

Board Leadership and Company Purpose

Board Leadership and Company Purpose Effective and Entrepreneurial Board

The Board's primary responsibility is to promote the long term success of the Company by the creation and delivery of sustainable shareholder value.

Our Board is composed of highly skilled professionals who bring a range of skills, perspectives and corporate experience to our boardroom. Our entrepreneurial roots have led us to evolving an agile approach to the way we do things.

The Board oversees the effective delivery of the Group's strategy as set out on pages 26 to 29 of the Strategic Report. Dechra has consistently delivered on its strategic objectives resulting in a strong track record of growth as can be illustrated by the dividend growth on page 62, underlying diluted earnings per share growth on page 50 and our Total Shareholder Return performance on page 141.

Strategy

The Group's strategy remains unchanged and is set out on pages 26 to 27 of the Strategic Report. The key factors supporting the Group's prospects are explained throughout the Annual Report and are summarised below:

- a clear strategic focus;
- a growing global animal health market;
- a clear portfolio focus with strong market positions in a number of key therapeutic areas;
- a strong development pipeline and a track record of pipeline delivery;
- manufacturing flexibility, with a wide range of dosage forms, small and large scale production batches;
- an entrepreneurial and experienced management team;
- a recognised brand with a strong reputation for providing high quality products with technical support;
- an expanding international focus;
- talented people and expertise; and
- a sound track record of successful acquisitions to expand our product portfolio and geographic reach.

The Board believes that the Group is resilient due to its diversified product portfolio, its geographic footprint, strong balance sheet, healthy cash generation and access to external financing, which includes committed facilities.

KPIs have been designed to measure progress and delivery of the strategic plan and our four growth drivers. Further details are provided on pages 50 and 51.

Strategy Day

The Strategy Day held in November 2021 provided an opportunity to update the Board on emerging trends in the animal health sector and across the markets in which we operate. It created the space for the Senior Executive Team (SET) to share the challenges and opportunities they see in their business and enabled the Board to contribute their experience and perspectives. The first session of the day saw an update on the Group's Sustainability strategy, which was presented by the Group Sustainability Director and allowed the Board to consider their role in supporting Dechra's Sustainability programme, 'Making a Difference'.

The context for the day was provided by the Chief Financial Officer sharing the five year financial plan and ambitions and updating the Board on the Group's financial and economic performance to date.

There were four strategy sessions which covered:

- Geographical Expansion: the next steps;
- Pipeline: a brief overview and vaccines strategy;
- Future of veterinary distribution; and
- Future of the Veterinary Practices.

Guest speakers, one of which was from a UK wholesaler and the other from an EU Buying Group, contributed to the latter two sessions. These presentations provided evidence of the good relationships Dechra has with our key stakeholders and both presentations were insightful, enabling the Board to have a better understanding of the routes to market and the consolidation of the market.

This session was followed by a debate at the Board meeting in December, which included high level discussions to challenge whether the strategy remains fit for purpose and responsive enough to the market and environment. The five year plan was approved and the Board deemed that the strategy remains fit for purpose.

Prudent and Effective Controls

Internal Controls and Risks

The Board retains overall responsibility for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board is responsible for reviewing the effectiveness of the Group's risk management and internal control systems, and confirms that:

- there is an ongoing process for identifying, assessing, managing and monitoring the Group's principal risks;
- the SET's assessment of the principal risks is considered to be robust and those risks that have the potential to impact liquidity have been considered in the assessment of the Group's viability;
- the principal risks and internal control processes have been monitored by the SET throughout the year and reviewed by the Board on a rolling programme throughout the year; and
- no significant failings or weaknesses in internal control processes have been identified.

Based on its review throughout the year, the Board is satisfied that the risk management and internal control systems in place remain effective and provide reasonable, but not absolute, assurance that the Group will be successful in delivering its objectives.

Further information on internal control and risk management can be found in the Governance Report on page 122 and the Strategic Report on pages 75 to 80.

Matters Reserved for the Board

There is a formal schedule of matters reserved for the Board. The schedule of matters covers a number of areas including strategy, approval of acquisitions and business development proposals, dividend policy, budget, internal controls and risk management and Group policies. The schedule of matters can be found on our website.

