

# Division of Responsibilities

## Division of Responsibilities

The Board oversees the effective delivery of our strategy, which is developed and implemented by the SET. Further details of the Board and SET can be found on pages 88 to 91.

## Board Membership

Details of the Directors, together with details of their respective Committee membership, skills and experience, backgrounds and external appointments can be found on pages 86 and 89, and on the website. As detailed in the pie chart below, the Board consists of one Non-Executive Chair, five Non-Executive Directors and three Executive Directors.



Two of the Non-Executive Directors have exceeded nine year tenure, Julian Heslop in January 2022 and Ishbel Macpherson in February 2022. On the resignation of Denise Goode in November 2021, Julian agreed to remain on the Board until a successor for the role of Audit Committee Chair could be appointed. In January 2022, the Board concluded that both Julian and Ishbel 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 provided an independent view on the Board discussions on financing and the financial risks of acquisitions. Therefore, in line with the Code, at least half the Board, excluding the Chair, is determined by the Company to be independent. The Chair was deemed independent on appointment in accordance with provision 10 of the Code. Following the appointment of Alison Platt as Chair of the Company, Lawson Macartney was appointed the Senior Independent Director. Julian is retiring from the Board on 5 September 2022.

The Board has determined, following the results of the internal Board evaluation, that the Non-Executive Directors have sufficient time to meet their Board responsibilities and any proposed new appointments are disclosed to the Board, for their approval, to assess whether there are any conflicts of interest or time.

The Board has formally delegated specific responsibilities to Committees, namely the Audit, Remuneration, Nomination and Disclosure Committees. The Disclosure Committee members are the Chief Executive Officer, the Chief Financial Officer, the Corporate Development Director and the Company Secretary. The full terms of reference for each of these Committees are available on the Company's website ([www.dechra.com](http://www.dechra.com)) or on request from the Company Secretary. Other matters have been delegated to the SET and other committees such as the Data Protection Committee, ESG Committee, Strategic Portfolio Prioritisation Committee and Treasury Committee.

The SET is led by the Chief Executive Officer and is comprised of the three Executive Directors and the Business Directors responsible for leading each of the Group's key functions. The SET is scheduled to meet formally four times a year to discuss the implementation of the strategy, share best practice and provide updates on their business or function, as well as sharing market trends which impact the business.

## Board Meetings

The Board is scheduled to meet seven times per year. During the year, three additional meetings were held to discuss the 2022 financial year Budget, financing and proposed acquisition targets. The scheduled June 2022 meeting was postponed to July 2022 to coincide with the Global Team Meeting and the attendance at the Board meetings during the year includes the July meeting. Where Directors cannot attend a meeting, the Board papers are still provided allowing the Director to raise any queries or discussion points through the Chair. A schedule of the number of meetings and attendance can be found on page 87. Julian Heslop was unable to attend an adhoc meeting due to a prior commitment. However, he provided the Board with his comments and questions on the subject matter under discussion.

The Non-Executive Directors meet informally before every meeting. They also meet once with the SET on an informal basis during the year.

Should Directors have concerns of any nature, which cannot be resolved within the Board meeting, they have the right to have their view recorded in the minutes. In the months where there is no Board meeting scheduled, an update is provided on the business. In addition, arrangements are in place should Board approval be required outside of the scheduled meeting dates.

# Division of Responsibilities

## The Dechra Board

### Key Responsibilities

The Board is collectively responsible for the long term sustainable success of the Company for the benefit of shareholders taking into account the impact of its decisions on the other stakeholders and the environment by:

- setting the strategy and overseeing its implementation
- monitoring the overall financial and operational performance of the Group
- establishing a framework of prudent and effective controls, which enable risk to be assessed and managed
- establishing the Company's purpose, values and culture, and promoting the desired behaviours
- establishing an effective corporate governance framework


The Board Activities Table details the actions in relation to the above.

Details relating to the formal schedule of matters reserved for the Board can be found on page 92 and on our website.

### The Board has delegated certain matters to the following Board Committees


#### Audit Committee

The Audit Committee's key role is to review and report to the Board on financial reporting and internal financial control effectiveness, and to monitor the effectiveness of the external audit process and internal audit function.

 Read more on pages 117 to 124


#### Nomination Committee

The purpose of the Nomination 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.

 Read more on pages 107 to 116

#### Remuneration Committee

The Remuneration Committee's key role is to determine remuneration policies, that are designed to support strategy and promote long term sustainable success, and set the remuneration of the Company's Chair, Executive Directors and Senior Executive Team.

 Read more on pages 125 to 150

#### Disclosure Committee

The Disclosure Committee's key role is to develop and maintain adequate procedures, systems and controls to comply with the Company's obligations regarding identification and disclosure of inside information.

### Other Key Committees

#### Treasury Committee

To establish, implement and monitor compliance with Treasury Policies as approved by the Audit Committee.

#### Data Protection Committee

To oversee and implement the Data Protection Policy and accompanying policies, handbooks and procedures.

To monitor compliance with the GDPR and other data protection laws, and with the Policies.

#### ESG Committee

To oversee the development of, and to make recommendations to, the Board regarding the Group's Sustainability strategy, establish objectives and targets for the Group's ESG activities, and oversee the measurement and reporting of performance against these targets.

#### Health Safety and Wellbeing Committee

To recommend and monitor the implementation of priorities to management and employees to achieve Zero Harm across the Group; actively monitor, measure, review and report on Health, Safety and Wellbeing compliance and performance.

