Corporate Social Responsibility continued

Our original people plan was developed six years ago to support the delivery of the Group’s five year plan.

1. **Accelerate Performance:**
   Align employee efforts and drive productivity through effective goal setting, feedback and focus on development.

2. **Grow Our Own Talent:**
   Attract, retain and develop the right talent in the right place at the right time.

3. **Strong Culture and Values:**
   How we do things around here.

4. **Engaged & Committed Workforce:**
   A great place to work.

5. **Healthy Workplace:**
   Improving the working lives of our people.

6. **Shared Services and Systems:**
   Efficient infrastructure supporting commercial operations.
Culture and Values

Our Values, entrepreneurial attitude and agile approach to the way we do things are the backbone of our Culture. We expect our people to make a difference by working together and we support them by providing clear guidance on expectations.

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 continually look to better our ways of working, resulting in a culture of continuous improvement
- We encourage people to make decisions

Enjoyment

- We provide challenge for our people within their roles to help them be motivated and engaged and encourage learning and development
- We endeavour to create an environment where our people want to come to work and feel a part of Dechra
- We generate enthusiasm and energy through positive thinking and actions

Courage

- We want a business where we dare to challenge each other, where innovation and creativity can flourish
- We encourage each person to be proactive and to take initiatives, creating a strong and competitive spirit
- We encourage everyone to have confidence in themselves and have the strength and character to question the status quo

Honesty

- We act with integrity and fairness and treat everyone with respect; in our business every job is important
- We are honest and open in all interactions
- Openness is supported at all levels of the organisation

Relationships

- We see our customers and suppliers as business partners and thereby work together to achieve common success
- We know that success is built on collaboration and cross-organisational teamwork to produce better results together

Ambition

- We are purpose driven and deliver solid results through our energetic and resilient approach
- Our ambitions mean that we deliver the highest possible levels of quality and services to our customers and to each other

Our Values are supported by our Code of Conduct. We encourage all employees if they see or suspect something which they believe to be a breach of Dechra’s standards of conduct, to report their concerns via our How to Raise a Concern procedure. We offer four reporting channels for concerns to be raised: Line Manager; the Senior Management Team; Group Management Team; and a mailbox accessed only by the Company Secretary. Every effort will be made to protect confidentiality to encourage reporting. The How to Raise a Concern procedure has been translated into eight languages.

We will fully investigate reports and take appropriate actions to address these. The actions taken will depend on the circumstances and the severity of the issues identified. These actions may include process improvements, training and coaching, or formal disciplinary actions up to and including termination of employment for the most severe issues. The Board receives a summary of the investigation reports.
Talent Management and Engagement

28 Interns
239 Delta Courses

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

Delta
Since July 2016, we have been utilising an e-learning management system, Delta, which hosts courses on topics ranging from induction and software skills to compliance matters such as pharmacovigilance and ABC. In February the Digital Learning Team launched a new version of Delta, the culmination of 18 months of effort. The new system is part of our five year Learning and Development strategy and is intended to improve the user experience, accessibility and compliance. This also marks a shift in training methodology from one where we push training onto our employees, to one in which the user pulls the desired training content themselves.

In addition to using the most up-to-date design principles, we are now also running internal communications and HR campaigns from within the system, maximising the exposure to our employees.

Over the past 12 months 71 new courses, including a number of COVID-19 courses and our new onboarding course, were made available. More recently, the impacts of COVID-19 have demonstrated just how valuable a resource our Delta platform is, with a surge in usage of over 200%.

Planned projects for next year include the expansion of the Digital Learning Team, additional soft skill training courses and the introduction of artificial intelligence (A.I.) powered content recommendations. However, this is only one element of training that we provide, and although we do not currently collate training hours across the Group, we provide other forms of training to our employees, placement students and graduates.

DPM Leadership Programme

Under Simon Francis’ leadership, a number of internal promotions were made whilst he built the management team of Dechra Pharmaceuticals Manufacturing & Supply (DPM&S), and he also recruited a number of new team members from outside the Dechra Group. As part of bringing this team together to perform at their best, a progressive approach to leadership development was implemented.

The development programme’s strategic intent was:
- to develop fit for purpose senior leadership by improving readiness and capabilities that deliver success; and
- building confidence for internal and external stakeholders that the business has access to talented, ready now and emerging leaders.

