Introduction

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2010 has been another successful year for Croda and we have sustained year on year growth in both market capitalisation and profits. Our long term strategy has been both informed by, and enabled further investment in, all aspects of our Corporate Social Responsibility (CSR) programme which is central to our business.

This is our fourth annual CSR report. Transparency and social reporting are of interest to a wider range of stakeholders than ever before and so we are communicating our 2010 progress to a broader audience by including an expanded CSR section in our Annual Report. We have also started to develop the structure and content of our CSR report to cater for different stakeholder groups and to focus on the issues that are material to them and to our business. We will, in future, structure our report around the issues that are increasingly important to Croda and our stakeholders.

In the front of this report we have outlined the Croda Vision, which underpins the culture of our business and our approach to CSR. We aspire to fulfil each part of our Vision and, in 2010, we continued our commitment to excellent and constant communication with Our Partners in supplier, non-governmental organisation (NGO) and customer collaborations to secure the sustainability and safety of our products. We continued to be an ethical and responsible company by reducing the impact of our operations on Our World, with a focus on energy efficiency and a new emphasis on the use of non-fossil energy.

We have continued to improve our commitment to Our Neighbours by rolling out our community investment programme, the 1% Club, to cover each of our 17 manufacturing sites worldwide. We have also shown that all functions and individuals are valued in our business, investing in Our People by developing a university accredited new manager training programme and a global HR system that will ensure all of our employees have access to an annual appraisal.

Throughout this report you will read more about our progress against the targets we set ourselves for 2010 and details of the targets we have set for 2011, along with case studies highlighting how CSR and the Croda Vision are embedded in our business.

For any further information relating to Croda's CSR programme, please contact us at [our.responsibility@croda.com](mailto:our.responsibility@croda.com)

# Business Overview

Croda is a global manufacturer of speciality chemicals for a wide range of markets and end use applications. We are a business-to-business supplier so, whilst our name is not widely recognised, millions of people throughout the world benefit on a daily basis from the many thousands of products that incorporate our ingredients.

We categorise our business into two divisions, Consumer Care – catering for the Personal Care, Health Care and Crop Care markets – and Industrial Specialities – catering for the Home Care, Process Additives, Coatings and Polymers, Polymer Additives, Lubricant Additives and Geo Technology markets. In 2010, in continuing businesses, Consumer Care achieved sales of £516m with a profit of £137m and Industrial Specialities achieved sales of £486m with a profit of £62m.

Operating 17 manufacturing sites and more than 40 commercial offices in 36 countries around the world, we are a truly global business.



Mill Hall, PA, USA  
New Castle, DE, USA  
Campinas, Brazil

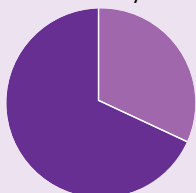
Cowick Hall, UK (Head Office)  
Ditton, UK  
Rawcliffe Bridge, UK  
Leek, UK  
Hull, UK  
Gouda, The Netherlands  
Chocques, France  
Le Perray en Yvelines, France  
Chanac, France  
Mevisa, Spain  
Cremona, Italy

Thane, India  
Jurong Island, Singapore  
Cikarang, Indonesia  
Shiga, Japan

# Business Overview

## Raw Materials and Value Added

### Raw Material by Source



- Renewable (68%)
- Non-renewable (32%)

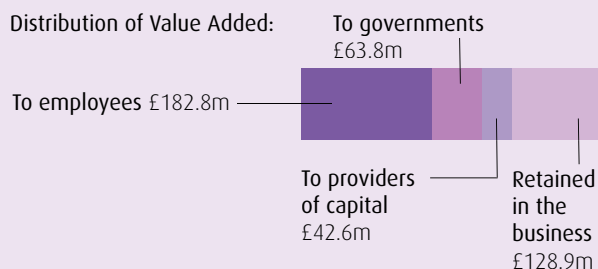
### Financial Highlights

Turnover £1,048.5m

Bought in materials and services £630.4m

Value added £418.1m

### Distribution of Value Added:



## Consumer Care

### Personal Care

We create products for the skin care, sun care, hair care, baby care, colour cosmetics, male grooming, bath and shower and antiperspirant markets.

These include inorganic UV absorbers, lanolins, emollients, polymers, proteins, surfactants and skin care actives.

### Health Care

Our high purity ingredients are used in the pharmaceutical, dermatological, nutraceutical, functional food and animal health markets.

These include concentrated omega fatty acids, ultra pure medical grade lanolins, Super Refined™ excipients and a wide range of surfactants, solubilisers, emulsifiers and fatty acid esters.

### Crop Care

We provide inert ingredients and adjuvants for the full spectrum of agrochemical applications.

These include polymeric surfactants, dispersants, wetting agents, emulsifiers, stabilisers, adjuvants and seed coating binders.

## Industrial Specialities

### Coatings and Polymers

We provide environmentally friendly, high performance solutions to paint formulators, resin manufacturers and additive producers.

This includes a wide range of naturally derived oleochemicals and speciality surfactants.

### Home Care

We supply ingredients for laundry, household, industrial and institutional cleaning applications, as well as for wipes, tissues, nappies and hygiene articles.

These include proteins and their derivatives, softeners, surfactants, solvents, emulsifiers, solubilisers, hydrotropes, tissue lotions, botanical extracts, fatty acids and glycerine.

### Polymer Additives

We provide speciality effects for a wide range of industrial and consumer plastics, packaging and rubber applications.

These include slip, anti-block, anti-static, anti-fog, mould and torque release agents as well as UV absorbers, dispersants and concentrates.

### Lubricant Additives

We supply ingredients based on renewable raw materials to automotive and industrial lubricant markets.

These multi-functional esters, polyalkylene glycols and speciality lubricant additive products deliver high performance, energy efficient solutions to meet the challenging demands of the lubricant industry.

### Geo Technologies

We provide innovative, efficient solutions for the oil field, mining and water treatment markets.

These include demulsifiers for the oil field industry, emulsifiers for explosives and water soluble polymer components for the formulation of water treatments.

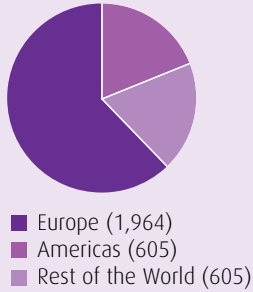
### Process Additives

We supply ingredients and additives for use in a range of market applications including rubber, candles, textiles, leather and surfactants.

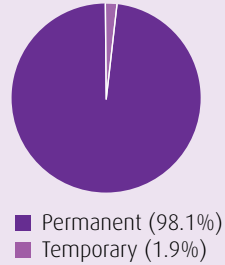
These include the full range of our products; from base oleochemical fatty acids and glycerine to esters, polymeric surfactants and amides.

## Employee Overview

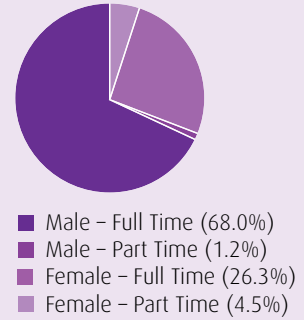
### Employees by Region



### Employees by Contract



### Employees by Gender and Hours

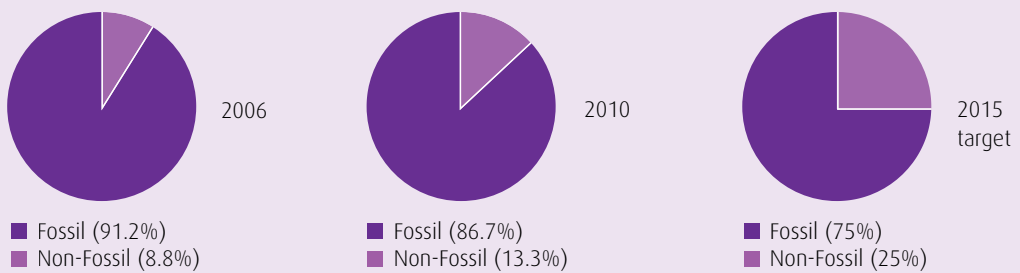


## Safety, Health and Environmental Performance Indicators 2010

Energy Consumption	11.0% increase in energy consumed per tonne of product manufactured*
	7.5% reduction in total energy consumption*
Water Consumption	4.8% increase in volume of potable water consumed per tonne of product manufactured*
	12.6% reduction in total volume of potable water consumed*
Accident Rate	Increase in accident rate to 0.32 accidents per 100,000 hours
Discharges to Water	99.0% Group average compliance with discharge to water course consents
Waste Disposal	22.7% decrease in mass of waste sent to landfill per tonne of product manufactured *
	35.5% decrease in total mass of waste sent to landfill*

\*based on 2006 levels

## Proportion of Group Energy from Fossil and Non-Fossil Sources



# Group Chief Executive's Statement

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Croda was founded 86 years ago and a responsible and ethical approach to business has always been part of its ethos.

