

Dechra Gender Pay Gap Report 2018

Dechra Limited, UK

At Dechra, our people are our greatest asset and underpin everything we do in the business. We recognise that the diversity of our team and an inclusive culture is beneficial for our business, its processes, and its performance.

Gender pay gap reporting has highlighted to us, and UK businesses as a whole, some of the organisational and societal factors that contribute to the gender pay gap.

We are pleased to report that as a result of our proactive management in relation to our gender pay gap, the gap has reduced from 17.7% in 2017 to 9.2% in 2018, it is something that we are looking to continue to build upon as we continue to make Dechra an increasingly attractive place to work.

As required by the UK legislation the following information is provided for Dechra Limited, the only UK Company within the Dechra Pharmaceuticals PLC Group, which employs more than 250 people.

The data below is based on an assessment of 251 employees (128 males and 123 females) who were employed within Dechra Limited on the snapshot date of 05 April 2018.

What is the 'gender pay gap'?

The reporting requirements relate specifically to separate legal entities within a Group structure in the UK who employ 250 or more employees on the 'snapshot date' each year; this is 05 April each year. For Dechra, this relates only to Dechra Limited (which comprises Dechra Pharmaceuticals Manufacturing and Product Development and Regulatory Affairs).

In this report, we share the gender pay gap data for the 12 months up to April 2018 for Dechra Limited.

The gender pay gap measures the difference between men and women's earnings by expressing women's pay as a percentage of men's pay.

This is different to equal pay. Equal pay refers to men and women receiving the same pay for the same work.

Gender pay gap

Median (<i>middle</i>) Gender Pay Gap; Dechra Limited	9.2%
Mean (<i>average</i>) Gender Pay Gap; Dechra Limited	11.5%
UK's National Gender Pay Gap*	17.9%

*Source: ONS, 2018

The data above shows the gender pay gap within Dechra Limited (which includes a number of global Group Manufacturing and Supply roles based within the UK). This is a snapshot of the difference between the average hourly pay of women compared to men, irrespective of their job or grade, expressed as a percentage of men's average pay. The hourly pay figure used to calculate the difference includes all items specified in the regulations, such as allowances and shift pay (but excludes overtime, as stipulated in the regulations).

The median gender pay gap within Dechra Limited was 9.2%. This is significantly below the UK national average of 17.9%*, as is our mean gender pay gap figure at 11.5%, and we have witnessed a major improvement on our median gender pay gap from 2017 which stood at 17.7%.

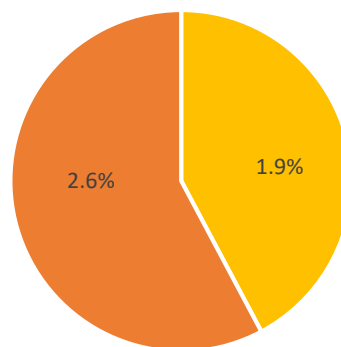
Our analysis of the data shows that the gap, although reduced, remains largely driven by:

- More males occupying the higher paid, technical or senior positions, predominantly within the manufacturing division of Dechra Limited;
- A large proportion of the female workers occupying the lower paid, blue collar positions.

Bonus pay gap

in preceding 12 months to 05 April 2018

PROPORTION OF EMPLOYEES RECEIVING A BONUS



■ Male ■ Female

Median (<i>middle</i>) Bonus Pay Gap; Dechra Limited	-16.7%
Mean (<i>average</i>) Bonus Pay Gap; Dechra Limited	35.5%

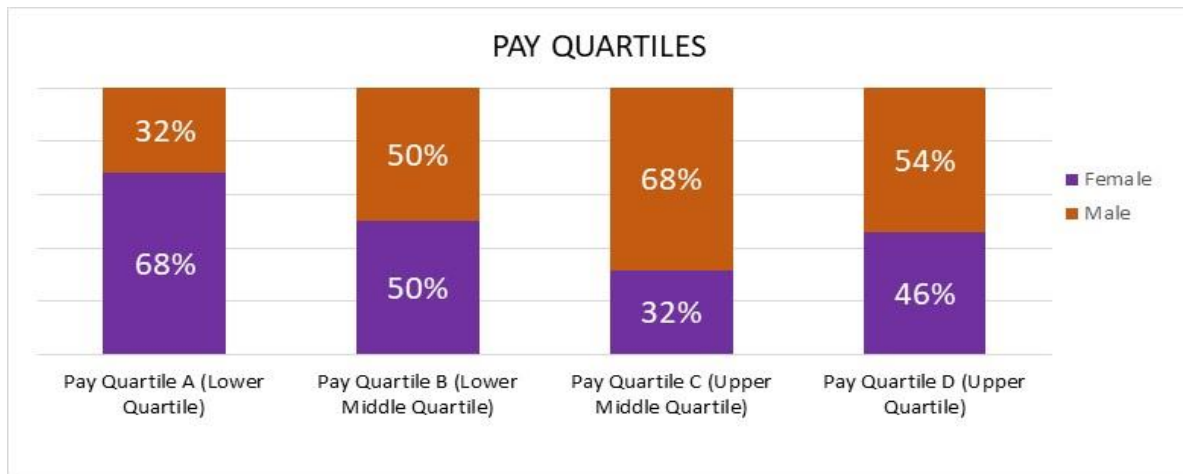
The figures above show the bonus pay gap for bonuses paid to employees within Dechra Limited, between 06 April 2017 and 05 April 2018, as per the regulations. The differences between the median and mean averages can be explained by the fact that there are a higher proportion of the bonuses paid at a lower amount compared to the higher amount (the latter of which is paid to the employees who hold Senior Management roles within Group Manufacturing and Supply). This therefore increases the mean average.

