

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.

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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 m³ 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 m³ 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.