

Corporate Social Responsibility Report

Health and safety

Safety is our number one priority; we have always said we want everyone to go home from work in the same condition they arrived in. As part of our global Health and Safety programme we have looked at how other companies have reduced workplace injuries and want to learn from them.

2018 successes

- > Total Recordable Case Rate, Lost Working Day Injury (LWDI) Rate and Lost Working Day Severity – all lowest in last eight years
- > Severity of LWDI cases reduced significantly with 57 days lost in 2018 compared to 411 in 2017
- > Three sites reported zero LWDIs in 2018
- > One-third reduction in recordable incidents
- > 22% increase in “near miss” reporting
- > Safety Community month across the full company with the launch of our Safety Community Pledge.
- > Engaged with over 1,500 employees on safety culture assessments

We recognise that our employees are key if we want to reduce injuries, and during 2018 we engaged employees throughout the business to make them part of the “Devro Community”. We asked employees to take ownership for the safety of themselves and others through the launch of our Safety Community Pledge.



The Safety Community Pledge captures succinctly the core beliefs and practices that all employees must have towards safety to enable us to build safe workplace communities.

We ask all employees to have the shared view that we will all THINK SAFE, WORK SAFE and GO HOME SAFE. It really is that simple: we want all employees to go home in the same condition in which they arrived.

All employees participated in Safety Community Pledge workshops with employees then signing pledge boards to show their support and commitment.

By promoting common and shared beliefs and practices, we want to give employees a sense of belonging, trust, accountability and involvement.

We recognise our workplaces are not perfect or hazard-free and therefore a sense of community and camaraderie is essential in injury prevention, in combination with our safety management efforts.

Our aim is to create a Zero Accident community. To accomplish this, we focus on three areas of safety: firm foundation, “discipline discipline” and internalised safety behaviours.

Our internalised safe behaviours component recognises that safety should be an internalised value and actively practiced by each employee. With safety as a core value, employees share the belief that safety should be embraced as a way of life and making safety a habit. To help us achieve this we started our “Hearts & Minds” programme, have conducted safety culture assessments throughout the organisation and have engaged with over 1,500 employees during this process.

We held our first ever Safety Community Month across the business. This was a five week long initiative. It was launched by the Board, and our Executive Management Team members visited sites and offices to ensure visible leadership throughout the month.

All employees watched a safety psychology DVD we had commissioned by industrial safety psychologists. We had wellness topics each week covering mental health, breast and prostate cancer, travel safety and health and wellbeing. In addition, we provided free fruit each week. We launched our new global newspaper “The Safety Community Post” and kept everyone up to date each week. We ran a safety crossword competition for all employees. All sites also had local initiatives such as flu clinics, motivational speakers, ergonomist visits and health checks. The month initiative was a huge success and will be repeated in 2019.

In May 2018, our Health and Safety Managers across the group met in Scotland to discuss strategic projects to meet our zero accident goals. We have made significant progress in the creation and implementation of global standards to drive consistency across the group to ensure best practice and set the firm foundation. Safety underpins all our operational procedures with accountability for safety at every level of the organisation.

In January we introduced our “just and fair” standard as part of our “discipline discipline” initiative. This ensures that if human error is found to be a root cause of an incident or unsafe act, we can determine if this was a genuine lapse or deliberate violation and act on this with consistency of approach and in an appropriate manner.

During the course of 2018, there were 6,841 training course attendances on various health and safety topics across the regions by our 2,157 employees. In addition to this, every office and remote worker also participated in the safety community pledge workshops.

Health and safety is our first priority and therefore is one of the first agenda items in meetings of senior management including the Executive Management Team and Board. In addition, the Board reviews the Global Health and Safety Statement annually.

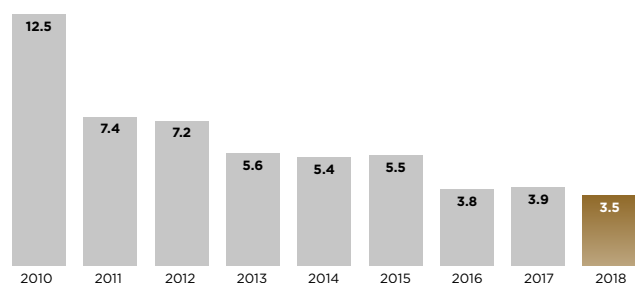
The Board’s Health and Safety Committee reviews and monitors safety performance in each of the regions. All sites have an annual safety and training plan in place, These are submitted to the Committee at the start of the year for review.

The Committee met four times in 2018 to review progress and meet with the regional safety committees.

