



CHAIRMAN'S INTRODUCTION



WE ARE COMMITTED TO HIGH STANDARDS OF CORPORATE GOVERNANCE AS AN ESSENTIAL ELEMENT OF DEVELOPING AND IMPLEMENTING STRATEGY EFFECTIVELY.

STEVE GOOD
CHAIRMAN

: The leadership and effectiveness of the Board are primarily the Chairman's responsibility.

: My fellow Directors and I fully appreciate the importance of sound governance in the efficient running of the Company, and in particular the effectiveness and independence of the Board and the management of risks faced by the Group. We also recognise the importance of, and are committed to, high standards of corporate governance as an essential element of developing and implementing strategy effectively, the long-term sustainability of which is dependent on its delivery in keeping with the Company's values.

: The following report sets out how we do this. It covers how the Board and its committees operated in 2020, when it was subject to the FRC's 2018 UK Corporate Governance Code (the 'Code').

STEVE GOOD
CHAIRMAN

BOARD LEADERSHIP AND COMPANY PURPOSE

LEADERSHIP

I lead a Board, whose composition was extensively refreshed in 2020 and which is able to draw on entrepreneurial skills and experiences from a wide variety of businesses to focus on delivering value for the benefit of all of the Company's stakeholders. This is encompassed by the Company's purpose, values and strategy. In 2020 the Board oversaw a project to refresh how we articulate the Company's purpose. Our entire global workforce has had an opportunity to contribute through the annual 'TellDev!' employee survey and direct detailed input has been sought from almost a third of the workforce through a series of 42 workshops spanning all of the Company's functions and geographies. The initial phase of the project is nearing its conclusion and it is progressing to a second phase in which the Company's values and culture will also be reassessed in the context of the refreshed purpose.

We expect to communicate the renewal of our purpose to stakeholders, both internal and external, in the course of 2021 and to engage particularly with our workforce to embed the corresponding updated values and culture.

Until that time (and throughout 2020) our values continue to be framed by the six global statements on business conduct, environmental management, food safety, health and safety, people and quality which we display prominently at every one of our locations and which we communicate widely. Collectively they underpin the culture which we aim to maintain within the Company. In 2020, as in previous years, the Board has, on the renewal of its commitment to these values, sought input from the business about how to frame them in a way which remains relevant to how we seek to operate.

Our commitment to high standards of business conduct is underpinned by our Business Conduct Policy. It promotes professional, equitable behaviour in all our business dealings and relationships wherever we operate. The policy has been updated in 2020, to reflect our transition to a global organisation in the last four years and best practice developments. And as part of its activities to verify that behaviours across the Company continue to be aligned with the standards we have set, the Board oversees an annual survey of business conduct compliance. To the extent that this reveals any misalignments, executive management is tasked with addressing these, overseen by the Board.

The Company seeks to foster an environment in which its workforce can raise queries and concerns about business conduct at any time. The Company has a number of mechanisms to facilitate this and, while we promote open and direct communications (underpinned by our Whistleblowing Policy), conduct concerns can also be reported through our third-party hosted whistleblowing service, EthicsPoint,

anonymously and in the reporter's own language. We have also published contact details for our EthicsPoint service on our website and we encourage external stakeholders in our updated Business Conduct Policy (also published on our website) to use it. The EthicsPoint service (and its predecessor) was used on nine occasions in 2020. In each case, the concerns raised were reported promptly to the Board which monitored any subsequent investigation and actions to address the concerns.

The skills and experiences of my fellow Directors are described on pages 64 and 65 and our statement on pages 42 and 43 sets out in more detail how we have had regard to the interests of our stakeholders and regard to the other factors in section 172 of the Companies Act 2006 in our decision-making.

The Board's approach to workforce engagement further assists it to monitor the alignment of Company purpose, values and strategy. Rarely has the importance of employee engagement been more apparent than in response to the impact of the COVID-19 pandemic obstacles and, while restrictions have necessarily curtailed many conventional mechanisms for engagement, in person, effective alternatives have been established. Our approach to workforce engagement in 2020 is summarised below.

