

Composition, Succession and Evaluation

Letter from the Nomination Committee Chair



5


Nomination Committee Meetings Held

Areas of Focus This Year

- Diversity
- Board appointments and succession planning
- SET succession planning and leadership needs of the Group

Key Responsibilities

- To oversee the development of a diverse pipeline and to satisfy itself that plans are in place for orderly succession
- To recommend appointments to the Board
- To review the results of the performance evaluation of the Board, its individual members and its Committees

 Read more about Our Committee Membership and Attendance on page 87

Dear Shareholder

On behalf of the Board, I am pleased to present this year's Nomination Committee (the Committee) report.

Succession Planning

There have been a number of Board changes in the 2022 financial year. In September 2021, the Company announced that Tony Rice wished to retire from the Board. Following a comprehensive search process, I was pleased to be appointed as Chair with effect from 1 January 2022. Tony retired on 31 December 2021.

Denise Goode decided to tender her resignation, in November 2021, and Julian Heslop resumed the role of Audit Committee Chair whilst a successor was appointed. John Shipsey was appointed as a Non-Executive Director on 1 June 2022. He brings a wealth of financial and commercial experience to the business and will replace Julian Heslop as Audit Committee Chair on 5 September, at which point Julian will retire from the Board.

The Remuneration Committee Chair (previously the Senior Independent Non-Executive Director), Ishbel Macpherson, will be retiring in the 2023 financial year. The commencement of the recruitment process for a new Remuneration Committee Chair was delayed as the Committee's first priority this year was to find a replacement Audit Committee Chair.

There have also been a number of changes in the Senior Executive Team (SET), which included the retirement of Susan Longhofer as Chief Scientific Officer on 31 December 2021. Her replacement, Patrick Meeus, commenced employment with Dechra on 1 July 2022.

Diversity

Dechra is committed to building high performing diverse teams at all levels in the organisation. As a Board our focus is to further our diversity through the planned succession process and we will work hard to broaden the Board's make up further over the coming year. To assist us in this, as stated in our 2021 Annual Report, we have worked with an external recruitment company to identify future potential candidates from a wide range of backgrounds, cultures, and experience. This has always been our plan and prior to our recent elevation into the FTSE 100 (December 2021) we were on track to meet and indeed exceed

Composition, Succession and Evaluation

the target and deadline of 2024 (the Parker Review target date for FTSE 250 companies). Cognisant of the Parker Review requirements and the new listing requirements regarding diversity targets, the Committee has retained Audeliss, an executive search firm for diverse talent, to assist with the recruitment of a Remuneration Chair.

Composition

The Committee believes that the Board continues to have the appropriate skills, knowledge and experience to oversee the effective delivery of our strategy. The Committee also believes that the Group has an experienced SET to lead the development and implementation of this strategy.

Internal Evaluation

During the financial year, I have led the annual Board evaluation, which was an internal evaluation, with the support of the Company Secretary and Senior Independent Director as appropriate, the details of which can be found on pages 115 and 116 of this report.

The following report provides an overview of the work carried out during the year under review.

Should you have any questions in relation to this report or the Committee, please contact me or the Company Secretary.

Alison Platt

Non-Executive Chair
5 September 2022

Purpose

The purpose of the Committee is to lead the appointment process, satisfy itself that plans are in place for orderly succession for appointments to the Board and Senior Management, and oversee the development of a diverse pipeline for succession.

Membership, Meetings and Attendance

The membership of the Committee, together with appointment dates and attendance at meetings during the year, is set out in Governance at a Glance. John Shipsey joined the Committee on his appointment to the Board in June 2022, and Denise Goode resigned from the Committee on her resignation from the Board on 30 November 2021. Tony Rice resigned from the Committee on his retirement from the Board on 31 December 2021. Alison Platt was appointed Chair of the Committee on 1 January 2022 on her appointment as Chair of the Company; following this appointment, on 1 March 2022, Lawson Macartney was appointed the Senior Independent Director.

All Committee members are Non-Executive Directors, and are deemed to be independent. Other attendees at the meetings include the Chief Executive Officer, the Group HR Director and the Company Secretary (who acts as secretary to the Committee).

The Chair does not chair the Committee meeting if it is dealing with the appointment of her successor. The Senior Independent Director, Lawson Macartney, takes the chair when required.

