

## Our Environment

### Linkage to UN SDGs



**31%**  
of waste recycled or reused

**27.8%**  
Electricity used by Zagreb by solar

We recognise the importance of good environmental practices. We are committed to minimising the impact of our operations on the environment by adopting responsible and sustainable environmental practices and complying with applicable environmental legislation. Our key focus areas are:

- Waste: prudent use of all natural resources, minimising waste in all activities, and the appropriate disposal of waste; and
- Energy: optimising the energy we use; and improving energy effectiveness through initiatives on transport and reducing our greenhouse gas emissions.

Our carbon emission software, in addition to energy usage, captures the impacts from waste generation, water use, effluent disposal and refrigerant gas losses from locations where this is likely to be material. The sites that have a material impact are our manufacturing and logistics facilities.

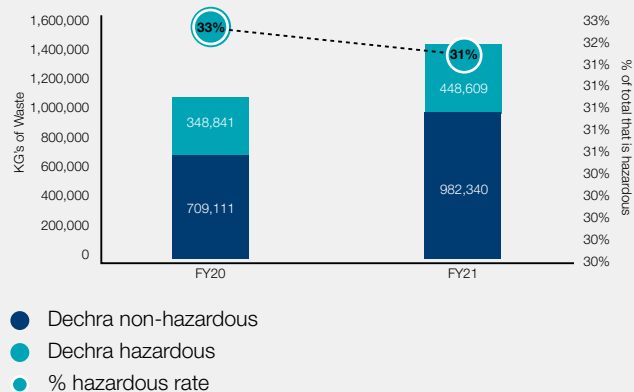
### Waste



We are committed to the prudent use of all natural resources and the minimisation of waste in all activities from the specification of incoming raw materials, the use of materials in production activities and packaging, and the distribution of products into the supply chain. Where waste is unavoidably created we will manage its disposal in the most appropriate manner giving full consideration to environmental issues.

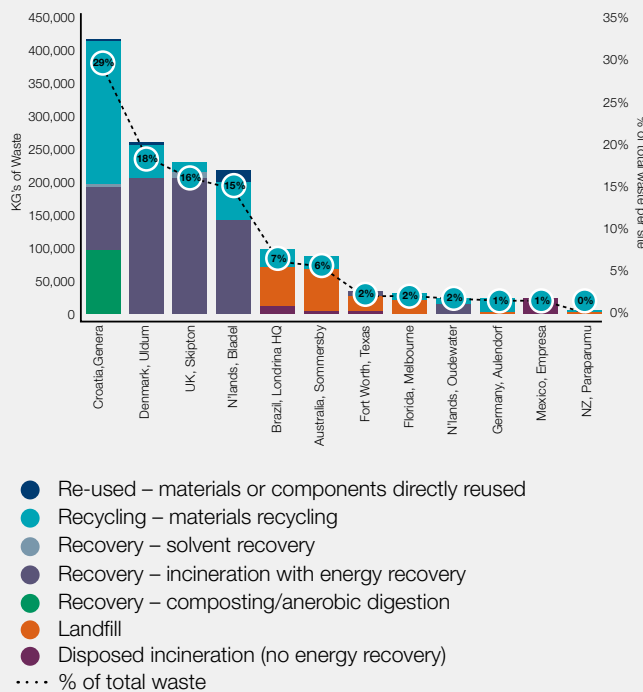
One of the most important impact areas for Manufacturing and Supply is waste generation, the management of which must be carefully controlled so that any hazardous substances or contaminated materials are disposed of correctly. Hazardous waste volumes increased by 29% mainly due to one-off finished goods disposals and raw material disposals. Despite this increase, the percentage of hazardous waste verses non-hazardous waste reduced to 31% (2020: 33%).

### Total Waste – Fate of Waste



Our ultimate aim is to be zero to landfill and to achieve this target all of our sites are encouraged to increase reuse, recovery, or recycling of waste (where locally available).

