Governance

Contents

The Veterinary Perspective

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www.dechra.com

Letter from the Chair on Governance

"The impact of our decisions on our key stakeholders is front of mind in our decision making."

Alison Platt
Non-Executive Chair

Dear Shareholder

On behalf of the Board, I am pleased to present Dechra's Governance report for the year ended 30 June 2023. This will be my last report on behalf of the Board, as the Non-Executive Directors and I will resign upon the acquisition of the Company by Freya Bidco Limited (a newly formed company to be indirectly owned by (i) EQT X EUR SCSp and EQT X USD SCSp, each acting through its manager (gérant) EQT Fund Management S.à r.l. (collectively referred to as EQT), and (ii) Luxinva S.A.) becoming effective, which is expected to occur in late 2023 or early 2024.

Board Appointments

There have been a number of Board changes in the 2023 financial year. In September 2022, Julian Heslop retired from the Board and in June 2023 Ishbel Macpherson also retired.

As communicated in the 2022 Annual Report, we had commenced the search for a new Non-Executive Director to succeed Ishbel as Remuneration Committee Chair. Cognisant of the Parker Review requirements and the new listing requirements regarding diversity targets, the Nomination Committee retained a recruitment consultant who specialised in diverse candidates to find our new Remuneration Committee Chair. We were very pleased to appoint Geeta Gopalan on 1 January 2023. She has a breadth of Non-Executive Director experience as well as chairing risk, audit and remuneration committees since 2017. Geeta was appointed Remuneration Committee Chair on 1 March 2023, allowing Ishbel Macpherson to step down from that role. Ishbel remained as a member of the Remuneration Committee to enable a smooth handover until she retired as a Non-Executive Director on 22 June 2023.

Purpose and Culture

Our Purpose is clearly defined and underpinned by our Culture and Values. Further details can be found on pages 08, 58 and 99. Our Values, entrepreneurial attitude and agile approach are the backbone of our Culture. We expect our people to make a difference by working together, and we support them by providing clear guidance on expectations.

Our Values, Culture, people, and strategy have established Dechra as a global leader in therapeutic areas such as endocrinology and topical dermatology, as well as an innovator in specialisations such as the treatment of equine lameness and differentiated generics.

In June the Board attended a site visit of Skipton, UK, where it was great to see the increased engagement following the investment at the site and adoption of the revised shorter working week.

Throughout the year, we have routinely reviewed the policies which support and enable our Values. Core to this is our Code of Conduct, which includes a set of simple one page policy documents. A Code of Conduct e-learning course is mandatory for all employees. It is important to the Board that all employees are able to report any concerns they have and in particular in relation to violations of our Code. We have five reporting channels which include a third party confidential hotline, which is available in 46 languages, or via a hotline, which is manned twenty-four hours a day and is supported in 170 languages.

Stakeholders and Section 172 of the Companies Act

The impact of our decisions on our key stakeholders is front of mind in our decision making. Details of how we consider stakeholders in the Board's decisions and approvals of material transactions, our engagement with stakeholders and our approach to section 172 of the Companies Act 2006 can be found on pages 58 to 66 and 101 to 105. The most important decision we have had to take as a Board was whether to recommend the offer by Freya Bidco Limited. The Dechra Board considers EQT, together with the Abu Dhabi Investment Authority (Luxinva), to be highly experienced investors with a strong sector understanding who will, we believe, prove to be responsible and supportive owners of Dechra, who can build on its legacy and further accelerate the Group's growth. Having being advised by Investec Bank plc it is our view that accepting this proposal represents the best interests of all stakeholders and in particular represents a compelling opportunity for shareholders to realise, in cash and with certainty, Dechra's potential for future value creation.

Sustainability

In March 2023, the Board was asked to consider a proposal for provision of finance in the form of a loan and minority investment in AgCo Tech Ltd, an Australian private limited company which provide practical help to livestock owners in developing countries (further details can be found on page 104 and in the Sustainability Report). This opportunity is rare as it meets all of the 'Beyond the Value Chain' requirements, is aligned to our strategy and also to the recent output from COP 27 which stated the need to reduce carbon and methane emissions simultaneously whilst also supporting those on the front lines of climate change. This investment is also strongly aligned with one of our key sustainability objectives (to donate £5 million to philanthropic actions by 30 June 2030). This initiative will accelerate our progress against this objective.

Compliance with the Code

The UK Corporate Governance Code 2018 (the Code) establishes the principles of good governance for companies; the Governance section of the 2023 Annual Report describes how the Company has applied these principles and complied with the provisions, as well as how it meets other relevant requirements, such as the provisions of the Listing Rules and Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority.

In the opinion of the Directors, the Company has complied with the Code throughout the period. The Board remains committed to maintaining high standards of corporate governance. The Code can be found at www.frc.org.uk.

Relations with Shareholders

A Court Meeting and General Meeting was held on 20 July 2023 to consider and approve the Scheme Document and the Resolution to approve the proposed cash offer for the Company by Freya Bidco Limited. The Shareholders voted in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting.

The following reports make reference to an Annual General Meeting being scheduled for 13 December 2023; however this is subject to the Company remaining listed at the time.

Looking Forward

Finally, should you have any questions in relation to this report, please feel free to contact me or the Company Secretary.

Alison Platt
Non-Executive Chair
12 October 2023

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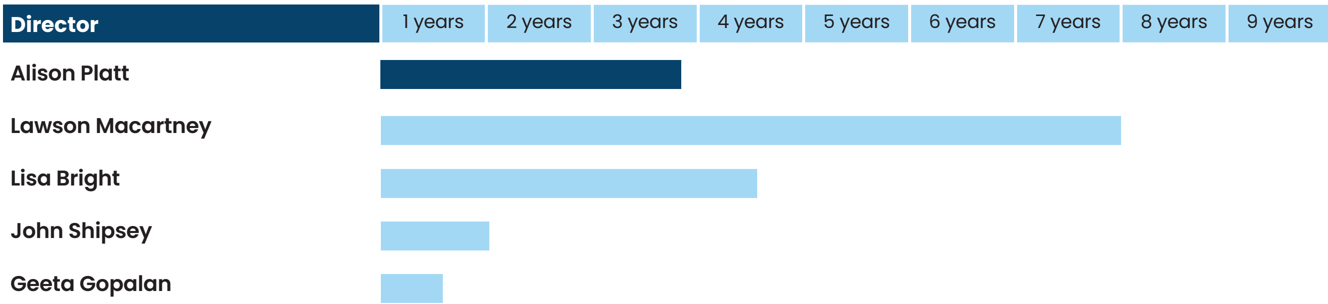
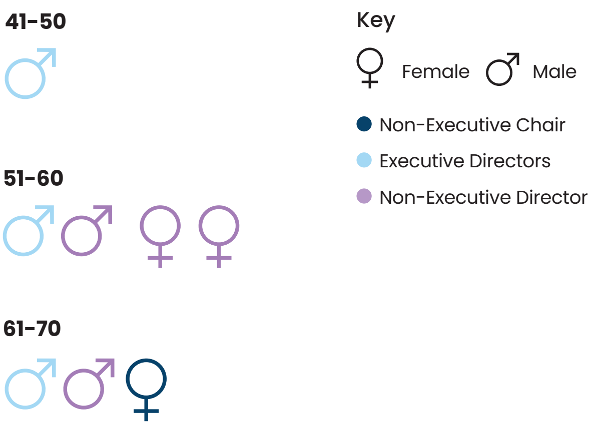
Governance at a Glance

Our Board

Non-Executive Directors' Tenure as at 30 June 2023

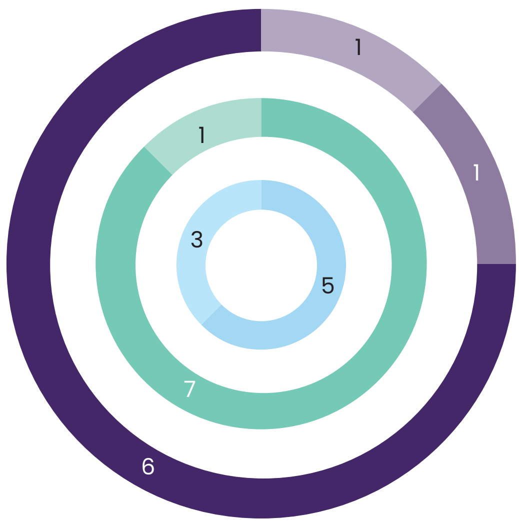


Board Age and Gender



Rolling Three Year Female Representation %

Country of Residence, Ethnicity and Education



Key

Country of Residence

USA	**1**
Netherlands	**1**
UK	**6**

Ethnicity

White (all backgrounds)	**7**
Asian (all backgrounds)	**1**

Education

University	**5**
Vocational	**3**

Board and Committee Attendance

The Board is scheduled to meet seven times per year. During the year, four additional meetings were held to discuss the 2023 financial year interim results, financing and proposed acquisition targets. The Remuneration Committee is scheduled to meet four times a year, the Audit Committee is scheduled to meet five times a year and the Nomination Committee three times a year. There were two additional meetings for the Remuneration Committee to discuss the Remuneration Policy and for the Nomination Committee to discuss and recommend the appointment of a Non-Executive Director.

Number of meetings attended:

	AGM	Board	Audit	Nomination	Remuneration
Alison Platt	1	11 11	N/A	5 5	6 6
Ian Page	1	11 11	N/A	N/A	N/A
Tony Griffin‡	1	10 11	N/A	N/A	N/A
Paul Sandland	1	11 11	N/A	N/A	N/A
Lisa Brightπ	1	11 11	5 5	4 5	6 6
Julian Heslop†	N/A	3 3	1 1	1 1	1 1
Lawson Macartney	1	11 11	5 5	5 5	6 6
Ishbel Macpherson	1	11 11	5 5	5 5	6 6
John Shipsey	1	11 11	5 5	5 5	6 6
Geeta Gopalan*	N/A	6 6	2 3	2 2	3 3

Key to Attendance

- Number of meetings attended
- Number of meetings held

† Julian Heslop attended all meetings until his retirement.