The schedule of matters is reviewed periodically and was last reviewed in December 2021 along with the Delegation of Authority Policy. The Delegation of Authority Policy defines who is authorised to make decisions on behalf of the Group and their authority limits for both monetary and non-monetary decisions.

Culture

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 collaborating with each other and support them by providing clear guidance on expectations.

Our Purpose

The sustainable improvement of animal health and welfare globally

Our Values

Everything we do is underpinned by our Values

Dedication

We are dedicated to delivering products and services that meet the highest level of service and quality to our customers



Enjoyment

We endeavour to create an environment where our people want to come to work and feel a part of Dechra



Courage

We want a business where we dare to challenge each other, where innovation and creativity can flourish



Honesty

We are honest and open in all interactions and act with integrity and fairness



Relationships

We see our customers and suppliers as business partners and thereby work together for common success



Ambition

We are goal oriented and deliver solid results through our energetic and resilient approach



Our Culture Defined

Entrepreneurial & Agile

We move quickly to make decisions and have 'light touch' bureaucracy. We expect accountability and encourage our people to seek out new opportunities to help us grow

Transparent

We are open and honest with our people and our suppliers and customers. We tell it like it is

Collaborative

We know that the best outcomes arise from true team working. We operate in a matrix structure, sharing best practices around the globe and harnessing the power of our different cultures

Enthusiastic/Energetic

We want our people to enjoy coming to work, we are informal and look for people who share our passion for what we do. We love people that want to make a difference

Monitoring Our Culture

No of acquisitions*

7

* Product acquisitions

Lost Time Accidents

6

Employees Engagement

90% of employees completed the survey in 2021, Dechra's trust index has increased to 77% (2018: 67%)

Board Leadership and Company Purpose

How The Board Monitors Culture

<p>Moving Annual Turnover of Employees Retention of employees is an indicator of a positive culture</p>	<p>Engagement survey This helps to determine levels of employee engagement on a wide range of matters and provides oversight of the implementation of the Values</p>
<p>Employee engagement with the Board via designated Non-Executive Director Provide an update on employee views and any concerns raised</p>	<p>Internal Audit Reports Identifies any actions required in relation to deviations of Values and Culture</p>
<p>Site Visits Provides the Board with direct interaction with the Culture of the Company</p>	<p>Approval of Group Policies such as Code of Conduct Enables the Board to monitor that the policies reflect the Values and Culture of the Group</p>
<p>Raise a Concern Reports The How to Raise a Concern procedure encourages any individual who has genuine concerns about any form of malpractice, including any breaches of the Values, within Dechra (or in relation to its business) to report these concerns. Summaries of these are then discussed with the Board, along with the mitigating actions taken as well as updates on the actions taken</p>	<p>External Culture audit with Great Place to Work for the UK Provides an external assessment of the Group's Culture</p>
<p>Health and Safety Updates Enables the Board to assess the effectiveness of our safe working practices and behaviours</p>	<p>Acquisitions Provides an indicator of our entrepreneurial Culture</p>
	<p>OneDechra All of the Board has access to our intranet, OneDechra, which contains news items posted by our employees on activities and achievements</p>

Case Study:

Denmark Site Visit

In April, we held the Board, Remuneration and Nomination Committee Meetings in Uldum, Denmark. This was the Board's first site visit since the pandemic. Denmark was chosen as the warehouse expansion, which the Board had approved in the 2021 financial year, had been completed (see 2021 Annual Report). This was the first phase of the proposed seven step plan to the warehouse expansion plan and included the building of a new warehouse with an underground cold storage facility. The underground cold storage facility has replaced six refrigerated containers and external facilities. In addition, the capital expenditure of €7.0 million has delivered 1,200 sustainable cold storage pallet spaces in the basement and 6,600 ambient pallet spaces on the ground floor, providing a strategic and cost effective solution to meet our expected storage requirements for five to seven years.

On day one of the visit, the Designated Non-Executive Director for Employee Engagement and the Remuneration Committee Chair met with a group of employees from various departments. This provided the Board an opportunity not only to hear the views of the employees but also to experience the Culture of the organisation. On day two, the Board were taken on a site tour of the new warehouse facility by the EU Logistics Director and the Logistics Manager. This was followed by the opening of the facility by the spouse of the founder of the original business and the local mayor. All employees of the facility were present, which gave the Board further opportunity to engage with the employees.



