

# Honesty and integrity

We take our responsibility to the environment, people and communities seriously and have developed a set of targets and continually developing plans to deliver for each of these.

At Devro, sustainability is integral to us and is part of our DNA. We act with honesty and integrity in everything we do. Conducting our business fairly and ethically throughout the world is at the heart of our strategy. We pride ourselves on our respect for the planet, our people and the communities we deal with. We manufacture across a global platform and we operate with care and commitment to our workforce's wellbeing and with that of our local communities in all our regions. We are dedicated to the health and safety of our employees, which is fundamental to how we operate. We are continually reducing our environmental impact to benefit our business, communities, and future generations. As one of the world's leading

suppliers of edible collagen casings for food, we develop trusted and innovative products for our customers. Our primary product utilises a waste product from animal protein production, enhances production efficiency, reduces waste and provides cost saving benefits to our customers.

#### **Progress in 2021**

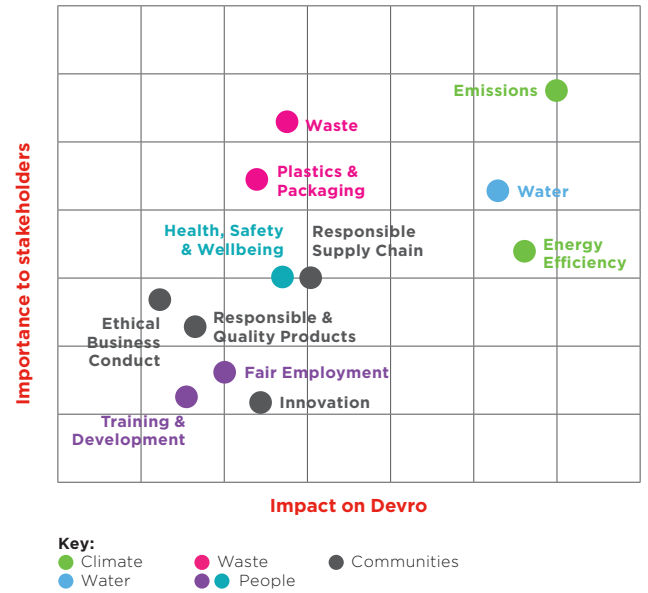
This year we have developed our sustainability framework even further, accelerating our sustainability performance, enhancing our ESG disclosure, making improvements to the governance and structure of sustainability and taking the first steps towards a net-zero ambition. Our key achievements in 2021 include:

- New graduated targets for each of our priority sustainability areas
- Established a strong governance structure to coordinate our sustainability strategy
- Conducted a materiality assessment, identifying six clear priority areas
- Defined our Purpose and Values, which are our guiding star
- Submitted our inaugural CDP Climate Change response, achieving a C rating
- Implemented the recommendations of the TCFD
- Commenced our lifecycle analysis process, which will identify carbon hotspots in our value chain

**Our sustainability framework**  
**Double materiality assessment**

We aim to address issues which matter most to our Company, from a financial and business purpose perspective, and which impact society and our stakeholders. During 2021 we conducted a double materiality assessment to inform our sustainability strategy, approach, and reporting.

During this process, we considered issues of internal importance as well as incorporating external trends shaping our business, referencing them to industry reporting standards and peers. Material issues were identified with reference to the relevant UN SDGs for our business as well as multiple other sources including rating agencies, investors and government views and industry considerations. The views of a range of internal and external stakeholders (employees, shareholders, industry groups and NGOs) were incorporated into the analysis. The resulting matrix enables us to understand and prioritise the issues that matter most to us and our stakeholders. These findings will enable us to focus on areas that will improve our impact on the wider world whilst allowing our business to prosper.



We used the results of the materiality assessment to identify our broad focus areas which are:

**Climate**

7 AFFORDABLE AND CLEAN ENERGY  
 13 CLIMATE ACTION

**Focus area**  
 We continue to optimise our sites for energy efficiency and lower emissions and implement low-carbon solutions where possible.

**Water**

6 CLEAN WATER AND SANITATION  
 14 LIFE BELOW WATER  
 13 CLIMATE ACTION

**Focus area**  
 We focus on reducing our freshwater use, clean up of used water and reduce any negative impact of water discharge.

**Waste**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

**Focus area**  
 We take great steps to reduce and recycle our waste where possible and minimise our waste to landfill.

**People**

8 DECENT WORK AND ECONOMIC GROWTH  
 10 REDUCED INEQUALITIES  
 3 GOOD HEALTH AND WELL-BEING  
 4 QUALITY EDUCATION

**Focus area**  
 We look after the interests of the people who work for us, both internally and in our supply chain. We focus on the safety of all our employees and engage with them with respect that capitalises on our cultural differences. We support employee training and professional development, promote diversity, operate with respect for human rights and ensure equal opportunities throughout our business. We strive to make Devro a safe and fulfilling place to work. Our aspiration remains to become a Zero Accident Community.

**Communities**

4 QUALITY EDUCATION

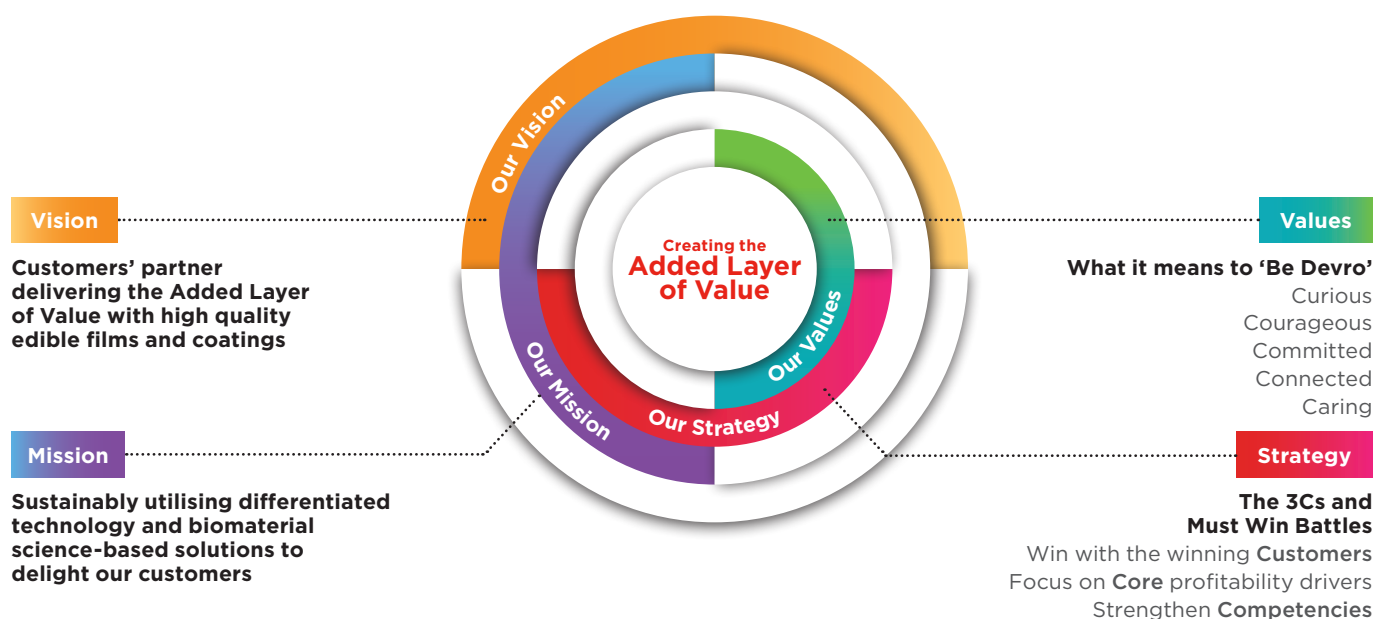
**Focus area**  
 Our operations contribute to the communities in which we are located both economically and, being a key employer in most of those locations, socially as well. We aim to be a well-respected organisation within our communities, supporting and encouraging the employment of local people into our businesses and engaging with the wider community where possible in educational and cultural activities.

Our sustainability framework is aligned with recognised standards and reference our performance to UN SDGs, which we have also used as the basis to improve understanding of the scope of sustainability across the Group.

## Purpose and Values

During 2021, we launched our Purpose and Values. They provide a guiding star and direction for our business which augments our strategy.