We develop, manufacture and sell speciality chemicals and it is essential that our customers, investors, employees and neighbours are confident that we operate responsibly.

Our business strategy is to develop speciality chemical products to supply market sectors which need innovation, show strong long term growth and are global in nature. This strategy has consistently delivered strong financial results.

The challenge for Croda is to achieve this growth while operating responsibly with regard to the environment and our many stakeholders. As such, we strive to minimise any negative impact on the environment that might be associated with our operations or our products, searching out new ways to conserve natural resources and innovating to improve our products and processes. A number of specific challenges have emerged over recent years.

Safety – personal, product and process – has always been our highest priority. We are an established leader in process safety and are fully compliant with the European Union's Registration, Evaluation, Authorisation & restriction of Chemicals (REACH) legislation, which ensures product safety. However, I am disappointed in our personal safety performance in 2010, which will be an area for focus in 2011.

We seek to develop products that are as natural as possible but need to balance this with product efficacy. In 2010, 68% of our raw materials came from renewable sources. However, today a broader assessment needs to be made of the overall sustainability of our products. This includes the incorporation of intelligent design, water usage and carbon footprint.

Energy usage is another challenging area as the company continues to grow. 2010 saw the continuing trend for Croda to move away from large volume, high energy consumption businesses. This has reduced our overall energy consumption. However, our Vision states that 'we will continually improve' and in response to this challenge we are developing new chemistries to achieve the effects our customers seek with reduced environmental impact. These improvements have been achieved by Croda's skilled and dedicated global team working in collaboration with customers and suppliers.

In 2010, we have also continued to develop close relationships with Our Neighbours and I am particularly pleased with the science outreach programme, involving educational institutions close to our manufacturing sites around the world, that will hopefully create the next generation of Croda employees.

Meeting the challenges of Corporate Social Responsibility is fundamental to Croda achieving its business objectives. I am confident Croda is heading in the right direction.

**Mike Humphrey**  
Group Chief Executive



# Chairman of the CSR Committee's Statement

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The Group Chief Executive's comments stress the importance of developing sustainable and responsible ways to achieve our strategy.

CSR in Croda has been organised by central coordination of activities organised into the '4 Pillars' – Our Partners, Our World, Our People and Our Neighbours. Under the supervision of the CSR Steering Committee, CSR is now completely embedded within the regional business units, which are fully responsible for delivering business objectives.

Croda's CSR Steering Committee comprises representatives from all regional business units and is responsible for collating and reporting CSR data globally. It is also responsible for identifying the most material issues relevant to the whole Group.

At our Annual CSR Workshop in 2010, the committee discussed the need to focus on the issues that are most significant to our stakeholders and have the greatest potential to affect our business. We also took the decision to move towards issue based CSR reporting from 2011, in order to better reflect the most important challenges we face.

The issues identified were:

**Sustainable operations** – we aim to reduce the environmental impact of our business by using renewable raw materials where possible and conserving both energy and water, as well as continuing to develop our understanding of the environmental impact of our products over their complete life cycle;

**Safety** – we aim to continually improve the safety of our products, processes and personnel through scientific, technical and cultural understanding; and

**Engagement** – we aim to achieve our goals through excellent and constant engagement with customers, employees, neighbours and all other stakeholder groups.

In addition to the progress we have made in developing our CSR approach, a number of specific achievements from 2010 are worthy of note. Employee involvement in the community took another step forward with the global roll out of the 1% Club, which allows employees to spend time working in local communities. Also, we have increased the number of Global Reporting Initiative (GRI) indicators we report on for the third consecutive year since adopting the guidelines in 2008, achieved our level C target GRI rating and developed our CSR website to enable users to generate bespoke GRI reports.

In 2011, we have set new targets focused on improving our performance in the key issues discussed above. Our approach to tackling these issues is described in this report.

**Paul Newton**

Chairman of the CSR Steering Committee  
Vice President, Corporate Finance and Group Reporting

# Our Partners

Every day, consumers benefit from the thousands of day-to-day products in which Croda ingredients are used. We achieve this through interaction with many partners.

Our suppliers help to ensure that we source renewable raw materials in a responsible way. Our customers work with us to develop products that consumers want. Official bodies provide guidance on the regulations that allow our business to operate. NGOs help us to understand and continually improve the environmental performance and inherent safety of our products.

**In 2010, 68% of the raw materials we purchased were derived from renewable sources**

**We can only achieve our goals through excellent and constant communication, creativity and setting clear objectives at every level**

The importance we place on relationships with our partners is reflected in our Vision, which states that we can only achieve our goals through excellent and clear communication. We recognise that we cannot operate in isolation, it is through partnerships that we will remain a strong and independent global company. In 2011, we will formalise the engagement we undertake with our customers through a new 'Openness of Communication' objective and target, which can be seen in the Our Partners target table on page 25.

In 2010, we set two objectives that encapsulated the key issues addressed in working with Our Partners. These were Responsible Sourcing and Climate Change.

## **Responsible Sourcing: Product Innovation**

Responsible sourcing is driven by consumer demand and the creation of products based on renewable raw materials. We deliver ingredients to a wide range of product manufacturers within two key market sectors: Consumer Care and Industrial Specialities. These sectors have very different end users, but both require innovative and efficacious products based on renewable raw materials.

In Consumer Care we supply to product manufacturers who, through increasing public awareness of environmental issues, are encouraged to provide more environmentally friendly products for the consumer. By continuously innovating, we are able to provide our customers with effective alternatives to ingredients that may have a more negative effect on the environment whilst also addressing consumer health concerns. For example, in 2010 we have launched Natragems™ - our range of non-petrochemical derived solubilisers and emulsifiers - and Crodamol™ SFX - an alternative to eco-persistent cyclomethicone D5.

Product innovation for the Industrial Specialities sector is less visible to the high street consumer, but can have a direct positive environmental impact. For example, our range of Eco-Label certified Crodamol™ and Priolube™ lubricant bases enable our customers to develop lubricant formulations that are biodegradable, based on renewable raw materials and suitable for use in environmentally sensitive regions. Also, our range of 100% renewable Priplast™ polyester polyols allow customers to manufacture foams and elastomers for the building and automotive sectors with increased renewable content. These materials are durable in extreme conditions and also have increased life times compared to competitor products.

In 2010, we developed systems that enable us to map our use of renewable raw materials in new product launches. In 2011, we have set new targets based on using these systems to record baseline measurements of the number of new products we develop and the total volume of products we sell based solely on renewable raw materials.

In 2010 we contributed to over 70 academic papers, helping to develop new technologies, producing novel chemistries and furthering the understanding of product safety



Since Croda was established in 1925, the quality of our products has been of the utmost importance to our customers. In 2010, four of our manufacturing sites in the UK, France and Italy were approved against the European Federation for Cosmetic Ingredients (EFFCI) quality standard. The standard, developed by a multi-stakeholder group including Croda and other sector peers, is designed to ensure the consistency, quality and purity of cosmetic ingredients above the standards of ISO 9001. Since its launch the standard has been adopted by a major European cosmetics manufacturer. A further five of our manufacturing sites in the USA, Brazil, Spain and Singapore are working towards obtaining the standard and expect to be certified in 2011.

As a business we seek to provide our customers with products that cater to market demands and, where possible, have environmentally friendly applications. In recent years there has been a conscious move by our customers to use recyclable and sustainable packaging. In 2010, Croda's Polymer Additives business launched Atmer™ 7510, which provides several benefits to customers using recycled PET plastics. Customers who have trialled the product told us that *"the additive allows [them] to reduce heater temperatures in the extrusion process, saving energy"* and also *"leads to a better quality sheet which increases the number of times [they] can recycle [their] scrap"*.

# Our Partners

## Responsible Sourcing: Palm Oil

Palm oil has remained a focus of our targets in 2010. We have continued to address the issues we face in tackling the complexities of the palm oil and palm kernel oil derivatives supply chain. Our aim is to provide our customers with the information they need to support the growth of sustainable palm oil through the Roundtable on Sustainable Palm Oil (RSPO) 'Book and Claim' method.