New workforce policies and practices have also continued to be embedded in the business in 2020, including policies on remuneration. These have been reviewed by the Board through its Remuneration Committee to validate their alignment with the Company's purpose, values and strategy while the Nomination Committee reviewed talent management and succession planning to ensure that it had the appropriate resources in place to meet its objectives.

ENGAGEMENT WITH SHAREHOLDERS

The Company communicates with institutional investors primarily through analysts' briefings and meetings with major shareholders, as well as timely Stock Exchange announcements. The Board, and in particular the Non-Executive Directors, are kept informed of investors' views in the main through distribution of analysts' and brokers' briefings. The Chairman is willing to meet, and has spoken in the course of 2020, with shareholders to discuss matters such as strategy and governance and the Senior Independent Director is available in the event of shareholder concerns which cannot be addressed through the usual channels. In the early part of 2020, the Senior Independent Director, in his other capacity as Chair of the Executive Directors' Remuneration Committee continued to consult with major shareholders on the Company's new Remuneration Policy prior to its approval at last year's AGM.

BOARD LEADERSHIP AND COMPANY PURPOSE (CONTINUED)

Broader shareholder communication takes place through the Company's website, which contains significant Company announcements and other relevant information, and also through the Annual Report and AGM. In normal circumstances, all Directors attend the AGM, and shareholders have the opportunity to hear presentations on the Group's financial and business performance, as well as to question any member of the Board on any relevant topic. While attendance at our 2020 AGM was limited to a statutory quorum due to mandatory 'stay-at-home' measures in response to the COVID-19 pandemic, engagement with all shareholders on the business of the meeting (including the opportunity for their views to be raised with the Company-appointed meeting proxies) was facilitated through arrangements for shareholders to ask questions in advance of the meeting. At the date of this report, we anticipate that restrictions may continue to apply at this year's scheduled AGM too. We are making plans to ensure we are nonetheless able to continue engaging effectively with shareholders throughout the year.

ENGAGEMENT WITH THE WORKFORCE

In 2019, the Board codified many of its existing practices for engagement with the workforce. These consist of:

- The annual rollout of a global workforce engagement survey, 'TellDev!', insights from which are presented to the Board which also monitors the action plans formulated by management on a Company-wide basis to address the survey's findings. We identified from the 2018 and 2019 surveys particular areas of focus, including Leadership, Communication and Performance Management (including career and development), all of which have shown in the latest survey an improved score.
- A standing agenda item at Board meetings for the CEO to update the Board on employee engagement initiatives. In 2020 these included global activities to obtain employee input on both the renewal of how we articulate our purpose and on our sustainability initiative. At fortnightly Board calls to consider COVID-19 developments scheduled for most of 2020, the Board also received the same presentation delivered to employees on the same day.
- The inclusion in the Board's meeting programme of visits each year to at least two of the Company's sites with a corresponding agenda for those visits focused on discussing with management and employees their perspectives on the business. In 2020, the COVID-19 pandemic prevented our planned programme taking place but I and a number of my fellow Non-Executive Directors were able to participate at the start of 2020 in a global employee conference aimed at shaping plans in support of the growth strategy.

- The inclusion in any visit to a Company site by individual Directors of open forum meetings at which employees have the opportunity to raise questions and concerns with the visiting Director. Due to pandemic restrictions, the CEO's annual visit to all sites to discuss with employees both progress and future plans was substituted by virtual meetings, while a series of interviews with the Company's new Non-Executive Directors have been published on the Company's intranet in order to introduce them to the workforce pending visits in person which we hope to resume in 2021.
- The incorporation of personal objectives on workforce engagement for Executive Directors (and other members of the Executive Management Team), aimed at promoting and monitoring effective engagement with the workforce.
- The continued maintenance of an externally hosted mechanism for employees to raise concerns, including anonymously, if they wish. Any notification to the Company's EthicsPoint service is reported to the Company Secretary who informs the Chairman and the Board (unless the concern relates to a particular Director). The Board has oversight of any subsequent investigation and follow-up action.
- Consulting employee representatives on a wide range of matters affecting employees' current and future interests, most notably in 2020 on our response to the COVID-19 pandemic (in support of which a dedicated employee portal was set up), and on the renewal of how we articulate our Company purpose and on our sustainability initiative.