## Together Responsibly Better



### Case study

## Connecting our leaders with the Purpose and Values

As a globally dispersed organisation, we recognise the key role our leaders play in bringing the Purpose and Values to life in their respective regions and functions. To connect 90 leaders to the Purpose and Values and act as a catalyst for change, we ran a series of two-part workshops, working from the principle that those closest to the work are best placed to make changes. This was the first time Devro has brought leaders together in a virtual environment, and it allowed us to mix teams from our regions and functions to build greater connections. Without the need to fly everyone to a central location, we were able to involve a broader group than we've ever done before.

**Leading with Purpose and Values** created the space for the EMT to share their vision for the culture, to allow leaders to reflect on what the Values personally meant to them, and decide on experiments they'd like to try. Individual accountability was emphasised, giving leaders the freedom to try out what they felt would make a difference.

**Learning from Experiments** took place three months later and focused on discovering what we could learn from the experiments. EMT members heard first-hand about successes and challenges and considered the requests made of them as a group. The sheer volume of experiments tried, and requests made, is testament to the energy generated, with the next couple of years focused on embedding the new Values into the way we work.

## Sustainability targets

Climate, water and waste metrics:			
Vs 2020 baseline	2025 Intermediate	2030 Stretch	2050 Aspiration
<b>Carbon footprint</b> Scope 1 and 2 renewable electricity	-25% relative (per km) 50%	-25% net 75%	Zero carbon 100%
<b>Water usage</b>	-20% relative (per km)	-20% net	-50% net
<b>Waste reduction</b> Packaging removal	-30% product waste	Zero product waste	Zero waste to landfill 40%

### People and communities:

<b>Wellbeing</b>	An employer who proactively supports the overall health of our employees (including leading safety metrics).
<b>Culture</b>	A great place to work (with top quartile engagement scores).
<b>Communities</b>	Recognised in our local communities for our contribution and as an employer of choice.

### A NET-ZERO COMPANY BY 2050

## We have set new, meaningful and ambitious targets to accompany our sustainability framework and support each of our focus areas.

In alignment with the Paris Agreement goal to limit global warming to well below 2, preferably to 1.5 degrees C, compared to pre-industrial levels, we have set the goal of being a net-zero Company by 2050. By net-zero, we mean reducing our Scope 1, 2, and 3 emissions to zero, or to a residual level where any residual emissions are neutralised through the permanent removal and storage of an equivalent amount of carbon from the atmosphere. Our interim targets cover Scope 1 and 2 only and are a 25% reduction (vs 2020) by 2025 on an intensity basis and a 25% reduction on an absolute basis by 2030. In addition, to support our Climate, Water and Waste Purpose areas, by 2050 or sooner we aim to move to 100% renewable energy, send zero waste to landfill and halve our water usage. Our social targets outline how we intend to support, protect and connect with our People and Communities. We have made good progress over the last decade against these metrics but we recognise that we have significantly further to go and will do so, guided by our incremental targets as outlined.

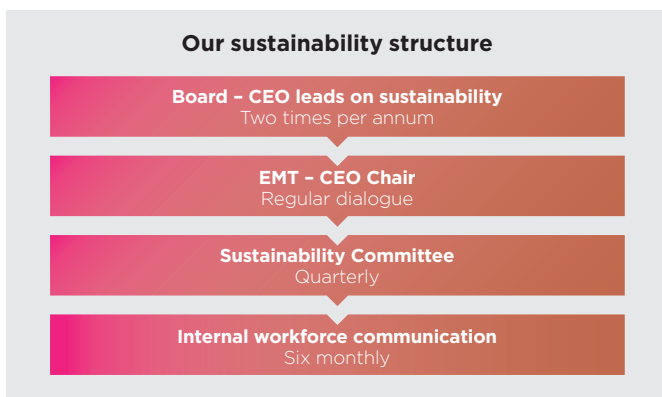
The safety and wellbeing of our people remains our top priority. We commit to continual improvement of our health and safety performance, constantly pursuing our aspiration to be a Zero Accident Community. Our health and safety targets allow us to monitor our progress towards zero harm. We aim to reduce our Total Recordable Injury frequency to 0.94 by 2025 (including contractors), while encouraging a diligent reporting culture by targeting an increase in our near miss per employee rate to 1 by 2025.

A highly engaged business performs better, therefore it is our priority to connect with all our people and ensure their voices are heard. Our annual employee engagement survey continues to be a key tool in facilitating feedback and input from our people. Understanding our employees' priorities helps shape the future of our business. We aim to maintain a high level of engagement and continue to provide a rewarding environment for our people. Our target looking forward is to achieve an engagement score within the world top quartile benchmark.

Our Group operations are seen as part of the community in which they are located. We strive to be an employer of choice for our communities and encourage local employment into our businesses.

Our people related targets will be further refined and we commit to updating our stakeholders on this. Additional information about our sustainability targets can be found on our website at <https://www.devro.com/sustainability>.

## Sustainability governance structure



To align our practices even more closely to our strategic business goals we have developed Board and management structures that provide oversight of the sustainability framework and embed sustainable objectives within our corporate strategy and capital allocation management process. Rutger Helbing, our CEO, is responsible for our sustainability strategy, accompanied by oversight from the Board. Sustainability is regularly discussed at Board meetings and the Board approves key sustainability issues; for example our new set of targets and the annual approval of our core priorities.

Our Board and CEO maintain regular dialogue with the EMT on sustainability to update on progress to targets, achievements and barriers to be resolved. Our Sustainability Committee supports the EMT on delivery of the sustainability strategy and performance of the business. The Committee has responsibility for sustainability programmes and projects so it can identify any barriers or opportunities to adjust the approach, seek additional resource and ensure we have what will be needed for reporting requirements. It is a cross-functional team consisting of senior managers responsible for our core functions plus global representation, which currently meets monthly (we expect this to move to quarterly).

Each Committee member has a key role in delivering our sustainability commitments across the business within their scope of sustainability responsibility and a role as champion for sustainability within their function and across the business. We appointed a full time Group Sustainability Manager in 2021 and undertook an extensive internal Sustainability Roadshow in H2 2021 to engage all our manufacturing site leadership teams to outline our targets and uncover the levers to achieve our goals. This has also encouraged the sharing of best-practice across the Group.

Biannual internal workforce communication on Devro's key sustainability focus areas ensures awareness and engagement with these issues throughout all levels of our business, embedding our Purpose.

### CDP

In 2021 we submitted our inaugural CDP Climate Change response to formalise our approach to emissions reporting. We are pleased to have received a C rating on our first submission and will continue to develop and monitor our progress over the coming years. We aim to continue to improve our disclosure in this critical and prioritised area.

### TCFD

This year we have prepared our inaugural report in line with the recommendations of the TCFD, which ensures we are raising the profile of our climate-related risk management and strategy, see page 44.

### Our 2022 intentions

- Develop our life cycle analysis to enhance our understanding of carbon in our value chain
- Prepare for our Scope 3 carbon footprint analysis
- Develop our Net Zero Action Plan and submit our targets to Science Based Targets Initiative (SBTi)
- Further ESG data and disclosure enhancements (e.g., reporting to SASB requirements)

## Our environmental impact

At Devro, we have a long history of managing our environmental impact with a focus on energy efficiency and reduction in carbon emissions, waste, and water use, which have been inherent to the DNA of our Group. Our demanding 2015-20 five-year environmental targets were largely met with capital investment focused on our manufacturing process, water recycling and waste reduction aimed at separation to reduce waste to landfill, which also delivered cost savings. During 2021 the Board approved our net-zero 2050 target and our intermediate (2025 and 2030) environmental targets as communicated in H2 2021.

### Managing environmental performance

Our individual business units track performance of their environmental impacts aligned to our Group-level targets, but also with awareness to specific country or regional legislation. The main vehicles for compliance and improvement across sites are our environmental management systems. Five of our seven collagen production sites are certified to the ISO 14001 standard.

We manage environmental issues through a network of specialists operating within our business units. Active global cooperation between our sites ensures that country-specific solutions become adopted across business units where a common solution is practical. Our Sustainability 2021 performance review across all sites drew out instances of 'positive' performance which could be shared but also set a sustainability roadmap for each site to take into account their respective differences. During 2021, we also initiated environmental (heat and electricity) baseline assessments of all sites, with three manufacturing plants completed by year-end. In 2021 we submitted our environmental performance data to the CDP (formerly Carbon Disclosure Project) for the first time.