‡ Tony Griffin did not attend an adhoc meeting to discuss the acquisition of Med-Pharmex due to a prior DVP EU meeting with Country Managers.

* Geeta Gopalan attended all meetings since her appointment apart from one Audit Committee meeting due to prior commitment arranged pre-appointment.

π Lisa Bright did not attend a Nomination Committee meeting due to a medical emergency.

	Board	Remuneration
Alison Platt	8 9	1 1
Ian Page	3 9	N/A
Tony Griffin	7 9	N/A
Paul Sandland	8 9	N/A
Lisa Bright	8 9	1 1
Lawson Macartney	8 9	1 1
Ishbel Macpherson	7 9	1 1
John Shipsey	9 9	1 1
Geeta Gopalan	9 9	1 1

In addition, there were a further nine Board meetings held at short notice for the specific purpose of discussing the proposed cash offer for the Company and one Remuneration Committee meeting to discuss the treatment of the share schemes for the Cooperation Agreement. Due to the fact that these were held at very short notice, there were a number of meetings where not all of the Board could attend. The majority of these meetings were for the purposes of providing an update to the Non-Executive Directors. Ian Page met with the Chair prior to any meetings that he was unable to attend.

Board of Directors

Executive Directors

Ian Page

Chief Executive Officer

Tenure:

Twenty six years

Committee Membership:
Disclosure (Chairman).

Background:
Ian joined NVS, Dechra's former services business, at its formation in 1989, becoming its Managing Director in 1998. He joined the Board in 1997 and became Chief Executive Officer in 2001. Ian has played a key role in the development of the Group's growth strategy.

Skills and Experience which Supports the Long Term Success of the Company:
Ian has a detailed knowledge and experience through various positions he has held within the pharmaceutical and veterinary arena. He has extensive experience in M&A and in the successful delivery of strategic plans. Ian has a breadth of business development experience both in the UK and globally.

Key External Appointments

None.

Pets:

Paul Sandland

Chief Financial Officer

Tenure:

Four years

Committee Membership:
Disclosure.

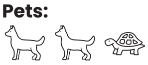
Background:
Paul spent five years post qualification at KPMG, during which time he was part of the team which advised the Group on its acquisition of VetXX in 2008. Paul joined Dechra in January 2010 as the Group Financial Controller. Paul was appointed as an Executive Director and Chief Financial Officer of the Company on 30 October 2019.

Skills and Experience which Supports the Long Term Success of the Company:
Paul is a Chartered Certified Accountant. Paul is the Board Director responsible for Health and Safety and ESG matters. Paul has strong technical, strategic and commercial skills and has demonstrated a practical understanding of all parts of the Group.

Key External Appointments

None.

Pets:



Tony Griffin

Managing Director, Dechra Veterinary Products EU

Tenure:

Eleven years

Committee Membership:
Not applicable.

Background:
Tony joined the AUV Group in 1993 as Director of Exports and was appointed as Chief Executive Officer in 2006. Having previously worked at Norbrook Laboratories and Moy Park, Tony was appointed Managing Director of DVP EU in May 2012 following the acquisition of Eurovet Animal Health BV.

Skills and Experience which Supports the Long Term Success of the Company:
Tony has over 30 years' experience in the animal health business. He has broad experience of running an international animal health business with teams in different European countries.

Key External Appointments

None.

Pets:

Non-Executive Chair

Alison Platt

Non-Executive Chairman

Tenure:

Three years

Committee Membership:
Nomination (Chair) and Remuneration.

Background:
Alison served as the CEO of Countrywide between 2014 and 2018. Alison served as Non-Executive Chair of Legal & General Finance Advice until 2022 and previously held various positions at Bupa between 1993 and 2014. Alison was awarded a CMG for services to the Foreign Office in 2011 following six years on the FCO Board.

Skills and Experience which Supports the Long Term Success of the Company:
Alison has extensive international and leadership experience in customer driven organisations in healthcare, insurance and property sectors. She is an experienced senior leader in both private and listed companies.

Key External Appointments
Alison is a Non-Executive Director at Tesco PLC.

Pets: None.

Non-Executive Directors

Dr Lawson Macartney

Senior Independent Non-Executive Director

Tenure:

Seven years

Committee Membership:
Audit, Nomination and Remuneration.

Background:
Lawson held various positions with GSK from 1999 to 2011 and served as Chief Executive Officer of Ambrx Inc. between 2013 and 2015. Lawson has a PhD in viral pathobiology and is a pathologist, holding Fellowship of the Royal College of Pathologists, as well as a Membership of the Royal College of Veterinary Surgeons.

Skills and Experience which Supports the Long Term Success of the Company:
Lawson has 30 years' experience in a range of senior roles in pharmaceutical R&D, sales and marketing. Lawson is a veterinarian, with several years' experience in veterinary practices.

Key External Appointments
Lawson is the Chair of Viking Therapeutics Inc.

Pets:

Geeta Gopalan

Non-Executive Director

Tenure:

Under one year

Committee Membership:
Audit, Nomination and Remuneration (Chair).

Background:
Geeta was previously a Non-Executive Director and Chair of the Remuneration Committee of Ultra Electronic Holdings Plc and a member of the Remuneration Committee of VocaLink. Geeta also served as a Non-Executive Director and Chair of the Risk Committee at Wizink Bank SA. She was formerly Executive Chair of Monitise Europe, and Vice Chair of the Big Lottery Fund England.

Skills and Experience which Supports the Long Term Success of the Company:
Geeta has a breadth of Non-Executive Director experience, as well as experience as Chair of risk, audit and remuneration committees. She has 25 years' experience of financial services and retail banking.

Key External Appointments
Geeta is a Non-Executive Director at Virgin Money UK plc and Clydesdale Bank plc. She is also a Senior Independent Director, Funding Circle Holdings.

Pets:

John Shipsey

Non-Executive Director

Tenure:

One year

Committee Membership:
Audit (Chair), Nomination and Remuneration.

Background:
John is the Chief Financial Officer of Featurespace Ltd. John held the position of Chief Financial Officer for Smiths Group plc until 2022, having previously served as Chief Financial Officer of Dyson for 12 years. Prior to this, John held a number of senior finance and strategy roles at Diageo plc.

Skills and Experience which Supports the Long Term Success of the Company:
John has extensive financial and commercial experience gained from senior financial roles held in multiple sectors over the last 20 years. He is experienced in leading innovative, high growth international companies.

Key External Appointments
John is the Chief Financial Officer of Featurespace Ltd.

Pets:

Lisa Bright

Designated Non-Executive Director for Employee Engagement

Tenure:

Four years

Committee Membership:
Audit, Nomination and Remuneration.

Background:
Lisa has over 35 years' experience in the pharmaceutical and biotech Industry. She sits on the Board of several companies, listed and private. Lisa served as President International, and Chief Commercial and Corporate Affairs Officer of Intercept Pharmaceuticals, Inc, a global biopharmaceutical company focused on the development and commercialisation of novel therapeutics until January 2021.

Skills and Experience which Supports the Long Term Success of the Company:
Lisa has strategic and operational leadership as well as Non-Executive Director and Chair experience in global market leading pharmaceutical and emerging biotech companies.

Key External Appointments
Lisa is a Non-Executive Director at Ascendis Pharma A/S.

Pets:

Senior Executive Team

The Senior Executive Team (SET) was established in 2013 to lead the development and implementation of the business strategy. 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.

Giles Coley

Dechra Veterinary Products International Group Director

Background:
Giles joined Dechra in January 1999 as sales and marketing manager for Arnolds Veterinary Products, having previously spent 14 years primarily involved in dairy farming business consultancy. During his time at Dechra he has been responsible for the launch and market development of a number of our key brands, including Vetoryl. Giles has also been an integral member of the teams that ensured fast and smooth integrations of several of our acquisitions, and in particular as lead in the integration of Apex in 2016 and Venco in 2019.

In his role of Dechra Veterinary Products International Group Director, his responsibilities are extremely varied and involve managing and growing our existing business through APAC and South American business and distribution partners, as well as further developing our Dechra International strategy through product registrations and market development. Giles has a BSc degree in Agricultural Technology.

Giles is located in Sansaw, UK.

Pets:

Mike Eldred

President North America

Background:
Mike joined Dechra in 2004 and is responsible for Dechra Veterinary Products' North American business. Mike has more than 25 years' experience in the animal health sector, having held senior positions in business development, sales and operations at Virbac Corporation, Fort Dodge Animal Health and Sanofi Animal Health. As our first employee in the USA, he has built the North American commercial team to greater than 250 employees and $400 million in revenue. Mike has also been involved in several commercial agreements and acquisitions for the Group including Pharmaderm, DermaPet, Putney, Ampharmco and Med-Pharmex. Mike has a BA and MBA in Business.

Mike is located in Overland Park, Kansas, USA.

Pets:

Katy Clough

Chief People Officer

Background:
Katy joined Dechra in April 2014 from AppSense Ltd where she was the Vice President of HR Europe and Rest of the World. With over 15 years' experience operating at Director level within Software, Health, Travel and Finance industries, Katy brings with her a wealth of HR expertise gained in both blue chip corporates and smaller entrepreneurial companies.

She has strong international, leadership and M&A experience and has taken responsibility for driving the global people agenda for the Dechra Group.

Katy is located at Head Office, Northwich, UK.

Pets:

Melanie Hall

Company Secretary

Committee Membership:
Disclosure.

Background:
Melanie joined Dechra in January 2010 as the Assistant Company Secretary, and was promoted to Deputy Company Secretary in May 2015, and Company Secretary in July 2017. Prior to joining Dechra, she has gained over 25 years' experience in various company secretarial roles including at GKN plc, TRW Automotive Inc and Pendragon PLC. Melanie is a Fellow of the Chartered Governance Institute.

