

ESG

# Our commitment to sustainability is an integral part of ECO

ECO is committed to embedding sustainability into its business dealings at the highest standards. ECO recognises the value of incorporating the principles of Environment, Social and Governance (ESG) into everything we do and significant progress was made in the area in 2023-2024.

A key undertaking this year was a Materiality Analysis, in consultation with the Sustainability Accounting Standards Board (SASB) topics. This large project elaborated the internal and external views of global ECO stakeholders through comprehensive investor, distributor, customer and ECO leadership and staff interviews to inform the ongoing development of ECO's ESG strategy. The analysis identified the top 5 material topics as product quality and safety, regulatory compliance, transparency and disclosure, community engagement and innovation.

Other material risks included environmental impact, sustainable product development, supply chain responsibility, risk management, animal welfare, diversity and inclusion, resource management and training and development. Both ethical leadership and an integrity-based organisational culture featured strongly in all interviews within the study.

The materiality matrix is shown on the next page.

ECO remains committed to the United Nations Sustainable Development Goals (SDGs) and their role as a blueprint for sustainability. Our aspiration is to contribute to the following six SDGs which are aligned with our current and future business and intentions.



**1 NO POVERTY**  
**No Poverty.**  
 ECO focuses on economically important diseases of pigs and poultry; by treating and controlling these diseases, animals are healthier and grow more profitably, enhancing the incomes of their keepers.

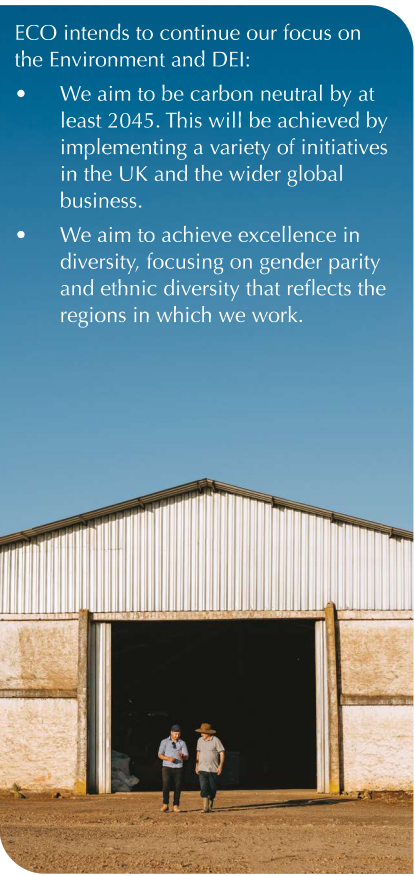
**2 ZERO HUNGER**  
**Zero Hunger.**  
 ECO improves the health of pigs and poultry, providing healthy and nutritious meat and eggs to populations around the world.

**3 GOOD HEALTH AND WELL-BEING**  
**Good Health and Wellbeing.**  
 ECO provides a challenging and safe workplace to global staff, business growth to distributors, funds to enable chosen charities to help those they support and profitable pig and poultry production to producers, increasing their livelihoods and nutrition.