Firstly we have continued to seek opportunities for dialogue with our stakeholders, working with the RSPO. We also joined, along with industry peers, a technical working group focusing on the supply chain of the derivatives we purchase. The working group has been developing a set of guidelines for users of derivatives, which are intended to help calculate the information customers need to use the 'Book and Claim' method.

Secondly, we have mapped and quantified the use and equivalent volumes of palm derivatives needed to make our products. With several thousand different products in our range, this has been a huge undertaking, but we are pleased to say it is one that we have accomplished successfully.



In 2010, we mapped the palm oil derivative content of 100% of our relevant finished products, as part of our efforts to help support sustainable palm oil

Despite our efforts in 2010, we have met difficulties that have prevented us from completing all of our targets regarding palm oil. A lack of resolution on accepted guidelines from the RSPO technical working group has resulted in us being unable to verify our calculations of volume equivalents. The complexities of the palm oil supply chain also meant that our suppliers could not provide consistent information that would allow us to do this based on primary data.

In 2011, we will continue our commitment towards sustainable sourcing of palm oil. We will further develop the work we have carried out to map our use of palm oil and palm kernel oil derivatives. We will also continue working with Our Partners in the palm oil supply chain and the RSPO.

We recognise that sustainable use of marine resources is key to ensuring these resources are available to future generations. In 2010, we have submitted applications for our Incomomega™ and Omelife™ fish oils to become accredited to the International Fishmeal and Fish Oil Organisation's Global Standard for Responsible Supply (IFFO-RS). This audit standard is the first to cover the full marine supply chain, from fishery to manufacturing site, and reflects Croda's commitment to providing our customers with products that cater to consumer demands for responsibly sourced health supplement and food ingredients. One of our customers told us that there is a "growing desire amongst customers for environmentally friendly foods" and that "this new level of independent accreditation by a recognised body will help to reassure the public that the oils are also environmentally responsible, allowing continuity of supply for years to come". We expect to receive accreditation in 2011.

## Climate Change

Concern for climate change is part of Croda being an ethical and responsible company in the modern world. Understanding the carbon footprint of our processes and our contribution to the life cycle of individual products are the first steps towards improvement. This can only be achieved by working with Our Partners.

In 2010, we continued to develop and use appropriate tools for the analysis of energy data for individual products. The C-CaLC tool was developed by Professor Adisa Azapagic and her team at the University of Manchester, for the purpose of analysing product carbon footprint data. Croda and a number of industry partners also assisted in the development process. The tool, which was launched in 2010, is freely available to UK industry and has been well accepted and recognised, having recently won the top IChemE prize for 'Outstanding Achievement in Chemical and Process Engineering'.

In 2010, we also expanded the 2009 gate-to-gate pilot assessment of products manufactured at our sites in the USA to include information from suppliers on raw materials, enabling the compilation of cradle-to-gate data. The success of this was varied due to that fact that not all suppliers have the ability to generate carbon footprint data. Although we would always seek to use primary data in our analyses we also recognise that we have a responsibility not to place unrealistic burdens on our suppliers. As such we have supplemented primary data with publically available secondary data, in accordance with the BSI (PAS) 2050 guidelines.

We also used the findings from the pilot assessment in the USA to carry out studies at other Croda manufacturing sites. A detailed study was carried out on products at our site in Holland, revealing the benefits of using renewable raw materials in favour of those derived from petrochemicals. Further studies were also implemented in the UK looking at the manufacture of sunscreen ingredients.

In 2011, we are planning to expand product carbon footprinting to our global manufacturing sites and have set a target to have this capability at more than half of our sites before the start of 2012. This will enable us to address the needs of customers in terms of Life Cycle Analysis and also support our plans for continued process optimisation and energy reduction.

A summary of the Our Partners objectives and future plans can also be found in tabular form on page 25.

As a member of more than 64 trade associations, we work with hundreds of NGO, supply chain and industry body partners around the world

The carbon emissions associated with the entire life cycle of individual products are complex and attributed to the individual processes that a raw material must undergo before becoming a final product. As a manufacturer of ingredients for a number of markets, Croda is involved in the life cycle chain when a refined raw material becomes an active ingredient or base for a formulation. However, our own operations are not the full extent of our ability to influence the life cycle of products.

In 2010, we launched MixXIN ME™, Versflex™ and NatraGems™ which featured in our Blue Guide, forming our range of cold process formulations for facial, body and hair care. These ingredients allow our customers to process their formulations at ambient temperatures, which can potentially reduce the energy consumed in this stage of the life cycle by up to 80%.



# Our People

Our business success depends on our 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 want to make a difference and through open and honest dialogue we are able to design reward strategies and development opportunities that meet the individual needs of our global workforce.

We have continued our commitment to four objectives in 2010 and our performance against the targets we set to measure our progress can be seen in the Our People table on page 26.

## Employee Engagement

By listening to and understanding our employees' needs, aspirations and opinions we are better placed to define CSR objectives and targets that will help us to continually improve our workplace. Our Vision highlights the importance we place on the individual and we recognise that assessing engagement levels and maintaining them takes time, effort, commitment and investment. In 2010, we set out to implement and report on employee surveys across the Group and during the year employee engagement surveys have been undertaken in the USA and Asia.

The survey carried out in Singapore was particularly successful and thanks to a comprehensive communications plan, 86% of employees responded to their first ever survey, providing best practice for future surveys.

Although we completed surveys in the USA and Asia in 2010, we have not yet completed collation of the responses. Consequently, we will be giving feedback to our employees and developing action plans to address any issues highlighted in the regional surveys in 2011. We will comment on the results in our 2011 CSR report.

Although we have not yet completed employee engagement surveys in all of the regions in which we operate, we believe that our global team feel valued and stimulated in their work. This belief is supported by our monitoring of employee turnover. We are pleased to say that in 2010 we maintained a Group average voluntary turnover of 5% with only 3% due to resignation.

Going forward, we will continue to monitor employee turnover and extend our commitment to employee engagement by completing surveys in each of the regions in which we operate. This will include a survey of employees based in the UK and Latin America in 2011, covering over one third of the global workforce, with a survey of mainland Europe following in 2012, covering an additional one third.

**Over 65% of our global workforce are active investors in our business through our employee share ownership schemes**

Croda values each of our employees and we believe that they should share in the success of our business. One way this is achieved is through the Company's employee share ownership schemes. The share ownership schemes have run annually since 1983 and in 2010 were invested in by over 65% of our employees. Through the schemes, employees in each of the countries in which we operate are given the opportunity to own a part of the business by purchasing shares at a preferential rate. The schemes also reward our employees' hard work through strong performance of the business and, in 2010, a record high share price.

We will remain a 'fun', lively, stimulating and exciting place to work, where all employees have the courage to question, and all functions and individuals are valued



We believe that communicating with employees about all aspects of our business is a vitally important means of engagement and builds pride in our business and the products we manufacture. In 2010 our Personal Care, Health Care and Polymer Additives marketing teams took their 'Lunch and Learn' initiative on a tour of the UK sites. The initiative gave an opportunity for employees to hear about product ranges that they may not previously have come across and also to learn more about the end uses of products they help to make. There are plans to expand the initiative in to other regions and markets in 2011.



Our Vision states that work should be a fun, lively, stimulating and exciting place to be. In 2010, there was an explosion in the number of people using the old cricket pavilion at our head office at Cowick Hall in the UK as a base for taking part in a range of lunchtime activities including circuit training, 5-a-side football, walking and running groups. The increase in numbers was so significant that a remodelling of the pavilion's facilities was started in December 2010, as part of the extensive building work that has been completed at Cowick Hall over the year. The work is expected to be complete in time to host the annual 5-a-side tournament and inter-site football matches in 2011.



# Our People

## Employee Development

The key to the future success of our business lies in the skills and abilities of our dedicated global workforce. It is only through the continual development of our workforce that we will be able to meet the future demands of our customers in relation to enhanced creativity, innovation and customer service.

We value all the individuals that make up our global team and in 2010 extensive work was undertaken in the area of performance appraisals. 'Croda Aspire', a Company wide performance appraisal system which has personal and career development at its core, was launched in 2010 and it is envisaged that by 2013 all employees will be appraised through the new process. Through 'Croda Aspire', we aim to provide our managers with a formal platform from which to give employees constructive feedback and also fulfill their own primary objective, to build other leaders.