Melanie is responsible for the Company Secretarial, Compliance and Legal team.

Melanie is located at Head Office in Northwich, UK.

Pets:

Milton McCann

Group Manufacturing and Supply Director

Background:
Milton was appointed as Group Manufacturing & Supply Director on 1 April 2021, following 11 months as Interim Group Manufacturing & Supply Director. He joined Dechra in January 2016 as Group Manufacturing Finance Director. In February 2019, he was the Interim Site Director at our Skipton Facility until being appointed as Group Supply Chain and Procurement Director, Dechra Pharmaceuticals Manufacturing & Supply in October 2019.

Before joining Dechra, Milton had senior financial roles in different manufacturing industries including coatings, adhesives and chemicals. Just prior to joining Dechra he worked for Aramark in the food and facilities services sector.

Milton is responsible for our internal sites in Europe and USA, and external manufacturing sites globally.

Milton is located at Head Office in Northwich, UK.

Pets:
None

Patrick Meeus

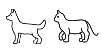
Chief Scientific Officer

Background:
Patrick joined Dechra in July 2022 and has over 30 years' experience in animal health covering vaccine, small molecule and diagnostics product development across all animal species. He also brings substantial international experience having lived and worked in academia and industry on four different continents. In 2004 Patrick joined Pfizer Animal Health, now Zoetis, where he led a wide range of teams, projects and strategic initiatives from early discovery through product development and launch. He joined Elanco in 2018 as the Senior/Executive Director of Companion Animal Product Development.

Patrick has a Veterinary Degree from the University of Gent (Belgium), a PhD in Infectious Diseases from the University of Florida (USA) and was a founding Diplomate of both the European Veterinary Parasitology College and the American College of Veterinary Microbiologists-Parasitology.

Patrick is currently based in Basel, Switzerland.

Pets:



Jamie Adams*

Chief Information Officer

Background:
Jamie joined Dechra in June 2022 as Chief Information Officer. Prior to joining, he held the same role for Scapa plc, a global healthcare and industrial products group and has gained over 25 years' experience in various IT leadership roles in large scale pharmaceutical & medical device organisations including Smith & Nephew and AstraZeneca.

Jamie leads the global IT team and is responsible for IT Strategy development and execution, including all IT change & innovation activity as well as core IT service provision. He has an MBA from Durham University and a BSc (Hons) degree in Business & IT from Northumbria University.

He is located at Head Office, Northwich, UK.

Pets:

* Appointed to the SET on 1 July 2023.

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 34 and 35 of the Strategic Report. Dechra has consistently delivered on its strategic objectives resulting in consistent growth and value creation ever since the IPO on 21 September 2000 as detailed on page 65. Our strong track record is also illustrated by our Total Shareholder Return performance on page 161.

Strategy

The Group's strategy remains unchanged and is set out on pages 32 and 33 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 and efficient batch manufacturing;
- 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 52 and 53.

Strategy Day

The annual Strategy Day was held in December 2022 where the Chief Information Officer, Head of Investor Relations, the Group Financial Controller and the Sustainability Director joined the Board and the Senior Executive Team (SET). The SET had met the day before to discuss three key themes of People, Technology and Product Portfolio Analysis, which they presented at the first session of the Board Strategy Day.

The five strategy sessions covered:

- Strategic Enablers of People and Technology and the Strategic Driver Product Portfolio;
- Deep Dive into Dechra's Business;
- Update on the Five Year Plan;
- The strategic choices for the R&D Innovation Pipeline versus Competitors; and
- The current veterinary pharmaceuticals market and Dechra's place within it.

A guest speaker from Stonehaven provided the presentation for the last strategy session, which provided an insight into how Dechra was perceived in the veterinary market, enabling the Board to have a better understanding of the development opportunities for the Group.

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.

Following the meeting, the Chief Information Officer has taken the lead in a digital transformation project which was highlighted as an area of improvement for the business. In addition, a four and half day working week has been piloted in the UK.

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 Audit Committee 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 systems can be found in the Governance Report on pages 128 and 129 and the Strategic Report on pages 80 and 81.

Culture, Purpose and Values

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	Enjoyment	Courage	Honesty	Relationships	Ambition
We are dedicated to delivering products and services that meet the highest level of service and quality to our customers	We endeavour to create an environment where our people want to come to work and feel a part of Dechra	We want a business where we dare to challenge each other, where innovation and creativity can flourish	We are honest and open in all interactions and act with integrity and fairness	We see our customers and suppliers as business partners and thereby work together for common success	We are goal oriented and deliver solid results through our energetic and resilient approach

Our Culture Defined

Entrepreneurial & Agile	Transparent	Collaborative	Enthusiastic/ Energetic
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	We are open and honest with our people and our suppliers and customers. We tell it like it is	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	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

Acquisitions	Lost Time Accidents	Employee Engagement
2	9	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

Moving Annual Turnover of Employees
Retention of employees is an indicator of a positive culture

Employee Engagement with the Board via Designated Non-Executive Director
Provides an update on employee views and any concerns raised

Site Visits
Provides the Board with direct interaction with the Culture of the Company

Raise a Concern Reports (Whistleblowing)
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

Health and Safety Updates
Enables the Board to assess the effectiveness of our safe working practices and behaviours

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

Internal Audit Reports
Identifies any actions required in relation to deviations of Values and Culture

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

External Culture audit with Great Place to Work for the UK
Provides an external assessment of the Group's Culture

Acquisitions
Provides an indicator of our entrepreneurial Culture

OneDechra
All of the Board has access to our intranet, OneDechra, which contains news items posted by our employees on activities and achievements

Case Study

Skipton Site Visit

In June, we held the Board, Audit, Remuneration and Nomination Committee meetings in Skipton, UK. Skipton was chosen as the Board had approved in the 2021 financial year the refurbishment of Building 3 and the newly acquired adjacent building. This is the first phase of a three stage investment in the site. This phase includes the installation of new Quality Control laboratories, a pilot production room and stability room, and the relocation of the raw materials warehouse and dispensary room as well as providing improved offices and meeting rooms for employees.

Prior to the Committee meetings, the Board met representatives from the Works Council and long serving employees for lunch and had an opportunity to speak to them on an individual basis regarding the improved facilities, the shortened working week and the proposed offer for the Group by Freya Bidco, amongst other topics.

The Board noted the increased engagement of the employees following the investment in the site and the revised working week.

The following day, prior to the Board meeting, the Board were taken on a site tour of Skipton by the Site Director and the Manufacturing, Supply and Technical Lead.

The Board thought that it was incredibly inspiring to see the progress made at Skipton, both in terms of the site's development and the effectiveness and efficiency of the organisation at all levels. The Board commented that there had been a material shift in performance and ambition and the leadership team should take huge credit for the change they have led.

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 2022 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. The main change to the Schedule of Matters was to transfer the responsibility for the review of the principal and emerging risks, and related controls and mitigating actions from the Board to the Audit Committee.

Stakeholder Engagement

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 all 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 56 to 66.

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:

- The Chair and Senior Independent Director are available to meet shareholders upon request, and all Directors normally are in attendance to meet shareholders at the Annual General Meeting
- The Chair met three institutional shareholders as part of a programme of meetings which was then halted due to the proposed cash offer for the Group
- Where material changes in respect of remuneration or governance are proposed, the Board seeks to consult with its major shareholders before implementing such changes. During the year, the Remuneration Chair consulted with our major shareholders with regards to the Remuneration Policy. This involved writing to our major shareholders (approximately 83% of our issued share capital) with regard to the proposed changes and she met with two institutional shareholders
- A rolling programme of meetings between institutional shareholders and the Chief Executive Officer, Chief Financial Officer and Head of Investor Relations has been running throughout the year (a summary of the main events is on page 65). These meetings seek to foster a mutual understanding of both the Company's and shareholders' objectives
- The Head of Investor Relations provided investor feedback throughout the year and maintained a latest view of analyst consensus on an ongoing basis
- Investec Bank plc attended the October meeting to update the Board on the impact of inflation on the equity market and general market conditions, including feedback from shareholders in particular in relation to genericisation. They also attended a number of meetings in 2023 to advise the Board on the proposed cash offer for the Group, which included a detailed paper outlining valuation considerations and an analysis of shareholder sentiment regarding the offer
- Board approval is required for significant announcements
- DLA Piper UK LLP provided training on Directors' responsibilities under the Takeover Code, and provided guidance on the Board's responsibilities in relation to the Scheme Document and announcements connected to the proposed acquisition

Influencing Decisions:

- Approval of Investor Relations strategy
- Advised by Investec as to the financial terms of the proposed acquisition, which resulted in the Board reaching an agreement with Freya Bidco on the terms and conditions of the recommended cash acquisition of the entire, issued ordinary share capital of the Company
- Approval of Med-Pharmex and Piedmont acquisitions and Recommended Cash Offer for the Company (refer to Principal Decisions case studies)

Board Leadership and Company Purpose

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:

- Site Visit to Skipton, UK (see case study on page 100)
- Dinners with Senior Executive Team (SET) in the UK and senior DPM&S leaders in Skipton
- Chair visited the offices at Northwich and the manufacturing site at Skipton
- Lisa Bright, the Non-Executive Director designated for employee engagement, attended a number of meetings with employees (see Employee Engagement Update) and provided reports to the Board
- Geeta Gopalan met a number of employees as part of her induction
- The Group HR Director provided an update to the Board in April 2023 on the flexible working pilot in the UK, Diversity, Equity and Inclusion, the THRIVE programme and the succession planning from a Group wide perspective
- 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 offered for the second year in September 2022 and included Brazil for the first time. The participation rate was 28.6%

Influencing Decisions:

- The continued commitment to pay the Real Living Wage (or its equivalent) on a global basis to support all employees with the challenges faced as a result of the cost of living crisis
- The UK pilot of four and half working day week
- Approval of the Global SAYE scheme grant and the inclusion of Brazil to increase employee ownership
- Recommended Cash Offer for the Company

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:

- 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 provided information on the corporate account strategy
- 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 impact of the wholesaler destocking in particular in the USA
- 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:

- Approval of Licensing agreement for a development project
- Approval of digital transformation project outline

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:

- The Board reviewed 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
- The Board discussed various manufacturing initiatives to enable more products to be manufactured in-house
- The Board has discussed the rising cost of raw materials and energy
- The Audit Committee discussed the Third Party Risk Management system implementation which will enable the Group to have a more effective system of assessing its suppliers

Influencing Decisions:

The Board approved the Modern Slavery Statement and Human Rights Policy

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:

- Executive Directors attend community days
- 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 on the progress of the Sustainability strategy including the Science Based Target initiative
- Update on Antimicrobials in animal agriculture

Influencing Decisions:

The Board approved the AgCo Tech proposal (refer to Principal Decisions case studies)

Regulatory Authorities

Principles:

To meet high standards of product safety and efficacy.

