

DEVRO

Ongoing Commitment – Sustainability at Devro

Dear Stakeholders

We are pleased to present our 2022 Sustainability and Taskforce on Climate-related Financial Disclosure (TCFD) Report, highlighting our ongoing commitment to sustainable practices, responsible operations, and positive societal impact.

As a global leader in collagen-based products for the food industry, we recognize the importance of conducting business in a way that preserves the environment, supports local communities, and contributes to a more sustainable future.

At Devro, our track record demonstrates how sustainability has long been integral to us. 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. Conducting our business fairly and ethically throughout the world is at the heart of our strategy and we are proud to act with honesty and integrity in everything we do. Throughout this report, you will find detailed information about our sustainability priorities, with attention on the five focus areas that underpin our approach:

Climate, Water, Waste, People and Communities.

This report aims to provide a comprehensive overview of our sustainability journey, reflecting our progress, challenges, and ambitions. It outlines our key initiatives, performance indicators, and the measures we have taken to integrate sustainability into every aspect of our operations. We have used internationally recognised sustainability reporting frameworks and methodologies as a guide in the preparation of this report.

On 14 April 2023, the Devro group of companies, headed by Devro Limited was acquired by SARIA Nederland B.V. ("SARIA"), an indirect subsidiary undertaking of SARIA SE & Co. KG, and subsequently Devro plc was de-listed as a public company trading on the London Stock Exchange. In order to present transparent sustainability disclosures and to demonstrate continuity from 2021, we have prepared the following report with reference to our business as of 31 December 2022. As a result of our acquisition by SARIA, any reference in this report to "Devro", "the Group" and internal corporate structures, such as "the Board", relate to Devro Plc, which was the legal entity in place as of 31 December 2022. Similarly, all data relates to Devro Plc as of 31 December 2022 and certain data series, such as our gender statistics, may include governance and management levels which are no longer in place.

Sustainability is also a key feature of the SARIA Group strategy, especially in SARIA's Food & Pharma division, of which Devro is now a part, which focusses on transforming animal by-products and organic residues into high quality materials and products for new applications. As we look forwards, our commitment to sustainability and our targets remains resolute. We intend to continue providing stakeholders with the necessary information to demonstrate our commitment to sustainability and note that many of our core objectives, such as alignment to the UN SDGs, commitment to SBTi and other environmental and social targets and disclosures such as TCFD reporting remain relevant under SARIA. We will continue to work closely with our stakeholders, value chain and national industry associations on the journey towards a more sustainable future.

We invite you to read on and thank you for your continued support. Your feedback and collaboration are invaluable as we continue on this important sustainability journey together.

Sincerely,

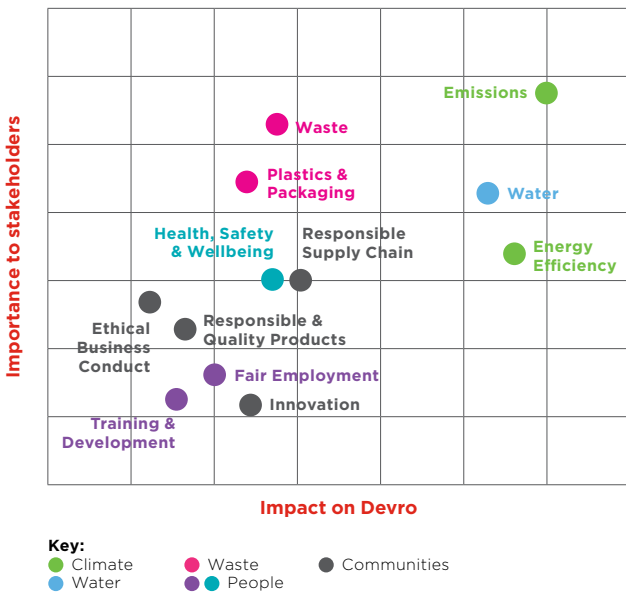
Dr Gary Stephenson
Global Regulatory, Sustainability and External Affairs Director
The Devro group of companies

Our progress in 2022

This year we have:

- Completed an initial Scope 3 carbon footprint analysis
- Committed to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign
- Developed near-term emissions reductions targets for Scope 1 & 2 aligned to the Science Based Targets initiative (SBTi) Net-Zero Standard
- Substantial absolute reduction in tonnes of operational waste of 73%
- CDP Climate Change rating B, Water rating C and Supplier Engagement rating A-
- Maintained our zero fatality rate and positive trend in health & safety statistics.

Our sustainability framework



We consider the results of our 2021 materiality assessment to have not significantly changed and have therefore used this to ensure that our sustainability efforts are directed and impactful. The materiality assessment process considered issues of internal importance as well as incorporating external trends shaping our business, thereby including all issues that have the potential to impact our long-term success and the sustainability of our operations. Material issues were identified with reference to the relevant UN SDGs for our business as well as multiple other sources including rating agencies 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 results guide our sustainability strategy, decision-making processes, reporting and stakeholder engagement initiatives and the assessment allows us to prioritise the issues that matter most to our stakeholders from a financial and business purpose perspective, and aligns our efforts with their expectations. 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 Devro.

We will continue to review and refine our priorities as we learn and adapt to the evolving sustainability landscape.

Our sustainability framework continued

Our focus areas:

Climate



Focus area

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

Water



Focus area

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

Waste



Focus area

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

People



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



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.

