

Corporate Social Responsibility



Our Corporate Social Responsibility strategy has three pillars: Our People, Our Community and Our Environment.”



Tony Griffin
Managing Director, Dechra Veterinary Products EU

Glossary

Terms used within this section:



SET

Senior Executive Team

PDR

Performance Development Review

HR

Human Resources

MAT

Moving Annual Total

LTAFR

Lost Time Accident Frequency Rates

RIDDOR

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations



Katy Clough
Group HR Director

A responsible approach to our stakeholders and the wider community is considered by the Board to be important to the business. Our Corporate Social Responsibility strategy has three pillars: Our People, Our Community and Our Environment. The conduct of the business towards social, environmental, ethical and health and safety issues is recognised to have an impact on our reputation and therefore the implementation and improvement of policies and systems are ongoing.

Tony Griffin is the nominated Director responsible for health, safety and environmental matters. However, the Board takes ultimate responsibility for Corporate Social Responsibility and continues to be committed to developing and implementing appropriate policies that create and maintain long term value for all stakeholders. Sound business ethics help to minimise risk, ensure legal compliance and enhance Company efficiency.

Our People

There has been significant progress made during the year on the People Plan.

- **One Dechra — A Great Place to Work**

A number of key projects have progressed which will enable us to integrate the Group and optimise our resources and capabilities. These include development of a Group-wide Learning Management Resource which will be available to all employees from September 2015, the introduction of a Group-wide newsletter informing all employees of progress against the strategy and other important developments across the Group, and the development of a Group-wide careers website, showcasing the global opportunities available and supporting the attraction of talent to the Group.

- **Strong Senior Executive Team (SET)**

The SET has responsibility for the overall leadership of the Group, driving the successful implementation and execution of the strategy and enabling cohesion and co-operation between the various business units, as well as setting the Dechra Values so that these are embraced at every level of the business.

Reporting to Ian Page, Chief Executive Officer, the team comprises Anne-Francoise Nesmes, Chief Financial Officer, Tony Griffin, Managing Director DVP EU, Dr Susan Longhofer, Regulatory Affairs and Business Development Group Director, Mike Eldred, President North America, Mike Annice, Managing Director, Manufacturing, Allen Mellor, Group IT Director and Katy Clough, Group HR Director.



Case Study:

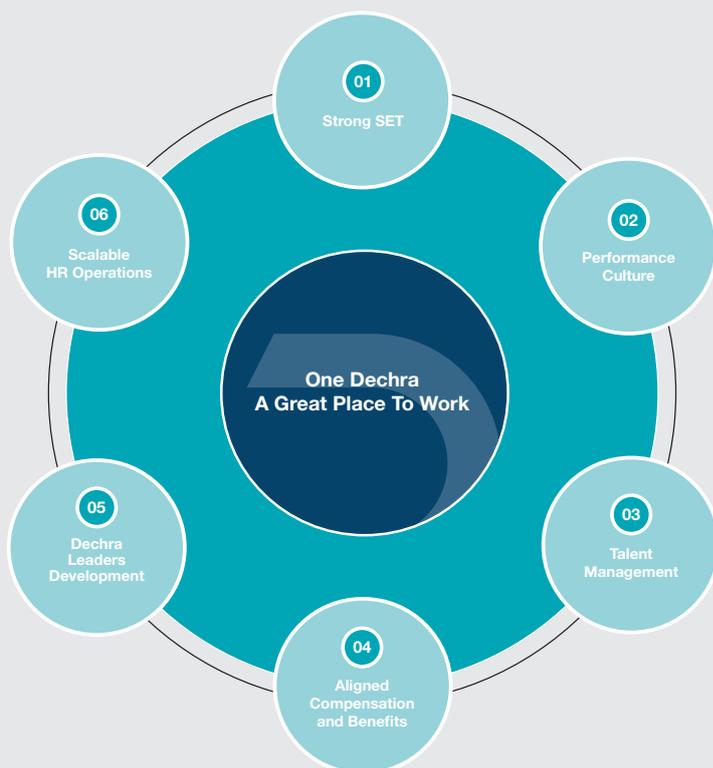
**Our People —
US Team Building Event**

As reported in last year’s Annual Report, we introduced the objective of ‘One Dechra — A great place to work’ to support our overall business strategy.