## Climate

Target:		
2025	2030	2050
-25% relative*	-25% absolute*	Net-zero

\* Scope 1 & 2 emissions

### Energy and greenhouse gas emissions

We aim to minimise our impact on climate change by reducing our energy intensity and carbon emissions. The main contributor to CO<sub>2</sub> emissions is site energy use in the heat and electricity used in our manufacturing processes. Emissions associated with the generation of heat, or co-generation, account for around two-thirds of Group emissions. We monitor and maintain our equipment and processes to reduce the impact of CO<sub>2</sub> emissions and major capital projects incorporate the best available technologies at the design stage to minimise emissions and energy usage per kilometre of product. For planning purposes, we use an internal carbon price of £50/t CO<sub>2</sub>e.

Our targets do not assume any significant step-change in technology. We aim to achieve our interim 2025 target via efficiency improvements, such as modular solar investments and purchase of renewably sourced electricity via power purchase agreements. Some opportunities to achieve this have been identified, such as site-specific LED and solar PV projects expected to be approved in H1 2022; a 1020kW solar PV project in Nantong has been approved. For 2030, we will focus on improving our efficiency, reducing our energy demand, further renewable procurement, and the decarbonisation of our heat requirements.

We conducted a thorough investigation into our understanding of our energy generation processes and Scope 1 and Scope 2 emissions during 2021 whilst setting our new environmental targets and FY20 base year. This has resulted in a minor revision to our previously reported emissions and energy use figures. The inclusion of some previously omitted activities into our calculation was more than offset by the positive adjustment related to the update of certain emissions factors used in the calculation of our Scope 2 emissions. We have reset our base year for our Scope 1 and 2 emissions reporting to 2020, given that this is now the base year for our new set of Group environmental targets. Our emissions data covers 100% of operations. Emissions for our business are calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with reference to the additional guidance provided in the GHG Protocol: Scope 2 Guidance (amendment to GHG Protocol).

In 2021, our CO<sub>2</sub> emissions decreased by 4% y/y on an absolute basis and 6% y/y on an intensity basis, per million metres of casing produced. Our emissions intensity to £'m revenue decreased by 6% y/y.

In 2021, our energy consumption decreased by 2% y/y on an absolute basis and by 5% y/y on an intensity basis, per million metres of casing produced. The trend in our energy consumption data has generally followed our emissions data as our greenhouse gas emissions are mainly due to the use of energy in our sites and centre on heat and electricity for our manufacturing processes. This relationship will decrease as we move towards our net-zero target and increase our share of renewable energy. We have begun a life cycle analysis to better understand our potential Scope 3 exposure and relevance.

Emissions (tCO <sub>2</sub> e)	FY21			FY20			FY19		
	UK	Global (excl UK)	Group total	UK	Global (excl UK)	Group total	UK	Global (excl UK)	Group total
<b>GHG emissions (tCO<sub>2</sub>e)</b>									
<b>Total scope 1</b>	<b>15,249</b>	<b>53,736</b>	<b>68,985</b>	19,130	50,657	69,787	23,156	59,953	83,109
<b>Total scope 2 - location based</b>	<b>293</b>	<b>34,845</b>	<b>35,138</b>	1,647	37,060	38,707	3,169	41,133	44,302
<b>Total scope 1, 2</b>	<b>15,542</b>	<b>88,581</b>	<b>104,123</b>	20,777	87,717	108,494	26,325	101,086	127,411
Emissions intensity ratio per km production relative to 2020 (2020 base = 100)			<b>94</b>			100			
GHG emissions intensity ratio (per Group turnover) £'m			<b>412.5</b>			437.5			509.6

## Responsible Business continued

The reduction in Scope 1 emissions and gas use in the UK in 2021 is in large part due to a full year's impact of the closure of Bellshill site being reflected. This has also resulted in a reduction in the electrical load purchased in Scotland, which is evident in a reduction of our overall purchase of renewable energy for the Group. Our new 100kW solar PV generation in Bathurst went live in February 2021 and generated 110,446 kWh over the year which has helped contribute to lower Scope 2 emissions. The PV array in Nantong which has received approval will be around 10 times larger than this and further solar PVs are being investigated.

Energy (kWh)	FY21			FY20			FY19		
	UK	Global (excl UK)	Group total	UK	Global (excl UK)	Group total	UK	Global (excl UK)	Group total
<b>Energy consumption</b>									
<b>Total renewable fuels consumption</b>	0	0	0	0	0	0	0	0	0
Diesel	0	2,340,744	2,340,744	0	1,570,736	1,570,736	0	2,480,651	2,480,651
Gas	83,058,028	209,611,734	292,669,762	104,191,275	194,620,720	298,811,995	126,120,862	205,870,581	331,991,443
<b>Total non-renewable fuels consumption</b>	83,058,028	211,952,478	295,010,506	104,191,275	196,191,456	300,382,731	126,120,862	208,351,232	334,472,094
<b>Purchased electricity renewable</b>	1,378,935	0	1,378,935	7,112,763	0	7,112,763	12,446,633	0	12,446,633
<b>Self-generated renewable electricity (all solar)</b>	0	110,446	110,446	0	0	0	0	0	0
<b>Total renewable electricity consumption</b>	1,378,935	110,446	1,489,381	7,112,763	0	7,112,763	12,446,633	0	12,446,633
<b>Purchased electricity non-renewable</b>	0	79,140,743	79,140,743	0	78,370,541	78,370,541	0	83,911,443	83,911,443
<b>Total purchased electricity</b>	1,378,935	79,140,743	80,519,678	7,112,763	78,370,541	85,483,304	12,446,633	83,911,443	96,358,076
% renewable from total electricity	100.0%	0.1%	1.8%	100.0%	0.0%	8.3%	100.0%	0.0%	12.9%
% grid electricity from total electricity	100.0%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Total electricity consumed</b>	1,378,935	79,251,189	80,630,124	7,112,763	78,370,541	85,483,304	12,446,633	83,911,443	96,358,076
<b>Total renewable other energy consumption</b>	0	0	0	0	0	0	0	0	0
<b>Total non-renewable other energy consumption (steam)</b>	0	35,144,644	35,144,644	0	35,005,782	35,005,782	0	35,923,630	35,923,630
<b>Total other energy consumption</b>	0	35,144,644	35,144,644	0	35,005,782	35,005,782	0	35,923,630	35,923,630
<b>Total renewable energy consumption*</b>	1,378,935	110,446	1,489,381	7,112,763	0	7,112,763	12,446,633	0	12,446,633
<b>Total non-renewable energy consumption</b>	83,058,028	326,237,865	409,295,893	104,191,275	309,567,779	413,759,054	126,120,862	328,186,305	454,307,167
<b>Total energy consumption</b>	84,436,963	326,348,311	410,785,274	111,304,038	309,567,779	420,871,817	138,567,495	328,186,305	466,753,800
Energy intensity ratio per km production relative to 2020 (2020 base = 100)			95			100			
Energy intensity ratio (per Group turnover) £/m			1,627,517			1,697,064			1,867,015
Intensity measure							FY21	FY20	FY19
Group turnover (£'m)							252	248	250

\* 100% of this is electricity

## Water

Target:		
2025	2030	2050
-20% relative	-20% absolute	-50%

Our water consumption is a mixture of well extracted and mains supply. We use water for hide washing, gel production and casing production. Our focus is on reducing water use, and we are investigating opportunities to re-use water in process after filtration and chemical treatment but potable water is required in food production processes, which limits our water recycling capabilities. We can reduce water use in process through reduction and recycling projects across all sites in the Group, which will contribute to our 2025 target.

We have slightly revised our FY20 freshwater withdrawal figure as we refined our measurements during the process of setting our new environmental targets and FY20 base year.

In 2021, our water withdrawal in cubic metres per million metres production decreased by 5% compared to 2020 (a 3% decrease in absolute terms).

Within four of our major locations, and because of local regulatory requirements, we operate our own wastewater treatment plants. In 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. In the Czech Republic we treat some municipal wastewater alongside our own prior to discharge.