Effectiveness of the Committee

The Committee's performance was evaluated as part of the 2022 Board and Committee internal evaluation (further details of which are provided on page 115 of the Governance Report). The findings of the internal evaluation were presented to the Committee for discussion at the April and the July 2022 meetings. The Committee considered the results and it was agreed that the Committee remained effective and was covering all areas within its remit. However, it was acknowledged that more time should be allocated to enable enough focus and time to be given to agenda items and for regular discussions between Non-Executive Directors and the Chief Executive Office to be held to discuss the SET's development. In relation to concerns raised, the Nomination Committee's meetings have been rescheduled so that they are the first meeting of the day, and the Chief Executive Officer has attended one meeting with Non-Executive Directors to discuss the development of the SET.

Role and Responsibilities

The role and responsibilities of the Committee are set out in the written terms of reference, which are available on the Company's website at www.dechra.com. The Committee's terms of reference are reviewed on an annual basis. During the 2022 financial year, this took place at the February meeting, and the terms of reference were updated to cover the fact that the Designated Non-Executive Director for Employee Engagement would report into the Nomination Committee, as well as the Board, going forward. It was noted that there was a technical non-compliance with the terms of reference as both Julian Heslop and Ishbel Macpherson had exceeded the nine year tenure limit in January and February 2022, respectively. The Board concluded both remained independent due to the fact that Julian had in-depth financial expertise and had consistently shown independent judgement, and Ishbel's knowledge and understanding of City matters gained over 20 years' experience as an investment banker and subsequent other board experience provided an independent view on the Board discussions on financing and the financial risks of acquisitions. An overview of the terms of reference is detailed on pages 104 and 107 of the Governance Report.

The Committee provides a report to the Board on its activities at the Board's next scheduled meeting.

Major Activities of the Committee during the Year

The Committee met five times since the last Annual Report was issued, three of these meetings were scheduled and two were ad hoc and dealt with the nomination of a Non-Executive Director. The Committee Chair and the Company Secretary have developed an annual programme of business. This allows the Committee to consider standing items of business alongside any exceptional matters that may arise during the course of the year.

The table below shows the other key areas of the Committee activities:

Purpose and Function (see page 108)	<ul style="list-style-type: none"> Review of the Committee's terms of reference Review of the effectiveness of the Committee
Composition (see pages 109 to 113)	<ul style="list-style-type: none"> Review of Board skills, knowledge and experience Recruitment of Non-Executive Director Appointment of Chair
Succession (see pages 113 and 114)	<ul style="list-style-type: none"> Consideration of Non-Executive Directors' tenure Review of SET succession plans and leadership needs
Evaluation (see pages 114 and 115)	<ul style="list-style-type: none"> Review of composition of the Board Review of Director effectiveness
Diversity and Inclusion (see pages 112 and 113)	<ul style="list-style-type: none"> Review and approval of the Diversity Policy Review of the Dignity at Work Policy

Composition

The Board seeks to ensure that both the Board and the Committees have an appropriate composition to manage their duties succession issues effectively. It supports diversity in its broadest sense and considers it an essential driver of Board effectiveness. The Board recognises it is important that its composition is sufficiently diverse and reflects a wide range of knowledge, skills and experience. The Committee reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least once a year and, usually at the June meeting, which this year was postponed to July to tie in with our 25th Anniversary Celebration and Global Team Meeting. Both the Audit Committee and Remuneration Committee undertake an annual review of their composition, and any concerns would be reported to the Board.

Following the review of the Board, the Committee concluded that the Board had a combination of skills, experience and knowledge as illustrated in the diagram on this page. The Non-Executive Directors have relevant and complementary expertise, including industry and listed company experience, international markets, finance, corporate finance, pharmaceuticals, sales and marketing. Lawson Macartney is a veterinarian by training with a pharmaceuticals background, which allows him to give excellent insight into the customer base and the products. The Executive Directors are highly regarded for their contribution to the Board, insights into the business, and their high level of transparency and openness.

The Committee concluded that the Board is deemed to be of an appropriate size, and any increase in size is temporary to allow for effective succession, and for the wealth of knowledge and experience of the outgoing Non-Executive Directors to be shared with the new Non-Executive Directors. The internal evaluation found that the Non-Executive Directors continue to provide an excellent range of relevant and complementary skills.

Board Skills, Knowledge and Experience



Training

Regular briefings are provided to the Directors, which cover a number of legal and regulatory changes and developments relevant to each Director's area of responsibility. In addition, the Company Secretary informs the Directors of any external training courses which may be of relevance, and all Directors are encouraged to raise any training needs with the Company Secretary. The Remuneration Committee has been provided with updates from Deloitte LLP. In addition, all new Directors are encouraged to enrol on the Deloitte Academy, which provides a wide-ranging programme of technical briefings and education.

