Performance continued

Our Environment

Committed to Minimising Our Environmental Footprint

Summary

Why It Matters:

We recognise the importance of good environmental practices across our operations.

Our Objectives:

- Reduce GHG emissions and waste to landfill, use water responsibly and protect biodiversity
- Recover, reduce, recycle and reuse
- Implement sustainable packaging and decrease plastic usage

Our Performance:

- 5% waste sent to landfill
- 13% reduction in GHG intensity ratio*

*The GHG emissions intensity ratio is calculated with reference to our Scope 1, 2 & 3 emissions reported historically under the GHG Protocol Corporate Accounting and Reporting Standard, which differs to our carbon footprint for the purposes of Science Based Targets.

Linkage to SDGs

Emissions, Land and Biodiversity and Water

Environmental impacts go beyond emissions and there is a need for all companies to act on a broad range of nature-related risks. Managing and mitigating these impacts will require us to take a holistic and integrated approach to our environmental strategy.

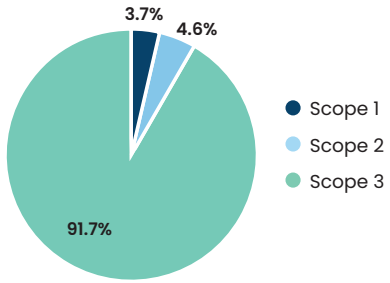
Our key objectives are to reduce greenhouse gas (GHG) emissions, use water responsibly, source sustainably and protect biodiversity.

GHG Emissions

We have concluded our initial review into all material Scope 3 emission categories, which has enabled us to establish our base year data, calculate our corporate footprint and submit our near term targets to the Science Based Targets initiative (SBTi), which are currently being validated. Our corporate footprint for the purposes of Science Based Targets is shown for the calendar year, with the base year being 2021.

Our total footprint of 157kt Co2e is dominated by Scope 3 (indirect value chain emissions), with Scope 1 and 2 combined only accounting for 9%.

Base Year Carbon Footprint



We have now baselined our Scope 3 emissions and this year we report on 11 categories within Scope 3. The largest categories and their shares relative to our total footprint are Category 1 purchased goods and services (65%) and Category 4 upstream distribution (9%). The remaining categories consist of various other upstream and downstream activities (capital goods, employee commute, business travel, downstream distribution, waste in operation as well as end of life sold products).

Further details on our commitment to reduce our emissions can be found in the 2023 Annual Report and within this report.

Land and Biodiversity

Forests provide the materials commonly used in our packaging solutions.

By collaborating closely with our suppliers, we want to play our part to make responsible forest management the norm, to stop deforestation, enhance biodiversity and support people who depend on forests for their livelihood. Responsibly managed forests also play a vital role in climate change mitigation.

While deforestation poses serious supply chain risks, mitigating those risks with sustainable sourcing practices is a huge business and environmental opportunity. It is important to establish a robust no-deforestation commitment and engage constructively with suppliers.

We will continue to secure and develop responsible sourcing standards that include environmental, social, and animal welfare criteria.

We set a target of 100% FSC paper by June 2023, which we have not met, having achieved 66%. Wherever possible, we have endeavoured to adopt a localised approach to sourcing FSC materials and to work collaboratively with existing suppliers rather than adopt a blanket approach across all Dechra operations. This process has taken longer than anticipated, however we expect to achieve our target by June 2024.

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Our Pathway to Net Zero

Dechra is committed to reducing Scope 1, 2 and 3 carbon emissions in line with climate science through the Science Based Targets initiative (SBTi).

Our near term targets were submitted to the SBTi during the year and we are committed to achieving net zero by 2050.

In order to be resource efficient, it is essential to increase energy efficiency and reduce the energy intensity of our processes. To reach our reduction targets for Scope 2, we will continue to focus on increasing the share of renewable energy in our operations by procuring renewable electricity alongside our implementation of solar panels.

A key focus area will be to engage with our supply chain and improving visibility of our Scope 3 emissions across our supply chain and contracted manufacturing partners. To strengthen this collaboration, we have included environmental questions in our new third party onboarding tool. This will enable us to collate environmental information on our third parties and tailor our communications accordingly.