Freshwater withdrawal (m3)	FY21	FY20	FY19
<b>UK</b>	<b>438,913</b>	492,434	606,586
Czech Republic	<b>593,885</b>	569,196	631,471
Australia	<b>306,945</b>	304,277	332,023
US	<b>201,806</b>	201,225	233,233
China	<b>158,620</b>	180,919	184,650
<b>Global (excl UK)</b>	<b>1,261,256</b>	1,255,617	1,381,377
<b>Group total</b>	<b>1,700,169</b>	1,748,051	1,987,963
Water intensity ratio per km production relative to 2020 (2020 base = 100)	<b>95</b>	100	
Water intensity ratio (per Group turnover) £'m	<b>6,736.0</b>	7,048.6	7,951.9



# Responsible Business continued

## Waste

2025	Target: 2030	2050
-30% product waste	Zero	Zero total waste to landfill

By focusing on clean waste separation, we have achieved a 94% reduction in waste to landfill since 2005 with substantial improvement in the last five years. Our targets of 30% product waste reduction by 2025 and zero product waste by 2030 will require reduced total waste and identification of opportunities for re-use of product waste in other outlets. Our aim to get to zero total waste to landfill by 2050 includes all forms of waste. Product waste is organic and by avoiding non-organic contamination we

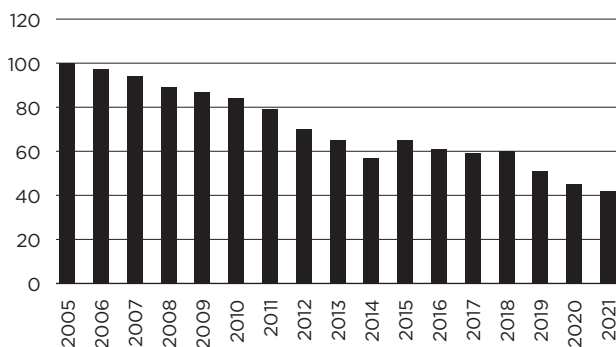
have an opportunity to dispose of this in an environmentally responsible manner, such as sending this to third-parties to produce energy via anaerobic digestion. Other waste is solid waste which is not necessarily generated directly by the process and includes some potentially recyclable materials, such as packaging waste that is separated and sent for recycling. We will be assessing our packaging exposure including Scope 3 to determine where to focus our efforts and our recently applied waste hierarchy model will help us better identify the options for our waste and reduce our overall waste impact.

In 2021, our tonnes of waste per million metres production decreased by 6% compared to 2020 (3% in absolute terms) with a notable decrease in waste sent to landfill (-28%), in part due to our efforts, but also the high base in 2020 given waste issues resulting from to site work. Our FY20 waste sent to landfill figure has been slightly revised as we refined our measurements during the process of setting our new environmental targets and FY20 base year.

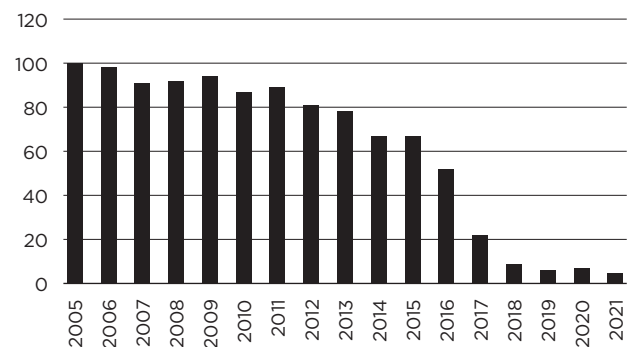
Waste treatment/disposal (tonnes)	FY21	FY20	FY19
Total waste recycled	3,606	N/A	N/A
Total waste other	5,174	8,502	9,328
Total waste sent to landfill	1,666	2,306	2,072
Total waste non-recycled	6,840	10,808	11,400
Total waste	10,446	10,808	11,400
Waste intensity ratio per km production relative to 2020 (2020 base = 100)	94	100	
Waste intensity ratio (per Group turnover) £'m	41.4	43.6	45.6

### Our long-term intensity trends, indexed to 100 in 2005

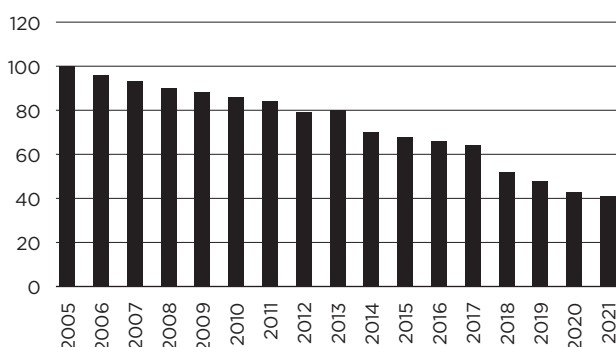
**CO<sub>2</sub> Emissions intensity** (tCO<sub>2</sub>e/million metres casing sold) 2005 = 100



**Waste intensity** (tonnes to landfill/million metres casing sold) 2005 = 100



**Water use intensity** (m<sup>3</sup>/million metres casing sold) 2005 = 100



## People

Devro operates as a responsible business, looking after the interests of the people who work for us.

We engage our employees with respect in a manner that values and capitalises upon our cultural differences and do our best to make Devro a safe and fulfilling place to work. We support the professional development of our people, which helps our employees progress whilst ensuring the continuous development of our Company. We promote diversity and ensure equal opportunities for all our employees. We operate with respect for human rights throughout our business and respect their freedom of association. All relevant policies can be found on our corporate website.

### COVID-19

As the COVID-19 pandemic continued to impact across the globe, we continued to set our own disease transmission prevention measures, controlling access to sites (employees, contractors and customers), ensuring working from home where possible, ensuring social distancing and protective equipment, education and hygiene requirements and travel restrictions beyond those required by governments. Throughout the pandemic we have again been able to maintain production at all of our sites which is a credit to the commitment and engagement of our people.

## Excellence – safe people, places and processes

Total Recordable Incident rate (2021 to 2025)

1.36 to 0.94

Near miss employee rate (2021 to 2025)  
Aiming to rise from bronze to gold rating

0.2 to 1



A cultural programme. Utilising 'Hearts and Minds' – responsible behaviours and attitudes.

A zero harm  
Company

Our goal remains to become a Zero Accident Community across Devro, at each site and within each functional group.

# Responsible Business continued

## Health and safety

As a continuation of all the changes we made in 2020 with regards to COVID-19, we continued to provide regular (fortnightly) advice and guidance to all of our locations via an incident management team, chaired by our Global Regulatory and External Affairs Director and supported by our EMT and others. The output from this group is accurate and consistent information that is shared with our global teams to enable them to make the right decisions in keeping our employees safe and ensuring our locations continued to deliver our products.

In 2021 we continued to progress our top line plan to achieve a zero-harm culture/community and to have all our colleagues - THINKING SAFE, WORKING SAFE AND GOING HOME SAFE (AND RETURNING SAFE) EVERY DAY.

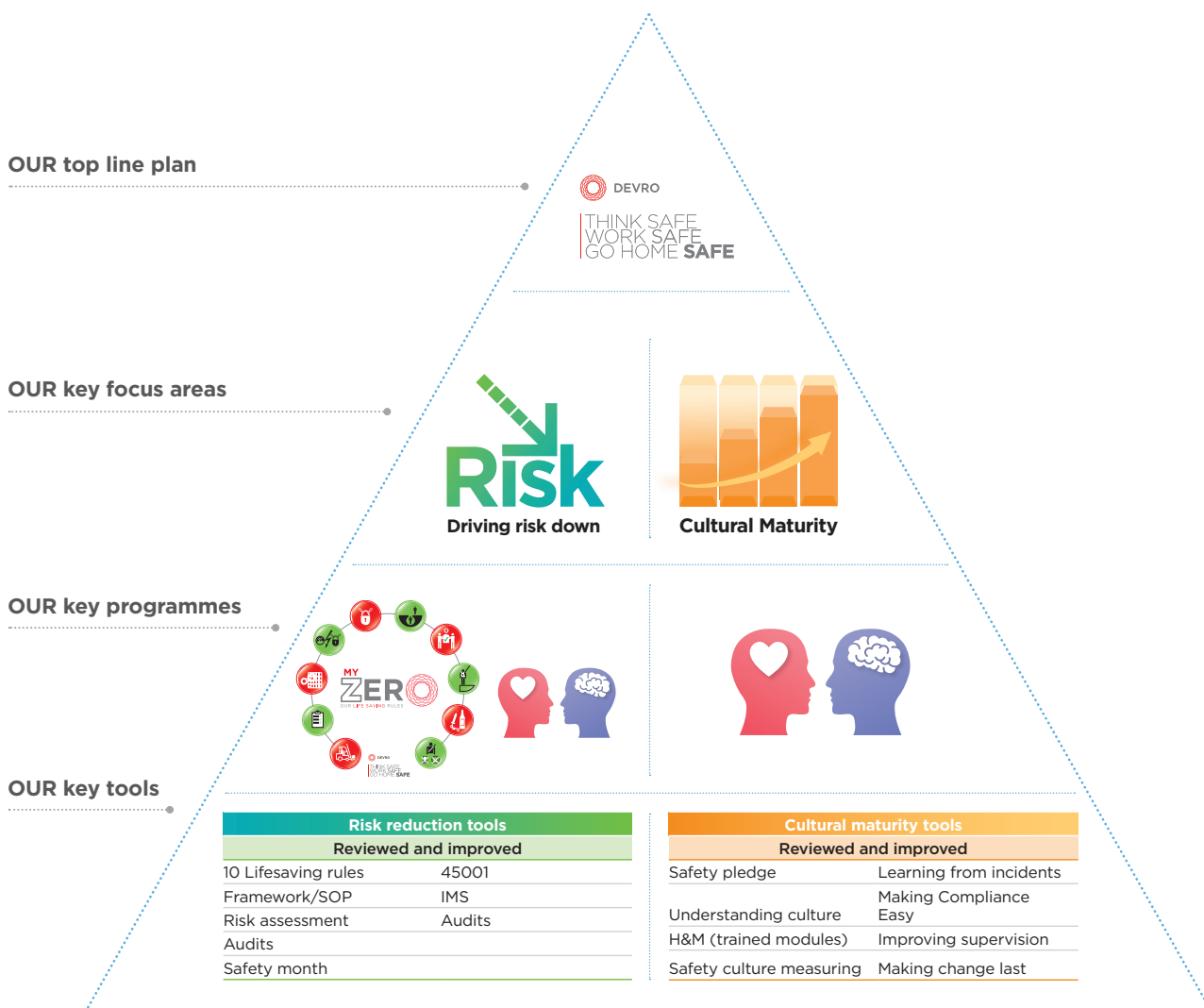
We renewed and stated our focus to relentlessly pursue a risk position of excellence and a generative, mature culture i.e. safe place, safe behaviour.