Paul Sandland completed the Wavelength Connect programme, which focuses on the future of businesses, in the 2022 financial year. This programme allowed Paul to meet and interact with a wide range of leaders from other successful innovative companies with the opportunity to share experiences and learnings from them.

Each Director is entitled, upon request, to receive information to enable them to make informed judgements in order to discharge their duties adequately. In addition, all Directors have access to the advice and services of the Company Secretary and senior managers, and may take independent professional advice at the Company's expense in connection with their duties.

Composition, Succession and Evaluation

In order to assist the Board in maintaining its knowledge and familiarity with the Group's operations, at least one Board meeting per year is held at one of the Group's operational sites. Following two years of COVID-19's restrictions on travel, the Board were able to resume this practice and visited the logistics centre in Uldum, Demark. Prior to the Board meeting, the Designated Director for Employee Engagement and the Remuneration Committee Chair met with a group of employees from this site (further details can be found on page 94). During the visit the Board had a tour around the new warehouse, which the Board had approved in September 2020, and met employees at the opening ceremony as well as attending a dinner with the senior management team.

Board Appointments

The Board understands the importance of balance and refreshment in terms of its composition and keeps these matters under review.

As part of the Committee's overall succession discussions, it was agreed to identify potential successors for the role of the Chair of the Company, and a horizon scan was undertaken for potential candidates should the Chair of the Company decide to retire. As part of this exercise, the recruitment consultant, Heidrick & Struggles interviewed Alison Platt and provided feedback to the Committee on her suitability as a potential candidate. The Committee agreed that although Alison had been identified as an excellent candidate, further candidates would be identified when the Chair notified the Board that he wished to retire. Following the announcement on 6 September 2021 that the Chair wished to retire, the Committee commenced a recruitment process and a shortlist, which included Alison Platt, was approved by the Committee for the interview

process. The Committee was pleased to recommend to the Board that Alison Platt be appointed as Chair of the Company.

Following the resignation of Denise Goode, the Committee commenced the recruitment of an additional Non-Executive Director who would both further strengthen the Board and also have the relevant experience required for the role of an Audit Committee Chair. An independent recruitment consultancy, Odgers Berndston (Odgers), was retained. Odgers was provided with a role description, detailing the skills (both cognitive and personal strengths) and experience required for the role of Audit Committee Chair. The Committee, in drafting the role description, took into account the challenges and opportunities facing the Group and what skills and expertise were needed. In particular, it was determined that the individual should have relevant financial experience in an international company. In addition, they were required to have a broad business experience and be a good fit with the culture and values of the Company. The search produced two outstanding potential candidates who went through the full scrutiny process. We were pleased that John Shipsey was appointed to the Board on 1 June 2022.

The Committee recommended the appointment of John due to his wealth of financial and commercial experience in the business following his recent tenure as Chief Financial Officer at FTSE100 Smiths Group PLC and a number of senior finance and strategy roles over 20 years.

Odgers was previously retained in 2020 in relation to the recruitment of the DVP EU Finance Director, and Heidrick & Struggles was previously retained in 2019 in relation to the recruitment of the Group Financial Controller. Neither recruitment consultants have any other connections with the Company or individual Directors.

Audit Committee Chair Appointment Process

<p>1 Nomination Committee</p>	<p>6 Interview</p>
<p>One of the criteria was that the candidates should have financial experience in an international company, as well as broad business experience and be a good fit with the culture of the Company.</p>	<p>The first interviews were with the Chair and Senior Independent Director. The shortlist was then reduced to three candidates who were interviewed by the Chief Executive Officer, the Group HR Director and the Chief Financial Officer. Further interviews were held with the Audit Committee Chair, and successful interviewees met with the remaining Non-Executive Directors, and Company Secretary prior to appointment.</p> <p>John's other appointments were considered to check there was no conflict of interest or time. References were taken.</p>
<p>2 Engage</p> <p>Odgers was appointed.</p>	<p>7 Appoint</p>
<p>3 Meet</p> <p>To assist Odgers with the understanding of the requirements of the role, they met with the Chair and the Senior Independent Director.</p>	<p>John Shipsey was appointed to the Board on 1 June 2022.</p> <p>Further details relating to his background and experience can be found on page 89.</p>
<p>4 Consider</p> <p>The long list of candidates (14) was circulated to the Committee for comments before a short list of seven was agreed.</p>	<p>8 Induct</p>
<p>5 Select</p> <p>All of the candidates had a broad range of experience from a wide range of different backgrounds including executives in blue chip FTSE organisations, partners in consulting firms and a number of candidates with an established portfolio career.</p>	<p>Please refer to the process on page 111.</p>