The Board considers these to be effective alternative arrangements to those prescribed in the Code, particularly taking account of the global nature of the business and of the restrictions on direct physical engagement in 2020 due to the COVID-19 pandemic. The effectiveness is validated by the strong overall engagement score measured through the 2020 'TellDev!' employee survey, which also marked an improvement on the engagement score from the previous year's survey.

The Board continued to develop new workforce policies and practices aimed at building a compensation framework which supports Devro's long-term sustainable success by encouraging the involvement of employees in the Company's performance. The principles underlying the framework are global consistency and transparency; paying a fair market rate for the contribution of each employee; and driving equity across the entire global workforce.

ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

How the Board has taken account of the interests of other key stakeholders and the matters set out in section 172 of the Companies Act 2006 in its discussions and decision-making is set out on pages 42 and 43.

DIVISION OF RESPONSIBILITIES

BOARD COMPOSITION

During the year, the Board comprised Mr S Good, Chairman, Mr R Helbing, Chief Executive Officer, Ms J Callaway, Chief Financial Officer, until she stepped down from the Board on 30 November 2020, Mr R Cummings, Chief Financial Officer from his appointment on 1 December 2020, Mr M Swift, Non-Executive Director, Dr P Withers, Non-Executive Director, Ms J Lodge, Non-Executive Director, until she stepped down from the Board on 30 April 2020, Mr J Burks and Mrs L Jackson, both of whom joined the Board on 1 May 2020.

Non-Executive Directors (excluding the Chairman) who collectively form 57% of the Board, are considered to be 'independent' Directors, (as was the Chairman on his appointment). This opinion is based primarily on careful consideration of their character and judgement and their contribution to the work of the Board and its committees.

No Director holds any external position which would impinge upon his or her independence or objectivity, nor are there any relationships or circumstances such as are envisaged by Provision 10 of the Code. On her appointment as a Non-Executive Director, the Board considered Mrs L Jackson's position as a director of an affiliate of a shareholder of the Company, and determined that, notwithstanding this, it was satisfied this would not impair her independence. The Board has also put in place certain measures to avoid any potential conflict of interest which may arise.

Dr P Withers was Senior Independent Director until his retirement from the Board on 31 December 2020, since when Mrs L Jackson has become the Company's Senior Independent Director.

The Board considers the Senior Independent Director's role to provide an important channel through which shareholders can engage with the Company on occasions when alternatives to the normal channels through the Chairman and Chief Executive Officer are necessary. The Company's major shareholders are reminded that the Senior Independent Director is willing to meet with them if they wish. The Board also recognises the role played by the Senior Independent Director in providing counsel and feedback to the Chairman.

There is a clear division of authority and responsibility through the separation of the roles of the Chairman and the Chief Executive Officer.

Following a review undertaken by the Board in 2018 of its responsibilities, together with those of its Committees, its Chairman, the Chief Executive Officer and Senior Independent Director, revised statements of responsibilities, which have been effective as of 1 January 2019, are available on the Company's website.

Directors of the Company and its subsidiaries have the benefit of a Directors' and officers' liability insurance policy.

BOARD AND COMMITTEE PROCEEDINGS

The Board acknowledges that it is collectively responsible for the success of the Company by providing entrepreneurial leadership, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place, and reviewing management performance.

A number of committees carry out detailed independent oversight on behalf of the Board in relation to the audit of the Company, health and safety issues, the remuneration of Directors, appointments to the Board and the risks facing the Group. In 2016, the Board created a Disclosure Committee, to assist with Market Abuse Regulations compliance.

