

# Corporate Social Responsibility



**Tony Griffin**  
Managing Director, Dechra  
Veterinary Products EU



**Melanie Hall**  
Company Secretary



**Katy Clough**  
Group HR Director

The Board takes ultimate responsibility for Corporate Social Responsibility and is committed to developing and implementing appropriate policies that create and maintain long term value for all stakeholders.

## Dechra Values and Culture

Everything we do is underpinned by our culture and Values. They are important to us and have helped to drive the Group's success. We believe that our Values encapsulate our business ethics and set the standards that we wish to achieve and ultimately exceed. They outline the type of people we are, the services we provide and the way we aim to do business. Our businesses deliver high quality products and services to veterinarians worldwide through our employees and the network of third parties that we work with.

We are committed to acting responsibly and with integrity, respecting the laws, regulations, traditions and cultures of the countries within which

we do business. This is reflected in our Values, which define the core principles by which we operate.

Throughout this report you will find examples of how our Values guide our behaviours and actions.

Our Values are supported by our Code of Conduct, originally established in August 2009 and subsequently revised in 2018. This sets out the standards of conduct to be adopted by all employees worldwide. The Code of Conduct incorporates a number of our policies and standards to enable us to act with integrity and honesty, and includes Anti-Bribery and Anti-Corruption (ABC), Sanctions, Data Protection, Modern Slavery, Health and Safety and Donations.

Our Code of Conduct sets the standard of how we interact with our stakeholders and wider community, and is based around four pillars:

**Our People, Our Community, Our Environment and Our Business.**

## Non-Financial Information Statement

We aim to comply with the Non-Financial Reporting requirement as detailed in Sections 414CA and 414CB of the UK Companies Act 2006. The table below sets out where you can find the non-financial matters within our Strategic Report that, taken together, comprises the Non-Financial Information Statement.

Reporting requirement	Where to read more	Page number	Where to read more	Page number
<b>Environmental Matters*</b>	Corporate Social Responsibility: Our Environment	58 and 59		
<b>Employees*</b>	Creating Value for Our Stakeholders	15	Case Study: Bringing an acquisition into the Dechra organisation	39
	Chief Executive Officer's Statement	20 to 23		
	Understanding our Key Risks	64 to 67	Corporate Social Responsibility: Our People	49 to 55
<b>Social Matters*</b>	Creating Value for Our Stakeholders	15	Corporate Social Responsibility: Our Community	56 and 57
<b>Respect for Human Rights*</b>	Creating Value for Our Stakeholders	15	Corporate Social Responsibility: Our Business	60 and 61
<b>Anti-Bribery and Anti-Corruption*</b>	Creating Value for Our Stakeholders	15	Audit Committee Report	83 to 89
	Corporate Social Responsibility: Our Business	60 and 61		
<b>Business Model</b>	Our Business Model	12 to 14	Creating Value for Our Stakeholders	15
<b>Principal Risks</b>	How the Business Manages Risk	62 and 63	Understanding our Key Risks	64 to 67
<b>Non-Financial KPIs</b>	Key Performance Indicators	32 and 33		

\* References to our policies, due diligence processes and information on how we are performing on various measures in these areas are contained throughout the Strategic Report.

## Dedication



We are dedicated to delivering products and services that meet the highest level of service and quality to our customers. We take pride in and are committed

to our jobs within Dechra. Through the ownership of our responsibilities we will contribute to the competitiveness of our business in the marketplace. We constantly look for better ways to do things, resulting in a culture of continuous improvement. We encourage people to make decisions and accept there may be mistakes that will form part of our learning experience.

## Enjoyment



We will provide challenge for our people within their roles to help them stay motivated and engaged. We will endeavour to create an environment

where our people want to come to work and feel a part of Dechra. We will develop ourselves personally and professionally. We want an environment that encourages learning and development and will achieve ever-increasing personal competence. We will generate enthusiasm and energy through positive thinking and actions.

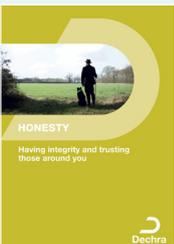
## Courage



We want a business where we dare to challenge each other, creating better cross-organisational solutions. We want an environment

where innovation and creativity can flourish. We encourage each person to be pro-active and to take initiatives. We will encourage everyone to have confidence in themselves and have the strength and character to question the status quo. We will nurture individuality and free thinking, thereby creating a strong and competitive spirit.

## Honesty



We will act with integrity and fairness and treat everyone with respect. We are honest and open in all interactions. Openness is supported at

all levels of the organisation. In our business every job is important. We value each person's contributions to the business as much as we value our own.

## Relationships



We see our customers and suppliers as business partners and thereby work together to ensure common success. We know that success is

not built on the performance of an individual, therefore we encourage co-operation and cross-organisational team working to produce better results together.

## Ambition



We are goal oriented and shall deliver solid results through our energetic and resilient approach throughout the organisation. Our ambitions shall

ensure that we at all times deliver the highest possible levels of quality and services to our customers and to each other. We are determined to do our best and to celebrate as many successes as possible.