Induction

All newly appointed Directors are provided with comprehensive documentation in relation to the remit and obligations of the role, current areas under consideration for the Board and the latest equity research reports. New Directors visit the various business units in order to allow them to meet with the management teams and to be shown around the operations. During the initial couple of months, we scheduled a number of meetings for John with members of the Senior Executive Team and the Head of Internal Audit as well as meeting a significant number of employees at the Global Team Meeting. He will also attend the next scheduled Group Finance Lead Team meeting. In addition, John has met with the Audit Committee Chair and the Lead Audit Engagement Partner. Deloitte LLP has provided an introduction to UK executive remuneration and governance to John.

In the Autumn we will continue with step two and commence steps three and four of our induction process as described below.

Induction Process

1 Understanding the Business

Key documentation is provided such as a schedule of Board and Committee dates, Schedule of Matters and Delegation of Authority, Programmes of Business, Articles of Association, and Group Policies and Procedures.

2 Meeting the Management Team

Meet the SET informally and formally.
Meet key management at Head Office and leadership teams at the main sites.

3 Director and Committee Responsibilities

Receive induction/training on Director and Committee responsibilities (if applicable).
Market Abuse Regulations online training course.

4 Visit the Business

Visit a key site for each function (PDRA, Manufacturing, Sales and Marketing, and Head Office).

Case Study:

Alison Platt: Transition from Non-Executive Director to Chair

It was my great privilege to join the Dechra Board in March 2020 and commence the process of learning and induction, albeit through the pandemic. Like many businesses, COVID-19 and its impacts provided a test of not only the strength of the demand for Dechra's products but also the resilience of its processes, systems and Values, which underpin the organisation. Throughout that period, the Board continued to support Ian and his team in leading through significant uncertainty. The decisions taken were a testament to the integrity of the espoused Values of the business at all levels, with no use of government funds, no enforced redundancy and no colleagues furloughed. Our manufacturing operations continued with colleagues covering for those forced to isolate and our ability to supply our customers went uninterrupted.

The value of continuity at Board level was evident throughout and the collegiate approach taken enabled strong and swift decision making in support of the management team. Dechra's strong track record of growth has depended on swift and efficient decision making supported by an open and inclusive approach in the boardroom. The culture is straightforward and relies on a shared intent, to do the right thing by all our stakeholders. It was against that backdrop that, just ahead of my second anniversary, I was delighted to be appointed to the role of Chair.

The selection process was both rigorous and robust, conducted independently and led by the Nomination Committee, chaired by the Senior Independent Non-Executive Director, and took just over three months to conclude. It afforded me the opportunity to think about the key tasks for the role over the next five years, the critical characteristics to hold on to and those areas we might consider developing. Since taking up the position, I have thoroughly enjoyed building a partnership with Ian as Chief Executive Officer and further strengthening my knowledge and experience inside the business. Facing into succession driven changes at Board level has also been important and I have been delighted by our ability to attract really high calibre candidates to join the Board. Equally important is to hold onto the open, professional and collaborative approach the Non-Executive Directors have to bringing positive challenge to Ian and the team. Despite being early days, I am confident we are continuing in the high standard set by my predecessors in that regard.

I look forward to continuing my development and, as travel routes open up again, taking the opportunity to meet colleagues in Dechra's other markets around the world.

Composition, Succession and Evaluation

Diversity and Inclusion

The Committee reviews the policy on diversity and its implementation every year and, during 2022 this review took place in July. The policy was expanded to cover Board Committees; and factors such as ethnicity, sexual orientation, disability and socioeconomic background, as well as age, gender, education and professional background. The Group recognises that diversity of thinking and skills and an inclusive culture is beneficial for the Dechra business, its processes, and its performance. Our objective is to continue to be a high performing business driven by highly skilled and committed teams. In the market in which we compete, we believe that the diversity of our workforce contributes significantly to developing strong relationships with veterinarians, a substantial and growing proportion of whom are women, in the many markets and cultures in which we trade.