The regulations require the bonus calculation to be based on the actual hours worked without taking into account pro-rating for part time working (which is different to how the pay gap is calculated). On analysis of our data, half of the females who received a bonus, worked part time whereas all males who received a bonus worked full time.

A higher proportion of male employees occupy our global Group Manufacturing and Supply roles and these roles have a higher bonus opportunity in percentage terms. We are aware of the opportunity to do, and we are committed to doing, more to support and encourage women into our senior Manufacturing and Supply roles.

However overall, there is a higher proportion of female employees who receive a bonus compared to males, this is mainly due to our Regulatory Affairs division which is predominantly occupied by females. This explains why we have a negative median bonus gender pay gap.

Pay quartiles



The graph above shows the gender distribution across Dechra Limited in four equally sized hourly pay quartiles. For example, within the lower quartile 68% of employees are women and 32% are male.

Overall, there is an almost equal split of men and women within Dechra Limited, however in the lower quartile, the lower paid roles, are heavily occupied by women. At the lower middle and upper quartile we have a more even split between men and women and since reporting on our split in 2017 we have made progress within these two areas in particular. Back in 2017 we reported 53% of women and 47% of males within our lower middle quartile and 44% of women and 56% of men in our upper quartile.

We acknowledge that we still need to do more to understand progression barriers into our middle management positions (within the upper middle quartile range) given that the percentages have not moved as much within this level of positions.

Moving towards an equal distribution of men and women across all levels is very important to Dechra and something we are continuing to strive towards. As reported last year, we had appointed a number of women in the 18 months preceding April 2017 who have now been captured in the April 2018 data.

We recognise that the diversity of our team and an inclusive culture is beneficial for our business, its processes, and its performance. We have highlighted below our key actions over the last 12 months which has helped us significantly reduce our gender pay gap. We acknowledge and accept that we still have more to do and we remain committed to tackling our gender pay gap.

A year in review – measurement against our actions

In our first gender pay gap report, which was published in April 2017, we prioritised three areas for action to reduce our gender pay gap. Here we report on our progress for each area and how we are building on our plans in order to build on our greatest asset, our people, and further enhance our progress towards reducing our gender pay gap.

Manufacturing makes up the largest proportion of workers within Dechra Limited and traditionally this sector has a talent pool available externally that is predominantly male, however we are proud that our male/female split remains at almost 50/50. At Dechra we pride ourselves on our fair and honest recruitment process.

Despite this, we acknowledge that we need to do more to support our females into technical and senior positions and at Dechra we believe in growing our own talent. Over the last 12 months in particular, we have focussed efforts around our talent development and organisational design.

Our year in review

Our action: Learning and development (L&D)

Our progress: Our focus over the last 12 months has been to identify and grow our offerings linked to the apprenticeship levy, including support for professional development. One of our female employees, whom we had supported over her three year professional development qualification, was accredited with the highest aggregate mark in the world and has been awarded a professional diploma from the Chartered Institute of Procurement and Supply (CIPS) in 2018. We are also proud to have supported our first female at our manufacturing site in her engineering qualification.

Our action: Occupational family leave policies

Our progress: Following the implementation of our enhanced parental leave policies, we have further improved the offering from January this year (2019) to widen the scope of the eligibility, therefore supporting our new parents earlier on in their careers with Dechra. This shows a commitment on our part to promoting time spent with new family additions.

Our action: Benchmarking

Our progress: Following the initial work done with Willis Towers Watson, we are continuing to review our salary constructions to ensure equity and consistency across our workforce.

Our action: Manager training and support

Our progress: We are working to schedule a calendar of training events for the next 12 months for key managers across the business and have implemented GEMBA walks so that managers across the sites gain first-hand knowledge of the issues our manager face. This aims to build engagement and a supportive forum and sharing of best practice.

Our action: Works council

Our progress: We continue to review the focus ensuring operational engagement and ensuring the employee voice is heard, leveraging the engagement survey and other site forums.

Our action: Policy review

Our progress: Work remains ongoing in relation to preparing our refreshed diversity and inclusion strategy supported by our Group HR Director. Over the last 12 months we have worked on revising our Code of Conduct Policy and we have also relaunched our Diversity Policy to better educate and promote positive behaviour across our sites.

Our action: Benefits review

Our progress: We remain committed to reviewing our benefits offering and have made headway, particularly around our life assurance and pension arrangements for our lower paid employees. We are implementing additional steps to ensure the employee voice is represented at Board level and in February this year (2019) we appointed a new Non-Executive Director responsible for employee engagement.

All of this is underpinned by an increased focus on embedding diversity and inclusion into our culture to create innovative and high performing teams making Dechra a great place to work, now, and in the future.

I confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Ian Page
Chief Executive Officer