

Corporate Social Responsibility



Tony Griffin
Managing Director, Dechra Veterinary Products EU

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The Board takes ultimate responsibility for Corporate Social Responsibility and is committed to developing and implementing appropriate policies that create and maintain long term value for all stakeholders. Sound business ethics help to minimise risk, ensure legal compliance and enhance Company efficiency.

Code of Conduct

Dechra established a Code of Conduct in August 2009, which sets out the standards of conduct to be adopted by all employees. During the year, reflecting organic and acquisition growth, the Board approved a revised Code of Conduct, which encompasses the Group's Values and the standards of conduct to be adopted by all Dechra businesses worldwide. The Code of Conduct incorporates a number of our policies and standards to enable us to act with integrity and honesty, and includes Anti-Bribery and Anti-Corruption (ABC), Sanctions, Data Protection, Modern Slavery, Health and Safety and Donations. In a number of areas the standards are supported by more detailed Group or local policies and procedures.

During the year we have also relaunched and renamed our Whistleblowing Policy (now referred to as How to Raise a Concern). The procedure encourages all employees to report anything which they believe is a breach of Dechra's standards of conduct via one of four reporting channels. Any concern will be taken seriously and the individual will be treated fairly, confidentially and with discretion. During the forthcoming financial year, both the refreshed Code of Conduct and the How to Raise a Concern procedure will be translated into local languages.

Our Code of Conduct sets the standard of how we interact with our stakeholders and wider community, and is based around four pillars: Our People, Our Community, Our Environment and Our Business.

Pillar	Policy	Objectives
Our People	A great and safe place to work.	Leverage the Dechra Values and culture.
	We value difference and believe diversity of people, skills and abilities is a strength that helps us to achieve our best.	Maintain high levels of employee engagement.
		Reinforce a culture of safe working practices.
Our Community	To contribute to the social and economic welfare of the local communities in which we operate.	Contribute towards charitable causes through the donation of time, products and skills.
Our Environment	We are committed to minimising the impact of our operations on the environment by adopting responsible environmental practices and complying with applicable environmental legislation.	Minimise our environmental footprint.
		Optimise the energy we use.
		To utilise the most eco-friendly and financially cost effective distribution system.
	Wherever practicable, to use sustainable raw materials in our pet diets.	
Our Business	We are committed to acting responsibly and with integrity. We comply with the laws and regulations and respect the traditions and cultures of the countries within which we operate.	Maintain and improve the knowledge and skills of veterinarians who prescribe and use our products.
		To act honestly and with integrity.
		To develop products to improve animal welfare.

The progress in relation to the above objectives is described further in this report.



Our People

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. Our objective is to continue to be a high performing business driven by highly skilled and committed teams. Accordingly, we are committed to:

- strengthening and communicating the Dechra culture and ensuring our values encompass our business ethics and standards;
- attracting, retaining and developing talent to build and maintain a top quality team; and
- developing effective succession plans to ensure business continuity.

In delivering these aims, it is the Group's policy to recruit and promote people on the basis of their personal ability, contribution and potential, regardless of age, gender, sexual orientation, marital status, race, colour, ethnicity, disability, religion, political affiliation or union membership. We are committed to ensuring that everywhere across our Group we promote, support and maintain a culture of fairness, respect and equal opportunity for all.

The Group gives full consideration to applications from disabled people, where they adequately fulfil the requirements of the role. Where existing employees become disabled, it is the Group's policy, whenever practicable, to provide continuing employment under the Group's terms and conditions and to provide training and career development whenever appropriate. The Group does not tolerate bullying and harassment.

We are committed to fair employment practices and comply with national legal requirements regarding wages and working hours.

During the year the Board formalised its diversity policy further details of which can be found in the Nomination Committee Report on pages 80 to 82.



Our original people plan was developed four years ago to support the delivery of the Group's five year plan. Following significant progress, we adapted the people plan in the 2017 financial year to support the delivery of the evolving business goals.

Accelerate Performance:

Align employee efforts and drive productivity through effective goal setting, feedback and focus on development.

Grow Our Own Talent:

Attract retain and develop the right talent in the right place at the right time.

Strong Culture and Values:

How we do things round here.

Engaged and Committed Workforce:

A great place to work.

Healthy Workplace:

Improving the working lives of our people.

Creation of Shared Services:

Efficient infrastructure supporting commercial operations.

Corporate Social Responsibility

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Attract, Retain and Develop Talent

Dechra is committed to enhancing the skills of our workforce, planning for a successful future and creating a sustainable talent pipeline.

Dechra Pharmaceuticals Manufacturing (DPM)

A total of ten trainees have been working at the Zagreb site gaining valuable experience to set each of these talented graduates up for successful careers.

Marina Zubcic

When I applied for this position in Dechra (Quality Control for vaccines) I honestly did not know what to expect since I graduated from my degree course in Nutrition Science. But from the information I got from the Company's website I knew this was the position for me and I have been proved right.



