



## Sustainability Report 2022



# Making a Difference

# Welcome to our SUSTAINABILITY REPORT

## We are **making a difference** through the sustainable improvement in global animal health and welfare

In our 25th year we are launching our inaugural standalone Sustainability Report. Sustainability is already well established in the business as reported previously in our Annual Reports. We are embedding this deeper into the business this to help build on our expertise in developing, manufacturing, sales and marketing of high quality products exclusively for veterinarians worldwide. We strongly believe that a sustainable business will drive superior long term performance.

### > Tell us what you think

We welcome feedback on our sustainability performance and reporting. Please contact us at:  
[corporate.enquiries@dechra.com](mailto:corporate.enquiries@dechra.com)

### This Report

This is our first standalone Sustainability Report. It describes our progress and challenges from 1 July 2021 to 30 June 2022, unless otherwise stated. The content of this report is based on those sustainability focus areas deemed material to Dechra following our materiality assessment. All our business operations worldwide are in scope regardless of their function, unless otherwise stated.

### Our Approach to Reporting

This Sustainability Report provides information to supplement our 2022 Annual Report and to direct stakeholders with a specialist interest in social, environmental and ethical matters to further relevant content on our website.



Our Annual Report and Accounts 2022 and online Sustainability Report can be viewed at: [www.dechra.com](http://www.dechra.com)

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## What Sustainability Means to Us

# Dechra Making a Difference

Making a Difference is our formal declaration creating accountability for both the Group and its stakeholders. We believe that this approach will allow us to demonstrate, measure and improve our performance whilst addressing the social, economic and environmental challenges the world is facing.

The term Making a Difference forms the basis of our sustainability promise and has strong links with our Purpose and our Culture. We expect our people to make a difference by collaborating with each other and our external partners. In return, we support them by providing support and clear guidance on expectations.

Our Making a Difference plan sets out Dechra's long term approach to sustainability. It builds on our existing sustainability pillars by focusing our efforts on making conscious choices and working with our stakeholders to become a more sustainable business. We have an overarching aim to minimise waste and pollution, support a circular economy and to source sustainably.

### Our Sustainability Pillars



#### Our Business

**To improve animal health and welfare**

##### Performance highlights 2022

**4.8%** Investment in R&D as % of sales

**130k** CPD hours provided



#### Our Environment

**To minimise our impact on the environment**

##### Performance highlights 2022

**42%** Waste recycled or reused

**10%** Reduction in carbon intensity ratio



#### Our People

**To be a great and safe place to work**

##### Performance highlights 2022

**37k** Training and development hours

**Living Wage** Employer globally



#### Our Community

**To give back to the communities in which we operate in**

##### Performance highlights 2022

**£314k** Cash Donations

**£32k** Product Donations

## Introduction

# A Milestone Year for Dechra



// In the year when we have celebrated the 25th anniversary of Dechra, we are proud to be publishing our inaugural standalone Sustainability Report. This sets out the progress we have made so far and our ambitions for the future as we position ourselves for sustainable long term growth.

**Paul Sandland**  
Chief Financial Officer

**Sustainability has been an important focus area to Dechra for many years. We have always placed great importance on acting responsibly and in the interests of all our stakeholders. Whilst our strategy has evolved over time, our Purpose, the sustainable improvement of animal health and welfare globally, has remained the same, and continues to guide everything that we do.**

We acknowledge that we are only at the start of a journey when it comes to our sustainability strategy and that many of the ambitions we have set will take time to achieve. However, we are committed to making continuous improvements each year. In that regard, the publication of this inaugural Sustainability Report represents an important milestone for the Group.

We have sought to develop a credible strategy with realistic but stretching targets, and to be transparent in how we approach the challenges of creating value for multiple stakeholders during a time when the world around us is constantly changing.

### A Year of Significant Progress

Over the pages that follow, we outline the progress we have made over the past 12 months and share some of the highlights from our efforts to create a more sustainable future. Whether it be smaller, local initiatives at specific sites or work to reduce our global environmental footprint, we have worked hard to develop our thinking despite the ongoing challenges created by the COVID-19 pandemic.

Perhaps most encouragingly of all, we have seen strong engagement from every Dechra employee. This is crucial, since our objectives will only be achieved by working together, so truly embedding sustainability into everything that we do is what will ultimately make our efforts successful.

Whether it is the ongoing initiatives and workstreams throughout the year, or sustainability being a key theme at our Global Team Meeting to celebrate our 25th anniversary this year, the genuine support from all levels of the organisation to help achieve our objectives has been hugely encouraging.

### What Comes Next

We are very pleased with what we have achieved over the past year. The work that we have undertaken, supported by teams from across the Group, means we enter the new financial year with real momentum.

Although we still have much to do and what we are setting out to achieve will require the hard work and collaboration of many people, both within the Group and externally across the sector, we are determined to succeed. We look forward to sharing further details of our progress in the years ahead, which we feel well positioned to approach with a sense of optimism.

**Paul Sandland**  
Chief Financial Officer

**Carina Kjellberg**  
Group Sustainability Director

## Our Purpose, Strategy, Values and Culture

**Our success** is based upon providing our stakeholders with a clear strategic plan that is aligned to our Purpose



See our **Annual Report and Accounts** on page 10 to learn about our **Values and Culture**.

### Our Purpose

The sustainable improvement of animal health and welfare globally.

### Our Strategic Growth Drivers



Pipeline  
Delivery



Portfolio  
Focus



Geographical  
Expansion



Acquisition

### Our Strategic Growth Enablers



Manufacturing  
and Supply Chain



People



Technology



ESG

### Our Sustainability Strategy Pillars



Our Business



Our Environment



Our People



Our Community

### Our Values



Dedication



Enjoyment



Courage



Honesty



Relationships



Ambition

### Our Culture

Our Values, entrepreneurial attitude and agile approach to the way we do things are the backbone of our Culture. Our people make a difference by collaborating with each other.

## Our Business Model

# Our products improve animal health and welfare



See our **Annual Report and Accounts** on pages 22 to 24 to see our business model in full.



## Our Marketplace

# Sustainability in the Animal Health Market



// Our sustainability strategy is designed to respond to key macro environmental, social and ethical topics, whilst retaining a core element of improving animal health and welfare globally.

**Paul Sandland**  
Chief Financial Officer

**The work we have undertaken over recent years has allowed us to identify the key sustainability trends within the animal health market and ensure that our business strategy is aligned to our sustainability ambitions.**

With this increased awareness and understanding comes a responsibility to act on that knowledge to ensure we can make Dechra the best version of itself; successful, sustainable and well prepared for the future.

Striking a balance between prioritising topics important to all our stakeholders is an ongoing challenge that requires us to remain agile and responsive, but by focusing our efforts on a small number of important areas we can have

a meaningful impact over the longer term. In particular, we are cognisant that by making significant progress in certain areas, there is potential to develop a strategic advantage over our competitors in a market where our customers are increasingly looking for points of differentiation.

We have identified three key themes within our market which we believe will hold the key to a sustainable future and which will guide our actions for future initiatives.

### Key Marketplace Themes

# 1

## Transition to a renewable economy

There is an urgent need for all businesses to shift from fossil fuels to electricity, generate that electricity from low and zero carbon sources and use all energy more efficiently. Beyond energy usage, there is also a growing requirement for all parts of our business reuse, recycle and reduce consumption of raw materials as much as possible.

# 2

## Developing an integrated environmental strategy

We recognise that there is a high degree of interconnection between different environmental issues such as climate change, water, biodiversity and land use. Furthermore, such challenges exist to varying degrees in different parts of the business, which is why we have established a dedicated ESG Committee with Board level oversight to help embed a joined up approach across all our operations.