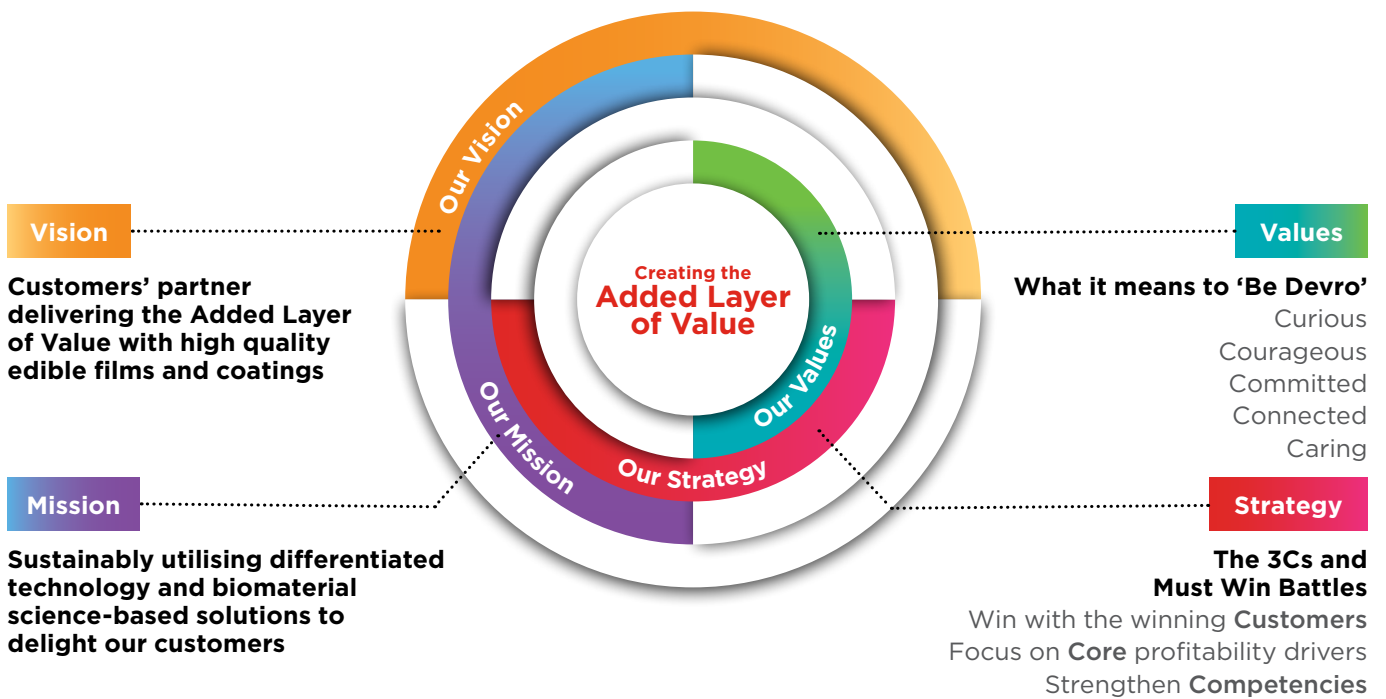
We aim to be a well-respected organisation within our communities, supporting and encouraging the employment of local people into our businesses and engaging with the wider community where possible in educational and cultural activities.

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

Our Purpose and Values developed in 2021 are fundamental to our approach and provide guidance and direction for our business.

Together Responsibly Better



Our sustainability framework continued

Sustainability targets

Environmental:			
From a 2020 baseline	2025	2030	2050
Carbon reduction - absolute (Scopes)	25% (New) Scope 1 & 2	42% (New) Scope 1 & 2	100% Scope 1, 2 & 3
Renewable Purchased electricity¹	80% (New)	100% (New)	100%
Water reduction	20% relative (per km)	20% absolute	50% absolute
Waste reduction	30% product waste	Zero product waste	Zero all waste
People and communities:			
Wellbeing	An employer who proactively supports the overall health of our employees (including leading safety metrics)		
Culture	A great place to work (with top quartile engagement scores)		
Communities	Recognised in our local communities for our contribution and as an employer of choice		
A NET-ZERO COMPANY BY 2050			

¹ Targets are for purchased electricity, excluding combined heat and power generation.

We first set meaningful and ambitious targets to accompany our sustainability framework and support each of our focus areas in 2021. This year, we have increased our ambition across emissions reduction, renewable electricity adoption and waste reduction.

In addition to our existing 2050 Net Zero target, we have set interim targets for Scope 1 & 2 for 2025 and 2030. Our 2030 target of a 42% reduction in absolute emission from a 2020 base year is in line with the Science Based Targets initiative (SBTi) Net-Zero Standard and aligned to a 1.5C pathway. Given the profile of our full emissions footprint, we are not required to set a near-term target for Scope 3. Nevertheless, our cradle-to-gate carbon footprint analysis and supplier data and cost analysis provided an initial full Scope 3 assessment in 2022, so we have developed a better understanding of our value-chain emissions to allow us to plan for our goal of being a net-zero company by 2050. By net-zero, we mean reducing our Scope 1, 2, and 3 emissions to at least 90% with any residual emissions neutralised through the permanent removal and storage of an equivalent amount of carbon from the atmosphere.

To support our emission ambition, we also aim to move to 80% renewable electricity for our purchased electricity (Scope 2) by 2025 and 100% by 2030 as well as reducing our water use by 20% by 2030 and going to a zero product waste to landfill position.

Our social targets remain unchanged and outline how we intend to support, protect and connect with our People and Communities.

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 target Total Recordable Injury frequency, including contractors, of 0.94² by 2025 (2022: 0.72), 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 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>.

² We use the US (OSHA) methodology of a standard 200,000 hours per year. We note that the UK uses 100,000 hours. To calculate Total Recordable Injury frequency, we multiply the number of cases x 200,000 and then divide by the man-hours worked in Devro.

Sustainability Governance Structure

Our sustainability governance reflects the required oversight and structure to effectively manage our sustainability issues. Management of sustainability at Devro is integral to our strategic business goals, such that sustainability objectives are fully embedded within our corporate strategy and capital allocation management process. The structure is outlined in more detail in our accompanying TCFD Report. In light of the recent change of control at Devro, this summary and the TCFD report relates to the structure in place in 2022.

The Board has ultimate responsibility and approves all key sustainability issues, for example our 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. 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. 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.



ESG Ratings

Our performance is recognised externally through third-party ESG ratings. Our MSCI ESG rating is A and our Sustainalytics rating is 29.5, Medium Risk. In 2022 we submitted our second CDP Climate Change response and are pleased to have increased our Climate Change rating from a C on our first submission in 2021, to a B in 2022 as well as receiving a Supplier Engagement of A-. In addition, we also submitted a Water response for the first time, achieving a C rating.