Case Study:

Global Team Meeting

A Global Team Meeting was held in Knutsford, UK, at which 100 delegates from across the Group attended the three day event, 11 to 13 July 2022. Delegates came from as far afield as Australia and Brazil and represented each of our divisions (Corporate, Product Development, Regulatory Affairs, Manufacturing, DVP EU, DVP NA and DVP International). This provided the delegates an opportunity to share ideas and attend a number of presentations and workshops, which covered subjects such as market developments, sustainability, branding, regulatory and manufacturing updates.

The Board welcomed the opportunity to meet a number of colleagues from Dechra's businesses around the world. The restrictions set by COVID-19 have hampered the Board's ability to meet our people in their own markets; so to be able to meet both formally and informally was extremely rewarding.

Presentations in the Board meeting itself from the North America, International and Product Development teams gave the Board insight to the markets, the competitors and the priorities for the Dechra teams. It afforded the Board the opportunity to learn more and to gain insight into the challenges and opportunities in each area. Having all the team in the room to listen and comment on each other's data was hugely valuable and allowed them to gain an understanding of the unique characteristics at play in the various markets in which we trade.

Supplementing this were two opportunities over evening functions to meet and talk with colleagues in a much more informal setting. The Board were struck by the positive energy and commitment articulated consistently by Dechra people, whether long standing or new to the organisation. It is evident that the Culture at Dechra is a major asset in attracting and retaining high quality professionals and people spoke openly of the empowerment they feel, the ability to operate at pace that this affords and the support they feel from the Group.



Board Leadership and Company Purpose

Key Stakeholders

The Board is responsible, under section 172 of the Companies Act 2006, for promoting the long term success of the Company for the benefit of its shareholders, having regard to its stakeholders.

As disclosed above, our Delegation of Authority Policy outlines who is authorised to make decisions and financial commitments throughout the Group. This also supports our entrepreneurial nature and agile approach. Therefore, a lot of decisions relating to the business and stakeholder engagement are carried out below Board level. However, all material decisions are discussed and approved by the Board and the following provides an outline of some of the matters that the Board considered and engaged with our stakeholders on. The supporting Board papers for these decisions require an assessment on how the key stakeholders are impacted by the proposal. Further details on how the Board and the Group considers key stakeholders can be found on pages 52 to 63.

Shareholders

Principles:

The Board's principal role is to promote the long term success of the Company for the benefit of its shareholders.

How the Board Engages:

Direct:

- The Chair and Senior Independent Director are available to meet shareholders upon request, and all Directors normally meet shareholders at the Annual General Meetings
- The Chair and Senior Independent Director met an analyst group
- The Chair has engaged with institutional shareholders regarding the diversity of the Board
- Where material changes in respect of remuneration or governance are proposed, the Board seeks to consult with its major shareholders before implementing such changes. Post year end, the Remuneration Chair wrote to our major shareholders (approximately 68.8%) with regard to the proposed changes to the Executive bonus percentage and the Chair salary increase, both of which were in line with the Remuneration Policy
- A rolling programme of meetings between institutional shareholders and the Chief Executive Officer and Chief Financial Officer has been running throughout the year (a summary of the main events is on page 62). These meetings seek to foster a mutual understanding of both the Company's and shareholders' objectives

Indirect:

- The Board reviewed and considered feedback, collated by the Company's brokers, after investor roadshows
- Board approval is required for significant announcements
- The Stockbrokers and Financial Advisers attended the January meeting to update the Board on the market and a July 2022 meeting to advise the Board in relation to funding considerations

Influencing Decisions:

- During the year, we have discussed the financing of potential acquisitions and in particular the likely views of shareholders on the acquisition of Piedmont Animal Health, Inc., which increases the research and development spend of the Group. With regards to the financing of Piedmont, we discussed the quantum of the equity placing in light of shareholder views and market conditions

Employees

Principles:

The Board believes that the Group's employees are its greatest asset. Our ongoing objective is to continue to be a high performing business driven by highly skilled and committed teams. A key element of our People Plan is that we want Dechra to be a great and safe place to work.