To enable a smooth and effective implementation of the system, 270 line managers across Europe have already taken part in an intensive course designed to enhance their people management abilities. In 2011, we will continue this programme of training throughout the other regions.

However, we do not only value roles within our business, but also the individuals who perform them. Our diverse range of internal training courses aims to provide Our People with the opportunity to develop themselves beyond their individual role.

Through voluntary courses in subjects such as 'Financial Awareness', 'Project Management' and 'Presentation Skills' we aim to add value to both our employees and our business.

In 2010, we had a target of delivering an average of 21 hours training per employee. Through courses such as those mentioned, as well as webinars, one-to-one coaching, sponsored further education and distance learning we have provided an average of 30 hours of training per employee.

During 2011 we will continue to invest in development and training activities for all our employees and will extend our training target to have an average of 22 hours of training per employee. We will also increase the availability of development opportunities by implementing an online learning zone on our intranet by 2015.

We will also continue our commitment to developing new leaders, building on a comprehensive review of the provision of leadership development that we undertook in 2010. This review will be used as a base for launching three new Leadership Development programmes in 2011 with the aim of maintaining the strong talent pipeline we have within our business.

In 2010, Croda provided over 93,000 hours of training to 79% of employees in our global team

The development of our employees and planning of management succession is key to the long term sustainability of our business and is enshrined in our Vision. We encourage all of our employees to develop themselves and their careers through a range of internal training programmes and in 2010 our New Manager Development Programme received a National Training Award, in recognition of its success.

So far 65 managers from our European operations have completed the eight module programme, covering a diverse range of topics including Staff Development, Performance Management and Communication Skills. The programme has been externally accredited through the University of Derby, with managers now receiving a Higher Education Diploma in Managing People upon completion of the programme. Nigel Fenwick, Group Training Advisor, developed the course and commented that *"the programme has had a positive impact on those that have attended in terms of improvement in their people management skills and has had a notable impact on business performance."*





### Openness of Communication

The objectives we set with Our People could not be achieved without excellent and constant communication with our employees. We utilise many forms of communication in engaging with our employees and in 2010, 22 of our manufacturing sites and commercial offices have held communication sessions with more than six sessions on average. These sessions have enabled senior leaders to keep employees informed, engaged and focused on business goals, whilst also providing a forum for employee feedback.

One particularly successful method of communicating is the use of 'Town Hall Meetings'. We believe our business should be a place where all employees have the courage to question and these meetings provide a platform for open dialogue between employees and members of the senior management team. Our North American business, Croda Inc, has recognised the benefits of this form of communication and held seven events during the year. The meetings are open to all employees and require commitment and time from the senior management team. The sessions are not mandatory, but the large number of employees attending is testament to the value our employees place on this dialogue.

In 2011, we will continue to monitor engagement, targeting to hold at least two employee communications sessions at each of our manufacturing sites and sales offices. Our intention is to focus on sharing best practice around the Group before extending our targets further.

**In 2010, we held an average of over six employee communication sessions at all of our manufacturing sites and large commercial offices**

**In 2010, Croda India provided occupational health checks for over 95% of its 234 employees and an additional 154 contract workers**

Valuing our employees does not mean that we are only concerned with them being stimulated and engaged in their work but also that the work place is safe and healthy. Our operation in Thane, India, is an example of Group best practice in occupational health checks, having provided checks for over 95% of employees and 154 contractors in 2010. Delivering these health checks to those people employed by the business, both directly and indirectly, in areas without easily accessible healthcare, highlights the importance we place on the well being of Our People.

### Best Practice in Occupational Health Promotion and Monitoring

Providing a safe and healthy working environment for our employees is central to being an ethical and responsible company. During 2010, work has been ongoing to develop a baseline measure of the cost of sickness absence to our business and also to begin centrally monitoring the occupational health checks we provide to our employees. Our aim is to inform our absence and occupational health strategy, ensuring that our policies and practices reflect the realities of the regions in which we operate.

We endeavour to provide free occupational health checks to all of our employees. We currently do this at all of our manufacturing sites and large commercial offices. During 2011 we plan to extend the availability of these checks to our five commercial offices in South America.

The cost of sickness absence to the business in 2010 was approximately £1.3m. The data we have gathered will enable us to compare regional performance and implement training and appropriate policies with the aim of reducing this figure.

In 2011, we will aim to maintain the average cost of absence per employee at 2010 levels. We will also implement a programme of line manager education in the UK to address the cost and impact of sickness absence to the business.

# Our Neighbours

The Croda Vision encompasses all aspects of CSR but a key emphasis is placed on excellent and constant communication. We could not achieve our commitments to Our Neighbours without engagement of those people who live and work in the local communities within which we operate.

Community engagement is recognised as an important activity and one that is valued at all levels of our Company. Not only does the business see the value that formal community engagement plans can deliver, but our global team also takes pride in the communities in which we operate and look for the business to support them in their own approach to community activities. It is this balance between the satisfaction of community and business needs that ensures our approach is both relevant for our local communities and a sustainable part of our business now and in the future.

In 2008 we set three objectives with regard to Our Neighbours. These were Openness of Communication, Community Involvement and Community Education – particularly in science, technology, engineering and mathematics (STEM) subjects. These were selected because of the importance they represent not only to the community, but also for the ongoing success of the Croda organisation worldwide. It is expected that these core issues will remain as part of our CSR strategy in future years and will develop to provide greater benefit to Our Neighbours and our business.

More information on the Our Neighbours objectives can be found in the target table on page 29.

## Openness of Communication

Formal and informal communication with Our Neighbours has been highlighted as an important activity for Croda. It is not always easy to undertake, but it does allow for the identification of issues and opportunities on which both the business and the local community can act.

In 2010, 14 of our 17 manufacturing sites around the world met our target of holding at least one face-to-face dialogue with stakeholders in their local community. During this year we also undertook a stakeholder survey with the intention of identifying the community groups that we engage with most commonly around the Group. To do this thoroughly, we extended the target beyond just our manufacturing sites to our commercial centres with more than 30 employees.

100% of the targeted sites and offices completed the survey and we were also encouraged to see voluntary participation from many of our smaller commercial centres around the world. This level of participation meant that we successfully surveyed the communities of over 78% of our global workforce.

The survey identified a broad range of community groups relevant to our business and, despite the varied cultures in which we operate around the world, three specific groups stood out as being particularly relevant to our manufacturing sites and sales offices. These were:

- Local authorities, councils and government
- Local businesses or business representative groups
- Local educational institutions.

In 2011, our target will be for all manufacturing sites and commercial offices of more than 30 personnel to have at least two meetings per year with at least one stakeholder from each of the three key groups. The purpose of these meetings will be to identify the concerns of our stakeholders and to develop projects to address these where appropriate.

## Community Involvement

Community involvement provides value to our employees, our business and to the local communities in which we operate. Our involvement in the community not only highlights the commitment we make to Our Neighbours, but also acts to generate significant goodwill that can be advantageous to our business. This commitment is most clearly illustrated through the employee volunteering initiative that we started in 2003, the 1% Club.

The 1% Club provides the opportunity for all employees to take up to three days paid leave from work each year to take part in, or organise initiatives or projects in the communities close to where they work or live. With this provision we aim to give our employees the opportunity to take part in diverse projects, enhancing Croda as a 'fun', lively, stimulating and exciting place to work.

In the first year that Croda's 1% Club has been global, over 9% of our team spent time working in their communities



We will continue to be an ethical and responsible company

In 2010, Croda employees around the world undertook a number of projects to help improve the environment in which they work and live. Several examples of these are outlined below.

- In the USA, our employees spent time clearing a highway they have adopted, the shoreline of the Raritan River and an illegal dump site at the Bald Eagle State Park (pictured above).
- In Japan, our employees continued their annual river cleaning project which involves clearing away an invasive weed, which if left unchecked, would damage the river's ecosystem.
- Employees from the Ditton site, UK, built bird boxes, cleared hedges and laid paths at Victoria Park and Pickering's Pasture nature reserve (pictured above right).
- Also in the UK, Hull site employees became official 'Friends of Oak Road Park' in recognition of their efforts in laying new paths and tidying the park.