We have embarked upon a journey using two key programs - Life Saving Rules/MY ZERO (Risk) and 'Hearts and Minds' (Culture). Within these programs we have a number of tools that we have reviewed and improved what we have deployed and used and will consider any learned improvements when rolling out future tools.

In 2021 our priority focus areas were achieved, in particular:

- Creation and delivery of the initial and longer-term roadmap/plan (three-year plan)
- Cohesion and globalising our health and safety teams - including involvement from other non-plant based teams
- Leveraging existing resources (six project teams set up) to review what we have done and what we need to do e.g. 45001, 'Hearts and Minds' programme etc.
- Creating a consistent approach involving all business areas i.e., not just manufacturing sites
- Selection of an integrated health and safety management system (with quality and environment)

In 2021 we completed 'phase one' of 'Hearts and Minds' programme with all our sites completing their commitments to the remaining modules. Our Australian and Scotland teams also conducted several 'Hearts and Minds' pilot activities in particular, surveying and leadership involvement so that we can best understand how to move our programme forward in to 'phase two' and beyond.



In October we ran our fourth consecutive annual safety month. We decided that we would focus on supporting and reaffirming the links between our five safety beliefs and our newly launched five Devro Values, that in turn complimented our Devro Purpose 'Together Responsibly Better'. These Values were launched earlier in the year and it was quite clear that there were significant synergies between the Values and our beliefs. We saw some fantastic initiatives from our employees and team members to bring these ideas to life, including personal experience and statements, family involvement competitions, employee engagement activities etc. and we had a number of sites that achieved some key milestones being lost time/recordable incident free.

**2021 Safety performance**

As we track recordable incidents, lost working day incidents and lost days, we do not make a differentiation between the contractor community or our employees. All safety numbers and statistics are inclusive of both groups.

In 2021 we had 14 recordable incidents and one lost workday incident. The lost workday incident saw a total loss of three days across Devro.

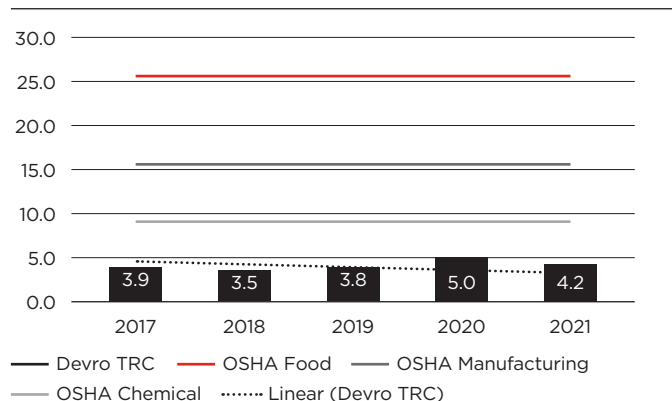
**SAFETY MONTH**  
LINKING BELIEFS TO VALUES

Be Devro...

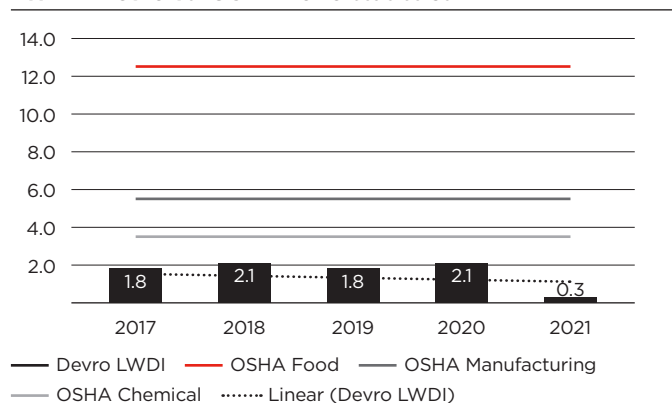
THINK SAFE  
WORK SAFE  
GO HOME **SAFE**

DEVRO

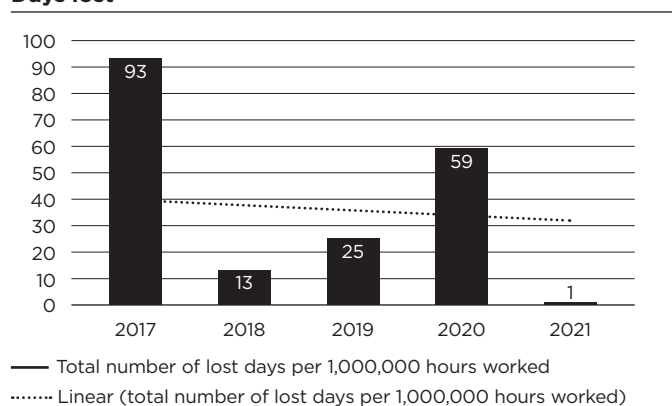
**TRC - Devro vs. OSHA 2020 statistics**



**LWDI - Devro vs. OSHA 2020 statistics**



**Days lost**



## Responsible Business continued

Across the globe, safety performance is compared to a standard number of hours per year. In the UK, 100,000 hours is used. In the US, OSHA uses 200,000 hours which equates to 100 people working 2,000 hours per year. Internationally, the International Labour Organisation (ILO) uses 1,000,000 hours. We have chosen to use the ILO methodology. In each case above, Total Recordable Incidents, Lost Work Day Incidents and Lost Work Days, we simply multiply the number of cases or days lost x 1,000,000 and then divide by the man-hours worked in Devro.

As can be seen above, we had less Recordable Incidents and significantly fewer Lost Working Day Incidents than last year. We also incurred fewer Lost Days than 2020. Lost Days are the total number of work days lost as a result of a worker injury or illness. The data above says that for every 1,000,000 hours we in Devro had four Recordable Incidents, <1 Lost Work Day Incidents and <1 Days Lost. Considering we are trying to create a Zero Accident Community, whilst we are satisfied with the performance of 2021, we appreciate there are some great opportunities to excel further. When we compare our performance to others in food manufacturing, manufacturing in general, and the chemical industry we are performing significantly better on Total Recordable Incidents and in Lost Working Day Incidents.