# 3

## Embrace human nature

Our people are our greatest asset and it is only by working collaboratively, both within our organisation and with external partners, that we will be successful in delivering our sustainability strategy. This means promoting diversity, encouraging participation and working with the spirit of trust, all of which are embodied by the Dechra Values.

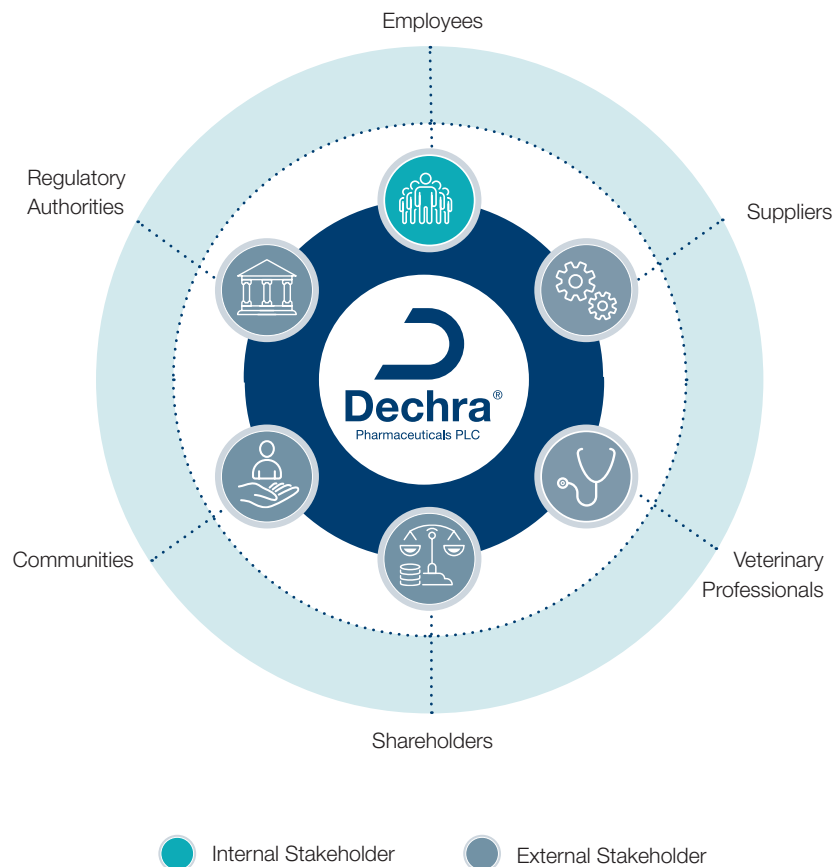
**By remaining well-attuned to these themes, we will protect and indeed strengthen our ability to continue improving animal health globally.**



## Stakeholder Engagement

# Effective engagement drives sustainable value for all of our stakeholders

### Our Stakeholders



### Engagement with stakeholders is a vital component of our long term sustainability and success.

We have identified six key internal and external stakeholder groups that we believe are important to engage with regularly to continue to make Dechra successful: people, veterinary professionals, shareholders, suppliers, communities and regulatory authorities.

#### Our Stakeholders

**People:** Our employees are our greatest asset and we aim to make Dechra a great and safe place to work by attracting, retaining and developing talent. We employ 2,163 people in 25 countries in a wide range of working environments so multi-channel communication is key to successful engagement. To achieve this, we host a Group intranet site, perform regular site visits by Senior Management, hold Town Hall meetings, engagement surveys, employee meetings with the Employee Engagement Designated Non-Executive Director, Lisa Bright, performance reviews, employee development and training and direct communication to all employees from the Chief Executive Officer.


**Customers:** Our customers are veterinary professionals operating in veterinary practices and major farming units. We engage with veterinary professionals to improve animal health and welfare. We provide high levels of technical support and educational training to develop a strong relationship with, and be recognised as an important partner to, veterinary professionals. Key engagement platforms are provided through the use of our innovative and effective products supplemented by daily engagement with our people, utilisation of the Dechra Academy, our award winning online educational system, lunch and learns and technical support helpline.

**Shareholders:** Shareholder engagement is key to instilling trust and confidence, whilst also facilitating informed investment decisions. Understanding financial performance, strategic delivery and ESG performance form the basis of our engagement with this stakeholder group. Engagement is provided through the Annual Report and RNS announcements, the Annual General Meeting, investor presentations, corporate website and one-on-one meetings.

**Suppliers:** We aim to trade with honesty and integrity, and to source sustainable, ethically produced, quality raw materials and finished products. We provide fair trading terms and seek to establish long term trading relationships. We engage regularly through one-to-one meetings, perform quality audits, due diligence, ABC training and via our third party code of conduct.

**Communities:** We believe it is important to give something back to the communities in which we operate. Engagement includes support and participation in community activities, projects and initiatives, financial and product donations and through the provision of development and educational opportunities to local people through employment.

**Regulatory Authorities:** It is vital to our business that our products meet the highest possible safety and quality standards. Regulatory training is provided for employees and we engage with regulators via manufacturing facility inspections, market authorisation applications and product safety update reports (PSURs).

 Read more about **Our Performance** on pages 14 to 22.



## Our Materiality Assessment

# A thorough approach to defining our **Sustainability strategy**

**In spring 2022, we conducted a materiality assessment to identify the most important sustainability topics to us as a business and to our stakeholders.**

The results of the assessment will shape our sustainability strategy, drive our engagement with stakeholders and help us prioritise areas of focus, target setting and guide our reporting and disclosure moving forward.

### Our Approach to Materiality Assessment

Ahead of performing the assessment, and in order to identify material sustainability topics, we considered those that we were already working towards as part of our Making a Difference plan. We also performed additional desk based research from leading sustainability reporting frameworks and peers on those topics that are deemed to be important within our industry as well as obtaining feedback from investors and other stakeholders, including key management, on thematic sustainability topics.

In conducting the assessment we surveyed 276 people from our six stakeholder groups and asked them to rank 31 sustainability topics in order of importance.

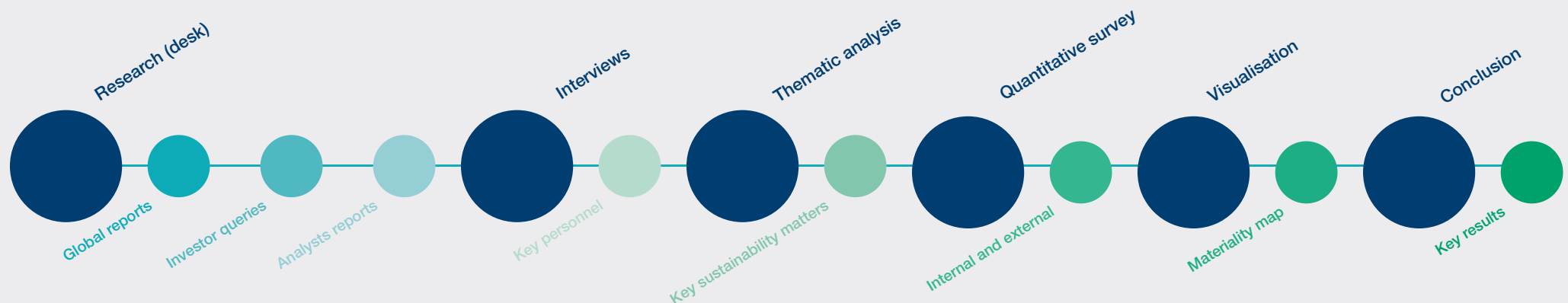
### Our Materiality Assessment Findings

Key topics identified as part of the assessment such as animal health and wellbeing, human rights and equality in the workplace are fully aligned to our Making a Difference plan and will continue to form the basis of our engagement with stakeholders. Our findings showed that there is increasing demand from stakeholders to understand our environmental strategy, including our approach to climate change, responsible consumption and production and biodiversity. Our community related philanthropic actions are established and appear to be well understood.