How the Board Engages:

Direct:

- Site Visit to Uldum, Denmark (see case study on page 94)
- Dinners with Senior Executive Team (SET) in the UK and senior leaders in Denmark
- Chair visited the offices at Sansaw and Northwich and the manufacturing site at Skipton where she attended the senior leaders meeting
- Lisa Bright, the Non-Executive Director designated for employee engagement, attended seven meetings (see Employee Engagement Update)
- 25th Anniversary/Global Team Meeting, which was attended by 100 employees from across the Globe, representing all divisions

Indirect:

- The Group HR Director provided an update to the Board in April 2022 on the Future Facing Leaders programme
- The Board met formally with the SET for business updates
- Twice a year a comprehensive Health and Safety Report is provided to the Board for its review
- Global SAYE was launched in September 2021 with a participation rate of 38.4%
- Lisa Bright, the Non-Executive Director designated for employee engagement, provided three reports to the Board

Influencing Decisions:

- Remuneration payouts for Executive Directors, pension contributions and to be a living wage employer
- Capital investments such as DPM&S ERP system which will require additional employees to resource the project (see case study on page 99)
- Approval of the Global SAYE scheme to increase employee ownership

Customers

Principles:

To innovate, develop, register, manufacture, supply and market high quality products to the veterinary profession worldwide. We provide high levels of service, technical support and educational training to develop a strong relationship with, and be recognised as an important partner to, veterinarians.

How the Board Engages:

Direct:

- Meet UK wholesaler and EU Buying Group at Strategy Day

Indirect:

- Each of the SET members for DVP EU, NA, and International has provided in-depth presentations on their markets, customer requirements and customer consolidation. DVP EU presented a summary of the customer insights research
- Approval of licensing arrangements, which will bring new technologies and products into our pipeline and product portfolios
- The Board reviews the Product Development Pipeline twice a year and the Business Development pipeline at every meeting
- The Board discussed the various initiatives taken by manufacturing to enable products to be delivered more quickly to the market from the product development pipeline
- Two Quality updates were provided, which covered both the internal and external sites
- Feedback on our customer interactions was provided by the Non-Executive Director Designated for Employee Engagement following meetings held with sales representatives and leaders

Influencing Decisions:

- Executive Directors approved the Manufacturing budget, which included additional people resource in Manufacturing and in particular in Quality to enable products to be released in a timely manner
- DPM&S ERP system will improve planning and supply reducing risk around product delivery and reducing the likelihood of delays and backorders

Board Leadership and Company Purpose

Suppliers

Principles:

The Company is committed to acting responsibly and with integrity, respecting the laws and regulations of the countries in which it operates. It expects its suppliers to trade with honesty and integrity.

How the Board Engages:

Direct:

- The Board reviewed and approved the Modern Slavery Statement and Human Rights Policy
- The Audit Committee receives updates on the Anti-Bribery and Anti-Corruption (ABC) risk assessments of third parties, and reviews and approves the ABC policy and Third Party Code of Conduct

Indirect:

- The Group Manufacturing and Supply Director presented to the Board and this included a discussion on the Contract Manufacturing Organisation strategy
- The Board has discussed, as part of the budget approval process, the rising cost of raw materials and energy as well as the Group's strategy with regards to alternative sources of energy

Influencing Decisions:

- The Board approved a CMO contract for the manufacture, testing, release and supply of approximately 80 products, which would maintain the supply of products to customers; maintain one of the key partner relationships by providing clear contract terms; and guarantee supply from a key supply partner to drive the profitability of the business going forward

Community

Principles:

The Board encourages the business units to contribute to the social and economic welfare of the local communities in which they operate. It recognises that by taking voluntary action in this area it is helping to protect and develop its own business.