# Corporate Social Responsibility

continued

	 <b>Our People</b>	 <b>Our Community</b>	 <b>Our Environment</b>	 <b>Our Business</b>
<b>Pillar</b>	<b>Our People</b>	<b>Our Community</b>	<b>Our Environment</b>	<b>Our Business</b>
<b>Stakeholder(s) Involved</b>	<ul style="list-style-type: none"> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Local Community</li> <li>• Charities and non-profit organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Local Community</li> </ul>	<ul style="list-style-type: none"> <li>• Veterinary Professionals</li> <li>• Universities</li> <li>• Suppliers and Distributors</li> </ul>
<b>Key Focus Areas</b>	<ul style="list-style-type: none"> <li>• Attracting, retaining and developing talent</li> <li>• Diversity</li> <li>• Culture and Values</li> <li>• Employee engagement and productivity</li> <li>• Safe working practices</li> </ul>	<ul style="list-style-type: none"> <li>• Community investment through charitable donations and volunteering</li> </ul>	<ul style="list-style-type: none"> <li>• Energy use</li> <li>• Greenhouse gas emissions</li> <li>• Waste disposal</li> <li>• Sustainable raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• Anti-bribery and anti-corruption</li> <li>• Education of veterinary professionals</li> <li>• Compliance of suppliers with Code of Conduct</li> </ul>
<b>Policy</b>	<ul style="list-style-type: none"> <li>• A great and safe place to work</li> <li>• We value difference and believe diversity of people, skills and abilities is a strength that helps us to achieve our best</li> </ul>	<ul style="list-style-type: none"> <li>• To engage in community activities focussing on animal welfare, human service and environmental stewardship</li> <li>• To contribute to the social and economic welfare of the local communities in which we operate</li> </ul>	<ul style="list-style-type: none"> <li>• We are committed to minimising the impact of our operations on the environment by adopting responsible environmental practices and complying with applicable environmental legislation</li> </ul>	<ul style="list-style-type: none"> <li>• We are committed to acting responsibly and with integrity. We comply with the laws and regulations and respect the traditions and cultures of the countries within which we operate</li> <li>• We expect our third parties to trade with honesty and integrity</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Leverage the Dechra Values and culture</li> <li>• Maintain high levels of employee engagement</li> <li>• Reinforce a culture of safe working practices</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute towards charitable causes through the donation of time, products and skills</li> </ul>	<ul style="list-style-type: none"> <li>• Minimise our environmental footprint</li> <li>• Optimise the energy we use</li> <li>• To utilise the most eco-friendly and financially cost effective distribution system</li> <li>• Wherever practicable, to use sustainable raw materials in our nutrition range</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain and improve the knowledge and skills of veterinarians who prescribe and use our products</li> <li>• To act honestly and with integrity</li> <li>• To develop products to improve animal welfare</li> <li>• To work with third parties who comply with our Code of Conduct</li> </ul>

➔ Read more about **Our People** on pages 49 to 55

➔ Read more about **Our Community** on pages 56 and 57

➔ Read more about **Our Environment** on pages 58 and 59

➔ Read more about **Our Business** on pages 60 and 61



## Our People

### Key Facts:

- 74% of employees returned to work after parental leave
- 14% of current DSC employees have been recruited via the apprenticeship programme
- 2 of our manufacturing facilities have had 24 months of no LTA

**13.6%** **52%**

Employee Turnover

of workforce is female

We now employ 1,753 people in 25 different countries and in a wide range of working environments. We have increased our cultural diversity even further in the last year with the addition of the team in Brazil. At Dechra, we have always acknowledged that our people are our greatest asset and know that an inclusive culture is beneficial for our business's performance. Our ongoing objective is to continue to be a high performing business driven by highly skilled and committed teams. Accordingly, we are committed to:

- strengthening and communicating the Dechra culture and striving to ensure our Values encompass our business ethics and standards;
- attracting, retaining and developing talent to build and maintain a top quality team; and
- developing effective succession plans to enable business continuity.

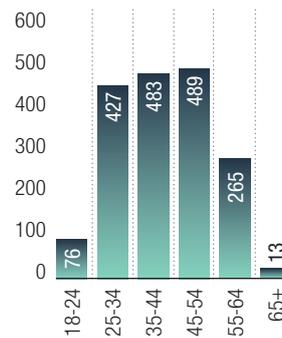
In delivering these aims, it is the Group's policy to recruit and promote people on the basis of their personal ability, contribution and potential, regardless of age, gender, sexual orientation, marital status, race, colour, ethnicity, disability, religion, political affiliation or union membership. We are committed to seeing that everywhere across our Group we promote, support and maintain a culture of fairness, respect and equal opportunity for all.

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 Group's terms and conditions and to provide training and career development whenever appropriate. The Group does not tolerate bullying or harassment.

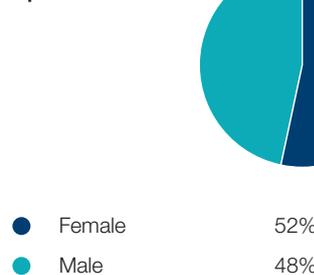
We are committed to fair employment practices and comply with national legal requirements regarding wages and working hours. In the UK, only one of our subsidiaries is required to report under Gender Pay Gap regulations, and we are pleased to report that our gender pay median gap has reduced from 17.7% in 2017 to 9.2% in 2018. This reduction is largely driven by an increase in the number of women in senior and technical roles.

We were delighted that 84% of our employees responded positively to the statement regarding diversity in the workplace in our first employee engagement survey (2018 Engagement Survey) which took place in March 2018. We firmly believe that our Dechra Values support the culturally diverse business that we have become, and although we are separated by time zones, geographically and by language we share common goals and ways of working that are underpinned by our Values.

