

CORPORATE SOCIAL RESPONSIBILITY REPORT

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 we ran our second global Employee Engagement and Experience survey, 'TellDev!', 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 2,019 people, on average, around the world during 2019 (2018: 2,157). As at 31 December 2019 the Group employed 1,970 people (2018: 2,125).

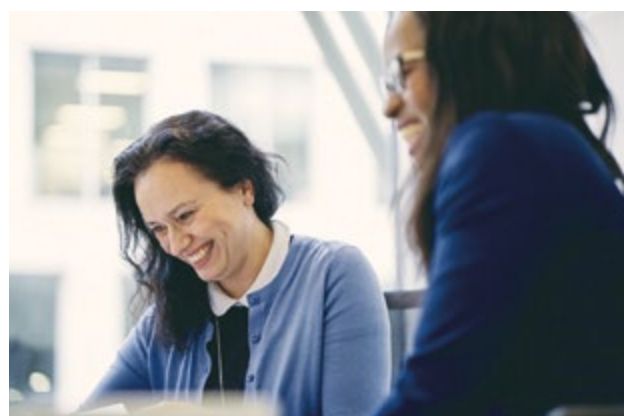
We encourage the development of employees through training by investing both time and money. This provides benefits for both the Group, through a more highly skilled workforce, and the individual employee, who gains both qualifications and experience that they can use to further their careers whilst with the Group and in any future roles elsewhere. As at 31 December 2019 we were training seven apprentices around the world. During the course of the year, no apprenticeships were completed, however, as at 31 December 2019, 14 people who had successfully completed apprenticeships with us were still employed by the Group.

In 2019, we continued to focus effort on building scientific and technical capability, recognising that investing in these areas allows us to attract and retain the right talent to power the future. Notably, a Company-wide effort to raise the bar on problem-solving and decision-making skills has delivered significant benefits.

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 continue to address any imbalance including the roll out of unconscious bias training to key managers across the business.



	As at 31 December 2019			As at 31 December 2018		
	Male	Female	Total	Male	Female	Total
Board of Directors	4 67%	2 33%	6	4 67%	2 33%	6
Executive Management Team (excluding Directors)	3 60%	2 40%	5	3 60%	2 40%	5
Other senior managers	31 66%	16 34%	47	40 74%	14 26%	54
Other employees	1,209 63%	703 37%	1,912	1,325 64%	735 36%	2,060
Total	1,247 63%	723 37%	1,970	1,372 65%	753 35%	2,125

CORPORATE SOCIAL RESPONSIBILITY REPORT continued

HEALTH AND SAFETY

Safety is our number one value; we ask all employees to have the shared view that we will all THINK SAFE, WORK SAFE and GO HOME SAFE. We want all employees to go home in the same condition in which they arrived.

2019 SUCCESSES

- Lowest number of Lost Working Day incidents in five years
- Four sites did not report a LWDI in 2019
- Increase in the reporting of near misses across the Group
- Safety Community month across the Group with the launch of our Life Saving Rules and the My Zero concept
- All employees participated in our Hearts & Minds programme
- Engaged with over 1,500 employees for the safety culture survey
- Increased focus on mental health and wellbeing with Mental Health First Aiders being trained throughout the Group

Our aim is to create a Zero Accident workplace community and ensure everyone goes home safely every day. To accomplish this, we focus on three areas of safety: firm foundation, Discipline Discipline and internalised safety behaviours.

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. In 2019, we started to audit our compliance against these new global standards.

Safety underpins all our operational procedures with accountability for safety at every level of the organisation. Our aim is to ensure that safe systems of work are in place for all tasks and that risk assessments are documented and reviewed periodically. During 2020, there will be a critical review to ensure that they reflect the actual practices taking place in all parts of the organisation.

We ensure that the whole Group adhere to a formal Management of Change process so that safety needs are addressed in advance of changes being made.

Our internalised safe behaviours component recognises that safety should be a value internalised and actively practiced by each employee. To help us achieve this we launched our Hearts & Minds programme in 2018. In 2019, we continued our Hearts & Minds journey by delivering workshops to all employees across the organisation, and conducted a safety culture survey to check our progress to date.

We held a safety community month across the business in October. 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.

In 2018, we introduced our Safety Community Pledge. This captures succinctly the core beliefs and practices that all employees must have towards safety to enable us to build safe workplace communities. In 2019, we built on this by introducing Our Lifesaving Rules and the My Zero concept.