During a PDRA team building event in May as one of several One Dechra initiatives, the PDRA team and the Kansas sales office joined forces at a cooking workshop to make manicotti (an Italian American pasta similar to cannelloni) and decorate dog biscuits. This was a fun-filled evening with a purpose, which resulted in the local Ronald McDonald House receiving a freezer full of the manicotti and the dogs at the Humane Society of Greater Kansas City enjoying the treats.

US Team Building Event

Our People Plan is designed to enable the Group to drive innovation, customer and shareholder value, accountability, and success through:



- 01 Develop the SET to provide world class leadership to the Group
- 02 Align employee efforts and improve execution through effective goal setting linked to reward
- 03 Attract, retain and develop the right talent in the right place at the right time
- 04 Develop equitable reward systems that drive accountability and reward high performance
- 05 Identify succession plans and create development plans to secure the future talent pipeline
- 06 Create simplified access to data and reduce manual effort

Corporate Social Responsibility

continued

During the year, the number of SET members has increased with the addition of Dr Joseph Rosentel, Product Development Director, and Giles Coley, Marketing Director DVP EU. The SET has met eight times during the year and the Board approved the SET terms of reference which will assist with the focus of its core duties.

- **Performance Culture**

The updated Performance Development Review (PDR) process was rolled out across the Group during summer 2014, with all employees being set objectives that link back to the overall Company strategy. Training for managers has been provided to support this roll out and the annual salary review calendar has been revised in line with the PDR cycle to underpin the link between individual contribution and reward.

- **Talent Management**

As Dechra continues to grow, attracting and selecting top talent is an important priority. With this in mind, a new careers website was launched in July 2015. This new site showcases the breadth of what Dechra does and our global reach, it represents our Values and more importantly our people, to enable future potential employees to learn more about us and want to join.

We recognise the need to identify our high potential employees and successors for key roles and to develop them in order to retain and prepare for future roles. The commitment to the development of our most talented individuals is partly rooted in our need to deploy our resources effectively across the Group and build breadth of experience.

A formal approach to succession planning and talent management across the Group has commenced. At least once a year we will continue to undertake a comprehensive assessment of talent and potential at all levels in the Group. The aim is to identify both successors for key positions and put in place the development, support or key experiences that are required for individuals to progress within the organisation. This supports our strategic aim to build a sustainable business.

During this process we have identified the need to attract a wider range of young talent and, to address this, we have continued to support apprenticeship programmes, offered a number of placements to university students and have set up a pilot Graduate scheme in the UK.

- **Aligned Compensation and Benefits**

Planned tactical work has been undertaken to understand external benchmarks for senior managers and flight risk groups, together with an audit of existing benefits and compensation practices across the Group. This has led to an alignment of the bonus schemes for key groups in 2015 with further development of an overall Group compensation strategy planned for the current financial year.

- **Dechra Leaders' Development**

We want to ensure that we retain our talented people and develop their skills in both functional and people management, which is key to supporting our continued growth. Over the course of the last financial year, Leadership Development Programmes have been delivered in both the Manufacturing and European teams. We are also looking at designing a tailored SET Development Programme.

- **Scalable HR**

During the year a project was undertaken to identify a suitable Human Capital Management system that will support simplified, transparent access to data and reduce manual effort. Following a tender process, a vendor has been identified and the implementation of the first phase of the system has recently commenced. The aim is to create a virtual HR shared services function that operates across geographic boundaries, which will reduce time spent on administration and allow further focus on HR business partnering. The system will provide self-service access to both managers and employees, will automate much of the PDR process

and assist in tracking succession planning. It is proposed to develop KPIs and a dashboard of HR metrics to assist with evaluating decision making relating to resourcing and ensuring compliance with increasing external reporting requirements.