Our 2023 intentions

- Submit our new climate targets to Science Based Targets Initiative (SBTi) for validation
- Increase our community engagement using our new process to collect and record engagement data
- Increase sustainability education throughout our business and customers
- Update our business travel policy to consider sustainability
- Engagement and alignment with our new parent company, SARIA, on sustainability strategy and reporting

Our environmental impact

Managing environmental performance

At Devro, we have a long history of managing our environmental impact with a focus on energy efficiency, emissions reduction, waste to landfill reduction, and water use, which have been inherent to our management ethos. This progress is visible in our long-term performance on emissions, water, and waste intensity per million metres production which we have reduced by 55%, 64% and 99% respectively since 2005.

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 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 2022 performance review across all sites confirmed the learnings from 2021 where instances of 'positive' performance have been shared across the Group. During 2022, each site continued to use the findings from the baseline assessments carried out previously to identify initiatives which can be utilised to reduce the impact on the environment.

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 CO₂ emissions is site energy use in the heat and electricity used in our manufacturing processes. Emissions associated with purchased steam and the generation of heat, or co-generation, account for around two-thirds of our Scope 1 & 2 emissions. We monitor and maintain our equipment and processes to reduce the impact of CO₂ 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 CO₂e.

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. During 2022 LED and Solar PV projects have been completed in three of our sites. At Jilemnice and Sandy Run, LED lighting has been introduced and the 1020kW Solar PV system at Nantong went live during April. For 2030, we will focus on improving our efficiency, reducing our energy demand and further renewable procurement such that we have 100% renewable electricity, and the decarbonisation of our heat requirements.

These tables have been prepared for the reporting period of 1 January 2022 to 31 December 2022 using the reporting period of January 2021 to December 2021 for comparison.

The Group has defined its organisational boundary using an operational control approach. GHG emissions are in CO₂e, including GHGs in addition to carbon dioxide, and have been calculated from monthly measured data (e.g., fuel and electricity use) using the appropriate conversion factors in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version) and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). We are reporting our Scope 3 emissions for the first time this year, based on principals from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required. Our emissions data covers 100% of operations.

The trend in our emissions data is closely aligned to our energy consumption 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.

In 2022, the Group's energy intensity and combined Scope 1 & 2 emissions intensity to revenue both decreased 8% over the year. Absolute energy use and combined Scope 1 and 2 emissions increased 5% in the year, related to increased manufacturing output. The 2022 Scope 1 assessment and associated energy figures were extended to include diesel fuel to power vehicles and other site equipment and for emissions only, fugitive emissions from refrigerant gases (HFCs), which also resulted in a 0.8% addition to the absolute CO₂ total. Historic Scope 1 and 2 figures have been adjusted to reflect a reallocation of emissions related to purchased steam to Scope 2.

The principal improvement in the company's absolute energy efficiency in the year was the generation of 1,039 MWh from a solar PV at our Nantong facility for the first time, following capital investment in the facility. This drove a significant increase in our self-generated renewable electricity figures.

Our Operational Emissions

	2022	2021	2020
GHG emissions (tCO ₂ e)	Group Total	Group Total	Group Total
Total Scope 1	61,183	54,962	55,820
Total Scope 2 - market based	48,606	49,160	52,674
Total Scope 1 & 2	109,789	104,122	108,494
Scope 1 & 2 emissions intensity per Mm Group production ¹	90.2%	93.6%	100.0%
Scope 1 & 2 emissions intensity per £'m Group turnover	378.2	412.5	437.5

¹ Indexed to 100% in 2020.

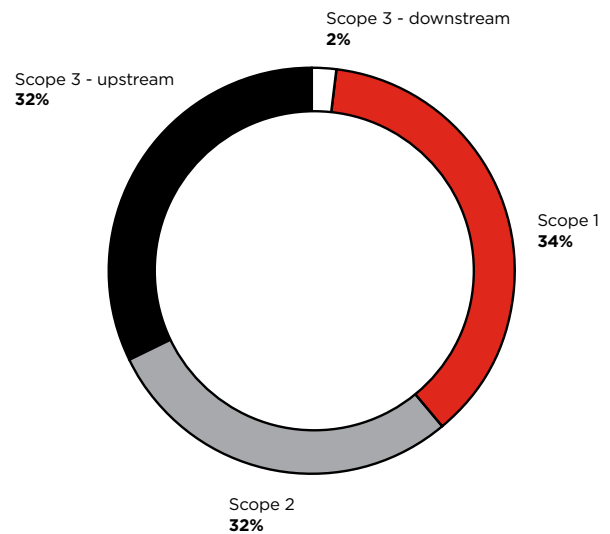
In 2022, we completed our first Scope 3 assessment using data from 2020. Our Scope 3 emissions represent 34% of our total emissions footprint and fall below the 40% SBTi threshold for near-term science-based targets.

The majority of our Scope 3 emissions exposure is related to our upstream emissions and within that, Purchased goods and services and Capital goods dominate.

We undertook a comprehensive farm-to-gate lifecycle analysis, which quantified the carbon embedded in our upstream system across various geographies and animal sources, including land use change and also provided input into our product in use figures, based on references for sausage production globally. Our figures for Purchased goods and Services excludes carbon from animal husbandry as we consider our raw materials would otherwise be waste. Data from suppliers was used for certain categories (e.g., Upstream transportation and distribution, Business travel, Employee commuting) and in some cases, expenditure assessment (e.g., Capital goods, Waste).

We reiterate our 2050 target for Net Zero across all scopes and have developed more stretching near-term targets for Scope 1 & 2 which are aligned to SBTi criteria as outlined above. These will be submitted for validation in 2023.