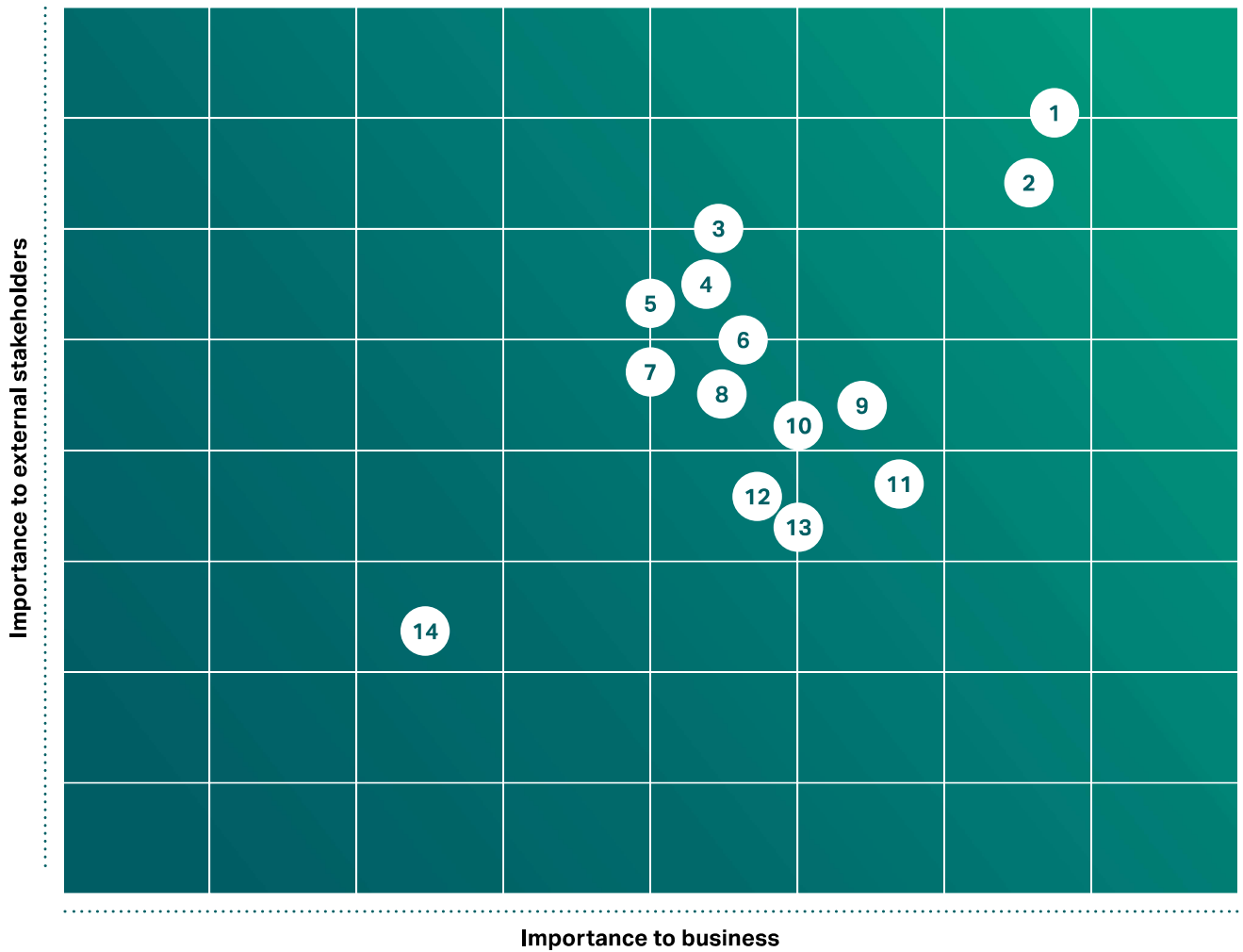
**5 GENDER EQUALITY**  
**Gender Equality.**  
 ECO is committed to gender parity for its workforce and our chosen international charity promotes gender equality as part of its work.

**8 DECENT WORK AND ECONOMIC GROWTH**  
**Decent Work and Economic Growth.**  
 ECO staff experience work and development opportunities, customers are supported with training and knowledge to better their businesses and we develop upstream and downstream partnerships and employment to suppliers and distributors.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  
**Responsible Production and Consumption.**  
 Changes and improvements made by our key supplier and manufacturer and in the UK offices have increased our sustainability.



Materiality map



- 1. Product quality & safety
- 2. Regulatory compliance
- 3. Transparency & disclosure
- 4. Community engagement
- 5. Animal welfare
- 6. Ethical business conduct & leadership
- 7. Research & development
- 8. Risk management
- 9. Sustainable product development
- 10. Resource management
- 11. Supply chain responsibility
- 12. Environmental impact
- 13. Training & development
- 14. Diversity & inclusion

## ESG CONTINUED

# Our commitment to the environment

## Environment

We are committed to making a fair contribution to reducing the potential of our business operations on the environment and have made continued progress in 2023-2024.

