

Dechra Gender Pay Gap Report 2021

Dechra Limited, UK

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

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

We are pleased to report that as a result of our proactive management in relation to our gender pay gap, the gap has reduced from 17.7% in 2017 to 9.2% in 2018 to 7.4% in 2019 to 5.5% in 2020 and further still to 2.8% in 2021, it is something that we are looking to continue to build upon as we continue to make Dechra an increasingly attractive place to work.

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

The data below is based on an assessment of 267 employees (141 males and 127 females) who were employed within Dechra Limited on the snapshot date of 05 April 2021.

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 2021 for Dechra Limited.

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

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

Gender pay gap

Median (<i>middle</i>) Gender Pay Gap; Dechra Limited	2.8%
Mean (<i>average</i>) Gender Pay Gap; Dechra Limited	9.4%
UK’s National Gender Pay Gap*	15.4%

*Source: ONS, 2021

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).

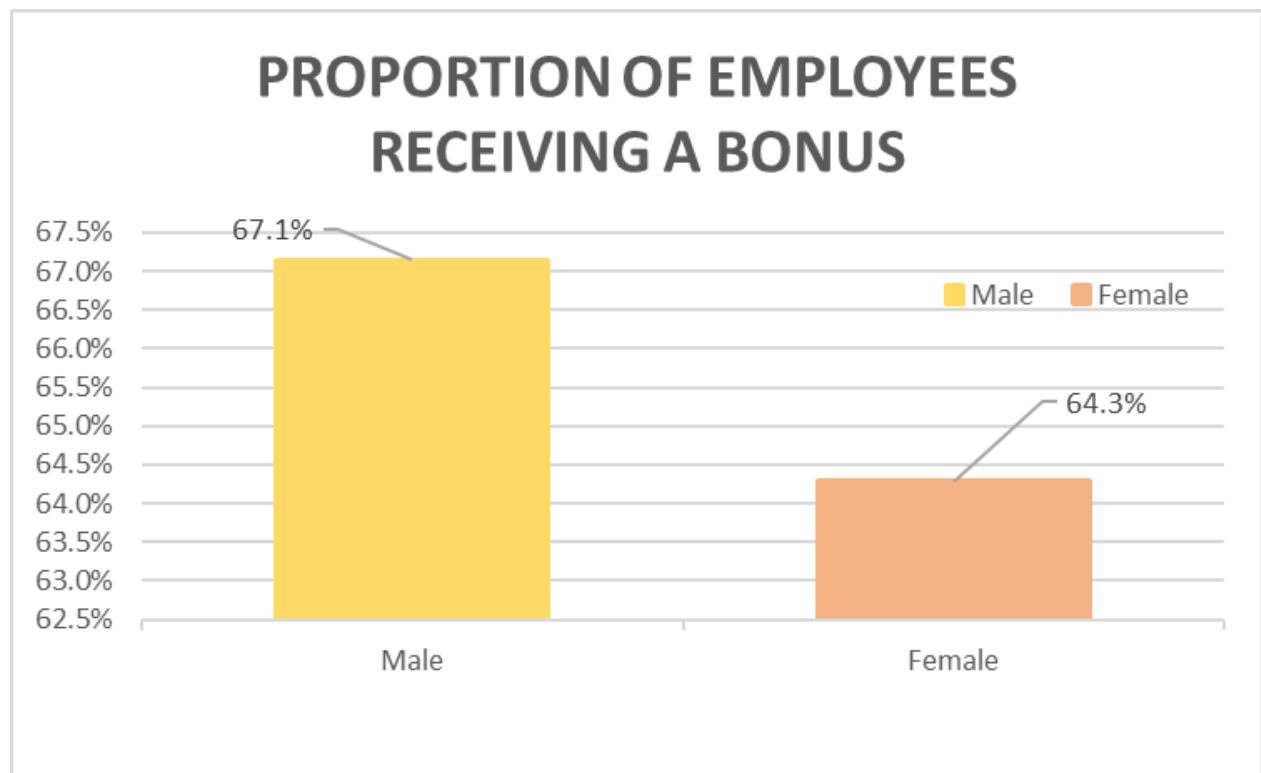
The median gender pay gap within Dechra Limited was 2.8%. This is significantly below the UK national average of 15.4%*, as is our mean gender pay gap figure at 9.4%, and we have witnessed a major improvement on our median gender pay gap from 2017 which stood at 17.7%.