How the Board Engages:

- The Board receives two updates from the Group Quality Director per annum, as well as updates contained within the Group Manufacturing & Supply Directors Board reports. The Quality Director updates cover both internal site and CMOs, product recalls, and manufacturing facility inspections
- The Board receives updates on market authorisation applications

Influencing Decisions:

The Board approved the 2024 financial year budget which included capital expenditure in relation to continuing investments in Manufacturing (in terms of quality and systems)

Board Leadership and Company Purpose

Case Study

Background
Dechra had known Med-Pharmex for a number of years, and it had been a long term acquisition target. Med-Pharmex employed approximately 130 people, was founded in 1983 and served the CAP, FAP and equine markets. It manufactured its own products at its facilities in California, and had expertise in topical, oral and certain injectable products. In June 2022, the Board was asked to consider a non-binding offer for Med-Pharmex, which was in line with the Portfolio Focus and Pipeline Delivery strategic drivers and Manufacturing enabler.

Stakeholder Considerations
In considering section 172 duties the Board noted the acquisition would:

- provide six portfolio products which would increase the product scale to the US business, as well as adding future pipeline products;
- decrease reliance on Contract Manufacturers, by strengthening Dechra's manufacturing capabilities; and
- leverage the existing US infrastructure with minimal SG&A costs and provide attractive financial returns.

Outcome
The Board approved the non-binding offer and the subsequent acquisition. The acquisition of Med-Pharmex for $264.6 million (£223.7 million) completed on 30 August 2022.

Case Study

Background
In March 2023, the Board was asked to consider a proposal for provision of finance in the form of a loan and minority investment in AgCo Tech Ltd, an Australian private limited company which provide practical help to livestock owners in developing countries (further details can be found in the Sustainability Report). Whilst the proposal was within the delegated authority of the Executive Directors, it was presented to the Board for their approval of the transaction, as the co-founders of AgoTech were connected to Medical Ethics Pty Ltd.

The proposed investment of AUD$6.0 million (£3.3 million) will be paid in two equal tranches over the next 12 months to fund the building of the first manufacturing unit in Kenya as well as a second manufacturing unit in Laos. The investment will take the form of a loan which will be repayable, following a one year repayment holiday, over a six year period in the form of verified carbon credits (calculated at market value), which will be retired through our income statement upon receipt. The loan will also attract interest, and Dechra will also take a 5% minority interest holding in AgCo Tech in return for the investment.

Stakeholder Considerations
In considering section 172 duties the Board noted that the proposal was in line with the Group's purpose of sustainably improving animal health and welfare. It was further noted that:

- AgCo Tech provided practical help to livestock owners in developing countries to improve community wellbeing;
- the product reduced methane intensity and emissions as well as generating verified carbon offsets; and
- the offsets created provided a potential income stream for AgCo Tech which allowed them to deliver the product for free to farmers in need which generated social and environmental benefits.

Outcome
The Board approved the proposal and authorised the Chief Financial Officer to proceed with the proposal, which completed in July 2023. Due to the philanthropic nature of the investment we will not look to profit from this investment, with any income being reinvested in other climate stewardship projects.

Case Study

Background

The Board received a series of unsolicited proposals from EQT Fund Management S.à r.l. (EQT) to acquire Dechra. Following initial rejections and further discussion, the Dechra Board indicated to EQT on 3 April 2023 that it had made a proposal which the Dechra Board was minded to recommend and granted EQT access to undertake due diligence. The Board met a number of times to discuss the proposals and were advised by Investec Bank plc and DLA Piper UK LLP.

Stakeholder Considerations

In considering our S172 duties, the Board noted that the Proposed Acquisition:

- would allow the Group to continue with its commitment to:
  - higher levels of investment than it has incurred historically to support the delivery of the pipeline as planned. These longer term investments have, and will continue to have a negative impact on the Dechra Group's reported earnings and corresponding growth rates in the short term;
  - prioritise its existing product portfolio and pipeline over the pursuit of new potential opportunities; and
  - would not mean a reduction in employees, apart from potentially a very limited number of listed company related functions. Nor would there be any changes to the conditions of employment, employment rights and pensions or the balance of skills and functions of the employees and management;
- would not mean any changes to the locations of the manufacturing or research and development facilities subject to a strategic review; and
- was fair and reasonable.

Outcome

The Board reached an agreement with the terms and conditions of the Proposed Acquisition which was announced on 2 June 2023. It was their view that accepting this proposal represented the best interests of all stakeholders and in particular represents a compelling opportunity for shareholders to realise, in cash and with certainty, Dechra's potential for future value creation. The Shareholders voted in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting. The Acquisition and Scheme is subject to certain other terms and conditions including the receipt of antitrust approvals or expiry of applicable waiting periods in the European Union, United States of America, Austria, Brazil and Germany and foreign direct investment approvals or deemed approvals in Australia and Spain, in each case to the extent required. To date, only Australia foreign direct investment approval and the European Union antitrust approval are outstanding.

The icons below highlight the Stakeholders considered and impacted by the proposals presented to the Board and demonstrate how the Board discharged their duties under Section 172 of the Companies Act. The Section 172 Statement can be found on pages 56 and 57.

Key:

Customers People Shareholders Community Environment Suppliers Regulatory Authorities

Board Leadership and Company Purpose

Employee Engagement Update

Lisa Bright

Areas of Focus

- Wellbeing
- Learning and Development
- Diversity, Equity and Inclusion

Meetings with Employees

- Remote attendance at a session in Skipton (UK)
- Future Facing Leaders face to face meeting
- Remote attendance at a THRIVE Champion meeting
- Monthly discussions with the Group HSE Director

Our Approach

At the beginning of the year, the Board agreed priority areas of focus for employee engagement. The Designated NED activities are reported into the Nomination Committee with a summary provided to the broader Board.

Key Themes and Highlights:

Wellbeing was identified as an area of focus following the last Group wide engagement survey results. I attended a virtual meeting with the Works Council in Skipton to review the impact of the change to working hours and introduction of shorter working week. I am pleased to report that the introduction of the shorter working week and increased flexibility received excellent feedback. In addition, this has enhanced the culture at the site resulting in a hugely positive impact on staff engagement and productivity. I also attended one of the THRIVE working group meetings and discussed the wellbeing priorities and interventions that were taking place at both global and local levels.

Diversity, Equity and Inclusion is one of the current strategic priorities for the Group HR function and I am pleased to note the progress in particular with regard to the number of women represented at all levels of management below the SET.

Learning and Development is an area of strategic focus and an area of improvement identified from the Great Place to Work (GPTW) survey. I attended the final Future Facing Leaders face to face programme in April 2023 where the current cohort presented their strategic recommendations to myself and some of the SET.

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, remain consistent with our Values and support the long term sustainable success of the Company.

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 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, with the launch of the line manager training which provides an overview of the THRIVE programme and outlines the manager's responsibility in relation to employee wellbeing. Further details can be found on page 61.

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.

There are 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 hotline. 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. There were 12 reports of which four were deemed to be HR Grievances and the remaining were eight against our Code of Conduct.

Constructive use of the Annual General Meeting

The 2022 Annual General Meeting (the 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 attended the Meeting and the Chairs of the Audit, Remuneration and Nomination Committees were available to answer shareholders' questions at the Meeting.

The Notice of the Meeting was dispatched to shareholders at least 20 working days before the Meeting. The information sent to shareholders included 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, with the exception of Ian Page who holds one directorship in a private limited company.

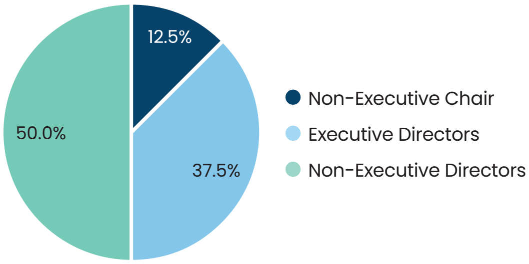
Alison Platt
Non-Executive Chair
12 October 2023

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 94 to 97.

Board Composition

Details of the Directors, together with details of their respective Committee membership, skills and experience, backgrounds and external appointments can be found on pages 94 and 95, and on the website. As detailed in the pie chart below, during the majority of the year and at year end, the Board consists of one Non-Executive Chair, four Non-Executive Directors and three Executive Directors. During the period 1 January 2023 to 22 June 2023, there were five Non-Executive Directors.



Julian Heslop and Ishbel Macpherson had exceeded the nine year tenure in January 2022 and February 2022 respectively. The Board concluded in January 2022 and August 2022 that they both remained independent for the reasons set out in the 2022 Annual Report. Julian retired on 5 September 2022 and Ishbel retired on 22 June 2023. 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.