In order to discharge these responsibilities, the Board and its committees meet on a regular basis throughout the year. In order to review and manage the impact of COVID-19 pandemic on the business, there was a considerable increase in the number of meetings which took place, compared to the previous year and formal meetings were also supplemented by regular informal COVID-19 Board update calls on at least a fortnightly basis from April 2020 onwards.

Corporate Governance Report (continued)

DIVISION OF RESPONSIBILITIES
(CONTINUED)

In 2020, the Board held 17 formal meetings. Full details of the Board and Committee attendance are shown in the table below:

	S Good		R Helbing		J Callaway ³		R Cummings ⁴		J Burks ²		L Jackson ²		J Lodge ¹		M Swift ⁵		P Withers ⁵	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Board - 17 meetings	17	100	17	100	15	100	2	100	10	100	10	100	6	100	16	94	16	94
Audit Committee - 4 meetings	-	-	-	-	-	-	-	-	3	100	3	100	1	100	4	100	4	100
Executive Directors' Remuneration Committee - 8 meetings	8	100	-	-	-	-	-	-	5	100	5	100	3	100	8	100	8	100
Non-Executive Directors' Remuneration Committee - 2 meetings	-	-	2	100	1	100	1	100	-	-	-	-	-	-	-	-	-	-
Nomination Committee - 8 meetings	8	100	-	-	-	-	-	-	6	100	6	100	2	100	8	100	7	88
Health and Safety Committee - 4 meetings	-	-	4	100	-	-	-	-	-	-	-	-	-	-	4	100	4	100
Risk Committee - 6 meetings	-	-	6	100	5	100	1	100	-	-	-	-	-	-	-	-	-	-

1. Ms J Lodge stepped down from the Board on 30 April 2020.

2. Mr J Burks and Mrs L Jackson joined the Board on 1 May 2020.

3. Ms J Callaway stepped down from the Board on 30 November 2020.

4. Mr R Cummings joined the Board on 1 December 2020.

5. Mr M Swift was unable to join one Board meeting during the year and Dr P Withers was unable to attend one Board meeting and one Nomination Committee meeting during the year. The meetings in question were arranged at short notice in response to the pandemic and both Directors ensured that their views on the business of the meetings were communicated notwithstanding their absences.

Board papers are generally circulated one week before the meetings. A comprehensive monthly Board Report including management accounts, in an agreed format, is also sent to Directors in a timely manner.

The Audit, Remuneration, Nomination, Health and Safety and Risk Committees, all appropriately resourced, met a total of 32 times during the year.

The Chairman and the other Non-Executive Directors met informally during the year via video calls, in the absence of the majority of face-to-face meetings due to the global pandemic, providing an opportunity to review the business without the Executive Directors being present and to scrutinise the performance of management against agreed objectives.

The Board has adopted a formal schedule of matters specifically reserved to it including:

- the setting of corporate strategy;
- approval of the annual budget;
- major decisions on capital expenditure; and other high-value contracts.

COMPOSITION, SUCCESSION & EVALUATION

The report from the Nomination Committee describing its work in 2020 is set out below.

In line with the Code, each Director wishing to remain a Director is subject to election or re-election by shareholders at each AGM. All current Directors will stand for election at the 2021 AGM, including Mr J Burks, Mr R Cummings, Mrs L Jackson and Mrs C Cayuela who will stand for election for the first time as Directors of the Company. As previously mentioned, the Directors biographies set out on pages 64 and 65 describe the particular skills and experience that each brings to the Board and explains why the contribution of those standing for election is, and continues to be, important to the Company's long-term sustainable success. We have sought in particular to appoint Non-Executive Directors with food industry expertise and, as at the date of this Report, three Non-Executive Directors hold senior executive positions in global food and ingredients companies. All the Directors, with the exception of Mr R Cummings and Mrs C Cayuela who joined the Company respectively on 1 December 2020 and 1 January 2021, have had their performance reviewed in 2020, as described below, and the Chairman is satisfied that each continues to be effective and to demonstrate commitment to the role.