### Age Range Split

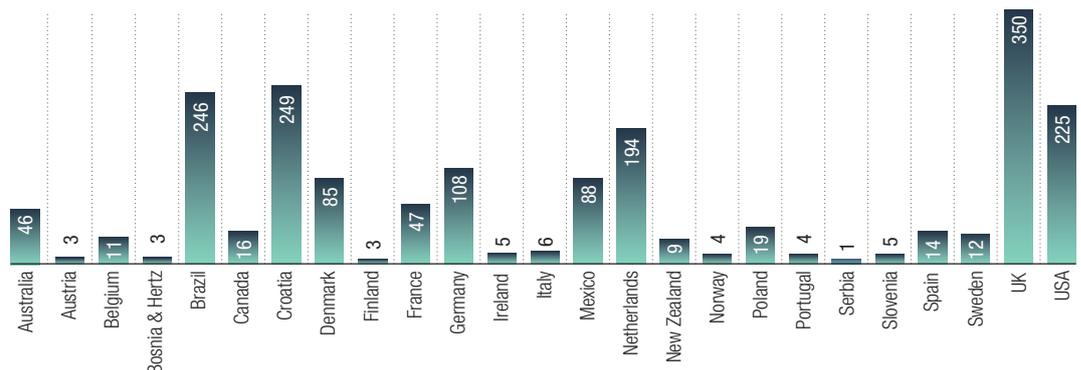


### Gender Split



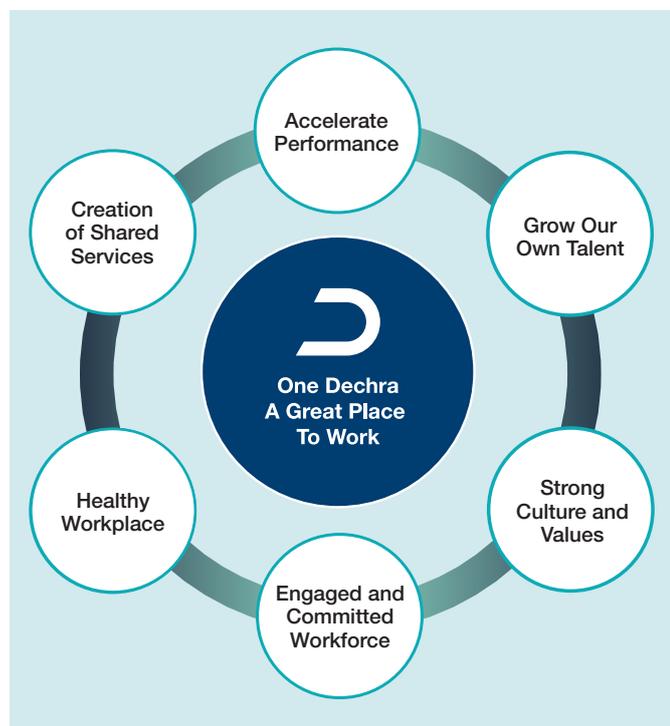
### Headcount Per Country

**1,753 employees**



# Corporate Social Responsibility

continued



Our original people plan was developed five years ago to support the delivery of the Group's five year plan. Following significant progress, we adapted the people plan in the 2017 financial year to support the delivery of the evolving business goals and the continuous expansion of the Group.

#### Accelerate Performance:

Align employee efforts and drive productivity through effective goal setting, feedback and focus on development.

#### Grow Our Own Talent:

Attract, retain and develop the right talent in the right place at the right time.

#### Strong Culture and Values:

How we do things around here.

#### Engaged and Committed Workforce:

A great place to work.

#### Healthy Workplace:

Improving the working lives of our people.

#### Creation of Shared Services:

Efficient infrastructure supporting commercial operations.

## Grow Our Own Talent

Dechra is committed to enhancing the skills of our workforce, planning for a successful future and creating a sustainable talent pipeline.

### Delta

Since July 2016, we have been utilising a learning management system, Delta, which hosts e-learning materials ranging from induction, compliance training such as pharmacovigilance, and software skills. There are 147 internal modules available on Delta to enable Dechra employees to continue to be the best partners to the veterinary profession. During the year, we have launched 16 new courses.

### Dechra Veterinary Products North America (DVP NA)

The US Commercial sales team offers an extensive training programme for its new territory sales managers and inside sales representatives. A team of 18 recently spent two full weeks in Kansas City onboarding and building their product knowledge, equipping them to be productive from the first visit or the first call they make. Veterinary Professional Services, Veterinary Technical Services, and Marketing Managers facilitate the training workshops, which allows the field team to learn from our own internal experts. Additionally, regional managers continue their education with sales operations training offered during their first six months, at regional meetings, and during the national sales meeting.

### Apprentices and Interns

We believe that offering internships and apprenticeships is a great way to attract new employees to Dechra. We have a small number of intern opportunities each year both in the UK and the US. We have successfully supported student interns at our Sansaw and Northwich offices and have an annual programme running. We have been delighted with the quality of the young people who have worked with us and we hope that the experiences of working with Dechra will support them in their future careers. We currently have nine apprentices in Europe in a variety of roles, including administration and logistics. In 2018 we had ten apprentices join our site in Croatia through a government sponsored scheme of which eight have been retained on a permanent basis.

## Case Study

### A series of four webinars on the New EU Regulations for the Registration of Veterinary Medicines

Product Development has recently run a series of four, one hour training webinars for PDRA colleagues globally to alert them to the major changes in the EU regulations for the registration and maintenance of veterinary medicines, which have been approved by the European Commission and will come into EU law on 22 January 2022. These new regulations are very wide ranging and include a total of 97 objectives with major impacts on our business. The webinars were delivered by Dr Julian Braidwood, MD of the international CRO Triveritas Ltd., and have proved very popular and thought provoking, with an audience of over 70 Dechra colleagues listening from their desks and asking a wide range of questions. Not only is this training format convenient and user friendly for our employees, but it is also an extremely cost effective way of delivering a bespoke and high quality training session on a key topic for our business. The webinars are recorded so that those unable to attend are still able to participate at a time which suits them.

In addition, the Product Development's global clinical team members attended an advanced Word training class for technical report writing. This programme complimented the basic training provided in Delta; geared more toward their job requirements. 22 team members from the US, the Netherlands and the UK participated in the training.

## Case Study



## Sales and Marketing Assistant/ Placement Student

Katy Mellor joined the UK marketing team last July for a one year placement from

Harper Adams University as part of her BSc Agriculture course. Katy has enjoyed learning about the veterinary industry and Dechra's vast and growing range of products whilst being part of a team working in a fast paced environment. She has been integral to the implementation of the Le Vet product launches within the UK, being involved in product forecasting, positioning, pricing and promotion of the products. All of which has furthered her understanding of commercial and marketing business practices. During the last year, Katy has embraced all of the Dechra Values and was formally recognised at a recent UK sales meeting for her contribution and support of her colleagues.

## Case Study



## Ben Poulter, Placement Student

"Working at Dechra as the Finance Placement Student I have gained invaluable experience which I will be taking forward into my future career.

Throughout the year I have learnt a lot about working life and working within a finance team. I have gained a deeper understanding of how the different sections of a finance team function within a large company. Dealing with foreign currencies and the different situations created in an international company has expanded my knowledge beyond what I had at university.

The thing that attracted me to Dechra is the opportunity to work within a relatively small Head Office finance team for the size of the Company. This has allowed me to feel like an integral part of the team and it is clear to see the results of my work. I was also interested in the opportunities available within this placement to help with different parts of the finance function and also experience different aspects of the Company. Having the opportunity to have a tour around the factory at Skipton and spending a day with a salesperson provided a new perspective on Dechra which was different to what I had experienced at Head Office. The experience that I have gained working within Dechra will not be forgotten."

## Case Study

## Apprentices in the Dechra Service Center (DSC), Uldum

There is a long running tradition of having apprentices at the DSC, primarily in the offices but also in the warehouse. The apprentices follow a formal education scheme and during the two year apprenticeship, they also attend 8 to 12 weeks of training courses at one of the local business colleges. They start with simpler tasks working alongside their colleagues, and as their skills evolve through on-the-job training, they ultimately perform the same role as their colleagues. In the final part of their training, the office trainees write a report on a project that is relevant to their work at Dechra. This report will often contain efficiency or cost savings proposals, and as such we have found that apprentices are of great value to both the Company and the employees. Out of the current employees in Uldum, 14% have been recruited through the apprentice programme, two of whom have been employed for over 20 years.