Emissions Hotspot	Objective	Actions
Scope 1 and 2 GHG emissions	Generate and procure 100% renewable electricity across all sites Transition from natural gas to electric at manufacturing sites	Implementation of energy transitions plans Procurement of renewable electricity from the grid Invest into solar panels at Bladel (the Netherlands), Melbourne (US), Skipton (UK), Zagreb (Croatia) and Sommersby (Australia) Explore opportunities for geothermal energy at Zagreb
CMO & internal products (category 1)	Collaborate with our raw material suppliers and CMOs to set their own science based targets Replace high emission materials with lower carbon alternatives Increase the proportion of internally manufactured products Reduce packaging emissions	Initiate supplier engagement programme Focus on innovation and Eco-Design Technical transfer of external produced products Utilise packaging assessment tools All paper and wood material FSC-certified by June 2024 Transition to mono-material and reduce plastics
Transportation (category 4)	Reduce GHG emissions of our transportation operations	Optimise the sourcing and distribution of purchased and sold goods to reduce overall travelled distance Electrify and increase alternative fuels of hired road transportation Migrate air transportation to sea based alternatives
Waste (category 5)	Waste from operations to be eliminated, reused, recycled or recovered where possible; any remaining waste to be incinerated with energy recovery	Waste management plans, including target of zero to landfill by June 2025

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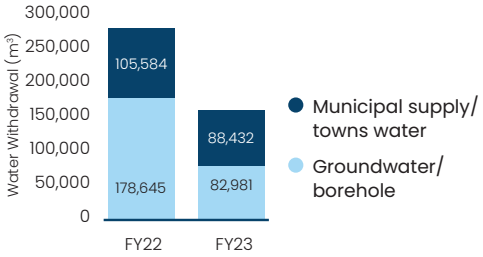
Water

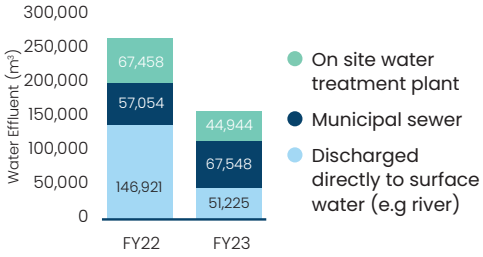
The vital role of water in all aspects of our lives and growing concerns over scarcity and quality have increasingly highlighted the need for sustainable water management. Our manufacturing sites aim to use water responsibly so that usage does not negatively affect the communities where they operate, by diminishing the supplies of clean water or degrading the quality of that water. Our water consumption is low in comparison with other manufacturing sectors. Water is used from two sources: groundwater/borehole and municipal supply/town's water.

Water Withdrawal Source (all in-house manufacturing sites)



Purified water is not only an essential raw ingredient in our finished products but is also used for equipment cleaning and product heating or cooling. We recognise that using large quantities of water has associated environmental impacts including energy used for pumping and treating water, plus generation and disposal of effluent. Therefore, we are focusing on minimising the volume of water used and reducing ground water abstraction at our manufacturing sites. Water withdrawal across manufacturing reduced by 40% in the 2023 financial year, excluding Med-Pharmex. This is a reduction in water withdrawal of over 110,000 m3 water. At our Zagreb facility a project to install a recirculation system on the water line used for equipment cooling has allowed the site to reduce the abstraction of water by 55%, with a corresponding reduction in effluent generation. The site has reduced the use of ground water/borehole water by over 90,000 m3 in the 2023 financial year. At Manufacturing sites, 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 must be appropriately managed, controlled and treated prior to release in accordance with current regulatory 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.

Water Effluent (by discharge route)



Circularity

One of our key focus areas is the prudent use of all natural resources, minimising waste in all activities, reducing the amount of waste to landfill by the appropriate disposal of waste. Our objective is to reduce, reuse, recycle and recover.

Waste

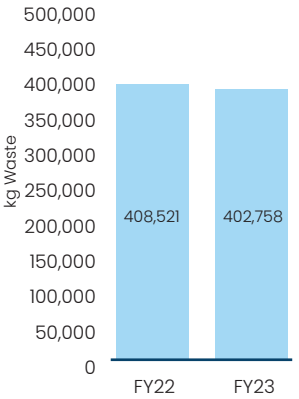
Total waste, which includes waste from all activities across Dechra's manufacturing and logistic sites, can fluctuate according to production volumes, project activities and obsolete stock/packaging material clearances. Our goal is therefore to make responsible decisions to minimise waste at source and reduce the environmental impact of treatment/disposal for any remaining waste, whilst continuing to support the efficient management, development and growth of the business. For this reason, we have selected two indicators for waste which we aim to improve:

- percentage of hazardous waste generated of total waste generated; and
- percentage of waste which is recovered and recycled of total waste generated.

Hazardous Waste

Waste contaminated with pharmaceutical products is often classified as hazardous waste. Waste management for Manufacturing and Logistics facilities must be carefully controlled in order that any hazardous substances, or contaminated materials are disposed of correctly. In the 2023 financial year, hazardous waste volumes decreased by 1.4%.