### Energy Used for Offices and Business Miles: Southgate, UK:

The three key projects for reducing energy use in the UK offices were completed as planned in 2023-2024. The New Malden Office, which consumed electricity and natural gas while empty, was sold in January 2024. The switch to a green energy supplier, Engie, in the Southgate office took place in May 2024; they provide 100% UK-sourced and certified Green Gas supply and proof through the Green Gas Certification Scheme. Last year's energy audit indicated that lowering the temperature in the on-site server room would increase energy efficiency and this was actioned in February 2024 by altering the air conditioning to 23°C. Installation of a smart meter will enable monitoring of real-time electricity use and may identify opportunities for reduction. The Group's Head Office (Southgate, London, UK), made major improvements to the availability of recycling facilities, use of recycled consumables and avoidance of single-use plastics last year and these continue in 2023-2024. Confidential paper continues to be collected, shredded and recycled. Batteries, including laptop batteries, are recycled. No ECO IT equipment was collected for refurbishment or recycling in 2023-2024.

### Cars:

The Group intention from 2023-2024 is that every UK and European car renewal is carbon neutral or the employee is moved to a salary swap scheme. While this wasn't achieved during the 2023-2024 reporting period, we plan to secure new fleet partners that offer sustainable company car options in the next financial year.

Table 1: Office energy use

	Year ended 31 March		
	2023-2024 (kWh)	2022-2023 (kWh)	% change
Southgate office	28,968	30,032	-4%
New Malden office	11,451	28,278	-60%
Japan	8,779	9,049	-3%
China	4,582	3,687	24%
Brazil	2,430	2,758	-12%
US	72,945	-	-

Table 2: Business miles driven (company and private cars)

	2023-2024 (tCO <sub>2</sub> e)	#cars driving business mileage	tCO <sub>2</sub> e/car
UK	26.4	17	1.55
Japan	0.1	3	0.03
Brazil	23.1	4	5.78
Mexico	7.2	7	1.03
Europe	10.4	13	0.80
LATAM	0.69	1	0.69
SE ASIA	9.9	7	1.41
USA	4.6	7	0.66



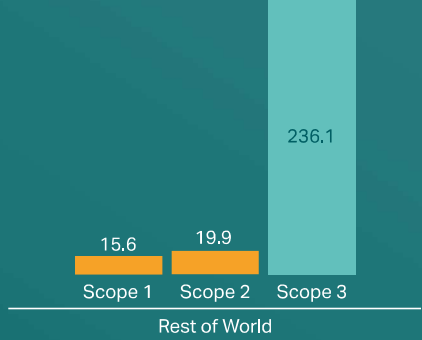
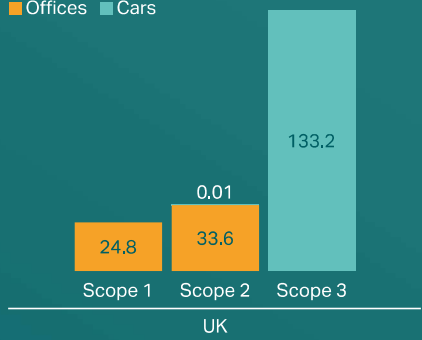
**Energy use:**

Further progress has been achieved in the collection of data for energy consumed and tonnes of CO<sub>2</sub> emitted at offices and business mileage in the UK and Rest of the World as shown below.