### Outlook

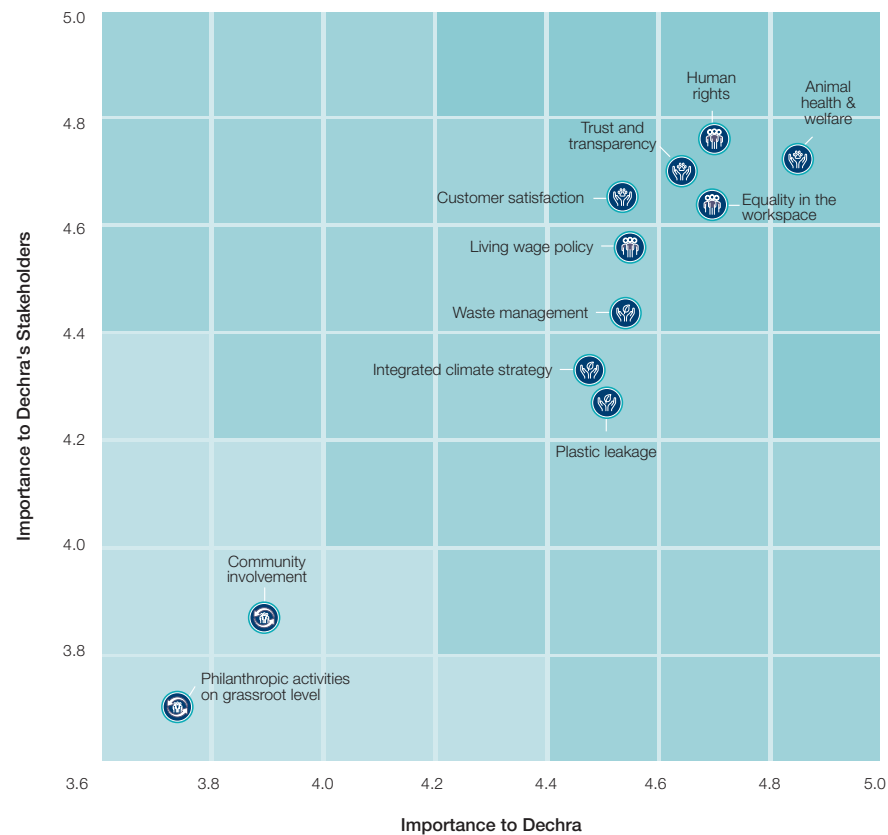
Our focus will remain on those topics deemed to be of most importance to our stakeholders. We will continue to engage with stakeholders and embed sustainability into the DNA of our business, but acknowledge that we will need to remain agile and adapt to new demands, legislation, changing trends and technological advances, all of which will result in the evolution of our Making a Difference plan over time.

### Materiality Assessment Pathway



## Our Materiality Assessment

# Our Materiality Assessment identified a total of 11 topics across our Sustainability Pillars







Pillar	Sustainability Topic	Focus Area	Objective
 <b>Business</b>	Animal Health and Welfare	Ethical and sustainable products	Develop and promote products to sustainably improve animal health and welfare
	Customer Satisfaction	Supporting veterinary professionals	Maintain and improve the knowledge and skills of veterinarians
	Trust and Transparency	Ethics	Act with honesty and integrity
 <b>Environment</b>	Integrated Climate Strategy	Emissions, Land & Water and Biodiversity	Reduce GHG emissions and waste to landfill, use water responsibly and protect diversity
	Waste Management	Circularity	Recover, reduce, recycle, reuse
	Plastic leakage	Responsible Sourcing	Implement sustainable packaging and decrease plastic usage
 <b>People</b>	Wage Policy	Fair Employment Practices	Comply with national legal requirements regarding wages and working hours
	Human Rights	Safe Working Practices	Reinforce health and safety practices, with a culture of zero harm
	Equality in the Workspace	Fair Employment Practices	Eliminate the gender pay gap
 <b>Community</b>	Community Involvement	Community Activities	The donation of time, products and skills to local charities
	Philanthropic Activities	Community Donations	Establish Regional Giving Committees to allow our people to make a difference locally

## Our Materiality Assessment

# Sustainability Metrics and Targets

In defining our Sustainability strategy, we have developed a total of 11 key metrics to help us track year on year progress. Reporting against these metrics allows us to remain transparent in how we are delivering against the commitments we have made and ensure we focus our efforts in the right areas.

### Tracking Progress Against Our Key Objectives

Pillar	Target	Performance in the 2022 financial year
 <b>Business</b>	Invest 5% to 6% of revenue on product development per annum	4.8%
	Provide 100,000 CPD hours per annum	130k hours
	Perform a value chain sustainability assessment by 30 June 2030	Project on track
 <b>Environment</b>	Achieve Net Zero carbon emissions by 2050	10% reduction in intensity ratio
	Zero to landfill by 30 June 2025	7.3%
	100% FSC paper by 30 June 2023 and review full product range by 30 June 2025	Project on track
 <b>People</b>	Become a Living Wage Employer, or equivalent, by 30 June 2022	Achieved
	Zero lost time accidents (LTAs)	12
	One day of training per employee per annum	17 hours
 <b>Community</b>	Dedicate 100,000 community hours by 30 June 2030	4,390 in FY22 (nil in FY21)
	Donate £5 million in cash or products by 30 June 2030	£346k in FY22 £728k cumulative

### Next Steps

We have made good progress in the 2022 financial year, having already delivered against a number of important objectives, even though our journey is still in its infancy.

We believe the long term targets we have set are credible, appropriate for our business and sufficiently ambitious. However, we remain committed to reviewing them on an ongoing basis, and evolving our strategy where necessary to meet the changing needs and expectations of all our stakeholders.

In the 2023 financial year, we intend to make further progress, in particular validating long term Science Based Targets relating to Scope 1, 2 and 3 carbon emissions.

## Sustainability Framework

# Making a difference through the sustainable improvement in global animal health and welfare

The Sustainability Framework is aligned with our ambition to make a difference through the sustainable improvement in global animal health and welfare. The culture of the Group has enabled sustainability to be embedded into achieving this ambition.

Our businesses deliver high quality products and services to veterinarians worldwide. We are committed to acting responsibly and with integrity, respecting the laws, regulations, traditions and cultures of the countries within which we do business. Everything we do is underpinned by our Values and this is the basis for our Sustainability strategy. This strategy is centred around four Sustainability pillars: Business; People; Environment and Community. Our priorities are:

- to provide sustainable innovative products, technical and educational support and to act responsibly and with integrity with all stakeholders;
- to be a great and safe place to work;
- to minimise the impact of our operations on the environment by adopting responsible environmental practices and complying with applicable environmental legislations; and
- to contribute to the social and economic welfare of the local communities in which we operate through the donation of our time, products and cash.

The Board is ultimately responsible for the oversight of Dechra's sustainability impacts, risks and opportunities and has delegated responsibilities to specific Board Committees, the Senior Executive Team and other key committees (ESG, Health, Safety & Wellbeing, Packaging & Logistics and Regional Giving committees). We are committed to implementing a strategy which creates and maintains long term value for all stakeholders.



See our **Annual Report and Accounts** on page 70 to 73 for our TCFD disclosure.