Total Emissions 2020 (tCO₂e)



Scope 3 Emissions

Category	Status	2020 (tCO ₂ e)	% Scope 3
1. Purchased goods and services (inc. land use change)	<i>Relevant, included</i>	31,500	57%
2. Capital goods	<i>Relevant, included</i>	9,800	18%
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)	<i>Relevant, included</i>	400	1%
4. Upstream transportation and distribution	<i>Relevant, included</i>	6,370	11%
5. Waste generated in operations	<i>Relevant, included</i>	1,000	2%
6. Business travel	<i>Relevant, included</i>	1,420	3%
7. Employee commuting	<i>Relevant, included</i>	2,350	4%
8. Upstream leased assets	Not applicable	N/A	0%
Total Upstream Scope 3		52,840	95%
9. Downstream transportation and distribution	<i>Relevant, negligible</i>	negligible	0%
10. Processing of sold products	<i>Relevant, included</i>	2,500	4%
11. Use of sold products	<i>Relevant, included</i>	180	0%
12. End-of-life treatment of sold products	<i>Relevant, included</i>	120	0%
13. Downstream leased assets	Not applicable	N/A	0%
14. Franchises	Not applicable	N/A	0%
15. Investments	Not applicable	N/A	0%
Total Downstream Scope 3		2,800	5%
Total Scope 3		55,640	

Our environmental impact continued

Energy use

Energy consumption (kWh)	2022	2021
	Group total	Group total
Diesel	20,095,763	2,340,744
Gas	294,576,803	292,669,762
Total non-renewable fuels consumption	314,672,566	295,010,506
Purchased electricity renewable	1,966,459	1,378,935
Self-generated renewable electricity (all solar)	1,132,101	110,446
Total renewable electricity consumption	3,098,560	1,489,381
Purchased electricity non-renewable	80,831,817	79,140,743
Total purchased electricity	82,798,276	80,519,678
% renewable from total electricity	3.7%	1.8%
% grid electricity from total electricity	98.7%	99.9%
Total electricity consumed	83,930,377	80,630,124
Non-renewable other energy consumption (Steam)	34,258,140	35,144,644
Total other energy consumption	34,258,140	35,144,644
Total renewable energy consumption	3,098,560	1,489,381
Total non-renewable energy consumption	429,762,523	409,295,893
Total energy consumption	432,861,083	410,785,274
Energy Intensity per £'m Group turnover	1,491,082	1,627,517

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.

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.

In 2022, our water withdrawal in cubic metres per million metres production decreased by 12% compared to 2021 (a 4% decrease in absolute terms).

Freshwater withdrawal (m3)	2022	2021	2020
UK	376,844	438,913	492,434
Czechia	590,217	593,885	569,196
Australia	297,797	306,945	304,277
USA	188,874	201,806	201,225
China	183,677	158,620	180,919
Group Total	1,637,409	1,700,169	1,748,051
Water intensity per Mm Group production ¹	83.5%	94.8%	100.0%
Water intensity per £'m Group turnover	5,640.4	6,736.0	7,048.6

¹ Indexed to 100% in 2020.

Waste

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

By focusing on clean waste separation, we have achieved a 99% reduction in waste to landfill per million metres production since 2005 with substantial improvement in the last six 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 ambition is also to get to zero total waste to landfill by 2050 for all forms of waste.

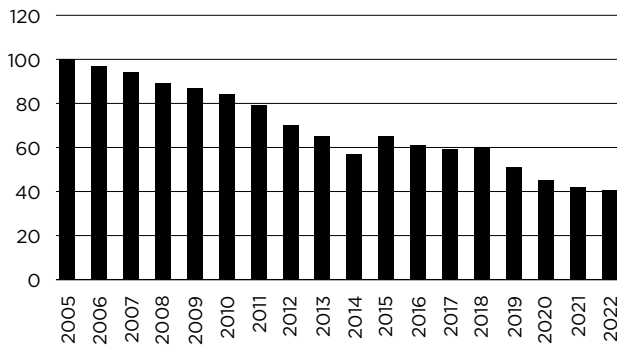
Product waste is organic and by avoiding non-organic contamination we have an opportunity to dispose of this in an environmentally responsible manner, such as sending this to third parties to produce energy via anaerobic digestion. Other waste is solid waste which is not necessarily generated directly 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 2022, we achieved a substantial reduction of 76% in our tonnes of waste per million metres production compared to 2021 (73% in absolute terms).

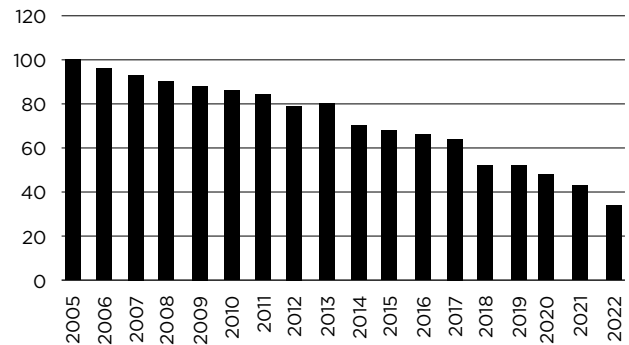
Waste treatment/disposal (tonnes)	2022	2021	2020
Waste other (e.g., recycled, converted to RDF pellets, anaerobic digestion)	8,159	5,174	8,502
Waste to landfill	446	1,666	2,306
Total waste	8,605	10,446	10,808
Waste intensity per Mm Group production ¹	71.0%	94.2%	100.0%
Waste intensity per £'m Group turnover	29.6	41.4	43.6

¹ Indexed to 100% in 2020.

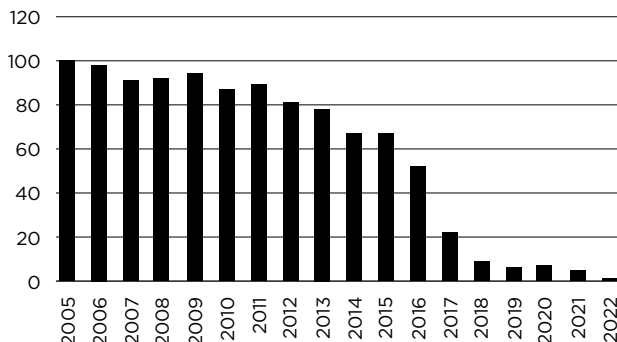
Our long-term intensity trends, indexed to 100 in 2005
Scope 1 & 2 emissions intensity (tCO₂e/million metres casing sold), 2005 = 100



Water use intensity (m³/million metres casing sold), 2005 = 100



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



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.

