Being Different
Global Reporting Initiative 2014
GRI Sustainability Reporting 2014 Sustainability Performance

This is the seventh consecutive year that we have provided a Global Reporting Initiative (GRI) Report.

During 2014, a review of the GRI G4 General Disclosures and Specific Disclosures was conducted. As a result, we are reporting to a self-declared ‘Core’ accordance level for the reporting period 1 January 2014 to 31 December 2014.

Our separately published Sustainability Report 2014 contains a significant amount of information relating to GRI content whilst some information can also be found in our Annual Report 2014. This GRI Report provides further details not found in either of these two reports, whilst further information on key topics can be found on the Company website www.croda.com. Any supporting information is indicated throughout this report, where relevant.

A GRI Content Index can be found on the following pages and online at www.croda.com/gri, summarising the location of all relevant GRI information.

Glossary of Terms

The following abbreviations are used in this report:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Meaning</th>
<th>Abbreviation</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEO</td>
<td>Authorised Economic Operator</td>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
<td>NOx</td>
<td>Nitrogen oxides</td>
</tr>
<tr>
<td>BITC</td>
<td>Business in the Community</td>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>CDP</td>
<td>Carbon Disclosure Project</td>
<td>Plc</td>
<td>Public limited company</td>
</tr>
<tr>
<td>CHP</td>
<td>Combined Heat and Power</td>
<td>PO</td>
<td>Palm Oil</td>
</tr>
<tr>
<td>CO2</td>
<td>Carbon Dioxide</td>
<td>PSRA</td>
<td>Product Safety and Regulatory Assurance</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
<td>QA</td>
<td>Quality Assurance</td>
</tr>
<tr>
<td>EEMEA</td>
<td>Eastern Europe, Middle East, Africa</td>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise performance management</td>
<td>RACI</td>
<td>‘Responsible’, ‘Accountable’, ‘Consulted’ and ‘Informed’</td>
</tr>
<tr>
<td>ESG</td>
<td>Economic Social Governance</td>
<td>REACH</td>
<td>Registration, Evaluation, Authorisation and Restriction of Chemical substances</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
<td>RSPO</td>
<td>Roundtable on Sustainable Palm Oil</td>
</tr>
<tr>
<td>GJ</td>
<td>Gigajoules</td>
<td>SAC</td>
<td>Special Area of Conservation</td>
</tr>
<tr>
<td>GSSC</td>
<td>Group Sustainability Steering Committee</td>
<td>SAP</td>
<td>Software company</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
<td>SHE</td>
<td>Safety, Health and Environment</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
<td>SHEQ</td>
<td>Safety, Health, Environment and Quality</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
<td>SOx</td>
<td>Sulfur oxides</td>
</tr>
<tr>
<td>IRB</td>
<td>Istituto Di Ricerche Biotecnologiche</td>
<td>SPA</td>
<td>Special Protection Area</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
<td>TeCO2e</td>
<td>Tonnes equivalent CO2</td>
</tr>
<tr>
<td>kg</td>
<td>kilograms</td>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
</tr>
<tr>
<td>LTI</td>
<td>Lost Time Injury</td>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>m3</td>
<td>Cubic metres</td>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheet</td>
<td>VOC</td>
<td>Volatile Organic Compound</td>
</tr>
</tbody>
</table>
Strategy and Analysis

G4-1 Statement from senior decision-maker of the organisation

Chief Executive’s Statement

We are passionate about sustainability, it is fundamental to who we are and what we do. It touches every area of our Business and our approach differentiates us in the eyes of our customers.

Q. What does sustainability mean to Croda?
Sustainability is fundamental to who we are and what we do. It touches every area of our Business: from the way we design our products and run our manufacturing sites, to the way we work with our suppliers and engage with our communities. Our first ever product, lanolin, has good sustainability credentials, and today around 70% of the raw materials we use to make our products are from natural, renewable sources.

Q. Why is sustainability so important to you?
We are passionate about sustainability, not because we have to be, but because we think it is the right thing to do and our approach differentiates us in the eyes of our customers. Consumers are increasingly demanding that companies take their environmental, social, as well as their financial responsibilities seriously. They want to be assured that we, rightly, place great focus on the sustainability of all of our activities. Although we don’t sell directly to consumers, we support our customers in helping them make a difference. In doing so, we are helping our customers to meet their targets and the demands of their consumers, whilst creating a competitive advantage for ourselves.

Q. Can you give a 2014 example of where you have created such competitive advantage through sustainability?
A very good example has been our partnership with customers and suppliers to meet the need for sustainable palm oil ingredients. The depletion of the rainforests by some palm tree growers has become a huge international issue in recent years. Companies, particularly those in personal care, have been under great consumer pressure to find a sustainable solution. In 2014, we became the largest supplier of derivatives supporting sustainable palm oil and, by the end of the year, around 300 of our customers were receiving these ingredients around the world.

Q. How has Croda performed against its own sustainability targets this year?
We have made progress in each of our 10 Material Areas, which has been very satisfying. Milestones have included:

—In the Environmental Impact area, we have increased our usage of non-fossil fuels beyond our 25% target one year ahead of schedule
—Our People, at all levels around the world, have developed both professionally and personally with another exceptional year of training hours, covering 91.2% of our employees
—In Product Design, we have extended the 12 Principles of Green Chemistry, which is the basis of our research and development, to embed a 13th Principle that looks at the sustainability benefits of our products during use by our customers or their consumers
—In Community Education and Involvement, our people have really embraced the opportunity to support science in schools and have volunteered for a total of 6,879 hours across a very diverse range of good causes

Q. Looking ahead, will you keep up your strategic emphasis on sustainability?
Absolutely! There is growing emphasis on sustainability in the majority of our markets. This will create more niche opportunities as consumers and our customers place an even greater priority on sustainability in the years ahead.

Steve Foots, Group Chief Executive

G4-2 Description of key impacts, risks and opportunities

To continue to deliver improvement we must establish clear commitments and performance targets aligned to our 10 Material Areas and their longer-term objectives. By Material Areas we mean topics or issues with the potential to affect the long term success of our business, which includes the economies, environments and societies in which we operate. Targets have been set with our Group Executive Committee that support our sustainability strategy and ensure that progress is made in addressing our Material Areas.

Our Material Areas and targets are reviewed on an annual basis at a Strategic Review meeting between the Sustainability Steering Committee and our Group Executive Committee. As a result of this meeting, in 2014 our 10 Material Areas were further developed and have been linked with the risks in our Global Risk Framework (see G4-14).
We will continue to review and develop the scope, objective and targets of each Material Area as the risks and opportunities in each area change.

Our 10 Material Areas are now as follows:

<table>
<thead>
<tr>
<th>Material Area</th>
<th>Long-term Objective</th>
<th>Link to Key Risks (pages 28-32 of the 2014 Annual Report)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Impact</td>
<td>Minimise the impact of our operations</td>
<td>Major environmental incident</td>
</tr>
<tr>
<td>Product Stewardship</td>
<td>Ensure that the ingredients we produce contribute positively to the environment and society throughout their lifecycle</td>
<td></td>
</tr>
<tr>
<td>Product Design</td>
<td>Deliver the most innovative and sustainable ingredients to our customers</td>
<td>Global Raw material security and sustainability</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>To contribute to, and proactively seek, higher quality standards across product and operational aspects of our Business to ensure consumer safety</td>
<td>Product Liability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chemical regulatory compliance</td>
</tr>
<tr>
<td>Process Safety</td>
<td>Keeping our manufacturing sites safe and legally compliant</td>
<td>Major safety incident</td>
</tr>
<tr>
<td>Occupational Health &amp; Safety</td>
<td>Empower employees to have health and safety at the forefront of their thinking</td>
<td>Major safety incident</td>
</tr>
<tr>
<td>Our People</td>
<td>Create an environment where people can thrive</td>
<td>Employee recruitment, retention and motivation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Succession planning for senior positions</td>
</tr>
<tr>
<td>Diversity &amp; Inclusion</td>
<td>Embrace and empower all individuals</td>
<td></td>
</tr>
<tr>
<td>Corporate Knowledge</td>
<td>Safeguard our knowledge and expertise</td>
<td>Security of business information and assets</td>
</tr>
<tr>
<td>Community Education &amp; Involvement</td>
<td>Support the communities in which we operate, with a primary focus on encouraging young people to work within science and technology</td>
<td></td>
</tr>
</tbody>
</table>
Organisational Profile

**G4-3 Name of the organisation**

Croda International Plc.

**G4-4 Primary brands, products and services**

We are a speciality chemical manufacturer who, through the imaginative and practical use of science, create ingredients and technologies that improve people's lives by enhancing everyday products.

We have four market sectors: Personal Care, Life Sciences, Performance Technologies and Industrial Chemicals. Within these four market sectors, we have nine business areas, each working in partnership with our customers to design ingredients that are manufactured globally and sold directly to our customers.

<table>
<thead>
<tr>
<th><strong>Personal Care</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Care Markets</strong></td>
</tr>
<tr>
<td>We create products for the skin care, sun care, hair care, baby care, colour cosmetics, male grooming, bath and shower and antiperspirant markets.</td>
</tr>
<tr>
<td><strong>Products</strong></td>
</tr>
<tr>
<td>These include inorganic UV absorbers, lanolins, emollients, polymers, proteins, surfactants and skin care actives. <a href="http://www.croda.com">Read more at www.croda.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Life Sciences</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crop Care Markets:</strong></td>
</tr>
<tr>
<td>We provide inert ingredients and adjuvants for the full spectrum of agrochemical applications.</td>
</tr>
<tr>
<td><strong>Products:</strong></td>
</tr>
<tr>
<td>These include polymeric surfactants, dispersants, wetting agents, emulsifiers, stabilisers, adjuvants and seed coating binders. <a href="http://www.croda.com">Read more at www.croda.com</a></td>
</tr>
</tbody>
</table>

| **Health Care Markets:** |
| Our high purity ingredients are used in the pharmaceutical, dermatological, neutraceutical, functional food and animal health markets. |
| **Products:** |
| 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. [Read more at www.croda.com](http://www.croda.com) |

<table>
<thead>
<tr>
<th><strong>Performance Technologies</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coatings and Polymers Markets:</strong></td>
</tr>
<tr>
<td>We provide environmentally friendly, high performance solutions to paint formulators, resin manufacturers and additive producers.</td>
</tr>
<tr>
<td><strong>Products:</strong></td>
</tr>
<tr>
<td>This includes a wide range of naturally derived oleochemicals and speciality surfactants. <a href="http://www.croda.com">Read more at www.croda.com</a></td>
</tr>
</tbody>
</table>

| **Geo Technologies Markets:** |
We provide innovative, efficient solutions for the oil field, mining and water treatment markets.

**Products:**
These include demulsifiers for the oil field industry, emulsifiers for explosives and water soluble polymer components for the formulation of water treatments. Read more at www.croda.com

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

**Products:**
These include proteins and their derivatives, softeners, surfactants, solvents, emulsifiers, solubilisers, hydrotopes, tissue lotions, botanical extracts, fatty acids and glycerine. Read more at www.croda.com

**Lubricants**
**Markets:**
We supply ingredients based on renewable raw materials to automotive and industrial lubricant markets.

**Products:**
These include 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. Read more at www.croda.com

**Polymer Additives**
**Markets:**
We provide speciality effects for a wide range of industrial and consumer plastics, packaging and rubber applications.

**Products:**
These include slip, anti-block, antistatic, anti-fog, mould and torque release agents as well as UV absorbers, dispersants and concentrates. Read more at www.croda.com

**Industrial Chemicals**

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

**Products:**
These include the full range of our products; from base oleochemical fatty acids and glycerine to esters, polymeric surfactants and amides. Read more at www.croda.com

G4-5 Location of organisation's headquarters

Our corporate headquarters are located at Cowick Hall in East Yorkshire, England.

G4-6 Number of countries where the organisation operates and names of countries with major operations, or that are specifically relevant to the sustainability issues covered in the report

We are a global organisation with 3,610 employees across 34 countries.* The strength of our research, development and manufacturing capabilities is underpinned by our global network of sales offices and technical/customer support teams.

Countries of Operation*
G4-7 Nature of ownership and legal form

Croda International Plc. is a Public Limited Company; we have been listed on the London Stock Exchange since 1964.

Our ownership structure and major shareholders can be found in our 2014 Annual Report.

G4-8 Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)

The markets served by our business can be found under disclosure G4-4. The revenue generated during 2014, separated by region is detailed below:

- Western Europe – £387.1m
- Eastern Europe, Middle East & Africa - £71.2m
- North America – £276.4m
- Latin America - £110.5m
- Asia Pacific – £201.4m

Meanwhile, the breakdown of revenue and operating profit during 2014, separated by market sector, was as follows:

- Personal Care
  - Revenue = £369.1m
  - Operating Profit = £117.3m
- Life Sciences
  - Revenue = £204.5m
  - Operating Profit = £64.7m
- Performance Technologies
  - Revenue = £355.2m
  - Operating Profit = £63.8m
- Industrial Chemicals
  - Revenue = £117.8m
G4-9 Scale of the organisation

As recorded at 31 December 2014, the Group employs 3,610 employees worldwide, operating 18 manufacturing sites and 36 commercial offices in 34 countries. Our revenue for continuing operations was £1,046.6m.

During 2014, our net sales revenue by market sector was:

- Personal Care – 35.3%
- Life Sciences – 19.5%
- Performance Technologies – 33.9%
- Industrial Chemicals – 11.3%

During 2014, our net sales revenue by geographic market was:

- Western Europe – 37.0%
- Eastern Europe, Middle East & Africa – 6.8%
- North America – 26.4%
- Latin America – 10.6%
- Asia Pacific – 19.2%

At 31 December 2014, total debt was £180.2m and £489.0m equity.

These figures apply to Croda International Plc. in its entirety.

Further information can be found on in our 2014 Annual Report.

G4-10 Total workforce by employment type, employment contract, and region

Like all successful businesses, we recognise that our future 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 our business.

<table>
<thead>
<tr>
<th>2014</th>
<th>Full Time</th>
<th>Part Time</th>
<th>Permanent</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>98%</td>
<td>2%</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>Female</td>
<td>86%</td>
<td>14%</td>
<td>98.3%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2014</th>
<th>Western Europe</th>
<th>Eastern Europe, Middle East and Africa</th>
<th>Asia Pacific</th>
<th>North America</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>66.5%</td>
<td>36.1%</td>
<td>76.1%</td>
<td>72.5%</td>
<td>47.8%</td>
</tr>
<tr>
<td>Female</td>
<td>33.5%</td>
<td>63.9%</td>
<td>23.9%</td>
<td>27.5%</td>
<td>52.8%</td>
</tr>
</tbody>
</table>

The vast majority of our business is completed by employees of the business, and are therefore not self-employed or contractors. Our employee numbers do not fluctuate significantly throughout the year due to seasonal variations. For those employees on a temporary contact, many within this group are undergraduate interns or apprentices to whom permanent employment is normally offered upon successful completion of a training period.

G4-11 Percentage of employees covered by a collective bargaining agreement

Partial reporting

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business. Our Group Policy on Trade Union Membership states that Croda International Plc recognises that all its employees have the right to freedom of association. The Company will not interfere in the legitimate activities of Trades Unions at Croda sites.

The Company recognises that every employee has the right to join or remain a member of a Trade Union if they wish to do so. Equally the Company recognises that every employee has the right not to join or to leave a Trade Union if they
wish to do so. The Company will not seek to persuade any employee, potential or otherwise, to join or leave any Trade Union or other workers’ association.

Collective bargaining agreements are managed individually at each manufacturing site between the site and the corresponding unions. As such, the Company does not hold a central record of how many employees are covered by such agreements.

G4-12 Describe the organisation’s supply chain

There are a total of 18 manufacturing sites located in Europe, North America, South America and Asia. Each site/region has its own procurement organisation responsible for all aspects of procurement associated with acquiring all goods and services. Specific responsibilities include identification of requirements, specifications, assessment of risks, management of tendering processes, ordering, contract award and management and monitoring of suppliers’ performance.

There are sales offices and warehousing in 35 different countries. Sales offices source materials from the worldwide network of manufacturing sites for customers in their local markets. The global supply chain is supported by a common SAP-based ERP processes.

G4-13 Significant changes during the reporting period regarding size, structure, ownership or supply chain

On 3 April 2014, the Group acquired AM Coatings BV. The acquisition brings a novel non-leaching antimicrobial technology for coating and adhesive applications. The Group plans to commercialise and exploit this technology in certain existing business areas.

On 1 August 2014, the Group acquired JD Horizons Limited, a UK based business specialising in flow assurance technology. JD Horizons had become a leader in flow assurance chemicals for the international oil markets with its FlowSolve™ range. This strategic acquisition will bring the Group closer to end users in the oil and gas market. The acquired business will form part of the Group’s Geo Technologies business area.

These assets have been integrated into our existing business structure and are, therefore, not separately reportable operations within this report.

There have been no substantive changes in location of and relationships with suppliers in 2014. However European chemicals raw material production is continuing to migrate to other regions offering the twin benefits of lower cost production allied with a fast growing consumer markets. In order to uphold the security of supply of raw materials, European sites are increasingly having to look further afield for reliable sources of chemical feedstocks.

