

Corporate social responsibility report

Being a responsible business

As a global manufacturing business, we inevitably have an impact on the wider world. We take our responsibilities to society seriously and make sure they are reflected in all our group policies. Health and Safety, the Environment, Food Safety and Quality, Human Resources – all these policies are reviewed annually and the latest versions were endorsed by the Board at the end of 2011. They are available to read on our website (www.devro.com).

Safety

Health and safety is fundamental to our operation as a manufacturing business. We believe that all accidents are preventable. Our aim is to do everything safely and we are working towards a target of zero injuries. Safety is a regular agenda item at board meetings, and the board safety committee met four times last year to review progress and hear from regional safety committees.

We focus on three main aspects of safety:

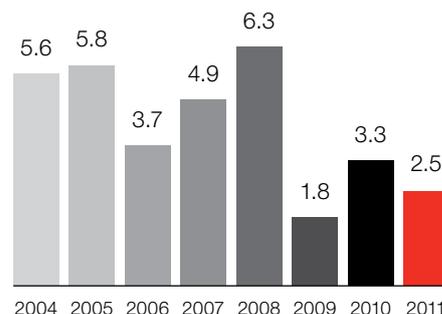
- Process safety: ensuring safe equipment and processes
- Procedural safety: ensuring that we have adequate procedures for the safe operation and maintenance of our equipment
- Behavioural safety: helping our employees to act in a safe way

We ensure process safety by means of risk assessments whenever we make any changes to our processes. Local safety procedures are now governed by our Golden Rules – a set of 15 safety standards which lay down minimum requirements across the business. We undertook a first compliance audit in 2011 and drew up improvement plans. We plan annual audits in future. We also reviewed and updated the annual safety climate survey in 2011, and we continue to make progress in this area.

We are paying particularly close attention to behavioural safety. Many of the injuries suffered by our staff during 2011 could have been prevented if individuals had chosen to behave differently. We are continuing to review and improve the way we carry out behavioural safety audits around the world.

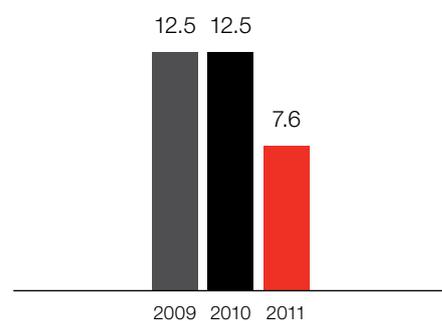
How we did in 2011

Our rate of lost working day injuries (LWDIs) rose in 2010 but fell again in 2011. However we prefer to measure our performance by looking at the number of injuries which are beyond simple first aid and require the attention of a health professional. By this measure our safety performance improved significantly. Unfortunately we also had a number of contractor/agency staff injuries on our sites in 2011. This is of concern, not least because in two cases the individual was not under our direct control and thus prevention was more difficult.



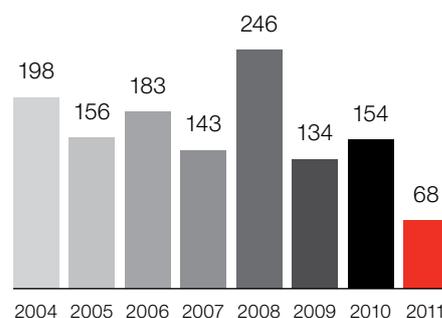
Lost working day injury rate (injuries per million hours worked)

The rate of injuries requiring treatment by a health professional (recordable injuries) reduced significantly in 2011:



Recordable injury rate (injuries per million hours worked)

The number of working days lost as a result of injury declined in 2011; this was our best result since we started to keep records in 2000.



Number of lost working days per million hours worked

Environment

Protecting the environment is one of the cornerstones of responsible, not to mention successful, business practice. We take pride in what we do and we are committed to complying with the regulations, permits and consent limits that apply to our various activities, just as we are committed to avoiding pollution and reducing our environmental impact in the countries and communities in which we operate.

Devro's operations around the world are subject to a variety of regulatory regimes and cultures. As a consequence, we deal with environmental issues through a network of specialists operating within the business units.

The main environmental impacts of our processes are the emission of carbon dioxide and the solid waste we send to landfill or incineration. We operate our own waste water treatment plants in three of our locations. In the fourth, Scotland, we discharge directly into the public sewerage system where our waste is combined with domestic effluent and treated by Scottish Water.

