

Dechra Gender Pay Gap Report 2020

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 and further again to 5.5% in 2020, 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 246 employees (125 males and 121 females) who were employed within Dechra Limited on the snapshot date of 05 April 2020. Whilst this falls under the 250 employee threshold, we had removed 12 non full-pay relevant employees for this reporting period for the gender pay gap calculation, therefore, we feel it prudent to provide our figures for April 2020.

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 2020 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	5.5%
Mean (<i>average</i>) Gender Pay Gap; Dechra Limited	7.8%
UK's National Gender Pay Gap*	15.5%

*Source: ONS, 2019

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).

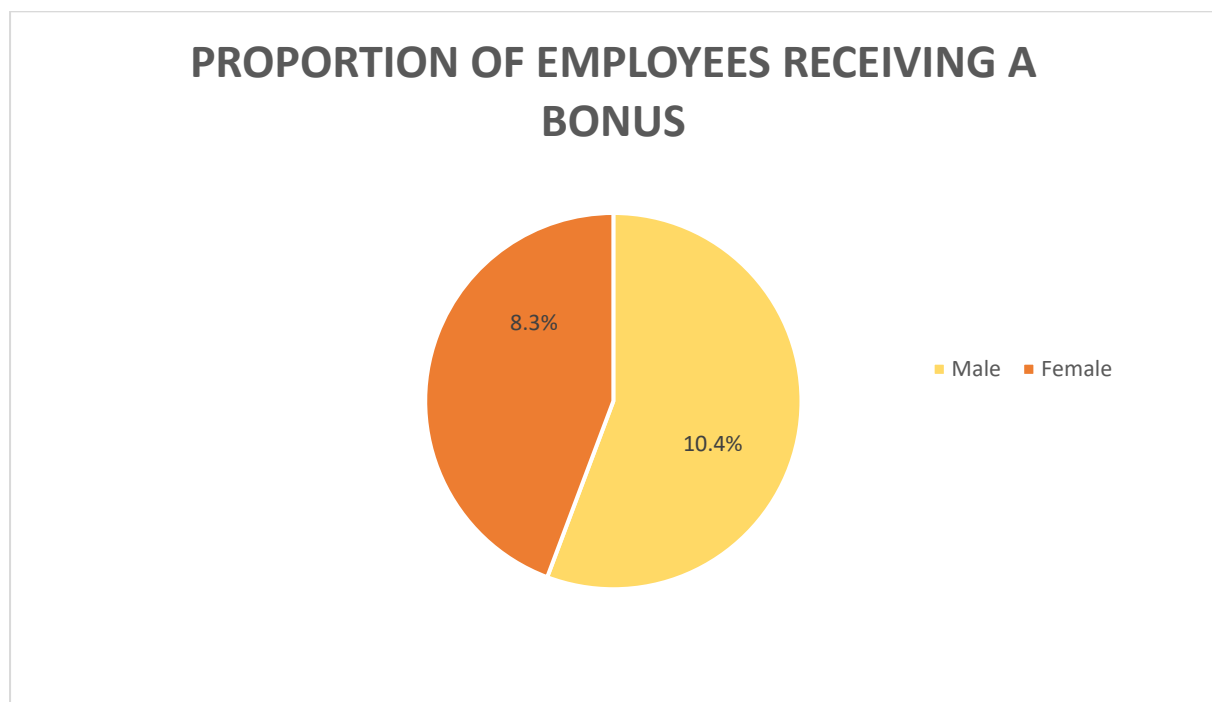
The median gender pay gap within Dechra Limited was 5.5%. This is significantly below the UK national average of 15.5%*, as is our mean gender pay gap figure at 7.8%, and we have witnessed a major improvement on our median gender pay gap from 2017 which stood at 17.7%.

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 2020



Median (<i>middle</i>) Bonus Pay Gap; Dechra Limited	-4.7%
Mean (<i>average</i>) Bonus Pay Gap; Dechra Limited	43.4%