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

Health and safety

In 2022 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 our focus to relentlessly pursue a risk position of excellence and a generative, mature health and safety culture. 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 2022 we commenced 'phase two' of the 'Hearts and Minds' programme. Accordingly, we created a new cultural surveying approach, piloting this at our Gendt (NL) and Slavkov sites (CZ). These cultural surveys were then rolled out in our other sites but in more limited areas (e.g., USA - Engineering). The rest of the site areas are ongoing in H1 2023.



In October we ran our fifth consecutive annual safety month. This year we focused on Near Miss reporting, Health & Wellbeing, ISO 45001, and the future of Health and Safety.

2022 Safety performance

Safety Performance ¹	2022	2021
Fatalities	0	0
Lost Working Day Incidents	0	1
Recordable Incidents	14	15
Days Lost (actual)	0	3
Near Misses	264	274
Occupational Illnesses	20	17

¹ All safety numbers and statistics are inclusive of both the contractor community and our employees. Lost days are the total number of work days lost as a result of a worker injury or illness.

The number of Recordable Incidents was slightly less (14) in 2022 (2021: 15), although a marked improvement on the preceding years. 2022 was also significant for having no Lost Working Day Incidents, compared to 1 in 2021 and 8 in 2020. There were no lost days in 2022. Given we are trying to create a Zero Accident Community, we are pleased with our performance in 2022 while making sure not to be complacent in the future. We appreciate there will always be ways to further improve our H&S processes to ensure minimal incidents occur.

We continually strive to ensure that all safety incidents across the Group are reported and monitored. 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.

SAFETY MONTH

LINKING BELIEFS TO VALUES

Be Devro...

THINK SAFE
WORK SAFE
GO HOME SAFE

DEVRO

Safety plans, 2023 and beyond...

- Install a new EHSQ Management Software system at sites
- Completed 45001 certification audits and complete action plans across all areas
- Increase our near miss reporting by 20%, and continue our collaborative learning from incidents initiative
- Understanding our culture better via a Hearts & Minds 2 survey, with action plans progressed at all sites
- Upskill Health and Safety champions with new "At risk" behaviour programme

Our people

Devro is an international business, with five main production sites across four continents. As of 31 December 2022, the Group employed 1,925 people (2021: 1,890). 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 2022 or in either of the previous two fiscal years.

Highly engaged businesses perform better



Employee engagement

The Group believes 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 teams from multiple countries 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 employee 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 to help us shape our future. A fantastic 82% of our global workforce participated in our fifth annual 'Tell Dev!' survey in 2022. We are proud of our consistently solid engagement and experience scores and our leaders continue the conversation with their teams to ensure we are acting on those areas which have the greatest positive impact on these measures.

As part of our EDI and Wellbeing strategy, we also launched our global Employee Assistance Programme, to ensure that all employees around the Group have access to a suite of resources including legal, financial, health and wellbeing support, as well as professional counselling services.

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 aim to maintain low employee turnover. We support lifelong learning with the possibility to grow and develop for wellbeing or advancement. We also ensure mandatory compliance training is delivered in a timely and easily accessible manner, such as health and safety, information security and data protection. Our On-Boarding plan is now supported by online material, ensuring that new employees can quickly familiarise themselves with Devro process and practice and access the right information and training at the right time.

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 core element of our People Strategy in 2022 was the launch of Leading for Growth. Through 2022, 45 leaders attended the programme and their feedback was used to enhance the programme which will continue for further cohorts in 2023.

In 2022, 873 individuals accessed learning via our online LMS from across all sites and functions. Uptake of training via this method nearly doubled on the prior year, as 5,382 items of training were recorded. This comprised: 825 core and technical skills modules, 3,545 safe sustainable practices/compliance and 1,012 behavioural and interpersonal skills trainings. (This refers only to training delivered and recorded via the online platform and does not include all local training of operator skills, etc).

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 our workforce is 39% female and 61% male, and 38% of direct reports to the EMT are female (2021: 38% female/62% male, 29% of direct reports to the EMT were 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 their identity or background.

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 can continue with any appropriate adjustments made. 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.

In 2022, as part of our wellbeing strategy, we launched a programme of initiatives to support employees' needs and expectations and emphasise their value to the organisation. 'Dignity @ Work' commenced with increasing awareness of our revised EDI policy and continued throughout the year with e-learning initiatives around Equality, Diversity, Inclusion and Belonging, as well as other communications to engage our colleagues in these topics. Unconscious Bias training was also delivered to our leadership team and will be rolled out further in 2023. We see it as essential to keep this conversation alive and explore areas where we can continue to learn and improve our practices.

In 2022, we revised our recruitment procedures globally to promote equality, diversity and inclusivity and in 2023 will be rolling out guidance to all managers involved in recruitment to ensure they are supported appropriately.

The gender analysis of the workforce as at the end of the year is shown in the table below.

Our Gender split, 2022

	Male	Female	Total
Executive Management Team (number)	6	0	6
Executive Management Team (%)	100%	0%	100%
Senior Managers (EMT direct reports, excluding support) (number)	31	19	50
Senior Managers (EMT direct reports, excluding support) (%)	62%	38%	100%
Other employees (number)	1,137	726	1,863
Other employees (%)	61%	39%	100%
Total (number)	1,173	745	1,918
Total (%)	61%	39%	100%

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.



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. Our ongoing commitment to offering school visits, work experience and student placements within the locality of our manufacturing sites has been reinvigorated through 2022, following the easing of Covid restrictions.

Following news of the war on Ukraine in early 2022, we commenced a global fundraising initiative to support those in need. Most notably, our colleagues in the Czech Republic volunteered their time and energy to reinstate a disused hostel space within our site, which has provided safe accommodation for a number of families who were displaced by the war. Our Czech site has provided employment opportunities as well.