We monitor three measures at Group level:

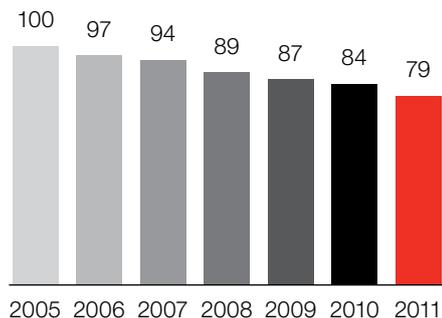
- carbon dioxide (CO₂) emissions from the use of fuels and electricity in our factories
- water consumption
- solid waste to landfill or incineration

Our major concern is climate change and the twin issues of fuel consumption and electricity-related CO₂ emissions. Our use of refrigerant gases and business travel have relatively little impact on our carbon footprint by comparison.

Last year we set ourselves the target of making 10% reductions in each of these measures per kilometre-equivalent-product by 2015.

Carbon dioxide

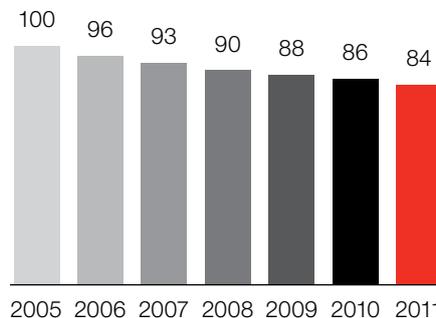
During 2011, encouragingly, we reduced our emissions per kilometre-equivalent-product by more than 5%. Not only did sales increase but emissions of carbon dioxide fell. This puts us well on the way to achieving our 2015 target.



CO₂ emissions
(tes CO₂/million metres equivalent casing sold)
2005 = 100; 2015 target = 75.6

Water

Water use is generally not a big issue on our sites, but we are still keen to reduce it whenever possible. This year, a small increase in actual usage was offset by the increase in sales, making the improvement in our measure slightly better than targeted.

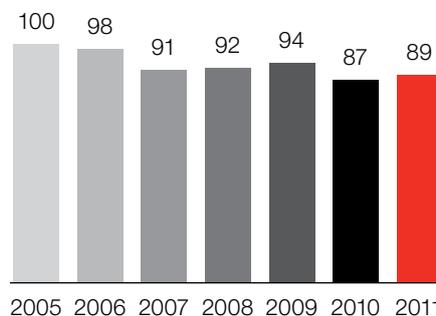


Water use
(m³ water/million metres equivalent casing sold)
2005 = 100; 2015 target = 77.6

Solid waste to landfill or incineration

Increased project activity across all four sites meant that we generated more waste in 2011 than in 2010.

The figures below do not include the silt removed from our pond in the Czech Republic, which is the responsibility of the third party operating company.



Tes waste
(converted to a solids basis)
sent to landfill or incineration/million metres equivalent casing sold
2005 = 100; 2015 target = 78.0

Environmental management systems

All four of our manufacturing regions developed environmental management systems during 2011. Three of them (covering six sites) have now obtained ISO 14001 registration and we will be working to achieve a similar registration in the fourth region.

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Targets

Our 2011 performance is compared with our 2015 targets below:

	2010 performance	2011 performance	2015 target
Carbon dioxide	84.0	79.3	75.6
Water use	86.3	83.9	77.6
Solid waste	86.7	88.8	78.0

(per million metres equivalent casing, 2005 = 100)

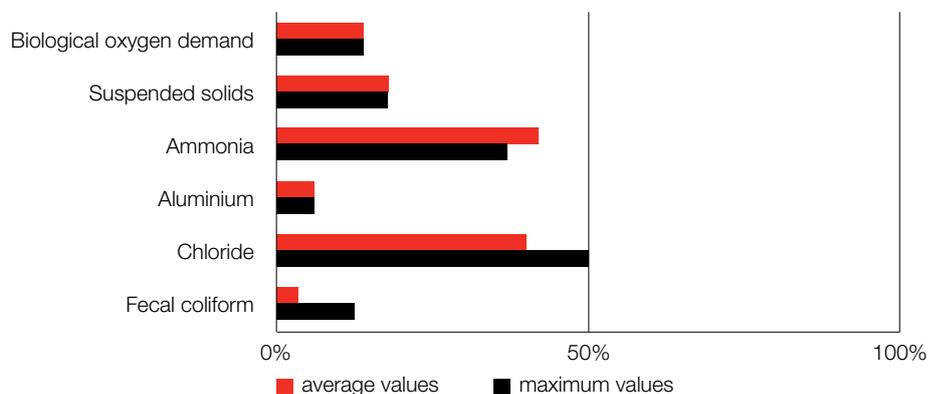
Site specific issues

In addition to the main environmental impacts monitored at Group level, two of our sites have to meet local compliance targets for discharges and emissions.