G4-14 Explanation of whether and how the precautionary approach or principle is addressed by the organisation

The effective management of our risks and opportunities helps to achieve our strategic objectives, protects our people, our local communities and our reputation, and demonstrates good corporate governance. It is essential for creating and protecting value for our shareholders and customers in line with our business model. Croda is committed to the effective management of key business risks throughout the organisation.

The Board of Directors determines our overall risk appetite. It also oversees the Group’s risk management and internal control systems, defines risks and monitors risk exposures and ensures that the nature and extent of the risks we take align with our strategic objectives.

The Group coordinates its global approach through the Risk Management Committee of the Executive which reports directly to the Board via the Audit Committee. The Risk Management Committee is chaired by the Group Finance Director and meets quarterly, with the VP Risk and Control in attendance at each meeting. The Risk Management Committee is responsible for the Group’s Generic Risk Framework, which requires each location to identify location specific risks against 53 generic risks across five categories:

- People and Process – which includes People and Operational processes and their impact on the environment and local communities
- External Environment
- Business Systems
- Strategic
- Financial
The Framework is applied at Market Sector, regional, functional, manufacturing site and sales site levels. Senior management teams at each level are responsible for scoring and applying the classifications within the framework. These registers are reviewed and consolidated to ensure that there is a comprehensive view of the material risks facing the Group, along with the controls in place to mitigate these risks. As a minimum, our market sectors, regions and core functions update their registers twice per year.

Our safety, health, environmental and quality (SHEQ) risks, which are closely aligned to a number of our Material Areas are reviewed and considered by a dedicated Executive level committee. This meets quarterly to consider the results of assurance audits over SHEQ controls and to monitor defined and agreed key performance indicators.

It is the responsibility of the Risk Management Committee to consider external and emerging risks and their relevance to the Group, assess bottom-up risk registers to identify Group wide impacts and trends and to compare them with key risks, and evaluate whether any risks have escalated and require further attention. Its quarterly meetings feature a presentation by the Executive member responsible for ensuring best practice and continuous progress for each key risk. This covers the risk itself, the mitigating controls, and continuous improvement actions.

The review of our risk framework is ongoing as our business changes. During 2014 the Group Risks were reviewed against our Material Areas and were found to be clearly aligned.


G4-15 Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses

Our proactive approach to working with many external organisations, both inside and outside of our industry, saw us contributing to around 220 different bodies during 2014. Many of these relate to product, personal and process safety and regulatory affairs.

Charters

Responsible Care®

We are signatories to Responsible Care®, which is the chemical industry’s global voluntary initiative through which companies, through their national associations, work together to continuously improve their health, safety and environmental performance and to communicate with stakeholders about their products and processes. The Responsible Care® ethic helps industries to operate safely, profitably and with due care for future generations. It was commended by UNEP as making a significant contribution to sustainable development at the World Summit on Sustainable Development in 2002.

Round Table on Sustainable Palm Oil (RSPO)

We have been active members of RSPO since it was established in 2004, and sit on the Derivatives Working Group. The mission of RSPO is to advance the production, procurement and use of sustainable oil palm products through the development, implementation and verification of credible global standards and the engagement of stakeholders along the supply chain. We are members of the RSPO, which collectively brings oil palm growers, oil processors, food companies, retailers, NGOs and investors to work together towards a global supply of palm oil that is produced in a socially and environmentally responsible way. The Roundtable promotes palm oil production practices that help reduce deforestation, preserve biodiversity, and respect the livelihoods of rural communities in oil-producing countries. It ensures that no new primary forest or other high conservation value areas are sacrificed for palm oil plantations, that plantations apply accepted best practices and that the basic rights and living conditions of millions of plantation workers, smallholders and indigenous people are fully respected.

12 Principles of Green Chemistry

The 12 Principles of Green Chemistry were developed in 1991 by Paul Anastas and John C. Warner. The aim of the principles is to minimise the environmental impact of chemical products and reduce the environmental and social risks of these products. We have been using these principles since 2010 to ensure that our New Product Development follows a more sustainable and environmentally friendly path.
G4-16 Memberships of associations

We are a signatory to the Responsible Care® Initiative of the chemical industry trade associations in the UK, USA and Singapore, and more recently have endorsed the Global Charter agreed amongst the members of the International Council of Chemical Associations. We have also demonstrated our commitment to Sustainable Development by endorsing the principles developed in cooperation with stakeholders and member companies of the Chemical Industries Association.

In addition to this, we are also members over 220 industry associations including (but not limited to):

- American Association Of Pharmaceutical Scientists
- American Board Of Industrial Hygiene
- American Chemical Society
- American Chemistry Council
- American Cleaning Institute
- American Institute Of Chemical Engineers
- American Management Association
- American Oil Chemists' Society
- American Payroll Association
- American Society For Testing And Materials
- American Society For Testing And Methods
- American Society Of Mechanical Engineers
- Argentina Chamber Of Cosmetics And Perfumery Industry - CAPA
- Argentinean Association Of Cosmetic Chemists - AAQC
- Assic - Associations Of Trading Chemicals Industries
- Association Francaise Des Techniciens Des Peintures, Vernis, Encred, d'Imprimerie, Colles Et Adhesifs (AFTPVA)
- Association Of Accounting Technician (AAT)
- Association Of Chartered Certified Accountants (ACCA)
- Association Of Russia
- Australian Society Of Cosmetic Chemists
- Beauty Industry West (BIW)
- Biobased Delta
- Biobased Performance Material Project
- Board Of Certified Safety Prof
- Bombay Chambers Of Commerce
- British Chamber Of Commerce
- Canadian Association Of Chemical Distributors (CACD)
- Canadian Cosmetic Toiletry And Fragrance Association (CCTFA)
- Catalun Chemical Industry Federation (FEDEQUIM)
- Chamber Of Commerce Clinton
- Chartered Institute Of Management Accountants (CIMA)
- Chemical Cosmetic Association
- Chemical Industry Council Of Delaware
- Chemicals Northwest
- Chemistry Council Of New Jersey
- Chicago Paint & Coatings Assoc
- Chilean Association Of Cosmetic Chemists
- Colombian Association Of Cosmetic And Technology (Accytec)
- Confindustria - Unione Industriall
- Consumer Specialty Products Association
- Coschem
- COSMED (L'association De La Filière Cosmétique)
- Cosmetic Executive Women
- Cosmetic Valley
- Cosmetic, Toiletry & Fragrance Association Of South Africa (CFTA)
- Council For Responsible Nutrition
- Council Of Producers And Distributors Of Agrochemicals
- Delaware State Chamber Of Commerce
- Deltalinqs
- Dubai Chamber Of Commerce
- Dutch Building Services Knowledge Centre (ISSO)
- Dutch Polymer Institute
- Entreprises Et Environnement
- Environmental Conservation Association Of Shiga Prefecture
- Environmental Assessment Working Group
- European Oleochemicals And Allied Products Group (APAG)
- European Union Chamber Of Commerce In Korea
- Federation Of Enterprises In Beauty – France (FBEA)
- Federation Of Indian Chambers Of Commerce And Industry (FICCI)
- Federsalux
- Formualted Products Industry Coalition
- Global Organisation For EPA And DHA
- Hair Science CHEMISTS OF JAPAN
- Higashiohmi Chamber Of Commerce And Industry
- Higashiomi Fire Desaster Prevention Association
- Hull & Humberside Chamber Of Commerce
- Human Management Association (ACRIP)
- Humberside Chemical Focus
- ICIS CHEMICAL BUSINESS AMERICAS
- Indian Chemical Council
- Indian Specialty Chemicals Manufacturers Association
- Innovation And Chemical Industries In Sweden
- Institute Of Chartered Accountants In England And Wales (ICAEW)
- Instituut Maatschappelijke Innovatie
- International Fish Meal And Fish Oil Organisation
- International Pharmaceutical
- Jababeka Investor Forum
- Japan Chemical Industrial Association (Japanese Organization Of ICCA)
- Japan Cosmetic Suppliers Association
- Japan Hygienic Olefin And Styrene Plastics Association
- Japan Hygienic PVC Association
- Japan Oil Chemists' Society
- Japanese Cosmetic Science Society
- Japanese Society For Cutaneous Health
- Japanese Society Of Tribologist
- Kashi-Kai
- Kinki Cosmetic Material Association
- Korea Chemicals Management Association
- Korea Cosmetic Association
- Korea International Trade Association
- Korea Pharmaceutical Traders Association
- Lipidforum
- Margarine, Fats And Oils Association In The Netherlands (MVO)
- Mase
- Mexican Institute Of Chemical Engineers (IMIQ)
- Mutual Aid Response Group
- National Association Of Manufacturers Of Paints And Inks - Mexico (ANAFAPYT)
- National Association Of The Chemical Industry - Brazil (ANIQ)
- National Industry Association (ANDI)
- National Lubricating Grease Institute
- National Plastic Industries Association - Mexico (ANIPAC)
- Natural Resources Stewardship Circle (NRSC)
- Nederlandse Vereniging Voor Verf Technici (VVVF/NVVT)
- New Castle County Chamber Of Commerce
- New Jersey Chamber Of Commerce
- New Jersey Institute Of Technology (NJIT)
- New Jersey Society Of Cpas
- National Fire Protection Association (NFPA)
- Netherlands Group of Users of Technology for Separation (NL Guts)
- North Central Weed Science Society
- PA Chamber Of Business
- Pennsylvania Chemical Industry
- Perfumery And Cosmetics
- Personal Care Products Council
- Peruvian Association Of Cosmetic Chemists
- Peruvian Association Of Textil Technicians
- Pharmacopeia
- Professional Association Of Industrial Plastics Of Chile (ASIPLA)
- RAL For Phase Change Materials
- Roundtable For Sustainable Palm Oil
- Rutgers CCB
- Scancos (Scandinavian Cosmetic Association)
- Seong Nam Chamber Of Commerce & Industry
- Sepawa (Soaps, Perfumes And Detergents)
- Singapore Chemical Industry Council
- Société Française De Cosmétologie
- Society For Human Resource Management
- Society Of Cosmetic Chemist
- Society Of Cosmetic Sciences (SCC) - New York, Quebec And Toronto Chapters
- Society Of Plastics Engineers
- Society Of Tribologists And Lubrication Engineers
- Society Of Tribologists And Lubrication Engineers (STLE)
- South African Paint Manufacturers Association (SAPMA)
- Spanish Association Of Manufacturers Of Surface Active Substances For Applications (AEPSAT)
- Technical Symposium
- Thane Belapur Industries Association
- The Ceramic Society Of Japan
- The Chemical Industry Association In Germany (VCI) Via TEGEWA
- The Chemical Industry Association In The Netherlands (VNCI)
- The Confederation Of Indian Industry (CII)
- The European Federation For Cosmetic Ingredients (EFFCI)
- The Japanese Dermatological Association
- The Lock Haven Rotary Club
- The Pharmaceutical Society Of Japan
- The Society Of Cosmetic Chemists Of Japan
- The Society Of Petroleum Engineers
- Tokyo Chamber Of Commerce And Industry
- Tokyo Cosmetic Material Association
- Toronto North CAER Group
- Trans Thane Creek Waste Management Association
- Turkish Chemical Industry Association
- Turkish Paint Industry Association
- Union Des Industrie Chimiques
- West-Japan Cosmetic Industry Association
Identified Material Aspects and Boundaries

G4-17 Entities included in the consolidated financial statements

We are a global organisation with 3,610 employees across 34 countries*. By being close to our customers around the world, we have a collaborative approach to business, which allows us to respond quickly and efficiently to unmet needs.

Our Business is split into four reporting market sectors:

**Personal Care** We are the world’s leading supplier of speciality ingredients for the personal care industry. We achieve this by offering our customers expertise in formulation development, claims substantiation, market analysis and regulatory support. Our ingredients are used in a range of applications including skin care, sun care, hair care, colour cosmetics and toiletries.

**Life Sciences** Our Life Sciences market sector comprises two complementary businesses, Health Care and Crop Care. Health Care delivers high quality ingredients and formulation expertise to pharmaceutical and nutritional markets, which includes dermatology and animal health. Crop Care provides innovative ingredients and formulation expertise to agrochemical companies, enabling them to develop efficient, complex and safe products that help farmers achieve superior yields.

**Performance Technologies** Performance Technologies delivers high added value additives to a wide range of niche markets. It is organised into five business areas: Lubricants supplies automotive and industrial lubricants companies; Coatings and Polymers serves the coatings, adhesives and speciality polymers markets; Geo Technologies supports customers in oil and gas, water treatment and mining; Polymer Additives sells into the plastics and packaging sector; and Home Care serves household product manufacturers, as well as industrial cleaning companies.

**Industrial Chemicals** Our Industrial Chemicals market sector sells a range of co-streams produced during the manufacture of core sector products and undertakes toll processing. Whilst primarily higher in volume and lower in margin, the sector is also developing niche ranges of specialist materials for thermal management, catalysts, electronics, advanced ceramics and other industrial applications.

In addition to the above, the Group has a Technology Investment Group that identifies and integrates new technology into the global Business structure, and a Process Innovation Team that innovates with new and existing processes to improve operational processes.

A list of our principal subsidiary companies that primarily affect the financial statements can be found on page 140 of our 2014 Annual Report. No entity included in our financial statements has been excluded from this report.

More information on our organisational structure can be found at [www.croda.com](http://www.croda.com).

*As at December 2014

G4-18 Process for defining report content

Our sustainability programme is guided by the six global drivers that we consider to be the most important to the future of our Business:

1. Mass population growth, ageing and polarisation
2. Changing expectation and behaviours
3. Scarcity of natural resources
4. Climate change
5. Shifts in global economy
6. Challenging legal and regulatory environments

As the impact of such global drivers changes the world around us, our sustainability programme must continue to evolve to meet the needs of our stakeholders, especially our customers and their consumers. We review our materiality annually with our Executive Committee and a panel of sustainability experts within the Business who sit on our Group Sustainability Steering Committee. The review takes place in four stages:

1. Identification and prioritisation of key Material Areas within Croda
2. Identification and prioritisation of key Material Areas for our stakeholders
3. Determination of materiality
4. Revision of our sustainability programme

**Stage 1 - Identification and prioritisation of key Material Areas within Croda**
We first defined our Materiality and Matrix in 2011. In 2013, we conducted an extensive review of our programme by considering the opportunities and threats presented by global drivers of change. As a result, we redefined our programme into 10 Material Areas with longer-term objectives.

In 2014, we conducted an appraisal of these Material Areas after a year in practice. Experts on the Steering Committee and the Executive Committee provided insights on how these Material Areas were received within the business, how they could be improved, where more resource is required, and gaps in the programme with future potential. These suggestions were then considered together with other factors, such as stakeholder priorities.

**Stage 2 - Identification and prioritisation of key Material Areas for our stakeholders**

Alongside insights from the Business, we conducted an extensive global stakeholder survey in 2014 to inform our Materiality and Matrix. Internal and external stakeholders were surveyed on all aspects of our sustainability programme, and key highlights from the survey include the following:

- Quality and safety are the most important themes to all stakeholders
- 100% of customers believe we are very transparent/translucent in communicating our sustainability programme
- 100% of customers and 67.7% of suppliers consider our sustainability programme to be a very important/important reason to engage with us
- Process safety and employee safety are the priorities for the local communities in which we operate
- 57.3% of employees say our sustainability programme is a very important/important reason for working for us

As well as the survey, we maintain a culture of open communication with our stakeholders throughout the year and conducted additional face-to-face meetings with investors, suppliers, customers, local communities, NGOs and regulatory bodies. Views of these stakeholders were represented at the annual review by the various experts from within the Business who have regular contact with these groups.

We also considered other external factors during the review, such as the Business in the Community (BITC) Forces for Change report and the ever expanding reporting landscape. In particular, the review looked at developments in GRI’s G4 and frameworks including CDP, EcoVadis and SEDEX, to identify relevant aspects and assess our approach to addressing them.

**Stage 3 - Determination of materiality**

The results from our stakeholder survey informed our updated Materiality Matrix, which shows the areas of highest importance to us compared to our stakeholders.

![Materiality Matrix](image)

**Stage 4 - Revision of our Sustainability programme**

The previous three stages of our review informed the 2014 updates to our sustainability programme. Key updates include:

- Quality Assurance (previously called Policy & Regulation) was expanded in line with the importance placed on QA from our stakeholders
- Occupational Health and Safety (previously Health, Safety and Wellbeing) has been refocused to better reflect the results from our stakeholder survey
- Our People (previously Talent Acquisition and Development) has been expanded to now include employee wellbeing
To continue to deliver improvement against our Material Areas, we establish clear commitments and performance targets. New or revised targets are set each year at our annual review with the input and approval of our Group Executive Committee.