The Company also provides support through other charitable donations across the regions within which we operate, totalling £67,435.

Charitable contributions

	2022 £
America	2,047
Australia	2,205
Czech Republic	58,600
Scotland	4,583
Total	67,435

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 2022 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. An increase in anonymous whistleblowing reports received from one Company site, prompted local management to intensify their engagement with employees, following which anonymous whistleblowing reduced.

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 reviewed annually 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

The Devro group of companies, headed by Devro Limited (Devro) was acquired on 14 April 2023 by SARIA Nederland B.V. an indirect subsidiary undertaking of SARIA SE & Co. KG. (the Acquisition). Devro strives to comply 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's approach is to develop open and straightforward relationships with the tax authorities in the jurisdictions in which it trades, including the HMRC in the UK. Devro's commitments on taxation are enshrined in both our Global Business Conduct Statement and Business Conduct Policy, on which training is provided. Employees across the business are also regularly required to verify their compliance with our Business Conduct Policy. Tax compliance risks are managed through the Group's risk management framework. We expect in the months following the completion of the Acquisition, to align how Devro's commitments on taxation will be recorded and managed in future as part of the broader SARIA group.

As of 31 December 2022, Devro did not operate in countries considered as partially compliant or noncompliant 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.

Ethical conduct continued

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.

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 co-products from slaughterhouses, which removed the need for their disposal and created an economic stream from what was effectively waste. 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, which is to Global Food Safety Initiative recognised standards. We request specific information on environmental impacts in our questionnaires (GHG, CO₂, 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 2022, with the relaxation of COVID requirements we conducted 64 supplier audits, with higher-risk suppliers being audited more regular. Through our raw material supplier audits we check our suppliers have policies or processes in place which promote respect for workers' rights (including policies on anti-discrimination, freedom of association, child and forced labour) and we seek assurances of the steps they have in place to ensure these are followed. To ensure that we maintain a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and in our own business, we have delivered dedicated training to key personnel who are involved in our Supplier Management process, we are also in the process of issuing a 'Supplier Code of Conduct' ensuring our suppliers' adherence through our audit programme. The below tracks our total supplier audits, outlining those audits which included quality, environmental and social assessments.

Our supplier audits

Year	Audits total	Audits inc. Quality	Audits inc.. Environmental	Audits inc.. Social
2018	42	42 (100%)	41 (98%)	36 (86%)
2019	54	54 (100%)	52 (96%)	52 (96%)
2020	95	95 (100%)	95 (100%)	95 (100%)
2021	40	40 (100%)	40 (100%)	38 (95%)
2022	64	64 (100%)	64 (100%)	64 (100%)

TCFD Report

Devro has had a long-standing public commitment to be net-zero across all scopes by 2050 and in 2022 we made the commitment to set near-term company-wide emission reductions in line with climate science with the SBTi and developed interim targets for Scopes 1 & 2 for 2025 and 2030.

Our TCFD report outlines our approach to climate change governance and how we incorporate climate-related risks and opportunities into our risk management and strategy, aligned to our net zero ambition. In this report, we set out our climate-related financial disclosures consistent with all of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures as detailed in "Recommendations of the Task Force on Climate-related Financial Disclosures", 2017, with use of additional guidance from "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", 2021.

On 14 April 2023, the Devro group of companies, headed by Devro Limited was acquired by SARIA Nederland B.V. ("SARIA"), an indirect subsidiary undertaking of SARIA SE & Co. KG, and subsequently Devro plc was de-listed as a public company trading on the London Stock Exchange. In order to present transparent sustainability disclosures and to demonstrate continuity from 2021, we have prepared the following report with reference to our business as of 31 December 2022. As a result of our acquisition by SARIA, any reference in this report to "Devro", "the Group" and internal corporate structures, such as "the Board", relate to Devro Plc, which was the legal entity in place as at 31 December 2022. Similarly, all data relates to Devro Plc as of 31 December 2022.

Governance

Devro's Board of Directors is responsible for the oversight of climate-related risks and opportunities, as with all matters which impact the strategy and risk management of the Group. The Board is responsible for the oversight of the Group's climate change policy and monitors and oversees progress of the Group's sustainability targets against our recorded emissions, water use and waste. Our public commitment to net zero and our near-term emissions and renewable electricity targets highlight that the management of Devro's climate change exposure and impact is fundamental to the Group's business Purpose (see Metrics and Targets below for further details). The CEO has overall responsibility for oversight, ensuring that climate-related issues are considered in the review of Devro's strategy, budget and business.

Within the risk management framework, the Risk Committee delegates its authority to oversee climate-related risks, as outlined in this report, to the Sustainability Committee. The output from any climate-related risk reviews is incorporated into the overall risk report, which is subject to review by the Audit Committee and Board. The Audit Committee reviews the Group's overall risk controls, including climate-related risks, every six months. The Audit Committee is also responsible for approving the content of the Group's TCFD disclosures.

Executive management level oversight of climate-related issues at Devro is performed by the CEO and the Executive Management Team (EMT) who monitor progress against our climate-related targets, achievements, and barriers to be resolved. An internal report, including climate-related KPIs, is prepared on a monthly basis and is reported to the Board. The CEO is also chair of the Sustainability Committee that also meets monthly. Our cross-functional Sustainability Committee supports and informs the EMT on delivery of the climate-related strategy and performance of the business. The Sustainability Committee in turn are informed by divisional and operational management who manage climate-related risks and report and deliver on projects and initiatives, such as the progress on renewable electricity across sites. Further governance details are outlined on page 4, and details, including specific actions, relating to our management of emissions, energy use, water and waste can be found on page 5.

Risk Management

Risks and opportunities relevant to Devro were identified with the help of external consultants and refined through consultation with the Sustainability Committee and senior management. Devro considers climate-related risks and opportunities in all physical and transition risk categories, current and emerging, whether they occur within our own operations, or upstream and downstream of the Group and whether they occur within the short-, medium- or long-term time horizons.