Discharges to water

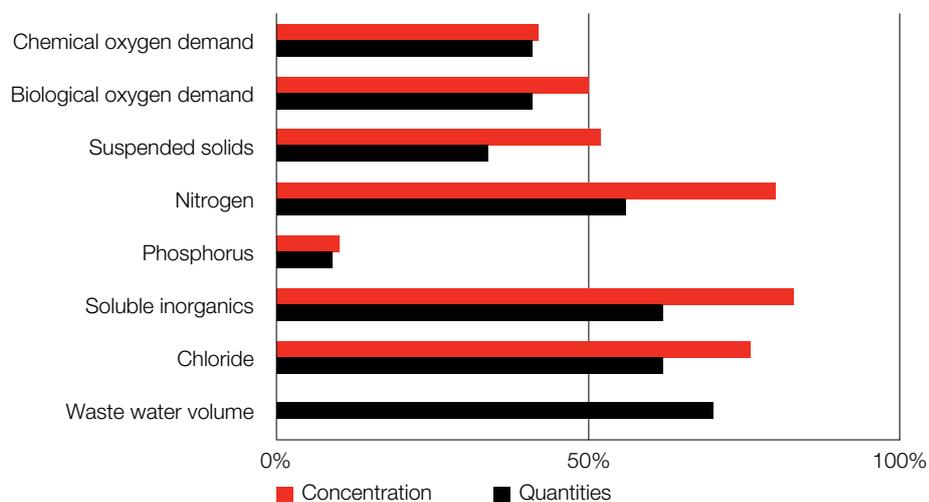
Of the four main manufacturing locations, only two discharge to a waterway. Our Czech factory in Jilemnice sends liquid effluent to the Jizerka River, and our US factory in South Carolina discharges to the Congaree River.

The effluent from both has to meet a range of limits; for South Carolina actual 2011 performance is shown as a percentage of the permitted value below.



In addition the discharge is required to be within the pH range 6 to 9; actual figures were between 7 and 8.5. There is also a minimum dissolved oxygen requirement which was comfortably exceeded.

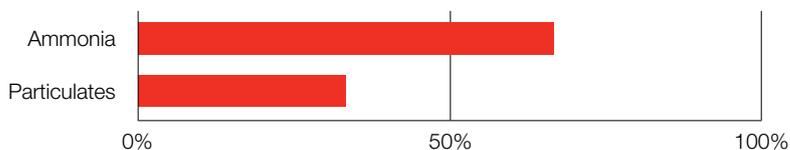
For the Czech Republic we have limits for concentration and quantity. 2011 performance is shown below.



Discharges to atmosphere

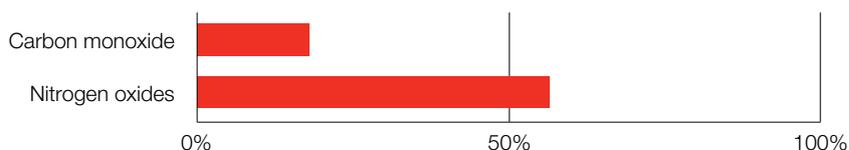
The same two locations have consents they have to meet for discharges to air.

In South Carolina these relate to ammonia discharges from our waste treatment operation, and opacity and particulates levels in the flue gas from our wood-fired boiler.



The opacity limit was also met with an average half the permit value.

In the Czech Republic the performance of the boilers against consents was:



Our aim is that all our operations should comply with legal consents and this was achieved during 2011. We had one transgression recorded in the United States when an operator did not record the analysis time for the plant effluent pH. Since this was not compliant with the standard protocol, it was treated by the regulatory agency as a violation although there was nothing to suggest that actual performance had been outside the permitted levels.

Here we have provided an overview of our performance and corporate approach to social responsibility over the past year. A snapshot of how we have put it into practice across the business, under the three headings of Safety, People and Environment is also available on our website.