G4-19 List all material Aspects identified in the process of defining report content

As a result of the annual review of our sustainability programme, the below Aspects were considered material:

<table>
<thead>
<tr>
<th>Economic</th>
<th>Environmental</th>
<th>Labour Practices and Decent Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Performance</td>
<td>Materials</td>
<td>Employment</td>
</tr>
<tr>
<td>Procurement Practices</td>
<td>Energy</td>
<td>Occupational Health and Safety</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>Training and Education</td>
</tr>
<tr>
<td></td>
<td>Biodiversity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emissions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effluents and Waste</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Human Rights</th>
<th>Society</th>
<th>Product Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom of Association and Collective Bargaining</td>
<td>Local Communities</td>
<td>Customer Health and Safety</td>
</tr>
<tr>
<td>Child Labour</td>
<td>Anti-corruption</td>
<td>Product and Service Labelling</td>
</tr>
<tr>
<td>Forced or Compulsory Labour</td>
<td>Public Policy</td>
<td>Marketing Communications</td>
</tr>
<tr>
<td></td>
<td>Anti-competitive behaviour</td>
<td>Customer Privacy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compliance</td>
</tr>
</tbody>
</table>

G4-20 Aspect Boundary within the organisation

The scope of this report covers all fully managed operations for the duration of the reporting period (1 January 2014 to 31 December 2014). This includes all of those functions controlled by our Board and Group Executive Committee, who are responsible for policies, standards and performance.

On 3 April 2014, the Group acquired AM Coatings BV. The acquisition brings a novel non-leaching antimicrobial technology for coating and adhesive applications. The Group plans to commercialise and exploit this technology in certain existing business areas.

On 1 August 2014, the Group acquired JD Horizons Limited, a UK based business specialising in flow assurance technology. JD Horizons had become a leader in flow assurance chemicals for the international oil markets with its FlowSolve™ range. This strategic acquisition will bring the Group closer to end users in the oil and gas market. The acquired business will form part of the Group’s Geo Technologies business area.

These assets have been integrated into our existing business structure and are, therefore, not separately reportable operations within this report.

The material Aspects therefore cover all fully managed operations, with the exception of those which fall under the Environmental section. Only data from our 18 manufacturing sites is included in these Aspects, as the impacts from our remaining 36 sales offices and distribution centres are not material by comparison.

More information about our operations can be found in our 2014 Annual Report.

G4-21 Aspect Boundary outside of the organisation

The scope of this report covers all fully managed operations for the duration of the reporting period (1 January 2014 to 31 December 2014).

The boundary assessment concluded that the majority of material Aspects are only material within the organisation. If and where exceptions occur, these are clearly stated within the disclosure.
G4-22 Effect of any restatements

There were no significant re-statements with relevance for GRI reporting.

G4-23 Significant changes from the previous reporting periods to the Scope and Aspect Boundaries

Since our last report in 2013, there have been minor developments to our 10 Material Areas and some changes to the group targets.

Our performance against targets and future targets can be found on throughout the 2014 Sustainability Report.
Stakeholder Engagement

G4-24 List of stakeholder groups engaged by the organisation

We must consider and take necessary action to meet the needs and expectations of our stakeholders. By understanding the sustainability issues that are of greatest concern to them, we can make sure that we focus on the issues that will be most important to the future of our Business, and our long-term sustainable growth, through the management of our sustainability programme.

To achieve this, we maintain a culture of open communication with our internal and external stakeholders, regularly holding face to face meetings, hosting webinars and training sessions, attending events and seeking feedback. In 2014, we engaged in direct communication with the following stakeholder groups:

- Customers & Consumers
- Investors
- Suppliers
- Employees
- Community
- Non-Government Organisations
- Governance & Regulatory

Further information on our approach to stakeholder engagement can be found in the 2014 Sustainability Report.

G4-25 Basis for identification and selection of stakeholders with whom to engage

Key stakeholder engagement areas are:

- working closely with our customers to meet their current and future needs;
- close interaction with suppliers to deliver high performance sustainable products;
- regular engagement with our employees on performance, policies and issues relating to meeting personal and business needs;
- engagement with neighbours close to all of our operations and open discussion regarding safety with those who live around our manufacturing sites;
- ensuring that our investors are satisfied not only with our short term performance, but also our long term sustainability strategy; and
- a proactive approach to working with many external organisations, both within and outside our industry, to contribute and aid our understanding of the issues affecting the sustainability of our business.

Further information on who we have engaged with during 2014 can be found in the 2014 Sustainability Report.

G4-26 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group

In 2014, we conducted an external stakeholder survey with our employees, customers, suppliers and local communities, which focused on the issues addressed our sustainability programme. The outcome of the survey was used to determine the relevance and robustness of our Material Areas and informed our updated Materiality Matrix. Please see GRI General Disclosure G4-27 for more information.

Additional stakeholder engagement activities in 2014 included:

- Customers and consumers: We held over 38,000 meetings with our customers
- Investors: We sought one to one feedback on our sustainability programme from a number of our key investors during meetings where our strategic direction was discussed
- Suppliers: We held in excess of 2,000 face to face meetings with our raw material suppliers
- Local communities: 24.2% of our employees donated their time to a huge variety of community projects via our 1% Club
- Employees: We held face to face employee cascades across our operations throughout the year, with many locations meeting at least twice a year
- Non-government organisations: We continued to work closely with the Roundtable on Sustainable Palm Oil, sponsoring and speaking at their key European event
- Governments and regulatory bodies: We are active members of over 220 national and international industry associations. A full list of associations which Croda is a member of can be found in GRI General Disclosure G4-16.
Further information on our engagement activities with during 2014 can be found on page 9 of the 2014 Sustainability Report.

G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting

Our Materiality was established in 2011 and then revised in 2012 following our first external sustainability survey. In 2014, we conducted another external stakeholder survey with our employees, customers, suppliers and local communities to determine the relevance and robustness of our Material Areas and inform our Materiality Matrix.

Some key highlights include:

- Quality and safety are the most important themes to all stakeholders
- 100% of customers believe we are very transparent/transparent in communicating our sustainability programme
- 100% of customers and 67.7% of suppliers consider our sustainability programme to be a very important/important reason to engage with us
- Process safety and employee safety are the priorities for the local communities in which we operate
- 57.3% of employees say our sustainability programme is a very important/important reason for working for us

The survey allowed us to gain a greater understanding of our customers’ sustainability priorities, and the results confirmed that our approaches and focus areas are largely aligned. However, the survey did highlight some key areas for development, which have been actioned accordingly:

- Quality Assurance (previously called Policy & Regulation) was expanded in line with the importance placed on QA from our stakeholders
- Occupational Health and Safety (previously Health, Safety and Wellbeing) has been refocused to better reflect the results from our stakeholder survey
- Our People (previously Talent Acquisition and Development) has been expanded to now include employee wellbeing

This demonstrates that by asking and listening to our stakeholders, we can ensure that we are focusing on the topics of most interest and importance to them.
Report Profile

G4-28 Reporting period for information provided

This report covers the performance of the Croda Group for the period 1 January 2014 to 31 December 2014.
The reporting of some objectives and targets may cover a wider period, this will be made clear where relevant.

G4-29 Date of most recent previous report

We have been reporting to GRI since 2008 and this report is Croda’s seventh GRI Report. We publish our report
annually, in the second quarter of the year. Our previous GRI reports can be downloaded from our online GRI report
archive whilst our 2014 Sustainability Report is also available at http://www.croda.com/sustainabilityreport.

G4-30 Reporting cycle

We follow an annual reporting cycle; our printed Sustainability Report (formerly CSR Report up to 2010) is published in
April each year and released in conjunction with our Annual Report. Our GRI report is released exclusively online at
www.croda.com/GRI.

G4-31 Contact point for questions regarding the report or its content

Should you have any questions regarding our Sustainability Report or its contents then please do not hesitate to contact
our Sustainability Co-ordinator, Abbi Broadbent, via our.responsibility@croda.com.
The table below gives the Standard Disclosures and Specific Disclosures that we disclose for our GRI G4 Report ‘core’ in-accordance level.

### General Standard Disclosures

<table>
<thead>
<tr>
<th>GSD</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRATEGY AND ANALYSIS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-1</td>
<td>CEO Statement</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>G4-2</td>
<td>Key impacts, risks and opportunities</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>ORGANISATIONAL PROFILE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-3</td>
<td>Name of Organisation</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>G4-4</td>
<td>Primary brands, products and services</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>G4-5</td>
<td>Location of organisation’s headquarters</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-6</td>
<td>Countries of operation</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-7</td>
<td>Nature of ownership and legal form</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>G4-8</td>
<td>Markets served</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>G4-9</td>
<td>Scale of the organisation</td>
<td>7</td>
<td>Yes</td>
</tr>
<tr>
<td>G4-10</td>
<td>Workforce by employment type, contract, region and gender</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>G4-11</td>
<td>Employees covered by collective bargaining agreement</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>G4-12</td>
<td>Describe the organization’s supply chain</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>G4-13</td>
<td>Significant changes in operations</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>G4-14</td>
<td>Explanation of risk management</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>G4-15</td>
<td>Subscription to or endorsement of external charters/principles</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>G4-16</td>
<td>Membership of associations</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-17</td>
<td>Entities included in consolidated financial statements</td>
<td>13</td>
<td>Yes</td>
</tr>
<tr>
<td>G4-18</td>
<td>Process for defining report scope</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>G4-19</td>
<td>Material Aspects included in report</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>G4-20</td>
<td>Report the boundary within the organisation</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>G4-21</td>
<td>Report the boundary outside of the organisation</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>G4-22</td>
<td>Effect of any re-statements</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>G4-23</td>
<td>Significant changes to reporting scope and boundary</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td><strong>STAKEHOLDER ENGAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-24</td>
<td>List of stakeholder groups engaged by business</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>G4-25</td>
<td>Basis for identification and selection of stakeholder groups</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>G4-26</td>
<td>Approaches to stakeholder engagement</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns raised</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>REPORT PROFILE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-28</td>
<td>Reporting Period</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>G4-29</td>
<td>Date of most recent previous report</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting Cycle</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>G4-31</td>
<td>Contact point</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>G4-32</td>
<td>Content Index</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>G4-33</td>
<td>Policy regarding external assurance for the report</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-34</td>
</tr>
<tr>
<td>G4-35</td>
</tr>
<tr>
<td>G4-36</td>
</tr>
<tr>
<td>G4-37</td>
</tr>
<tr>
<td>G4-38</td>
</tr>
<tr>
<td>G4-39</td>
</tr>
<tr>
<td>G4-40</td>
</tr>
<tr>
<td>G4-41</td>
</tr>
<tr>
<td>G4-42</td>
</tr>
<tr>
<td>G4-43</td>
</tr>
<tr>
<td>G4-44</td>
</tr>
<tr>
<td>G4-45</td>
</tr>
<tr>
<td>G4-46</td>
</tr>
<tr>
<td>G4-47</td>
</tr>
<tr>
<td>G4-48</td>
</tr>
<tr>
<td>G4-49</td>
</tr>
<tr>
<td>G4-50</td>
</tr>
<tr>
<td>G4-51</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ETHICS AND INTEGRITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-56</td>
</tr>
<tr>
<td>G4-57</td>
</tr>
<tr>
<td>G4-58</td>
</tr>
</tbody>
</table>
### Specific Standard Disclosures

<table>
<thead>
<tr>
<th>SSD</th>
<th>Description</th>
<th>Page</th>
<th>Omissions</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>ECONOMIC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Economic Performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Economic</td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EC1</td>
<td>Direct economic value generated and distributed</td>
<td>34</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>G4-EC2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
<td>35</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>G4-EC3</td>
<td>Coverage of the organisations defined benefit plan obligations</td>
<td>35</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>G4-EC4</td>
<td>Significant financial assistance from government</td>
<td>35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Procurement Practices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EC9</td>
<td>Proportion of spending on local suppliers at significant locations of operation</td>
<td>36</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>ENVIRONMENTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Environmental</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Environmental</td>
<td>37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN1</td>
<td>Materials used</td>
<td>37</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Energy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN3</td>
<td>Energy consumption within the organisation</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN5</td>
<td>Energy intensity</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN6</td>
<td>Reduction of energy consumption</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Water</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN8</td>
<td>Total water withdrawal by source</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Biodiversity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN11</td>
<td>Land in or near protected areas or areas of high biodiversity</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN12</td>
<td>Significant impacts on biodiversity</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Emissions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN15</td>
<td>Direct greenhouse gas emissions (scope 1)</td>
<td>41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN16</td>
<td>Energy indirect greenhouse gas emissions (scope 2)</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN17</td>
<td>Other indirect greenhouse gas emissions (scope 3)</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN18</td>
<td>Greenhouse gas emissions intensity</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN19</td>
<td>Reduction of greenhouse gas emissions</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN21</td>
<td>NOx, SO, and other air emissions</td>
<td>43</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Effluents and Waste</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN22</td>
<td>Total water discharge</td>
<td>43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN23</td>
<td>Total weight of waste</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN24</td>
<td>Significant spills</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aspect: Compliance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN29</td>
<td>Monetary value of significant fines</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>LABOUR PRACTICES AND DECENT WORK: SOCIAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Labour Practices and Decent Work</td>
<td>46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------</td>
<td>----</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-LA1</td>
<td>Employee hires and turnover</td>
<td>46</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>G4-LA3</td>
<td>Return to work and retention rates after parental leave, by gender</td>
<td>47</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Aspect: Occupational Health and Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-LA5</td>
<td>Percentage of workforce represented in health and safety committees</td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-LA6</td>
<td>Rates of injury and illness and number of work related fatalities</td>
<td>47</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Aspect: Training and Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-LA9</td>
<td>Training per year per employee</td>
<td>48</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>G4-LA10</td>
<td>Programmes for skills management and lifelong learning</td>
<td>48</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>G4-LA11</td>
<td>Employees receiving regular reviews by gender and employee category</td>
<td>49</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Aspect: Diversity and Equal Opportunity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-LA12</td>
<td>Percentage breakdowns of employees according to diversity groups</td>
<td>49</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

**HUMAN RIGHTS: SOCIAL**

<table>
<thead>
<tr>
<th>G4-DMA</th>
<th>Human Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspect: Freedom of Association and Collective Bargaining</td>
<td></td>
</tr>
<tr>
<td>G4-HR4</td>
<td>Operations in which the right to exercise freedom of association or collective bargaining may be at risk</td>
</tr>
<tr>
<td>Aspect: Child Labour</td>
<td></td>
</tr>
<tr>
<td>G4-HR5</td>
<td>Operations at risk of incidents of child labour</td>
</tr>
<tr>
<td>Aspect: Forced or compulsory labour</td>
<td></td>
</tr>
<tr>
<td>G4-HR6</td>
<td>Operations at risk of forced or compulsory labour</td>
</tr>
</tbody>
</table>

**SOCIETY: SOCIAL**

<table>
<thead>
<tr>
<th>G4-DMA</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspect: Local Communities</td>
<td></td>
</tr>
<tr>
<td>G4-SO1</td>
<td>Percentage of operations with implemented local community engagement, impact assessments, and development programs</td>
</tr>
<tr>
<td>Aspect: Anti-corruption</td>
<td></td>
</tr>
<tr>
<td>G4-SO3</td>
<td>Business units analysed for corruption risks</td>
</tr>
<tr>
<td>G4-SO4</td>
<td>Employees trained in anti-corruption policies and procedures</td>
</tr>
<tr>
<td>Aspect: Public Policy</td>
<td></td>
</tr>
<tr>
<td>G4-SO6</td>
<td>Total value of political contributions by country and recipient/beneficiary</td>
</tr>
<tr>
<td>Aspect: Anti-competitive behaviour</td>
<td></td>
</tr>
<tr>
<td>G4-SO7</td>
<td>Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes</td>
</tr>
</tbody>
</table>

**PRODUCT RESPONSIBILITY: SOCIAL**

<table>
<thead>
<tr>
<th>G4-DMA</th>
<th>Product Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspect: Customer Health and Safety</td>
<td></td>
</tr>
<tr>
<td>GR-PR1</td>
<td>Percentage of significant product and service categories for which health and safety impacts are assessed for improvement</td>
</tr>
<tr>
<td>GR-PR2</td>
<td>Non-compliance with regulations and codes for health and safety of products</td>
</tr>
<tr>
<td>Aspect: Product and Service Labelling</td>
<td></td>
</tr>
<tr>
<td>GR-PR3</td>
<td>Information required by procedures</td>
</tr>
<tr>
<td>GR-PR4</td>
<td>Non-compliance for information and labelling</td>
</tr>
<tr>
<td>Aspect: Marketing Communications</td>
<td></td>
</tr>
<tr>
<td>GR-PR6</td>
<td>Sale of banned or disputed products</td>
</tr>
<tr>
<td>GR-PR7</td>
<td>Non-compliance to marketing communications laws and standards</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>Aspect: Customer Privacy</td>
<td></td>
</tr>
<tr>
<td>GR-PR8</td>
<td>Substantiated complaints for breaches of customer privacy or data loss</td>
</tr>
<tr>
<td>Aspect: Compliance</td>
<td></td>
</tr>
<tr>
<td>GR-PR9</td>
<td>Monetary value of fines for regulatory non-compliance</td>
</tr>
</tbody>
</table>
G4-33 Assurance

The financial information contained in the 2014 Annual Report has been externally audited by PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors, detailed in a statement which can be found in our 2014 Annual Report.