REPORT FROM THE NOMINATION COMMITTEE

The members of the Committee during the year were Mr S Good (Chairman), Ms J Lodge, until she retired from the Board on 30 April 2020, Mr J Burks and Mrs L Jackson, both of whom were appointed as Committee members when they joined the Board on 1 May 2020, Mr M Swift and Dr P Withers. The Company Secretary acts as Secretary to the Committee. In 2020, the Committee met formally on eight occasions.

The Committee oversaw activities to complete the renewal of the composition of the Board in the course of 2020, in anticipation of the retirement from the Board of two of its Non-Executive Directors. The Company's commitment to promote diversity in its broadest sense was one of the factors which informed the recruitment process and, specifically, candidates with relevant skills and experiences to support the Company's growth strategy were prioritised over those with traditional listed company experience. For all appointments, the Committee considers and reports to the Board for its review the other demands on candidates' time. Korn Ferry was retained to advise on and coordinate a search for external candidates with the best skills and experience to promote the Company's long-term sustainable success. Korn Ferry also provides other human capital related services and it acts as an independent adviser to the Company's Executive Directors' Remuneration Committee.

The Committee also oversaw the recruitment of a new Chief Financial Officer, following the incumbent's decision to resign her position in order to take up a role at another company. External search consultancy, Russell Reynolds was retained to coordinate the search and an orderly transition was achieved on the appointment of the new Chief Financial Officer with

effect from 1 December 2020 (which also made it possible to release his predecessor to take up her new role at the same time, prior to the expiry of her contractual notice period).

In 2020 the Company's approach to talent management and succession planning was reviewed by the Board (including all of the members of the Nomination Committee). Principles underlying the approach including its alignment with business strategy, and the promotion of greater diversity to support team and business performance improvements were reasserted, while the development of a talent management framework to support the approach was endorsed.

DIVERSITY IN PRACTICE

The Nomination Committee continues its commitment to promote diversity in its broadest sense, particularly regarding new appointments and succession planning. Devro recognises the value of diversity across its management teams and employee base in general, and we see progress at various levels. In our business teams around the globe, we now see an encouraging mix.

While recognising that treating people in a fair and inclusive manner is embedded in our 'People' and 'Business Conduct' statements, (which are displayed prominently at all sites and available on the Company's website) the Nomination Committee resolved to oversee the development of a more detailed policy on diversity and inclusion in the course of 2020, aimed at codifying objectives to ensure that the Company maximises its opportunity to recruit and retain employees from the widest talent pool. The Committee endorsed a new Equality, Diversity and Inclusion policy towards the end of 2020, which prioritises a global mindset, diverse talent base, social mobility, inclusive leadership and equal opportunities, regardless of social identity and the Group HR Director undertook to oversee the development of processes and practical measures to support the commitments recorded in the policy.

The gender balance of those in senior management and their direct reports as at 31 December 2020 is included in the Responsible Business Report at page 53. Included in its actions to promote greater balance at senior management levels, the Company has renewed its commitment to ensure shortlists for future vacancies include a diverse pool of candidates.

BOARD EVALUATION

The Board evaluation was conducted in the Autumn and the first stage took the form of an online survey which each Director was invited to complete. In contrast to previous year's evaluations, the survey was designed to elicit narrative responses to a shorter list of questions, the content of which encompassed the Principles and Provisions articulated in the Code. Responses were summarised (and anonymised) by the Company Secretary prior to circulation to the Board to inform discussions between the Chairman and Directors individually and then between the Non-Executive Directors collectively, prior to a review by the entire Board at its meeting in December.