**Graph 1: kWh consumed ('000s)**

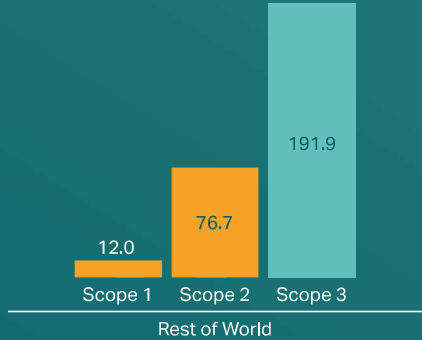
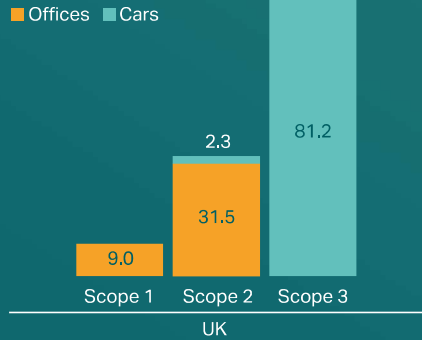
**2022-2023**

Offices Cars



**2023-2024**

Offices Cars



Combined Scope 1 & Scope 2 kWh ('000s) per employee

Total Scopes 1 & 2 ('000s)

**131.4**

2023: 93.9

# Employees

**101**

2023: 101

kWh ('000s) per employee

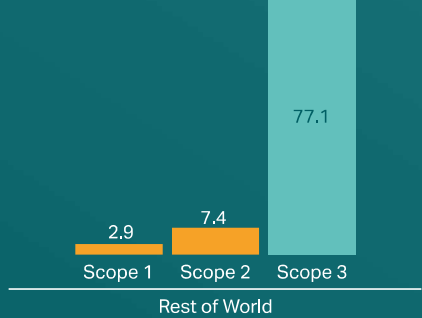
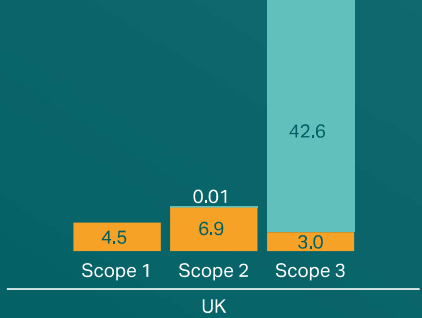
**1.3**

2023: 0.9

**Graph 2: Total tCO<sub>2</sub>e emitted**

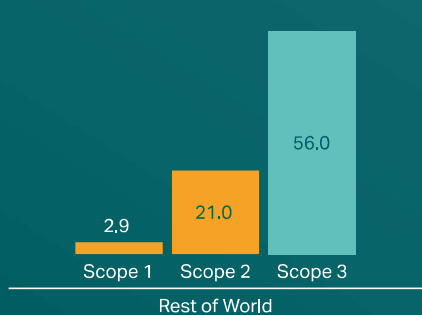
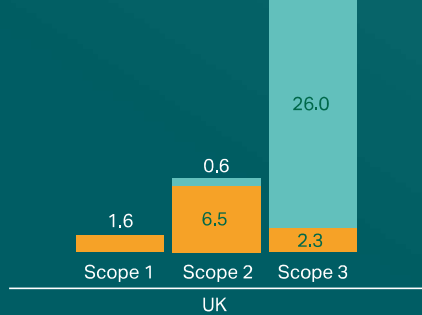
**2022-2023**

Offices Cars



**2023-2024**

Offices Cars



Combined Scope 1 and Scope 2 tCO<sub>2</sub>e emissions per employee

Total Scopes 1 & 2 ('000s)

**32.0**

2023: 21.7

# Employees

**101**

2023: 101

tCO<sub>2</sub>e per employee

**0.3**

2023: 0.2

## ESG CONTINUED

**Environment** continued**Manufacturing and suppliers:**

ECO works with many manufacturing and supplier business partners and has prioritised the largest in each group to begin to measure upstream and downstream energy use and emissions. There is a plan in place to expand our collaboration with additional manufacturers and suppliers during the next financial year to better understand their energy use and emissions. Having completed the first full year of finished goods manufacture in the new production plant, for the Chinese market, ECO's Chinese joint venture ECO-Biok has collected baseline data for the following key environmental parameters which revealed:

- 1.14 GWh of electricity was consumed.
- Water intake was 14,725m<sup>3</sup>. No water discharge is created during the manufacturing process but 1,732m<sup>3</sup> of wastewater resulted from the washing of manufacturing equipment. This wastewater is treated by an external company according to the law and regulations.
- 6.8 tons of non-hazardous waste was collected for treatment and 2.5 tons of hazardous solid waste was collected and incinerated by a qualified company.

