



OUR STAKEHOLDERS

S172 Statement

The Directors are well aware of their duty under Section 172(1) of the Company Act 2006, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the Company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

Our key stakeholders and how we engage with them

The Board considers its key stakeholders to be its employees, its customers, its suppliers and partners and its shareholders and the communities and environment in which we operate.

Our People

Having the right people, capabilities and engagement across the organisation is fundamental to delivering our strategy and the long-term success of the Group. Our ongoing objective is to create a high performing business driven by a skilled, unified and committed team.

Stakeholder key interests

- Career development
- Reward and recognition
- Engagement
- Training and development
- Wellbeing
- Health and safety

How we engage

- Employee engagement surveys
- Board meetings held at business units
- Enhanced internal communications via our 'People Portal'
- Leadership Development programmes

Customers

As the veterinary market continues to evolve, understanding the needs of our customers enables us to support them as a trusted partner. We continue to work closely with veterinary professionals and other stakeholders to ensure we are aligned with their changing needs.

Stakeholder key interests

- Safety, quality and reliability
- Product availability and effectiveness
- Competitiveness
- Our availability and responsiveness
- Relationship
- Compliance
- Range of products

How we engage

- Meetings/maintaining close relationships with veterinary practices and veterinary groups
- Participation in industry forums and events
- Product launch events
- Social media and commercial websites
- Contract negotiation, implementation and management of ongoing relationships
- Customer-specific events

Suppliers & partners

As the Group does not own any manufacturing assets, it relies extensively on a large base of third-party manufacturers for supply of finished products, whether our own brands or those sold on behalf of our partners via distribution arrangements. We need to maintain trusting relationships with suppliers and partners for mutual benefit and to ensure they are meeting our standards and conducting business ethically.

Stakeholder key interests

- Quality management
- Cost-efficiency
- Long-term relationships
- Responsible procurement, trust and ethics

How we engage

- Meetings with specialist veterinary wholesalers and distributors
- Meetings with key suppliers that represent 70% of purchasing spend
- Supplier forums and networking meetings
- Quality Management Reviews

Shareholders

Trust from our shareholders is key to delivering our strategy as access to capital will be important to the long-term success of our business. We ensure that we provide fair, balanced and understandable information to shareholders, potential investors and investment analysts and work to ensure that they have a strong understanding of our strategy and performance.

Stakeholder key interests

- Financial performance
- Governance and transparency
- Operating and financial information
- Confidence and trust in the Group's leadership team
- Total shareholder returns

How we engage

- Regular market updates
- Investor roadshows, meetings and presentations
- Dedicated investor section on corporate website
- Shareholder consultations
- Annual reports
- Annual General Meetings

Communities and Environment

Animalcare is committed to being a responsible member of our community and consider the environmental impact of our operations

Stakeholder key interests

- Sustainability
- Animal welfare
- Community

How we engage

- Support local and national charity partnerships
- Employee-matched fundraising
- Member of animal health trade associations
- More sustainable business practices including reducing travel

Key Board decisions

The Board considers the following to be some of the key discussions, decisions and considerations it has made during the year to 31 December 2019:

	Board discussions and decisions	Considerations
February	The Board reviewed the results of the employee engagement survey and a number of initiatives to be carried out in response to the results of the survey.	Consideration of the feedback provided by employees who completed the survey and taking appropriate actions is critical for employees to engage in the process and for positive changes to be implemented. When determining which actions would be implemented, the Board considered the financial consequences and the impact on long-term value and growth for the shareholders.
April	The Board received and considered a report of a review of supply chain processes which outlined opportunities to improve customer service and inventory management.	The need to review and continually improve the effectiveness of the Group's supply chain, from key suppliers to end customers, for the benefit of our stakeholders.
	The Board approved the release of the 2018 Full Year Results.	The need to provide transparent and accurate information to the market.
	The Board agreed the final dividend for 2018 of 2.4p per share.	The need to address the interests of shareholders in the context of the long-term, whilst maintaining appropriate levels of reserves to run the business effectively.
June	The Board considered Board composition following the resignation of a Non-Executive Director.	The need to ensure an appropriate balance between Executive and Non-Executive Directors.
	The Board reviewed its internal Board evaluation.	The need to ensure that the Board remained a high performing team for the benefit of our stakeholders.
September	The Board approved release of the Interim Results for the six months ended 30th June 2019.	The need to provide transparent and accurate information to the market.
	The Board agreed the interim dividend of 2p per share.	The need to address the interests of shareholders in the context of the long-term, whilst maintaining appropriate levels of reserves to run the business effectively.
December	The Board considered the Budget for FY 2020.	The need to consider all shareholders so that they all benefit from the successful delivery of our plan.
	The Board received a report on new product opportunities.	The need to consider growth opportunities for the long term success of the company.