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

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

Bonus pay gap

in preceding 12 months to 05 April 2021



Median (<i>middle</i>) Bonus Pay Gap; Dechra Limited	0%
Mean (<i>average</i>) Bonus Pay Gap; Dechra Limited	-22.5%

The figures above show the bonus pay gap for bonuses paid to employees within Dechra Limited, between 06 April 2020 and 05 April 2021, 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.

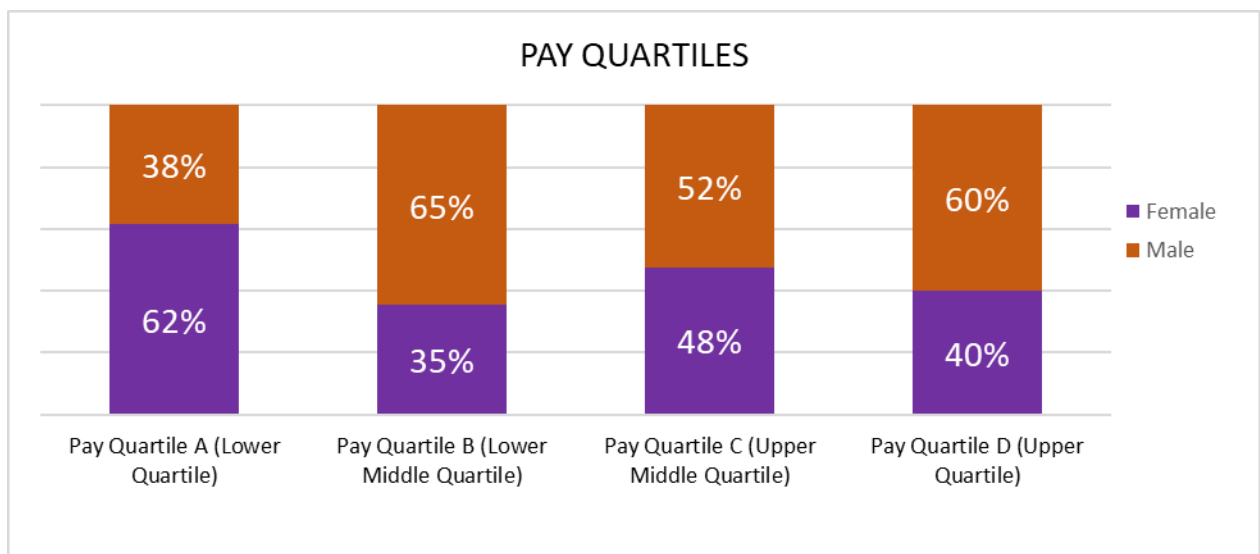
The regulations require the bonus calculation to be based on the actual hours worked without taking into account pro-rating for part time working (which is different to how the pay gap is calculated). On analysis of our data, 13% of the bonus recipients were part time females (which is the same proportion as 2020). This equates to 28% of the female population who received a bonus compared with just 3% of the male population who received a bonus being part time.

A higher proportion of male employees occupy our global Group Manufacturing and Supply roles and these roles have a higher bonus opportunity in percentage terms. We are aware of

the opportunity to do, and we are committed to doing, more to support and encourage women into our senior Manufacturing and Supply roles.

