

Devro (Scotland) Limited (the “Company”)

S172 Statement

As Directors of the Company we continue to be mindful of our statutory duty to promote the success of the Company for the benefit of the members as a whole, and in doing so having regard (amongst other matters) to those factors set out section 172(1)(a)-(f) of the Companies Act 2006 (set out below). Collectively the Board recognises how having regard to these and other relevant factors and stakeholder groups in their decision-making contributes to the success of the Company. Depending on the matter in question, the relevance of different stakeholder interests and other factors will inevitably vary, and the Board may have to make difficult decisions based on competing priorities which means that it may not always be possible to provide a favourable outcome for all stakeholders.

On appointment to the Board, the Directors are briefed on the Directors’ statutory duties and Directors are also provided with various opportunities to meet key stakeholders. The Directors are in close contact with the Scottish Senior Management Team allowing good communication and feedback at a local level.

In particular, the Company’s response in 2020 to the impact of the COVID-19 pandemic on its business illustrates how regard has been had to sometimes competing section 172 factors, more information about which is set out below.

The Company’s key stakeholders are our employees, customers (including our distributors) and suppliers. The Company has in place the following framework to ensure Directors have regard to our key stakeholders and those other matters referenced in section 172(1) in their decision making:

The likely consequences of any decision in the long-term

The long-term strategy of the Company is monitored to ensure this aligns with the vision of the Group as a whole. Reviews undertaken encompass not only the current phase of development, but also future areas of growth and how the Company can have a positive influence here. Input is regularly taken from specialists within the business, when necessary, external advisers and also Group, about what issues might frame the commercial environment in which the Company will operate in future. The resulting assessment of future development helps inform the Board’s decision-making and the balance between short-term and long-term measures and actions.

The interests of the Company’s employees

The interests of the Company’s workforce was at the forefront of the Boards considerations in 2020 and in particular, the impact on the business of the COVID-19 pandemic. The Board has been informed about and reviewed activities to keep employees and the Company’s sites safe during these unprecedented times during the ordinary course of business. Results from employee pulse surveys and other regular communications by the Global HR team have also been shared and reviewed by the Board.

The need to foster the Company’s business relationships with suppliers, customers and others

Winning with the Winning Customers is a key element of the Group’s 3Cs strategy – see page 11 of the Group’s 2020 annual report which does not form part of this report – and the Company’s commercial structure has continued to evolve in 2020 to facilitate greater scope for customer intimacy. In particular, a mechanism to formalise the collation and analysis of regular feedback from customers has been implemented and additional resources have been assigned to the development of customer relationships. The global commercial director, has also helped the Group overall, including the Board at Devro (Scotland) Limited, to engage with customers (and

distributors) and share insights gained from such engagements. In the Autumn 2020, the global commercial director presented findings of a one-to-one survey of key customers on the impact of COVID-19. The findings have informed our continued engagement with customers, in particular how we can adapt to provide our expertise to them, notwithstanding COVID-19 access restrictions, in order to facilitate manufacturing efficiencies.

Devro Scotland Limited continues to cultivate its relationships with its supplier base and local procurement teams work closely with the global procurement function which ensures the 'supplier voice' is regularly heard. The output in 2020 of an on-going review of supplier policies continues to bring greater clarity to the commitments of both the Company and its suppliers. Regard was made in 2020 to the interests of suppliers of the Company's key raw material, cattle hide splits, through the establishment of a dedicated Company team to engage more closely with such suppliers in order to navigate COVID-19 obstacles faced by the Company and suppliers alike.

The impact of the Company's operations on the community and the environment

Devro Scotland Limited continues to pursue programmes to reduce the impact of its operations on the environment, measuring and reporting its performance against the global targets set by Devro Group. One of the main initiatives undertaken by the business in recent years was the installation of the Combined Heat and Power system at the Moodiesburn site.

The desirability of the Company maintaining a reputation for high standards of business conduct

Devro Scotland Limited follows the Group's global statement on business conduct which is reviewed by the Group's Board on annual basis. An updated global policy on business conduct was approved in 2020, having regard to both external developments and the updating of internal structures since the policy was last renewed. The Board of Devro Scotland Limited monitor the Group's policies through the ordinary course of business to ensure the policies are being adhered to. The reporting of concerns raised through the Company's third party hosted EthicsPoint service also provides further insight into business conduct issues affecting the business.

The need to act fairly between members of the Company

As outlined on page 142 of the Group's 2020 annual report, Devro Scotland Limited is 100% owned and controlled by Devro plc.

The Board will continue to keep engagement methods under review to ensure they remain effective.