I have learned so much in a relatively short time and am aware that I still have a lot to learn. The people in my lab are like a little family. Whenever there is build of work in analysis, other people jump in to help, everyone participates in the planning of the work, every person's word is heard and acknowledged. I am really happy that I have had the opportunity to work here because the experience that I am getting is invaluable.

Andrea Križanac

Your first job teaches you how to apply those techniques you have learned at college in the "real world", I can say I am really grateful that my first job was at Dechra. I have learnt new skills, gained valuable on the job training, and have grown my experience. These nine months have been exciting and inspirational. I met such great people and real experts in different areas. I have always dreamed of being a part of company because of its culture and people and I can tell I found this in Dechra. It all takes time and the right attitude to learn. Accomplishment in such small tasks only gives you the courage to take up bigger projects. So, I hope I will continue to be part of this story and contribute with my work to the Company's development and success.

At Skipton, UK, we have had several employees undertake NVQ programmes in a variety of departments. The site is working with Cogent as its Apprenticeship partner to plan ongoing development in developing its managers and skills in quality and production. The engineering apprenticeship programme continues to go from strength to strength. A key highlight, showing the incredible calibre of employees is demonstrated by our second year apprentice, Stephanie Thorne. Her previous roles were all administration, but her true passion lies in engineering. This has been evident throughout her life as she volunteers with a local steam train group and is a fully qualified fire fighter. Her interest in fixing things and striving to learn has resulted in her winning the college 'Apprentice of the Year'. Her tutor, Dave Crook, said the reason why she was nominated was that she excelled in all her work from the year before, bringing all her course work in ahead of schedule, and then helping others with their work.

Hayley Barritt, currently a materials planner, has recently completed her three years Chartered Institute of Procurement and Supply studies and has achieved full membership status. Hayley has worked full time throughout the period. She said: 'Studying while working full time is really difficult, but this achievement has made it all worthwhile. The diploma has really strengthened my subject knowledge and confidence.'

Dechra Veterinary Products EU (DVP EU)

We have centrally implemented a Dechra Sales Academy, the aim of which is to help improve commercial and coaching skills across the business in a wider culture of continuous improvement. As well as developing a common language on leadership and sales, improving and securing a standard level of sales, and delivering a consistent and high level of sales support throughout the organisation.

The Dechra Sales Academy contains Leadership, Management and Sales programmes for all countries within the European business. This year we successfully conducted the 'Success Through Leadership' and the 'Success through Management' programmes. These programmes focused on the concept of High Performing Teams, which will facilitate an increase in the sales level within these teams. Across a two year period we will conduct the 'Success through Sales' programme in all DVP EU countries. We will continue to develop our employees by holding refreshment days, programmes for new employees, mentor programmes and team building sessions around the 'High Performing Team' methodology.

At the Sansaw offices, UK, Maisie Grew is undertaking a Customer Services Practitioner apprenticeship. Maisie joined Dechra after studying Business and Events Management at Reaseheath College for two years. She has excelled in her apprenticeship, taking everything in her stride including adapting to new systems and varied pressures on a daily basis and has already demonstrated herself to be a vital member of the UK and Ireland Customer Services team.

Product Development

Katherine Palmatier, Product Development Coordinator

My career development was just beginning when I came to Dechra almost four years ago as an administrative assistant. Joining the global product development team put me in a prime position at the ground level of the organisation to learn more about the overall veterinary pharmaceutical industry, collaborate with many Dechra team members around the world, and familiarise myself with various departments and operations within the Company.

Although this role was a great learning opportunity, as time passed I began to feel ready to take on something new at Dechra. I was fortunate to receive guidance and career counselling from my direct manager, human resources and an external career counsellor to enhance this discovery process.

It was important for me to determine where could I add value at Dechra along with satisfying my professional and personal goals. The guidance I received helped me identify my strengths and focus and concentrate my thoughts on the direct path ahead. As a result, I was promoted into the role of Product Development Coordinator and now manage my successor in the administrative assistant role.

I have realised from this overall process that development is not easy – there will always be new behaviours to learn in order to rise to the challenges ahead. While this can seem intimidating at first, reflecting on the support I have received from Dechra and what I have learned during this process will assuredly help me to be able to advance my career more confidently in the future.



Dechra Veterinary Products North America (DVP NA)

Consistent with our values, we encourage employees to have honest conversations about their needs, aspirations and ambitions. This year, within the DVP NA team, we have transitioned a territory manager into an inside sales representatives position that was better suited to her supporting her work life balance and personal needs.

Leverage the Dechra Values and Culture

Our culture and Values are important to us and have helped to drive the Group's success. We believe that our Values encapsulate our business ethics and set the standards that we wish to achieve and ultimately exceed. They outline the type of people we are, the services we provide and the way we aim to do business.