Corporate Governance Report (continued)

COMPOSITION, SUCCESSION & EVALUATION (CONTINUED)

The Board reiterated as its main priority, actions to support the Company's ambitions for sustainable growth both in the short-term (through greater and more visible focus by the Board and Executive Management on delivery), and in the longer-term (through the development of strategy aligned with the renewal of the articulation of the Company's purpose).

AUDIT, RISK AND INTERNAL CONTROL

How the Company applied the principles and corresponding provisions of the Code on audit, risk and internal control is set out in the Report of the Audit Committee on pages 74 to 76, the Report of the Risk Committee on page 73 and the Principal Risks and Uncertainties set out on pages 36 to 41.

INTERNAL CONTROL

The Board of Directors, being ultimately responsible for the Group's system of internal control, has established an internal financial control structure which is designed to provide the Board with reasonable, but not absolute, assurance that it can rely on the accuracy and reliability of the financial records. The structure, which is based on an assessment of material financial risks, can be described under the following headings:

FINANCIAL REPORTING

The Board approves each year an annual financial plan. This is underpinned by a 36-month rolling plan maintained through Integrated Business Planning processes, from which regular forecasts and monthly reports are generated and reviewed by the Board. The Company reports formally to shareholders twice a year, with at least two additional trading updates.

OPERATING CONTROLS

Financial and operational policies and procedures are set out in formal procedures manuals. Business directors and senior financial staff are responsible for ensuring that all relevant staff are familiar with their content and application.

TREASURY

Formal written treasury procedures are in operation, covering banking arrangements, hedging instruments, investment of cash balances and borrowing procedures. Individual staff responsibilities and levels of delegated authority in relation to treasury matters are defined.

INTERNAL AUDIT

The Company has an internal audit function, which has a reporting line to the Chair of the Audit Committee and also direct access to the Chairman of the Board. The Audit Committee receives reports from this function at each Committee meeting.

CAPITAL INVESTMENT APPRAISAL

The Company has clearly defined guidelines for the approval and review of capital expenditure projects, which include annual budgets and designated levels of authority.

INTEGRITY OF PERSONNEL

The Company has a policy on business conduct which sets out specific requirements for all staff to meet the Company's standards of conduct and integrity in their business dealings. The Board has reviewed the effectiveness of the system of internal control and considers that the Group has an established system of internal control which the Directors believe to be appropriate to the business.

FINANCIAL REPORTING

The Board acknowledges its responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects. The Annual Report contains a Strategic Report on pages 1 to 62, including a Chairman's Statement, Business Review and Financial Review. The Board believes that this additional narrative sets the accounts in context and promotes a better understanding of the current status of the business and its outlook.

To ensure consistency of reporting, the Group has an established consolidation process as well as formal financial and operational procedures manuals. Management monitors the publication of new reporting standards and works closely with the statutory auditors in evaluating the impact of these standards.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 62, along with the financial position of the Group, its debt levels and borrowing facilities.

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of this Statement. For this reason, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Key factors to support the going concern basis of accounting include the following:

- As at 31 December 2020 the Group was operating within the £105 million (2019: £105 million) revolving bank facility negotiated in 2018 and due to expire in 2023, and the US\$100 million US private placement, completed in June 2014 and due to expire between 2021 and 2026, and related key covenants.
- Forecasts of profits and cash flow have been prepared which indicate that the Group is expected to operate within its key covenants and funding facilities for at least 12 months from the date of approval of the Financial Statements.

REMUNERATION

How the Company applied the principles in the Code on remuneration and addressed the corresponding provisions is set out in the Directors' Remuneration Report on pages 77 to 96.

REPORT FROM THE HEALTH AND SAFETY COMMITTEE

This Committee was formed in 2009, reflecting the priority ascribed by Board to health and safety matters.

The members of the Committee during the year were Mr M Swift, who chaired the Committee, Mr R Helbing, Dr P Withers, the Company's Global Health and Safety Manager, until she left the business on 31 July 2020, and Mr K Shoemaker, Group Supply Chain Director.