### Martin Thimes Henriksen

"On a search of the job market, I found the apprentice role at Dechra logistics. After a very nervous job interview, my first ever actually, I was sold. Luckily, Dechra thought the same of me. I started my two years as an apprentice in September 2016, and my first few months was quite calm, and I learned the processes piece by piece, which was very nice. Along the way, I got more and more responsibility, and learned a lot from it. I personally think this is the way to train apprentices, I liked it that way. On my training courses, I both shared experiences with fellow apprentices, as well as learned the basics of logistics. I really liked the two years as a trainee, and I do recommend this kind of education to friends and family. As I am now a regular full time employee in the Logistics department in Denmark, I am now the one trying to pass on my knowledge to the new apprentices arriving. If I follow in the footsteps of my boss, Anders, I will enjoy a long and successful time with the Company, and I sincerely strive to do so."

# Corporate Social Responsibility

continued

## Case Study

### Rachel Gilroy, Product Development Intern Testimonial

“Coming to the end of your PhD marks a time when you need to make decisions on how you want to progress your future career. Making the move from academia to a career in industry is undeniably daunting, and with no industry connections, it can be difficult to take that first step. For me, I was keen to explore the veterinary pharmaceutical industry, and when I attended a talk given by Dechra at Durham University about career options of veterinarians in industry with focus on R&D, it provided me with an invaluable opportunity to approach Dechra regarding an internship in R&D. Having a long established history within the animal health market alongside a fundamental values system, Dechra represented a growing global market brand able to offer a unique internship experience.

Funded as part of the fully integrated BBSRC DTP PhD Internship programme, my three month placement was based primarily in the Product Development offices in Shrewsbury, UK.

During the initial phase of my internship, tasks were mainly focused on exploring published research to generate a comprehensive literature review which would determine subsequent clinical trial protocols. Moreover, I was involved in the creation of a technical training presentation which would be used for the roll out of a referencing software throughout the Group. Importantly it was during this early stage of my internship that great effort was made by all members of the Dechra team, both UK and international, to introduce themselves, their role and their wealth of previous experience. Not only did this make me feel particularly welcome but was valuable in illustrating how different industry roles are not defined by a single career path.

With a clinical team based largely in the US, Dechra allowed me the opportunity to visit teams in both Maine and Kansas. Working

closely with the clinical team in this way gave me tangible experience with procedures and software that formed the basis of clinical operations. Having one-to-one discussions with colleagues working in areas including regulatory affairs, safety and marketing gave me an appreciation of the multi-faceted nature of drug discovery and development, and how each role interlinks with another.

Most notably, I was heavily involved in the formation of a final study report for the submission of pilot clinical trial data to the FDA. Not only did this allow me to assess critically and interpret clinical data, but also present this in a way that complies with current guidelines. Dechra gave me the independence of being able to approach tasks in a manner that suited my skill set, while offering continued mentorship and encouragement during processes with which I was particularly unfamiliar. Being able to participate in clinical operations review meetings highlighted fundamental drug development milestones and challenges, but more importantly, how these are handled.

The ability to overlap my internship with my PhD has allowed me to apply some of the project management and trial protocol techniques to my ongoing research. Furthermore, I was able to present my current PhD research to teams in both the Netherlands and Croatia, sharing knowledge and feedback that could develop my research to application in both academia and industry.

Before working with Dechra, I had little sense of product development processes in the veterinary pharmaceutical industry. Thanks to the dedicated team at Dechra, I now have first-hand industrial experience relating to pharmaceutical research and development, alongside a strong network of industry professionals that have already contributed greatly in my future career. It is with both the confidence and knowledge foundation gained through this internship that I can decisively progress my career toward a role in veterinary pharmaceutical product development.”

## Engagement and Committed Workforce

Informing and engaging our employees through internal channels of communication is of utmost importance to the Group. We have multiple channels of communication to provide both formal and informal updates including a Group newsletter that is issued twice a year (following the half-yearly and year end results), intranets, management and team meetings at the respective business units. These keep our employees informed of the financial performance of the Group, as well as the sharing of updates which are relevant to all Group employees such as management and team changes, progress in relation to strategic objectives and updates on corporate social responsibility objectives.

At Dechra, people are our greatest asset. In order to continue to retain our qualified and skilled employees, and to attract new employees we conducted an Employee Engagement Survey in March 2018 using the Great Place to Work (GPTW) survey. The results of the survey were disclosed in the 2018 Annual Report.

Given the diverse nature of our workforce, due to the geographical spread and the differing roles and segments in which our employees operate, we were very pleased with the overall results of our first survey.

Since the survey took place we have spent time communicating the results to our employees. Initially, we produced a short video with the overall highlights of the survey, and this was followed with feedback of the results at a business unit, department, site or country level utilising any key meetings with employees or team briefings.

Action planning took place with employee groups across the Group where employees had the opportunity to identify areas that they wanted to address as a result of the survey and we built a database of plans, predominantly led by the employee groups. A huge variety of approaches has been taken depending on the size of the teams and their types of issues.

We have scheduled a second Group-wide survey for March 2020 where we hope to see maintained or improved scores.

During the year, Lisa Bright has been appointed as the Non-Executive Director designated for employee engagement. She is currently investigating, along with the Group HR Director, the most effective way in which the Board can engage with our employees to readily understand their views. During the forthcoming year, an employee engagement forum will be piloted.



Engagement Survey

**1 Announcing the engagement survey**  
 A number of communications were shared with our employees globally to inform them that the engagement survey would be launched in March 2018. The communications asked our employees to provide open and honest feedback.

**2 Aiding the understanding of the survey**  
 Managers also held briefing sessions with their teams to share the GPTW presentation to build an understanding of why Dechra was launching the survey. We also used posters across our sites as a reminder to our teams of the importance of their input.

**3 Employee participation**  
 Following the completion of the engagement survey, videos were posted to thank our teams for their input.

Case Study

**DVP EU**

The EU team had a strong set of results with an overall response rate of 88% of their employees and a trust index of 76% (+9% higher than the Dechra Average score). The strengths of the EU survey were Culture (85%), Engagement (83%) Job Security (81%), Teamwork (80%) and Wellbeing (74%).