ECO's largest supplier is the manufacturer of tylvalosin, the active pharmaceutical ingredient (API) in Aivlosin<sup>®</sup>. During the period 2020-2023, total energy consumption was reduced by 31,273 tons of standard coal. We had a metric to reduce energy consumption/turnover by 3% but as a result of price volatility this was not possible in 2023-2024; however, the total energy consumption reduction is in line with our intention to reduce the Group's environmental impact. Further progress was made in energy conservation and emission reduction measures, including the completion of the Photovoltaic Power Generation Project expected to generate 10 million kWh of electricity, saving 1,500 tons of standard coal annually, and the installation of a second energy-saving air compressor expected to save 3,000 tons of standard coal.

Two ongoing projects, installation of photovoltaic power generation equipment above the sewage pool expected to generate electricity of about 7 million kWh/year and installation of magnetic energy-saving motors in the fermentation workshop, are scheduled for completion in 2024. The overall outcome of these initiatives is to achieve a reduction in emissions in line with our overarching business objectives.

**Operations:**

The Group made good progress on the three focus areas in the operations function. Shipping routes for 2023-2024 were similar to those for last year's baseline and indicated that over 90% of pallets shipped from the Group's global contract facilities were via land/road or sea routes rather than by air. A system for determining the extent to which recyclable/recycled secondary packaging is used was put in place for the 2023 calendar year and will be further developed and acted on in the upcoming financial year. 30,347 kg of secondary packaging materials were used; of these, 23,372 kg (77%) were deemed recycled and/or recyclable. During the 1st transition year from HDPE to PET containers for Ivermectin Injectable formulations, 37% of the total volume sold was in PET containers. This reduced the less recyclable HPDE plastic containers from 100% to 66% of Kg of HDPE used/total litres of Ivermectin Injection sold (Kg/L).



ESG CONTINUED

# Our focus is on gender parity, ethnic diversity and employee engagement

## Social

ECO recognises the value of gender diversity in business.

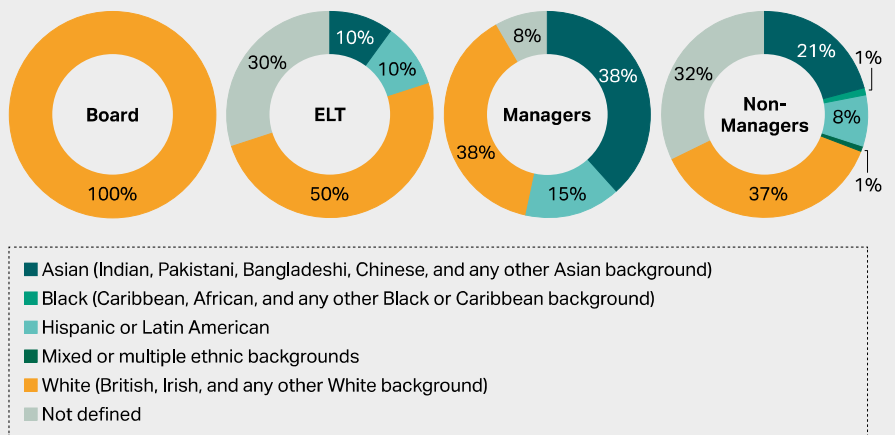
In 2023-2024, the gender ratio at Board and ELT levels remained skewed towards men, at 17:83% and 20:80%, respectively. For managers, the gender ratio is also skewed towards men while for non-managers the gender ratio has shifted from a slight skew towards women to one towards men. ECO has a small workforce of 101 (this figure does not include all subsidiaries' employees), so changes in small numbers of individuals can lead to large percentage changes.