Dedication



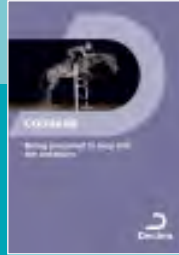
We are dedicated to delivering products and services that meet the highest level of service and quality to our customers. We take pride in and are committed to our jobs within Dechra. Through the ownership of our responsibilities we will contribute to the competitiveness of our business in the marketplace. We constantly look for better ways to do things, resulting in a culture of continuous improvement. We encourage people to make decisions and accept there may be mistakes that will form part of our learning experience.

Enjoyment



We will provide challenge for our people within their roles to help them stay motivated and engaged. We will endeavour to create an environment where our people want to come to work and feel a part of Dechra. We will develop ourselves personally and professionally. We want an environment that encourages learning and development and will achieve ever-increasing personal competence. We will generate enthusiasm and energy through positive thinking and actions.

Courage



We want a business where we dare to challenge each other, creating better cross-organisational solutions. We want an environment where innovation and creativity can flourish. We encourage each person to be pro-active and to take initiatives. We will encourage everyone to have confidence in themselves and have the strength and character to question the status quo. We will nurture individuality and free thinking, thereby creating a strong and competitive spirit.

Honesty




We will act with integrity and fairness and treat everyone with respect. We are honest and open in all interactions. Openness is supported at all levels of the organisation. In our business every job is important. We value each person's contributions to the business as much as we value our own.

Relationships



We see our customers and suppliers as business partners and thereby work together to ensure common success. We know that success is not built on the performance of an individual, therefore we encourage co-operation and cross-organisational team working to produce better results together.

Ambition



We are goal oriented and shall deliver solid results through our energetic and resilient approach throughout the organisation. Our ambitions shall ensure that we at all times deliver the highest possible levels of quality and services to our customers and to each other. We are determined to do our best and to celebrate as many successes as possible.

Corporate Social Responsibility

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Maintain High Levels of Employee Engagement

Informing and engaging our employees through internal channels of communication is of utmost importance to the Group. We have multiple channels of communication to provide both formal and informal updates including a Group newsletter that is issued twice a year (following the half-yearly and year end results), intranets, management and team meetings at the respective business units. These keep our employees informed of the financial performance of the Group, as well as the sharing of updates which are relevant to all Group employees such as the introduction of new technology, any management changes or restructuring, updates on corporate social responsibility activities, and progress in relation to our strategic objectives.

At Dechra, people are our greatest asset. We have attracted and retained qualified and skilled employees, and to retain our current employees and attract new employees we wanted to:

- gain an understanding of how our employees, collectively, see Dechra as a place to work today; and
- shape Dechra's HR strategy and priorities through a better understanding of our collective strengths and opportunities.



To achieve these objectives we decided to launch our very first engagement survey and after considering a number of external partners, Great Place to Work (GPTW) was selected as our engagement partner. The GPTW Institute runs the world's largest employee survey and recognition programme, and works with around 9,800 organisations globally including a significant number of other pharmaceutical clients.

A number of communications were shared with our employees globally

to inform them that the engagement survey would be launched in March 2018. The communications asked our employees to provide open and honest feedback. Managers also held briefing sessions with their teams to share the GPTW presentation to build an understanding of why Dechra was launching the survey. We also used posters across our sites as a reminder to our teams of the importance of their input.

Following the completion of the engagement survey, videos were posted to thank our teams for their input.

Dechra received an 87% response which is fantastic for a first global engagement survey, and as shared by GPTW, very rarely seen for a first survey launch.

The global high level results of survey are:

- Engagement level of 75% (18 percentage points higher than the benchmark**);
- Trust index level of 67%; and
- 74% of our employees stating that Dechra is 'a great place to work' (18 percentage points higher than the benchmark**).

Some of our top strengths as an organisation are shown to be:

- Diversity (84%, 16 percentage points higher than the benchmark**);
- Empowerment and Accountability (75%, 9 percentage points higher than the benchmark**);
- Our Culture (75%, 14 percentage points higher than the benchmark**).

As our Group is very diverse we have had a range of scores with a distinction between the engagement levels of our employees based in manufacturing sites and our other key employee groups.

Overall, we are extremely pleased with our first ever engagement survey results and our HR team is now working with our business areas to provide them with their results, and are working with them to identify one or two key areas of focus and agree a corresponding action plan for the forthcoming 12 months.

Global SAYE

The existing Dechra UK SAYE scheme which has been in place since 2001 has proved a popular benefit to our UK employees with the November 2017 grant having a 51% uptake. As Dechra continues to expand internationally we receive regular feedback and requests from employees and managers who want to be able to enjoy the benefits of participation in a share save scheme.