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 Head of Investor Relations and the Company Secretary. The full terms of reference for each of these Committees are available on the Company's website (www.dechra.com) or on request from the Company Secretary. Other matters have been delegated to the SET and other committees such as the ESG Committee, Strategic Portfolio Prioritisation Committee and Treasury Committee. During the year, the Data Protection Committee was replaced with a Data Protection Officer.

The SET is led by the Chief Executive Officer and is comprised of the three Executive Directors, the Company Secretary 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. They met six times this financial year. 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.

Board Meetings

The Board is scheduled to meet seven times per year. During the year, four additional meetings were held to discuss the 2023 financial year, the interim results, financing and proposed acquisition targets. Where Directors cannot attend a meeting, the Board papers are still provided in advance 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 94 to 97. Geeta Gopalan was unable to attend one Audit Committee meeting due to commitments arranged prior to her appointment. However, she provided the Board with her comments and questions on the subject matter under discussion.

In addition, there were a further nine meetings which were held for the specific purpose of discussing the proposed acquisition of the Group. A number of the meetings were held for the purpose of providing updates to the Non-Executive Directors or for advisers to provide updates to the Board. Due to the fact that these were held at very short notice, there were a number of meetings which not all the Board could attend.

The Non-Executive Directors meet informally before every meeting, and 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; and
- establishing an effective corporate governance framework.

The Board Activities Table details the actions in relation to the above on pages 111 and 112.

Details relating to the formal Schedule of Matters reserved for the Board can be found on page 101 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 123 to 131

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 113 to 122

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 132 to 165

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.

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

Key Responsibilities

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

Division of Responsibilities

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
- Arranges for shareholder views to be brought to the attention of the Board

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
- Executes strategy agreed by the Board

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
- Nominated Director for health, safety and environmental matters and Sustainability

Managing Director Dechra Veterinary Products (DVP) EU

- Management of the segment which contributes the largest proportion of Group revenue
- Development and execution of strategy in the EU

Designated Non-Executive Director for Employee Engagement

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

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 Chair and Non-Executive Directors
- Responsible for compliance with relevant statutory and regulatory requirements

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
- evaluate strategy and risks

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
- Chairs the Nomination Committee when it is considering the succession of the Chair

Key to Responsibilities

- Dechra Board
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Disclosure Committee
- Treasury Committee
- ESG Committee
- Health Safety and Wellbeing Committee
- Senior Executive Team

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 2022/2023	Stakeholder	Strategic Driver/Enabler
Setting the strategy and overseeing its implementation	• Full Strategy Review and approval of five year plan		
	• Bi-annual update on product pipeline and product development		
	• Incorporation of new subsidiary in South Africa		
	• Approval of AgCo Tech investment		
	• Consideration and recommendation of offer for the Group		
	• Approval of Med-Pharmex and Piedmont acquisitions		
Monitoring the overall financial and operational performance of the Group	• Approval of 2022 Full Year Results, final dividend recommendation, 2023 Half-Yearly Results, interim dividend and profit re-forecast		
	• Functional presentations from the SET, General Counsel, Business Quality Director and Chief Information Officer		
	• Approval of the 2023/2024 budget and capital expenditure projects		
	• Approval of Revolving Credit Facility Agreement		
Establishing a framework of prudent and effective controls, which enable risk to be assessed and managed	• Risk Assessment Review and Viability Statement review		
	• Presentations from the SET on their respective risks statement		
	• Review and approval of Schedule of Matters and Delegation of Authority		
	• Quality Updates and approval of DPM&S ERP system		
	• Update from Chief Information Officer		

Division of Responsibilities

Stakeholder Key:

Customers · People · Shareholders · Suppliers · Community · Regulatory Authorities

Strategic Driver/Enabler Key:

Pipeline Delivery · Portfolio Focus · Manufacturing & Supply Chain · Technology · Geographical Expansion · Acquisition · Our People · ESG

Key responsibility	Key activities, discussions and outcomes in 2022/2023	Stakeholder	Strategic Driver/Enabler
Establishing the Company's Purpose, Values and Culture, and promoting the desired behaviours	• Review and approval of the people strategy and employee engagement		
	• Review of the bi-annual Health and Safety Report		
	• Review and approval of Modern Slavery Statement		
	• Review and approval of How To Raise Concern Procedure and Reports		
Establishing an effective corporate governance framework	• Review of Disclosure Committee's Terms of Reference, Share Dealing Code and Inside Information Policy		
	• Review and approval of Group Policies, such as the Code of Conduct, Anti-Trust Policy and Group Health & Safety Policy		
	• Approval of appointments of Non-Executive Director, Committee membership and Committees' Terms of Reference		
	• Review of Task Force on Climate-related Financial Disclosures		
	• Review of 2023 Internal Board Evaluation		

Details relating to the formal Schedule of Matters reserved for the Board can be found on page 101 and on our website.

Alison Platt
Non-Executive Chair
12 October 2023

Composition, Succession and Evaluation

Alison Platt
Non-Executive 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 93

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 2023 financial year. Julian Heslop retired from the Board on 5 September 2022 and was replaced as Audit Chair by John Shipsey. Geeta Gopalan was appointed as a Non-Executive Director on 1 January 2023. She has a breadth of Non-Executive Director experience as well as chairing risk, audit and remuneration committees since 2017. Geeta was appointed Remuneration Committee Chair on 1 March 2023, allowing Ishbel Macpherson to step down from that role. Ishbel remained as a member of the Remuneration Committee to enable a smooth handover until she retired as a Non-Executive Director on 22 June 2023.

The Chief Information Officer Jamie Adams, joined the Senior Executive Team (SET) on 1 July 2023 having been with the business since June 2022.

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 Non-Executive Director as appropriate, the details of which can be found on page 121 of this report.

Composition, Succession and Evaluation

Diversity and Inclusion

We continue to see increasing representation of women across all role types within the Group, where the talent analytics data from the global talent review process provides information to the Committee on the diversity of talent below the Senior Executive team. Dechra's performance in closing the gender pay gap in the UK continues to improve year on year. Work has commenced with an external partner, Inclusive Employers, and will focus our inclusion agenda on areas where we can make the most impact in some of our key employment markets including UK, Europe and North America.

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
12 October 2023

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 on pages 93 to 95. Geeta joined the Committee on her appointment to the Board in January 2023, and Julian Heslop and Ishbel Macpherson resigned from the Committee on their retirements from the Board on 5 September 2022 and 22 June 2023 respectively.

All Committee members are Non-Executive Directors, and are deemed to be independent. Other attendees at the meetings include the Chief Executive Officer, the Chief People Officer 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 2023 Board and Committee internal evaluation (further details of which are provided on page 121). The findings of the internal evaluation were presented to the Committee for discussion at the June 2023 meeting. 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 focus on succession in particular in relation to Executive Directors and Senior Executive Team.

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 2023 financial year, this took place at the February meeting, and there were no material changes made to the terms of reference. It was noted that there was a technical non-compliance with the terms of reference as Ishbel Macpherson had exceeded the nine year tenure limit in February 2022. The Board concluded she remained independent due to the fact that her 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 109 and 113 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 114)	• Review of the Committee's terms of reference	• Review of the effectiveness of the Committee
Composition (see pages 115 to 117)	• Review of Board skills, knowledge and experience	• Recruitment of Non-Executive Director
Succession (see page 120)	• Consideration of Non-Executive Directors' tenure	• Review of SET succession plans and leadership needs
Evaluation (see pages 120 and 121)	• Review of composition of the Board	• Review of Director effectiveness
Diversity and Inclusion (see pages 118 and 119)	• Review and approval of the Diversity Policy	• Review of the Dignity at Work Policy

Board Skills, Knowledge and Experience

Key
- Industry knowledge/expertise
- Skills/experience of the Board

Composition

The Board seeks to ensure that both the Board and the Committees have an appropriate composition to manage their duties and manage succession issues effectively. All appointments to the Board are subject to a formal, rigorous and transparent procedure. The Board 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. 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. The internal evaluation found that the Non-Executive Directors continue to provide an excellent range of relevant and complementary skills.

Composition, Succession and Evaluation

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.

Geeta Gopalan attended a remuneration refresher course with Deloitte which also covers remuneration matters specific to the Company. John Shipsey has undertaken training modules on Cyber Security, ABC and Risk. Alison Platt attended a day's training for Chairs and Non-Executive Directors with the FCA and Prudential Regulation Authority as well as two remuneration roundtables held by PwC and Deloitte. DLA provided the Board training on Director's responsibilities under the Takeover Code.

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.

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. In June, the Board visited the manufacturing facility in Skipton, UK. Prior to the Board meeting, all of the Board met a group of employees from this site which included members of the site's senior leadership team (further details can be found on page 100). During the visit the Board had a tour of the facility which included the recently refurbished Building 3, which the Board had approved in the 2021 financial year.

Board Appointments

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

As reported in the 2022 Annual Report 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 a Remuneration Committee Chair. As previously reported cognisant of the Parker Review requirements and the new listing requirements regarding diversity targets, the Chair and Chief People Officer interviewed two recruitment consultants who specialise in diverse recruitment, one of which was a non-profit organisation. The Committee retained an independent recruitment agency, Audeliss, in the 2022 financial year. Audeliss had no previous connections with the Company or individual Directors.

Audeliss 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.

The search produced four outstanding potential candidates who went through the full scrutiny process, before being short listed to two. We were pleased that Geeta Gopalan was appointed to the Board on 1 January 2023.

The Committee recommended the appointment of Geeta due to her breadth of Non-Executive Director experience as well as chairing risk, audit and remuneration committees since 2017.

Case Study

Geeta Gopalan's Introduction

On joining the Dechra Board in January, I was provided with a comprehensive induction programme. I spent two days at the head office meeting employees as well as a number of virtual meetings with senior executive team members. I met with the Remuneration Advisors who provided me with overview of the UK executive remuneration, current remuneration trends and executive remuneration at Dechra. I have enjoyed the time spent to get to know the team and leaders across the Dechra Group. I am sorry that my tenure as a Non-Executive Director has been cut short due to the proposed acquisition, but I wish the business well in its future endeavours.