Following the feedback of the results, the DVP EU Senior Management team chose to focus on improving the area of Communication and Involvement (66%) across their region. Several work streams were created to focus on improving the level and frequency of communication both formal and informal. These include more focused use of the intranet for sharing news, creation of a monthly newsletter, regular sales updates to all staff, updates on the strategy from Tony Griffin and communication of the new EU marketing plan. More frequent conference calls have been put in place to allow Tony to talk directly to the EU teams, and the team has been utilising external social media such as LinkedIn to promote our employee brand.

In addition to this, each of the Country and Functional managers within DVP EU has also undertaken the same action planning process with the support of the HR team and had their own action plan documented. Activities vary from additional training sessions, creation of dashboards to keep teams informed, bi-weekly town hall meetings and arranging cross-functional meetings on a quarterly basis to promote better alignment.

# Corporate Social Responsibility

continued

## Culture of Safe Working Practices

Tony Griffin is the nominated Director responsible for health, safety and environmental matters. The Group attaches great importance to the health and safety of its employees and the public. The safety of our employees is paramount and that means continuing to reinforce good safety management practices as well as raising awareness of improved ways of working. Management are responsible for, and committed to, the maintenance, monitoring and promotion of a policy of health and safety at work to nurture the care and wellbeing of our employees, contractors and on-site visitors.

We have seven manufacturing facilities worldwide, employing 748 people representing 42.7% of our total workforce. Due to the nature of their roles, we have identified these as our higher risk employees with regards to health and safety. We have recently appointed a Group Dechra Pharmaceuticals Manufacturing (DPM) Health and Safety Manager who will initially be overseeing four of the main manufacturing facilities with the remit of standardising our procedures and working to ensure that high standards of health and safety are maintained.

To continue to improve the safety performance across both existing and newly acquired facilities, and to reflect the priority that is given across the business to safety, a proactive hazard awareness reporting initiative is in place in DPM.

Risk assessments are undertaken at our DPM sites to identify hazards and apply control measures to reduce or eliminate the risk of injury. Risk assessments may be conducted internally for routine activities or external specialists may be requested to conduct risk assessments for safety critical tasks. Where hazards are identified, these are scored according to the likelihood of an injury or incident occurring and the potential severity of this. Control measures are applied to reduce the risk of injury according to a hierarchy of control. We would firstly assess if a task was necessary and look for other safer ways to do a task before progressively applying other control measures.

All employees, contractors and visitors across the DPM sites are requested to remain vigilant at all times and to report any non-routine hazards they see using the local reporting procedures. We encourage employees to act immediately to warn others and control immediate risks whilst a more permanent solution may then be required to prevent the hazard from recurring. Because we work in a dynamic environment, we believe an increase in hazard reporting is an important leading indicator of the maturity of our safety culture.

DPM encourages local hazard reporting by both employees and contractors. The purpose of each report is to capture information about hazards and to track each hazard to an effective closure. It also allows us to provide feedback to the employees who have raised the hazards that action has been taken.

Each site periodically reviews any hazards raised and looks for trends. In addition to tackling each individual hazard, trend analysis allows each site to focus safety interventions on particular topics. This may include targeted safety training or safety communications.

For a number of years the Group has reported Lost Time Accident Frequency Rate (LTAFR) as a non-financial key performance indicator (see page 33). A LTA is any absence or the inability of workers to conduct their full range of their normal working activities for a period of more than three working days after the day when the incident occurred. Any acquisitions during the year are included from the first full month that they become part of the Dechra Group. Despite maintaining a rigorous focus on health and safety, over the course of the last 12 months the number of incidents has

increased from nil to six. All six incidents occurred in our manufacturing facilities; there were no fatalities. Two of the manufacturing facilities, Bladel and Melbourne, have now had over 24 months without a LTA.

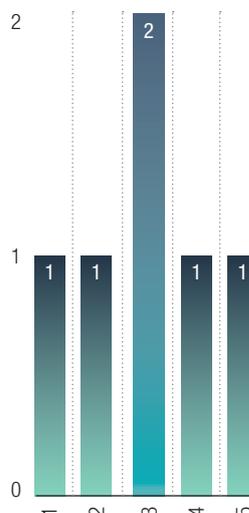
All accidents and incidents are investigated by Line Managers with the cooperation of safety representatives or other employees who are aligned to an area. When an accident occurs, each site conducts an investigation which aims to identify the root cause of the incident including any workplace hazards, system or behavioural errors. Corrective and preventative actions are then implemented.

Any material health and safety issues or incidents that occur are discussed in detail at both business unit senior management meetings, and PLC Board meetings. Discussions include details of incidents and any remedial action taken to mitigate or prevent recurrence. Twice a year a comprehensive health and safety report is presented to the PLC Board meeting for discussion and review by the Directors.

We are routinely investing in safety, and during the 2019 financial year this has included:

- Refurbishment of floors in our Melbourne facility to reduce the risks of slips and falls;
- The purchase of new equipment to reduce the risk from manually handling heavy drain covers in Zagreb and the installation of a mist shower for personal decontamination;
- The installation of three defibrillators at our Skipton facility, along with the provision of first aid training to 40 employees; and
- An independent health and safety report was conducted at our site in Sydney, Australia with findings being implemented.

Group Causality



1. Slipped/tripped or fell on the same level
2. Ergonomic injury
3. Contact with moving machinery or material being machined
4. Contact with a hot/cold surface or substance
5. Hit something fixed or stationary

DPM Hazards (Bladel, Florida, Skipton, Zagreb)



1. Reportable >7 days
2. LTA
3. Investigated accidents
4. Investigated (damage only)
5. Minor or First Aid accidents

## Case Study:



## Health and Safety Training

Working to ensure that our employees understand their health and safety obligations is critical to maturing and stabilising our safety culture. Employees receive general health and safety training at various stages:

- Induction – all new employees receive a health and safety induction on day one of their employment. This means that they understand the site emergency procedures, key health and safety rules and any welfare arrangements. This is supplemented in their departments with a local area induction.
  - Job Training – Employees receive regular health and safety training according to their role and any hazards that exist in the work they are conducting. Role specific training, for example safe use of equipment, is delivered as part of operator training within their departments.
  - General Health and Safety Training – General Health and Safety training is sometimes delivered to whole employee populations.
- Health and Safety Theme of the Month was introduced at Skipton in 2019 and is an opportunity to build awareness and competence around safety topics that are likely to be relevant to everyone working at a site. Topics such as Fire Safety, Manual Handling, Personal Protective Equipment and Workplace Transport and Pedestrian Safety are just some of the topics which have been covered.
  - Subject Matter Experts – Across the Group there are many employees who are trained in specialist health and safety roles. These roles support the overall health and safety management system to enable risks to be controlled on a day-to-day basis. Examples of such roles are first aiders, fire wardens, and spillage responders. For each of these roles training is provided and this is refreshed according to the required frequency.
  - Post-accident reviews – following any accident the need for retraining is reviewed as part of the accident or incident investigation.