### Safety performance 2017-2021

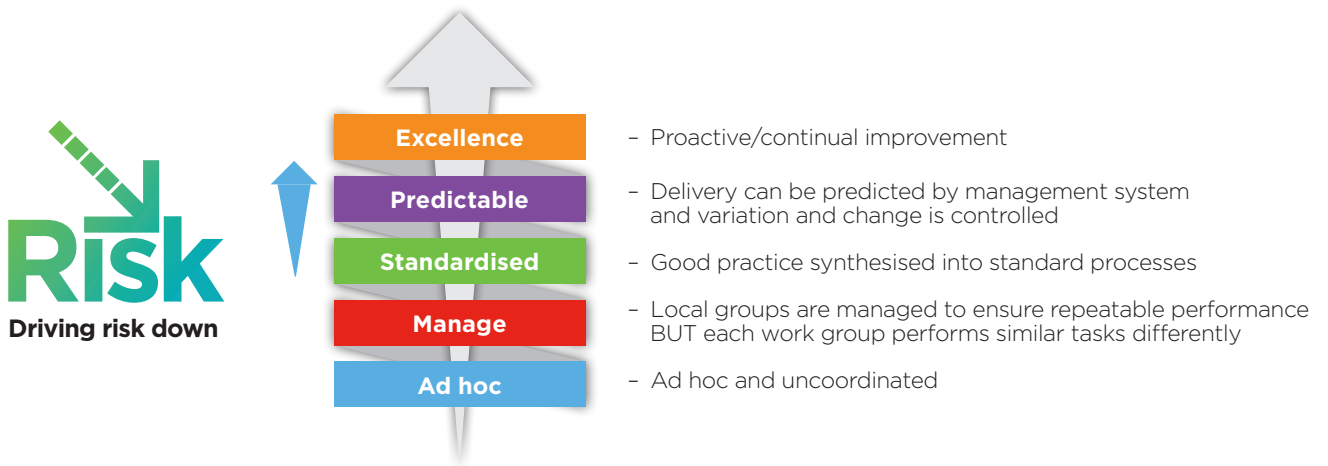
The table below summarises our key tracked statistics and includes contractors. We have seen a decline in First Aid Incidents and Minor Injuries while Near Misses remain stable (although we have renewed our focus with good results in Q4). Over the last few years, we have focused on getting everything reported across the Group. Key to our efforts today and in the future is 'Learning From Incidents' and creating 'Reflection' moments for our people on every incident. We do a good job in globally sharing Recordable and Lost Work Day Incidents and have revised our safety alert process to better reflect the severity and actions required.

We continue to work on reducing Occupational Illnesses. Most of our Occupational Illnesses are legacy related and happen in our shirring halls and usually because of repetitive work, mainly tying knots. We have worked extensively on ergonomics in our shirring areas and continue to invest in automation to eliminate the potential of repetitive stress traumas.

Safety performance	2017	2018	2019	2020	2021
Fatalities	0	0	0	0	<b>0</b>
Lost Working Day Incidents	9	9	7	8	<b>1</b>
Recordable Incidents	17	15	15	19	<b>14</b>
Days Lost (actual)	403	57	141	222	<b>3</b>
Days Lost (consecutive)	516	99	216	403	<b>3</b>
First Aid Incidents	75	96	100	78	<b>74</b>
Minor Injuries	63	88	87	77	<b>59</b>
Near Misses	236	287	415	273	<b>274</b>
Occupational Illnesses	2	7	9	4	<b>17</b>

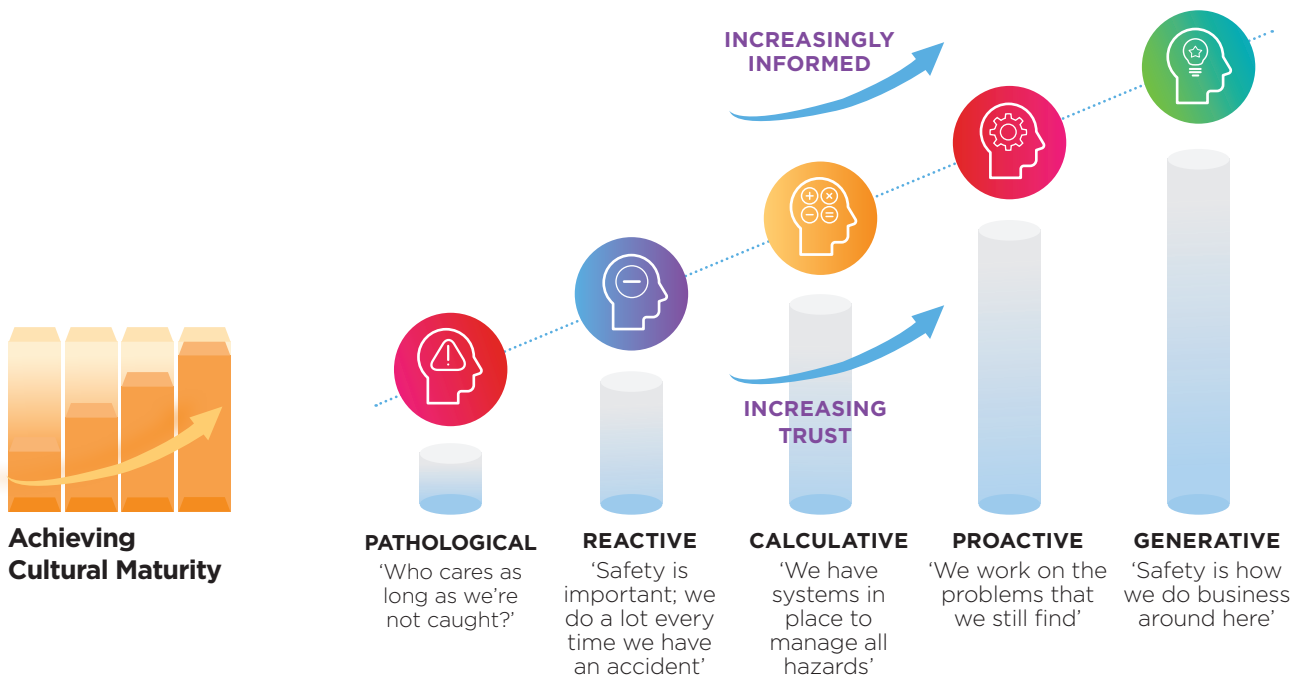
**Safety plans - 2021 and beyond...**

In 2021 we consulted and collaborated with all areas of our business and developed an ambitious but highly achievable three-year plan. This was approved by the Health and Safety Committee of the Board with a number of agreed key focus areas for each year to deliver the plan. To enable us to provide a safer place of work, we will focus on driving risk down from where we are at the moment which is managed and standardised to a position of excellence, where we are constantly curious and proactive when interacting with our day to day risk. We have a number of key initiatives that will support this e.g. site risk profiling, creation of an improved more inquisitive audit package, learning better from our incidents due to improved investigation techniques and better sharing through an improved Safety Alert system etc.



As we continued towards our ultimate goal of everybody THINKING SAFE, WORKING SAFE, GOING HOME SAFE (AND RETURNING SAFELY) EVERY DAY, we will be focusing on maturing our safety culture. In previous years we have carried out surveys and activities to understand where we are on the cultural ladder and we will continue to use these surveys as the backbone of our cultural journey objectives. In 2021 we engaged with several organisations to assist us in this journey and to review and refresh our surveying approach. We have learned from this and in 2022 we intend to roll this out to all of our business locations who will then develop clear action plans to enable us to move steadily towards a generative safety culture.

**SAFETY CULTURE MATURITY**



# Responsible Business continued

## Our people

Devro is an international business, with five main production sites across four continents. During 2021, we employed 1,884 people, on average, around the world (2020: 1,947). As at 31 December 2021 the Group employed 1,890 people (2020: 1,922). There were no large-scale redundancies or significant job cuts affecting more than 1,000 employees or more than 5% of the total workforce during 2021 or in either of the previous two fiscal years.

### Highly engaged businesses perform better



#### Employee engagement

The Group believe that highly engaged businesses perform better and 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.

Our annual Employee Engagement survey continues to be a key tool to connect with all employees and give them a voice and help us shape our future. A fantastic 85% of our global workforce participated in our fourth annual 'TellDev!' survey in 2021. Our solid engagement score remained stable while we observed a consistent year on year improvement in employee experience across the Group. Employee experience is a measure which focuses more on the employee and their day-to-day, real life experiences, whilst engagement is a measure of emotional commitment to Devro. All leaders across the business involved their teams to identify the actions that would have the greatest impact for them.

In 2021, our primary responsibility was to ensure the health and wellbeing of our employees and local communities by maintaining the stringent COVID-19 safety measures introduced in 2020. This was facilitated by a further strengthening of our internal communication capabilities across the Group. In 2022 as part of our wellbeing strategy we will deliver a programme of initiatives that support employees' needs and expectations and emphasise their value to the organisation including launching a Dignity at Work programme.

### Supporting lifelong learning



#### Talent and professional development

Retaining a highly skilled workforce is key to our future success. Employee turnover is expensive and impacts operational effectiveness. We maintain low employee turnover. We support lifelong learning with the possibility to grow and develop for wellbeing or advancement. COVID-19 made in-person learning a challenge, but the Group built upon its e-learning platform with c.110 courses available covering topics from collagen manufacturing to health and safety and effective selling skills. In 2022 the Group intends to deliver a management development programme for both current and future leaders. Mandatory compliance training as required including information security and data protection.