# Our Neighbours

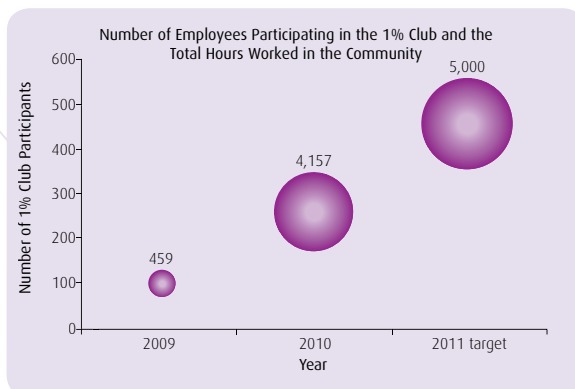
We also recognise that our employees work and live in communities that are very different from one another and an important element of the 1% Club is that although each of our employees has the same provision for spending time in the community, the scheme is tailored to meet local cultural, legal and business needs. As such, it enables a balanced approach to our societal and business agendas.

During 2010 we completed the implementation of the 1% Club at all of our global manufacturing sites, enabling every one of our employees around the world to spend time actively involved in their communities.

In the first year of the 1% Club being global, we have measured the number of employees accessing the initiative, helping us to understand how we can assist more of our personnel in undertaking community activity. During 2010, we completed 4,157 hours of community activity, a nine-fold increase on 2009. This impressive first year saw 295 individuals, or over 9% of our global workforce, accessing the scheme.

Whilst the achievements in the first year the 1% Club has been global are significant, it is also fair to report that activity levels are varying across our business. We will be looking to develop enhanced targets in 2011 to support our objective of ensuring that Croda has a positive impact in all of the communities in which we operate. We will aim to increase the number of hours spent in the community in 2011 by 20%, based on 2010 levels.

Also during 2011, we will establish a target to record, and in future years increase, the number of personnel accessing a minimum of 0.5 days of 1% Club time. The objective will be to provide a year on year improvement based on the 2010 figures with the initial target to have at least 15% of our employees taking part in community activities by 2012.



In 2010, Croda employees gave more than 4,150 hours of their time to help good causes in their local area

When the Croda sales offices in South Africa were refurbished in 2010, some of the old furniture was no longer required. Rather than selling it on, or otherwise disposing of it, employees identified two local charities, Little Eden and Abraham Kriel, that care for disabled, orphaned or abandoned children and donated the furniture to them. The donation of the furniture was made possible through partnership with a local trucking firm, GLT Trucking, who volunteered the resources to make the delivery.

In the UK, the closure of Croda's offices at the Wilton Centre in January 2010 similarly freed up office furniture that was also put to good use. In this instance we partnered up with a third party provider, 'Waste to Wonder', to make the donation. 'Waste to Wonder' is an organisation which aims to help equip 1,000 schools around the world, benefiting the lives of 1 million children. Being a firm advocate of community education, we support the objectives of the organisation and were happy to do what we could to help them.



## Community Education

As a business with established expertise in the areas of science, engineering and technology, our activities with local schools, colleges and universities have always been an important element of our engagement with local communities. In 2010, we committed our regional businesses to assisting in the development of science-skilled personnel from local academic institutions.

All of our regional businesses met this commitment and some examples of the numerous STEM-led educational activities from around the Group can be seen in this report's case studies. However, we believe that we should always strive to offer more in terms of educational support. Not only does this mean that we play our part in enthusing and training the next generation of scientists and engineers, but it is also the right thing to do for a business that has a strong history and future built on the basis of technological development.

In 2011, we will further our commitment to community education by developing regional STEM programmes in the regions where we have significant R&D activity, namely the UK, Holland, USA, France, Brazil, Singapore, India and Japan.

The aim of this programme will be to deliver enhanced and coordinated STEM training to new personnel selected from our Graduate Development Programmes and our junior managers in each of the regional businesses. By implementing the programme through these specific groups we aim to perpetuate our commitment to community education and provide opportunities for new personnel to develop their many individual styles of leadership.

Each group will be assisted by a senior management sponsor who will help them define and implement a community project in 2012, supporting specific training requirements.



Through community education we play our part in inspiring the next generation of scientists and future employees. In 2010, a number of our graduate trainees and young employees in the USA and UK have been leading the way in outreach activities as part of the 1% Club. Graduates in the USA visited local schools and raised awareness of science as a subject and career path to over 750 children via practical demonstrations and presentations. UK graduates and young employees took part in STEMNET, an organisation that works to link volunteers from industry with local schools. These initiatives were so successful that we will be developing internal training programmes and implementing projects with academic institutions in the communities of our eight major R&D centres around the world during 2011.

In 2010, Croda has worked with 37 educational institutions in 14 countries through the donation of time, equipment and financial contributions



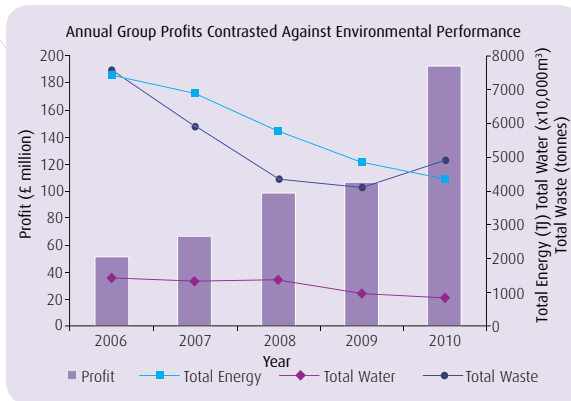
We recognise that the development of technically trained personnel is key to the longevity of our business. However, in some of the regions we operate there is a need to focus on the fundamental learning needs of children and communities. In 2010, our employee volunteering programme in India, *Prayas* (meaning 'honest effort'), organised a handwriting and essay writing competition, providing the basic stationery needed. The Croda India company doctor also gave health checks to 350 students and lessons in health, hygiene and disease prevention. In Argentina, our employees continued their partnership with a local charity, *Fundación Nordelta*. The charity works in the nearby *Barrio Las Tunas* to improve infrastructure, healthcare and education in the area. In 2010, Croda employees used money raised through a recycling initiative to help restore a disused room for use as a classroom, also providing 61 kits containing basic stationery to schoolchildren living in the *Barrio*.

# Our World

The challenge that any ethical and responsible business faces in addressing environmental issues is balancing the changing needs of the business as it grows, with the efficient use of resources and minimising impact on the environment.

Following the acquisition of Uniqema in 2006, we set a number of targets to measure our performance in Safety, Health and Environmental (SHE) issues. As 2010 marks the end of the post acquisition target period, this year is a pertinent time to reflect on our performance in SHE areas and contrast them against our financial performance.

Consumption of energy, water and disposal of waste to landfill are issues that are of material significance to our business and the wider environment. By contrasting the yearly progress in these metrics (from operations at the end of each respective year) against our annual profits over the target period, it can clearly be seen that as our business has become significantly more profitable, we have also successfully reduced our environmental impact in all of these three key areas.



Full details of our performance in all of the objectives we set for Our World can be read in the following pages. Our performance against the targets we set in 2006 can also be found on pages 27-28.

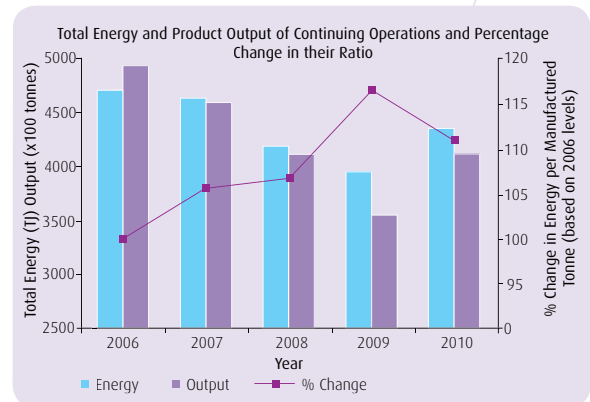
## Energy Consumption

Energy consumption is a crucial issue for businesses as the cost of energy continues to rise and concerns for climate change remain in the public eye. We cannot power our business without energy and so it is important that we remain committed to reducing the energy consumption of our operations, a goal that will be achieved by setting clear objectives for energy efficiency.

Our manufacturing sites have made considerable reductions in their total energy usage, with a 7.5% decrease against 2006 levels. However, the total product output volumes at the end of 2010 were 16.6% lower than the 2006 baseline.

By 2015 we will draw at least 25% of the Group's energy requirements from non-fossil fuel sources

As a result, we did not meet the four year target we set for energy reduction per tonne of product manufactured, largely due to the changing nature of our product mix as we integrated the Uniqema business.