# Corporate Social Responsibility

continued



## Our Community

- Committed to give every employee one day in the community
- Provided work experience and educational programmes to local community

£322,894

Product donations

£60,123

Cash donations

### Local Community Engagement

We believe that it is important to give back to the communities in which we live and operate. Our community ethos is aligned with our business purpose and Values, in particular, our Relationships and Enjoyment Values. We encourage our employees to engage in community activities, in particular, in the fields of animal welfare, human service and environmental stewardship. There is a particular focus on animal welfare. Below are examples of the community activities, financial and non-financial donations and areas of community employment that we have been involved in:

#### Community Activities

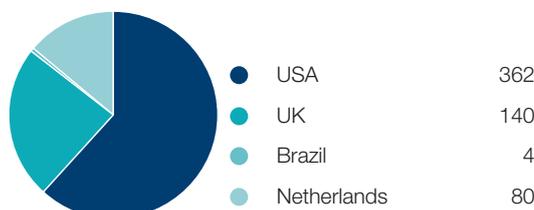
We have committed to giving our employees one day in the community, preferably as a team activity; and whilst this is in its infancy, we have seen teams in Brazil, the Netherlands, UK and USA engage in a variety of activities. In the US, 80 employees served two animal shelters local to our Portland and Kansas City offices. Employees dedicated their time to physical projects supporting the shelters, enabling shelter staff to dedicate more time to serving the animals in need. Both shelters are the respective area's largest shelters and have programmes that support elementary students on the necessary care and compassion for animals. In addition, the Veterinarian Technical Services simulated a well visit to minimise potential stress or triggers of veterans suffering from PTSD or brain injuries.



### Community Service Hours by Type



### Community Service Hours by Country



Case Study



### Head Office Community Activity

The Northwich Head Office team embarked on a CSR activity day in June, volunteering at a local Wildlife Reserve known as Lower Moss Wood, which is an educational nature reserve and wildlife hospital. It provides a place for schools, disabled visitors, environmental groups and others to go and learn about conservation and the environment. The wildlife hospital on site takes in any orphaned, sick or injured wild animals or birds and provides around the clock care. It is also a private nature reserve.

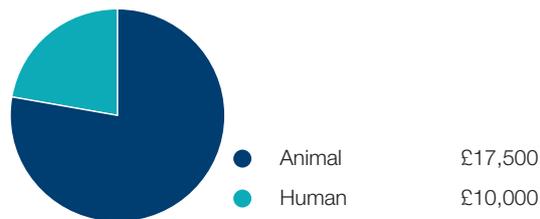
Twenty employees volunteered at the reserve across two days and collectively worked on digging out and restoring a natural peat bog. The aim was to allow the surrounding wildlife, most specifically dragonflies, to reach the water so they could survive and flourish.



### Community Donations

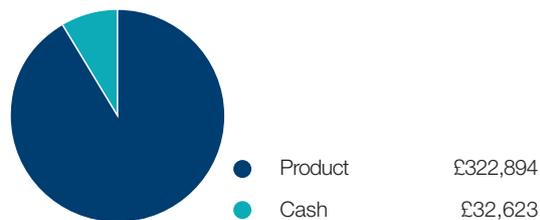
For the last eight years we have operated a Group Donations scheme, whereby we encourage all employees to nominate a charity or non-commercial organisation for a charitable donation. This year we donated to eleven charities each receiving £2,500.

#### Group Annual Charitable Giving



In addition to the annual Group donation, each business unit has the discretion to allocate funds and/or products to local community charities and/or animal welfare charities.

#### Business Unit Donations by Type



The majority of the above product donations are short dated product which otherwise would have had to be destroyed.

At our Zagreb site, we have provided some land to the local community for use as a children’s playground for ten years.

### Community Employment

Our IT and Finance teams located in the Uldum office supported three work readiness and retraining efforts for members of the greater Uldum community. This effort was another way to give back to the communities in which we live and work. Community members with special needs and circumstances were able to apply their skills and interests with a work assignment and work schedule that helped them build their confidence and transition back into productive members of the working community. Dechra team members who had the opportunity to learn about their circumstances and goals and watched their progress were also rewarded by the positive experience.

Similarly, our Brazilian business employed eleven apprentices, all of which were students working part-time to allow them to gain practical work experience, in both administrative areas such as Human Resources and also in production and maintenance. They worked four hours a day, over a period of either one or two years, in the business and attended a complementary qualification programmes for the remaining part of the day. The aim of the scheme was to help young people gain work experience prior to joining the labour market.

# Corporate Social Responsibility

continued



## Our Environment

- 5,540 photovoltaic panels installed in Zagreb
- Reduce CO<sub>2</sub> emissions per DSC Shipment

# 4.9%

Reduction in CO<sub>2</sub> per kg  
(DSC shipments)

# 100%

Certified fish in  
dry cat diets

### Minimise our Environmental Footprint

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.

### Annual Waste Disposal Performance at DPM

	Bladel		Florida		Skipton		Zagreb	
	2019	2018	2019	2018	2019	2018	2019	2018
Recovered, recycled and reused	100%	100%*	31.0%	32.0%	100%**	83.5%	44.0%	95.8%
Landfill	–	–	69.0%	68.0%	–	–	41.0%***	–
Waste & Controlled Drugs	–	–	–	–	–	16.5%	15.0%	4.2%

\* Recycled.

\*\* 47.7% is recovered and 52.3% is recycled.

\*\*\* The increase was due to the removal of asbestos from the majority of the roofs at the Zagreb facility.

Our central logistics hub for Europe (the DSC) has continued with its annual contribution of DKK15,000 to Energreen ApS for the construction of new green energy production facilities within Denmark.