How the Board Engages:

Direct:

- Executive Directors attend community days

Indirect:

- The Chief Financial Officer provided an update of the progress of the ESG Committee in implementing the Sustainability strategy, including the various working groups, the setting of targets and the approach taken with regards to the recommendations of the Task Force on Climate-related Financial Disclosures
- The Board is informed of the Group donations made to local communities and these are made subject to our Group Donations and ABC policies
- The Group Sustainability Director provide an update of the progress of the Sustainability strategy at the Strategy day

Influencing Decisions:

- The Board supported the Science Based Target initiative application

Principal Decisions

DPM&S ERP System



Background

In December 2021, the Board was asked to consider the implementation of a fit for purpose ERP system for DPM&S, as there were various ERP systems across the organisation, which were not harmonised and were receiving different levels of support. The capital implementation costs were expected to be £21.2 million, which under the delegation of authority and schedule of matters required Board approval.

Stakeholder Considerations

In consideration of section 172 duties it was noted that the project was in line with the strategic drivers and enablers and:

- it would provide an information source which will enable easier collaboration for complex processes across DPM&S with a repository of information in one system. This will ultimately increase employee productivity and job satisfaction. Training would be provided to all employees who would be system users, which would require a time commitment from the employees;
- the approach would allow better visibility and management of suppliers globally, and processes such as invoice payment and billing would be made more efficient;
- the improvements in planning, supply and manufacturing processes would enable
 - products to reach the customer more quickly and consistently. The improvement in planning and supply systems would mean reduced risks around product delivery and a reduction in the likelihood of significant delays and back orders. In the longer term, more efficient and effective planning, supply and manufacturing systems would increase the consistency of supply and reduce the overall cost of supply;
 - faster and more consistent supply with reduced quality events and lower cost; this would enhance shareholder value through greater financial efficiency and a better reputation within the markets in which we operate. The new system would also support future acquisition and growth, providing a Dechra platform and regulatory and quality framework (system and business processes) to integrate new products and entities. This would further enhance shareholder value; and
- although no major impact was expected on the Community, the reduction on the reliance on paper based systems (and associated storage) would help further the sustainability agenda.

Outcome

The Board approved the chosen ERP solution for DPM&S, the recruitment of resource to the project delivery team (critical path constraint) including the backfilling of any substantive roles; and that the governance and oversight of the project be delegated to the Steering Committee who would provide periodic progress updates to the Board.

The Board agreed that the ERP solution would facilitate the delivery of DPM&S strategic objectives, and it would also underpin the strategy to support growth by facilitating previous and future acquisitions (products and entities), which are, and can be, integrated into a harmonised system with common and consistent processes by using a common operating platform. The adoption of one core business application across all DPM&S sites will harmonise and significantly improve existing business processes, facilitate faster and more effective time to market for new products and market extensions. It will allow the collection, interrogation and reporting of key performance data, which will increase regulatory compliance, reduce supply risk, identify key business trends and facilitate cost reduction through having a common, consistent and real time data source. It also allows the adoption of a cloud approach, which will future proof this major and critical investment for the Group.

Board Leadership and Company Purpose

Case Study:

Principal Decisions

Acquisition of Piedmont Animal Health, Inc

 Customers  People  Shareholders

Background

Originally, the Group were in negotiations to acquire the global rights to a novel new injectable indicated for cats for treatment of upper respiratory infections. Further analysis and engagement with the sellers highlighted the attractiveness of the wider opportunity to acquire the remaining product portfolio of Piedmont Animal Health, Inc (Piedmont). In April 2022, the Board was asked to consider a non-binding offer for Piedmont, which was in line with the Pipeline Delivery strategic driver.

Stakeholder Considerations

In considering section 172 duties the Board noted:

- the increasing challenges in recruiting highly experienced development and regulatory staff. The acquisition would bring a new team of people whose main priority would be to focus on the Piedmont projects and add strength and expertise throughout the Group;

- the novel pipeline is complementary to Dechra's existing CAP portfolio, providing the opportunity to strengthen significantly Dechra's presence in key therapeutic areas of dermatology, pain management and anti-infectives, which will assist with retaining Dechra's margin profile; and
- the provision of specialist novel products is the basis for Dechra's strong relationship with veterinarians, which in turn allows us to sell branded generic products.

Outcome

The Board approved the non-binding offer and the subsequent acquisition. The acquisition of Piedmont for \$210 million (£175 million) completed post year end on 25 July 2022. Integration commenced in August 2022, and updates will be provided to the Board in the 2023 financial year.