We are committed to the continual development of our employees, 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. In addition to the provision of local learning and development budgets, we offer support for employees with further education courses, based on the criteria of relevance to the job role.

Many employees across our global business have access to a wide range of online and face-to-face learning to support their development and enable them to gain the skills and knowledge to perform at their best.

A key priority in 2021 was developing sustainable and relevant legal compliance learning. Our Data Protection e-learning was developed in required local languages and has been completed by 589 employees via our LMS. In addition, Business Conduct e-learning was launched in English, with other local language versions due in early 2022.

In 2021, 918 individuals accessed learning via our online LMS from across all sites and functions. 2,822 items of training were recorded, of this; 1,847 were e-learning courses, of which 685 were core and technical skills and 1,162 were safe sustainable practices/compliance. The remaining 975 were a mix of virtual workshops supporting our key initiatives including the launch of Purpose and Values.

(This refers only to training delivered and recorded via the online platform and does not include all local training of operator skills etc.)

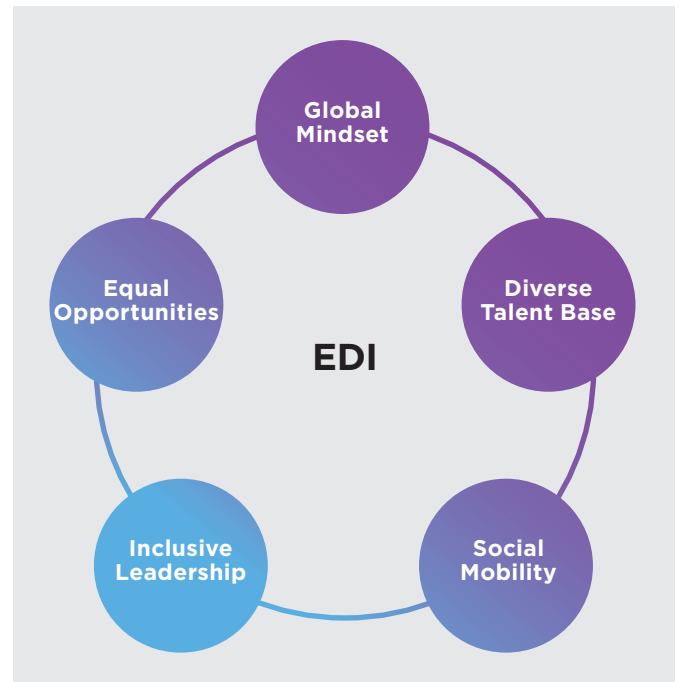
As of 31 December 2021, we were training seven apprentices around the world. During the course of the year, two apprenticeships were completed, and as at 31 December 2021, 11 people who had successfully completed apprenticeships with us were still employed by the Group.

In 2021 we further refined and strengthened performance management to ensure everyone participating in the 'My Contribution' process had a career and development discussion with their line manager to identify aspirations and personal development goals. To make this accessible to more employees it was delivered in both English and Czech versions via our online platform.

Following the introduction of an in-house recruitment partner, internal vacancies are now communicated weekly via email to highlight opportunities and available roles across the global business. A combination of this and the greater focus on career and development planning has delivered a significant impact in 2021 with 59% of management and professional roles filled by internal lateral moves and promotion rather than by external candidates.

As we look to 2022, we are continuing to invest in the development and growth of our people with the launch of our Leadership development programme to equip managers with the skills and behaviours to manage effectively and empower their teams to live our Purpose and Values every day.

### Diversity and inclusion



Equality, Diversity and Inclusion (EDI) are integral to our Company strategy and how we do business. Devro already has a diverse workforce reflecting our local communities. Overall workforce – 38% female / 62% male, 29% of direct reports to the EMT are female. We want to reflect the diversity of the national, regional and international communities that we work in. We aim to be a place where people can be free to be themselves no matter what their identity or background. To further support our priorities in 2022 we will deliver a centrally led programme on 'Dignity at Work' to strengthen our inclusive and respectful culture.



## Responsible Business continued

Devro is an equal opportunities employer. All of 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. Any claim of discrimination is investigated promptly. Applications from disabled people are always fully considered. 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. The gender analysis of the workforce as at the end of the year is shown in the table below.

### Gender diversity statistics

	As at 31 December 2021			As at 31 December 2020		
	Male	Female	Total	Male	Female	Total
Board of Directors	5	2	7	5	1	6
	71%	29%		83%	17%	
EMT and Company Secretary (excluding Directors)	5	1	6	5	1	6
	83%	17%		83%	17%	
Senior Managers (EMT direct reports) (excluding Company Secretary and support)	35	14	49	32	12	44
	71%	29%		73%	27%	
Other employees	1,123	710	1,833	1,160	706	1,866
	61%	39%		62%	38%	
<b>Total</b>	<b>1,168</b>	<b>727</b>	<b>1,895</b>	1,202	720	1,922
	62%	38%		63%	37%	

## Communities



Recognised in our communities for our contribution and as an employer of choice.

Now globally coordinated effort.



Locally we are already involved through:

Links to local schools and universities (e.g. school visits, work experience for high school students, career days at local schools).

Apprenticeships / graduate interns.

Charity donations / sponsorship / matched funding.



COVID-19 has slowed physical participation in community activities, will return to normal high levels as conditions permit.

Employees keen to do so.



Each site will have specific plans for greatest benefit to those that need support.

This includes more employees doing voluntary work in the community.

Our internal sustainability initiative workshops identified Communities as a key focus area for the Group. Our Group operations are seen as part of the community in which they are located.

Devro is well-respected as an organisation within the communities it operates, and we encourage the employment of local people into our businesses. This develops loyalty in our employees, but also makes us an employer of choice in our locations. At Devro Bathurst we offered school site visits, work placements and had our employees visit schools to provide careers information and outline our mentoring programmes for young people.

Devro cooperated closely with Red Cross during the height of the COVID-19 pandemic situation on testing our employees. We offered the same service to our suppliers and through cooperation with local authorities we created vaccination days which included employees and the wider community. This programme is continuing in 2022.

This link with the community also extends to charitable causes. For instance, in The Czech Republic, a team of employee volunteers, with Devro funding, planted more than 2,000 trees, representing one tree per each Devro worldwide employee in response to local feedback about the importance of our Czech facilities' environmental policy. The following table sets out our charitable giving. Within the locality of our manufacturing sites we have various links with educational institutions providing work experience to school pupils, college and university students. The Company also provides support through charitable donations and resource.

### Charitable contributions

	2021 £	2020 £	2019 £
America	4,354	1,486	5,813
Australia	1,093	3,339	9,189
Czech Republic	26,345	24,841	25,232
Scotland	4,450	3,800	4,395
<b>Total</b>	<b>36,242</b>	<b>33,466</b>	<b>44,629</b>

### Case study 1 – Czech Republic

Our sites in Jilemnice and Slavkov maintain close ties with the local community, supporting their development and assisting in the face of natural disaster. In 2021, we funded the new cardiac ultrasound probe for the Jilemnice hospital and contributed to the fire brigade. We funded a cultural Summer programme organised by the union of local municipalities and we were the main partner of the Orienteering Biathlon World Championship. In June 2021, the Morava region close to our Slavkov facility was hit by a tornado which caused severe damage in the wider community. Devro organised a fundraiser and multiplied the sum of money collected by our employees.

These activities as well as our responsible approach contributed to Devro receiving an award for being the second best employer in the region, evaluated by PwC Saratoga methodology.

### Case study 2 – Australia

As an employer of choice in Bathurst we wanted to develop strong relationships with local schools to make them aware of the wide range of opportunities we can provide to local young people. In March 2021, 12 high school career advisors from the Central West, NSW were invited to visit Devro Bathurst and treated to a factory tour and demonstrations in our product test kitchen. This was followed by presentations with a key focus on career opportunities available at Devro. Since the visit we have produced a brochure including what we are offering, as well as outlining the qualifications required for some of our key roles. These will be used at careers events and in 2022 as we look at developing this programme further.

## **Ethical conduct**

### **Business conduct**

All business partners are expected to comply with all parts of our Business Conduct Policy. The Board reviews and approves an annual Global Business Conduct Statement, which is then disseminated to all employees in the Group at the beginning of the year. At the start of the year, each employee with a Devro email address must sign a certificate confirming full compliance with the Business Conduct Policy throughout the previous year. We have a zero-tolerance approach to bribery and corruption. All computer-based staff are required to complete online training on bribery and corruption, reinforced by face-to-face training where appropriate. Employees or contractors may also be required to complete the training in circumstances where we have identified a potential risk. The main Board reviews the risks associated with bribery and corruption every year to ensure that our procedures remain appropriate and effective.