Hazardous Waste Volumes



The overall percentage of hazardous waste reduced to 12% of total waste (2022: 23%). The reduction in the hazardous waste volumes across Manufacturing has been supported by improved classification and segregation of hazardous waste across the sites. In Manufacturing sites, hazardous waste is generated from general production and laboratory analysis waste, whereas in Warehousing most hazardous waste is associated with stock disposals.
The fate of waste significantly influences the environmental impact. For waste that cannot be eliminated at source, Dechra has set a strategic goal to achieve zero waste to landfill by June 2025, and will look to achieve this by reusing, recycling or recovering waste where these options are available. Our approach to responsible waste management is formalised in a Group HSE Standard.

In the 2023 financial year the total volume of waste, including waste from internal

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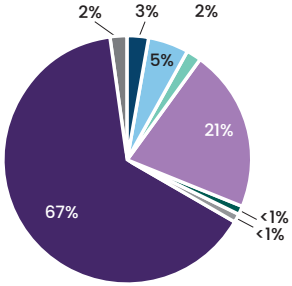
Our Environment

operations, new acquisitions and waste generated through construction projects was 94% higher. When these additional waste sources are excluded, total waste volumes decreased by 2%. Waste recovery, recycling and reuse rates improved from 89% to 93%, and when waste from the new site in California is excluded this increases to 95%. California is currently adopting our improved waste management practices, including diversion of waste from landfill. The portion of waste materials for reuse and recycling increased significantly from 42% in the 2022 financial year to 69% in 2023. This has been achieved by directly targeting Manufacturing sites to increase waste recycling and reuse.

Waste Fate



- Disposed of by incineration (no energy recovery)
- Disposed of to landfill
- Recovery – composting/anaerobic digestion
- Recovery – incineration with energy recovery
- Recovery – solvent recovery
- Recovery – reclamation components (acids/dases/metals)
- Recycling – materials recycling
- Reused materials or components directly reused

For residual waste which cannot be reused, recycled or recovered, waste incineration (no energy recovery) is used, or as a last resort, waste is disposed to landfill. Waste for disposal reduced to 7% (2022: 11%).

Most significantly, the percentage of waste landfilled reduced to 5% (2022: 7%). This drops to 2.5% when waste from the new California site is excluded.

Responsible Sourcing

Packaging is a key component of Dechra's value chain in order to protect the quality of our products from a legal, regulatory and customer perspective. We are therefore cognisant that we must focus on improving the use of materials that are better for the environment as well. Our approach to packaging and materials can be divided into the areas reduce, replace, recycle, and reuse.

During the financial year, we have implemented a packaging assessment tool to drive sustainable innovation and implement improvements. This tool provides access to robust environmental data, supporting our departments to make smarter and more resilient design decisions. The assessment tool has been fully tested and has been rolled out globally from August 2023.

Furthermore, the tool will support us to measure the environmental footprint of different packaging options and give environmental metrics that will action sustainable improvements throughout our current product portfolio.

For example, the Brazilian team used the assessment tool in a drive to remove the plastic trays used for its vaccines and to improve productivity. Comparing the plastic tray to a carton box resulted in saving of approximately 10 tons of CO2 per annum. This change is also enabling an automatisation of the packaging line, which will increase productivity by at least 250%, from three packs to eight packs per minute. In addition, there is a cost saving as the unit price for the plastic tray is more expensive than the carton.

We have previously reported that we launched our first dry diets in innovative new recyclable packaging, making Specific® one of the first pet food brands to use recyclable packaging for dry foods in November 2020. Until now, non-recyclable, multiple layer, laminated packaging with different types of plastic was the only way to do this. The mixing of different plastic types makes these bags non-recyclable.

The difference for the new *Specific* recyclable bags is that they are made from a single type of plastic, with a barrier between the layers. This makes it much more widely recyclable and still retains the same features as standard packaging in terms of handling and food protection.

As well as being more widely recyclable our bags are:

- lighter than PET/PE laminates of the same thickness; and
- stronger than PET/PE laminates of the same thickness

Our packaging has independent certification 'Certified as Made for Recycling' with a score of 19/20 (Very Good) by Interseroh, global recycling specialists.

We have found a supplier of this recyclable packaging who is able to meet all of our needs. We have 174 individual pieces of dry food packaging. Of these, 110 have already had recycled bags printed and shipped to the markets. The remaining items will be moved over to recyclable bags during the 2024 calendar year.