Case Study:

Principal Decisions

Equity Placing

 Shareholders

In June 2022, we reviewed the funding considerations in relation to the acquisition of Piedmont and the future acquisition pipeline. Over the course of four meetings, and after reviewing a number of financing options, we agreed that a placing and a retail offer (together the Capital Raise) would provide balance sheet flexibility to fund the acquisition of Piedmont and execute on an active acquisition pipeline thereafter. Our brokers, Investec Bank plc, attended two of the meetings to provide advice on market and other funding considerations.

Stakeholder Considerations

In considering our S172 duties, the Board noted that the Capital Raise would:

- allow the Group to have the necessary funds for the acquisition of Piedmont and other potential acquisitions which are in line with the Group's strategy of Pipeline Delivery, Portfolio Focus and Acquisition as well as the Manufacturing Enabler; and

- at the same time enable the Company to maintain the previously communicated strategy of maintaining leverage below 2 times, or for the right acquisition 2.5 times, as long as the Company was able to return leverage to below 2 within a 12 month reporting period.

It was agreed to provide a retail offer to enable non-institutional investors to participate in the Capital Raise.

Outcome

Post year end, the Group raised gross proceeds of approximately £184 million through a non-pre-emptive placing of 5,247,813 new ordinary shares and issue of 116,870 new ordinary shares via a retail offer, which together represents approximately 4.9% of the existing issued share capital.

Employee Engagement Update

Lisa Bright



Areas of Focus

- Focused discussion on specific areas identified through the Great Place to Work (GPTW) employee survey, in particular wellbeing and ESG
- Broadening engagement
- Resuming scheduled site visits in addition to remote discussions

Meetings with Employees

- Great Places to Work Discussion groups: Remote attendance at four sessions in Skipton (UK), Fort Worth (US) and Bladel (Netherlands)
- Logistics: In person meeting with representatives at our Uldum site (Denmark)
- Europe: In person attendance at the European Senior Leadership meeting over two days
- International: Remote discussion with members of International team
- Monthly discussions with the Group HSE Director and Group HR Director

Our Approach

At the beginning of the year, the Board agreed priority areas of focus for employee engagement. We incorporated the governance of the Designated NED activities into the Nomination Committee as well as providing a summary to the broader Board. The excellent feedback from the GPTW provided us with a great platform to engage with employees as they worked through the feedback and agreed priority actions at a local level. The ability to resume in person visits has provided an opportunity to attend larger events as well as combine Board meetings with broader site visits.

Key Themes and Highlights:

- As reflected in the result of the GPTW survey, staff engagement and morale generally remain high, with only a few areas of concern where management has prioritised action
- Gratitude for colleagues, especially those in manufacturing and distribution, who enabled continuity of supply during lockdown under difficult circumstances
- Establishing a new normal in terms of working practices with the reopening of offices and access to our customers, whilst retaining the benefits and innovative practices that remote working created. In particular, supporting leaders to be mindful of colleagues' wellbeing and adapting the ways we work to be more customer centric
- Increasing communication internally as Dechra grows in scale and complexity to maintain our culture and values
- A strong commitment to our ESG plans

Plans for 2022/2023 Financial Year

- Expanding in person and remote conversations with delegates across functions and geographies
- Confirming actions arising from the GPTW survey have been delivered by management
- Creating further opportunities for employee development
- GPTW survey scheduled for March 2023
- Attend Future Facing Leaders course

Board Leadership and Company Purpose

Workforce Policies and Practices

The Board or the relevant Committee reviews all key policies/handbooks on an annual basis, these include the Code of Conduct, Dignity at Work Policy, Health and Safety Policy, Travel and Entertainment Policy and How to Raise a Concern Procedure. These reviews concluded that all policies/handbooks were operating effectively.

Our internal Code of Conduct includes a set of simple one page policy documents, which are summaries of the main Group policies. A Code of Conduct e-learning course has been developed and was rolled out in English at the end of June 2021, and was translated into eight languages rolled out globally in January 2022. It is a global mandatory course completed on an annual basis.