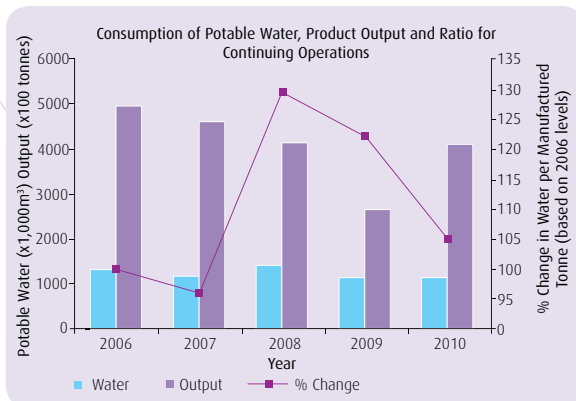
In the future, we intend to maintain our focus on energy consumption and, in 2011, we will begin to measure total energy consumption as well as energy consumption per manufactured tonne. We believe that these metrics will better reflect our energy usage and will target a further 5% reduction of total energy consumption by 2015.

In addition to our continuing focus on reducing overall energy consumption, we will also formalise our conscious move away from the use of fossil fuels. Over the next five year period we will aim to almost double the proportion of energy derived from non-fossil fuel sources from the 2010 level of 13.3% to at least 25%. This will be achieved through investment in energy efficiency projects across our sites, including combined heat and power, ground source heating and energy from recycled materials. More details of these projects and their associated benefits will be tracked and reported in future CSR reports.

## Water

Water scarcity is an important issue to address when considering the environmental impact of our operations. By continually developing our processes and investing in new technologies that minimise the amount of water we use, we play our part in ensuring that water is available for agricultural and domestic purposes. In 2010, we continued our commitment to reduce our consumption of potable water (m<sup>3</sup>/tonne manufactured) by 10% based on 2006 levels.

Despite reducing our total consumption of potable water by 12.6% based on 2006 levels, we have not achieved our four year target for consumption of potable water per manufactured tonne. Again, the changing nature of our product mix and the reduction in tonnage output has had a significant impact on our ability to do so. Although we are disappointed to have missed our target, we are pleased to have decreased the total volume of water we use. Overall, our consumption of water has reduced by 2.9% since 2006 and we intend to continue this trend through further recycling and process modifications at our manufacturing sites, with a target of a further 10% reduction by 2015.

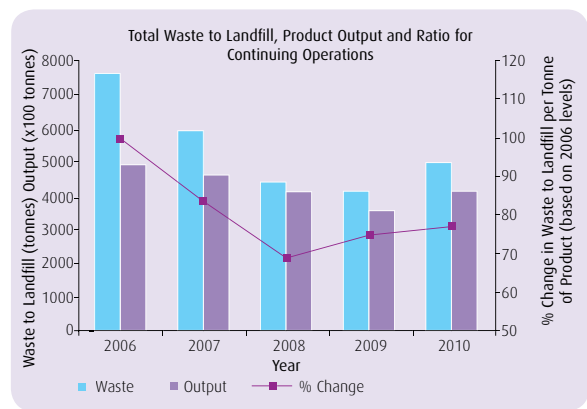


In 2011, we will make two fundamental changes in the way we measure water consumption to more accurately reflect the impact our use of water has on the environment. Firstly, we will measure absolute water consumption rather than the amount used per tonne of production. Secondly, we will measure total water usage from all sources rather than the consumption of potable water only, taking into account water used from different sources including mains supply, artesian, abstracted and surface water.

## Waste Disposal

In 2006, we committed ourselves to minimise the quantities of waste we disposed to landfill. We recognised that landfill is an unsustainable form of waste management and so set a target to reduce waste to landfill (kg/tonne manufactured) by 5% per year (20% overall by the end of 2010).

At the end of the 2006 to 2010 period, our manufacturing sites had surpassed the target we set, having reduced waste to landfill per tonne by 22.7%. We were also particularly pleased that over this period five of our manufacturing sites sent absolutely no waste to landfill.



As we minimise our waste, further reduction becomes increasingly difficult. However, the challenge remains to continue to reduce the amount we dispose of to landfill further. To achieve this all of our manufacturing sites now have active programmes to reduce their waste output. From 2011, we have set a Group target of a further 20% reduction over the next five years, based on 2010 levels. We will also begin to measure absolute waste in addition to 'waste per tonne' in order to give a more comprehensive picture of our performance.

Since 2006 we have reduced our waste to landfill by 22.7%. In 2010, five of our manufacturing sites generated zero waste to landfill.

# Our World

## Personal Safety

Our commitment in 2010 was to achieve a reduction in the frequency of injuries at our manufacturing sites and commercial offices. We aim to treat our employees fairly and respect that they want to work in an environment that is safe, but we also acknowledge that we are human and make mistakes. By monitoring accidents and learning from them we aim to prevent them from reoccurring.

At the end of 2010 we did not manage to achieve the reduction in accident rates that we targeted and actually saw a slight increase to 0.32 accidents per 100,000 hours. Although we have missed our target, it is worth noting that very few of the accidents sustained in 2010 were of a serious nature or related to chemical handling. Most injuries recorded in the last year were due to manual handling, slips, trips, falls or collisions with objects. However, we believe that all accidents are preventable and are encouraged that accidents continue to be properly reported so that their causes may be identified and appropriately addressed.

Our personal safety performance in 2010 was disappointing and as a starting point we would like to reduce the injury rate to be at least better than the average for the countries and industry in which we operate. We believe that a target injury rate of 0.2 accidents per 100,000 hours worked can be achieved by our employees and is a level we have performed at in the past. We recognise that this target will not be easy to achieve and considerable effort will be required on the part of management and the workforce to improve safety awareness and culture.

## Process Safety

Investment in process safety underpins our operations by preserving personal safety, asset integrity and the reputation of our business. Our commitment to process safety has been demonstrated in 2010 when we had no significant injuries due to chemical handling. However, we have continued to invest effort and money into identifying areas where we can improve the process safety at all of our manufacturing sites. Perhaps more important than this, we have also continued to train managers, technicians and operators on the critical process safety measures of the plants that they operate every day. Our objective is to drive down process risks on each plant to as low a level as possible and to review all processes every five years to ensure that our view of risk is kept up to date.

In 2010, we have invested much time and effort in training process risk assessors at our manufacturing sites. In the future, reviews can be conducted by site-based employees to the rigorous standards set by the business. Process risk assessments and their associated periodic reviews are now also assessed by a central SHE group for their quality and scope, and are not validated until the appropriate standards have been met.

In 2010, our continuing commitment was to ensure that no change is introduced that increases the individual risk of fatality from any of our processes. The associated target was for all manufacturing sites to demonstrate annual improvements in evaluating process risks for new processes and improvements in the management of change for existing processes. Good progress is being made in the quality of the risk assessments as a result of the investment we have made in building new leaders of process risk assessment.

In 2011, we will continue to enhance our capability to identify and assess process risk by continuing to train specialists and by 2015 we will have reviewed 100% of process risk assessments at every one of our manufacturing sites.

We will  
continually  
improve

We are constantly seeking out ways to reduce the negative impact of our operations on the environment through innovative products and processes, but we also recognise that we can go further in fulfilling our responsibility to Our World. In 2010, employees at our commercial centre in Argentina have been using relationships with customers to lead the way in packaging recycling and thereby generating income for CSR activities in the local community. Intermediate Bulk Containers (IBCs) are a form of bulk packaging that are relatively easy to recycle at the end of their lifecycle. By communicating our CSR objectives and plans for the recycling scheme, employees in Argentina have been able to encourage a number of customers to use this form of packaging instead of traditional steel drums. Customers taking part in the scheme have returned the used IBCs to us at the end of their useful life and we, in partnership with a local recycling company, have raised over USD \$6,000 in 2010. The funds generated have so far been used to restore a disused room for use as a class room and also fund donations to the Fundación Nordelta, a project you can read more about on page 18.



We are planning efficiency improvements at our manufacturing sites that are projected to reduce CO<sub>2</sub> emissions by over 20,000 tonnes and our water consumption by over 800,000 m<sup>3</sup> by 2015



In 2010, Croda took control of the 'Unicorn' combined heat and power (CHP) plant at our manufacturing site in Gouda, The Netherlands. The previous owner had operated the plant in a way that neither optimised efficiency nor provided a reliable supply to the Gouda site. Following an energy efficiency study, a €2 million, two stage capital project was initiated to acquire and improve the plant. The first stage of the plant modifications was completed by June 2010 when the boiler was shut down for minor modifications and an overhaul of the gas turbine, which subsequently increased the turbine's production uptime. The reliability of the plant was also increased in 2010 as Croda engineers were trained and became proficient at dealing quickly with any issues on the plant. Stage two of the modifications in 2011 will further improve reliability by modernising the boiler feed water preparation plant and the main boiler control system. The modifications on the CHP plant, along with improvements to the heating system, heat recovery and insulation of the site's ester production plants are now delivering efficiency savings of approximately 96 tonnes of steam generation per day, which is equivalent to an emissions reduction of up to 5,400 tonnes of CO<sub>2</sub> per annum.