It is the Company's policy to provide equal recruitment and other opportunities for all employees, regardless of age, sex, sexual orientation, religion, race or disability. The Group gives full consideration to applications from disabled people, where they adequately fulfil the requirements of the role. Where existing employees become disabled, it is the Group's policy whenever practicable to provide continuing employment under the Company's terms and conditions and to provide training and career development whenever appropriate.

In summary we recognise that the success of the Group is dependent on our ability to attract, develop, motivate and retain skilled employees. For a number of years the Group has reported labour turnover as a non-financial KPI using a standard formula as follows:

$$\frac{\text{Total number of leavers over a period}}{\text{Average total number employed over period}} \times 100$$

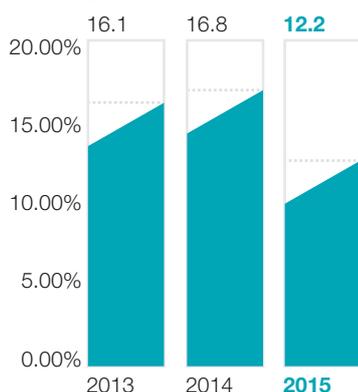
The Group has established a target of no more than 15% Moving Annual Total (MAT); during the 2015 financial year we reported 12.2% (2014: 16.8%). This represents a decrease, and is due to the fact that the previous year's figure was high following the closure of the manufacturing facility at Uldum, Denmark.

Business Ethics

The Board expects all of the Group's business activities to be conducted in accordance with the highest ethical standards and in full compliance with all applicable national and international legislation; in doing so we aim to maintain a reputation for acting responsibly and with integrity. The Board has formalised these expectations into a policy known as the Code of Business Conduct (the Code) which applies throughout the Group. This Code was translated and circulated around the business along with the Anti-Bribery and Anti-Corruption Policy.

A separate Anti-Bribery and Anti-Corruption Policy was launched in the 2014 financial year (previously included in the Code of Business Conduct). The policy, training documents and guidance have been translated and rolled out across all of the Dechra territories, and work is now commencing on an e-learning solution to

Employee Turnover (MAT)



assist with the training of new employees and for refresher purposes.

A Whistleblowing Policy is also in place whereby employees report, in confidence, any suspected wrongdoings within the business which they feel unable to discuss directly with local management.

The Code of Business Conduct, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy were reviewed in December 2014.

The Dechra Values were launched in June 2011 across the business, and are being incorporated into the way we operate.



View further content on our website: www.dechra.com

The Board fully endorses these Values and believes that they encapsulate Dechra's business ethics and set standards that all employees should strive to achieve and ultimately exceed. During the year the Values were translated into German and launched with the aid of on-site briefings to all employees at our German site in Aulendorf.

Human Rights

Dechra is committed to upholding and respecting human rights both within our business and from our suppliers. However, Dechra does not currently have a separate human rights policy.

Health and Safety Policy

The Group attaches great importance to the health and safety of its employees and the public. Management is responsible for and committed to the maintenance, monitoring and promotion of a policy of health and safety at work to ensure the care and well-being of its employees and on-site visitors.

Any material health and safety issues or incidents that occur are discussed in detail at both the business unit board meetings and the PLC Board meetings. The discussions include details of the incident that took place and also details of any remedial action which has been taken in order to mitigate or prevent a recurrence of the incident. Twice a year a comprehensive health and safety report is presented at each of the business unit board meetings and subsequently reported to the PLC Board meeting the following month for discussion and review by the Directors. At the February PLC Board meeting, the Health and Safety Manager for DPM Skipton provided a presentation which included the progress from 2011 to 2015, an environmental and energy update and synergies achieved with the Bladel facility.

The main sites within the Group have an active Health and Safety Committee comprising representatives from both management and employees. The workforce nominates employee representatives. These committees meet on a regular basis to carry out a review of risk assessments and standard operating procedures as well as investigating any concerns raised by individual employees. Each site has the requisite number of employees trained in health and safety legislation.