The Dechra Health, Safety and Wellbeing (HSW) Committee remit is to reinforce our culture of zero harm across the entire business, which involves employees being engaged in the design and ownership of health, safety and wellbeing programmes and providing them with the confidence to challenge unsafe behaviours.

The HSW Committee has continued to develop the wellbeing strategy, THRIVE, which provides centralised guidance with local deployment with:

- foundation elements of the wellbeing programme being mandatory and non-negotiable;
- employee driven by local country requirement or market driven expectation; and
- optional elements driven by population at facility.

Further details of which can be found on page 58.

The wellbeing programme is particularly important, as following the results of the Great Place to Work survey, one of the two key areas of focus Group-wide is wellbeing. With this in mind, we have provided a subscription to all employees to a third party app to support Emotional Wellbeing, and developed an online training module aimed at Line Managers to help them identify issues relating to wellbeing and signpost employees to the right place for support. Regular communications around employee wellbeing have been posted to the Group's intranet and our confidential Employee Assistance Programme has remained available to all.

How to Raise a Concern

The Board is committed to the highest possible standards of openness, integrity and accountability and encourages any individual who has genuine concerns about any form of malpractice, including any breaches of the Values, within Dechra (or in relation to its business) to raise those concerns at an early stage via its How to Raise a Concern procedure.

In December, the Board approved the amended How To Raise a Concern procedure which had been updated in light of the changes to the EU Directive on Whistleblowing. Dechra has adopted the changes proposed by the Directive due to the number of its operations that are within the EU. In addition, the Board approved the launch of a third party confidential hot line, which went live globally in April 2022, and is available to both employees and Dechra's third parties. Reports can be submitted through an online portal, which is available in 46 languages, or via a hotline, which is manned twenty-four hours a day and is supported in 170 languages. All reports are treated with utmost confidentiality by independent staff, who will summarise the content of the call or online report and pass it to the Company Secretary, the Group HR Director and the Head of Internal Audit and Assurance for investigation.

This now means that we offer five reporting channels for concerns to be raised: Line Manager; the Senior Management Team; Group Management Team; a mailbox accessed only by the Company Secretary; and a confidential hot line. Every effort is made to protect confidentiality to encourage reporting. We fully investigate reports and take appropriate actions to address these. A summary of any reported concerns is provided to the Board.

Constructive use of the Annual General Meeting

The 2021 Annual General Meeting was held at offices of the Company in Northwich. In addition, we offered a live webcast to enable shareholders to watch the Meeting virtually, subject to prior registration. Shareholders were provided with the opportunity to submit questions in advance of the meeting with the view that the Board would respond to those questions via the website or at the Meeting. No questions were submitted and no shareholders used the online facility.

All members of the Board are scheduled to attend the Annual General Meeting (the Meeting) and the Chairs of the Audit, Remuneration and Nomination Committees will be available to answer shareholders' questions at the Meeting.

The Notice of the Meeting is dispatched to shareholders at least 20 working days before the Meeting. The information sent to shareholders includes a summary of the business to be covered, with a separate resolution prepared for each substantive matter. When a vote is taken on a show of hands, the level of proxies received for and against the resolution and any abstentions are disclosed at the Meeting. The results of votes lodged for and against each resolution are announced to the London Stock Exchange and displayed on the Company's website.

Conflicts of Interest and External Board Appointments

Under the Companies Act 2006 (the Act), all Directors have a duty to avoid a situation in which they have, or could have, a direct or indirect conflict of interest with the Company. As permitted under the Act, the Articles of Association of the Company enable the Directors to consider and, if appropriate, authorise any actual or potential conflict of interest which could arise.

The Board has established procedures for the disclosure by Directors of any such conflicts, and also for the consideration and authorisation of these conflicts. Directors are required to submit any actual or potential conflicts of interest they may have with the Company to the Board. The non-conflicted Directors are able to impose limits or conditions when giving or reviewing authorisation. The Board reviews the Conflicts of Interest register annually and on an adhoc basis when necessary. Any potential conflicts of interest are considered by the Board prior to the appointment of new Directors. During the financial year under review, no actual conflicts have arisen.

None of the Executive Directors have external Board appointments.

Alison Platt

Non-Executive Chair
5 September 2022