ECO honoured its commitment to support an ECO Women's Employee Resource Group which was established in early 2024 to create a supportive and empowering space for women to collaborate, advocate and drive initiatives that promote inclusivity and equality. To date, the group has proposed the new Menopause policy which has been adopted and implemented to support menopausal age women. ECO commits to improving gender diversity across all regions, levels and functions of the Group through a combination of recruitment, retention and training programmes.

In 2023-2024, ethnicity data was retrieved from the HR Software programme and is summarised on the right.

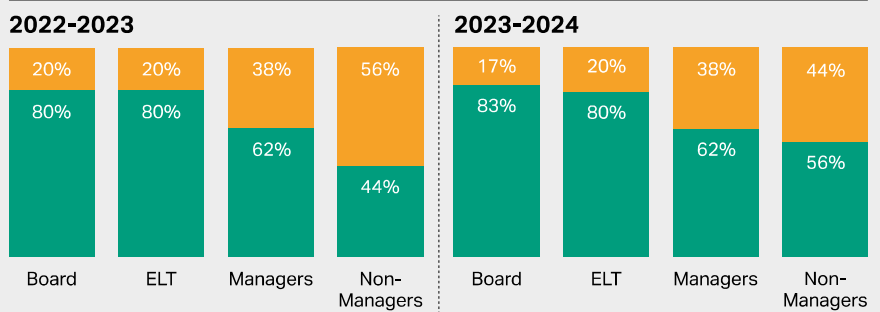
ECO will continue to monitor to ensure that ethnic diversity reflects the needs of the business.

Ethnicity data 2023-2024\*



\* Data extracted from HR software Feb '24 based on voluntary data input.

Gender ratios



## ESG CONTINUED

The Group is committed to fostering a diverse and inclusive environment, and ongoing efforts will be made to achieve greater gender diversity and parity across all levels of the organisation. Feedback from the second ECO Employee Engagement Survey in 2023-2024 show positive trends in the area, with 94% of employees (up 3% from 91%) agreeing or strongly agreeing that 'the work I do is important and has purpose' and 86% (up 8% from 78%) that 'my line manager and I have a good working relationship'.

Since the last ECO Employee Engagement Survey 18 months ago, the percentage of respondents agreeing or strongly agreeing that ECO is a good place to work increased to 93% from 78%, exceeding the 80% objective set by the Group. This significant increase was driven by many people's efforts and dedication, guided by employee workshops that provided input into an engagement action plan that was delivered over the year.

Engagement workshops will be conducted in 2024-2025 to propose actions to improve the four lowest-performing areas by 5%.

In 2023-2024, Employee Turnover (12%) and Retention Rate (88%) further improved relative to the previous year (14% and 86%, respectively).

ECO continued to support two charities, SHIVIA and Signpost, encouraging staff to donate to them with the Group matching individual donations. In 2023-2024, £8,000 was donated by the Group. Individuals were also supported with fundraising for events and additional charities are under consideration for next year.