Along with this process, the financial and non-financial information in the directors’ report, including the Sustainability section, has been reviewed for inconsistencies with the audited financial statements.

Whilst the decision to assure our Sustainability Report or accompanying online GRI report is reviewed on an annual basis, at this time we are not seeking to externally assure information contained in these reports.
Governance

G4-34 Governance structure of the organisation

Our management structure allows us to respond quickly and effectively to individual business challenges and opportunities.

Our two senior decision making bodies are the Board of Directors, comprising four executive directors and four independent non-executive directors (at the date of this report), and the Group Executive Committee, consisting of our most senior Executives including those who sit on the Board. These possess a broad range of business, financial and international skills and experience, providing appropriate balance and diversity.

The Board has three main committees:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Our Board and Group Executive Committee also work with our specialist committees of Finance, Risk Management, Routine Business and SHE to set economic, environmental and social targets and KPIs. Sustainability plays a holistic role across all of these committees and our different business functions to ensure that the material areas of our business and key stakeholders are addressed as part of our sustainable business development.

More information about the responsibilities of the Board and main committees can be found in our 2014 Annual Report, whilst the Articles of Association are available on our website at www.croda.com/corporategovernance.

G4-35 Process for delegating authority for economic, environmental and social topics

The Board has ultimate responsibility for our strategy, but delegate’s authority to an Executive level sponsor or senior manager for specialist committees. These sponsors are responsible for localising and implementing strategy and delivering results.

The sponsors report directly to the Board, who provide challenge and guidance due to their experience with other businesses and industries. The Board also has time built in to its agenda programme to review progress against the agreed sustainability targets.

G4-36 Executive level responsibility for economic, environmental and social topics

Each of our Executive Committee members has responsibility for a region or core function within the business and has established their own Regional and Business Boards.

An Executive sponsor chairs the Group Sustainability Steering Committee (GSSC). The GSSC is responsible for developing the sustainability strategy and targets, which are then presented to the Executive Committee and Board for approval. Once the sustainability targets are agreed and approved, implementation plans are discussed and developed and rolled out across our organisation, with quarterly reports being presented to our Executive Committee.

Our governance structure facilitates the continual evolution of our sustainability strategy and ensures sustainability is at the heart of our business.

Further information about the governance of our GSSC can be found in our 2014 Sustainability Report.

G4-37 Consultation between stakeholders and highest governance body on economic, environmental and social topics

We recognise the importance of communicating with our shareholders. The Chairman, Executive Directors and other senior managers maintain regular contact with existing and potential shareholders to ensure our strategy and trading trends are clearly understood. During the year, numerous meetings were held with investors in the UK, USA, Europe and Asia, including face-to-face meetings, telephone and video conferences, and hosted site visits in all of these regions.

The Chairman, Group Chief Executive and Group Finance Director ensure that shareholders’ views are communicated to the entire Board by giving feedback from shareholder meetings and brokers’ reports.

Each year we invite all of our shareholders to an Annual General Meeting (AGM) to ask questions relating to the agenda of the meeting, which customarily deals with our annual report and accounts, including the report on directors’
remuneration. In addition to this, UK company law provides statutory mechanisms for shareholders, requiring directors of companies to hold shareholder meetings and propose resolutions submitted by shareholders.

We believe that effective internal communication is vital to achieving our business objectives and that communication and consultation strengthen the relationship between management and employees. We promote a transparent and open way of working, and are committed to developing and improving the effectiveness of any communication and consultation processes.

The appropriate method of communication and/or consultation will be decided by the Company dependent upon the nature of the topic involved. Communication and consultations may take various forms that include, but are not limited to:

- Employee surveys
- Face to face meetings that may be formal or informal
- Telephone calls
- Letter
- E-mail
- Notice
- Memo
- E-list
- Announcements on intranet
- Article in company magazine
- Team briefing and cascades
- Group meetings
- Meeting with Union representatives and/or consultative bodies
- Focus groups
- Questionnaire
- Team consultations

More information about our communication with shareholders can be found on page 51 of our 2014 Annual Report.

**G4-38 Governance structure of the highest governance body**

At the date of this report, our Board comprises the Chairman, the Group Chief Executive, the Group Finance Director, the Chief Technology Officer, the Secretary to the Board and four independent non-executive directors.

The Board have a range of business, financial and international skills and experience. They represent the views and demands of all stakeholder groups and give valuable insights into economic, social and environmental issues due to their roles in other businesses and industries.

During 2014, no Non-Executive Director had served on the Board for more than nine years from the date of their first election, with the range between one year and five and a half years. The Chairman has been a Director for nine and a half years, having been appointed to the Board in May 2005. During 2014, there were eight males on the Board and one female.

Further information about our Board of Directors can be found in our 2014 Annual Report.

**G4-39 Indicate whether the Chair of the highest governance body is also an executive officer**

Our Chairman is an independent, and therefore non-executive, director.

Further information about our Board of Directors can be found in our 2014 Annual Report.

**G4-40 Processes and criteria for nomination and selection of the highest governance body**

At Croda, we comply with the provisions of the UK Corporate Governance Code (the "Code") and our Board has ultimate responsibility for overall leadership of the company. At the date of this report, the Board comprises the Chairman, the Group Chief Executive, the Group Finance Director, the Chief Technology Officer, Secretary to the Board and four very experienced non-executive directors who represent a source of strong independent advice and judgement. The Chairman, Martin Flower, and the Senior Independent director, Nigel Turner, each have significant commercial experience and the Board's understanding of the Group's operations is enhanced by regular business presentations and site visits.

The Board supports the principles set out in the Code regarding Board appointments and agrees that having a diverse mix of skills, experience and backgrounds on the Board is very important. All members of the Board have full access to the Company Secretary for his advice and services. Where necessary, the directors may also take independent professional advice at the Company's expense. Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their positions to the extent permitted by law. In addition the Company maintained directors' and officers' liability insurance cover throughout the year.
G4-41 Processes in place for the highest governance body to ensure conflicts of interest are avoided

The Board has an established process for declaring and monitoring actual and potential conflicts. The Articles of Association of the Company allow the non-conflicted members of the Board to authorise a conflict or potential conflict situation.

During 2014, potential conflicts highlighted to the Board were:

- Steve Williams has consultancy roles with Eversheds LLP, which provides some legal services to the Group, and Spencer Stuart, a search consultancy firm that has previously been used by the Group.
- Nigel Turner declared a potential conflict in relation to the possible sale of farm produce (oilseed rape) through agents to Croda.
- Sean Christie is a Non-Executive Director of two Aim-listed companies, Accys Technologies Plc and Applied Graphene Materials plc. He is also a Non-Executive of Eminate, a subsidiary of Nottingham University whose Intellectual Property could possibly be of interest to Croda.
- Helen Ganczakowski also has a Non-Executive Director role on the board of People Against Dirty, a customer of Croda.

After careful review, the Board does not consider that any of the above roles would affect the judgement of the Board member in relation to Croda and its business and therefore authorised these potential conflicts.

The independence of the Non-Executive Directors is kept under constant review, and it is the Board’s opinion that all the non-executive directors who served during the year are independent in character and judgement, with no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

The terms and conditions of appointment of Non-Executive Directors can be viewed at www.croda.com. They can be inspected during normal business hours at the Company’s registered office by contacting the Company Secretary and will also be available for inspection at the AGM.

G4-42 Board role in development and approval of strategies and goals relating to economic, environmental and social topics

The Board has ultimate responsibility for the overall leadership of the Company and in this role it assists in the development of a clear strategy for the Group, monitors operational and financial performance against agreed goals and objectives and ensures that appropriate controls and systems are in place to manage risk.

G4-43 Education of highest governance body on economic, environmental and social topics

Training and briefings are available to all directors on appointment and subsequently, as appropriate, taking into account their existing experience, qualifications and skills. Directors receive a tailored induction programme based on their experience as a Director of a listed company and knowledge of the industry sector. This includes: time with the Company Secretary, members of the Executive Committee and other senior management across the business, meetings with advisers; visits to operations around the Group; and provision of current and historical information about the Company and the Group and specific details on duties of Directors. In order to build and increase the non-executive directors’ familiarity with, and understanding of, the Group’s people and businesses and the markets in which it operates, presentations from senior managers are made at Board meetings on a regular basis.

The Board also usually hold at least one Board meeting a year at a Croda operating site. In 2014, the Board held its meeting in North America, which gave the Non-Executive Directors the opportunity to visit our Atlas Point manufacturing site. This also allowed the Non-Executive Directors to observe our operations at first hand and to meet with the senior management and local employees of the region, gaining their insight into our American business. Non-executive directors also undertake site visits on an individual basis.

In addition to formal Board meetings, in 2014, the Directors attended meetings to review the Group’s strategy and were present at the AGM. They also met with the Company’s financial and public relations advisers to discuss the feedback from investors and analysts on the Group’s annual results. The Chairman and Non-Executive Directors met together without the Executive Directors present and the Non-Executive Directors (excluding the Chairman) met in order to appraise the Chairman’s performance.

During the year, each Non-Executive Director considered in detail a key strategic objective of the business. In September 2014, Nigel Turner and Steve Williams had an in-depth review of how sustainability operates in the business, led by the sustainability team. In November 2014, Alan Ferguson and Helena Ganczakowski met with the Performance
Technologies management board, gaining a greater understanding of the innovation pipeline in this market sector. The Non-Executive Directors reported back to the Board following their site visits, including recommendations and suggestions for improvements.

All Directors are involved in the Group’s Leadership Development Programme. This involves attending various sessions, including roundtable discussions on topical business issues chaired by a Director, for example, on emerging markets, ethics or risk management, and interacting with employee course members in team-building sessions or at dinners.

As in previous years, members of the Executive Committee and other senior managers from across Croda attended suppers where the Board discussed topics relevant to the business and its strategy. In addition, during the Board’s visit to our USA operations, the Directors met informally with some of the Group’s less senior, high-potential employees. These interactions enhance the Board’s understanding of the business and allow Directors to spend time with the Group’s senior managers and potential future leaders.

**G4-44 Process for evaluating highest governance body’s performance with respect to economic, environmental and social topics**

Remuneration of the executive members of the Board includes performance related aspects rewarding contribution to sustained increases in Company performance and value. In line with the Association of British Insurers’ Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures that the incentive structure for executive directors and senior executive management will not raise environmental, social or governance (ESG) risks by inadvertently motivating irresponsible behaviour. The Committee also has the discretion to take health, safety and environmental performance into consideration when determining the actual overall level of individual bonus payments and it may reduce the bonus awards if it considers it appropriate to do so.

**G4-45 Highest governance body’s role in the identification and management of risks**

Effective management of risks and opportunities is essential to the delivery of the Group’s financial and non-financial objectives, thereby ensuring that we deliver value to our shareholders, protect our reputation and continue to meet the requirements of good corporate governance.

The Board of Directors determines our overall risk appetite through a review of internal and external business and stakeholder needs. It also oversees the Group’s risk management and internal control systems, defines risks and monitors risk exposures and ensures that the nature and extent of the risks we take align with our strategic objectives.

We are committed to the effective management of all key risks identified and coordinate our global approach through our Risk Management Committee. Chaired by the Group Finance Director and comprising the regional Presidents, Group Financial Controller and Company Secretary, with the Group Risk and Control Manager in attendance.

Further details of our risk management processes can be found on pages 28-32 of the 2014 Annual Report.

**G4-46 Highest governance body’s role in reviewing the effectiveness of risk management processes**

The Board of Directors determines our overall risk appetite. It also oversees the Group’s risk management and internal control systems, defines risks and monitors risk exposures and ensures that the nature and extent of the risks we take align with our strategic objectives (of which one is: investing in a sustainable future).

The Audit Committee supports the Board in risk mitigation by approving and directing our internal audit team plans to perform assurance audits over controls in key risk areas, and in reviewing the findings. It also monitors the effectiveness of risk management and internal control systems and reviews the reliance placed by management on mitigating controls, including internal and external assurance.

Our safety, health, environmental and quality (SHEQ) risks, which are closely aligned to a number of our Material Areas are reviewed and considered by a dedicated Executive level committee. This meets quarterly to consider the results of assurance audits over SHEQ controls and to monitor defined and agreed key performance indicators. The Committee reports half yearly to the Board.

**G4-47 Frequency of highest governance body’s review of risks and opportunities**

The Risk Management Committee meets quarterly and reports directly to the Board.
G4-48 Responsibility for Sustainability Report

The Board receive a draft of the Annual Report and Accounts and Sustainability Report and each member reviews the documents and provides detailed feedback. They then receive a final copy of the two reports to approve before printing and mailing commences.

G4-49 Process for communicating critical concerns to the highest governance body

Internal audit report grading includes a colour coded score for individual issues and the overall report for the location visited. High risk reports are escalated to the Audit Committee Chairman as they arise, and high risk issues are escalated to the Executive Committee. All reports are presented to the Audit Committee as they are completed at the quarterly meetings.

G4-52 Process for determining remuneration

The Remuneration Committee, which consists of all non-executive directors, including the Chairman, reviews and approves the annual salaries, incentive arrangements (including setting performance targets and payments/vesting events), service agreements and other employment conditions of the Executive Directors and certain members of the senior executive management team designated by the Board. The Committee has delegated responsibility for setting the remuneration of the Chairman.

The Committee invites individuals to attend meetings to ensure that decisions are informed and take account of pay and conditions in the wider Group. During 2014 invitees included other directors and employees of the Group and the Committee’s advisers, including Steve Fookes (Group Chief Executive), Lee Johnson (Group HR Director), Samantha Brook (former VP Human Resources), Graham Myers (Group Financial Controller) and Tom Brophy (Group General Counsel and Company Secretary).

New Bridge Street (part of Aon plc) was retained as the appointed adviser to the Committee during 2014 to provide independent advice on remuneration policy and practice. New Bridge Street has no connection with the Group other than in providing advice in relation to executive remuneration and non-executive fees. Another subsidiary of Aon plc provides insurance broking services to the Group. The Committee is comfortable that no conflicts arise out of these relationships.

The Committee regularly reviews the external adviser relationship and is comfortable that the advice it is receiving remains objective and independent.

Key activities during 2014 were:

- Determining and agreeing with the Board the remuneration policy for the Executive Directors
- Consulting major institutional investors about the proposed 2014 Remuneration Policy and finalising the policy in light of consultation feedback
- Setting 2015 Executive Director salary levels
- Determining annual bonus awards in respect of 2013 performance
- Finalising the annual bonus plan terms for 2014
- Testing performance targets for the Company’s 2011 long term incentive awards
- Approving 2014 Performance Share Plan rules
- Determining 2014 long term incentive award levels, the associated performance targets and the granting of the awards
- Approving payments in connection with Sean Christie’s cessation of employment and the remuneration package of Jez Maiden
- Considering the corporate governance environment and monitoring developments in investors’ expectations
- Noting remuneration trends across the Group
- Remuneration Committee effectiveness review

More information about the Remuneration Committee and our Remuneration Report can be found on pages 61-79 of the 2014 Annual Report.

G4-53 Process for determining stakeholder views on remuneration

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, plus any additional feedback received during any meetings held with shareholders from time to time, is then considered as part of the Committee’s ongoing review of remuneration policy.
In line with current market practice, we do not actively consult with employees on Executive remuneration. We have a diverse workforce operating globally in 34 different countries, with various local pay practices, which hinders effective consultation and so the Group Human Resources Director updates the Committee periodically on feedback received on remuneration practices across the Group. The Committee takes due account of remuneration structures elsewhere in the Group when setting pay for the Executive Directors (for example, consideration is given to the overall salary increase budget and the incentive structures that operate across the Group).
**Ethics and Integrity**

**G4-56 Existence of values, principles and standards**

In 2005, the Croda Vision was set out as a statement of six values inherent to the Croda business, against which the policies and procedures of Croda must be carried out:

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

Since its inception, the Vision has remained unchanged but has become the underlying statement against which all social, economic and ecological policies and procedures are aligned with. Every new employee is given a copy of the Croda Vision and Group policies are available on Croda's company intranet, Connect.

We manage our business across the triple bottom line, as a product or service can only be considered truly sustainable when the demands of economy, environment and society are met. We will continually strive to align our operations with this strategy in the following ways:

- Invest in truly global and profitable innovation to drive long-term growth and business sustainability.
- Continue innovating our products and technology platforms, and responsibly manage our raw materials and supply chains, so that we continue to minimise our environmental impact.
- Set consistent safety and environmental impact standards across our global operations, in order to provide a safe and healthy working environment.
- Value a diverse and inclusive workforce and provide tailored development opportunities to enable all employees to reach their full potential.
- Ensure fair and equitable employment conditions, providing a stimulating working environment based on respect and partnership.
- Be sensitive toward the communities in which we operate and proactively involve ourselves in local initiatives, with a focus on community education projects relating to the nature of our Business.
- Go beyond compliance to work, where relevant, with legislative and industry bodies, as we strive for demanding standards that reduce environmental and social impacts and improve quality.
- Use all available, relevant media to develop open and transparent communication pathways with key stakeholders to help address our Material Areas.

Each Material Area in our sustainability programme has a long-term objective and clear management framework detailing strategy, performance management and implementation responsibilities.