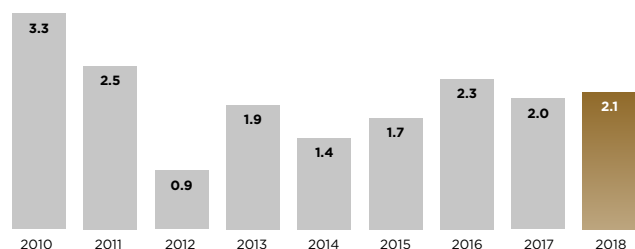
Overall, in 2018, following steady and significant improvements in our safety performance over the past decade, the number of injuries per million working hours – the total recordable case frequency – has decreased compared to 2017. We did, however, achieve a small decrease in the level of injuries that led to time off work in 2018. The severity of these was significantly less than in 2017 and there was a significant decrease in the number of working days lost.

We also externally benchmark our performance against the OSHA total recordable cases (TRC) rate. Devro had a TRC in 2018 of 0.7. The OSHA food manufacturing TRC rate was 4.7.

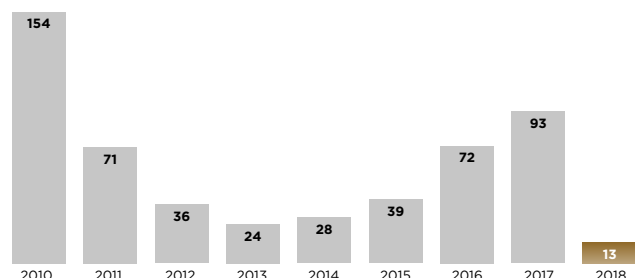
Total recordable injury rate (LWDI and recordable) per million hours worked



Total number of lost working day incidents per million hours worked



Total number of lost working days per million hours worked



2018 safety statistics

We also measure our performance by looking at the number of recordable injuries, i.e., those that need more attention than basic first aid and require the attention of a health professional. In 2018, there were 15 recordable incidents reported, a decrease from the 17 reported in 2017.

We recorded nine lost working day incidents in 2018 which was the same as in 2017. The number of working days lost due to injury was 57 which was a significant decrease from 411 in 2017.

Following every serious incident a full report is drafted with all remedial actions put in place as soon as is practical, with the circumstances shared at all sites to ensure the chance of recurrence elsewhere in the group is minimised.

Statistics

	2018	2017
Number of LWDIs	9	9
Number of days lost	57	411
Number of cases of occupational illness	8	2
Number of dangerous incidents	3	10
Number of recordable injuries	15	17
Number of first aid cases	96	75
Number of minor incidents	88	69
Number of near misses	287	236
Total hours worked	4,296,486	4,397,546



Corporate Social Responsibility Report continued

Environment

As a manufacturer of goods operating across a global platform we are committed to the prevention of pollution and reducing our environmental impact. The main environmental impacts of our processes continue to be the emission of carbon dioxide and the generation of solid waste which we send to landfill.

Within four of our major locations, and as a result of local regulatory requirements, we operate our own waste water treatment plants. In the fifth, Scotland, we partially treat our effluent to ensure we meet the outflow parameters before discharging directly into the public sewerage system, where our waste is combined with domestic effluent and treated by Scottish Water.

The environmental concerns differ region by region and thus, as a company with worldwide operations, our business similarly is subject to a variety of regulatory regimes and cultures. As a consequence, we deal with environmental issues through a network of field and regional specialists operating within the business units. There continues to be active global co-operation between our sites, and this ensures that the many country-specific solutions we have implemented across our manufacturing facilities have now been adopted across several business units where common solutions are practical.

While the individual business units measure the relevant environmental impacts aligned to the specific country or regional legislation, we also collectively monitor our group-level performance via three main measures:

- > carbon dioxide (CO₂) emissions from the use of fuels and electricity in our factories;
- > water consumption; and
- > solid waste produced in our processes disposed of via landfill.

All three are important to us but our major focus has been on emissions from the burning of fuels and, as such, it is a main area of commitment. We monitor and maintain our equipment and processes to reduce the impact of fuel consumption and electricity-related CO₂ emissions. Major capital projects such as those undertaken in the US and China have incorporated the best available technologies at the design stage to minimise our emissions and energy usage per kilometre of product.

Global targets

In 2015 we met and surpassed the targets we had set in 2011, which was a 10% reduction per km product in carbon dioxide emissions, water use and solid waste to landfill. In effect we achieved double the target we had set.