As a Board our focus is to further our diversity through the planned succession process and we will work hard to broaden the Board's make up further over the coming year. To assist us in this, we have worked with an external recruitment company to identify future potential candidates from a wide range of backgrounds, cultures, and experience. This has always been our plan and prior to our recent elevation into the FTSE 100 (December 2021) we were on track to meet, and indeed exceed the target and deadline of 2024 (the Parker Review target date for FTSE 250 companies). Our progress towards a more diverse Board is detailed under Board Succession Planning.

We are also working hard to ensure diversity is not solely a Board issue. Led by our Group HR Director, we are working hard and investing in developing and growing talent across all our communities worldwide. As a global company with operations in 26 countries, we recognise that a rich and diverse employee base is key to our continued success.

We are committed to providing an inclusive culture at Dechra and in the last 12 months have rolled out two core modules that are included in all our Company management development programmes: Diversity, Equity, and Inclusion in Dechra and OneDechra; and an exploration of our Company Culture and Values and what they mean to our people.

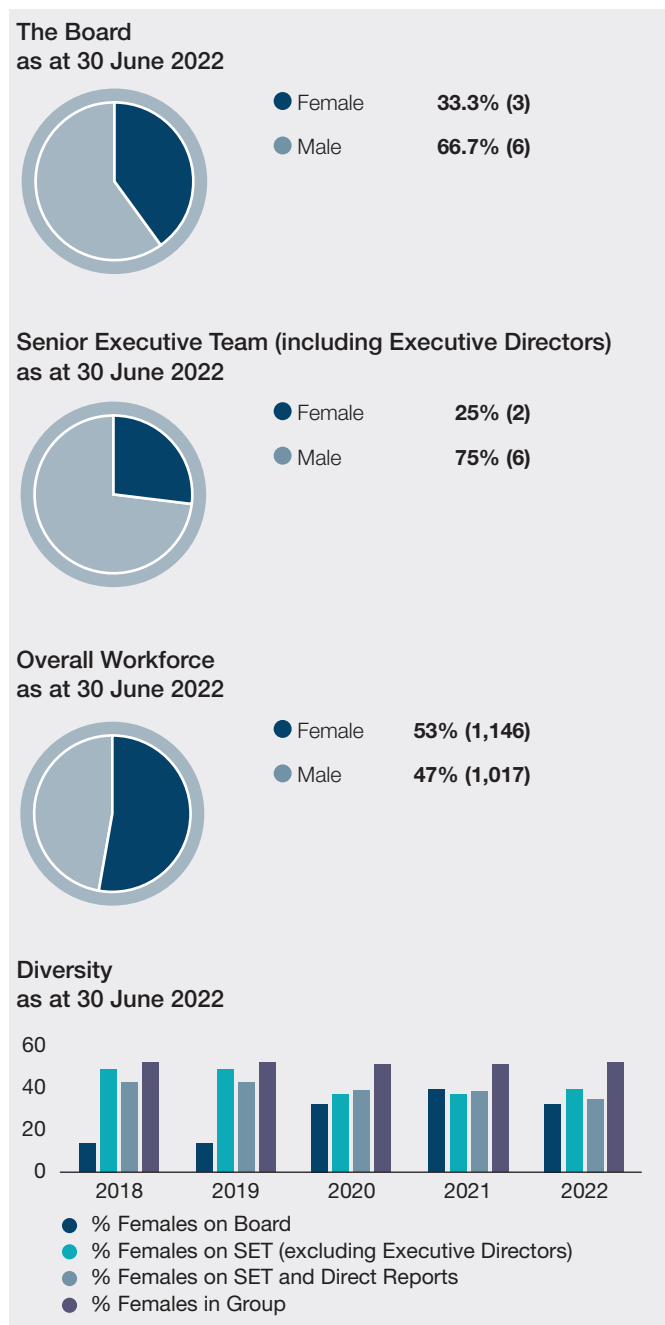
During the year, we have launched a new development programme called Future Facing Leaders (further details of which can be found in SET Succession Planning on page 114 and the Case Study on page 34).

The chart on page 113 illustrates the diversity characteristics of our Board.