### Optimise the Energy Used

#### Greenhouse Gas Emissions

In order to determine our carbon emissions, we have used the GHG Protocol Corporate Accounting and Reporting Standard and have reported on emissions arising from those sources over which we have operational control (the exception being the inclusion of a third party manufacturer who leases part of our facility in Uldum, Denmark). Any acquisitions during the year are included from the first full month that they become part of the Dechra Group. The disclosures below encompass:

- Scope 1: includes emission 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.

Dechra has selected 'Tonnes of CO<sub>2</sub>e per total £ million sales revenue' as the intensity ratio as this is a relevant indicator of the Group's growth.

	1 July 2018 to 30 June 2019	1 July 2017 to 30 June 2018	1 July 2016 to 30 June 2017
Scope 1	5,554	3,819	4,018
Scope 2	3,712	3,463	3,890
Vehicle emissions	2,209	1,703	1,618
Total Carbon Footprint (tonnes of CO <sub>2</sub> e)	11,475	8,985	9,526
Intensity ratio (tonnes of CO <sub>2</sub> e per £m)	23.8	22.1	26.5

As reported in last year's report, the main contributor to Scope 1 is the production of the nutrition supplement that is manufactured at Genera. This was explained in a case study in the 2016 Annual Report. This site has plans to reduce its carbon footprint by installing solar panels as detailed in the case study on the following page.

The intensity ratio has increased by 1.7 tonnes of CO<sub>2</sub>e per total £ million sales revenue. The increase is partially due to the increase in vehicle emissions (0.4 tonnes of CO<sub>2</sub>e per total £ million sales revenue), and mainly due to the additional manufacturing facility in Brazil. During the forthcoming year, the Brazilian business will assess its emissions and identify equipment or processes that could be replaced or improved.

The Group has continued with its policy of replacing all non-LED lighting within its control over the next four years, and has installed 450 LED lighting units at the Zagreb facility, which represents 15% of the internal lighting units. The Northwich Head Office has moved to green tariff energy.

As reported in last year's Annual Report, the installation of the 5,540 photovoltaic (PV) panels have been fitted onto the existing roof structures across the Zagreb site. This is the largest installation of its type in Croatia, and has been in full operation since 28 June 2019. Any surplus electricity is distributed to the municipal electrical grid.



### Sustainable Raw Materials in Our Nutrition Range

The raw materials of our dry diets are reviewed on a yearly basis for scarcity, and, if scarce, we endeavour to find an alternative raw material. Our focused action on the fish raw materials has resulted in the use of 100% certified fish in the dry cat diets from January 2018. In addition, as part of our environmental road map, we have rationalised our pack sizes which has reduced our use of plastic.

### Eco-friendly and Financially Cost-Effective Distribution Systems

The transportation of goods is the largest activity for DSC. They handled 79,300 orders this year, an increase of 28.8%, to customers worldwide as well as receiving and storing approximately 1,500 full truck deliveries. Although the cost of transport is the predominant factor for choice of transportation, DSC has reviewed the method of transportation to find a form of transportation with the lowest carbon footprint.

The majority of the pharmaceutical products received by DSC are supplied from our manufacturing sites in Bladel, the Netherlands and Skipton, the UK. The products from Bladel are transported by road, whereas the products from UK are shipped by sea and road.

Products are shipped to our customers by road, air and sea. As the majority of the customers are based in Europe, road transportation is the main method. The following table shows the CO<sub>2</sub> emission for this form of transportation:

	2019	2018
Shipments	36,905	30,409
Total Weight (GRT)	19,399,330	16,665,247
CO <sub>2</sub> Outlet (kg)	1,670,037	1,393,046
CO <sub>2</sub> per kg	11.6	12.2

The increase in shipments, 36,905 in 2019 compared to 30,409 in 2018, is mainly due to the increase in inventory following the Le Vet acquisition and the transfer of products from distributors to Dechra marketing companies. This has resulted in an increase in the CO<sub>2</sub> gross outlet figure, however, the CO<sub>2</sub> per kg is lower as the size of each shipment was larger. In addition, the optimisation of the pack sizes for the Nutrition products and the packing into cartons has resulted in the pallets being more stable and therefore can be double-stacked. We have implemented more efficient packing methods which enables us to include more products in each delivery and therefore reduce our CO<sub>2</sub> emissions per delivery.

### Reduction in Packaging Materials and Pallets

Historically, pallets of products received have been split for onward delivery which has meant additional packaging being required. However, recently whole pallets of products have been shipped out of DSC reducing the requirement to repackage the pallets and leading to a reduction in packaging costs per order as detailed in the table below:

	2019	2018	2017
Packaging Costs Per Order	£3.05	£4.40	£4.25
Reused Pallets	68.0%	64.5%	67.1%

68% of all pallets used in DSC are reused, and any damaged pallets are sold.

**SPECIFIC**

**IMPROVED SUSTAINABILITY**

Reduced plastic usage • Reduced freight

CIRCLE of GOOD

Dechra Veterinary Products

# Corporate Social Responsibility

continued



## Our Business

- 168 hours accredited content across 11 countries in our Academy
- 676 CPD presentations to an aggregate total of 18,680 attendees in North America and Mexico

# 317

Customers and Suppliers provided with ABC course

# 63%

Increase in Academy courses completed

### Improve the Knowledge and Skills of Veterinarians

Our relationship with veterinarians is key to our business and therefore, we provide added value services in the form of educational programmes focused on our key therapeutic areas. We deliver this education through many channels, including conferences and our digital e-learning environment, the Dechra Academy.

#### Dechra Academy

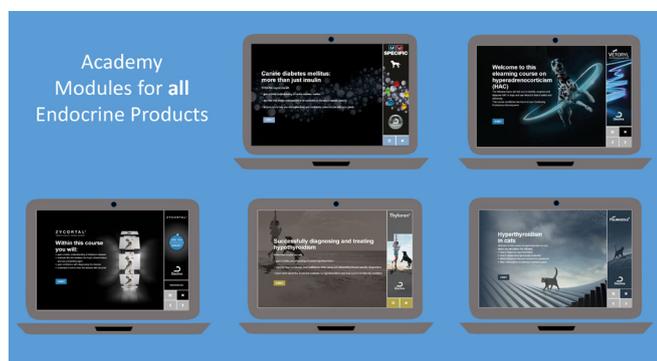
Dechra's dedication and commitment to enhancing the health of animals goes beyond the supply of high quality pharmaceuticals and includes vital education for animal health professionals. The Dechra Academy provides information that will help them better diagnose, monitor and treat conditions, aiding the appropriate use of Dechra products.