The key learning objectives of the programme for the team are to build on executive excellence, develop the capacity to build and establish value creating teams, have an agile and future facing leadership, and continue to focus on having an inclusive approach and being culturally aware.

As the programme content was being developed, the pandemic broke out and the brunt of the impact of COVID-19 fell on the DPM&S leadership team as they managed to maintain site operations throughout. Keeping our people safe through the constantly changing working environment was the number one priority, together with maintaining supply of vital products to our customers. During this difficult time the team sadly lost their leader, colleague and friend Simon Francis to COVID-19.

Following the appointment of Milton McCann into the Interim Manufacturing Director role it was agreed that investing in the team was even more important now. Although, no longer able to meet face to face to undergo planned development sessions, delivery of the programme has transitioned to a digital platform. This has been co-designed with Create Express using a variety of leading edge tools including gamification, social learning, learn and unlearn techniques, forming excellence as a habit and broadening business acumen.

Moving the programme into the virtual realm, for 16 people, across four time zones and six global locations together with keeping business as usual running during a pandemic has been no mean feat. The launch of the programme took place at the start of June, commencing with psychometric and cognitive assessments of the team, and has been followed by online team business simulations, team and peer coaching and virtual content which will continue to be delivered during the rest of 2020.

Kevin Villalongo, who joined the Company as the Site Director at Fort Worth on 16 March 2020 said: “This programme has enabled me to meet the team virtually, gain a rapid understanding of the skills I need for the future and has shown me that the Company wants to invest in me, especially at this time which is really encouraging. Facing our future together is really positive.”

Catherine Dent, Group HSE Director commented: “It’s been great that we have been able to continue with our personal and team development throughout the pandemic. Over the last few months many things have been paused due to our response to the global crisis, therefore it demonstrated real commitment from Dechra and it was exciting when we received our invitations to the virtual Leadership Development programme. In addition to learning more things about ourselves and our own development areas, doing this virtually also helps us to adapt to new remote ways of working and is helping us reach out across country borders and work more effectively with colleagues. We may not be in the same room but we are all still really connected and having fun.”

The programme is being designed using an iterative approach which enables the team and individual inputs to be tailored based on the initial stages. The next steps for the programme are to roll out a similar model to the emerging leaders across DPM&S and, where appropriate, to other key functional groups across the Group.
Apprenticeships and Internships
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. We have been delighted with the quality of young people who have worked with us and we hope that the experiences of working with Dechra will support them in their future careers. We currently have 14 interns in Europe and 10 in Brazil.

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 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 management and team changes, progress in relation to strategic objectives and updates on corporate social responsibility objectives. Wherever possible, we seek to engage our employees in change projects. We also have a small number of Works Councils we regularly meet with.

In order to continue to retain our qualified and skilled employees, and to attract new employees we conducted an Employee Engagement Survey in March 2018 using the Great Place to Work (GPTW) survey. The results of the survey were disclosed in the 2018 Annual Report. The survey was rolled out to the newly acquired Brazilian business in May 2019, the results of which are detailed in the below case study. We were proposing to launch the second Group-wide survey in March 2020; however, due to COVID-19 we decided to postpone this. In June, we carried out a COVID survey hosted by Great Place to Work which approximately 650 of our employees were able to respond to. We were very pleased with the survey results where we scored above the benchmark in the majority of the 16 statements.

During the year, Lisa Bright, in her role as the Employee Engagement Designated Non-Executive Director, met with the employee elected Works Council at our Skipton, UK site. Further information on this can be found on page 90.

Employee Engagement Survey in Brazil
Our Dechra entity in Brazil is a relatively new acquisition (December 2018) and a clear step into a fascinating market both culturally and commercially. One of the first activities the management team decided upon was to make employees feel engaged with the parent company and understand that they were now employed by a larger multinational organisation who would have different demands, expectations and opportunities.

To support the strategic people plan, in May 2019 they took part in ‘The Great Place to Work’ survey. One of the statistics, not unsurprisingly, was a certain level of mistrust with the Trust Index only reaching 63%. It was important to demonstrate tangibly that Dechra’s intentions were to invest in the business to increase site capacity, production quality and regulatory compliance. However, of equal importance was to also invest in improving the working conditions.