Having evaluated the legislative requirements in the countries where we operate, and investigated the opportunities presented by technology, new targets were adopted in 2015 that by 2020 we would:

- > reduce emissions (tonnes CO₂ per million metres production) by 30%;
- > reduce energy usage (GJ per million metres production) by 15%;
- > reduce water usage (cubic metres per million metres production) by 10%; and
- > reduce landfill (tonnes of solids sent to landfill from process) to zero.

These targets demonstrate our aspirations in making a step-change in environmental performance into the next decade and underline our commitment and resolve to manage our environmental impacts and responsibilities.

Carbon dioxide

In 2018, our CO₂ emissions per million metres of casing increased as shown on the chart opposite. This was mainly due to increased production as we built inventory levels, and conducted a significant amount of product development work.

Energy consumption

Energy consumption and emissions are closely related, and so our consumption data followed a similar trend to our emissions data.

In Scotland, Devro invested more than £2 million in a state of the art Combined Heat and Power (CHP) system that was commissioned in July. The CHP system generates more than 90% of the Moodiesburn plant's requirement for electricity and utilises the waste heat from the exhaust to replace steam previously generated from the gas fired boiler. As a result, the Moodiesburn boilers now run at 80% of their previous setting saving an annualised 22,000 Therms of natural gas per month.

Water

Our water consumption is a mixture of well extracted and mains supply, this being driven both commercially and by the conditions in the regions. We measured water usage for the first time in China with the commissioning of the new Nantong plant and, of course, had water usage in both the existing and new manufacturing facilities in Sandy Run, US. Similar to our energy profile, we made significant reductions per million metre of casing produced in the established plants (circa 18%) which offset some of the usages that can be expected from commissioning of new processes. In total we continued the trend of reducing usage globally, with a 2% reduction on 2017 and a total 8% reduction against the 2015 baseline.

As the graph opposite shows we have reduced water usage in all but one of the last 12 years and our current rate of water required to produce our products has now been reduced by over one-third since 2005.

Solid waste to landfill

In the various regions in which we operate, local legislation governs landfill use and is quite diverse. However, there is a common message to reduce the impact wherever and whenever possible.

We remain focused on finding new avenues for our process waste and continue to evaluate new technologies with our business partners. We made some significant progress this year, especially in Scotland, where for the duration of 2018 we diverted the vast majority of collagen waste to composting and hence, energy generation. This trend continued across all plants throughout 2018. As a result we have now reduced landfill by 87% against our 2015 benchmark.

This is wholly consistent with our strategic aim to reduce waste from our manufacturing processes in the short-term, and find new avenues for disposal in the longer-term, in order to achieve our stated goal of zero landfill from process waste by 2020.

Environmental management systems

Our main vehicle for compliance and improvement continues to be our environmental management systems. All our manufacturing sites employ environmental management systems based around the ISO 14001 model. Five of the plants have now been accredited with the ISO 14001 Standard with Nantong passing their stage 2 audit in 2017. The plants in the Czech Republic and Australia have been upgrading against the requirements of the new Standard (ISO 14001:2015) and were successfully audited in 2017 against the new variant. The two Scottish plants joined them and attained their accreditation in May 2018. In the two remaining plants, all systems have been based on the ISO model and this will ease accreditation when the plants seek evaluation against the Standard.

Greenhouse gas emissions

Our greenhouse gas emissions are mainly due to the use of energy in our factories and centre on heat and electricity for our manufacturing processes. In addition, we use HFCs and HCFCs in refrigeration equipment, own a number of vehicles and rent offices. The figures in the table opposite cover all of these activities except where we rent an office where the energy use is not measured separately. The impact of this on our numbers is not material.

Methodology

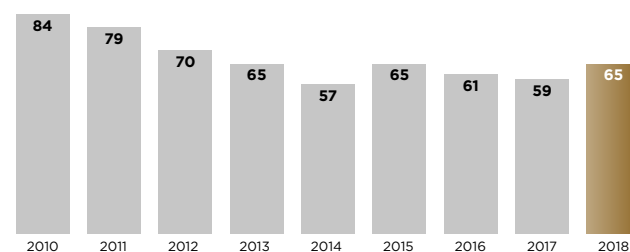
We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and taking account of the GHG Protocol Scope 2 Guidance (2015).

