

Dechra Gender Pay Gap Report 2017

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.

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 254 employees (125 males and 129 females) who were employed within Dechra Limited on the snapshot date of 05 April 2017.

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 2017 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. As an organisation, Dechra Limited have equal pay.

Gender pay gap

Median (<i>middle</i>) Gender Pay Gap; Dechra Limited	17.7%
Mean (<i>average</i>) Gender Pay Gap; Dechra Limited	16.2%
UK's National Gender Pay Gap*	18.4%

*Source: ONS, 2017

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 17.7%. Whilst this is below the UK national average of 18.4%*, we would like to reduce this gap further by continuing with steps already underway to promote diversity and inclusion at all levels of our business.

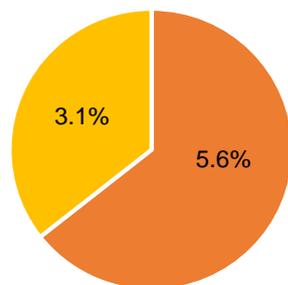
Our analysis of the data shows that the gap is largely driven by:

- More men occupying the higher paid, technical or senior positions, predominantly within the manufacturing division of Dechra Limited;
- Significantly more women than men employed in the lower paid, blue collar positions.

Bonus pay gap

in preceding 12 months to 05 April 2017

PROPORTION OF EMPLOYEES RECEIVING A BONUS



■ Male ■ Female

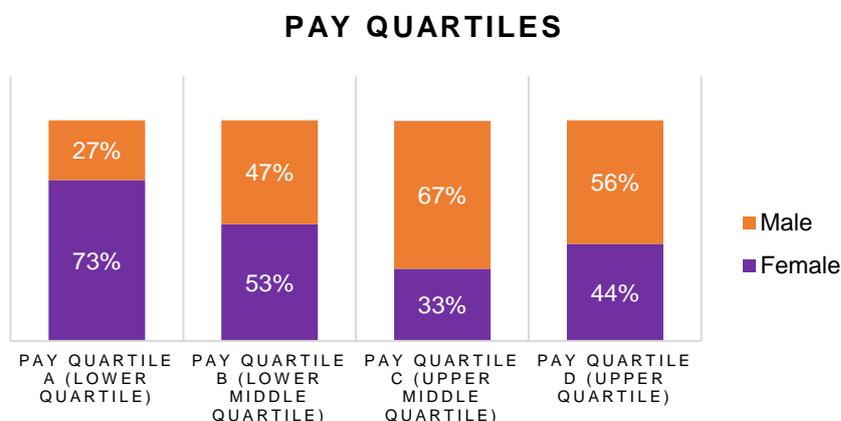
Median (<i>middle</i>) Bonus Pay Gap; Dechra Limited	7.6%
Mean (<i>average</i>) Bonus Pay Gap; Dechra Limited	43.1%

The figures above show the bonus pay gap for bonuses paid to employees within Dechra Limited, between 06 April 2016 and 05 April 2017, 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 are in technical, senior and/or global roles and these roles have a higher bonus opportunity in percentage terms. This highlights that we need to do more to support, develop and encourage appropriately qualified women into these types of roles.

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 73% of employees are women and 27% are male.

Overall, there is an almost equal split of men and women within Dechra Limited, however the lower quartile, the lower paid roles are heavily occupied by women, 20% of which are part time roles. At the lower middle and upper quartiles we have a more even split between men and women. We acknowledge that we need to do more to understand progression barriers into our middle management positions (within the upper middle quartile range).

Moving towards an equal representation of appropriately qualified men and women across all levels is very important to Dechra and something we are striving towards. We are making progress on this in many ways, and as part of the Apprenticeship programmes we will endeavour to support the upskilling of our workforce including leveraging programmes on Women into STEM, as appropriate to support Dechra's strategic aims. We have within the last 18 months appointed a number of women into senior roles within Dechra Limited.

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 primary actions, both current and planned, in order to achieve this.

Our actions, now, and in the future

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 is 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 and develop our female employees into technical and senior positions and at Dechra we believe in growing our own talent. Therefore, there are a number of actions we have taken and are planning to take in the future months, with ongoing monitoring, in order to assist us in achieving this goal.

Learning and development (L&D) – We are continuing to grow our L&D offering and have invested in technology to help us enhance our programmes and their accessibility in order to support flexible learning.

Occupational family leave policies – We have introduced occupational family leave policies in order to better support our new parents/guardians with their new child in the first few months in the hope that this provides additional flexibility and support to working families. We have provided enhanced pay for parental leave.

Benchmarking – we have been working with Willis Towers Watson on a worldwide approach to compensation benchmarking across the Dechra Group, which gives us access to a Global Grading system which allows us to evaluate roles within our organisation and compare compensation with other similar sized companies in our sector.

Manager training and support – We are currently working to produce and roll out a manager training 'handbook' in order to educate, equip and support our managers in supporting their teams. We believe this is key as our managers can identify and coach key females with potential.

Policy review – We are preparing to deliver our refreshed diversity and inclusion strategy supported by our Group HR Director. We are also refreshing our Flexible Working guidelines and revisiting our Company values in preparation for a relaunch.

Benefits review – We are currently revisiting our reward structure, particularly around bonus eligibility and reward within our UK manufacturing sector.

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.

Richard Cotton
Chief Financial Officer