### Total Waste – Waste Disposal Method



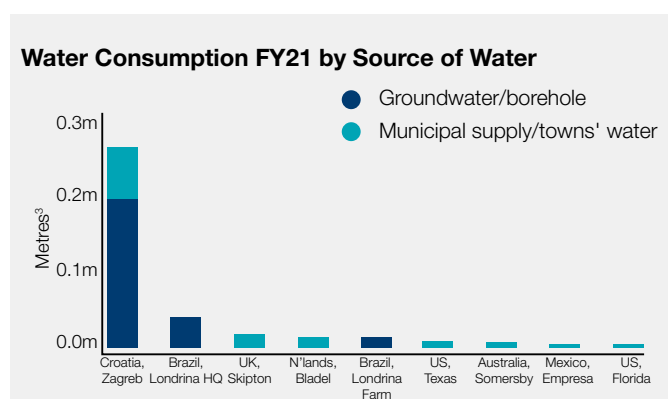
During the financial year a Community of Practice was formed and a Group standard was developed. This standard implements the hierarchy for waste principles and encourages sites to select waste options which are higher on the waste hierarchy (not landfill or incineration with no energy recovery) and to monitor waste volumes regularly. For waste which cannot be eliminated we classify it according to the European Waste Classification codes. The gap assessment for this standard has now been completed by the sites and a focused improvement team has started to focus on sites who are disposing waste to landfill and incinerating waste with no energy recovery.

# Corporate Social Responsibility continued

In the 2021 financial year the total volume of waste was 35% higher than 2020 financial year, however waste recovery, recycling and reuse rates improved from 83% to 86%. 14% (2020: 16%) of Manufacturing and Supply waste was landfilled or incinerated with no energy recovery.

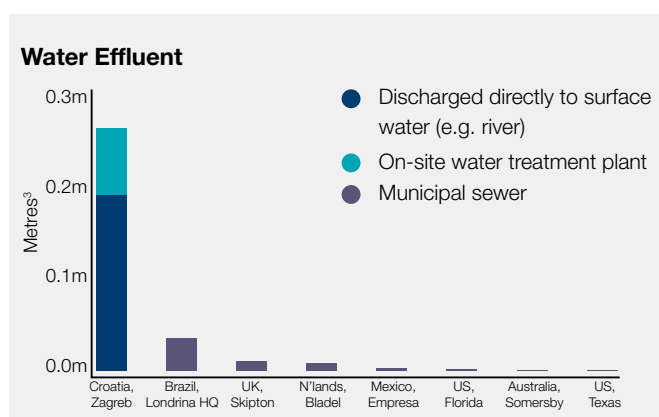
## Water

Our manufacturing sites aim to use water responsibly so that usage does not negatively affect the communities where they operate, by diminishing the supplies of clean water or degrading the quality of that water. Water consumption is low in comparison with other manufacturing sectors. Water is used from two sources as per below:



Water withdrawal compared to the previous year was lower, this was mainly due to the lower production volumes of Mepron at Zagreb. Where water usage has increased this has been largely linked to increased production volumes. Water is used as an ingredient in products, for cleaning and general production, and for cooling equipment and in processes. Any contaminated water generated throughout the production process is

disposed of as process effluent. Any waste water with the potential to adversely impact the environment is appropriately managed, controlled and treated prior to release. For Dechra Manufacturing sites, this includes all water used for cleaning purposes. 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. During the 2021 financial year our Brazilian facility has started using water from a rain water collection system for cleaning open areas. Effluent is disposed of in a number of ways as shown below:



At Zagreb there is an on-site effluent treatment plant where settlement and pH correction occurs prior to discharge. They also discharge cooling water directly back to the river. The most frequent route of disposal for waste water at the other sites is to the public sewer. In most countries a licence to discharge is required and Manufacturing sites must monitor the effluent quality and quantity to monitor that they are compliant with the requirements.

## Energy



## Greenhouse Gas Emissions

In order to determine our carbon emissions, we use the GHG Protocol Corporate Accounting and Reporting Standard and we report on emissions arising from those sources over which we have operational control. 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 emissions from combustion of fuel and operation of facilities;

**Scope 2:** includes emissions from purchased electricity, heat, steam and cooling; and

**Scope 3:** includes emissions from vehicles and from purchased electricity (which are not included in Scope 2) and, in the case of the 2020 and 2021 financial years, water.