# Our World

## Discharges to Water

Our impact on the aqueous environment is not limited to the amount of water we use, but also on the quality of water we return to the environment. In 2010, we committed ourselves to be in compliance with our environmental aqueous discharge consents for 97.5% of the time.

We comfortably exceeded this target with an average compliance of 99.0% across our manufacturing sites. The improvement over the four year target period was underpinned by projects at a number of sites, which reduced effluent generation at source, and by improving the effectiveness of our effluent treatment plants. Considerable investment continues to be channelled into improving effluent treatment plants – notably at our manufacturing sites at Chocques, France and Mevisa, Spain – which will help to drive our discharge to water towards 100% compliance.

Our new target is to achieve 100% compliance with our consents at all times. We aim to achieve this by 2015. In addition, we will also start to measure the total chemical oxygen demand (COD) being generated and discharged from manufacturing sites which have their own captive effluent treatment plant, developing a baseline for future comparison.

## Discharges to Atmosphere

Over the last four years our attention has been on the reduction of Volatile Organic Compound (VOC) losses from the processes we employ that use solvents for product separation and purification. Our aim over the four year target period was to reduce VOCs emitted to air (kg/manufactured tonne) by 20%, which we have succeeded in achieving with an overall reduction of 25.5%.

We measure losses of VOCs using a solvent mass balance for our processes, measuring all inputs and outputs in detail over each quarter and ascribe any calculated deficit to VOC losses to atmosphere. This paints a pessimistic view of our performance on VOCs as there may well be other solvent loss routes than release to atmosphere.

In 2011, we intend to verify whether all of the solvent losses calculated are lost to atmosphere and, if not, determine what the actual loss routes are. We will do this by checking vapour concentrations at vents in the manufacturing environment and by characterising any other routes for losses of VOCs from processes, for example in returned empty drums or via cleaning procedures.

9 of our 17 manufacturing sites maintained 100% compliance with effluent discharge consents in 2010. Our Group average was 99%.

## SHE Management

The management of both environmental and safety performance are key aspects of managing and minimising risks to our business. By aspiring to excellence in our management of risk we aim to ensure the long term future of our business. In 2010 we achieved a key landmark when we completed accreditation to the OHSAS 18001 standard for Safety Management and also to the ISO 14001 standard for Environmental Management at every one of our 17 manufacturing sites around the world.

Now that we have achieved the objective we set out in 2006, we will focus on getting the maximum benefit from these accredited management systems, ensuring that we continually improve in our management of Safety, Health and Environmental issues.

The proper assessment of process risk involves examining the many individual steps of a chemical process, taking into account all of their possible eventualities and the likelihood of occurrence. It is a complex activity to undertake, but one that helps to ensure the safety of our operations and the individuals who run them. In 2010, we invested in a programme of training with the objective of enabling employees at our manufacturing sites to lead process risk assessments. 48 employees from 16 of our 17 manufacturing sites completed the training in 2010 and we have since seen notable improvements in the quality of assessments reviewed by Group SHE. The training will also assist us in working towards the new targets we have set ourselves in process safety.










There will be a place for many styles of leadership, but all leaders will have as their primary objective to build other leaders

To remain an independent company and operate as one global team











Cowick Hall has been the head office of Croda since 1954. In recent years there has been a need to expand the capacity of the site to cater for our growing workforce. In anticipation of the facilities surpassing their peak capacity, a project was commissioned to provide a new office building for our UK sales and marketing teams and the Group wide functions based at Cowick Hall. An expansion of the existing laboratories was also planned to accommodate our Product Application teams. Although providing light and modern facilities for our increasing number of employees was the aim of the project, maintaining a style sympathetic with the heritage of historic Cowick Hall and creating offices that could be operated without increasing the energy used on site were also key objectives. Considerable investment and intelligent design were required to achieve these goals. The most significant environmental aspect of the design was the use of a ground source system to heat and cool the building. Seven 100 metre bore holes were drilled and a closed loop system installed to abstract ambient heat from the earth without drawing water from the aquifer, which supplies drinking water to the local community. The same system, in conjunction with heat sinks inside the building, also acts to cool the offices during the warmer months. Additional features such as effective insulation and high-efficiency lighting with automatic sensors also help to reduce the energy the building requires.

# Our Partners Targets











Our Objectives	Our Targets	Our Achievements	Our Progress	Our Future
Openness of Communication				In 2011, we will conduct a formal survey of our top 50 customers across all market sectors.
Management of Responsible Sourcing	Implement a purchasing policy for Croda International Plc that encompasses the principles of plan, do, check, review in a management system.		In 2010, we have compiled, but not implemented a purchasing policy that encompasses management system principles.	To implement a purchasing policy for Croda International Plc that encompasses the principles of plan, do, check, review in a management system.
Responsible Sourcing: Product Innovation	Wherever possible, seek to develop new products based on natural raw materials.		We have developed and launched products based on natural raw materials in 2010.	In 2011, to use the ERP based system to record a baseline measurement of the number of new products developed based solely on renewable raw materials.
	To complete development of an ERP based system and develop quantitative targets.		The ERP based system was completed in 2010.	In 2011, to use the ERP based system to record a baseline measurement of the total volume (tonnes) of products sold based solely on renewable raw materials.
Responsible Sourcing: Palm Oil	Continue membership of the Round Table on Sustainable Palm Oil (RSPO) and other bodies promoting the growth of sustainable raw materials.		Work with the RSPO was furthered by joining a technical working group focusing on the Palm Kernel Oil derivatives supply chain.	To continue working with the RSPO Palm Kernel derivatives technical working group on establishing relevant industry guidelines for calculating Palm Kernel Oil volume equivalents for the derivatives we purchase.
	To identify Palm/Palm Kernel Oil (PO/PKO) volume equivalent for all our raw material purchases and finished products.		Volume equivalents for all relevant finished products were calculated, but not verified with primary data.	With the help of our supply chain partners, to continue verifying the Palm Kernel Oil volume equivalents for the derivatives we purchase and our finished products.
	Aid our customers in supporting certified sustainable PO/PKO. Making available, on request, the PO/PKO volume demand per tonne of finished product they buy.		We have been unable to meet this target due to suppliers not being able to provide data and a lack of sufficient guidelines from the RSPO.	To aid our customers in supporting certified sustainable PO/PKO. Making available, on request, the PO/PKO volume demand (as calculated by Croda) per tonne of finished product they buy.
Climate Change	To be an active contributor to the Carbon Disclosure Project (CDP) and Supply Chain Leadership Cooperation Initiative (SCLCI).		We continued to work with the CDP and SCLCI in 2010.	To be an active contributor to the CDP and participate in the SCLCI.
	To implement the findings from the 2009 carbon footprint (CFP) pilot study and assess the cradle-to-gate profiles of key products.		The 2009 study was extended to include cradle-to-gate assessment of products produced by Croda Inc.	In 2011, to enable product specific CFP of key technologies in >50% of our manufacturing sites, providing training where necessary. We will also review the impact of data acquisition and dissemination on the business.