Skipton is operating to OHSAS 18001:2007, which is the British Standard for occupational health and safety management best practice. As it continues to develop its safety management system, the site hopes to seek accreditation within two years.

For a number of years the Group has reported Lost Time Accident Frequency Rates (LTAFFR) as a non-financial key performance indicator (see page 47). The LTAFFR is a calculation of all injuries that would be statutorily reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), normalised per 100,000 hours worked. This measure provides information to help monitor and control accidents and injuries to the workforce and is widely used as a key performance indicator throughout industry. The Company reports LTAFFR on the same basis as in previous years, that is over-three day incidents. As in the previous year, the number of accidents occurring in the year was one. This incident did not result in a work-related fatality or disability.

The Transport Risk Committee assesses risks relating to the Group fleet and establishes control procedures, including regular licence checks of all individuals who are able to drive Company vehicles, investigations into all accidents and a disciplinary procedure for speeding offences. The committee has met twice during the financial year; and as well as driver safety it has discussed the fleet provision and areas of improvement from an economic, environmental and employee perspective.



Corporate Social Responsibility

continued

Our Community

The Board encourages the business units to contribute to the social and economic welfare of the local communities in which they operate. It recognises that by taking voluntary action in this area it is helping to protect and develop its own business.

This is the fourth year in which the Group has operated a Donations Policy. All employees within the Group are entitled to nominate a charity or a non-commercial organisation. This year the number of nominations received exceeded our expectations and it was therefore decided to increase the overall donation spend from £10,000 to £20,000 which was split equally between ten charities, as detailed below:

Type of Charity	Charity	Jurisdiction	Description
Animal	Coalition to Unchain Dogs	US	The Coalition to Unchain Dogs improves the welfare of dogs living in underserved communities as well as dogs continuously chained outdoors by offering information and free health services.
	Inges Kattehjem	Denmark	This is the biggest cat charity in Denmark. They provide advice and offer a home for abandoned and rescued cats.
Environmental	Cuan Wildlife Animal Rescue	UK	Cuan Wildlife Animal Rescue are dedicated to the rescue, care and rehabilitation of sick, injured and orphaned wild animals and birds.
Other	Cystic Fibrosis Trust	UK	The Cystic Fibrosis Trust is the UK's only national charity dealing with all aspects of cystic fibrosis. It funds research to improve cystic fibrosis care and treatment, and aims to ensure appropriate clinical care and support for people with cystic fibrosis.
	The Good Will Cause	UK	The Good Will cause is a fundraising foundation that is part of the North of England Children's Cancer Research Fund. The primary aim of the Good Will cause is raise funds to research Burkitt's lymphoma in more depth.
	The Children's Hunger Project	US	This charity recognises that free school lunches are the only meals some children receive. This charity fills students' back-packs with food on Fridays so they have basic nutrition and meals over the weekend.
	Skipton Extended Learning for All (SELFA)	UK	SELFA is a local children's charity that provides support for vulnerable, disadvantaged and disabled children who live in the Skipton and Craven District of North Yorkshire.
	Stichting WensAmbulanceBrabant	Netherlands	Wish Ambulance Brabant fulfils the wishes of terminally ill people by taking them to their favourite place.
	Heifer International	International	Heifer International's mission is to end hunger and poverty and to care for the Earth using gifts of livestock, seeds, trees and training in sustainable agriculture community development projects to help people become self-reliant. Families receive training in animal care and conversation for environmentally sound agricultural development.
	The Joshua Tree Charity	UK	The Joshua Tree is a registered charity based locally in Northwich which supports families living with the life changing experience of childhood cancer.