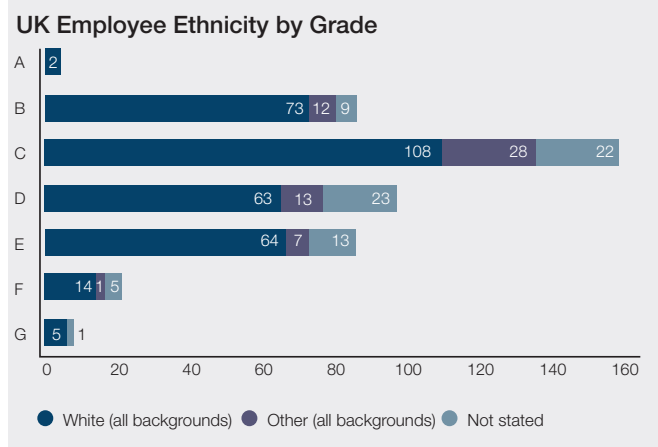
Progress on Diversity Policy

Policy	Progress
Dignity at Work	<p>Our Dignity at Work Policy was drafted and launched within the UK in January 2020, and is now incorporated into the Code of Conduct. In accordance with the Dechra Values, we believe that our position on diversity and inclusion is key to providing a place of work that is free from bullying and harassment, and which is characterised by respect, collaboration, openness, safety and equality.</p> <p>One of our aims is to promote a climate in which employees feel able to raise complaints of harassment, bullying or discrimination without fear of victimisation.</p> <p>We are now able to provide online training globally using an externally hosted training portal and supported by licensed trainers within the Company. In addition to this, we have developed a Diversity, Equity and Inclusion module, which is one of three core modules that is included in all Leadership and Management development programmes.</p> <p>We encourage all employees to speak out and report any direct or indirect discrimination, harassment or bullying. This is supported by our Grievance Policy and our How to Raise a Concern Handbook. All reports are investigated and acted upon.</p> <p>During the 2022 financial year, we have launched an externally hosted 'whistle-blowing' hotline to facilitate this process and to provide further reassurance to employees.</p>
Fair Pay	<p>In the UK, only one of our subsidiaries, Dechra Limited, has to report under the Gender Pay Gap regulation. Dechra Limited employees sit within our UK manufacturing, product development and regulatory affairs businesses.</p> <p>We are pleased to report that as a result of our proactive management, the gender pay gap has reduced from 17.7% in 2017 to 2.8% in 2021. However, the latest decrease relates largely to the payment of COVID-19 bonuses to all site-based staff at the Skipton site during the pandemic and will rise again next year as this is not applicable on an ongoing basis.</p> <p>Following our accreditation in the UK in March 2021, we are a Living Wage employer and in countries where there is no equivalent of the Living Wage, we have used the OECD low pay formulation, or pay at least twice the local/federal minimum wage. It is our intention to retain this approach to fair pay.</p>
Board and Senior Executive Directors	<p>We recognise that gender and ethnic diversity at Board level offers a competitive advantage to our organisation. As a global company with a very wide range of stakeholders, we are committed to greater alignment with our customer base at home and overseas as our growth continues. Our approach to recruiting at Board level has always been based on our stated policy; that everyone should be recruited and promoted on the basis of their personal ability, contribution and potential. However, we acknowledge that we need to work harder to make sure that we are attracting a wider and more diverse talent pool to these roles. We are currently recruiting working with Audeliss, an executive search firm for diverse talent, who are supporting us with the recruitment of a new Remuneration Committee Chair.</p>

Numbers in brackets represent the number of females and males.



Dechra excludes the Executive Directors from the Senior Management data. However, the data includes their direct reports. Direct reports will cover employees at various grades of the Group and will cover managers and junior professionals.



Board Succession Planning

Non-Executive Directors

It was originally planned that both the Audit Committee Chair and Remuneration Committee Chair would retire in 2022. The Audit Committee Chair was due to retire in early 2022, however due to the decision of Denise Goode to resign from the Company he agreed to remain on the Board until a successor was appointed. The Remuneration Committee Chair (previously the Senior Independent Non-Executive Director), Ishbel Macpherson, will be now retiring in the 2023 financial year. The commencement of the recruitment process was delayed as the Committee's first priority this year was to find a replacement Audit Committee Chair.

Cognisant of the Parker Review requirements and the new listing requirements regarding diversity targets, the Chair and Group HR Director interviewed two recruitment consultants who specialise in diverse recruitment, one of which was a non-profit organisation. The Committee has retained Audeliss and they were provided with a description, detailing the skills (both cognitive and personal strengths) and experience required for the role of Remuneration Committee Chair. The Committee, in drafting the role description took into account the challenges and opportunities facing the Group and what skills and expertise were needed. In particular, it was determined that the individual should have relevant remuneration experience in an international company. In addition, they were required to have a broad business experience and be a good fit with the Culture and Values of the Company.