Key:  New objective/target  Target complete  Target on track  Target incomplete








# Our People Targets

Our Objectives	Our Targets	Our Achievements	Our Progress	Our Future
Employee Engagement and Satisfaction	During 2010, to implement and report on the findings from employee engagement surveys conducted across Croda.		During 2010, our businesses in the USA and Singapore completed employee surveys. Collation and feedback of results will be completed in 2011.	All regions to complete an employee engagement survey by the end of 2011.
	On a global basis, to maintain average voluntary turnover at less than 10% per annum.		Average voluntary turnover remained at 5%, with 3% due to resignation.	On a global basis, to maintain average voluntary turnover at less than 10% per annum in 2011.
Openness of Communication	Every Croda manufacturing site to hold a minimum of two employee communication sessions per annum.		In 2010, all of our 17 manufacturing sites held at least two formal communication sessions.	Every Croda manufacturing site to hold a minimum of two employee communication sessions per annum in 2011.
Employee Development	On average, employees will have a minimum of 21 hours training.		In 2010, we delivered an average of 30 hours training per employee.	To deliver a minimum average of 22 hours training per employee in 2011.
				To launch an internal online learning zone by 2015.
Best Practice in Occupational Health Promotion and Monitoring	By the end of 2010, to have an accurate baseline on which to report the financial cost of absence to the business.		In 2010, the calculated cost of absence to the business was approximately £1.3m.	To maintain the average cost of absence to the business at the 2010 level.
	To ensure the Company's absence strategy, policies and practices genuinely reflect the realities of particular regional circumstances and needs.		Specific regional needs have been identified using the calculated cost of absence to the business.	During 2011, to develop and deliver to all relevant parties in the UK, a programme of line manager education in relation to managing absence.
				To make health assessments available to all employees in Latin America by the end of 2011.

# Our World Targets

Our Objectives	Our Targets	Our Achievements	Our Progress	Our Future
SHE Management	All ex-Uniqema sites certified to ISO 14001 and OHSAS 18001 by end 2010.		All of our manufacturing sites were accredited to ISO 14001 and OHSAS 18001 in 2010.	No new target.
Energy Consumption	Based on 2006, to improve energy efficiency (GJ/manufactured tonne) by 2% each year to end 2010.		Despite a total reduction in energy usage of 7.5%, energy per manufactured tonne increased by 11.0%, based on 2006 levels.	Based on 2010, to reduce Group energy consumption by 5% by 2015.
				To have 25% of the Group's energy requirements generated from non-fossil fuel sources by 2015.
Atmospheric Emissions	Based on 2006, to reduce VOC emissions (kg/manufactured tonne) by 5% each year until end 2010.		Over the four year target period we reduced our VOC emissions per tonne of product manufactured by 25.5%.	Based on 2010, to reduce total Group VOC emissions by 10% by 2015.
Waste Disposal	Based on 2006, to reduce waste to landfill (kg/manufactured tonne) by 5% each year until end 2010.		By the end of 2010, waste to landfill per manufactured tonne was reduced by 22.7%, based on 2006 levels.	Based on 2010, to reduce total Group waste to landfill by 20% by 2015.
Consumption of Mains Water	All manufacturing sites to reduce use of mains water (m <sup>3</sup> /manufactured tonne) by 2.5% each year until end 2010.		Despite a 12.6% reduction in total use of potable water, consumption per tonne manufactured increased by 4.8% since 2006.	Based on 2010, to reduce total Group water consumption by 10% by 2015.
Waste Water Discharges	All manufacturing sites to achieve greater than 97.5% compliance with effluent discharge consents.		During 2010, our manufacturing sites were in compliance with discharge consents an average 99.0% of the time. Nine sites reported 100% compliance.	To achieve 100% compliance with effluent discharge consents by 2015.
Resource Efficiency and Waste Minimisation	During 2010, to begin reporting losses of organic materials to the aquatic environment. Due consideration is given to off-site treatment where relevant and justified.		During 2010, data systems for reporting losses of organic materials were installed and validated.	To measure the total COD (Chemical Oxygen Demand) generated and discharged from Croda sites with captive effluent treatment plants and develop a baseline by end of 2011.
Assessment of Process Risk	To use improved risk assessment techniques to confirm that the individual risk of fatality from site activities meets Group criterion by end 2010.		Risk assessors from 16 of our 17 manufacturing sites were trained in improved techniques during 2010.	No new target.
	All manufacturing sites to demonstrate annual improvements in evaluating process risks for new processes and the management of change for existing processes.		Improved risk assessment techniques were installed in 2010 and in common use across the Group.	No new target.

Key:  New objective/target  Target complete  Target on track  Target incomplete

Our Objectives	Our Targets	Our Achievements	Our Progress	Our Future
Control of Process Risk	All manufacturing sites to demonstrate annual improvements in reporting and investigation of significant deviations from safe operating conditions.		Through increased awareness, detection of incidents has improved in 2010. Investigations were carried out to identify preventative actions in all cases.	No new target.
Review of Process Risk	To monitor timely completion of the review programme.		14 of our 17 manufacturing sites completed the review programme in 2010.	No new target.
Reduction of Process Risk	To ensure actions arising from process risk assessments are prioritised and appropriately managed.		Of 99 high priority actions in 2010, only 2 were deferred for completion in 2011.	No new target.
	To monitor planned rates for all actions.		All of our manufacturing sites met the target for action completion.	No new target.
Process Risk				To have 100% of all process safety studies reviewed at least once every five years across the Group.
				To have no critical actions arising from process safety studies overdue across the Group.
Personal Accidents	To achieve an on-going reduction in the personal accident rate numbers.		In 2010, our lost time injury rate was 0.32 per 100,000 hours.	To reduce rates of lost time injuries to 0.2 per 100,000 hours.

# Our Neighbours Targets

Our Objectives	Our Targets	Our Achievements	Our Progress	Our Future
Openness of Communication	Every Croda manufacturing site to hold at least one face-to-face dialogue with their local community per annum.		In 2010, 14 of our 17 manufacturing sites held engagement sessions with stakeholder groups in their local community.	Every Croda manufacturing site and commercial office of >30 employees to hold at least two face-to-face dialogue sessions per annum with key stakeholder <sup>1</sup> groups identified in the 2010 survey.
	All Croda manufacturing sites and commercial offices of >30 employees to analyse and report on key local stakeholders.		All required manufacturing sites and sales offices completed the stakeholder survey, covering over 78% of our global workforce.	No new target.
Community Involvement	By the end of 2010 to ensure that all Croda employees have access to 1% Club or similar.		At the end of 2010, all Croda employees had access to the 1% Club.	No new target.
	All sites of >30 employees should undertake an audit of key local stakeholder needs and develop at least one project in line with both business and stakeholder needs.		Unforeseen delays in the completion of the stakeholder identification survey have meant that the stakeholder needs survey has not been completed in 2010.	All sites of >30 employees to undertake an audit of key local stakeholder <sup>1</sup> needs and develop at least one project in line with both business and stakeholder needs.
	By end 2010, to have an accurate baseline figure on which to report the number and type of community activities.		Croda employees spent 4,157 hours working in their communities in 2010.	In 2011, to continue monitoring 1% Club activity, aiming to increase the total time (hours) spent in the community by 20% based on 2010 figures.
	In the UK, to increase the number of individuals using at least ½ day of 1% Club time over 12 months.		In 2010, 95 employees in the UK (~10%) spent time working in their communities. This level is slightly higher than the Group average of 9%.	To increase the number of individuals in the Group using at least ½ day of 1% Club time over 12 months to 15% of the global workforce.
Community Education – Science	By the end of 2010, all regions to promote/assist at least one local educational institution in developing skilled personnel within the science field.		All business regions assisted in the development of scientific personnel in 2010, with a total of 37 institutes assisted.	To develop STEM <sup>2</sup> programmes and training in the eight regions where Croda operates a significant R&D centre by the end of 2011, with implementation in 2012.

Key: New objective/target Target complete Target on track Target incomplete

<sup>1</sup> Key stakeholders from the 2010 survey were i. local authorities, councils and local government, ii. Local businesses or business representative groups, iii. Local educational institutions (schools, colleges, universities)

<sup>2</sup> Science, Technology, Engineering and Maths



# Global Reporting Initiative

In 2008, Croda's CSR Steering Committee, a multi-national and cross-functional team, conducted a review assessing the applicability of the Global Reporting Initiative (GRI) 2006 G3 guidelines to Croda. The assessment was made against a number of criteria including relevance to our business, materiality to ourselves and our stakeholders and our ability to report.

In 2010 the Standard Disclosures (SDs) and Performance Indicators (PIs) that we selected in 2008 were reviewed and found to still be relevant. We have continued to report at level C in 2010 and also included an additional SD relating to our governance structure and three additional environmental PIs. A list of the PIs we report against can be seen below.

For more information on our GRI reporting visit [www.croda.com/csr](http://www.croda.com/csr)

On the website you can also use our new tool, 'Your Report', to create a bespoke GRI Report with only the SDs and PIs that matter to you.

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
EN4	Indirect 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
EN28	Monetary value of significant fines
Labour Practices & 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 impacts on communities
Product Responsibility Performance Indicators	
PR3	Information required by procedures
PR9	Regulatory non-compliance



# Notes

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**Cautionary Statement**

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