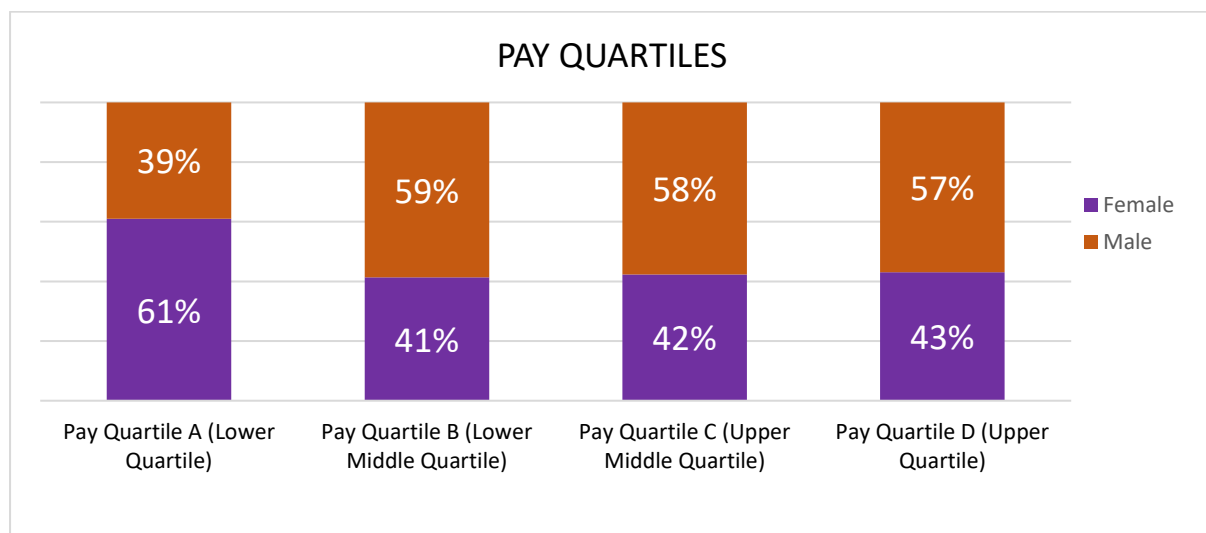
The figures above show the bonus pay gap for bonuses paid to employees within Dechra Limited, between 06 April 2019 and 05 April 2020, as per the regulations. The differences between the median and mean averages can be explained by the fact that there are a higher proportion of the bonuses paid at a 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. For 2020 we have witnessed an increase in our mean Bonus Pay Gap similar to the figure reported for 2017. This can be explained by the fact that in the reference period there was a share transaction made for a significant amount by one male employee therefore impacting the calculation. This has been included, per the regulations, as at the point the income tax has arisen. To remove this figure would then show a mean average of 20.2%.

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 (a decrease compared against 2019). This equates to 30% of the female population who received a bonus. All males who received a bonus worked full 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.

We have seen an increase, for the first time since reporting, of the number of males receiving a bonus compared with females. This increase has resulted in the, usually large negative gender bonus pay gap, being reduced somewhat.

Pay quartiles



The graph above shows the gender distribution across Dechra Limited in four equally sized hourly pay quartiles. For example, within the lower quartile 61% (-10% compared with 2019) of employees are women and 39% (+10% compared with 2019) are male.

Overall, there is an almost equal split of men and women within Dechra Limited, however the lower quartile, the lower paid roles, are heavily occupied by women, but we have made significant headway within this particular quartile compared with 2019. There is no change between 2019 and 2020 in the Lower Middle Quartile. We have seen a slight decrease in the numbers of women within upper middle (-2% compared with 2019) and upper quartile (-3% compared with 2019). 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. This structure will support the mentorship required for early careers development and is likely to be started during the next reporting period.

The role of training co-ordinator has been ensuring that the process of training is standardised and has a fair, sustainable, approach to deliver both for individuals, and the business growth.

Our action: Benchmarking

Our progress: We are continuing to review our salary constructions to ensure equity and consistency across our workforce. This has also included the commencement of moving towards being a 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 and on alignment of pay review dates we will achieve this recognition.

Our action: Manager training and support

Our progress: We have started our manager training programme to ensure improved engagement and legislative understanding, using ACAS and our updated policies, to ensure effective management in an inclusive manner.

Our action: Works council

Our progress: We continue to engage with our employees through direct communication, routine engagement surveys and the Works Council. Communication with these employees is an area of improvement, as typically they have lower levels of engagement than the wider workforce and this has been exasperated due to the impact of Covid, such as social distancing, limiting more traditional methods such as face to face town halls. Therefore, the Works Council has a more prevalent role to play in communication and engagement.

A key focus for the future is to improve self confidence in the Works Council providing them with skills to build on their successful contribution and feedback including to Lisa Bright, Non-Executive Director for the Employee Voice to the Board.

Our action: Benefits review

Our progress: Our benefits continue to improve and we have further increased our life insurance cover and have made salary sacrifice pension and cycle to work schemes available. We have integrated shift premiums, enhanced Company Sick Pay (where appropriate) and removed historical biases within contracts, to the benefit of the vast majority. The employer Company pension contribution has been increased to 6%, with a view to further reviewing benefits in the future.

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