Therefore we would like to offer the majority of our existing employee base the opportunity to benefit from share ownership which will provide a more equitable approach to our global reward schemes. The current SAYE scheme rules are due for renewal in October 2020, and it is proposed to ask for shareholder approval of new UK rules along with an International Plan at the forthcoming Annual General Meeting in October 2018 and to authorise the Directors to adopt an employee stock purchase plan (ESPP) as a sub-plan of the International SAYE. The launch will, subject to shareholder approval, be in September 2019 initially to a limited number of countries: Australia, Croatia, Denmark, France, Germany, the Netherlands and the USA. Along with the UK, this will represent 87% of our global employee base.

Culture of Safe Working Practices

Tony Griffin is the nominated Director responsible for health, safety and environmental matters. The Group attaches great importance to the health and safety of its employees and the public. The safety of our employees is paramount and that means continuing to reinforce good safety management practices as well as raising awareness of improved ways of working. Management are responsible for, and committed to, the maintenance, monitoring and promotion of a policy of health and safety at work to nurture the care and well-being of our employees and on-site visitors.

Any material health and safety issues or incidents that occur are discussed in detail at both business unit senior management meetings and PLC Board meetings. Discussions include details of incidents and any remedial action taken to mitigate or prevent recurrence. Twice a year a comprehensive health and safety report is presented to the PLC Board meeting for discussion and review by the Directors.

To continue to improve the safety performance across both existing and newly acquired facilities and to reflect the priority that is given across the business to safety, a proactive hazard awareness reporting initiative was introduced and rolled out across Dechra Pharmaceuticals Manufacturing (DPM) in the 2017 financial year.

	2018	2017
Investigated Accidents (all)	43	69
Hazard Reports	1474	1706

For a number of years the Group has reported Lost Time Accident Frequency Rate (LTAFFR) as a non-financial key performance indicator (see page 29). A LTA is any absence or the inability of workers to conduct their full range of their normal working activities for a period of more than three working days after the day when the incident occurred. Any acquisitions during the year are included from the first full month that they become part of the Dechra Group. Over the course of the last 12 months the number of incidents has decreased from six to nil.

** 2018 UK National Average, medium sized businesses.

Lost Time Accidents and Proactive EHS

The Group has now achieved a year without a lost time accident, and this is particularly important within our manufacturing sites where historically the majority of the lost time accidents have occurred.

These results have arisen from placing a huge emphasis on creating an open safety culture of motivating people to report and discuss hazards and observations. Having this open safety culture provides us with the opportunities to fix problems before an accident can occur.

This has resulted in a total of over 1,400 hazard reports across all sites, with the Zagreb facility alone reporting almost 900 hazards within the year.

The year has seen a heavy investment in safety training. The Melbourne site has delivered safety training on a monthly basis and the Skipton site has delivered approximately 2,000 hours of safety training. This investment has resulted in a much more engaged and proactive workforce that are not only reporting problems but providing answers to fix them.

All sites have increased the focus on safety and building blocks have been put into place in order further to improve our safety performance. An audit programme has been launched which gives the business the ability to measure all areas against the agreed

Dechra standards, as well as the ability to use these findings to produce an action plan that will enable all areas to achieve standards of excellence.

The current round of safety audits provides all sites the opportunity to target key areas and enables us to invest in areas that will produce the best results to further enhance our safety performance.

We are all extremely proud of the progress our sites have made in health and safety thus far, but we are determined to push standards even further during the course of next year.



Our Community

The Board encourages the business units to contribute to the social and economic welfare of the local communities in which they operate. It recognises that by taking voluntary action in this area it is helping to protect and develop its own business.

Donations in Kind

Type of Charity	Charity	Jurisdiction	Description
Animal	Danish Cat Shelter	Denmark	Specific Cat Diets
Animal	AVA Association	France	100 Arthroquin units (£11,873)
Animal	KDPG	France	20 Bags of dog nutrition (£709)

DPM Volunteering

During the January 2018 team meeting in Melbourne, the DPM team as well as members of the DVP NA sales team participated in a CSR event at the Friends for Animals Sanctuary. The sanctuary was in the construction phase, so team members helped by moving debris, clearing walkways and fence lines. When completed the sanctuary

will provide a no-kill animal sanctuary for all types of domesticated animals, and offering the community the opportunity to experience the benefits of adopting and caring for these animals.



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Record-setting storms, earthquakes, wildfires, extreme flooding, and landslides devastated communities across North America in 2017. DVP NA team members responded with supplies and helpful hands.

Hurricane Harvey

On August 29, 2017, Hurricane Harvey hit the Texas Gulf Coast. Greater Houston was hit particularly hard with over 40 inches of rain and devastating floods resulting in over 20 Veterinary Hospitals temporarily closing in the area. DVP NA management coordinated the shipment of shampoos and sprays for the Disaster Relief Team at Texas A & M College of Veterinary Medicine & Biomedical Sciences who helped rescue and care for pets impacted by the disaster.