Read more about **Sustainability Governance** on pages 23 and 24.

Read more about **Our Purpose, Strategy, Values and Culture** on page 04.



## Task Force on Climate-related Financial Disclosures (TCFD)

# Our response to climate change

For the first time this year, we have reported under the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). We welcome the opportunity to be transparent about what we consider to be the risks and opportunities arising from climate change and how we plan to respond to those factors to create a more resilient business.

Further details about our approach to climate change can be found in our full TCFD disclosures within our 2022 Annual Report, but we have summarised below the key conclusions resulting from the four themes within the TCFD recommendations.

Governance	Strategy	Risks and Opportunities	Metrics and Targets
<ul style="list-style-type: none"> <li>The <b>Dechra Board</b> is accountable for approving our Sustainability strategy and overseeing the delivery of our climate-related objectives</li> <li>Executive responsibility belongs to the <b>Chief Financial Officer</b> with support from the Group Sustainability Director</li> <li>The <b>Senior Executive Team</b> (SET) is responsible for delivering on these objectives within their functional areas and business units</li> <li>Factors relevant to managing climate risk are specifically included in the bonus objectives of each Executive Director and SET member</li> </ul>	<ul style="list-style-type: none"> <li>We have assessed the potential impact of climate change over a <b>30-year</b> time horizon under two scenarios:               <ul style="list-style-type: none"> <li><b>1.5°C</b> temperature rise</li> <li><b>4°C</b> temperature rise</li> </ul> </li> <li>Our <b>Making a Difference</b> plan has been developed and includes the following long term commitments:               <ul style="list-style-type: none"> <li>Submission and verification of GHG emission reduction targets with the SBTi</li> <li>Long term target to reach Net Zero by 2050</li> <li>Supporting the UN backed Race to Zero campaign</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Following an extensive review of the possible impact of climate change on the Group's business model, we have identified four key risks and one opportunity:               <ul style="list-style-type: none"> <li><b>one physical risk</b> resulting from the increased frequency of extreme weather and climate-related natural disasters</li> <li><b>three transition risks</b> relating to carbon pricing and future environmental taxation, the supply-demand of renewable energy and the change in raw material or sourcing cost</li> <li>A possible <b>opportunity</b> from the increase in demand for low carbon products</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We report our Scope 1, 2 and 3 GHG emissions on page 65 of the 2022 Annual Report</li> <li>We have five climate-related targets as follows:               <ol style="list-style-type: none"> <li>Scope 1, 2 and 3 carbon emission science based targets <b>to be verified by SBTi</b> in 2023</li> <li>All <b>paper and wood material</b> to be FSC by June 2023</li> <li>Zero <b>waste</b> to landfill by 2025</li> <li>Perform a sustainability review of all sold <b>products</b> by June 2025</li> <li>Achieve <b>Net Zero</b> by 2050</li> </ol> </li> </ul>

## Our Alignment to the UN SDGs

# Contributing to the United Nations Sustainable Development Goals

**We recognise the importance of aligning our efforts with the international approach of other businesses and states.**

Since 2020, we have chosen to link our ESG strategy to the United Nations Sustainable Development Goals (SDGs) as we felt that this would provide a framework for our activities and subsequent communication thereof. The SDGs consist of 17 goals that cover the three dimensions of sustainable development: economic, social and environmental.

These global goals are designed to be a blueprint to achieve a better and more sustainable future for all and are intended to be achieved by 2030. The SDGs have been plotted against our business activities to identify which goals we can contribute the most to. While we found that Dechra contributes to many of them as they are all interlinked, we identified our strategy as being most closely aligned to goals 3, 8, 10, 13 and 17.



### Good Health and Wellbeing

Our Global Thrive programme supports positive physical, emotional, social and financial wellbeing.

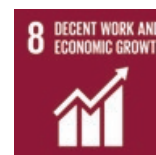
[Read more on page 20.](#)



### Climate Action

The Dechra Climate race improved employee engagement and awareness and we reduced our carbon intensity ratio again this year.

[Read more on page 16.](#)



### Decent Work and Economic Growth

We have provided 7,195 hours of training via Delta and 36,676 hours of other training to our workforce this year.

[Read more on page 18.](#)



### Partnerships for the Goals

We have committed to the Science Based Targets initiative (SBTi) and have reported under the requirements of TCFD for the first time this year.

[Read more on page 16.](#)



### Reduced Inequalities

We have adopted a Living Wage or equivalent policy globally.

[Read more on page 18.](#)

**As our sustainability strategy evolves over time, we will remain mindful of which SDGs we continue to contribute towards.**

## Our Performance



### Our Business

# Providing sustainable products and educational support

#### Linkage to UN SDGs



#### Summary

**Why it matters:** We are a veterinary pharmaceutical company; our priority is the health and welfare of animals and everything we do is with this priority in mind.

#### Our approach:

Our key focus areas are:

- the development and promotion of innovative, ethical and sustainable products to improve animal health and welfare; and
- maintaining and improving the knowledge and skills of veterinarians who prescribe and use our products.

#### Our performance:

4.8% of sales invested in R&D

130k of CPD hours provided globally

#### What's next:

Increase investment in pipeline development and continue to support the veterinary profession through access to CDP content.

#### Development and Promotion of Innovative, Ethical and Sustainable Products Research and Development

The development of innovative new products that sustainably improve animal health and welfare is closely aligned to our purpose and fundamental to our future success. All of our pipeline products are targeted at providing veterinary professionals with solutions for their customer needs with particular focus on currently unmet or under serviced clinical needs.

Delivering a strong and robust pipeline with a focus on novelty is one of the Group's strategic objectives. In order to meet this objective we have committed to invest 5% to 6% of revenue on product development per annum. We are pleased to report that we have continued to make good progress on our pipeline again this year. We invested £32.4m in R&D this year, representing 4.8% of revenue. This was slightly below our target due to delays caused by the pandemic.

Most of this spend actually relates to the development of existing molecules rather than speculative research and we have a proven track record of successful pipeline delivery.

Several global product approvals have been achieved during the year most notably the launch of Zenalpha, a novel therapeutic product that is safe and effective for sedation in dogs. In a field study, dogs treated with Zenalpha had a shorter time to onset of sedation, shorter duration of sedation (recovered quicker), and less cardiovascular and respiratory depression and adverse reactions compared to dogs administered dexmedetomidine in the control group.

The recent announcement of our acquisition of Piedmont Animal Health Inc., a company that specialises in developing novel and differentiated companion animal products, will increase our pipeline investment to 7% to 8% in each of the next three years and will accelerate the provision of innovative solutions to veterinarians and pet owners in areas of unmet or under serviced medical needs.

## CASE STUDY

### Ambassador Programme

The US Veterinary Services Department began to manage the US University and Student Ambassador Program in the Summer of 2020. After a year of revamping the programme, we are proud of the advances and recognition that have been gained at 29 of the 34 accredited veterinary medicine institutions in the United States. This school year, Dechra had 39 student ambassadors in total, comprised of 29 companion animal and ten equine students. Together, our Veterinary Services Team hosted 36 in-person or virtual events for veterinary schools, with 1,700 students participating.

This year we also launched a mentoring programme for our student ambassadors. This programme allowed the students the opportunity to interact with various veterinary services colleagues about topics such as contract negotiation, interviewing skills, how to have tough discussions on euthanasia, and several more.