	1 July 2020 to 30 June 2021	% relates to UK	1 July 2019 to 30 June 2020	% relates to UK	1 July 2018 to 30 June 2019
Scope 1 (tonnes)	7,027	6.5%	6,747	6.0%	5,521
Scope 2 (tonnes)	5,261	12.4%	4,969	10.1%	3,712
Scope 3 (tonnes)	1,934	4.2%	2,347	7.4%	2,420
Total Carbon Footprint (tonnes of CO <sub>2</sub> e)	14,222		14,063		11,653
Intensity Ratio (tonnes of CO <sub>2</sub> e per £m)	23.3		27.3		24.2

## Manufacturing

Our Manufacturing is the main contributor to our carbon footprint representing 89.6% of our total carbon footprint, and in particular the main contributors to Scope 1 are:

- Zagreb, due to the production of the nutrition supplement that is manufactured at Genera. The coating spray solution is ethanol based, and on completion of the coating, the ethanol vapour is extracted into a recovery plant which recycles 95% of the ethanol back into the production process. To meet environmental legislation, the site has an ethanol recycling unit which alone consumes approximately 60% of the energy utilised in this production area.
- Refrigerant gas losses contributed 21% of all Scope 1 emissions (1,477 tonnes) in the 2021 financial year, with our Londrina site in Brazil accounting for 86% of this total. This site produces vaccines, and equipment containing refrigerant gases is used to control the temperature of the working environment and is also necessary for freeze drying and general process cooling applications. The site is continually reviewing their strategy to manage equipment containing refrigerant gases, including equipment management to prevent leakages, renewal of older equipment and switching to refrigeration processes that have a reduced environmental impact. This year the site has installed a new boiler for industrial steam fuelled by liquid petroleum gas, reducing the use of diesel.

## Offices

Offices include our sales representatives and Scope 3 (which includes vehicle emissions) account for 790 tonnes (2020: 1,159 tonnes) of the 827 tonnes total. The number of electric vehicles within our fleet is increasing year on year.

## Warehousing

Our warehousing facilities contribute 618 tonnes of carbon (2020: 650 tonnes) and 67% of this is in relation to the fuel used in the buildings. Our main facility in Uldum, Denmark (Dechra Service Center) is looking at alternatives to fossil fuel, which have a lower environmental impact and other energy improvements. During the 2021 financial year, the Uldum warehouse handled 51,569 orders, an increase of 32% from 2020. The increased activity was mainly due to a large number of new products and incoming orders. The increased number of products has meant that the storing capacity at Uldum had reached its maximum leading to the use of external storage involving extra transportation and CO<sub>2</sub> emissions. Therefore, a 6,000 m<sup>2</sup> warehouse extension was commenced during the financial year. The warehouse will have a 2,000 m<sup>2</sup> basement floor, which will hold all cold store products at a constant temperature of two to eight degrees centigrade. The advantage of building the cold store below ground is the fact that the cooling process will be aided by the ground temperature of eight degrees centigrade which will significantly reduce the energy use of room cooling.

## Kilowatt-Hour (kWh)

The kWh figures in the table below are the quantities of energy from activities for which the Group is responsible worldwide and the annual quantity of energy consumed resulting from the purchase of electricity, heat, steam or cooling and vehicle fuel by the Group for its own use and arising from those sources over which we have operational control.

	1 July 2020 to 30 June 2021	% relates to energy consumed in UK	1 July 2019 to 30 June 2020	% relates to energy consumed in UK
Scope 1	31,522,041	6.3%	33,509,013	6.3%
Scope 2	17,185,952	16.2%	16,647,278	11.7%
Scope 3	6,610,981	0.9%	8,444,662	6.1%
<b>Total kWh</b>	<b>55,318,974</b>	<b>8.7%</b>	<b>58,600,953</b>	<b>7.8%</b>

## Sustainable Energy

### Solar Panels

Dechra has one of the largest solar panel installations of its type in Croatia, and it has been operational since 28 June 2019. The solar panels have generated 27.8% (2020: 29.6%) of the electricity used at the site.

	2021 Total	2020 Total
HEP (kWh)	5,021,820	5,366,447
Solar power plant (kWh)	1,933,695	2,254,633
<b>Total</b>	<b>6,955,515</b>	<b>7,621,080</b>
% of solar	27.80%	29.58%

The management team at Zagreb have now taken a further significant step towards improving the energy efficiency at the site by successfully gaining accreditation to ISO 50001, the international standard for Energy Management.