We have a Code of Conduct that outlines the high standards to which all of our employees are expected to conduct themselves, and a Group Code of Ethics that details standards we follow to conduct business in an ethical manner.

We have developed economic performance policies and indicators in areas such as finance, risk management, acquisitions and disposals with significant issues in these areas are communicated to all employees. Furthermore, the authority to act in any area of economic importance in the Group is detailed in a freely available document, which explains at what level of the business specific decisions should be made.

Our environmental performance is monitored and externally audited against the ISO14001 environmental management standard and in 2010 all of our global manufacturing sites were certified to this standard. We have also implemented the '12 Principles of Green Chemistry' in each of our research and development centres across the Group, and developed our own 13th Principle. These principles guide the development of new products in such a way that reduces waste, improves efficiency and ensures that our new products are as sustainable as reasonably practicable.

**G4-57 Mechanisms for seeking advice on ethical and lawful behaviour**

It is the policy of Croda International Plc to conduct its business at all times and throughout the world with honesty and integrity. In the Croda Vision the Company has pledged that, "we will continue to be an ethical and responsible company."

In case of uncertainty in interpretation, employees should seek clarification from their line managers. If it is not possible to go to the line manager, the Divisional Director should be contacted. In circumstances where line managers or
Divisional Directors are unavailable, the President of the business sector can be contacted. If the employee wishes to seek advice from someone independent of line management, contact can be made with either the Company Secretary or the Group Personnel Manager of Croda International Plc.

G4-58 Mechanisms for reporting concerns about unethical or unlawful behaviour

Our policy on whistle blowing allows employees to raise concerns with management about the conduct of others that they consider to be in some way damaging to the organisation or others within it.

The company is committed to the implementation of this policy and to a programme of action to ensure that the policy is, and continues to be, fully effective. The overall responsibility for the policy lies with the main Board of directors, however all staff are expected to comply with the policy and to act in accordance with its objectives so as to remove any barriers to equal opportunity. Any act of discrimination by employees or any failure to comply with the terms of the policy will result in disciplinary action.

In 2014 we launched Croda SpeakUp which is a Group wide independent reporting whistleblowing hotline and website, which further enhanced our whistleblowing policy and procedure. Croda SpeakUp is designed to ensure anonymity, whilst increasing employee comfort and willingness to challenge and report important issues. In North America, the roll out was combined with the additional workplace cultural training across our operations.

Please visit www.croda.com/companypolicy to read our Group policies
Economic Performance

G4-DMA Economic

Economic Performance

We are a global specialty chemical company selling high performance ingredients that go into thousands of everyday products. Consumers may not know our name, but we create the innovations that help our customers build million and billion-pound brands.

Like our customers, we are driven by the desires of the consumer and our aim is to identify, anticipate and satisfy their unmet needs. We do this by working intimately with our customers and by focusing on constant, sustainable innovation.

We have identified three megatrends in the chemical industry, borne from global drives of change, which will provide the catalyst for our future growth:

1. Ingredient Sustainability
2. Beauty & Ageing
3. Health & Wellbeing

These megatrends will impact right across our four business sectors, and continued innovation coupled with our ongoing focus on naturally sourced raw materials will leave us well placed to take advantage of them.

The delivery of our ambitious goals will be enabled by our three key strategic objectives: delivering consistent top and bottom line growth, increasing the proportion of New and Protected Product sales and Investing in a sustainable future.

For further details on our economic performance see the 2014 Annual Report.

Procurement Practices

Renewable, naturally sourced raw materials are at the heart of Croda. Our very first product in 1925 was Lanolin, which is created as a result of washing sheep fleece for the wool industry, making it a very natural and sustainable ingredient. 90 years later, we are still working closely with wool producers to improve the efficiency of Lanolin extraction.

Our global procurement team harbour strong, long lasting relationships with our suppliers through a culture of open communication. In 2014, we held over 2,000 face to face meetings with our suppliers. Our Supplier Code of Conduct is actively managed during these meetings and often has its own place on the agenda to be discussed.

We utilise a system called SAP to track and monitor all raw material purchasing. All of our sites globally are in charge of their purchasing budgets and it is their policy to source locally where possible.

G4-EC1 Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments

The trading environment during the first half of 2014 was challenging but as the year progressed, we saw improved revenues across all core sectors.

Overall we made good progress in growing constant currency revenue and broadly protected constant currency profit. In 2014, turnover from continuing operations was £1,046.6m (2013: £1,077.0m) and operating profit was £248.4m (2013: £264.6m), a return on sales of 23.7% (2013: 24.6%).

Adjusted pre-tax profit from continuing operations reduced by 6.4% to £235.4m (2013: £251.4m), primarily reflecting adverse currency translation because of the strength of Sterling. Earnings per share on the same basis decreased by 7.1% to 121.9p (2013: 131.2p).

<table>
<thead>
<tr>
<th>Revenue</th>
<th>£1046.6m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought-in Materials and Services</td>
<td>£596.8m</td>
</tr>
<tr>
<td>Value Added</td>
<td>£449.8m</td>
</tr>
<tr>
<td>To employees</td>
<td>£170.4m</td>
</tr>
<tr>
<td>To governments</td>
<td>£64.2m</td>
</tr>
<tr>
<td>To providers of capital</td>
<td>£101.1m</td>
</tr>
<tr>
<td>Retained in the business</td>
<td>£114.1m</td>
</tr>
</tbody>
</table>
Further details on our economic value can be found throughout the 2014 Annual Report. An overview can be found on page 1, whilst the group’s financial statements can be found on pages 89-139, with our five year record on page 143.

**G4-EC2 Financial implications and other risks and opportunities for the organization’s activities due to climate change**

Partial Reporting

As an organisation we are aware that climate change is affecting the way that we think about business and the decisions that we make. Within our risk management framework, Group wide impacts and trends including external and emerging risks are identified, including those relating to climate change. Although no specific risks relating to climate change emerged as one of our key organisational risks, the consequences of climate change on our business have been identified within the market sector, regional and manufacturing site risk registers.

As the link between emissions of combustion products such as CO₂ and climate change is now well established, it is essential that as a socially responsible company we reduce the impact of our emissions to a sustainable level. The expectation of all of our stakeholders is that we continue to make progress in reducing discharges of climate change gases.

We are in a strong position to exploit emerging trends related to climate change, with a significant proportion of our raw materials coming from renewable sources and our new product development having a strong focus on products that can help reduce the energy that people and industry consume during manufacture and end use.

Further details of the Groups risk management processes can be found on pages 28-32 of the 2014 Annual Report.

Further details on how we are tackling the issue of air quality and climate change can be found in GRI Specific Disclosures G4-EN3 and G4-EN4 and in our 2014 Sustainability Report on pages 11-13. Further details on how we are tackling the issue of water quality and supply can be found in GRI Specific Disclosures G4-EN8 and G4-EN9 and in our 2014 Sustainability Report on page 14.

**G4-EC3 Coverage of the organization’s defined benefit plan obligations**

Partial Reporting

Pension provision forms part of our total employment package, which is aligned to the needs of our employees and the markets in which we operate. We actively encourage employees to join our company pension schemes where available, but we realise that this is a personal choice.

We made deficit funding contributions in 2014 totalling £30.2m (2013: £41.2m). The deficit on retirement benefit plans, measured on an accounting valuation basis under IAS19R, reduced in 2014 to £126.7m (2013: £135.8m), as a combination of deficit funding payments and investment returns more than offset a reduction in discount rates.

<table>
<thead>
<tr>
<th>Defined benefits plan coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees covered by defined benefit Schemes</td>
</tr>
<tr>
<td>Expressed as a percentage of Group</td>
</tr>
</tbody>
</table>

Further details regarding our retirement benefit liabilities, including our defined benefit schemes can be found in the 2014 Annual Report.

**G4-EC4 Significant financial assistance received from government**

During 2014, no significant financial assistance was received from governments and we have no governmental shareholders.

In particular circumstances we do pursue grants from local governments in order to assist our sustainable development plans. For example, in 2014 our Gouda manufacturing site in The Netherlands has received funding from EU Life + the funding body for the environment and climate action and it recognises projects that will make a vital contribution to the preservation, conservation and enhancement of Europe's natural resources.
The project, which attracted a total grant of 1,996,000 euros over three years, will see the manufacturing site become the first oleochemical site in Europe to generate fuel from glycerine water to create 100% renewable biogas. This is part of a wider energy reduction programme that will reduce the site’s CO₂ emissions by a quarter.

**G4-EC9 Portion of spending on local suppliers at significant locations of operation**

Partial reporting

Where goods and services of the right cost and quality can be purchased by manufacturing plants in their own country from local suppliers operating in the same country, then the sites will preferentially do this. The extent to which local sourcing is practiced across all of the manufacturing sites is not currently measured.
Environmental Performance

G4-DMA Environmental

Materials

We are leaders in natural specialties and in 2014 67.4% of the raw materials we used were from renewable, natural sources. This figure had stayed close to 70% for the six years we have been reporting it, which puts us in an excellent position to benefit from the growing trend in natural based consumer products.

Green chemistry is at the heart of our Research & Development, and each of our new products are scored against the 12 Principles of Green Chemistry. In 2014, 10.7 was the average score of our new products against the 12 Principles. We have also developed and launched our own 13th Principle, which measures the sustainability benefit in application.

We are market leaders in sustainably sourced palm oil and its derivatives, and our eight manufacturing sites certified to the Mass Balance process handle around 80% of our global palm oil derivatives.

Energy, Water, Emissions, Effluents and Waste, Biodiversity

Environmental Impact is one of the 10 Material Areas of our sustainability programme.

We recognise that the world is an increasingly fragile place, and so have set numerous challenging targets to reduce our impact at our 18 manufacturing sites globally:

- To have 25% of the Group’s total energy requirements generated from non-fossil fuel sources by the end of 2015
- Based on 2010, to reduce total Group energy consumption by 5% by the end of 2015
- Based on 2010, to reduce total Group water consumption by 10% by the end of 2015
- Based on 2010, to reduce total Group VOC emissions by 10% by the end of 2015
- To implement a programme to track further Scope 3 greenhouse gas emissions data by the end of 2015
- To achieve 100% compliance with effluent discharge consents by the end of 2015
- To complete a feasibility study to explore ways to reduce the quantity of aqueous organic material going to effluent treatment plants by the end of 2015
- Based on 2010, to reduce total Group waste to landfill by 20% by the end of 2015
- To commence a pilot stewardship plan on two of our estates that will have a measurable impact on biodiversity by the end of 2016

The SHE Manager at every manufacturing site is responsible for measuring our environmental impact and adhering to local regulations and policies where applicable. Progressive targets are set by our Group Executive Committee and each site reports on a quarterly basis to Group SHE, who collates the results for the quarterly SHE Steering Committee.

At these meetings, issues are discussed and actions agreed between the Group Vice President of Sustainability, the Group Executive Committee representative and subsequently the relevant Site Director. Improvement plans for non-manufacturing locations are also managed in this way, though the primary focus remains on the largest contributors.

Compliance

We recognise that reducing the environmental and societal impact of our 18 manufacturing sites is essential for our continued license to operate. We therefore have very robust compliance processes in place at each of our manufacturing sites. As a minimum, sites adhere to local regulation and policy, but we often go above and beyond this and require global compliance with stretching Group policies.

We have a number of internal compliance targets, such as compliance with effluent discharge, and our SHE experts regularly attend industry seminars to keep up to date with compliance, as well as contributing to relevant industry bodies to advise and shape relevant legislation.

Our continued robust compliance procedures have resulted in no sanctions for non-compliance of environmental law and regulations.

G4-EN1 Materials used by weight or volume

Partial Reporting

We are a specialty chemical manufacturer who creates high-performance ingredients that enhance everyday products: from hair and beauty, to pharmaceuticals, lubricants and more.

The foundation of our business rests upon natural ingredients, with a large percentage of our raw materials originating from renewable sources. In 2014, 67.4% of raw materials came from natural, renewable sources. This figure has stayed
close to 70% for the past five years that we have been reporting it, which puts us in an excellent position to benefit from the growing trend in natural based consumer products.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable materials</td>
<td>67.4%</td>
</tr>
<tr>
<td>Non-renewable materials</td>
<td>32.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

This data, covering all external global spend on raw material and process aids, is readily extracted from our SAP system and characterised as being renewable or non-renewable. We do not report product tonnage because it is commercially sensitive. The data also does not include materials for packaging purposes as we currently do not have systems in place to record this data.

The focus on sustainable raw materials and greener, cleaner, safer manufacturing methods is continuing to grow in the speciality chemicals industry. Our heritage in naturally derived products puts us at the forefront of this evolution, with sustainability embedded in our innovations since the launch of our first product, lanolin.

Therefore, new product developments continue to focus on green chemistry, whilst meeting the demands of our customers and the stringent safety standards within our industry. Throughout 2014, we continued our strategy of assessing the sustainability profile of our new products against the 12 Principles of Green Chemistry and 10.7 was the average score against the 12 Principles in 2014 (2013: 10).

This focus on green chemistry goes hand in hand with sustainable supply, which is why we continue to be strong advocates for the responsible sourcing of palm oil, palm kernel oil (PO/PKO) and its derivatives. It remains a key priority for us, and seven of our manufacturing sites globally are certified to handle sustainable PO/PKO products to the Roundtable on Sustainable Palm Oil (RSPO) Mass Balance process. Out of the 14 manufacturing sites handling PO/PKO derivatives globally, these handle over 80% of our total volume, demonstrating our commitment to drive sustainable PO forward.

Further details on our performance against Product Stewardship and Product Design can be found on pages 15-21 of the 2014 Sustainability Report.

**G4-EN3 Energy consumption within the organisation**

At Croda, we have carefully measured emissions of gases implicated in climate change for more than 15 years and have consistently set targets for reduction. Increasingly demanding targets have been set for 2015 by our Group Executive Committee under the guidance of the SHE Steering Committee. To ensure actions can be taken to bring about change, all major SHE targets are set over a five year time period. A strategy for further significant change beyond 2015 is already in place.

**Total energy consumption in 2014 was 4,207,517 GJ.**

**Total fuel consumption from non-renewable sources in 2014 (GJ):**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>2,138,566</td>
</tr>
<tr>
<td>Light fuel oil</td>
<td>77,125</td>
</tr>
<tr>
<td>Heavy fuel oil</td>
<td>1,859</td>
</tr>
<tr>
<td>Gasoline</td>
<td>205</td>
</tr>
<tr>
<td>Propane/LPG</td>
<td>4,022</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,221,777</strong></td>
</tr>
</tbody>
</table>

**Total fuel consumption from renewable sources in 2014 (GJ):**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Biofuel</td>
<td>446,067</td>
</tr>
<tr>
<td>Wind turbine/Solar</td>
<td>55,157</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>501,224</strong></td>
</tr>
</tbody>
</table>

**Total intermediate energy consumed in 2014 (GJ):**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>1,365,525</td>
</tr>
<tr>
<td>Heating</td>
<td>0</td>
</tr>
<tr>
<td>Cooling</td>
<td>0</td>
</tr>
</tbody>
</table>
### Direct energy sources sold in 2014 (GJ):

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount (GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steam</td>
<td>118,990</td>
</tr>
<tr>
<td>Total</td>
<td><strong>1,484,515</strong></td>
</tr>
</tbody>
</table>

Data is reported by sites on a quarterly basis using meter readings or invoice data. Energy is only reported for manufacturing sites and does not include offices and warehouses. International electricity conversion factors are taken from: International Energy Agency Data Services - 'CO₂ emissions from fuel combustion' latest available edition. Fuel conversion factors are taken from the Greenhouse Gas Protocol Initiative (GHG Protocol).

Further details on energy use can be found in our 2014 Sustainability Report on pages 11-13.

### G4-EN5 Energy intensity

Energy intensity for 2014 was 4,018.64 GJ per £ million turnover. The types of energy included in the intensity ratio are electricity, fuel, steam consumed within the organisation.

### G4-EN6 Energy reduction

In 2010, we set a target to reduce total group energy consumption by 5% by the end of 2015, using the 2010 baseline. In 2014, we have continued our investment programme in energy saving projects at a number of our manufacturing sites, which will deliver an estimated 82,000GJ per year reduction when fully commissioned.

However, other factors in 2014, such as the harsh winter in North America and the installation and commissioning of increased capacity at a number of our manufacturing sites, have led to a marginal increase in energy use of 0.15%.

In line with our commitment to continue investing in energy saving initiatives, a detailed energy survey has now been carried out at our Rawcliffe Bridge site in the UK, from which a five year energy programme is being developed. We have also achieved ISO 50001 registration at our manufacturing sites in Hull in the UK and Mevisa in Spain. This has required us to develop an energy strategy and a detailed understanding of the energy situation at each site, as well as investing in training for all personnel on how to manage energy.

Further details on energy use can be found in our 2014 Sustainability Report on pages 11-13.

### G4-EN8 Total water withdrawal by source

In 2010, we set a target to reduce total Group water consumption by 10% by 2015, using 2010 the baseline. In 2014, we had exceeded this target and recorded a 12.5% reduction in water consumption.