SET Succession Planning (including Executive Directors) and Leadership Needs of the Group

One of our key risks is people focused and this is the failure to resource adequately the business to meet strategic ambitions, including geographical expansion, and acquisitions.

To assist with this, the Group HR Director presents to the Committee on the Group's succession planning annually. The Committee discusses the succession plan for the SET, which includes the Executive Directors, and the Non-Executive Board. Plans are in place for sudden, unforeseen absences, for medium term orderly succession and for longer term succession. For each SET member, we have either identified an internal candidate who is in the pipeline for succession, or we accept that for some roles, where we have no successor, we will need to approach the external market. In these cases, we aim to build strength and depth in the team below to allow a smooth transition to the new leader.

Composition, Succession and Evaluation

During the financial year, Susan Longhofer retired as Chief Scientific Officer on 31 December 2021, and following a recruitment process her replacement, Patrick Meeus, commenced employment with Dechra on 1 July 2022. In addition, the Group HR Director has worked on strengthening the team below the SET, which has resulted in the appointment of a Chief Information Officer and Head of Investor Relations reporting into the Chief Financial Officer and a General Counsel reporting into the Company Secretary. The DPM&S management team has been strengthened with the appointment of a Group Quality Director and Group Supply Chain Director and the DVP EU management team has been strengthened by the appointment of a Commercial Director.

The Committee has reviewed the emergency succession planning, which clearly identified individuals capable of covering key management roles on an interim basis. All these individuals will receive, or have received, the necessary coaching to assist them in obtaining the required skills to provide any critical support when needed. Furthermore, a forward looking review of the future anticipated shape of the organisation has been undertaken to identify any potential gaps that may emerge, and plans have been outlined to enable the organisation's structure to remain fit for purpose. A number of the individuals identified as emergency cover or a successor to the SET are on the Future Facing Leaders development programme, which was launched in April 2022 or the Wavelength Connect Programme. Further details of the Future Facing Leaders programme can be found in the case study on page 34.

The 2021 External Board Evaluation

Below is an update on the actions arising from the 2021 external evaluation:

Action	Progress
Planning succession for SET members and strengthening diversity	The Nomination Committee was updated in February 2022 on the succession plans for the SET. The participants of the Future Facing Leaders programme are gender and ethnically diverse, and in the majority of cases, the successors for the SET are within this group.
Providing opportunities for the Board to consider major strategic themes as the Company emerges from the pandemic	The Group Strategy day provided the Board an opportunity to consider the routes to market and strategic themes.
Gaining further insight into stakeholders and, in particular, customers and routes to market	<p>Customers: The Group Strategy day provided an opportunity for the Board to meet a UK wholesaler group and a European Buying Group. Presentations were provided on the future of veterinary distribution, including white labelling, and the future of Veterinary practices. In addition, a presentation on insights of the DVP EU customers was provided at the April meeting.</p> <p>Shareholders: The Board receives shareholder (fund manager) feedback following presentations and is updated on Shareholder Governance recommendations and queries and responses at each meeting.</p> <p>Employees: The Designated Non-Executive Director for Employee Engagement continues to update the Board and the Nomination Committee has been tasked with reviewing the plans of the Designated Non-Executive Director for Employee Engagement.</p>
Continuing the focus on optimising the assurance framework to mitigate non-financial risks	<p>The newly appointed Quality Director has introduced the strategic foundation for Dechra's growth based around three areas: Compliance, Technical Competencies, and Business and Operational Performance.</p> <p>The Quality Director presents once a year and provides a report every six months to the Board.</p>
Reviewing speak up channels	<p>The How to Raise a Concern Procedure (HTRC) has been reviewed internally and by external counsel in light of the forthcoming changes due to the EU Directive on Whistleblowing. The Board approved the HTRC Procedure in December 2021.</p> <p>The hotline was launched globally on 4 April 2022.</p> <p>As each EU country adopts the EU Directive, a country specific addendum will be provided where relevant.</p>

We encourage regular contact between members of the SET and the Board, with all SET members presenting to the Board at least once a year, leading site visits of their respective businesses and attending one-to-one sessions with Non-Executive Directors to discuss specific issues when applicable.