The culmination of our year included the launch of our Dechra Clinical Proficiency Awards for fourth year veterinary students. Selected students were awarded with a certificate and \$500. At 18 CVMs across the United States the following awards were given:

continued

## Our Performance



### Our Business

#### Product Sustainability

During the year we have continued to make strong progress towards our product sustainability targets:

- **All paper material to be from Forest Stewardship Council (FSC) sources by June 2023:** We remain on track to achieve this target with milestones achieved during the year consisting of all key internal manufacturing sites switching secondary packaging to FSC sources and the majority of our offices globally now using paper from FSC sources. We aim to complete this target next year by switching primary packaging, where legislation permits, and transitioning our remaining offices and sites onto FSC paper.
- **Pre launch sustainability review of new products by 2023:** As a pharmaceutical company with a broad portfolio, our product decisions are complex due to the high regulation involved in securing product approval as well as safety and efficacy compliance. During the year, our work has focused primarily on new product packaging. Our Packaging Committee have endeavoured to reduce packaging, reduce the use of more than one material in a dispensing carrier to improve recyclability and where possible, use recycled materials in our packaging.

- **Sustainability review of existing products by 2025:** During 2022 we have initiated a project with a third party software provider which will enable us to calculate and review the GHG footprint for all existing products. This new initiative will help us to assess and target interventions to reduce the environmental footprint of our products.

#### Maintaining and Improving the Knowledge and Skills of Veterinarians

Our relationship with veterinarians is key to our business, and therefore, we provided added value services in the form of educational programmes and technical support to maintain and improve the knowledge and skills of veterinarians who prescribe and use our products. We deliver education through many channels, including conferences, practice meetings, lunch and learns, and our online digital e-learning environment, the Dechra Academy. Veterinary professionals are able to claim CPD points towards maintaining their qualifications by attending our events.

The Dechra Academy helps veterinary professionals across the globe to upskill and keep up-to-date with the latest thinking through completely free, modern learning experiences. With over ten years of experience educating veterinary professionals, we are passionate and proud to provide reputable, modern learning resources, which help veterinary professionals continuously evolve their knowledge.

We differentiate ourselves from our competitors by focusing on challenging and interactive educational experiences. Each Dechra market has its own tailored Academy with courses that are relevant to their veterinary professionals. Where possible, our educational resources are accredited by local professional and regulatory bodies. Notable achievements over the last 12 months are:

- 97,192 registered users (2021: 83,000 registered users);
- 730 courses (2021: 549 courses); and
- available in 24 markets (2021: 21 markets).

We organise a number of educational events and webinars throughout the year covering a range of therapeutic subject matters, including Dermatology and endocrinology. During the year, we provided 23,039 hours of CDP via our Dechra Academy and a further 88,128 hours on in-person training events.

#### Technical Support

We offer a wide range of products including several that treat complex and less frequently occurring disorders such as Cushing's and Addison's disease, the provision of a high quality veterinary technical support on these products is a service that the veterinarians truly value.

For further information on our Technical Support read our 2022 Annual Report.

## CASE STUDY continued

- Dechra Excellence in Dermatology – a fourth year veterinary student who has excelled in diagnosis and management of dermatological conditions.
- Dechra Excellence in Equine Sports Medicine – a fourth year veterinary student who has excelled in diagnosis and management of rehabilitation and lameness conditions.
- Dechra Excellence in Small Animal Internal Medicine – a fourth year veterinary student who has excelled in the diagnosis and management of endocrinological conditions.

The US Veterinary Services Department is excited about the plans for the 2022 to 2023 school year. We have expanded to over 40 student ambassadors, including 14 equine students and four veterinary technician schools. Other upcoming plans include a national webinar on nutraceuticals and supplements given by a boarded veterinary nutritionist. We also plan to continue supporting each of the CVMs with a return to on campus visits at each of the universities. Our Veterinary Professional Services colleagues have also discussed Dechra's newest product additions, including Zenalpha®, Laverdia™- CA1, Sucromate® Equine, and ProvetAPC™, with key companion animal and equine faculty and staff.



## Our Performance



### Our Environment

#### Linkage to UN SDGs



# Committed to minimising our environmental footprint

#### Summary

**Why it matters:** we recognise the importance of good environmental practices across our operations.

**Our approach:** Our key focus areas are:

- prudent use of all natural resources, the minimisation of waste in all activities, and the appropriate disposal of waste; and
- optimise the energy we use, improve energy effectiveness through initiatives on transport and reduce our greenhouse gas emissions.

#### Our performance:

42% of all waste recycled or reused

10% reduction in carbon intensity ratio

#### What's next:

Submitting and validating our Science Based Targets in 2023 will represent a crucial next step in our Net Zero journey.

We are committed to playing our part and championing policies that support the Paris Agreement and minimise the impact of our operations on the environment. We will achieve this by adopting responsible environmental practices and complying with applicable environmental legislation. We have committed to a long term target to reach net zero emissions by no later than 2050, backed by science based targets across the entire value chain. We are also proud to be a signatory to the Business Ambition for 1.5°C campaign, which calls on companies to set ambitious science-based emissions reduction targets.

#### Integrated Environmental Strategy

To play our part in tackling the climate crisis, we are focused on decarbonising our entire value chain. Our integrated sustainability strategy addresses climate change, biodiversity, land and water, and will rely on science in order to shape an embedded culture of sustainability within the business.

#### Greenhouse Gases (GHG) Emissions

Throughout 2022, we have worked with an external partner and focused on collecting base year data in order to establish the calculation of our emissions targets. We have also continued to make good progress on emission reduction initiatives such as lowering refrigerant gas losses by 91% at our site in Londrina, Brazil. This was a significant contributor to our Group scope 1 emissions and was achieved through collaboration with engineering employees from our European site. We have also been successful in transitioning a number of our sites to renewable sources of energy and have significantly increased the number of electric vehicles within our fleet.

In 2023, we will finalise our targets in accordance with the principles of the Science Based Targets initiative (SBTi) and will have submitted them to the SBTi for validation. In parallel, we intend to increase engagement and collaboration with key upstream and downstream partners to recognise sustainable performance during the contract renewal processes. Furthermore, we will continue our efforts to understand and disclose the risks and opportunities posed by climate change by further applying the TCFD framework.

For details on our GHG emissions please see page 65 of the 2022 Annual Report and Accounts.

#### Land – Biodiversity

Deforestation is one of the greatest challenges facing the world's forests, through expansion of infrastructure, unsustainable agriculture and illegal logging. While deforestation poses serious supply chain risks, mitigating those risks with sustainable sourcing practices presents a significant business and environmental opportunity.

Dechra made significant improvements during 2022, with all wood pallets and shippers used by the logistic centre in Denmark now being FSC certified. Most of our manufacturing sites and offices are also now using only FSC sourced paper combined with efforts to reduce paper usage by replacing with digital solutions. We remain on track to meet our objective of only sourcing FSC-certified paper, pulp, wood and fibres throughout our global business by 30 June 2023.

In 2023, we will continue to secure and develop responsible sourcing standards that include environmental, social and animal welfare criteria as well as aiming to always reduce the use of materials in our value chain.

# Our Performance



## Our Environment

### Responsible Packaging

Packaging is a key component of Dechra's value chain in order to protect the quality of our products from a legal, regulatory and customer perspective. During the year, the Packaging Committee has focussed on improving the use of materials that reduce our environmental impact and support a circular economy. The main approach to packaging and materials can be divided into the areas Reduce, Replace, Recycle and Reuse.

By Autumn 2022, a packaging assessment tool to drive sustainable innovation and improvements will be implemented. This will enhance access to robust environmental data, supporting our people to make smarter, and more environmentally friendly design decisions. Furthermore, this tool will support us in measuring the environmental footprint of different packaging components and provide environmental metrics that will identify sustainable improvements across our current product portfolio.