Total volume of water withdrawn by source in 2014 (m³):

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total surface water</td>
<td>2,489,188</td>
</tr>
<tr>
<td>Total groundwater</td>
<td>3,648,324</td>
</tr>
<tr>
<td>Total municipal process water</td>
<td>82,259</td>
</tr>
<tr>
<td>Total municipal mains water</td>
<td>1,333,257</td>
</tr>
<tr>
<td><strong>Total water</strong></td>
<td><strong>7,553,028</strong></td>
</tr>
</tbody>
</table>

Data reported by manufacturing sites on a quarterly basis using invoiced data from utility companies and direct reading of meters.

Two major water reduction projects become operational in 2014, significantly contributing to our reduction of water consumption:

- In the Netherlands, our Gouda purification and recycling project became operational in April 2014 and has reduced water abstraction at the site by 50%.
• In Japan, our Shiga site's water re-use facility, which recycles cooling water, was commissioned at the end of 2014 with a potential 30% reduction per annum in groundwater use.

A major change to our reported performance resulted from the discovery and correction of a systematic reporting error from one of our manufacturing sites. The issue has been rectified both in current and relevant historical data. Due to the old data under declaring water use, the correction has improved our reported reductions in water consumption compared to our 2010 baseline year.

Further details on how we are tackling the issue of water quality and supply can be found on page 14 of the 2014 Sustainability Report.

G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

A review of the locations of our 18 manufacturing sites did not identify any sites that are located in, or adjacent to protected areas, or in areas of high biodiversity according to the Ramsar Convention on Wetlands and UNESCO World Heritage Sites.

We have identified that six of our manufacturing sites are close to some areas of high biodiversity, which are Hull (UK), Rawcliffe Bridge (UK), Campinas (Brazil), Mevisa (Spain), Cikarang (Indonesia) and Shiga (Japan). We are managing the environmental impact of these sites at a local level and setting targets to ensure that we minimise our impact on the environment by effectively managing the material business risk of Environmental Impact.

Our operation at Hull is near the Humber estuary, which is designated as a Special Area of Conservation (SAC) and a Special Protection Area (SPA), as well as being designated as a UNESCO Ramsar Wetland. The river next to the site leads to the Humber estuary and we have a local team in place to continually monitor our effluent discharge. We have also instigated a number of projects on the site to encourage biodiversity including: planting indigenous trees on the boundary of the site to support local wildlife and re-establishing a marsh and pond area on site to support local biodiversity. A biodiversity study has also been conducted at the site by an independent expert and we are in the process of implementing the recommendations.

Our operation at Shiga is near to Biwa-ko, the largest freshwater lake in Japan, which is designated as a UNESCO Ramsar Wetland. The river Uryu is next to the site and leads to Biwa-ko, but as at our Hull site, we have a local team in place that continually monitors our water usage and effluent discharge. Our management teams and SHE experts are working hard at Shiga to reduce our water usage, which will reduce our local environmental impact. A team from the site also volunteers every year to help manage the river weeds along the Urya to support local biodiversity.

Over recent years, our Mevisa manufacturing site in Spain has gone through major expansion, requiring the site’s utilities to undergo a number of upgrades. These upgrades have included an expanded effluent treatment plant to increase the volume of water that can be treated on a daily basis, whilst maintaining a COD discharge level well below the legal limit. They have invested in improved cooling and refrigeration systems to increase the recirculation of cooling water from approximately 55% to approximately 75%. This has reduced water extraction by the site from the stressed local aquifer.

Further details on how we are tackling key environmental issues can be found on pages 11-15 of the 2014 Sustainability Report.

G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

We understand that our operations may have an impact upon local biodiversity and we take the stewardship of our own land very seriously. Therefore, we will continue to review our impact on land, water and air.

For more than 15 years we have carefully monitored our environmental impact and set targets to reduce this at all of our manufacturing sites. Reductions in energy and water usage, emissions to air and water and waste production, which has a continuing positive effect in reducing our impact on biodiversity in the areas in which we operate.

In particular, our emissions and waste production have been carefully monitored by our Safety Health and Environment (SHE) group to ensure that we reduce our impact wherever possible and are responsible in the disposal of liquid effluent or solid waste. In 2014, our sites were 99.8% compliant with liquid effluent discharge consents and we have set a target of increasing our compliance to 100% by 2015. We also reduced our waste to landfill by 45.2% in 2014 compared to our 2010 baseline and we completed pilot biodiversity surveys at two of our operations.

As a specialty chemical company based on natural raw materials, we are very proactive in investing and developing new sustainable technologies and product innovations. An example of this is our use of plant cell culture at Sederma and our acquisition of IRB in 2012, where plant cells are used to produce a range of natural molecules with unique performance
characteristics. The most significant benefit of this technology is the preservation of the environment as the process can start from a very small fragment of plant leaf or root. The culturing of plant cells does not require fertilisers, pesticides or land use and can take place at any time of the year.

Our new product development teams are committed to making our products as environmentally friendly as reasonably practicable and each year we measure and report new launches against the 12 Principles of Green Chemistry. A number of these principles relate to potential environmental effects that could harm biodiversity including, toxicity, hazardous by-products, persistence and chemical accidents. We aim to reduce the use of environmentally harmful chemicals by finding greener, safer alternatives and always take precautions with any chemicals that could pose a risk to the environment, often going beyond the standards required by legislation. In 2014, the average score for our new product launches was 10.7, with 48% meeting all 12 principles.

There are a number of key areas where we have influenced our suppliers and customers to provide sustainably sourced raw materials to ensure the preservation of biodiversity.

**Case study**

**Sustainable Palm Oil Sourcing**

An important part of our Product Design strategy, and a key priority for Croda, involves responsibly addressing the social and environmental issues associated with palm oil (PO) and palm kernel oil (PKO). For us, this means forming close partnerships with the complex PO and PKO derivatives supply chains.

We joined the leading global body working towards a sustainable supply chain, the Roundtable on Sustainable Palm Oil (RSPO), when it was created in 2004 to do what we can to support and promote sustainable palm oil in our supply chain. We remain active members, in particular in the RSPO Derivatives Working Group, which is where our main interests lie and where we can have the greatest impact.

We use an extremely low amount of pure PO and PKO and relatively small volumes of derivatives that are the result of processing the oil for food markets. We have supported the supply of sustainable PO through the Book and Claim route, purchasing GreenPalm Certificates for the pure PO and PKO that we use during the year. Additionally, we proactively engaged with all of our suppliers around the world, and as a result, we were able to work with our suppliers who are able to offer sustainable palm derivatives using the Mass Balance process.

By the end of 2014, eight of our 14 manufacturing sites that handle PO/PKO derivatives were certified to supply sustainable palm oil to the RSPO Mass Balance process. These eight sites handle 80% of our total volume, demonstrating our commitment to drive sustainable PO forward.

The supply chain of derivatives is very complex but by 2015 we have committed to have 100% RSPO certification of all our supply chains by 2015.

For our full statement on sustainable palm oil visit [www.croda.com/palmoilstatement](http://www.croda.com/palmoilstatement)

Further details on how we are tackling the issues of responsible sourcing and Product Design can be found on pages 15-21 of the 2014 Sustainability Report.

**G4-EN15 Direct greenhouse gas (GHG) emissions (scope 1)**

We measure GHG emissions at all of our manufacturing sites and considerable progress has been made compared to a baseline year of 2010, against which all of our current environmental targets are set.

**Scope 1 GHG emissions (Te CO$_2e$):**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil Fuels</td>
<td>148,012</td>
<td>132,553</td>
<td>140,762</td>
<td>125,516</td>
<td>115,713</td>
</tr>
<tr>
<td>Biofuels</td>
<td>1,950</td>
<td>2,282</td>
<td>1,981</td>
<td>21,652</td>
<td>24,683</td>
</tr>
<tr>
<td>VOC</td>
<td>940</td>
<td>952</td>
<td>844</td>
<td>722</td>
<td>534</td>
</tr>
<tr>
<td>Total Net</td>
<td>149,952</td>
<td>133,505</td>
<td>141,606</td>
<td>126,238</td>
<td>116,247</td>
</tr>
<tr>
<td><strong>Total Gross</strong></td>
<td><strong>150,902</strong></td>
<td><strong>135,787</strong></td>
<td><strong>143,587</strong></td>
<td><strong>147,890</strong></td>
<td><strong>140,930</strong></td>
</tr>
</tbody>
</table>

*Gases included are CO$_2$ and VOC. The baseline year data is 2010 for the current five year target period and is recalculated when we acquire or shed sites. It was last recalculated in 2012 with the acquisitions of SIPO in China and IRB in Italy. Emissions factors are calculated using the GHG Protocol and International Energy Agency’s published...*
Our increased use of non-fossil energy sources in 2014 has resulted in a Scope 1 GHG emissions reduction. Alongside investments at our manufacturing sites in Hull and Leek in the UK, and Chocques in France, advances in non-fossil fuel consumption at our Atlas Point manufacturing site in North America have made, by far, the largest contribution to reducing our GHG emissions.

In total, our use of non-fossil and renewable energy in 2014 has eliminated 40,700 tonnes of CO$_2$ emissions, which is equivalent to taking 24,328 cars off the road or powering 7,044 homes. Over the past five years, we have eliminated 128,000 tonnes of CO$_2$ emissions, the equivalent of taking around 76,500 cars off the road for a year or powering over 24,000 homes for a year.

For further details on our GHG emissions, please see our CDP Report.

### G4-EN16 Energy indirect greenhouse gas emissions (scope 2)

GHG emissions are measured at all manufacturing sites where we have financial control. Progress has been made in reducing total GHG emissions compared to a baseline year of 2010, but scope 2 emissions have increased during this reporting period.

**Scope 2 GHG emissions (Te CO$_2$e):**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>46,638</td>
<td>40,980</td>
<td>39,430</td>
<td>54,807</td>
<td>57,563</td>
</tr>
<tr>
<td>Steam</td>
<td>380</td>
<td>359</td>
<td>390</td>
<td>495</td>
<td>382</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47,017</td>
<td>41,338</td>
<td>39,820</td>
<td>55,302</td>
<td>57,945</td>
</tr>
</tbody>
</table>

Gas included is CO$_2$. The baseline year data is 2010 for the current five year target period and is recalculated when we acquire or shed sites. It was last recalculated in 2012 with the acquisitions of SIPO in China and IRB in Italy. Emissions factors are calculated using the GHG Protocol and International Energy Agency's published conversion factors and the methodology used is as per GHG Protocol Corporate Standard. Manufacturing sites which we have financial control are included. Sales offices and distribution centres are not considered material compared to manufacturing sites and are therefore not included.

This increase was primarily due to the decommissioning of a Combined Heat and Power (CHP) plant at the Gouda site in May 2013 that exported electricity to the grid. The completion of a new biodigester project will enable the site to once again export electricity to the grid.

For further details on our GHG emissions, please see our CDP Report.

### G4-EN17 Other indirect greenhouse gas emissions (scope 3)

In 2014, we established a target to implement a programme to further track Scope 3 GHG emissions data by the end of 2015.

Therefore, 2014 we began to establish a system for tracking CO$_2$ arising from employee travel. However, our current emission data, as declared through our CDP report, is dominated by consequential Scope 3 emissions from power generation.

### G4-EN18 Greenhouse gas emissions intensity

GHG emissions intensity for 2014 was 166.37 Tonnes of CO2 per £ million turnover. The types of GHG emissions included in the intensity ratio are scope 1 & 2 from energy consumed within the organisation.

### G4-EN19 Reduction of greenhouse gas emissions

As with all of our environmental impact targets, we report data for manufacturing sites against a baseline year of 2010.

There has been a slight increase in the total GHG emissions since 2010, due to an increase in scope 2 emissions. This was primarily due to the decommissioning of a Combined Heat and Power (CHP) plant at the Gouda site in May 2013.
that exported electricity to the grid. The completion of a new biodigester project will enable the site to once again export electricity to the grid.

**Changes in total GHG emissions (TeCO₂e):**

<table>
<thead>
<tr>
<th>Scope</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>150,902</td>
<td>135,787</td>
<td>143,587</td>
<td>147,890</td>
<td>140,930</td>
</tr>
<tr>
<td>Scope 2</td>
<td>47,017</td>
<td>41,338</td>
<td>39,820</td>
<td>55,302</td>
<td>57,945</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>197,919</strong></td>
<td><strong>177,125</strong></td>
<td><strong>183,407</strong></td>
<td><strong>203,192</strong></td>
<td><strong>198,875</strong></td>
</tr>
</tbody>
</table>

Gas included is CO₂. The baseline year data is 2010 for the current five year target period and is recalculated when we acquire or shed sites. It was last recalculated in 2012 with the acquisitions of SIPO in China and IRB in Italy. Emissions factors are calculated using the GHG Protocol and International Energy Agency’s published conversion factors and the methodology used is as per GHG Protocol Corporate Standard. Manufacturing sites which we have financial control are included. Sales offices and distribution centres are not considered material compared to manufacturing sites and are therefore not included.

**G4-EN21 NOₓ, SOₓ, and other significant air emissions by type and weight**

**Partial Reporting**

Our primary focus is on reducing our direct CO₂ outputs. We do, however, continue to monitor and set targets to reduce our Volatile Organic Compound (VOC) emissions. Our target to reduce total Group VOC emissions by 10% by the end of 2015, based on 2010, has already been met and exceeded. We measure VOC at the six manufacturing sites where it is a material issue for us and we have achieved a 48.9% reduction.

**Other significant emissions (kg):**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx (kg)</td>
<td>623,087</td>
<td>566,045</td>
<td>588,634</td>
<td>682,071</td>
<td>672,245</td>
</tr>
<tr>
<td>SOx (kg)</td>
<td>1,279,895</td>
<td>1,149,870</td>
<td>1,156,769</td>
<td>1,408,654</td>
<td>1,528,132</td>
</tr>
<tr>
<td>VOCs</td>
<td>307,145</td>
<td>280,025</td>
<td>248,124</td>
<td>159,118</td>
<td>157,075</td>
</tr>
</tbody>
</table>

We do not directly measure emissions of NOx and SOx due to the complexity of accurate measurement, therefore GHG Protocol conversion factors were used to derive these figures for electricity generation and combustion fuels. We also do not measure persistent organic pollutants, hazardous air pollutants or particulate matter because we emit zero of very negligible amounts at our manufacturing sites so it is not considered material.

**G4-EN22 Total water discharge by quality and destination**

In 2010 we set two targets relating to water use:

- Based on 2010, to reduce total Group water consumption by 10% by the end of 2015
- To achieve 100% compliance with effluent discharge consents by the end of 2015

We have exceed our water consumption target, which currently stands at a 12.5% reduced as detailed in GRI Specific Disclosure ENB. Our compliance with effluent discharge consents was better than ever in 2014 at 99.8% and there remain only four sites that have occasional issues with waste water, usually down to external factors such as weather.

**Total volume of planned and unplanned discharges (m³):**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effluent discharged directly to river</td>
<td>6,857,034</td>
<td>6,482,859</td>
<td>6,335,320</td>
<td>5,776,815</td>
<td>6,590,225</td>
</tr>
<tr>
<td>Effluent discharged to local biological treatment works</td>
<td>927,691</td>
<td>952,539</td>
<td>901,224</td>
<td>1,028,711</td>
<td>1,346,788</td>
</tr>
<tr>
<td><strong>Total discharged</strong></td>
<td><strong>7,784,725</strong></td>
<td><strong>7,435,398</strong></td>
<td><strong>7,236,544</strong></td>
<td><strong>6,805,526</strong></td>
<td><strong>7,937,013</strong></td>
</tr>
</tbody>
</table>
Data reported quarterly by manufacturing sites and is taken from utility company invoices or from direct reading. Compliance of samples analysed and results are compared against consent limits issued by local regulators for those manufacturing sites which have a permit to discharge.

Further details on how we are tackling the issue of water quality and supply can be found on page 14 of the 2014 Sustainability Report.

G4-EN23 Total weight of waste by type and disposal method

We recognise that the deposition of waste to landfill is not sustainable, permanently modifying land and potentially introducing contamination to both air and water. Therefore we set a target to reduce waste to landfill by 20% compared to a baseline year of 2010, which has already been surpassed with an impressive reduction in our disposal standing at 45.2% by the end of 2014. Additionally, eight of our manufacturing sites achieved zero waste to landfill during 2014.

The total waste produced during 2014 was 5.9% less than in 2010 at 39,536 tonnes.