Evaluation

Annual Evaluation

The Chair manages the Board and oversees the operation of its Committees with the aim of monitoring that they operate effectively by utilising the diverse range of skills and experience of the various Board members. The effectiveness of the Board is imperative for the success of the Group and the Board undertakes an annual evaluation of its performance and that of its Committees to monitor that they remain fit for purpose, details of which can be found on page 116.

This year's evaluation was internally facilitated, led by the Chair and Company Secretary. The Committee's review of the structure, size and composition of the Board can found above on page 109.

The 2022 Internal Board Evaluation

Following the external evaluation in 2021, it was agreed to undertake an internal evaluation for the 2022 financial year, focusing on the following areas: (i) Strategy; (ii) Working Together; (iii) Management of the Board; (iv) Culture; (v) Engagement with stakeholders; (vi) Progress on External Board Evaluation Matters; and (vii) specific questions on the function and effectiveness of the Board and future strategy days.

The internal evaluation process is detailed below and took the format of a questionnaire, which was distributed to all of the Board, with the survey results presented on an anonymous basis. The responses were received in March, and were discussed at the April Board Meeting. In addition, the Chair held individual interviews with the Board members prior to the results of the questionnaire being known and afterwards to discuss any particular concerns raised. The Senior Independent Director discussed the performance of the Chair with the Directors and the Chair in April. The Board discussed the findings of the internal Board evaluation at the July meeting with the view of determining actions for the 2023 financial year.

Internal Board Evaluation Process

The process of the Internal Evaluation of the Board and its Committees was as follows:

1 Preparation

The questionnaires were updated to reflect the themes derived from the External Board Evaluation.

2 Questionnaire

Questionnaires were made available electronically for online completion and submission. One was in relation to the effectiveness of the Audit Committee and one each in relation to the Remuneration and Nomination Committees. They were forwarded to both the members of the Committees and the regular attendees of the respective Committees, which included the Group HR Director, the External Audit Engagement Partner, the Head of Internal Audit and Risk Assurance and the Company Secretary. The third questionnaire related to the Board and was sent to the Board members only.

3 Interviews

The survey results were presented on an anonymous basis to the Chair and the Senior Independent Director for discussion with the individual Directors. The Senior Independent Director discussed the performance of the Chair with the Directors and the Chair in April.

4 Review

A presentation was provided to:

- each of the Committees, to allow them to discuss their effectiveness; and
- the Board in relation to the various findings and suggested actions.

5 Outcomes

Following a review of the responses and a discussion with the participants, the Chair discussed at the July 2022 Board meeting the general themes raised by the survey, and any other survey-related points they wished to discuss.

Overall, the review once again indicated that the Board operates effectively but noted the following focus areas:

- Bring the customer's voice into Board discussions;
- Focus on future proofing Dechra in relation to people, product portfolio and pipeline delivery; and
- Better understanding of key trends in the financial markets and stakeholder views on issues such as ESG.

These findings are consistent with the Board's expressed desire to give more time to the strategic and mid to long range risks and plans for Dechra.

Composition, Succession and Evaluation

Progress made on these action points during the forthcoming year will be reported in next year's Annual Report. The Board has agreed that an internal evaluation will be undertaken during the 2023 financial year. The results of the 2023 internal Board evaluation will be reported in next year's Annual Report.

Effectiveness of Directors

Following the internal evaluation, which concluded that the Board remained fit for purpose; any comments received related to evolving the Board's contribution rather than any under performance or issues of cohesion. Each of the Board members commented that they appreciate the culture and atmosphere at the Board (further details of which, including the outcomes and actions, are provided on page 115 of the Governance Report). The Committee has concluded that each of the Directors continues to perform effectively and demonstrates commitment, not only in respect of their roles and responsibilities, but also in relation to the Group and its shareholders. At the forthcoming Annual General Meeting, John Shipsey, who was appointed to the Board on 1 June 2022, will offer himself for election, and all of the remaining Directors will retire and offer themselves for re-election.

In addition, the Board has evaluated and determined that each Non-Executive Director has sufficient time to meet their Board responsibilities and any proposed new appointments are disclosed to enable the Board to assess whether there are any conflicts of interest or time. The Board in August 2022 reconsidered Ishbel's independence and concluded that she remained independent. The Board confirmed that Alison Platt met the independence criteria as set out in the Code on appointment as Chair of the Company due to the fact that she was declared independent on her appointment as a Non-Executive Director in March 2020; and that there have been no changes to her circumstances that would affect this independence.

Alison Platt

Nomination Committee Chair
5 September 2022