Climate-related risks and opportunities are evaluated in the same manner as other Group risks to ensure the management of climate-related risks is integrated into Devro's overall risk management framework. The climate-related risk assessment incorporates measures for both likelihood (intuitive assessment) and impact (£'m impact on Group EBIT) with a threshold of £1 million EBIT impact over the rolling three-year period. Further details related to each key risk and opportunity, such as a quantification of the financial impact, the appropriate strategic response, cost of response and the variance of key risks in relation to climate-related scenarios is also developed. These details help us to determine if further management response is required (e.g., mitigation, acceptance, control) and help to prioritise resources in managing our most material climate-related impacts.

The risk register, including climate-related risks, is reviewed every six months to incorporate material changes from our internal assessment and to ensure the register reflects material changes in the operating environment and business strategy.

TCFD Report continued

Strategy

Devro is not exposed to all categories of climate-related risk. Below we outline four key climate-related risks and three key opportunities which could have a material financial impact on the organisation. We monitor several additional risks and opportunities to these, which at this stage we determine are not material, and/or do not impact our businesses, strategy, and financial planning beyond the boundaries of business-as-usual. Examples include acute weather risk to sites, risk of reduced meat consumption reducing product demand and the potential for product-in-use emissions opportunities associated with choice of casings.

In consideration of the longer time horizons for climate-related issues and in keeping with the interim target dates we have set for the business in 2030 and our 2050 net-zero aspiration, the time horizons for our risk assessment analysis have been determined as follows:

- Short-term: to 2025
- Medium-term: 2025 to 2030
- Long-term: 2030 to 2050

We use climate-related scenario analysis to improve our understanding of how different climate outcomes impact certain risks. We employed three public climate-related scenarios which help us better understand the resilience of the business to climate change:

Scenario	Source	Outline	Notes
Net Zero Emissions by 2050 Scenario (NZE)¹	IEA	Actions limit the global temperatures rise to 1.5 °C by 2100, with 50% probability	A pathway for the global energy sector to achieve net zero CO ₂ emissions by 2050. This scenario is included as it informs decarbonisation pathways used by the SBTi.
Stated Policies (STEPS)	IEA	Global temperatures rise by around 2.5°C by 2100, with 50% probability	A combination of physical and transitions risk impacts as. This scenario is included as it represents a mid-way pathway with the trajectory implied by today's policy settings.
RCP 8.5	IPCC	Global temperatures rise between 4.1-4.8°C by 2100	This scenario is included for its extreme physical climate risks.

¹ Sources: IEA (2022), Global Energy and Climate Model, IEA, Paris <https://iea.blob.core.windows.net/assets/3a51c827-2b4a-4251-87da-7f28d9c9549b/GlobalEnergyandClimateModel2022Documentation.pdf>; IPCC (2014), Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

These scenarios have been supplemented with additional internal and external sources specific to each risk to inform our assumptions. Our overall assessment is that the business remains resilient to climate-related risks in all three scenarios, especially given our existing and planned mitigation strategies. We do not foresee any material fundamental change to our business strategy or budgets resulting from climate change, especially given our plans already accommodate our ambition for net zero. There are no effects of climate-related matters reflected in judgements and estimates applied to our financial statements. There will be opportunities in future years to increase the sophistication of modelling as new data is made available both internally and externally to support a meaningful quantitative assessment.

Risks

Risks	Carbon pricing or carbon tax, own operations	Carbon pricing or carbon tax, value-chain	Water scarcity	Reliance on third parties for our net zero plans
Type	Transition (Current and Emerging Regulation)	Transition (Current and Emerging Regulation)	Physical (Chronic)	Transition (Market and Reputation)
Area	Own Operations	Upstream	Own Operations	Upstream/Own Operations
Primary potential financial impact	Higher costs	Higher input costs	Lower revenue, higher cost	Higher costs, higher cost of capital
Time horizon	Medium-term	Medium-term	Medium-term	Long-term
Likelihood	Very likely	Very likely	Evens	Unlikely
Impact	Medium	High	Medium	Low
Location or service most impacted	All production operations	Purchased Goods & Services, Upstream Transportation	Bathurst, Jilmenice	All operations
Metrics used to monitor	Scope 1 & 2 emissions	Scope 3 emissions	Freshwater withdrawal, water intensity	Scope 1, 2 & 3 emissions

Carbon pricing or carbon tax, own operations

Recent high energy costs may ameliorate the pace of carbon price adoption, but current situation notwithstanding, the breadth of countries or sectors being subject to carbon prices, applied directly as a tax or indirectly resulting in higher costs for energy, is expected to expand. In addition, the price of carbon is expected to rise in transition risk scenarios. The International Energy Agency (IEA) forecasts that carbon prices (US\$/tCO₂e) relevant to Devro under STEPS and NZE scenarios will develop as below. A direct tax on our unmitigated Scope 1 and 2 emissions in line with these forecasts represents a High risk as Devro uses an energy intensive production process. However, our net zero ambition and near-term emissions reduction and renewable energy targets (see below) will materially decrease our exposure to this risk over time, reducing our risk exposure to Medium.

Location	2030	2040	2050
STEPS Scenario¹			
	US\$/tCO₂e		
China	28	43	53
European Union	90	98	113
NZE Scenario			
	US\$/tCO₂e		
Advanced economies with net zero emissions pledges	140	205	250
Emerging market and developing economies with net zero emissions pledges	90	160	200

¹ Source: IEA (2022), World Energy Model, IEA, Paris, <https://www.iea.org/reports/world-energy-outlook-2022>.

Carbon pricing or carbon tax, value-chain

The potential introduction of carbon taxes, carbon border adjustments and carbon price increases in our upstream value-chain may increase the cost of transportation and the cost of any carbon-intensive raw material inputs, which are our material upstream emissions exposures. The full implications to Devro are hard to assess given the lack of clarity on where in the value chain carbon pricing may be applied, how much is passed onto Devro and how much of the impact Devro can pass onto customers. Our initial Scope 3 assessment conducted this year has provided an outline of our key upstream emissions sources, but further data is required to provide the detail of where the major components of our Scope 3 carbon reside, to allow us to investigate and develop carbon reduction options over the coming years. The Group has multiple supply options globally and global specifications to allow all plants to accept the same supplies which provides supplier flexibility. We also have a number of raw material efficiency and wider specification projects, increasing our operating resilience.