### Improve energy effectiveness through transport initiatives

The Dechra Service Center (DSC) distributes goods to customers worldwide. 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 the UK are shipped by sea and road. All road transport is only to be made with companies who can guarantee that the vehicles used conform to the Euro6 standard or higher. All sea transport agreements are with Shipping Conference companies, which requires high standards for shipping.

The Global Transport team have identified the transatlantic shipments from Europe to North America, Mexico and South America, as an opportunity for significant reduction in CO<sub>2</sub> emissions by making DSC the central hub for all shipments in order to ship full container loads by sea rather than shipping single pallet orders by air. For future planning of transportation, the Global Transport team are working on a tool which can calculate the CO<sub>2</sub> emission on single order level, the new tool is expected to be ready in the new financial year and will be accompanied with a guidance for sustainable distribution planning and execution.

The increase in CO<sub>2</sub> per kg is due to the increase in pharmaceutical product shipments which are lighter in comparison to Nutrition products, and the majority of pharmaceutical products require shipments to be temperature controlled.

	2021	2020	2019
Shipments	51,569	39,067	36,905
<b>Total Weight (GRT)</b>	<b>29,843,353</b>	<b>19,304,216</b>	<b>19,399,930</b>
CO <sub>2</sub> Outlet (kg)	2,130,262	1,684,872	1,670,037
CO <sub>2</sub> per kg	14.0	11.5	11.6

# Corporate Social Responsibility continued

## Taskforce for Climate-related Financial Disclosure (TCFD)

The TCFD was established to help identify the information needed by investors, lenders, and insurance underwriters to assess and price climate-related risks and opportunities appropriately. The Taskforce structured its recommendations around four thematic areas that represent core elements of how organisations operate: governance; strategy; risk management; and metrics and targets.

Recommendation	Dechra Approach	Further Information
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	<p>The Board is accountable for approving our ESG strategy and overseeing the delivery of our climate-related objectives. Our Senior Executive Team (SET) are responsible for delivering on these objectives within their functional areas and business units. Each SET member will have an ESG objective as part of their personal objectives within the 2022 financial year annual bonus plan.</p> <p>The Board and the SET are supported by a cross-functional ESG Committee who work with them to define our ESG strategy, and set objectives and targets which are aligned with the United Nations Sustainable Development Goals. To enhance our commitment towards TCFD reporting further, a dedicated TCFD team has been appointed.</p>	
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	<p>Our environment strategy and objectives are described in our Corporate Social Responsibility Report.</p> <p>Our policy is that we are committed to minimising the impact of our operations on the environment by adopting responsible environmental practices and complying with applicable environmental legislation.</p> <p>We are committed to setting ambitious Science Based Targets and help limit global warming to 1.5°C. We recognise the potential business opportunities of:</p> <ul style="list-style-type: none"> <li>• more efficient modes of transport and use of materials;</li> <li>• further improvements in packaging; and</li> <li>• exploring increased opportunities on sites with production of renewable energy (e.g. solar panels etc.).</li> </ul>	Corporate Social Responsibility (pages 52 to 75)
<b>Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks.	<p>We have identified the importance to acknowledge climate risks as part of our normal risk management process. During the 2021 financial year climate risk has been identified as a principal risk and has been discussed with each SET member. Currently our actions are focused on physical climate risks. We have created a risk assessment for completion by every internal site. The sites were asked to identify climate and natural disaster risks specific to their businesses now and over a 15 year period. The assessment was circulated in July 2021. The next step is for our dedicated TCFD team to assess the data and discuss scenario planning with key management looking at both physical and transitions risks.</p>	<p>How the Business Manages Risk (pages 76 to 78)</p> <p>Emerging Risks (page 77)</p>
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<p>Our environmental metrics and targets are described in our Corporate Social Responsibility Report. The key targets are:</p> <ul style="list-style-type: none"> <li>• zero to landfill by 30 June 2025; and</li> <li>• commitment to set a science-based target through the Science Based Targets initiative, Ambitious Business Targets of 1.5 degree, reaching net-zero emissions by 2050.</li> </ul>	Corporate Social Responsibility (pages 54 and 55)