Alexis Hein, Territory Sales Manager – Houston, and her husband, collected donations of supplies, including Dechra products, for the Houston Pets Alive group where they volunteered their time supporting the organisation's efforts to rescue, treat, and reunite dogs with their owners. Alexis also delivered donations to a local veterinarian for people and pets sheltered at Houston's NRG stadium.



Alexis Hein and husband Kurt deliver donated Dechra products to Houston Pets Alive after Hurricane Harvey affected the Greater Houston Area in 2017.

Hurricane Irma

Hurricane Irma hit North Florida in September 2017, some areas were without power for up to three weeks, multiple clinics were flooded, and homes completely destroyed. Blair Davies, the sales representative for the area, delivered Dechra donated products and offered assistance to clinics and hospitals in her area, helping to restore their facilities and get their businesses back up and running. Sandy Forehand, Territory Sales Manager – Eastern Florida, delivered Dechra donated products and offered her time to local rescue groups who were housing and caring for abandoned animals.

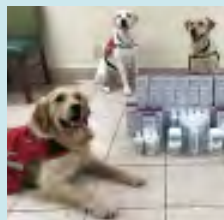
Bay Area California

Wildfires caused damaged in the Bay Area California as well as Santa Barbara and Ventura Counties, which also endured torrential rain falls causing mudslides. Jen Ball in the Bay Area and Brian Albertson in Santa Barbara and Ventura Counties, have devoted their efforts to supporting the veterinary communities in their territories with donations of fluids, medicine, and their time.

Other Non Financial Donations



In December 2017, Jennifer McGowan, Office Manager in Portland, led a drive to collect much needed supplies for the Animal Refuge League of Greater Portland's new 25,000 square foot facility.



On 6 June 2018, Dechra Canada donated water solutions, wipes, and shampoo to the Lions Foundation of Canada Dog Guides whose mission is to assist Canadians with a medical or physical disability by providing them Dog Guides at no cost.

Guide dogs of the Lions Foundation of Canada Dog Guides pose with Dechra donated products.



Financial Donations

This is the seventh year in which the Group has operated a Donations Policy. All employees within the Group are entitled to nominate a charity or a non-commercial organisation, and each year the number of nominations received increases. This year we decided to increase the overall donation spend from £30,000 to £40,000, which was split equally between the following 20 charities:

Type of Charity	Charity	Country	Description
Animal	Cindy's Promise – Rescue and Rehab Inc.	Australia	Working to rescue and rehabilitate neglected and abandoned horses.
	Tacke Pomagacke	Slovenia	Provides animal assisted therapy, activity and education.
	Asociación BaasGalgo	Spain	Provides care to abandoned greyhounds across Spain.
	Smokey Paws	UK	Supplying specially designed animal oxygen masks to help save the lives of thousands of pets and wildlife caught up in fires or trapped in stressful situations.
	Animal Refuge League of Greater Portland	USA	Provides care and shelter for stray or abandoned animals.
	K9s on the Frontline	USA	Supplying fully trained service dogs at no cost to combat veterans suffering from post-traumatic stress disorder.
	S.N.I.P. (Spay Neuter Impact Project)	USA	Providing spay, neuter and vaccine clinics on the Pine Ridge Native American Reservation.
Environment	SeaWatchers (VLIZ)	Belgium	Assessing the impact of pollution, climate change and the exploitation of ocean resources.
	Promoter of the Conservation of Culture and the Environment AC	Mexico	Promoting the conservation of natural ecosystems.
People	Association Vestigium	Croatia	Helping the residents of Vrbani, one of Zagreb's newest neighbourhoods, with various community support projects.
	FB Humanitarians Zagreb	Croatia	Helping people in need meet their basic life needs with practical things such as food, hygiene supplies and medicines.
	New Future	Croatia	Ensuring children without adequate parental care can meet basic needs such as housing, nutrition, clothing, health care, education and leisure activities.
	Udruga OSIT	Croatia	Supporting mentally challenged people by organising workshops, projects, trips and excursions.
	Fußballverein Neufra / Do. e.V.	Germany	A registered football and sports club in Neufra on the Danube (Biberach district).
	Helferkreis Waldburg	Germany	Assisting refugees.
	Aquí Nadie se Rinde I.A.P.	Mexico	Supporting children who are fighting against cancer.
	Abirmeco	Mexico	Developing a digital educational programme for parents or guardians with the aim of improving the upbringing of children and eliminating school, intra-family and social violence.
	More Africa	Africa	Aiming to provide every child on the island of Zanzibar with an education, especially children with any kind of disability.
	Active Hope	UK	Supporting disadvantaged children in the Warrington area.
Cass County 4-H Dog Group	USA	Providing weekly training sessions to teach children about dogs.	

In addition to the annual Group donation, each business unit has discretion to allocate funds to local community groups, employee nominated charities and/or animal welfare charities. Below is a selection of what has taken place during the 2018 financial year.