Presentation cheque to Inges Kattehjem



Paula Lenton, a DVP UK employee, presenting a cheque to Cuan Wildlife Rescue



Lene Stoksted Bentien (Logistics and Project Services Manager) and Eva Remmer Søndergaard (HR Manager) receiving the certification in Corporate Social Responsibility

Case Study:

Certificate in Corporate Social Responsibility

In December 2014, two of DVP EU's employees in Denmark completed a two month intensive training programme and passed an examination administered by an external panel of examiners. The certification called E4 is a certified management system developed by the business network, Green Network. The management system comprises four areas based on international CSR standards: economy, environment, ethics and employment. Lene and Eva are certified in using recognised tools and methods to organise and manage the Danish business unit's social responsibility, develop strategies, prepare action plans and assess its own practice. It is hoped that their new skills can be shared throughout the Group.

Since obtaining the certification, the local Council and a Council in the Copenhagen area have visited Uldum, as they were interested in our approach on social responsibilities, including our endeavours in helping the unemployed into traineeships and helping them back into the job market.

The Uldum site has an agreement with the local Council to take on these traineeships on a regular basis, the most recent being at the beginning of 2015 when a trainee, who had been out of the job market for a long time, was engaged in the canteen. The traineeship was very successful and she was provided with the skills to apply for other job opportunities. Our HR manager has now been invited to join a task force of approximately 12 local companies, which has been established to find ways of helping people on social security benefits back into the job market. This project will run for two years.

In addition to the annual Group donation, each business unit has discretion to allocate funds to local community groups, employee nominated charities and/or animal welfare charities. Below is a selection of what has taken place during the 2015 financial year.

Donations in Kind

Type of Charity	Charity	Jurisdiction	Description
Animal	Manchester & Cheshire Dogs Home	UK	Dechra Veterinary Products UK (DVP UK) donated products following a large fire at the Manchester site.
Animal	Help Street Animals of Morocco	Morocco	DVP UK continued to provide assistance to a charity called Help the Street Cats of Morocco by providing supplies in 2015 of Alvegesic, Atipam® and Sedator.
Animal	Love Underdogs	Romania	DVP UK donated wound care products to this charity, which helps and supports some of the most unwanted, abused and neglected dogs in Romania.

Financial Donations

Business Unit	Jurisdiction	Amount	Description
DPM Bladel	The Netherlands	£1,217	Donation to a community project.
DPM Skipton	UK	£350	Donations to various local and national charities.
DVP EU	Denmark	£607	Donations to community projects and the Danish Cancer Foundation.
DVP EU	International	£815	Continued sponsorship of three children through SOS Children's Villages.
DVP EU	Germany	£708	Donations to various animal charities and a local community project.
DVP NA	US	£2,404	Team building event resulting in donations to local community projects (further details can be found in People Plan on page 51).

Corporate Social Responsibility

continued

Case Study:

Sustainability

Dechra has started putting sustainability at the heart of its business while maintaining product performance and customer experience. To start this journey, we are reviewing the ingredients that go into our veterinary dedicated diets, *Specific*, starting with a special emphasis on the fish by-products we use.

We believe that if we can source high quality ingredients that have been grown or caught in a sustainable and well managed process, we will be able to produce high quality diets for our veterinary customers to recommend. *Specific* is known for its high levels of Omega 3 that helps support joints, skin and shiny coats and leads to healthy and happy pets. And if the pet owners are satisfied they will keep on buying their pet food from their veterinarian enabling us to donate 5% of *Specific*'s profits to good causes that will help support the environment to continue delivering quality ingredients.

We call this the Circle of Good and are asking pet owners to join by buying *Specific* from their veterinarian.

**5% TO GOOD CAUSES.
THAT'S MORE THAN
A DROP IN THE OCEAN.**

Our Environment

The Group recognises the importance of good environmental controls. It is the Group's policy to comply with environmental legislation currently in place, to adopt responsible environmental practices and to give consideration to minimising the impact of its operations on the environment.