Remuneration Committee Chair Appointment Process

1 Nomination Committee

One of the criteria was that the candidates should have relevant remuneration experience in an international company, as well as broad business experience and be a good fit with the culture of the Company.

2 Engage

Audeliss was appointed.

3 Meet

To assist Audeliss with the understanding of the requirements of the role, they met with the Chair and the Chief People Officer.

4 Consider

The Chair met with each of the candidates on the long list, which was then circulated to the Committee for comments before a short list of four was agreed.

5 Select

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.

6 Interview

The first interviews were with the Remuneration Committee Chair, Chief People Officer and Company Secretary, followed by interview with the Senior Independent Director and Audit Committee Chair. The short list was then reduced to two candidates who were interviewed by the Chief Executive Officer, and the Chief Financial Officer, and then by the Chair and the Employee Engagement Designated Non-Executive Director.

Geeta's other appointments were considered to check there was no conflict of interest or time. References were taken.

7 Appoint

Geeta Gopalan was appointed to the Board on 1 January 2023.

Further details relating to her background and experience can be found on page 95.

8 Induct

Please refer to the induction process.

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 Geeta with members of the Senior Executive Team, the Head of Internal Audit, the Head of Investor Relations and the Business Development Director. In addition, Geeta met the Remuneration Committee advisers, Deloitte LLP, who provided an overview of Dechra's remuneration policy as well as the Lead Audit Engagement Partner. The induction process is 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).

Composition, Succession and Evaluation

Diversity and Inclusion

The Committee reviews the policy on diversity and its implementation every year and, during 2023 this review took place in June. There were no changes to the Diversity Policy, a copy of which can be found at www.dechra.com. The policy is Group-wide and includes the Board and its Committees.

The Group recognises that diversity of thinking and skills and an inclusive culture are 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. The Committee and the Board believe that diversity should be less around hitting targets but more around being seen as an inclusive employer.

We are working hard to ensure diversity is not solely a Board issue. Led by our Chief People Officer, we continue to focus on and invest 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. Work was commenced in April 2023 with an external partner focusing our inclusion agenda on areas where we can make the most impact. We are committed to providing an inclusive culture at Dechra and two core modules are included in all our Company management development programmes: Diversity, Equity, and Inclusion in Dechra and OneDechra; an exploration of our Company Culture and Values and what they mean to our people.

During the 2022 financial year we launched a new development programme called Future Facing Leaders (further details of which can be found in SET Succession Planning on page 120).

The chart on page 92 illustrates the diversity characteristics of our Board.

Progress on Diversity Policy

Policy	Progress
Dignity at Work	We have planned a series of facilitated discussions to be rolled out in the next financial year supporting Dechra Culture and Behaviours, the Code of Conduct and inclusivity at Dechra. These will be hosted in local languages over the four quarters of the year. We have a Diversity and Inclusion module which also covers unconscious bias which is one of three core modules that are included in all Leadership and Management development programmes. We also have access to online training modules and incorporate inclusion training into off site meetings. 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. We have launched the external hotline which provides all employees with access to an external and anonymous reporting process in all languages. This makes raising a concern easier and independent. We supported this launch with a communications campaign and all sites have visible signposts to the system.
Board and Committees	In the 2022 financial year, the Committee retained a recruitment consultant who specialise in diverse recruitment. Following a robust process, Geeta Gopalan was appointed to the Board and its Committees. Geeta Gopalan replaced Ishbel Macpherson who retired in June 2023.
Fair Pay	Despite the inflationary pressures experienced across the globe, we remain a Living Wage employer in the UK and equivalent in our other employing countries. In the UK, only one of our subsidiaries, Dechra Limited, is required to report under the Gender Pay Gap regulation. Dechra Limited employees sit within our UK manufacturing, product development and regulatory affairs businesses. We are pleased to report that as a result of our proactive management in relation to our gender pay gap, the gap has continued to reduce over time reducing from 17.7% in 2017 to 1.3% in 2022.

As of 30 June 2023:

- 37.5% of the Board of Directors are women, which is lower than the required 40%. Prior to the retirement of a female Non-Executive Director on 22 June 2023, the Group exceeded this target;
- the Chair is female; and
- one individual on the Board of Directors is from a minority ethnic background.

The data was collated from Director Confirmations completed by both Executive and Non-Executive Directors.

Reporting on Gender Identity or Sex as at 30 June 2023

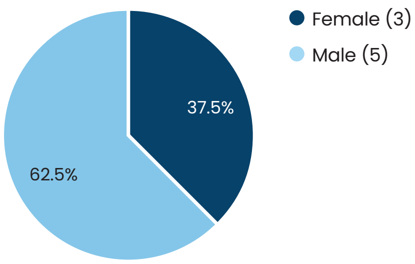
	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management
Men	5	62.5%	3	4	66.7%
Women	3	37.5%	1	2	33.3%
Not specified/prefer not to say	-	N/A	-	-	N/A

Reporting on Ethnic Background as at 30 June 2023

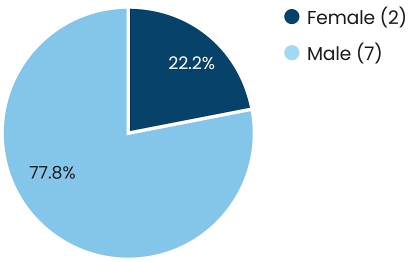
	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management
White British or other White (including minority-white groups)	7	87.5%	4	6	100.0%
Mixed/Multiple Ethnic Groups	-	N/A	-	-	N/A
Asian/Asian British	1	12.5%	-	-	N/A
Black/African/Caribbean/Black British	-	N/A	-	-	N/A
Other ethnic group, including Arab	-	N/A	-	-	N/A
Not specified/prefer not to say	-	N/A	-	-	N/A

*Senior Executive Team, excluding Executive Directors

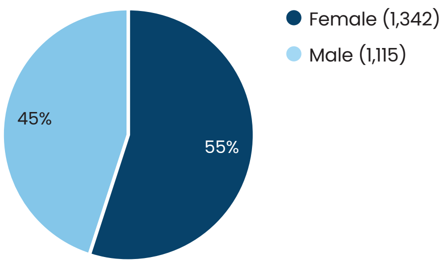
The Board as at 30 June 2023



Senior Executive Team (including Executive Directors) as at 30 June 2023

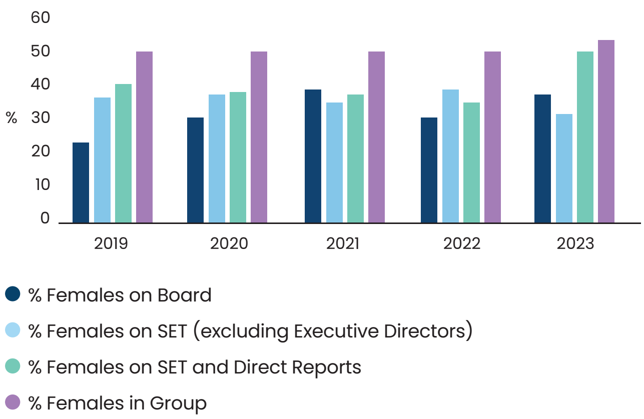


Overall Workforce as at 30 June 2023



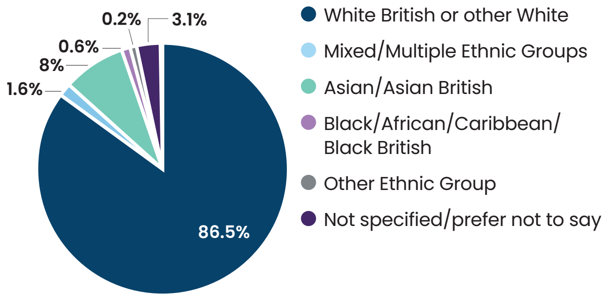
Numbers in brackets represent the number of females and males.

Group Diversity



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.

UK Employee Ethnicity as at 30 June 2023



Composition, Succession and Evaluation

Board Succession Planning

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

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

To assist with this, the Chief People Officer 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.

The Committee have been reviewing the SET succession plan for a number of years and we acknowledge that we have succession gaps for a number of key senior roles and that whilst continuing to develop internal talent we may need to acquire external talent to fill some of these roles. Focus has continued on building stability and strength across the key functions in the business, and growth through acquisition also brings new talent to the Group that we have been able to exploit. The Group HR function has evolved the process for reviewing Talent and is investing more than ever in the ongoing development of our people. The Group HR Director in April provided a more detailed focus than previous years on the SET, their direct reports and then one level down which was enlightening, and the Board felt that it was a step in the right direction. 435 employees were reviewed for the talent pool, which represented at the time of the review approximately 20% of global employees; 48 of those reviewed were already identified as successors, 24 of the employees had been enrolled in the pilot Future Facing Leaders programme and 82 emerging leaders were identified of which 15 were ready now and 20 are deemed to be ready in three to five years. The first cohort on the Future Facing Leaders programme completed the course in July 2023, and a number of them have been identified as potential successors to the SET.

The Committee has reviewed the emergency succession plan, 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.

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 121.

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 115.

The 2022 Internal Board Evaluation

Below is an update on the actions arising from the 2022 external evaluation:

Action	Progress
Bring the customer's voice into the Board discussions	DVP EU presentation included commentary on the consolidation of the EU market and the shift of focus to customer centricity.
Focus on future proofing Dechra in relation to people, product and pipeline delivery	Acquired Piedmont Animal Health Inc in July 2022 which specialises in developing novel and differentiated products for the companion animal market and has a strong development track record. It had eight novel products in the pipeline which significantly strengthens the pipeline and the team of 19 people added additional strength and expertise to the Company's existing product development team. Strategy day discussion on the strategic choices for our R&D innovation pipeline.
Better understanding of key trends in the financial markets and stakeholder views on issues such as ESG	Stonehaven attended a session at the Strategy Day which discussed the current veterinary pharmaceuticals market and Dechra's place within this. Investec attended the October 2022 meeting to discuss the impact of inflation/economic turmoil and the state of the market with the Board. Chair engaged directly with investors via invitation from Company Secretary.