Business Unit	Jurisdiction	Amount	Description
Apex	Australia	£206	Donation to Cancer Research.
DPM Skipton	UK	£575	Donations to Yorkshire Cat Rescue, Pendle Dogs in Need, Moorland Rescue and Cancer Charity.
DVP Denmark	International	£1,376	Sponsoring the education of three children in India, Kenya and Philippines and Danish Cancer Society.
DVP EU	International	£46,713	Circle of Good: Donations to North Sea Foundation, Marine Conversation Society, Tour de Fundacja, The Ocean Clean Up and a study on the containment levels in fish.
DVP Germany	Germany	£682	Donations to Aulendorf Carnival, Veterinarians Without Borders, and Society for Cynological Research.
Genera	Croatia	£595	Donation to support young chemists meeting.
Genera	Slovenia	£320	Donation to the Slovenian beekeeping organisation.
PDRA	USA	£371	Donation to a project to develop an alternative to the veterinary fastidious medium.
Portland			

Corporate Social Responsibility

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Our Environment

Minimise our Environmental Footprint

The Group recognises the importance of good environmental controls. It is the Group's policy to comply with environmental legislation currently in place, to adopt responsible environmental practices and to give consideration to minimising the impact of its operations on the environment.

Annual Waste Disposal Performance at DPM

	Bladel		Florida		Skipton		Zagreb	
	2018	2017	2018	2017	2018	2017	2018	2017
Recovered, recycled and reused	100%*	100%*	32.0%	43.0%	83.5%	56.1%	95.8%	86.6%
Landfill	–	–	68.0%**	57.0%	–	20.4%	–	–
Waste & Controlled Drugs	–	–	–	–	16.5%	23.5%	4.2%	13.4%

* Recycled.

** The increase was a result of the hurricane damage to stock, which could not be recycled.

Our central logistics hub for Europe (the Dechra Service Center (DSC)) has continued with its annual contribution of DKK15,000 to Energreen ApS for the construction of new green energy production facilities within Denmark.

Optimise the Energy Used

Greenhouse Gas Emissions

In order to determine our carbon emissions, we have used the GHG Protocol Corporate Accounting and Reporting Standard and have reported on emissions arising from those sources over which we have operational control (the exception being the inclusion of a third party manufacturer who leases part of our facility in Uldum, Denmark). Any acquisitions during the year are included from the first full month that they become part of the Dechra Group. The disclosures below encompass:

- Scope 1: includes emission from combustion of fuel and operation of facilities (excluding combustion of fuel from Company cars);
- Scope 2: includes emissions from purchased electricity, heat, steam and cooling; and
- Vehicle emissions.

Dechra has selected 'Tonnes of CO₂e per total £ million sales revenue' as the intensity ratio as this is a relevant indicator of the Group's growth.

	1 July 2017 to 30 June 2018	1 July 2016 to 30 June 2017	1 July 2015 to 30 June 2016
Scope 1	3,819	4,018	3,434
Scope 2	3,463	3,890	3,130
Vehicle emissions	1,703	1,618	1,511
Total Carbon Footprint (tonnes of CO ₂ e)	8,985	9,526	8,075
Intensity ratio (tonnes of CO ₂ e per £m)	22.1	26.5	32.6

As reported in last year's report, the main contributor to Scope 1 is the production of the nutrition supplement that is manufactured at Genera. This was explained in a case study in the 2016 Annual Report. This site has plans to reduce its carbon footprint by installing solar panels as detailed in the case study on the following page.

The intensity ratio has decreased by 4.4 tonnes of CO₂e per total £ million sales revenue. The decrease is partially due to the continued monitoring and optimising of the energy resources used at our manufacturing facilities and at the DSC. However the majority of the decrease was due to the reduction in the production of the nutrition supplement manufactured at Genera.

During the year, the Senior Executive Team (SET) agreed that it would adopt a policy of replacing all non-LED lighting to LED lighting over the next five years within its control. All of the lighting at the manufacturing facility in Florida and DSC are LED, and 70% of the Skipton site is covered by LED with the remainder due for completion in the 2019 financial year. A replacement programme is being undertaken at Bladel and Zagreb. During the year more than 100 bulbs were replaced with LED lighting in Zagreb, and phase one has been completed in Bladel, which covers the warehouse and the visual inspection room.

Case Study: Solar Renewable Energy Project supported by EU Funds

Our manufacturing facility in Zagreb has the opportunity to build a solar power plant on its site. The installation, costing £1.3 million, will be partially subsidised (60%) by EU funds. The Croatian Ministry of Environment and Energy has announced that this will be the largest solar renewable energy project in Croatia, with 5,540 photovoltaic (PV) panels being fitted onto the existing roof structures across the site.