The survey highlighted the rest facilities for use between shifts and the parking arrangements, as both being inadequate.

The business quickly addressed these concerns by converting:

- a redundant maintenance building into two spaces, the first a quiet zone with comfy seating for people to sleep, read or listen to music and a second space for a more communal area where there is a coffee machine, a table tennis table and other rest facilities; and
- a disused area, known locally as a chacara, a small plot of land, into parking. This space had become over grown and unsightly, so whilst needing some attention, it provided an excellent opportunity to build a 120 parking space car park with secure electronic gates.

The other action the Brazilian management team took was to create Engagement Teams, which consist of a communication team, a Values team and a people development team. These three teams are composed of employees from different areas of the business, with each team sponsored by one of the managers. Their role and responsibility is to bring ideas and solutions from the employees. This has meant that Dechra’s employees can genuinely be part of the solution and evolution of the Company in South America.

Chacara before
Chacara after
Diversity and Inclusion

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 seeing 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 or harassment.

84% of our employees responded positively to the statement regarding diversity in the workplace in our employee engagement survey (2018 Engagement Survey). We firmly believe that our Dechra Values support the culturally diverse business that we have become, and although we are separated by time zones, geographically and by language we share common goals and ways of working that are underpinned by our Values.

The Board, via the Nomination Committee, reviews the Diversity Policy and its implementation on an annual basis. Further details can be found in the Nomination Committee Report on pages 101 to 103.

Fair Employment Practices

We are committed to fair employment practices and comply with national legal requirements regarding wages and working hours. In the UK, only one of our subsidiaries is required to report under Gender Pay Gap regulations, and we are pleased to report that our gender pay median gap has reduced from 17.7% in 2017 to 9.2% in 2018 and further again to 7.4% in 2019. This reduction is largely driven by an increase in the number of women in senior and technical roles.

Dignity at Work

Last year we acknowledged that as we continue to grow our business globally, we have to provide clear and accessible guidelines that make clear to all our employees how to behave whilst at work or representing Dechra. Our Values are at the heart of everything that we do, and we have developed a framework of guidance that all managers and staff need to know about. We want an open and transparent working environment where all our staff are treated equally and have the same opportunities, where problems can be raised and resolved in a timely fashion and where there is zero tolerance of inappropriate behaviours.

With this in mind, we introduced a new Dignity at Work policy that includes our approach to diversity and inclusion, bullying and harassment and employment of relatives and relationships at work. The policy has been launched in the UK and we are rolling out a global version of the policy by region.

In order to support this new policy, we partnered with ACAS* to develop an in-house training programme for all managers in the UK. The training was delivered over four days and in addition to covering the content of the policies, we also focused on provision of skills training to help managers deal with any of the issues covered in our employment policies, including handling investigations, when and how to escalate issues, dealing with the consequences of unacceptable behaviour and handling difficult conversations.

We also spent a day of the training focused on dealing with mental health issues in the workplace. Given the impact of COVID-19 on our face-to-face training options, we are now in the process of finding a digital delivery solution for the remainder of the programme during 2020. We plan to roll out similar management training across our other territories during the 2020/2021 financial year.

* Advisory, Conciliation and Arbitration Service

Gender Split – By Country (Leadership Level)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>52</td>
<td>48</td>
<td>50.0%</td>
</tr>
<tr>
<td>Brazil</td>
<td>48</td>
<td>52</td>
<td>50.0%</td>
</tr>
<tr>
<td>EU</td>
<td>48</td>
<td>52</td>
<td>50.0%</td>
</tr>
<tr>
<td>NA</td>
<td>48</td>
<td>52</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

Gender Split – By Country (Senior Leadership Level)†

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>52</td>
<td>48</td>
<td>50.0%</td>
</tr>
<tr>
<td>Brazil</td>
<td>48</td>
<td>52</td>
<td>50.0%</td>
</tr>
<tr>
<td>EU</td>
<td>48</td>
<td>52</td>
<td>50.0%</td>
</tr>
<tr>
<td>NA</td>
<td>48</td>
<td>52</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

Gender Split Across Group

- Female 52%
- Male 48%

* Leader means managing a small to mid-size team.
† Senior Leader means Senior Executive Team and the leadership level immediately below.
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. 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 wellbeing of our employees, contractors and on-site visitors.