DPM, Skipton has successfully completed its accreditation audit for ISO 14001:2004 Environmental Standard Certification during the year. This standard requires that organisations have an environmental policy and an action plan for managing their impact on the environment. The business is committed to a programme of continuous improvement which is reviewed annually with a view to ensuring that progress is maintained. During the financial year the environmental improvements at this site have included considering and reducing the environmental impact in all refurbishment work undertaken by contractors, the upgrade of the incandescent lighting to energy efficient LED and changing the heating system from fuel oil to energy efficient air conditioning units.

DVP EU, Uldum is also committed to a programme of continuous improvement and is investigating alternative forms of transporting Dechra products. On the transfer of our diets product to a new supplier, Uldum has reviewed the method of transportation of this product switching from road transportation to sea, which will result in lower CO₂ emissions due to environmentally friendly crude oil used by ships. As Uldum is the central logistics hub for Dechra this endeavour will have a significant impact on our environmental footprint.

DVP EU, Uldum has contributed DKK15,000 to Energreen ApS for the construction of new green energy production facilities within Denmark.

Waste

In respect of waste, the Group is a registered member of the Waste Packaging Obligations Regulations compliance scheme. The general waste is sorted for collection by third party waste management companies. DPM, Skipton monitors its waste management as part of the site's commitment to improve its recycling

rates and direct waste into its correct waste streams to ensure compliance with regulatory requirement and to protect the environment. The site set a target to increase its recycling rate by 10%, reducing waste to landfill by end of the 2015 financial year and the introduction of a further recycling project. The figures on the next page demonstrates that the 10% recycling target has been met and exceeded, which has been achieved by changing the way waste is collected in the process areas, providing awareness training for Environmental Health and Safety representatives and work colleagues, obtaining warehouse employees' commitment to recycling and a reduction in the size of the landfill waste compactor.

Waste disposed (Averaged) for the 12 month periods ending:

Waste type (Tons)	June 15	June 14	Annual % change	Target
Recycled	8.7	7.7	+ 13%	10% increase
Landfill	106.0	134.0	- 21%	Reduction
Contaminated Waste and Controlled Drugs	82.1	60.8	+ 35%	Divert from landfill

The Skipton facility continues to comply with effluent discharge standards into local water supplies, which is subject to random monitoring by Yorkshire Water Authority. Standard operating procedures are in place to provide that all contaminated waste is disposed of under strict controls. Furthermore, all exhaust air is fully filtered from the manufacturing unit before discharge into the environment.

ESOS

The Group is currently working to comply with the Energy Savings and Opportunities Scheme (ESOS). This is a UK Government initiative to implement Article 8 of the EU Energy Efficiency Directive 2012. The UK Group have collated the data and have appointed an external assessor, who is

working with Dechra to verify the evidence required to confirm compliance to the Environmental Agency. No other Group company is affected by this EU Directive.

Greenhouse Gas Emissions

This is the second year that Dechra has collated and reported on its Greenhouse Gas Emissions.

Methodology

In order to determine our emissions, we have used the GHG Protocol Corporate Accounting and Reporting Standard and have reported on Greenhouse Gas Emissions arising from those sources over which we have operational control. The disclosures below encompass:

- Scope 1: includes emissions from combustion of fuel and operation of facilities (excluding combustion of fuel from Company cars);
- Scope 2: includes emissions from purchased electricity, heat, steam and cooling; and
- Vehicle emissions.

UK Government's Conversion Factors for Company Reporting 2014 have been used to convert Dechra's usage into a carbon dioxide equivalent, and Dechra has selected 'Tonnes of CO₂e per total £m sales revenue' as the intensity ratio as this is a relevant indicator of the Group's growth.

	Tonnes of CO ₂ e	
	1 July 2014 to 30 June 2015	1 July 2013 to 30 June 2014 restated*
Scope 1	636	613
Scope 2	1,740	1,712
Vehicle emissions	1,241	1,165
Total Carbon Footprint (tonnes of CO₂e)	3,617	3,490
Intensity ratio (tonnes of CO ₂ e per £m)	17.8	18.0

* Figures restated to take into account corrections made to our carbon footprint calculations as well as the inclusion of new businesses.