The reporting period for 2021 fell at a key time during the covid-19 pandemic, a time when many employees were requested to work from home where possible. Given Dechra Limited is predominantly a manufacturing and supply entity for veterinary pharmaceuticals, we were deemed as an essential business under the Government guidelines. With this came a responsibility and reliance upon our key manufacturing workforce which was recognised and rewarded by way of a covid related bonus, hence the significant increase the proportion of employees receiving a bonus when compared with prior years. 2021 therefore saw a decrease in our Bonus Pay Gap when compared with prior years. In the 2022 report we will expect to see the previous trend continue.

Pay quartiles



The graph above show the gender distribution across Dechra Limited in four equally sized hourly pay quartiles. For example, within the lower quartile 62% (+1% compared with 2020) of employees are women and 38% (-1% compared with 2020) are male.

Overall, there is an almost equal proportion of men and women within Dechra Limited, however the lower quartile, the lower paid roles, are heavily occupied by women, but we have made significant headway within this particular quartile compared with prior years. We have seen a decrease in the number of women, when compared with 2020, in the Lower Middle Quartile (-6%), however we have seen an increase in the numbers of women within Upper Middle Quartile (+5% compared with 2020), with a slight decrease in the Upper Quartile (-3% compared with 2020). We remain focussed in our efforts to attract women into the upper quartiles of the pay distributions and in the last 12 months have witnessed significant growth within our Manufacturing and Supply organisation, which has provided opportunities to review our talent pools, both internally and externally.

Moving towards an equal distribution of men and women across all levels is very important to Dechra and something we are continuing to strive towards.

We recognise that the diversity of our team and an inclusive culture is beneficial for our business, its processes, and its performance. We have highlighted below our key actions over the last 12 months which has helped us reduce our gender pay gap further. We acknowledge

and accept that we still have more to do and we remain committed to tackling our gender pay gap.

A year in review – measurement against our actions

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

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

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

Our year in review

Our action: Learning and development (L&D)

Our progress:

We have focused on creating an organisational structure which supports apprenticeship development within key departments such as Quality Control and Operations, initially onboarding summer placements within 2021.

We launched our leadership development programme to upskill our managers in communication and coaching skills to effectively manage our teams. There are plans to cascade this further with our line management population to ensure consistent behaviours to support talent development.

We have implemented the SHL OPQ (Occupational Personality Questionnaire), aligned to our values, as part of our recruitment process with standardised interview guides to ensure a consistent and fair process for all applicants and reduce any gender bias.

Our action: Benchmarking

Our progress:

We are continuing to review our salary constructions to ensure equity and consistency across our workforce. In January 2021 we achieved accreditation as a Real Living Wage employer, with significant changes to the lowest paid. This has been a substantial factor in reducing the gender pay gap. These roles are typically held by females within the organisation.

We have also incorporated employee shift premiums into base contractual pay to make it simpler for employees to understand their pay.

Our action: Manager training and support

Our progress:

We have implemented a new structure within our Packaging department, where roles are mainly filled by females, with new levels of accountability and a clearer career progressed for employees. Supporting our business continuity and succession plans as well as recognising additional skills of individuals.

Our action: Works council

Our progress: We continue to engage with our employees through direct communication, routine engagement surveys and the Works Council. Communication continues to be an area of improvement. Within this reporting period we have established a clear routine with the Work Council and the new Site Director. We have seen increased engagement, with more suggestions and feedback coming through. The next focus will be empowering the members of the council to take initiative to resolve simple issues themselves and suggest solutions.

We hope that with Covid restrictions reducing, face to face town halls will be implemented in the next reporting period to create better engagement with our production employees.

Our action: Benefits review

Our progress: On the back of our engagement survey results, we have conducted a benefits survey to understand our employee's priorities and needs to allow us to assess our benefits offering to meet requirements. We continue to educate our employee's on our current benefits offering whilst simultaneously working on plans to make further future improvements taking into consideration the impact on services, such as healthcare, following the covid pandemic.

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.



Paul Sandland
Chief Financial Officer