## ESG CONTINUED

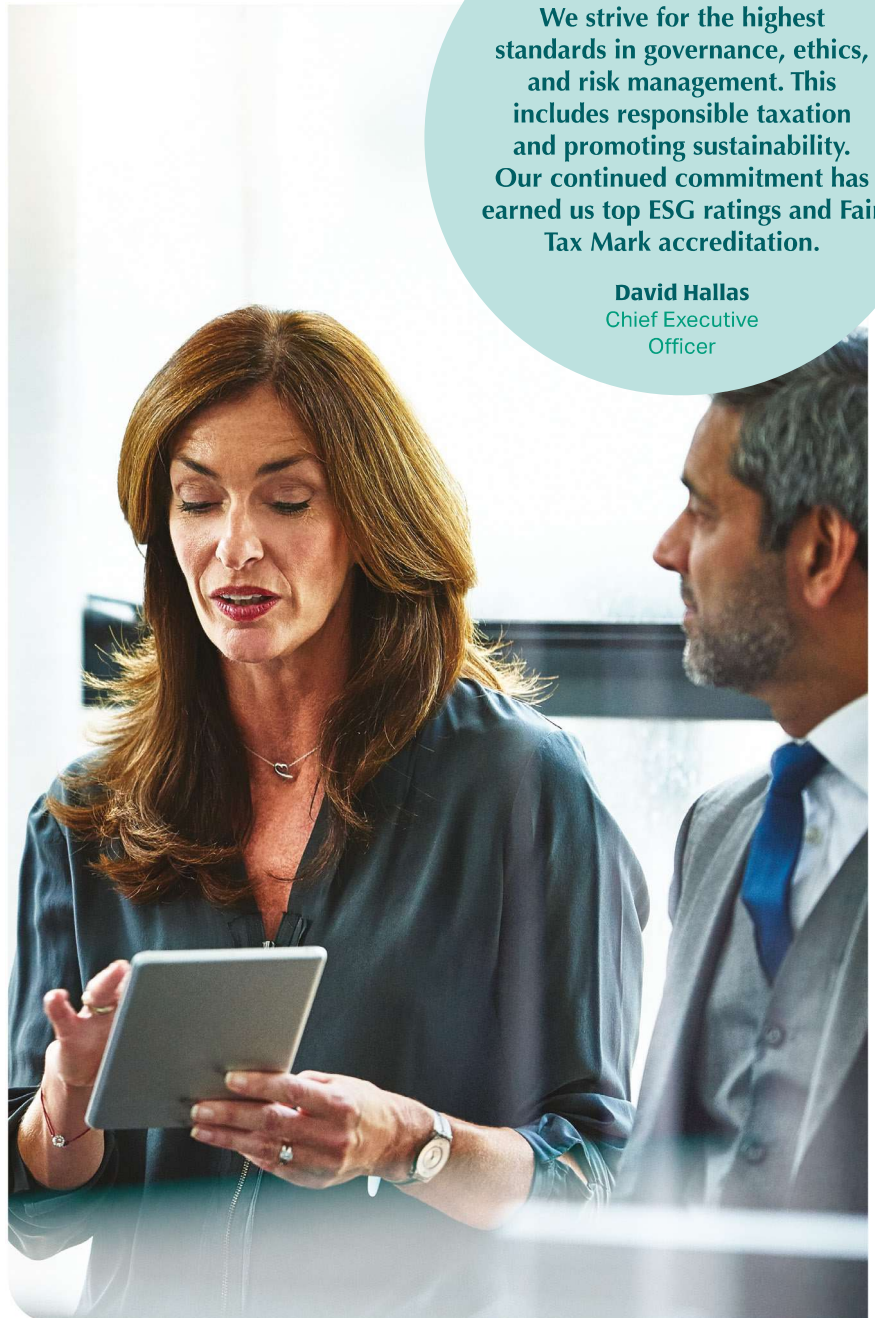
# Ongoing commitment to very high standards

## Governance

We are committed to meeting high standards of business governance, ethics and risk management practices.

This applies both to our own operations and our business partners. We have developed, and continue to update, strategies and procedures specific to our business for managing the main risk categories identified by our Board of Directors. The Board is and has been tirelessly focused and committed to improving Business Governance for some time. ECO's commitment extends to responsible taxation in the jurisdictions where it operates. The Group conducts its business fairly and ethically to ensure the proper payment of taxes, encompassing corporate, social, and personnel-related taxes. This approach aligns with the Fair Tax Mark accreditation awarded to the Group again, this time for the year ended 31st March 2023.

The ESG Working Group was established in 2023-2024 and has a direct line to the CEO and Board. The group intends to add additional ideas for increasing sustainability, especially in the environmental area, and to promote the ESG ideals across the business.



We strive for the highest standards in governance, ethics, and risk management. This includes responsible taxation and promoting sustainability. Our continued commitment has earned us top ESG ratings and Fair Tax Mark accreditation.

**David Hallas**  
Chief Executive  
Officer