The Dechra Academy offer is internationally oriented and provides Continuous Professional Development (CPD) recognition by individual countries' authorities.

There are 189 courses available in our Dechra Academy, offering 168 hours of accredited content across 11 markets in 13 languages. 40 new courses have also been created this year in the strategic therapy areas of Endocrinology and Dermatology.

13,140 courses have been completed by veterinarians during the year, a 63% increase over last year.

As Dechra grows globally, more CPD content is becoming available to more countries all the time, with recognition approval obtained during the year for Canada, and plans are in progress to launch in Mexico, Australia and New Zealand during the forthcoming year.



### Case Study

## Webinar: Comfortan

Analgesia for ovariohysterectomy in dogs and cats and the role of *Comfortan* was presented by Dr Jo Murrell BVSc. (Hons), PhD, Dipl. ECVA, MRCVS and had the highest registration rate in Dechra history.

There was a staggering 3,122 registrations from across the EU and even further afield, including Saudi Arabia and Peru. The success of the webinar is a result of everyone pulling together to engage with their customers and promote the event. As a follow up to the webinar we invited everyone who registered to "watch again" on the Academy. Within the first week we had 88 new enrolments and 29 completions of the recording.

## Seminar: Specific

27 delegates from Turkey, Estonia, Lithuania, Greece, Hungary, Czech Republic, Serbia, Slovakia, Switzerland, Romania, Russia and Ukraine as well as most of the International sales team took the chance to participate in the training programme.

The seminar started with lectures on recent developments in diabetes mellitus by Dr. Eric Zini (PD, PhD, Dipl. ECVIM-CA, Internal Medicine) on the first day to set the scene for the new diabetic cat diet, followed by presentations on the second day from Philip Wells, Dominic Ebery, Francis Pastoor and David Southey that focused more on the technical and marketing aspects of our *Specific* cat range.

The seminar provided an ideal opportunity to learn all about the *Specific* brand, the formulation improvements to the cat range, benchmarking against competition and to be informed about the support material available for the whole *Specific* range. It was also an excellent opportunity for all participants to exchange experiences as well as for Dechra to demonstrate our expertise in nutrition and to connect with our customers.

### To Act with Honesty and Integrity

We are committed to acting responsibly and with integrity, respecting the laws, regulations, traditions and cultures of the countries within which we operate. This is reflected through our Values. We expect our third parties to trade with honesty and integrity. Therefore we have introduced a Third Party Code of Conduct, which communicates what we expect from our trading partners in relation to health, safety and environmental standards, internationally accepted standards of workers' rights, use of child and forced labour, ethical standards, anti-bribery and anti-corruption, and compliance with relevant laws and regulations. Our Modern Slavery Statement can be found at [www.dechra.com](http://www.dechra.com).

### Anti-Bribery and Anti-Corruption

It is our policy to conduct all business in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and to implement and enforce effective systems to counter bribery and corruption.

During the year, we have successfully rolled out an ABC training course for Dechra's third party network, updated and published internal ABC policies and procedure, and have developed a new internal ABC training programme which will be rolled out during the forthcoming year across the business as compulsory training.

### 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.

### Animal Welfare

It is our mission to develop products to improve animal welfare. We are committed to the responsible use and humane treatment of animals. We carefully consider the use of animals in research. However, occasionally it is necessary to conduct toxicology testing to achieve product registrations. The majority of the toxicology information can be derived from existing bibliographic data. When additional data is required by the regulators a third party Contract Research Organisation (CRO) will undertake the study on a minimum number of animals.

The following principles are applied in any trials which involve animals:

- animals should be treated humanely with greatest consideration given to their health and welfare and consistent with meeting the necessary scientific objectives; and
- all animal studies should only be performed after considering whether the numbers of animals can be reduced, replaced or the procedures refined to minimise distress.

All employees, except manufacturing shop floor workers, receive pharmacovigilance training within one month of joining Dechra. This is then verified by the pharmacovigilance e-learning module on Delta. These employees undertake an annual pharmacovigilance refresher training. The pharmacovigilance training outlines the procedure that should be followed by all Dechra personnel if they are informed of a product complaint.

Any time that Dechra receives a report of an adverse event occurring after the administration of one of its products, the Company treats the report seriously and believes that it is Dechra's obligation to review the case to determine whether its product may have caused or contributed to the adverse event. All suspect adverse reactions are reported to the appropriate regional regulatory authority.

### Case Study:

## Collaboration with Industry

The combination of the skills and expertise of academic organisations and industry can lead to positive and practical outcomes. We work with academia to support the development of new drugs and techniques as well as educational programmes. An example of this type of collaboration was when PhD student Alice Denyer from the Royal Veterinary College recently spent three months at Sansaw. After initial familiarisation with the existing Dechra Academy modules and understanding the history of development of the *Specific* Endocrine Support Diets, she carried out small-scale research into what veterinarians find most challenging about dealing with diabetes mellitus (DM) in practice. Alice subsequently developed the content for the canine and feline DM Academy modules, as well as additional downloadable resources for owners and veterinarians. The modules were completed on-time and both went live in the UK in June.

The placement formed an important part of Alice's career development, offering insight into the veterinary pharmaceutical industry and providing an opportunity to learn about marketing, project management and cross-functional teamwork. The EU team were welcoming, ensuring Alice was fully involved and providing a highly enjoyable three months. Not to be underestimated was the positive impact Alice had on the wider team during her time at Sansaw due to her personality, professionalism and dedication to animal welfare. To date, Alice has won the 2018 Postgraduate Student Inspiration Award, an International Canine Health Award and was recently awarded first place at the RVC Postgraduate day for her impact statement.

Alice is a member of the Canine Diabetes Genetics Partnership (CDGP), a multi-disciplinary group of expert clinicians and scientists from a range of UK institutions, sharing a special interest in the genetics of diabetes mellitus in dogs. The Partnership was formed in 2017 with the aim of using Whole Genome Sequencing to explore the genetic risk of canine diabetes in breeds considered to be at low risk (e.g. Boxer) and high risk (e.g. Samoyed) of developing the disease. Alice's placement at Dechra has provided an excellent opportunity to understand the potential impact of this research, as an ideal complement to the PhD training she has received in laboratory techniques and bioinformatics. The CDGP is supported by the PetPlan Charitable Trust and sponsored by Dechra Veterinary Products.