The 2023 Internal Board Evaluation

Following the external evaluation in 2021, it was agreed to undertake an internal evaluation for the 2023 financial year, focusing on the following areas: (i) Strategy; (ii) Working Together; (iii) Management of the Board; (iv) Culture; (v) Engagement with stakeholders; (vi) Board Chair Evaluation; (vii) progress on 2022 Internal Board Evaluation; and (viii) 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 2024 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 Internal Board Evaluation as well as additional questions of the Chair's performance.

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 June 2023 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:

- Focus on succession planning, in particular for Non-Executive Directors and the Senior Executive Team; and
- Aligning strategy with five year plan.

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

Subject to the Company remaining listed progress made on these action points during the forthcoming year will be reported in next year's Annual Report, an external evaluation will be undertaken during the 2024 financial year and the results of the 2023 internal Board evaluation will be reported in next year's Annual Report.

Effectiveness of Directors

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 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.

The internal evaluation concluded that the Board remained fit for purpose. Any comments received related to evolving the Board's knowledge of the business and animal health industry rather than any underperformance or issues of cohesion. 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. All Directors are normally subject to annual election, or in the case of Geeta Gopalan; election. The specific reasons why their contribution is, and continues to be, important to the Company's long term sustainable success would normally be found in the Notice of the Annual General Meeting. A separate notice convening the Annual General Meeting will be sent to shareholders within the timeframes required by the Companies Act 2006 and the Listing Rules. As mentioned in the Governance letter the Annual General Meeting (the AGM) is subject to the Company remaining listed at the date of the AGM. On the acquisition of the Group by Freya Bidco Limited becoming effective, all of the Non-Executive Directors will resign.

Alison Platt
Nomination Committee Chair
12 October 2023

Audit, Risk and Internal Control

John Shipsey
Audit Committee Chair

5
Audit Committee Meetings Held

Areas of Focus This Year
- Appointment of new Audit Committee Chair
- Review and approval of the Anti-Fraud Policy
- Review of the Third Party Risk Management system
- Review of Business Combination accounting for Piedmont and Med-Pharmex acquisitions
- **Key Responsibilities**
- To review and oversee the Group's financial and narrative reporting processes, to monitor the integrity of the financial statements and formal announcements relating to financial performance, and advise the Board on whether the Annual Report and Half-Yearly Statements, taken as a whole, are fair, balanced and understandable
- To review the adequacy and effectiveness of the Group's internal control systems (including the risk management system) and the work of the internal audit function
- To review the Group's procedures and internal control for reporting fraud
- To oversee the relationship with, and review the effectiveness of, the external auditor, monitor their independence and objectivity, and set the policy for non-audit work

Read more about our Committee Membership and Attendance on page 93

Dear Shareholder
On behalf of the Board, I am pleased to present the 2023 Audit Committee (the Committee) report, which is my first as Chair, having succeeded Julian Heslop following his retirement on 5 September 2022. It will also be my last report following shareholder approval of the recommended cash offer for the Company. This report is intended to provide shareholders with a clear understanding of how the Committee discharged the responsibilities delegated to it by the Board over the course of the year ending 30 June 2023 and the key topics it considered in doing so. During the year, in addition to our regular duties, we focused on the following matters:

Committee Membership
I am pleased to report that, following the completion of a recruitment process, Geeta Gopalan joined the Committee on her appointment to the Board in January 2023. Geeta has over 25 years of experience of financial services and retail banking, particularly payments and digital innovation. Geeta is a Chartered Accountant and has been chairing risk and audit committees since 2017. Ishbel Macpherson ceased to be a member of the Committee on her retirement from the Board on 22 June 2023. All members of the Audit Committee remain independent Non-Executive Directors.

Anti-Fraud Policy
The Committee reviewed and approved an Anti-Fraud Policy which formalised the existing procedures in place. The policy provides employees with guidance on preventing, identifying, reporting and investigating fraud and was designed to complement the existing Code of Conduct. Further details can be found on page 129.

Appointment of Data Protection Officer and Compliance Manager
In December the Committee approved a proposal to replace the Data Protection Committee with a Data Protection Officer. The role was initially covered by a data protection consultant but now forms part of the role of the Compliance Manager, who joined Dechra in April 2023. The Compliance Manager will report to the Committee on Dechra's compliance with Anti-Bribery and Anti-Corruption, Anti-Trust, Data Protection and Sanctions regulations.

Audit, Risk and Internal Control

Third Party Risk Management System

During the 2022 financial year, the Committee approved the implementation of a centralised software solution to replace the current manual third party due diligence processes. Following a tender process, a small cross-functional team has been working since January on the design, build and testing of the system. In July 2023 a phased launch of the platform commenced with our DVP International business whose customers have been classified as higher risk due to the territories in which they operate and the nature of the distribution activities. It is envisaged that the system will be rolled out across all divisions by the end of the calendar year.

Piedmont and Med-Pharmex Acquisitions

Following the acquisitions of Piedmont Animal Health Inc and Med-Pharmex Holdings Inc during the year, the Committee has reviewed the business combination accounting proposed by management and third party experts, which supports the assessment of the completeness and valuation of acquired assets and liabilities. Furthermore, the Committee considered management's impairment review of the Piedmont product pipeline and endorsed the conclusion that one of the near term In Process R&D assets was impaired. Finally, the Committee has reviewed the progress made by management on the integration of the acquired businesses, including the initial assessment of, and plans for improvement to, the control environment.

Preliminary Statement Date Change

In April and May 2023, the project team which works on the Annual Report and Accounts was re-directed to answer the due diligence requests in relation to the proposed cash offer for the Group by Freya Bidco Limited. This meant that the pre-year-end audit work scheduled for May and June was delayed. Following discussion with the external auditors and the project team, it was agreed to delay the announcement of the Preliminary Statement.

Annual Report 2023

The following report sets out how the Committee has complied with the principles of the Corporate Governance Code 2018 and specifically provisions 25 and 26, and assisted the Board with its compliance in respect of provisions 24, and 27 to 31. We reviewed, at the request of the Board, whether the 2023 Annual Report was fair, balanced and understandable and concluded that it was. The basis supporting our conclusion is set out on page 128.

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

John Shipsey
Audit Committee Chair
12 October 2023

The Purpose and Function of the Audit Committee (the Committee)

Purpose

The 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.

Membership, Meetings and Attendance

The membership of the Committee, together with appointment dates and attendance at meetings, are detailed on pages 93 to 95. John Shipsey succeeded Julian Heslop as Chair of the Committee on 5 September 2022, and Geeta Gopalan joined the Committee on her appointment to the Board on 1 January 2023. Ishbel Macpherson retired from the Committee on 22 June 2023. All Committee members are Independent Non-Executive Directors.

The Board considers that all members of the Committee are independent and have competencies relevant to the sector in which the Company operates, with the Chair and Geeta Gopalan being chartered accountants. John Shipsey has relevant financial experience as a result of his financial background and qualifications, and Ishbel Macpherson brought financial experience to the Committee following her career as an investment banker. Lawson Macartney and Lisa Bright provide experience of product development and commercialisation of pharmaceuticals, which support the Committee in meeting its objectives. Geeta Gopalan also brings recent and relevant financial experience to the Committee, with a breadth of experience chairing audit, risk and remuneration committees and over 25 years' experience in financial services and retail banking. The biographies of all Committee members are detailed on pages 88 and 89.

The Company Secretary attends each meeting and acts as its secretary, assisting the Chair in circulating all papers prior to each meeting in a timely manner and providing advice on all governance related matters. Other members of the Board normally attend each meeting together with the PricewaterhouseCoopers LLP (PwC) External Audit Engagement Partner, the Group Financial Controller and the Head of Internal Audit and Risk Assurance. During the year, other employees also attended the meetings to provide updates on specific matters:

Attendee	Matter
Head of Investor Relations	Review of Half Year and Full Year Accounts
Group Treasurer	Treasury and Group's Borrowing Facilities Update
Head of Tax and Transfer Pricing	Tax Strategy, Risk and Compliance Update
Head of Group Reporting	Reporting and Accounting Update
Senior Legal Counsel	Anti-Bribery and Sanctions Update

In addition, the Committee Chair meets with the Chief Financial Officer, the Head of Internal Audit and Risk Assurance and the External Audit Engagement Partner outside of the Committee meetings in order to understand fully the key topics and to enable these subjects to be discussed meaningfully at the meetings. The Committee meets with the external and internal auditors without management present, after each scheduled meeting, to discuss their respective areas and any issues arising from their audits. The Committee provides a report to the Board on its activities at the Board's next scheduled meeting. Neither the Company nor its Directors have any relationships that impair the external auditor's independence.

Effectiveness of the Committee

The Committee's performance was evaluated as part of the internal review of the effectiveness of the Board and all its Committees which took place in April 2023 (further details of which can be found on page 121 of the Governance Report). The evaluation confirmed that the Committee is functioning well, supported by a strong finance team, with meetings demonstrating good engagement from Non-Executive Directors, management and assurance functions. The evaluation also confirmed that the overall risk framework is well-embedded and adding value.

Role and Responsibilities

The main role and responsibilities of the Committee are set out in the written terms of reference, which are available in the Corporate Governance section of our Company's website (www.dechra.com). The Board reviewed the Committee's terms of reference at the December 2022 meeting. It was agreed to amend the terms of reference to include the assessment of principal and emerging risks and to review regular reports from the Compliance Manager, on her appointment, and keep under review the adequacy and effectiveness of the compliance function. It was noted that there was a technical non-compliance with the terms of reference as Ishbel Macpherson had exceeded the nine-year limit in February 2022. The Board agreed in August 2022 that it considered Ishbel Macpherson as independent, and that her knowledge and understanding of City matters gained over 20 years' experience as an investment banker and subsequent considerable board experience provided an independent view on the Board discussions on financing and the financial risks of acquisitions.