Water scarcity

Our sites in Australia (Bathurst) and Czechia (Jilmenice) operate in locations where the risk of water scarcity is expected to rise. Bathurst region is currently classed as Low Risk for water stress (Aqueduct Water Risk Atlas, WRI), but the basin is predicted to rise to High Risk by 2030 under the RCP 8.5 scenario. Regional water restrictions were imposed in 2019 as a result of years of drought, but key local business including our plant faced no restriction to supply and there was no additional cost of water. We have investigated drilling boreholes to source alternative water supply and reduce reliance on municipal water. The capital cost of boreholes and water cleaning was under £1 million.

That said, since 2019, higher levels of precipitation mean the local water storage reservoirs have been refilled, providing several years of water access. The Jizerka River supplies the water to our Jilemnice production facility. Once used, we treat our wastewater together with local municipality wastewater and return it to the river in a better state. However, in times of lower rainfall the upper reaches of the river can become depleted resulting in less abstraction, though this has not occurred in the last 3 years. The Group does have back up options to supplement river water in times of drought as well as programmes to reduce our water usage across all our sites. This year we have continued developing our company-wide water reduction opportunities through re-use and improved production efficiency.

Reliance on third parties for our net zero plans

Devro's long-term net zero ambition includes a certain amount of reliance on areas beyond our control and influence, such as the decarbonisation of electricity grids, influence in our supply chain where our position as a customer is low and factoring in to-be-developed technologies. The reliance on third parties is more relevant to tackling our Scope 3 emissions. Given the composition of the Group's Scope 1, 2 and 3 emissions, we are not required to have Scope 3 targets under the SBTi criteria. Nevertheless, as we reduce our Scope 1 and 2 emissions in the medium-term, the proportion of our total emissions relating to Scope 3 will rise, making this risk more meaningful. Failure to maintain progress against our net zero targets may cause reputational damage, dissuade potential investors, or result in greater costs due to the introduction of carbon pricing. At this stage we classify the risk as Unlikely with a Low magnitude and will monitor progress against our long-term ambition, reporting on any potential issues, should they arise.

Opportunities

Opportunities	Innovating low carbon alternatives	Water, energy, waste savings	Green generation
Type	Products & Services	Resource Efficiency	Energy Source
Area	Own operations, Downstream	Own operations	Own operations
Primary potential financial impact	Increased sales	Decreased costs	Decreased costs
Time horizon	Medium-Term	Medium-term	Medium-term
Likelihood	Likely	Likely	Likely
Impact	Medium	High	Low
Location or service most impacted	All production operations	All production operations	All production operations
Metrics used to monitor	R&D to sales, % sales of low carbon products	Energy use and intensity, Freshwater withdrawal and intensity, product waste	Renewable electricity as % total electricity

Innovating low carbon alternatives

Devro's strategy includes actively investigating lower carbon products to address potential climate-related shifts in customer trends and consumer choice. Subject to customer acceptance, the development of the consumer market, and required technologies to produce alternative casings in economic quantities, the Group may be able to lower its downstream Scope 3 emissions via a shift in the raw material of casings. The extent would require a better understanding of the full life cycle impact of any change. The Group already offers porcine in all formats, poultry in gel and a plant-based gel. However, at this point the Group sees no meaningful shift in customer demand trends. It is too early to determine the financial impact and the lifecycle analysis will contribute to our analysis of this opportunity.

Water, energy, waste savings

There is a large opportunity for the Group in resource efficiency, reducing energy, water, and waste. The Group is currently targeting a 25% reduction in emissions, a 20% reduction in water intensity and a 30% reduction in product waste to 2025. In addition, an absolute reduction of 42% and 20% in emissions and water respectively and reduction of product waste to zero is targeted to 2030. Even without this, the upgrading and improvements in manufacturing processes, increasing water re-use in process, and through the elimination of non-organic contamination in production waste, which will allow most production waste to be sent to anaerobic digestion for third party energy generation.

Green generation

Our focus on our 2025 targets is efficiency improvements, modular solar investments (currently supplying 1.5GWh/annum), and purchase of renewably sourced electricity. We aim for 80% renewable electricity across our business by 2025. The 2030 target will be delivered through improved efficiency, reduced energy demand, further renewable procurement, and the decarbonisation of heat. Increased on-site self-generation and increasing the purchase of renewable sourced electricity will reduce Scope 2 emissions. After initial capex payback, renewable energy generation becomes cash generative by removing cost. We aim for 100% renewable purchased electricity across all sites by 2030. This will reduce our emissions and exposure to carbon price risks outlined above.

Metrics And Targets

Devro monitors Scope 1 and 2 greenhouse gas emissions, measured under ISO14001 and calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard. We have developed our first estimate of Scope 3 emissions, in line with guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required. We also track and report on emissions intensity, energy use, energy sources, freshwater withdrawal, and waste management, as reported on page 5-7. The Group also uses an internal carbon price of £50/t for internal planning purposes.

This year we made a commitment to set near-term company-wide emission reductions in line with climate science and the SBTi criteria. We have developed near-term targets for Scope 1 & 2 for submission to the SBTi for validation. Our 2030 target of a 42% reduction in absolute emission from a 2020 base year is in line with the Science Based Targets initiative (SBTi) Net-Zero Standard and aligned to a 1.5C pathway. Our Scope 3 emissions represent 34% of our total emissions footprint and fall below the 40% SBTi threshold for near-term science-based targets. We also have targets for water, waste and renewable electricity as outlined on page 3.

As Devro Plc, CO₂ emissions performance was a feature in the strategic elements of the CEO's and CFO's annual bonus. This has not yet been reviewed under the new ownership structure.

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