We have also worked on the transition to mono-material bags for our Specific range of diets and by June 2023 all dry food bags (including treats) will be recyclable. We have reduced bag height, used thinner bags in order to reduce the amount of plastic and transitioned the range to FSC certified cardboard cartons. Other significant improvements of note during the year consist of reducing plastic usage and substituting the use of pre-stretched, perforated foil and light-coloured recyclable stretch film on our products where possible.

### Waste

We are committed to the prudent use of all natural resources, the minimisation of waste in all activities and the appropriate management of residue waste. In 2021, we announced an ambitious target to have zero waste to landfill by 30 June 2025. We have made good progress during 2022 towards achieving this target. In order to achieve our goal to divert waste from landfill, for any waste that cannot be eliminated at source, we have set all manufacturing sites targets to maximise reuse and recycling opportunities, supporting the circular economy.

Last year at the Somersby site, Australia, 74% of all site waste was disposed of to landfill. This was equivalent to 38% of all landfilled across Dechra in 2021. The site recognised that there were a number of opportunities to improve their management of waste generated at the facility. Working with their waste contractor, the site now accurately weighs each waste stream and they have introduced a simple system of colour coded bins for waste collection within the facility. This allows waste to be effectively segregated to optimise opportunities to reduce, reuse and recycle waste. The percentage of waste disposed of to landfill has been reduced to 41% in the 2022 financial year. The percentage of waste reused/recycled has increased from 21% in the 2021 financial year to 41% in the current year.

The Skipton site, UK, has had a similar success. Although the site achieved zero to landfill a number of years ago, the primary method of waste treatment was incineration with energy recovery, leading to low recycling rates in recent years. The site has worked closely with their waste contractor to identify materials which can be reused or recycled and has increased waste recycling at the site to approximately 40% through improved segregation and collection (an average of 26% over the year). The site has also engaged all employees in doing their bit by introducing cupless drinks vending machines and distributing reusable water bottles to eliminate single use plastic cups.

Across Dechra manufacturing sites globally many other local improvements have contributed to an increase in reuse and recycling rates from 31% in 2021 to 43% in the current year.

### Water

The vital role of water in all aspects of our lives and growing concerns over scarcity and quality have increasingly highlighted the need for sustainable water management. For our business, water is one of the most valuable resources and an essential raw material. It is used for heating or cooling of products and equipment, in purification, but also as part of preparation of finished products. We recognise that using large quantities of water also has associated environmental impacts including energy used for pumping and treating water, plus generation and

disposal of effluent. Therefore, we are focusing on minimising the volume of water used and reducing ground water abstraction at our manufacturing sites.

Water withdrawal across manufacturing reduced by 15% in the 2022 financial year. Zagreb had the most significant influence on the reduction of water use saving 62,973 m<sup>3</sup> of groundwater (a 32% reduction). This was achieved through the:

- installation of automatic regulation valves in the vaccines department; and
- installation of a recirculation loop to reuse cooling water from our Mepron facility.

These two projects have already reduced ground water extraction in the current year, with significant additional savings expected in the future of up to 100,000 m<sup>3</sup> per year.

At Manufacturing sites, any contaminated water generated throughout the production process is disposed of as process effluent. Any wastewater with the potential to adversely impact the environment must be appropriately managed, controlled and treated prior to release. In accordance with GMP requirements to prevent cross contamination and to enable product reconciliation, used process equipment is generally drained, vacuumed or wiped clean prior to being washed. This reduces contamination washed to the effluent stream.

## Our Performance



### Our People

# Supporting the wellbeing and development of employees

#### Summary

**Why it matters:** Our people are our greatest asset. Our objective is to continue to be a purpose focused business driven by high performing and committed teams.

#### Our approach:

Our key focus areas are:

- attracting, retaining and developing talent to build and maintain a top quality team; and
- reinforcing a strong culture of health and safety, within a zero harm environment.

#### Our performance:

37k training and development hours

Remain a Living Wage employer globally

#### What's next:

We intend to remain responsive to changing trends within the workplace so that our employees globally remain engaged and high performing.

#### Attracting, Retaining and Developing Talent

Dechra is committed to attracting, retaining and developing talent in order for us to continue to deliver our ambitions through a highly skilled, committed and motivated workforce that enjoy coming to work and can return home safely every day.

We are the fastest growing business in the Animal Health industry. Our Values, entrepreneurial attitude and agile approach to the way we do things are the backbone of our Culture and create a dynamic environment in which our people can thrive.

We are proud of the fact that this year we have retained our status as a Living Wage (or equivalent) employer globally, demonstrating the value that we place on each and every Dechra employee.

We conducted our second Employee Engagement Survey in April 2021 using the Great Place to Work (GPTW) survey. We had 1,720 respondents to the survey, this equated to 90% of the organisation.

We believe that offering internships and apprenticeships is a great way to attract new employees to Dechra. We offer a small number

of internship opportunities each year. During the year, we have partnered with the Northeastern University Roux Institute and welcomed a student to our Portland office as a Data Analyst Co-op. The student worked closely with our product Development Statistician in the Global Clinical Team to learn about the application of statistical methods in the animal health industry and the drug development process.

We develop our workforce via:

- A dedicated internal digital learning platform, Delta, where employees across the Group have spent 7,195 hours completing various training courses;
- Leadership Development programmes. This year the International and Corporate Leaders have completed their programme; the North America Leadership Development programme and a two year programme for Future Facing Leaders have commenced;
- All our Group development programmes incorporate our three core modules of One Dechra; Diversity, Equity and Inclusion; and Sustainability; and
- A significant amount of our operational training takes place 'on the job'.

Please refer to our 2022 Annual Report and Accounts for further information.

#### Linkage to UN SDGs



## CASE STUDY

### Climate Race

In November 2021 we launched the Dechra Climate Race, #ActNow, to help raise awareness and understanding amongst Dechra employees of the small steps and simple changes required to reduce our impact on the environment. To assist with embedding climate change awareness we engaged a third party, who provided a gamified learning via a mobile App.

Everyone can play a part in reducing our carbon footprint, which is one of the key priorities of Dechra's "Making a Difference" sustainability ambition. During the four weeks of the challenge, Dechra employees globally were divided into 104 teams and via an app were quizzed on sustainability topics. In December 2021, the Dechra Climate Race reached the finish line. The enthusiasm and dedication during the challenge was fantastic. The Dechra Climate Race contributed a total CO<sub>2</sub>e savings of 368 tonnes, 263,503 completed deeds and 85,325 questions were answered.

continued

## Our Performance



### Our People

#### Safe Working Practices

We believe that work related injuries and ill health are preventable and that all employees have the right to work in safe and healthy conditions. Our Health and Safety Strategy has four elements:

#### Continuous Improvement

**LTAFR:** we are now reporting all lost time accidents which resulted in any absence or inability to conduct the full range of normal working activities (not including the day of the accident). During the 2022 financial year, we have experienced 12 LTAs resulting in an AFR of 0.34 compared to 0.31 last year (11 accidents). Seven of the accidents occurred at our manufacturing sites in Australia and Brazil, who joined the Manufacturing Safety programme in 2020 and have a developing safety culture.

Nine of these accidents were influenced by unsafe behaviours and this will be addressed throughout the coming year through the delivery of our B-Safe programme for leaders.

**Assure:** The App based Assure online hazard, accident and near miss reporting and HSE management system has now been rolled out to all our Manufacturing and Logistics sites. During the 2022 financial year, the Assure system has also been extended to include office locations in Sansaw, Northwich, Portland and Kansas. The App is available on mobile phones and through OneDechra in all countries, which enables all employees to have easy access to raise accident and incident reports.