### Senior Executive Team

- Leads the development and implementation of the business strategy.
- Manages day-to-day operations of respective functions.

## 1 Non-Executive Chair



- Leads the Board in the determination of Group strategy and achievement of its objectives;
- Drives the effectiveness of the Board in all aspects of its role;
- Facilitates the effective contribution of the Non-Executive Directors, enabling all decisions to be subject to constructive debate and supported by sound decision making processes; and
- Arranges for shareholder views to be brought to the attention of the Board.

## 2 Chief Executive Officer



- Manages day-to-day operations of the Group and leads the Senior Executive Team (SET);
- Drives performance and results of the Group;
- Proposes strategy; and
- Executes strategy agreed by the Board.

## 3 Chief Financial Officer



- Responsible for IT, financial planning and reporting for the Group;
- Manages financial risk;
- Develops and executes the strategic plan in conjunction with the Chief Executive Officer;
- Secures funding as required; and
- Nominated Director for health, safety and environmental matters.

## 4 Managing Director Dechra Veterinary Products (DVP) EU

- Management of the segment which contributes the majority of Group revenue; and
- Development and execution of strategy in the EU.

## 5 Designated Non-Executive Director for Employee Engagement



- Gathers and understands the views of the workforce; and
- Enables the voice of the workforce to be heard in the boardroom.

## 6 Company Secretary



- Advises the Board on matters of procedure and governance;
- Provides all required information to the Board on a timely basis;
- Enables information flows between the SET, the Board and its Committees;
- Provides support to the Chairman and Non-Executive Directors; and
- Responsible for compliance with relevant statutory and regulatory requirements.

## 7 Non-Executive Director



- All of the Non-Executive Directors:
- are considered independent;
  - are free of any business or other relationship which could materially interfere with, or compromise, their ability to exercise independent judgement;
  - are considered to have a breadth of experience which adds value to the decision making of the Board as well as the formulation and progression of the Dechra strategy;
  - provide an independent and constructive challenge; and
  - evaluate strategy and risks.

## 8 Senior Independent Non-Executive Director



- Provides a sounding board for the Chair and is available to shareholders if they have concerns that have failed to be resolved through the normal channels;
- Leads the annual evaluation of the performance of the Chair by the Non-Executive Directors; and
- Chairs the Nomination Committee when it is considering the succession of the Chair.

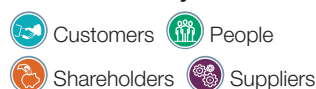
# Division of Responsibilities

## Board Activities

At each meeting the Board receives trading, financial and strategic updates from the Chief Executive Officer and Chief Financial Officer. During the year, each SET member will present to the Board, providing the Board the opportunity to take a deep dive into the operations and strategic plans of the respective businesses, as well as reviewing their specific risks. In addition to its routine business, the table below details the other matters discussed during the year and the respective key stakeholders affected.

Key responsibility	Key activities, discussions and outcomes in 2021/2022	Stakeholder	Strategic Driver/Enabler
<b>Setting the strategy and overseeing its implementation</b>	<ul style="list-style-type: none"> <li>Full Strategy Review and approval of five year plan</li> <li>Bi-annual update on product pipeline and product development</li> <li>Incorporation of new subsidiaries in Korea and Switzerland</li> <li>Approval of Acquisition Proposals</li> </ul>		
<b>Monitoring the overall financial and operational performance of the Group</b>	<ul style="list-style-type: none"> <li>Approval of 2021 Full Year Results, final dividend recommendation, 2022 Half-Yearly Results and interim dividend</li> <li>Functional presentations from the SET, Head of Legal, Business Development Director, Regulatory Affairs Director and DPM Internal Sites Director</li> <li>Approval of the 2022/2023 budget and capital expenditure projects</li> <li>Consideration of private placement and equity placing</li> </ul>		
<b>Establishing a framework of prudent and effective controls, which enable risk to be assessed and managed</b>	<ul style="list-style-type: none"> <li>Approval of Half Year and Full Year principal risks and emerging risks</li> <li>Presentations from the SET on their respective risks</li> <li>Risk Assessment Review and Viability Statement review</li> <li>Review and approval of Schedule of Matters and Delegation of Authority</li> <li>Insurance renewal update</li> <li>Quality Updates and approval of DPM&amp;S ERP system</li> </ul>		
<b>Establishing the Company's Purpose, Values and Culture, and promoting the desired behaviours</b>	<ul style="list-style-type: none"> <li>Review and approval of the people strategy and employee engagement</li> <li>Review of the bi-annual Health and Safety Report</li> <li>Review and approval of Modern Slavery Statement</li> <li>Review and approval of How To Raise Concern Procedure and Reports</li> </ul>		
<b>Establishing an effective corporate governance framework</b>	<ul style="list-style-type: none"> <li>Review of Disclosure Committee's Terms of Reference, Share Dealing Code and Inside Information Policy</li> <li>Review and approval of Group Policies, such as the Code of Conduct and Approval of the Anti-Trust Policy and Group H&amp;S Policy</li> <li>Approval of appointments of Non-Executive Director, Chair and Committee membership and Committees' Terms of Reference</li> <li>Review of Task Force on Climate-related Financial Disclosures</li> <li>Review of 2022 Internal Board Evaluation</li> </ul>		

### Stakeholder Key:



### Strategic Driver/Enabler Key:



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### Alison Platt

Non-Executive Chair  
5 September 2022