GHG emissions data (tonnes of CO₂e)

	2018	2017	2016
Scope 1 emissions (tes)	59,932	62,438	70,681
Scope 2 emissions (tes)	79,738	75,877	74,450
Scope 1 + 2 emissions (tes)	139,670	138,315	145,131
Intensity measure (£m turnover)	253	257	241
Normalised emissions (tonnes of CO ₂ e per £m turnover)	551	538	602

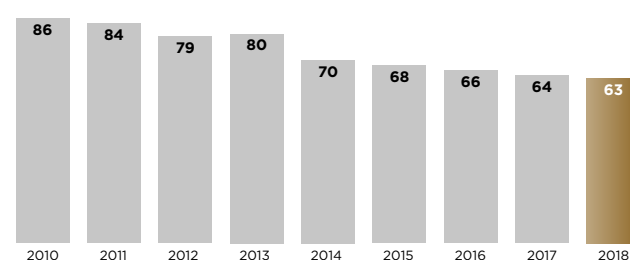
CO₂ emissions

(tonnes CO₂/million metres equivalent casing, shown as % of 2005 performance)



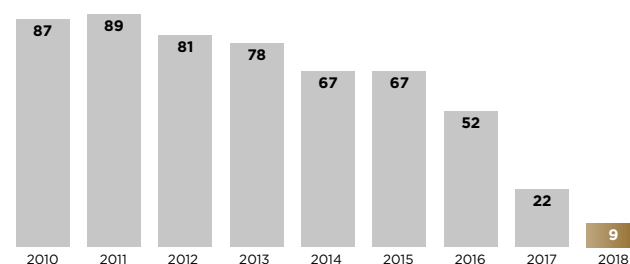
Water use

(m³ water/million metres equivalent casing as percentage reduction against 2005)



Tonnes waste

(sent to landfill/million metres equivalent casing, shown as % of 2005 figures)



Corporate Social Responsibility Report continued

People and human rights

The group places considerable value on the active involvement of its employees on matters affecting them locally and on matters that affect the group. This is achieved through visible and regular communications, both formal and informal, from their own local management and that of visiting executives and senior managers. It is common practice to bring together multi-cultural teams to work on strategically important projects. This has many benefits, not least of which is creating a more unified and consistent business culture. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. This year saw the launch of our first global Employee Engagement and Experience survey, 'Tell Dev', with every employee across the group having the opportunity to feedback on a number of areas including Purpose, Enablement, Autonomy, Reward and Leadership. This has provided a baseline measurement upon which our leaders across the business can work with their teams to build upon, ensuring Devro remains an enjoyable and progressive place to work.

Devro is an equal opportunities employer. Our employees and applicants are treated fairly and equally regardless of their age, colour, creed, disability, full or part-time status, gender,

marital status, nationality or ethnic origin, race, religion or sexual orientation. Applications from disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

We employed 2,157 people, on average, around the world during 2018 (2017: 2,178). As at 31 December 2018 the group employed 2,125 people (2017: 2,166).

We encourage the development of employees through training by investing both time and money. This provides benefits for both the group, through a more highly-skilled workforce, and the individual employee, who gains both qualifications and experience that they can use to further their careers whilst with the group and in any future roles elsewhere. As at 31 December 2018 we were training 11 apprentices around the world. During the course of the year, three apprenticeships were completed.



As at 31 December 2018, 17 people who had successfully completed apprenticeships with us were still employed by the group.

In 2018 we commenced a review of our technical and scientific capabilities across the business in key areas such as Research & Development and Process Engineering. We recognise that we must invest in these skills in order to achieve our business aims, as well as attracting and retaining talented individuals.

Devro does not have a specific human rights policy since we consider that we are served in this area by the developed culture of ethical business practice and strong labour regulation present in most of the countries in which the group operates. All the group's plants, wherever located, adhere to our own high-standard labour practices. We run our business responsibly and ensure that all our employees, customers, suppliers and other stakeholders are treated fairly and with respect.

In accordance with the Modern Slavery Act 2015, the group has published a statement on its website setting out the steps taken to prevent modern slavery and human trafficking in its business and supply chains.

The gender analysis of the workforce as at the end of the year is shown in the table below. As a result of our Gender Equal Pay Reporting, we have put in place a plan to address any imbalance including the roll out of unconscious bias training to key managers across the business.

The Strategic Report, comprising pages 2 to 37 inclusive, was approved by the Board of Directors of the company on 15 March 2019.

John Meredith
Company Secretary
15 March 2019



	As at 31 December 2018			As at 31 December 2017		
	Male	Female	Total	Male	Female	Total
Board of Directors	4 67%	2 33%	6	5 83%	1 17%	6
Executive Management Team (excluding Directors)	3 60%	2 40%	5	3 50%	3 50%	6
Other senior managers	40 74%	14 26%	54	44 76%	14 24%	58
Other employees	1,325 64%	735 36%	2,060	1,348 64%	748 36%	2,096
Total	1,372 65%	753 35%	2,125	1,400 65%	766 35%	2,166