The purpose of the Life Saving Rules is to ensure we all WORK SAFE by clearly defining the safety critical rules, applicable to all, that we must all apply in our day-to-day work to ensure everyone goes home safe every day, everywhere.

One of our key beliefs is to strive for zero accident workplace communities. Our My Zero concept was introduced as Devro understands that the Zero does not belong to the Company but to our employees and their families. Going home safely each day without harm is our personal choice and responsibility. We asked all of our employees to accept their Zero, THINK before they act WORK to protect their Zero. We want everyone to be completely un-accepting of practices, conditions and pressures that could cause them harm and risk their Zero to ensure we all GO HOME SAFE.

To launch Our Lifesaving Rules and My Zero we created a safety video featuring hundreds of employees from across the organisation. We had wellness topics each week covering mental health, breast cancer, stroke awareness, travel safety and health and wellbeing. In addition, we provided free fruit each week, updated employees weekly in our global newspaper 'The Safety Community Post', we ran a safety drawing competition for the children of our Devro employees and finally, we ran a safety crossword competition for all employees.

SAFETY DRAWING COMPETITION WINNERS



- 1 2 years old – Netherlands.
- 2 14 years old – Czech Republic.
- 3 10 years old – Australia.
- 4 8 years old – China.
- 5 3 years old – United States.
- 6 7 years old – Scotland.

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 2020.

Last year we introduced our Just and Fair Standard as part of our Discipline Discipline area. 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. Over the course of the year we conducted over 200 Just and Fair reviews.

During the course of 2019, there were 7,900 training course attendances in various health and safety topics across the regions by our 2,019 employees. In addition to this, every office and remote worker also participated in the My Zero 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 2019 to review progress.

Overall, in 2019, 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 increased slightly compared to 2018. We did, however achieve a decrease in the level of injuries that led to time off work in 2019. The severity of the lost time incidents increased as there was an increase in the number of working days lost.

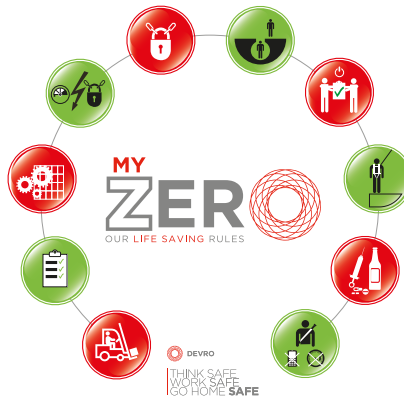
We externally benchmark our performance against the OSHA total recordable cases (TRC) rate. Devro had a TRC in 2019 of 0.8. The most recent OSHA food manufacturing TRC rate was 4.2.

2019 SAFETY STATISTICS

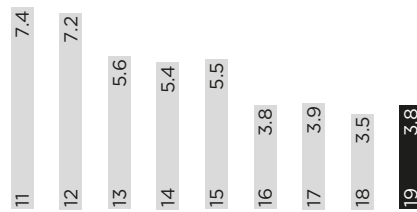
We also measure our performance by looking at the number of recordable injuries, those that need more attention than basic first aid and require the attention of a health professional. In 2019, there were 15 recordable incidents reported which was the same as the 15 reported in 2018.

We recorded seven lost working day incidents in 2019 which was an improvement on the nine reported in 2018. The number of working days lost due to injury was 99 which was an increase from 57 in 2018.

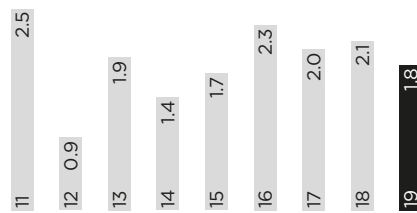
Following every serious incident, a full report is drafted with all remedial actions put in place as soon as is practical, with the circumstances shared at all sites to ensure the chance of recurrence elsewhere in the Group is minimised.