The Committee has written terms of reference which can be found on the Company's website.

The Committee convened four times in 2020.

The safety performance of the Group is reviewed at each meeting, as are reports on each of the main pillars of the Company's approach to safety: clear and comprehensive governance, accountability and behavioural safety. The Committee receives and reviews reports on all serious safety incidents and in 2020, it also monitored closely the Company's response to the impact of the COVID-19 pandemic on the business.

REPORT FROM THE RISK COMMITTEE

An ongoing process is in place to identify, evaluate and manage the significant risks the Group faces and to identify emerging risks, which accords with the FRC's 2018 guidance and the Code. A Risk Committee was formed in 2010, consisting of the members of the EMT together with the Company Secretary. Its responsibilities encompass the assessment and monitoring of risk across the Group and the review of the Group's processes for evaluating it.

Following a report commissioned by the Committee in 2019, it has operated in 2020 under a revised remit and a new risk management policy. In particular, this revised risk management framework links individual risks explicitly to elements of the Company's strategy; and it aligns the responsibility for managing both risk and strategy. In 2020 the Committee has overseen the mirroring of its own revised operation, in structures to manage risk by each of the Company's functional teams, which facilitates the escalation of emerging risks more easily. Key elements of the Committee's remit are:

- **Assess and monitor**
To assess and monitor risk across the Group and to recommend mitigating strategies in respect of the key risks;
- **Risk Register review**
To review and update the Risk Register at least twice a year;
- **Process review**
To review the Group process for evaluating risk; ensuring that any major decisions affecting the Group risk profile are understood; any areas of concern are reported immediately; function risk registers are reviewed; that the outcomes of EMT monitoring of risks to the delivery of strategic projects are also considered; and business continuity/disaster recovery plans are reviewed at least annually.
- **'Bottom up' review**
To coordinate an annual 'bottom up' review of risk across the Group, culminating in formal reports to the Audit Committee and the Board in the fourth quarter of each year.

The Board considered the work done by the Committee and the processes used to identify and manage risk and concluded that the approach taken remained proportionate and appropriate. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The principal risks identified as part of the Group risk assessment process, and how they are managed or mitigated, are summarised on pages 36 to 41.

SHARE CAPITAL

The disclosures regarding the Company's share capital structure (required by paragraph 13(2)(c), (d), (f), (h) and (i) of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('SI 2008/410')) are included in the share capital section of the Directors' Report on page 97 of this report.

STATEMENT ON COMPLIANCE

This statement, together with the Directors' Remuneration Report set out on pages 77 to 96, and the Audit Committee Report on pages 74 to 76, describes how, in respect of the year ended 31 December 2020, the Company has applied the provisions of corporate governance as set out in the Code. The Company has complied with all the Code's provisions throughout the period in question with two exceptions:

Provision 33: The Board delegates authority to review and set the remuneration of the Chairman (and of Non-Executive Directors) to its Non-Executive Directors' Remuneration Committee, comprising the Executive Directors instead of the Executive Directors' Remuneration Committee. It does this to ensure that no Director is involved in setting his or her own remuneration, reflecting Principle Q of the Code and avoiding any potential conflict of interest.

Provision 38: The CEO receives a pension contribution of 10% of base salary which is above the 6% contribution available to the majority of the UK workforce. This arrangement pre-dates the introduction of the Code and, whilst not currently in compliance with Provision 38 of the Code, the contribution to the CEO's pension aligns with the average contribution available to the UK workforce on the introduction of the Code. We committed in our policy on Directors' remuneration, approved by shareholders in 2020, to align the Company's contribution to the pension in respect of new Executive Directors with that which is available to the majority of the workforce at the time of the appointment in their country of appointment and this approach has been applied on the appointment in December 2020 of our new CFO. Our Executive Remuneration Committee continues to keep under review both the pension provision at the Company and market practice in terms of alignment of incumbent Directors to workforce pensions.

STEVE GOOD

CHAIRMAN

1 March 2021