### Total waste by disposal method (tonnes):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total landfill waste</td>
<td>4,870</td>
<td>2,779</td>
<td>2,419</td>
<td>2,853</td>
<td>2,670</td>
</tr>
<tr>
<td>Total incinerated waste</td>
<td>9,266</td>
<td>8,843</td>
<td>9,204</td>
<td>6,590</td>
<td>5,163</td>
</tr>
<tr>
<td>Total other waste disposal routes</td>
<td>12,035</td>
<td>12,345</td>
<td>13,636</td>
<td>14,738</td>
<td>16,298</td>
</tr>
<tr>
<td>Total recycled or recovered</td>
<td>15,828</td>
<td>16,640</td>
<td>16,171</td>
<td>15,184</td>
<td>15,405</td>
</tr>
<tr>
<td><strong>Total waste</strong></td>
<td><strong>41,999</strong></td>
<td><strong>40,607</strong></td>
<td><strong>41,430</strong></td>
<td><strong>39,365</strong></td>
<td><strong>39,536</strong></td>
</tr>
</tbody>
</table>

### Non-hazardous waste by disposal method (tonnes):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landfill waste</td>
<td>4,724</td>
<td>2,717</td>
<td>2,396</td>
<td>2,837</td>
<td>2,451</td>
</tr>
<tr>
<td>Incinerated waste</td>
<td>6,470</td>
<td>5,047</td>
<td>6,073</td>
<td>3,698</td>
<td>2,413</td>
</tr>
<tr>
<td>Other waste disposal routes</td>
<td>11,101</td>
<td>11,990</td>
<td>13,125</td>
<td>13,885</td>
<td>14,327</td>
</tr>
<tr>
<td>Recycled or recovered</td>
<td>13,448</td>
<td>14,718</td>
<td>14,011</td>
<td>12,937</td>
<td>12,644</td>
</tr>
<tr>
<td><strong>Total non hazardous waste</strong></td>
<td><strong>35,742</strong></td>
<td><strong>34,471</strong></td>
<td><strong>35,604</strong></td>
<td><strong>33,357</strong></td>
<td><strong>31,836</strong></td>
</tr>
</tbody>
</table>

### Hazardous waste by disposal method (tonnes):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landfill waste</td>
<td>147</td>
<td>63</td>
<td>23</td>
<td>15.85</td>
<td>219</td>
</tr>
<tr>
<td>Incinerated waste</td>
<td>2,795</td>
<td>3,796</td>
<td>3,131</td>
<td>2892.27</td>
<td>2,750</td>
</tr>
<tr>
<td>Other waste disposal routes</td>
<td>934</td>
<td>355</td>
<td>511</td>
<td>852.85</td>
<td>1,971</td>
</tr>
<tr>
<td>Recycled or recovered</td>
<td>2,380</td>
<td>1,923</td>
<td>2,160</td>
<td>2,247</td>
<td>2,760</td>
</tr>
<tr>
<td><strong>Total hazardous waste</strong></td>
<td><strong>6,256</strong></td>
<td><strong>6,136</strong></td>
<td><strong>5,825</strong></td>
<td><strong>6,008</strong></td>
<td><strong>7,700</strong></td>
</tr>
</tbody>
</table>

Method of disposal determined either directly by audit or provided by the waste disposal contractor. We do not dispose of waste by composting, reusing or on-site storage.

Details on how we are tackling the issue of landfill waste can be found on page 13 of the 2014 Sustainability Report.

G4-EN24 Total number and volume of significant spills

There were no significant or reportable spills across all of our operations in 2014.
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations

In 2014 there were no prosecutions against the Group and no non-monetary sanctions to report.
Labour Practices & Decent Work Performance

G4-DMA Labour Practices and Decent Work

Employment

We employ 3,610 people at 54 operations in 34 countries worldwide. In 2014, we hired the first Executive Level HR Director, which underlines our intent for the function to be integral in supporting the future of our Business.

Through our global competency framework, developed by Group HR and managed by HR Managers in each of the regions in which we operate, we can ensure recruitment practices across the Group identify the people with the right skills, knowledge and attitude. Our proven track record of successfully developing future leaders from within has resulted in a consistently pleasing employee turnover rate, which is reported to the Executive Committee on a quarterly basis to monitor any potential problem areas before they have a negative impact on the business.

Our Regional Boards retain control over their remuneration and benefits packages. Through a series of previous employee surveys, which will be repeated regularly in the future both at regional and global level, Group HR are able to share learning’s on the expectations of our employees with these management teams, and at Group Executive Committee level to ensure that our approach is effective and consistent. Exit interviews also allow regional HR teams and Group HR to see if compensation and benefits are a problem in any part of the business, so that they can act accordingly.

Occupational Health and Safety

As a global manufacturer, we have a responsibility to take care of all our employees across our global operations and we set ourselves extremely high standards, particularly in personal safety management where our aspirational goal is zero harm. Whilst no one should expect to be injured when working at one of our operations, health and safety at Croda goes further than legal requirements to encompass the total wellbeing of our people. We are continuing to invest in initiatives with this in mind. First and foremost this is the right thing to do, but it also makes good business sense; when employees and contractors are safe and healthy, absence is reduced and potential loss of reputation due to serious breaches in policy and regulation is eliminated.

The reporting of incidents is actively encouraged across all areas of the business and is the responsibility of the SHE Manager in each of our operations. All significant incidents and near misses are investigated by trained SHE personnel across the Group, with the ultimate management of such reviews resting with our Group Executive Committee, which receive a quarterly report through the SHE Steering Committee. In addition to this, our Risk Management procedure ensures that all of our Regional Boards review potential health and safety risks at least twice per year.

Training and Education

Our Business is only as good as our people. We are committed to building a global workforce that will help us achieve sustained success. To do this, we must attract the right ‘talent’, then continue to develop their skills and abilities so we can capture the critical knowledge that we rely on to drive innovation and growth.

Our global competency framework, developed by Group HR and implemented by the regional HR teams, provides the basis for employee development plans, which are monitored through our global appraisal system, Croda Aspire. In addition, our highly trained regional HR teams provide ongoing support, coaching and development to our line managers across all business operations to ensure that they are fully equipped and capable of having effective and constructive performance and development conversations. Our global appraisal system also facilitates this process and allows Group HR to oversee performance management, so that it can offer support and guidance where and when needed.

Employee underperformance is identified during the annual talent review process and carefully managed through the regional businesses to ensure that we see improved performance quickly. Our global HR database also allows performance in relation to absence to be monitored and reviewed at regional and global level.

All talent management and development related activities are carefully scheduled throughout the year with a programme of activities planned to 2015. The talent review process commences at site level, with regional, executive committee and board level involvement.

G4-LA1 Total number and rate of employee turnover by age group, gender, and region

Partial Reporting

Employee turnover across the Group continues to remain low with our voluntary turnover averaging 6% (with 5% from resignations), which is comparable to the industry average.
Further details on how we are tackling the issue of recruitment and retention can be found on pages 32-35 of the 2014 Sustainability Report.

**G4-LA3 Return to work and retention rates after parental leave, by gender**

Partial Reporting

A total of 41 employees took parental leave in the UK in 2014, which is split by 2% Male and 10% Female of the total UK workforce. The parental leave categories are Maternity Leave, Paternity Leave, Adoption and Time off for dependants.

<table>
<thead>
<tr>
<th>Maternity Leave</th>
<th>Paternity Leave</th>
<th>Adoption</th>
<th>Time Off for Dependants</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>13</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

All policies relating to parental leave are freely available on our Company intranet and will, as a minimum, comply with the highest legislative requirement in any country in which we operate.

**G4-LA5 Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs**

The reporting of incidents is actively encouraged across all areas of the business and is the responsibility of the SHE Manager in each of our operations. All significant incidents and near misses are investigated by SHE officers across the Group, with the ultimate management of such reviews resting with our Group Executive Committee, which receive a quarterly report through the SHE Steering Committee. In addition to this, our Risk Management procedure ensures that all of our Regional Boards review potential health and safety risks at least twice per year.

Health and safety committees operate at each of our manufacturing sites and offices with representation from all employee levels on each site. Formal consultation is a requirement laid down in our Group Safety Health & Environment Manual, and there is a requirement for regular meetings to take place at each of our manufacturing sites and offices. Each of our operations is required to refresh its safety awareness and behavioural safety programmes regularly.

As such, all of our 3,610 employees worldwide should be represented on a joint management and labour health and safety committee, more than 75% of the total.

Further details on how we are tackling health and safety issues can be found on page 28-30 of the 2014 Sustainability Report.

**G4-LA6 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender**

Partial Reporting

No one should expect to be injured when they work at any of our manufacturing sites or offices; this includes our contractors as well as our employees. The health and safety of our employees remains a top priority for us and we continually strive to improve upon our injury rate for the optimum protection of our workforce.

Our key indicator of occupational safety is the Lost Time Injury (LTI) rate. We define this as the number of injuries that result in an absence from work of one day or more (for many other companies it is three days or more). We then divide this figure by the total number of hours worked in the year and multiply by 100,000, which is approximately the number of hours worked in a lifetime.

We track the following three LTI rates:

1. The rate for Croda employees only.
2. The rate for contractors only.
3. The combined rate for all those who work at Croda, employees and contractors.

Our corporate target is to have a sustainable, combined rate of less than 0.20.
In 2014, our combined LTI rate was 0.21, compared to 0.31 the previous year. This was influenced by several factors, including the establishment of our new incident investigation standard and procedure and a focus on contractor management. There were no work related fatalities during the reporting period.

<table>
<thead>
<tr>
<th></th>
<th>Lost Time and Restricted Work Injuries of One Day or More</th>
<th>Lost Time and Restricted Work Injuries of Three or More Days</th>
<th>Lost Time Injury Rate per 100,000 hours worked</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Employee Injuries</td>
<td>Number of Contractor Injuries</td>
<td>Number of Employee Injuries</td>
</tr>
<tr>
<td>2010</td>
<td>21</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>2011</td>
<td>14</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>2012</td>
<td>16</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>2013</td>
<td>20</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>2014</td>
<td>16</td>
<td>7</td>
<td>12</td>
</tr>
</tbody>
</table>

The injury rate does not include minor injuries and refers to recordable injuries that are defined under RIDDOR. Due to anonymity in our incident reporting, we are unable to categorise injuries by gender or region.

Further details on how we are tackling the issue of health and safety can be found on pages 28-30 in the 2014 Sustainability Report.

G4-LA9 Average hours of training per year per employee by employee category

Partial Reporting

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 service.

Our global competency framework and appraisal system, Croda Aspire, allows us to monitor the development, performance and potential of each of our employees. To help grow and retain our talented people, we must continue to invest both internally and externally in training programmes, graduate and apprenticeship schemes, coaching, leadership development and supporting those studying for formal qualifications.

<table>
<thead>
<tr>
<th>Average hours of training per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours of training for all employees</td>
</tr>
<tr>
<td>Employees receiving training (as percentage of group)</td>
</tr>
<tr>
<td>Average hours of training per employee</td>
</tr>
<tr>
<td>Average hours of training for those who received training</td>
</tr>
</tbody>
</table>

We are currently unable to report average training by gender or employee category due to limitations of our reporting systems.

Further details on how we are tackling the issue of talent management and employee development can be found on pages 32-35 of the 2014 Sustainability Report.

G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Partial Reporting

At Croda we promote learning and training at all levels of our organisations, with 91.2% of our employees receiving training during 2014. We offer a variety of training options including internal training courses delivered by our human resources department, funding for external training courses where relevant training cannot be provided internally, as well as funding and support for educational development. A number of our employees have completed part-time or distance learning degree programmes relevant to their position or career development, both funded and supported by Croda.

In 2014 we changed the New Manager Development Programme name to Management Essentials. This was to offer the training to all managers, as well as new managers. In Europe, the Management Essential programme is externally accredited through the University of Derby, with managers now receiving a Higher Education Diploma in Managing People upon completion of the programme. A total number of 32 employees completed the New Manager Development Programme in 2014, in Latin America and Western Europe.
Where applicable we also bring in the expertise of external training providers to enhance the skills and behaviours of our employees.

The quality and relevance of training and development activities became more focused in 2014, through improvements in the identification of personal development needs. The launch of our internal ‘Learning Zone’ in 2015 will take our performance development, learning delivery and accessibility to the next level, allowing all employees to have access to the training that is most relevant to them.

Further details on how we are tackling the issue of talent management and employee development can be found on pages 34-35 of the 2014 Sustainability Report.

G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and employee category

Partial Reporting

Talent management and development is a key priority for us and we have a target in place to ensure that all employees have a formal appraisal by the end of 2015 and in 2014, 70% of our employees received a formal appraisal.

We will continue to invest time in increasing this percentage in 2015.

We are currently unable to report by gender or employee category due to limitations of our reporting systems.

G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Partial Reporting

Diversity and Inclusion is a key priority for us and it is one of our 10 Material Areas on our sustainability programme.

We aim to embrace and empower all individuals. We do this by supporting, valuing and respecting our workforce, and ensuring that all employees feel empowered and included. In this way, we attract and retain the right people and bring out the best in them to benefit from their expertise.

Gender breakdown:

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Regional and Business Board Members and Senior</td>
<td>91</td>
<td>21</td>
</tr>
<tr>
<td>Functional Heads</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total workforce</td>
<td>2,455</td>
<td>1,155</td>
</tr>
</tbody>
</table>

Age breakdown:

<table>
<thead>
<tr>
<th>Age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-25</td>
<td>256</td>
</tr>
<tr>
<td>26-35</td>
<td>984</td>
</tr>
<tr>
<td>36-45</td>
<td>1061</td>
</tr>
<tr>
<td>46-55</td>
<td>917</td>
</tr>
<tr>
<td>56-65</td>
<td>385</td>
</tr>
<tr>
<td>66+</td>
<td>7</td>
</tr>
</tbody>
</table>

We are currently unable to report minority groups or age by employee category due to limitations of our reporting systems or regional confidentiality of data.

Further details on how we are tackling the issue of diversity and inclusion can be found on page 36 of the 2014 Sustainability Report.
Human Rights Performance

G4-DMA Human Rights

Freedom of Association and Collective Bargaining, Child Labour, and Forced or Compulsory Labour

On a daily basis, we safeguard our employees, our customers, our supply chain and our communities by ensuring that we are compliant with policy and regulation requirements across the markets and countries in which we operate. To embrace the challenges of a constantly changing environment, where population is increasing as resources are decreasing, policy and regulation are becoming more demanding at national, international and industry level.

Responsibility for the proactive and reactive response to policy and regulation sits across all levels of the business. Group HR operate a global database of policies that are updated on a regular basis relevant to our employees, and our Group Legal, PRSA and SHE teams work to ensure that we are abreast of all policies and regulations relevant to our products, processes and operations.

Group policies are set centrally and must be applied in all countries in which we operate. Group policies will, as a minimum, comply with the highest legislative requirement in any country in which we operate. It is the responsibility of our Regional Boards to ensure that Group Policies are communicated and that there are procedures in place to ensure compliance. Any employee whose actions constitute a breach of any policy, procedure or guideline may be liable to disciplinary action. All policies are freely available on our Company intranet and include our:

- Code of Conduct
- Code of Ethics
- Fraud Policy
- Whistle Blowing Policy and Procedure
- Anti-Bribery and Corruption Policy

In addition to Group policies, we have regional and country specific policies and procedures to reflect the employment legislation and practices in that location.

A Group policies review was conducted during 2012 by members of our senior HR team, who checked for alignment with the four fundamental principles of the ILO Declaration on Fundamental Principles and Rights at Work. The nine applicable policies were consistent with the spirit and intent of the ILO Declaration. These are accessible to all employees and are published on our company intranet.

G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business. Our Group Policy on Trade Union Membership states that Croda International Plc recognises that all its employees have the right to freedom of association. The Company will not interfere in the legitimate activities of Trades Unions at Croda sites.

The Company recognises that every employee has the right to join or remain a member of a Trade Union if they wish to do so. Equally the Company recognises that every employee has the right not to join or to leave a Trade Union if they wish to do so. The Company will not seek to persuade any employee, potential or otherwise, to join or leave any Trade Union or other workers’ association.

Unless local legislation or legitimate collective agreement requires an alternative approach, the Company will operate as follows:

- During the recruitment process, the Company will not refuse employment on the grounds of Trade Union membership or non-membership nor will it stipulate that membership or non-membership is a condition of employment. The Company will not specify union membership requirements in recruitment adverts, and will not require or expect employment agencies acting on our behalf to do so;
- During employment, the Company will not dismiss, select for redundancy, or allow the detrimental treatment of any employee based solely on the grounds of whether they are a member of a Trade Union or not. Members of Trade Unions will also not be dismissed, selected for redundancy, or suffer any other form of detriment for taking part in union activities or making use of union services; and
- Where local accounting and social security procedures and legislation allow, the Company will enable union members to pay their union subscriptions by deduction from their wages. Employees who wish to take advantage of this should make their request in writing to their local pay department, requesting the deduction be made.
Similarly adequate notice must be given to change this arrangement. The individual will then be responsible for ensuring their membership subscriptions are continued.

Whilst all employees have the right to choose whether to be a member of a Trade Union or not, only where there is a specific current local agreement are unions recognised to communicate, negotiate, or consult on behalf of their members.

Issues concerning violation of employee rights within our supply chain are addressed in the Supplier Code of Conduct document which has been mailed to suppliers in all regions.

G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business.

Utilising thorough checks during the recruitment process and the Child Labour Index and Map, produced by global risks advisory firm Maplecroft, we have been able to evaluate risks relating to child labour within our operations. This coupled with an audit of the global HR database (Open HR) identified that in 2014 our youngest employee was 18 years old and is employed as an apprentice at our global Headquarters in East Yorkshire, UK.