**Safety Alerts:** When significant HSE incidents occur, these are quickly communicated across relevant parts of the business to ensure that learnings are shared, preventing similar incidents across the Group. During the 2022 financial year, a total of ten alerts were raised (2021 financial year: 23).

**Risk Reduction:** The High Level Risk Assessment is overseen by Health Safety and Wellbeing Committee who review the significant risks across the organisation. Risk assessments are dynamic and are updated as activities change. The risk assessment is reviewed in the event of any incidents or changes in the business or at least annually.

#### Culture and Leadership

The Group Health, Safety and Wellbeing Committee meets quarterly, chaired by Paul Sandland. Key actions in the 2022 financial year are outlined below.

**Life Saving Rules (LSR):** Our seven rules have been cascaded across Manufacturing sites in a number of ways to make the rules as relevant and memorable as possible to site employees. The Follow all Workplace Transport Rules LSR is being communicated as part of the development of the Group HSE Standards for pedestrian and warehouse safety. The Drive Responsibly LSR has been communicated during summer 2022 to mobile employees and regular business drivers as part of our Drive Responsibly campaign.

**Financial Wellbeing:** Financial wellbeing supports all other aspects of our life as it provides stability. In addition to being a Living Wage employer across the globe, we have launched a third party financial education platform as a free resource for all employees, initially in the UK, to provide financial information and coaching. Over 48% of UK employees have signed up to the service and we will be looking to extend similar supports to other countries where this is available. We also offer financial planning and educational resources to all USA employees through Fidelity

## CASE STUDY continued

### Climate Race

In October 2022, the Dechra #ActNow-Sprint Relay will be launched. A Sprint with content for one week will loop around global Dechra with the important message:

It's a call to #ActNow – working together to Make a Difference.





# Our Performance



## Our People

**B-Safe:** In the 2022 financial year, we launched our B-Safe training, this is our new behavioural safety programme, which teaches our manufacturing leaders to hold positive conversations about safety, focussing on safe behaviours including our Life Saving Rules. Each leader who has completed B-Safe training is targeted to complete safety conversations throughout the year. Positive and regular conversations aim to continuously improve safety standards and continue to build trust within our organisation. Completion of B-Safe conversations will be a leading indicator for the 2023 financial year and demonstrates the developing maturity of the safety culture across Dechra.

**THRIVE:** The wellbeing of our employees is our priority and throughout the pandemic and during the return to the workplace, our goal has been to support our employees to enable them to flourish. Last year we developed our wellbeing THRIVE programme, and in the 2022 financial year we have evolved this to provide meaningful support to achieve positive physical, emotional, social and financial wellbeing of all employees globally.

**Emotional Wellbeing:** All employees globally are offered subscriptions to an online platform, which provides sessions of guided meditation and promotes mindfulness. This was launched in October 2021, and is now regularly used by over a quarter of all Dechra employees. Our employees are encouraged to use the platform on a private and voluntary basis at any time they choose.

**Physical Wellbeing:** In the UK we hosted a live Menopause webinar, delivered by a medical practitioner and this was attended by an audience of over 50 employees, both male and female employees were encouraged to attend. The webinar was very positively received and following the session we have developed a short guide available to all employees and Line Managers stating simple adaptations which are available to support women during this life stage.

**Social Wellbeing:** The return to the workplace following the pandemic has occurred at different times across our regions. We believe strongly in supporting social interactions but we also recognise the benefits of hybrid working and how this can help to create a good work-life balance. We have established our principles for hybrid working and developed training for all employees who continue to work from their home either full or part time, including health, safety and wellbeing content.

### Compliance

Group HSE standards for safety critical tasks have been further developed and rolled out. New standards developed in the 2022 financial year include 'Exposure Monitoring' and 'Workplace Transport and Pedestrian Safety'. For the existing standards previously published, gap assessments are monitored across each Manufacturing location to evaluate the current level of compliance and the action plan required to close the gaps. In addition, the Group HSE team has visited the manufacturing facilities in Zagreb, Fort Worth and Melbourne during the 2022 financial year.

### Capability

To further embed Health, Safety and Wellbeing as an integral part of working at Dechra, essential courses have been developed. When new employees join the business, the mandatory courses are allocated automatically within 24 hours of starting work.

For Health, Safety and Wellbeing, this includes the following courses described below:

- Health, Safety and Wellbeing Induction – In January 2022 we launched our Corporate Safety Induction to help all new employees understand our Safety Policy and what this means to them. This was launched with an online campaign including the video filmed by Paul Sandland stating our corporate commitment to Health, Safety and Wellbeing.
- Healthy Workplaces – The Delta training module for COVID-19 has been reviewed and refreshed to reflect the current global situation. This module is mandatory for all new employees.
- Hybrid Working – a 'Hybrid Working – Essential Health, Safety and Wellbeing Guide', module has been developed, which includes content related to physical safety within the home, mental health and wellbeing, work-life balance, ergonomic comfort and electrical safety.

## Our Performance



### Our Community

#### Linkage to UN SDGs



# A localised approach to giving something back

#### Summary

**Why it matters:** We believe that it is important to give back to the communities in which we live and operate.

#### Our approach:

Our key focus areas are:

- to contribute towards local charitable causes through the donation of time, products and skills; and
- to establish Regional Giving Communities to allow our employees to make a difference in their local communities.

#### Our performance:

£314,163 cash donations

£31,965 product donations

#### What's next:

Maintain our strong localised presence in global communities, whilst co-ordinating activities effectively.

#### Community Activities

We encourage our employees to engage in community activities, in particular, in the fields of animal welfare, human service and environmental stewardship. We committed in the 2019 financial year to give every employee one day in the community. This year our teams achieved 4,390 hours in the community. A selection of the activities are below:

#### Animal

A total of 65 Dechra employees from our Kansas, Missouri and Portland, Maine offices volunteered their time at Wayside Waifs and the Maine Society for the Protection of Animals (MSSPA) respectively.

Wayside Waifs is a non-profit animal adoption shelter, placing approximately 5,400 animals each year. The team worked on revitalising the butterfly garden, in the pet cemetery, folded laundry, and made enrichment treats for the animals.

MSSPA, is a horse shelter whose mission is to protect the health and welfare of neglected and abused equines. The team performed many physically-demanding activities around the shelter grounds. Team members were broken up into groups and assigned to various tasks, such as cleaning horse stalls and windows, moving over 1,000 heavy bags of shavings, and preparing for the MSSPA's annual Take-it-Away-Day fundraiser, where the team carried and set up an extensive amount of horse-related items and equipment to prepare for the event.

In the Netherlands, the Bladel team assisted the Petting Zoo de Oosterhoeve, whose mission is to keep animals as healthy and happy as possible, providing them with a home for life. The zoo takes in animals that no longer have a home or future elsewhere and they receive the love, attention and medical care they need. They undertook maintenance work in the butterfly garden, the clubhouse and hen house as well as trimming the hooves of goats and the wool of sheep.

#### Environment

A number of Dechra teams performed litter picks in their local areas including the Iberia team, who cleaned the banks of the Leça River in Portugal; the Italian Sales team worked in the Confluence Park in Turin; and the UK Sales Team East spent the day beach cleaning in Norfolk.

## CASE STUDY

### Brazilian Volunteering Day

The Brazil team held their first Dechra Volunteering Day where they carried out nine simultaneous activities in the Londrina region, which included:

- planting 40 tree seedlings near the facility;
- collecting 200 kg of garbage in the Zêrão park and Igapó lake;
- donating 6 litres of blood;
- medicating and registering for castration of 147 cats and dogs;
- and participating in leisure and care activities for 186 children, and 83 seniors.