Currently 100% of energy is sourced via the main grid. Energy costs in the EU are increasing and are predicted to continue to rise, coupled with the fact that it is planned that the Zagreb facility will increase its volume (number of packs) over the next five years, it is especially important from both a business and environmental perspective to utilise a renewable and sustainable energy source.

The implementation of this project is projected to reduce the site's CO₂ footprint by approximately 556 tonnes, which equates to 6.2% of the Company's total CO₂ emissions in 2018. It will also lower variable costs, mitigate the risks of electricity price fluctuations, and will have a direct impact on reducing the cost of goods sold.

Finally, the project will de-risk the site's energy supply by securing its own source of electricity via renewable sources.

The annualised level of electric power generation is expected to be approximately 1,545,000 kWh, which would provide nearly 30% of the site's electric power requirements and represents a yearly saving of £150,000.

Installation will start in October 2018 and is due to complete in June 2019.



Eco-friendly and Financially Cost-Effective Distribution Systems

The transportation of goods is the largest activity for DSC. On a yearly basis they handle approximately 45,000 deliveries to customers worldwide as well as receiving and storing approximately 1,300 full truck deliveries. Although the cost of transport is the predominant factor for choice of transportation, DSC has reviewed the method of transportation to find a form of transportation with the lowest carbon footprint.

The majority of the pharmaceutical products received by DSC are supplied from our manufacturing sites in Bladel, the Netherlands and Skipton, the UK. The products from Bladel are transported by road, whereas the products from UK are shipped by sea and road.

Products are shipped to our customers by road, air and sea. As the majority of the customers are based in Europe, road transportation is the main method. The following table shows the CO₂ emission for this form of transportation:

	2018	2017
Shipments	30,409	23,625
Total Weight (GRT)	16,665,247	25,060,715
CO ₂ Outlet (kg)	1,393,046	1,703,377
CO ₂ per kg	12.2	14.8

Sustainable Raw Materials in Our Nutrition Range

Since 2015, we have been reviewing the ingredients of our dry food to establish whether they can be obtained from a sustainable source. The raw materials are reviewed on a yearly basis for scarcity, and, if scarce, we endeavour to find an alternative raw material. Our focused action on the fish raw materials has resulted in the use of 100% certified fish in the dry cat diets from January 2018. Further information on how changes in our packaging have reduced our plastic usage and freight is provided in the Strategy in Action case study on pages 32 and 33.

Corporate Social Responsibility

continued

Our Business

Improve the Knowledge and Skills of Veterinarians

Our relationship with veterinarians is key to our business and therefore, we provide added value services in the form of educational programmes focused on our key therapeutic sectors. We deliver this education through many channels including conferences and our digital e-learning environment, the Dechra Academy.

Dechra Academy

Dechra's dedication and commitment to enhancing the health of animals goes beyond the supply of high quality pharmaceuticals and includes vital education for animal health professionals. The Dechra Academy provides information that will help them better diagnose, monitor and treat conditions and aid the easy and convenient use of Dechra products.

Previously the Dechra Academy offer was mostly UK centred, it is now firmly internationally oriented and provides Continuous Professional Development (CPD) recognition by individual countries' authorities. There are 94 courses available in our Dechra Academy – a significant increase from a year ago – driven by making training available in multiple languages. The Dechra Academy offers 122 hours of accredited content across nine markets in eight languages. A number of new courses have also been created this year in the strategic therapy areas of Endocrinology and Dermatology.

On top of that, over 130 internal modules are available on Delta (our internal training resource) to enable Dechra employees to continue to be the best partners to the veterinary profession.

Earlier this year Dechra launched an email campaign across Europe, designed to drive professionals to the Dechra Academy. The successful campaign was a major contributor to almost 10,000 new user accounts this year alone that saw our user numbers grow 28% and triple in four years. The Dechra Academy was used in over 37,000 sessions with more than 6,000 users visiting the site more than once this year.

The updated Dechra Academy and internal Delta system are now working on the same platform. We will continue to update both, presenting relevant training and education in new ways to cater better for the changing requirements in an increasingly information-rich business environment.

As Dechra grows globally, more CPD content is becoming available to more countries all the time, with recognition approval currently in progress for the USA and Canada.

Collaboration with Industry

Dechra's Product Development team strategically looks for opportunities to involve its' team members with key professional and industry organisations. This has the benefits of directly increasing employees' scientific and regulatory knowledge, as well as the opportunity to develop leadership skills.

The University of Kansas has collaborated with industry and the FDA Center for Veterinary Medicine (CVM) to offer an ongoing seminar series covering topics that are key to veterinary drug development. Members of the Dechra Clinical Operations team have been speakers at two of these seminars. Karen Bond, Senior Clinical Trial Manager, presented on Data Quality from a study monitor's standpoint and Lisa Andreas, Senior Clinical Data Manager, presented on the importance of Data Management Plans in the conduct of clinical studies. Both presentations were extremely well received and sparked discussions within the industry on best practices.