### **Human & employee rights**

Devro does not have a specific Company 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 sites, wherever located, adhere to our own high-standard labour practices, even where local regulatory requirements are not as advanced. We run our business responsibly and ensure that all our employees, customers, suppliers and other stakeholders are treated fairly and with respect. There have been no violations reported against the Company on human rights in 2021 or the previous three fiscal years. Any violations on human rights would be reported and action taken.

### **Whistleblowing**

Devro maintains an open environment in which colleagues and other stakeholders can raise any issue about any aspect of our business. We support anyone who voices genuine concerns, even if they turn out to be mistaken. We use an externally hosted global whistleblowing service (EthicsPoint) and encourage stakeholders to 'speak up' as necessary. This covers all individuals working at all levels of the global organisation, including contractors, casual and agency staff and is designed to offer employees and third-party stakeholders a confidential and anonymous way of raising issues. A Board-approved procedure for handling any issue raised through the hotline is in place. A total of eight cases were handled in 2021.

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.

All our employees are entitled to a fair salary and other terms and conditions of employment, as appropriate. We benchmark salary and benefits against similar roles in the same local area annually to ensure that we are competitive. Our policy is to comply, at the very least, with minimum wage legislation for any job role for all employees and we seek to be competitive where our facilities are based; in many instances, wage rates and salaries are higher. We pay benefits as appropriate to local markets, and in 2021 a review commenced to ensure competitiveness. Legally required benefits such as annual leave, sick leave, maternity leave and normal working patterns and hours are of course applicable to all. The terms and conditions on working hours are detailed in our contractual terms and, where applicable, within agreements with our Trade Union groups. Overtime is voluntary and the Company will always abide by the legal requirements relating to overtime and payment for it.

### **Freedom of association**

We have recognised Trade Union groups in our facilities in the Czech Republic, Scotland and Australia and value their partnership and involvement. We encourage collective bargaining with Trade Union groups and negotiate with them on the terms and conditions for their members and consult with them on changes within the organisation. Employees can become affiliated with a Trade Union and their involvement in that organisation will not affect them in terms of recruitment, promotion, transfers, development opportunities or any other employment arrangements. In Europe, we have a long-established European Forum, consisting of management and employee representatives, who meet annually to discuss, communicate and consult on trans-national issues relating to the business. Where there is no representative group, we establish and encourage an open two-way communication process with employees and have various communication mechanisms and methods to keep this active.

### **Tax transparency**

Devro complies with both the spirit and the letter of all relevant tax laws and regulations in the countries where it operates, and it is committed to a transparent and open approach to reporting on tax. Our policy is to file all tax returns on time, and to pay tax as it falls due. The Group has a low risk tolerance for uncertain tax positions in the jurisdictions in which it operates. We do not undertake any aggressive or unreasonable tax planning schemes for the purpose of tax avoidance, and broadly aim to align tax payments to revenue generation. We do not knowingly help others avoid their tax obligations. Devro does not operate in countries considered as partially compliant or non-compliant according to the OECD tax transparency report, or in any countries blacklisted or grey listed by the EU for tax avoidance and harmful tax practices, (per the latest lists released as at 31 October 2021). Our commitments on taxation are enshrined in both our Global Business Conduct Statement and Business Conduct Policy to which managers across the business must verify their compliance on an annual basis. Tax is a regular agenda item for the Audit Committee, which meets four times a year, and reports to the main Board. Tax compliance risks are managed through the Group's risk management framework, overseen by its Risk Committee, and supported by its global Finance function.

### **Cooperation with external parties**

Devro were founding members of, and currently chair, the Collagen Casing Trade Association, an organisation representing the interests of collagen casing manufacturers globally, especially around global regulatory controls. Devro is also part of national associations such as the UK-based Food and Drink Federation, the British Meat Processors' Association and chair the Food and Drink Federation of Scotland, where our representatives inform sector thinking on standards, legislation, environmental and food safety issues across the UK and European food industry. We also actively participate within our regions with any legislative consultation process relating to food production, market access, labour rates and engage with trade associations for our industry to develop the standards for our employees and others in the industry. We are also members of environmental working groups within these organisations to better understand and influence developing or current legislation or industry guidance.

### Customers, product and innovation

We are always developing new products and technologies as we respond to customer demand and in response to our drive for an efficient business. We are cognisant that we would be able to lower our Scope 3 emissions by altering the raw material of casings. The carbon footprint of porcine and poultry-based casings is materially lower than bovine casings. Plant-based solutions may also offer substantially lower GHG emissions. We work in close collaboration with our customers to meet their needs and in the development of the consumer market. The Group already offers porcine in all formats, and poultry in gel. However, the customer demand is nascent at this point and the required technologies to produce some alternative casings in economic quantities is still being developed.

Our collagen casings already deliver significant production savings to our customers, so by working with our customers, we can decrease the environmental impact in our value chain. The consistency of our product significantly enhances throughput, providing material yield and energy efficiency benefits compared to gut casings. Consistently longer lengths also reduces customer waste and time in changeovers.

### Product integrity

Our modern processing sites use state of the art production equipment, including a high degree of automation which minimises handling. This combined with our high standards of hygiene and control ensure we meet our customers' expectations for quality. All of our production sites are certified to ISO 9001 (quality management system) and all sites are certified to FSSC 22000 (food safety). Our processes and raw materials are several steps removed from the animal, but we source from countries (UK, EU, US and Australia) with animal welfare standards for all our production. We offer customers full bovine collagen traceability back to the individual animal within our range which provides customers knowledge that they are getting a high quality, secure product. Where possible we use recycled board and/or renewable materials in our packaging, but we are restricted by regulation in the extent to which recycled materials can be used in our food contact packaging. Our Global Food Safety and Quality Statements are available on our website.

### Responsible sourcing

Our original process was designed to utilise certain by-products from slaughterhouses, which removed the need for their disposal and created an economic stream from what was effectively waste. Hides represent a low single digit percentage of the animal value, which means our carbon footprint per animal is low. Nevertheless, Devro has been the industry leader in identifying how to utilise lower carbon footprint species.

We work closely with our suppliers to set clear specifications for the products they supply. The quality of raw materials we use contributes significantly to the achievement of consistent finished product quality. We assure the safety, traceability, quality and provenance of our raw materials through our supplier audit and assessment process. It is important that our suppliers also apply the same principles of value, transparency and respect as we do, to ensure our products are sourced and manufactured in a fair, ethical and environmentally responsible manner.

The Group undertakes audits and questionnaires for each supplier, including physical site audits for all our major ingredient suppliers and for new suppliers. We take into consideration their environmental policies, whether they have a formal recognised Environmental Management System and any third-party certification held by the supplier, that is to Global Food Safety Initiative recognised standards. We request specific information on environmental impacts in our questionnaires (GHG, CO<sub>2</sub>, water use, resource utilisation, waste and pollution targets and performance) and follow up in our physical audits of suppliers, where we discuss any non-conformance and agreed actions. We request information from all our suppliers on social issues, including child or forced labour, equal opportunities, non-discrimination, freedom of association, labour practices (such as avoidance of excessive hours, minimum wage) and health and safety standards. We assess for the potential for poor labour conditions during the physical audits of all our major raw material suppliers, although the risk of this is low given our suppliers are large production processes or large reputable organisations. We use this compliance information to make decisions overseen by the Group Supply Chain Director.

All non-conformance is required to be corrected promptly. For raw materials we complete a quality and food safety vulnerability risk assessment including the quality controls of the manufacturer and traceability. All our raw materials suppliers provide their environmental policies and relevant data. The Group also considers social factors including working practices and health and safety. Further details of our supply chain policy can be found on our website.

### Supplier compliance

During 2021, a total of 40 supplier audits were carried out. We tightened our audit questionnaire and standards in 2020 such that only high-risk suppliers now need auditing annually. This means several suppliers were on the two-year audit cycle and were not required during 2021, especially considering the high number of questionnaires and on-line audits completed during 2020. Our intention was to revert to more face-to-face audits during the year, but certain audits were postponed due to continued COVID-19 controls at our suppliers.

Year	Quality	Environmental	Social
2018	42	41 (98%)	36 (86%)
2019	54	52 (96%)	52 (96%)
2020	95	95 (100%)	95 (100%)
<b>2021</b>	<b>40</b>	<b>40 (100%)</b>	<b>38 (95%)</b>