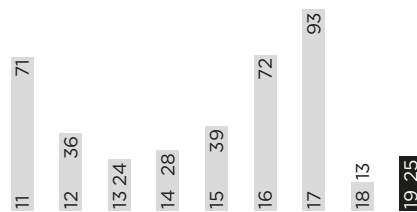
TOTAL RECORDABLE INCIDENTS PER MILLION HOURS WORKED



TOTAL NUMBER OF LOST WORKING DAY INCIDENTS PER MILLION HOURS WORKED



TOTAL NUMBER OF DAYS LOST PER MILLION HOURS WORKED



2019 VS 2018 STATISTICS

	2019	2018
Number of LWDIs	7	9
Number of days lost	99	57
Number of cases of occupational illness	6	8
Number of dangerous incidents	3	3
Number of recordable injuries	15	15
Number of first aid cases	111	96
Number of minor incidents	88	88
Number of near misses	416	287
Total hours worked	3,975,890	4,296,486

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 cooperation 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 four main measures:

- energy consumption per million metres of production;
- 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 four 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

We meet and continue to surpass the targets we set in 2011, which was a 10% reduction per km product in CO₂ 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 2019, our CO₂ emissions per million metres of casing produced, reduced by 14% and this reduction keeps us on track to achieve our 30% reduction goal from 2015 to 2020 as shown on the chart opposite.

ENERGY CONSUMPTION

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

In Scotland, our Combined Heat and Power (CHP) system that was commissioned in July 2018, continues to give significant benefits. In 2019, now that we have completed the first full year of operation, the CHP system has exceeded projections and continues to generate more than 90% of the Moodiesburn plant's requirement for electricity while utilising the waste heat from the exhaust to replace steam previously generated from the gas fired boiler.

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. Similar to our energy and emissions profile, we made significant reductions per million metres of casing produced. In 2019 we reduced our global consumption by 9% which means we have now reduced our water consumption by almost 30% since 2015 hence, significantly exceeding our target set for a 10% reduction by 2020.

As the chart opposite shows we have reduced water usage in all but one of the last nine years and our current rate of water required to produce our products has now been reduced by half since 2005. Water consumption will continue to reduce in 2020 as we implement two capital projects saving water in both Scotland and Bathurst.

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 goal and 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. Again we made some significant progress in 2019 by reducing our waste to landfill by 32% compared to 2018. We continue to send the vast majority of our collagen waste to composting and hence, energy generation. This trend continued across all plants throughout 2019. As a result we have now reduced landfill by 91% against our 2015 benchmark and are well positioned to achieve our goal of zero to landfill 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 are accredited with the ISO 14001 Standard. The plants continue to upgrade against the requirements of the ISO Standard (14001:2015) with the Scottish plants achieving their accreditation in May 2018.

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 below 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)

Despite the slight reduction in turnover vs 2018, our normalised emissions continue to show a year-on-year improvement now at 512 tonnes of CO₂e per £'m turnover.

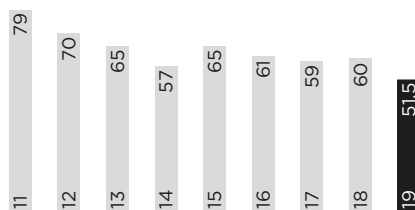
	2019	2018	2017
Scope 1 emissions (tes)	61,988	59,932	62,438
Scope 2 emissions (tes)	65,975	79,738	75,877
Scope 1 + 2 emissions (tes)	127,963	139,670	138,315
Intensity measure (£'m turnover)	250	253	257
Normalised emissions (tonnes of CO ₂ e per £'m turnover)	512	551	538

The Strategic Report, comprising pages 1 to 43 inclusive, was approved by the Board of Directors of the Company on 3 March 2020.

ANDREW MONEY
 COMPANY SECRETARY
 3 March 2020

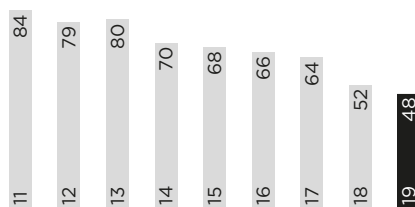
CO₂ EMISSIONS

(TONNES CO₂/MILLION METRES EQUIVALENT CASING SOLD)
 2005 = 100; 2020 TARGET = 45.5



WATER USE

(M³ WATER/MILLION METRES EQUIVALENT CASING SOLD)
 2005 = 100; 2020 TARGET = 61.2



TONNES WASTE

(CONVERTED TO A SOLIDS BASIS) (SENT TO LANDFILL/
 MILLION METRES EQUIVALENT CASING SOLD)
 2005 = 100; 2020 TARGET = 0