Three of the members of the Clinical Operations team are actively involved in a cross functional working group that consists of a collaboration of three industry associations along with FDA CVM and is tasked with identifying best practices and optimal requirements for creation and submission of electronic data in both clinical and laboratory studies. This working group is about to release a white paper which will provide suggestions to FDA CVM regarding their policy on the issue.

Ben Moses, Clinical Operations Manager, regularly participates in the Society of Quality Assurance, the American Academy of Veterinary Pharmacology and Therapeutics, and the Generic Animal Drug Alliance (GADA). Ben is also the Chair of the Bioequivalence Subgroup at GADA, which provides excellent leadership opportunities and allows Dechra to help shape the evolving regulatory expectations related to the development of generic drugs.



Case Study: Academia and Industry Working together

The combination of the skills and expertise of our best academic organisations and industry leads to positive and practical outcomes. A good example of this type of collaboration was when Dechra, and the Biotechnology and Biological Sciences Research Council (BBSRC) funded a four year iCASE PhD programme at the Royal Veterinary College, University of London supervised by Prof. Ross Bond and Dr Anette Loeffler. Siân-Marie Frosini (née Clark) undertook the studies to support the use of topical therapy (medication that is applied directly on to the skin like a cream or gel rather than given as a tablet or injection) in the treatment of bacterial skin infections in dogs. In this era of growing awareness of antibiotic resistance, topical treatments are being seen as a better means for treating certain infections. This project generated three publications, five meeting abstracts at international conferences and resulted in the award of three prizes, with a number of manuscripts still in the pipeline for publication. Alongside traditional research, Siân-Marie undertook a six month placement at the DVP EU UK office where she worked alongside the dermatology product group, most notably creating a new Dechra Academy CPD module.

Overall, this collaboration has provided compelling evidence in support of topical therapy, and specifically fusidic acid, as an alternative to systemic antimicrobials, such as an injection or tablet, for the treatment of bacterial skin infections in dogs. Fusidic acid is one of the active ingredients contained in three of Dechra's leading products: *Isaderm*, *Isathal*, and *Canaural*.

Current guidelines encourage treatment using topical therapy in an effort to limit the spread of antimicrobial resistant bacteria and promote good antimicrobial stewardship. However, behaviour changes in veterinary practice are slow, and this project provides timely confirmation that concentrations of topically applied fusidic acid on the skin far exceed clinical resistance breakpoints, in other words the point at which the antibiotic defeats the bacteria. This excellent evidence helps to encourage veterinarians to change their prescribing habits and follow current recognised treatment guidelines for canine superficial pyoderma (bacterial skin infection).

Most strikingly, the novel methods developed during this project could help the microbiologists to determine resistance breakpoints specifically for topical therapies such as the fusidic acid contained in *Isaderm* gel. Currently, these breakpoints are based on systemic therapies, and are often misinterpreted for topical-only antimicrobials. Development of this novel method into a system to determine clinical breakpoints based on topical application of a drug would be a significant leap forward in the appropriate use of antimicrobials.

This project is an excellent example of science and academia working with industry to develop veterinary medicine for the benefit of pet health. Siân-Marie is also continuing to build on her collaborative start with Dechra and we are all grateful for the unique opportunity this project has given.

To Act with Honesty and Integrity

We are committed to acting responsibly and with integrity, respecting the laws, regulations, traditions and cultures of the countries within which we operate. This is reflected through our Values. We expect our third parties to trade with honesty and integrity, and therefore we have introduced a Third Party Code of Conduct, which communicates what we expect from our trading partners in relation to health, safety and environmental standards, internationally accepted standards of workers' rights, use of child and forced labour, ethical standards, anti-bribery and anti-corruption, and compliance with relevant laws and regulations.

ABC Training for Employees

During this financial year the Anti-Bribery and Anti-Corruption course on our e-learning platform (Delta) was completed by a further 381 employees as well as those employees from Dechra-Brovel, AST Farma and Let Vet. The course has been translated into nine languages, and it is an automatic mandatory course, within one month of commencement, for all new employees.

Human Rights

Dechra is committed to upholding and respecting human rights both within our business and from our suppliers. However, Dechra does not currently have a separate human rights policy.

Animal Welfare

It is our mission to develop products to improve animal welfare. We are committed to the responsible use and humane treatment of animals. We carefully consider the use of animals in research. However, occasionally it is necessary to conduct toxicology testing to achieve product registrations. The majority of the toxicology information can be derived from existing bibliographic data, when additional data is required by the regulators a third party Contract Research Organisation (CRO) will undertake the study on a minimum number of animals.

The following principles are applied in any trials which involve animals:

- animals should be treated humanely with greatest consideration given to their health and welfare and consistent with meeting the necessary scientific objectives.
- all animal studies should only be performed after considering whether the numbers of animals can be reduced, replaced or the procedures refined to minimise distress.