Issues concerning violation of child labour within our supply chain are addressed in the Supplier Code of Conduct document which has been mailed to suppliers in all regions.

G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour

We ensure our policies are consistent with the spirit and intent of ILO’s Declaration on Fundamental Principles and Rights at work, where applicable to business. At Croda we comply with the labour laws of the countries in which we operate and would never endure forced or compulsory labour anywhere in the world.

Issues concerning violation of forced or compulsory labour within our supply chain are addressed in the Supplier Code of Conduct document which has been mailed to suppliers in all regions.
Society Performance

G4-DMA Society

Local Communities

We add value to local communities around the world through educational initiatives and by encouraging employees to get involved in local good causes. This approach is key to establishing the strong local relationships that are essential to maintaining our social licence to operate, particularly in a world where global drivers indicate that trust in business is becoming more uncertain.

At Croda, our community involvement is facilitated through a programme called the 1% Club, which programme allows all employees across the Group to utilise 1% of their working time to support appropriate community projects. The 1% Club is adapted to suit the local needs and legislative environment of the regions in which we operate, but in every form the guiding principle is action that supports the community through direct involvement.

It is the responsibility of our Regional Boards to ensure that the 1% Club is available and managed correctly in their operations. They also manage the targets and metrics, defined annually and agreed with the Group Executive Committee, to ensure ever increasing levels of engagement and participation. Additionally, a network of 1% Club Champions, one at each of our operations, assists with the coordination of activities on a day to day basis.

In addition, it is the responsibility of each of our Regional Boards to define and implement a local programme of activities that is appropriate to support the teaching of science, technology and engineering across any chosen age group between the ages of 5 and 21. Our aim is to align the learning needs of individuals with the scientific knowledge and history of our organisation. Our 1% Club Champions support community education by building relationships with local schools, colleges and universities. Annual regional plans will help target the specific needs of the educational institutions we support and will also identify the employees who can enhance their personal skills through this type of activity.

Anti-Corruption, Public Policy and Anti-Competitive Behaviour

Our overall commitment is to uphold the principles of socially responsible business practices, and respect the interests of everyone affected by its activities and actions, including our employees, customers, suppliers, shareholders and the general community at large.

It is our policy to conduct our business at all times and throughout the world with honesty and integrity and we operate a range of policies covering all areas of our Business. The Company believes that all its stakeholders wish to be associated with an ethical organisation which publicises and upholds high standards in all that it does. Our Code of Ethics in particular states that:-

- We will comply with the law in each country in which we do business including laws relating to unfair competition/anti-trust.
- We will not offer to pay, solicit or accept bribes in any form whether directly or indirectly. This includes payment or receipt of “facilitation payments” which are small payments or gifts made as common practice in some countries to obtain approvals, permits, etc more speedily – they are still bribes. Croda promotes measures to eliminate these types of payment. Employees should ensure they comply with all local laws and regulations. If you are requested to make a payment which you believe may be a facilitation payment you should consult your line manager.
- We will only give or receive gifts and entertainment that are not material or regular. Local management in each country will establish guidelines reflecting local custom as to the maximum permitted value and the circumstances in which such gifts and entertainment are acceptable.
- We will record in our published accounts all material assets and liabilities and not maintain secret accounts.
- We will not make political donations anywhere in the world.
- We will not engage in commercial espionage or covert surveillance of our competitors.

Failure to comply with this code may result in disciplinary action. All employees have the right to make confidential reports direct to the Company Secretary of Croda International Plc at Cowick Hall, Snaith, East Yorkshire DN14 9AA, United Kingdom, without fear of detrimental action being taken against them.

SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programmes

Interaction with local communities has always been a major part of our culture. We are aware that our activities have a direct impact on the communities surrounding our operations, particularly our manufacturing sites and large offices.
'Community Education & Involvement' is one of the 10 Material Areas of our sustainability programme, and all of our 54 operating sites proactively work to add value to local communities where they operate. This is because it satisfies our corporate desire "to do the right thing”, ensuring that we invest in our communities and play our part in ensuring they are appropriately supported. But also because it is a great way to motivate employees, helping them to feel that they are part of a business that values the communities in which it operates.

We focus on two key areas: community education initiatives and employee volunteering for local good causes. These activities are key to establishing the strong local relations that are essential to maintaining our social licence to operate and are facilitated through our award winning employee volunteering scheme, 1% Club.

Since the global launch of the 1% Club in 2010, we have seen a significant increase in activity and participation, largely through our network of 1% Club Champions. These Champions work at every site that we operate to ensure our community activity meets local needs and that all of our operations take ownership of their engagement activities.

We believe that enhancing our investment in community education will only serve to further improve our external reputation, thus leading to a positive impact on our ability to recruit new personnel. Our business is steeped in scientific heritage and our business model is based on the delivery of market led innovation. Also, with the number of students studying science, engineering and technology in decline, we feel that we have a duty to encourage and educate young people about the benefits of a scientific education.

Further details on how we are tackling the issue of community engagement, involvement and education can be found on pages 38-40 of the 2014 Sustainability Report.

**G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified**

**Partial Reporting**

Identification of organisational risks relating to corruption was undertaken by overlaying the territorial analysis of turnover with the risk corruption index map from a recognised provider (Transparency International). Territories identified as being at higher risk of corruption and which generated material turnover were discussed in more detail with locally knowledgeable management to identify any specific areas of concern.

Further details on Croda’s risk management can be found on pages 28-32 of the 2014 Annual Report.

**G4-SO4 Communication and training on anti-corruption policies and procedures**

Following implementation of the Bribery Act 2010 in 2011, and as part of a wide ranging compliance review, we instituted a Group wide training programme incorporating issues raised by this legislation.

Employees who are most likely to be exposed to bribery related issues due to their function or location are required to complete online training. The course involves employees being taken through numerous scenarios relevant to our business and it cannot be completed successfully without passing a test.

In 2011, training was completed by all managers and non-managers who were identified, which was a total of 1,405 employees including 420 managers. A further 597 employees completed the course in 2012 and another 208 during 2013. In 2014, 194 people were trained and all relevant new employees will be required to take and pass the test in the future.

In addition to the online training, senior management received further guidance in respect of the Act, detailing how the Company’s policies and procedures work to ensure compliance.

Further information on Croda’s approach to countering bribery and corruption can be found on the company website www.croda.com under company policies.

**G4-SO6 Total value of political contributions by country and recipient/beneficiary**

Our Code of Ethics states that “We will not make political donations anywhere in the world.” The full Code of Ethics can be found on www.croda.com under company policies. No donations were made for political purposes in 2014 in accordance with our Code of Ethics.
In 2014 there were no legal actions initiated under national or international laws against Croda for the purposes of regulating anti-competitive behaviour, anti-trust, or monopoly practices.
Product Responsibility Performance

G4-DMA Product Responsibility

Customer Health and Safety

Our role in ensuring that health, safety and environmental protection are integral to the whole product lifecycle is through Product Stewardship. Our responsibility spans every stage of our operations; from the sourcing of raw materials in an increasingly fragile environment, to environmentally sensitive manufacturing processes and offering advice on the safe, efficient use and disposal of the finished products that contain our ingredients.

Product Stewardship is part of the International Council of Chemical Associations’ Responsible Care® initiative, which we fully support. It is a shared responsibility between chemical producers, suppliers and customers and requires close, sustained dialogue and working relationships between all stakeholders. This means sharing information up and down the value chain to identify and manage risks, and to ensure that chemicals are used and managed safely and responsibly throughout their lifecycle.

We have identified five core elements to Product Stewardship:

1. Raw material sourcing: To ensure that the raw materials we use to make our products are responsibly sourced
2. Supply chain engagement: To ensure that our suppliers act as ethically as we do in regard to areas such as human rights and the environment, whilst supporting our customers on their product traceability programmes
3. Product design: To deliver the most innovative and sustainable ingredients to our customers
4. Quality assurance: To contribute to and proactively seek higher quality standards across product and operational aspects of our Business
5. Responsible distribution: To ensure that goods are delivered reliably, safely, consistently and on time, supported by our status as an Authorised Economic Operator (AEO), a standard providing assurance on security

Product Stewardship does not sit with the responsibility of one team, but instead is an integral element of every part of our product value chain, from cradle (R&D) to grave (disposal). All business functions within Croda are engaged with Product Stewardship and in 2012 a RACI Chart was developed to map the responsibilities of product stewardship. This details which function has a ‘Responsible’, ‘Accountable’, ‘Consulted’ or ‘Informed’ role within the product stewardship chain. It is an integral part of each Business function, all of which report to the Group Executive Committee, and consequently the Board, on a regular basis.

Through successful Product Stewardship, we and our partners can meet the increasing demand for safe and sustainable chemical use to protect human health and the environment.

Product Service and Labelling, Marketing Communications, Customer Privacy and Compliance

As a business to business organisation we strive to maintain an awareness and conformance, where appropriate, to national and local laws and voluntary codes or guidelines, from entities such as the Food and Drug Administration (FDA), the European Food Safety Authority (EFSA), the European Commission, Cosmetics Europe, United States Environmental Protection Agency and Personal Care Products Council (formerly CTFA).

We ensure that all of the products that we supply are accompanied by a material safety data sheet (MSDS), which details any health and safety issues with the product as well as environmental effects such as persistence and bioaccumulation. This goes beyond our legal requirements, where MSDSs are only required in specific circumstances and all of our products are labelled according to regulatory requirement in the regions in which they are sold.

We have formal procedures in place to capture any non-compliance with regulations or codes relating to the health and safety of our products, labelling, marketing communications and customer privacy. We have a formal complaints procedure and all of our customers have at least one sales contact within the business. It is our intention to enhance this procedure to further embed it within our business to capture any issues or areas of potential risk.

G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

All of our products are assessed for their Health, Environmental and Safety impacts from the product development stage, with advice available to the end customers so that any identified risks are known and can be controlled.
Product concepts come from a variety of sources, including customer interaction, market awareness and emerging product trends. In all these areas our research teams liaise with our product safety and regulatory affairs department from the beginning of new product development to ensure that products are assessed for their health, safety and environmental effects. Additional screening tests and modelling may be carried out depending on the expected end use of the product to enable safety assessments to be completed by our customers.

Our scientists ensure that our products meet as many of the 12 Principles of Green Chemistry as is reasonably practical. A number of these relate to reducing harm to human health during development, manufacture and end use. Wherever practically possible we stick to the principles relating to health and safety from the 12 Principles of Green Chemistry:

- Wherever reasonably practicable, synthetic methodologies should be designed to use and generate substances that possess little or no toxicity to human health and the environment.
- Chemical products should be designed to preserve efficacy of function while reducing toxicity.
- Chemical products should be designed so that at the end of their function they do not persist in the environment, but do break down into innocuous degradation products.
- Analytical methodologies need to be further developed to allow for real-time, in-process monitoring and control prior to the formation of hazardous substances.
- Substances and the form of a substance used in a chemical process should be chosen to minimize potential for chemical accidents, including releases, explosions, and fires.

These principles are embedded in our new product development processes.

We have controls in place within our Enterprise Resource Planning System to ensure that a safety data sheet is produced for all products prior to manufacture to ensure that they are assessed against the criteria of the United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS) so that all health, safety and environmental aspects can be considered for manufacturing, production, storage, distribution, supply and end product use.

During the manufacture of our products the risks to health and safety are managed by the Safety Health and Environment (SHE) department at each of our manufacturing sites. There are policies and procedures in place to ensure process safety and quality control. 16 manufacturing sites around the world are certified to the ISO 14001 standard and accredited to the OHSAS 18001 standard for Safety Management. We are committed to Responsible Care®, which underlines our commitment to HSE improvement. There are procedures and systems in place to ensure the safe storage of hazardous chemicals; this information is passed on to our customers where applicable. We have systems and procedures in place to deal with any transportation issue or emergency situation that may affect surrounding communities.

We ensure that all of the products that we supply are accompanied by a material safety data sheet (MSDS), which details any health and safety issues with the product as well as environmental effects such as persistence and bioaccumulation. This goes beyond our legal requirements, where MSDSs are only required in specific circumstances and all of our products are labelled according to regulatory requirement in the regions in which they are sold.

Our sales and marketing teams work closely with our research teams and regulatory department to ensure that any details that are provided to customers relating to health and safety are accurate and reflect the information that is sent out with the products that we supply.

There is a move within chemical control legislation to require that risk assessments are completed to ensure that any hazard associated with a product is adequately controlled from the manufacture of the product through to its end use and associated service life. In many jurisdictions chemicals requiring assessment are prioritised on the basis of known hazards. Within Europe this requirement is captured under the REACH regulation (Regulation (EC) No 1907/2006). This is an on-going process with our higher volume products being assessed first.

In general our products comprise a small percentage of the final product, so it is a challenge for us to manage the health and safety implications in finished products. By providing good quality information and data to our customers we allow them to make informed decisions and accurately determine if there could be any potential issues for end consumers.

Our control over the ultimate disposal of the goods that contain our products is also limited, however we control what we can by ensuring that our products are as environmentally friendly as possible by examining biodegradability and persistence, and have minimal potential impact to human health in terms of toxicity and bioaccumulation.

Further information on our product stewardship can be found throughout in the 2013 Sustainability Report.
G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

We have formal procedures in place to capture any non-compliance with regulations or codes relating to the health and safety of our products. We have a formal complaints procedure and all of our customers have at least one sales contact within the business. It is our intention to enhance this procedure to further embed it within our business to capture any issues or areas of potential risk.

During 2014 we were not aware of any incidents relating to non-compliance in this area.

G4-PR3 Type of product and service information required by the organisation’s procedures for product and service information and labelling, and percentage of significant products and services subject to such information requirements

Due to strict legislation within the chemical industry in the area of product labelling, we ensure that we conform to all regulations in the regions in which we operate and we aim to exceed these standards where possible.

We require information related to health and safety and the labelling of products from all of our suppliers; this information is collected at each manufacturing site and is passed on to our product safety and regulatory affairs department. In general, this information is received in the form of a material safety data sheet (MSDS), but where we require more information for regulatory purposes we work with our suppliers to gain the data that we require.

The procedure for the MSDS means that 100% of our products are required to be labelled with information relating to content, safe use and disposal of the product. The sourcing of the components of the product is not given on the MSDS but it is stored in our procurement system SAP if the information is required by the customer.

All products are assessed against the relevant national and international chemical labelling legislation to ensure that the health, safety and environmental hazards of the product are assessed and the appropriate hazard and precautionary statements are used. Information about safe handling and use of our products is passed on to our customers in MSDSs and product safety information statements.

We work closely with our customers to ensure that our chemicals are sufficiently assessed for safe use in end consumer products and ensure that any environmental or health impacts of our products are identified. As our products are generally used as a small percentage of end consumer goods, the information that we provide to our customers is vital for them to accurately determine any potentially harmful effects of their formulations for consumers or the environment.

Any potentially hazardous effects of our products to human health or the environment are identified and clearly shown on our product labels and in the MSDSs that we provide to our customers. These include, amongst others, biodegradation, persistence, bioaccumulation and toxicity.

Further information about the health and safety of our products can be found in the Performance Indicator PR1.

G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes

We continue to monitor and adapt to any changes in national and international chemical labelling legislation across the world and it is Croda policy that all products are supplied with a Material Safety Data Sheet (MSDS), which is a detailed informational document that describes the physical and chemical properties of the product.

During 2013 we were aware of fifteen isolated incidents where labelling did not meet local requirements of voluntary codes. None of these isolated incidents resulted in fines, penalties or warnings. We rectified these issues as soon as they were identified and at no time was health and safety compromised.

G4-PR6 Sale of banned or disputed products

As a business to business organisation we strive to maintain an awareness and conformance, where appropriate, to national and local laws and voluntary codes or guidelines, from entities such as the Food and Drug Administration (FDA), the European Food Safety Authority (EFSA), the European Commission, Cosmetics Europe, United States Environmental Protection Agency and Personal Care Products Council (formerly CTFA).

We were a signatory to the chemical industry’s voluntary agreement on the accelerated phase out of the supply and use of products for applications restricted under the EU Marketing and Use Directive, which is now incorporated into our
activities under the legislation of Registration, Evaluation, Authorisation and Restriction of Chemical substances (REACH). We therefore focus our sales and marketing on offering alternatives with just small amounts being imported for merchanting purposes’ into allowed uses. For example, manufacturing of alkylphenol ethoxylates in our European operations is restricted and we are actively developing and promoting alternatives to alkylphenol ethoxylates in other regions. As a result many customers have already moved to different products.

G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

We will continue to comply with regulations and voluntary codes relating to marketing communication and promotion and will continue to monitor and improve our processes and procedures in this area.

During 2014 we were not aware of any incidents relating to non-compliance in this area.

G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

We respect the privacy of our customers and our aim is to ensure the highest levels of accuracy, security and confidentiality. Our company website contains details of our Privacy Policy and at any time we can be contacted with questions or concerns with respect to this policy. Contact details can be found in the Privacy Policy itself.

During 2014 we were not aware of any breaches of customer privacy and we continue to apply good practice as defined in our Privacy Policy.

G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

During 2014 there were no significant fines for non-compliance against the Group.