During the year, we have promoted the Manufacturing Health and Safety Manager, Catherine Dent, to the post of Group HSE Director. She has the remit of standardising our procedures and working so that high standards of health and safety are maintained.

Due to the nature of our Manufacturing employees’ roles, we have identified these as our higher risk employees with regards to health and safety. Health and Safety is a critical part of our Manufacturing business and we aim to always put safety first to prevent injury and harm to everyone working on behalf of Dechra. Everyone has the right to work safely, whatever their role, and it is our vision to make our business an environment where no one gets hurt. To develop further a strong culture of health and safety within this employee group, the Occupational Health and Safety Policy for Manufacturing and Supply was launched.

The Policy states our commitment to safeguarding the Health and Safety of all employees, contractors and visitors and also describes our Health and Safety Principles. These clear statements are directly aligned to the Dechra Values and summarise our shared beliefs about the importance of Health and Safety within our business:

Dedication: We will never look away and always step in if we see someone in danger.
Enjoyment: Everyone has the right to work in safe and healthy conditions.
Courage: Everyone is empowered to stop any process or work that they feel is unsafe.
Honesty: No activity is so urgent or important that it cannot be done safely.
Relationships: Health and Safety is everyone’s responsibility.
Ambition: We believe that work related injuries and ill health are preventable.

This Policy was sponsored by the Group Manufacturing & Supply Director and launched with a Line Manager led cascade to all employees. The Policy will be further promoted by each Site Director throughout the coming year.

To provide clear governance for health and safety across DPM&S, the Health, Safety and Environmental (HSE) Steering Committee was formed, chaired by the Group Manufacturing & Supply Director and attended by all Manufacturing Site Directors and subject matter experts, this Committee aims to establish clear health and safety standards across the Group and monitor risks to drive the continual improvement of our health and safety performance. This Committee meets bi-monthly and reviews performance, key risks, safety alerts and also works to support the implementation of enabling systems. One of the key decisions in the current year was to support the implementation of a HSE software system to centralise HSE reporting. This software tool will open up opportunities to report accidents, near misses and hazards to all employees using a simple reporting portal and will provide greater insight into the health and safety culture across the sites. This will help to direct future investment in infrastructure, standards and training to achieve zero harm across our Manufacturing and Supply business.

We are also proud to report that during the current year using the existing reporting framework, our employees continued to engage proactively with our Health and Safety improvement programme and reported 1,149 hazards versus 558 for the previous year. Each of these hazards represents an unsafe condition, which, if left unchallenged, could potentially cause an accident or incident. Our employees have proactively sought out opportunities to make our workplaces safer and we have fully supported them in reducing any risks. In recognition of a ‘Positive Contribution to Safety’, a number of our sites have implemented schemes to recognise employees and/or teams for their actions to make the workplace safer for all colleagues. We will continue to focus on proactive safety measures and will encourage everyone across the business to bring our Safety Principles to life and step in if they see unsafe conditions or actions.

LTA

For a number of years the Group has reported Lost Time Accident Frequency Rate (LTAFR) as a non-financial key performance indicator (see page 36). A LTA is any absence or the inability of employees to conduct their full range of 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. We have maintained a rigorous focus on health and safety. Over the course of the last 12 months the LTAFR has reduced from 0.21 to 0.17. The number of incidents has remained the same at six. Four incidents occurred in our manufacturing facilities and two in the sales and marketing organisations. There were no fatalities (employees or contractors). Two of the manufacturing facilities, Bladel and Melbourne, have now had over 24 months without an LTA and one of the manufacturing facilities, Zagreb, has had over 12 months without an LTA.

All accidents and incidents are investigated by Line Managers with the cooperation of safety representatives or other employees who are aligned to an area. When an accident occurs, each site conducts an investigation which aims to identify the root cause of the incident, including any workplace hazards, system or behavioural errors. Corrective and preventative actions are then implemented. For all LTAs and high potential hazards or high potential near miss incidents, a safety alert is issued to share any learnings and enable preventative actions to be implemented quickly across all sites.

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.

Stock Code: DPH