## Our Performance



### Our Community



In the UK, a team from the Sansaw Office spent their annual volunteering day planting trees to help make a difference to our environment. A total of 820 Nordmaan Fir trees were planted during the day. In addition, the employees at Sansaw worked with Trees for Shropshire, a not for profit organisation, that plants trees and hedges, promoting biodiversity. Two teams from Sansaw also volunteered at Marches Mosses, North Shropshire. They helped with tree removals around the edges of the bog, and clearing designated areas by removing all small trees and shrubbery, and making dead hedges that will support the wildlife.

The various Corporate teams based at our Head Office in Northwich, UK supported the Lower Moss Farm, a wildlife animal hospital and sanctuary; as part of our corporate volunteering programme. Over a number of days, the teams dug and cleared the undergrowth and helped tidy the woodland area around the water, to allow more light to come in.

#### Human

Our Polish team spent a day on the Polish-Ukrainian border, providing support to refugees and reconnecting families. They were able to help a grandmother, who made a very long and difficult journey from Turkey to find her 11 year old granddaughter. The girl had been travelling on her own for some time as her parents, who are members of the military, had stayed in Ukraine.

Our Bladel, Netherlands team provided help at De Floriann nursing home, a home for seniors with dementia, and convalescents and seniors with physical disabilities or disorders. They took residents out for the morning for a walk to the local town centre, and in the afternoon six employees took some residents with physical disabilities and/or dementia on a walk through a shady wooded area to a café.

Our Zagreb team helped out at Craftsmith High School in Samobor, which houses one of the best programmes in Croatia for mechatronics, which is technology combining electronics and mechanical engineering. The team painted a technical workshop and two hallways.

The UK EU Central Marketing team helped out the Alice Charity, which provides a network of support by helping disadvantaged and vulnerable families across Newcastle and Stoke in the UK, emotionally and financially through the experience of safeness, kindness, warmth and compassion. They split into teams and spread across three homes in the local area armed with paint, brushes, sand paper and lots of enthusiasm. Their task was to transform several rooms into comfortable and liveable home space for every family member.

A number of our teams helped support Foodbanks in a number of the communities where Dechra operates.

## CASE STUDY

### Community Donations

**This was the first year we have operated a decentralised global process, after a successful trial in 2021 in the USA.**

A total budget of £300,000 was allocated to each country based on the number of employees employed at 30 June 2021. In total, 17 Regional Giving Committee were established consisting of volunteer employees who have agreed to be members of their respective committee for two years. Regional Giving Committees allow employees to make decisions on which local charities are most meaningful to them that they would like to support. Each committee received nominations from employees within their respective countries and discussed the merits of each before making a decision as to how to allocate their funds. The charities chosen were either animal, environmental or human service charities and included:

Animal: Shropshire Cats, Gamelles pleines, Belgian Centre for Guide Dogs, Equine Well Being Rescue, SOS Visa Animal, Equiwent,

Environmental: Race for Oceans Foundation

Human Service: SELFA, Macmillian Cancer, Not One More Vet, Hope for Children, SOS Children's Village

## Our Governance

The Board takes ultimate responsibility for the Group's sustainability strategy and is committed to developing and implementing appropriate policies that create and maintain long term value for shareholders. Paul Sandland, Chief Financial Officer, is the Executive Director responsible for ESG, and Carina Kjellberg was appointed as the Group Sustainability Director in March 2021.

### Board

The Board is accountable for approving our Sustainability strategy and overseeing the delivery of our climate-related objectives.

The Board or the relevant Committee reviews all key policies/handbooks on an annual basis, these include the Code of Conduct, Health and Safety Policy, Travel and Entertainment Policy and How to Raise a Concern Procedure.

The Board receives six-monthly updates from the Group HSE Director, which includes the activities of the Health, Safety & Wellbeing Committee. The Board is provided with ESG updates at each of its meetings and the Group Sustainability Director presents the strategy and progress on its implementation on a yearly basis.

The Board has oversight of the climate related risks and opportunities as part of the wider risk management and internal control framework. To enhance our commitment towards TCFD reporting further, a dedicated TCFD team has been established.

### SET

Our Senior Executive Team (SET) is responsible for delivering on the climate-related objectives within their functional areas and business units. Each SET member had an ESG objective as part of their personal objectives within the 2022 financial year annual bonus plan.

The SET own the risk management process and is responsible for managing specific Group risks. Climate risk has been identified as a principal risk and has been discussed with each SET member.

## The Dechra Board

The Board is responsible for the oversight of Dechra's material sustainability impacts, risks and opportunities

### Board Committees

#### Audit

The Audit Committee reviews certain of the Group's systems and controls in relation to our business ethics (fraud, ABC) and the adequacy and security of the company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

#### Remuneration

The Remuneration Committee reviews Dechra's Executive Directors and the SET's performance in relation to meeting sustainability goals in relation to the achievement of their bonus targets.

### Other Key Committees

#### ESG

Oversee the development of and to make recommendations to the Board regarding the Group's Sustainability strategy, establish objectives and targets for the Group's ESG activities and oversee the measurement and reporting of performance against these targets. Oversee the activities of the committees that it has delegated authority to.

#### Health, Safety & Wellbeing Committee

Recommend and monitor the implementation of priorities to management and employees to achieve Zero Harm across the Group; actively monitor, measure, review and report on Health, Safety and Wellbeing compliance and performance.

The ESG committee has delegated authority to the Health, Safety & Wellbeing Committee and the following:

#### ActNow Ambassadors (70 employees from across the business)

Responsible for the acceleration of sustainable development within Dechra.

#### Sustainable Packaging Committee

This committee looks at each stage of the packaging life cycle from cradle to grave, to understand how Dechra can reduce its environmental impact when sourcing packaging materials through to the post-consumer choices during disposal.

#### Global Transport Logistics

Responsible for optimisation and improvement of warehousing, logistics and distribution at Group level through sustainable and smart solutions including reduction of emissions, alternatives to fossil fuel, sea transportation and volume optimisation.

#### Regional Giving Committees (17 Committees)

Responsible for the allocation of their allotted funds to charities that meet Dechra guidelines throughout the year, whether this be to one charity or a number

### Senior Executive Team (SET)

Responsible for implementing the ESG strategy within their functions/businesses.

## Our Governance

### ESG Committee

The ESG Committee is made up of representatives from across the Group. The ESG Committee met three times during the year.

The key duties of the Committee are to:

- oversee the development of and to make recommendations to the Board regarding the Group's ESG strategy;
- establish objectives and targets for the Group's ESG activities and oversee the measurement and reporting of performance against these targets;
- review and approve any ESG related policies and their implementation and to monitor and review their ongoing relevance and effectiveness;
- make recommendations to the Group in relation to projects, or elements of a project, that will or may have significant ESG impact;
- identify the ESG matters that do, or are likely to, affect the Group and/or its overall strategy;
- monitor current and emerging ESG trends and relevant regulations and review their impact on the strategy, operations and reputation of the Group and, where necessary, update ESG strategy and policies; and
- work with the Head of Internal Audit and Risk Assurance to identify and mitigate ESG risks.

### Group Sustainability Director

The Group Sustainability Director reports directly into the Chief Financial Officer, and is responsible for advising the Board and the Group on the sustainability issues and strategy. During the 2022 financial year, she presented the Sustainability Ambition to the Board and the Senior Executive Team at the Dechra strategy day.



See our **Corporate Governance Report** in our 2022 Annual Report for more information

## Committee Members



Carina Kjellberg



Catherine Dent



Paul Sandland



Kate Anatone



Melanie Hall



Lene Stoksted Bentien





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