The main responsibilities of the Committee are summarised on pages 109 and 123 of the Governance Report.

Major Activities of the Committee During the Year

The Committee met five times since the last Annual Report was issued. These meetings were scheduled meetings, and are generally timed to coincide with the financial reporting timetable of the Company. 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.

At each meeting, the Committee reviews the following items routinely:

- status of statutory audits and reporting, global tax management and compliance;
- non-audit fees (including actual and projected spend); and
- the internal audit progress and assurance report.

Month	Progress	
August	• Review of preliminary results and announcement • Review of draft Annual Report and Accounts • Review of external audit findings, report and representation letter • Confirmation of Going Concern and Viability • Fair, Balanced and Understandable Review	• Compliance relating to financial statements • Review of final dividend and distributable reserves • External auditor effectiveness • Review of Risk Management process effectiveness • Confirmation of covenants • Auditor reappointment
December	• Review of Committee Terms of Reference • Agree programme of business for 2024	• Review and approval of interim plan of external auditor • Review internal audit progress report
February	• Review of Half Year Results • Annual Review of dividend policy • Review of Interim dividend and distributable reserves	• Review of Internal Controls • Status of statutory accounts and tax computations • Review and approval of Internal Audit Charter • Review of external auditors' interim review findings
April	• Approval of External Audit strategy, scope and fees • Review of Committee Effectiveness • Confirmation of Auditor Independence • Review of ABC, Code of Conduct and Data Protection Policies	• Tax, Treasury and GDPR Compliance Update • Report on compliance with Data Protection Policy • Review of Risks and Controls • Borrowing Powers Confirmation • Approval of internal audit plan
June	• Assessment of principal and emerging risks and annual review of Risk Management Process Effectiveness	

Audit, Risk and Internal Control

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

Purpose and Function (see pages 124 and 125)	• Review of the Committee's terms of reference • Review of the effectiveness of the Committee	• BEIS Requirements 'Restoring trust in audit and corporate governance'
Financial and Narrative Reporting (see pages 127 and 128)	• Review of the Accounting Treatment of R&D Projects and Technical Transfers • Review of year end accounting treatment for acquisitions and licensing arrangements, non-underlying items and new accounting standards • Review and endorsement of key judgements made by management in determining half-year and full year results • Review of the Group's Half-Yearly Report and supporting papers • Consideration of the Half-Year Review Memorandum prepared by the external auditor • Review of the Group's preliminary statement, draft Annual Report (including the Audit Committee Report) for the year ended 30 June 2023	• Consideration of the Audit Memorandum prepared by the external auditor, including: ∘ review of accounting treatment of non-underlying items ∘ assessment of acquired intangible assets and goodwill including impairment reviews undertaken ∘ accounting for licensing agreements ∘ commentary on the general control environment across the Group • Fair, Balanced and Understandable recommendation of the Annual Report • Review of Viability Statement process • Review and commend the Going Concern and Viability Statements • Review of the dividend policy and interim and final dividend proposals
Internal Controls and Risk Management (see pages 128 and 129)	• Review of Anti-Bribery and Anti-Corruption (ABC) and Sanctions policies • ABC and Sanctions compliance update • Half-year and full year review of internal financial controls • Review of tax strategy and policy framework • Review of treasury policy and practice	• General Data Protection Regulation (GDPR) compliance update • Review and approval of the internal control and risk management statements • Review of cyber security and adoption of NCSC 10 Step Framework
Internal Audit (see pages 129 and 130)	• Review of the Internal Audit Plan, completion of audit recommendations and effectiveness of Internal Audit	• Review and approval of Internal Audit Charter
External Audit (see pages 130 and 131)	• Review and approval of PwC Half-Yearly review plan • Review and approval of PwC full year external audit strategy (including timetable, risk assessment, materiality, scope and fees) • Review of findings from the external audit	• Review of the external audit effectiveness • Review of external auditor's independence and level of non-audit fees • Review of the non-audit work and fee policy • Discussion in relation to the Company's expectations of the external auditor and audit process

BEIS 'Restoring Trust in Audit and Corporate Governance'

The Committee will continue to consider any changes to Dechra's policies and processes in light of the BEIS 'Restoring Trust in Audit and Corporate Governance' requirements including:

- the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023 (Regulations) and associated explanatory memorandum published on 19 July 2023, which introduce reporting measures relating to an Audit & Assurance Policy, a statement on steps taken to prevent and detect material fraud, a Resilience Statement, and a statement on distributions and capital allocation; and
- any changes to the UK Corporate Governance Code that will affect the requirements around Audit, Risk and Internal Control.
- the FRC's 'Audit Committees and the External Audit: Minimum Standards' issued in May 2023

Financial and Narrative Reporting

All significant matters that the Committee considered during the year were supported by relevant justification papers and were fully discussed so that due and appropriate consideration was given before any decision was approved. Further detail in relation to a number of significant matters is provided below.

Financial Judgements

The Committee reviewed both the half-year and the annual financial statements. This process included an analysis by management of key judgements made in determining the results. The Committee reviewed this in detail and endorsed management's judgements.

The Committee gave particular attention to significant matters where judgement was involved, which were complex in nature, or where alternative performance measures (APMs) were provided to enhance investors' understanding of the underlying performance. The Group uses various non-GAAP APMs within internal management reporting, the Half-Yearly Report and the Annual Report. The objective of these APMs is to isolate the impact of exceptional, one-off or non-trading related items, to allow the Board and users of the accounts to understand better the underlying performance of the business. The Group also uses constant exchange rate growth percentages to eliminate the impact of exchange rate fluctuations and to show the underlying business growth. These matters were well supported by briefing papers provided by management and were specifically reviewed and agreed by the external auditor in their reports to the Committee and in related discussions.

The key matters reviewed are shown in the table below:

Significant risks considered by the Committee in relation to the financial statements	Corresponding actions taken by the Committee to address the issues
Review of the carrying value of intangible assets and goodwill of £922.4 million, which represents 58.8% of total Group assets.	The Committee reviewed management's process for reviewing and testing goodwill, In Process R&D (IPR&D) and other intangible assets for potential impairment. It then endorsed management's conclusion that no impairment of these assets had taken place other than one of the near term IPR&D assets (as noted above). The Committee considered PwC's report on these matters.
Review of the remeasurement of the intangibles and associated contingent consideration for the licensing transactions, which were remeasured during the year.	The Committee reviewed the accounting basis of the adjustments, which supported the remeasurements and considered the appropriateness of the accounting treatment.
Valuation of the acquired intangible assets and goodwill acquired through business combinations in the year which totalled £409.7 million.	The Committee reviewed the calculations and assumptions provided by management and third party experts which support the valuation of those acquired assets and any related contingent consideration, and the valuations were assessed for completeness. The Committee reviewed the useful economic lives of the identifiable intangible assets and the future growth rate assumptions applied in the valuations.
Review of the corporate tax rate for the year being a credit of 22.8% (23.1% charge on underlying profit before tax).	The Committee discussed the key risks in respect of corporate tax and reviewed whether appropriate controls were in place to confirm that taxation calculations were not materially misstated. Areas where significant judgements, such as uncertain tax positions, had been applied were reviewed and challenged, and external audit work and conclusions were considered. The Committee reviewed progress in settling outstanding transfer pricing rulings and other matters.
In order to assist investors with a better understanding of the underlying performance of the business, management present within the financial statements figures for underlying profit and earnings. These measures are reconciled to the figures provided in the financial statements and exclude items such as impairment and amortisation of acquired intangible assets and related contingent consideration, acquisition costs, manufacturing cloud computing arrangement costs, and the fair value uplift on inventory acquired through business combinations.	The Committee reviewed the basis for calculating the underlying figures and its consistency with the previous year's figures. It also sought confirmation from the external auditor, PwC, that they were satisfied that the application of the accounting policy relating to this treatment was appropriate. The Committee also reviewed to see if there were any material one off income or costs within the underlying results meriting separate disclosure and endorsed management's conclusion that there were no such items during the year.

Audit, Risk and Internal Control

Going Concern and Viability Statements

The Committee reviewed the Group's Going Concern and Viability Statements set out on pages 51, 81 and 82 of the Strategic Report. In considering the Viability Statement, the Committee paid particular attention to the robustness of the stress testing scenarios, the cash flows forecast by the business and the committed bank facilities available to the Group in the period under review. The Group had completed a refinancing and entered into a facilities agreement in March 2023 with a group of banks under which a facility of £340.0 million was made available and which is currently committed until March 2028. The Committee also considered the position, and statements made by the Directors, relating to the material uncertainty over going concern that arises due to the proposed acquisition of the Group by Freya Bidco Limited as set in the Strategic Report on page 82. The external auditor reviewed management's assessment and discussed their review with the Committee.

Task-force for Climate-related Financial Disclosures (TCFD)

The Committee discussed the assurance processes underpinning the provision of the TCFD report and concluded that the impact of climate change does not give rise to a material financial statement impact. The Board statement on TCFD can be found on page 69. The external auditor did not identify risks related to climate change as a key audit matter.

Fair, Balanced and Understandable Assessment of the Annual Report

At the request of the Board, the Committee considered whether the 2023 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's performance (pages 44 to 51), business model (pages 28 to 31) and strategy (pages 32 to 35).

The Committee based its assessment on a review of the processes and controls put in place by management. These included:

- the relevant senior management providing information on their own business units and their confirmation that it was fair, balanced and understandable; and
- the Executive Directors and Company Secretary providing confirmation that each section of the report has been subject to a rigorous review process built around four tiers:
    - ongoing internal review by members of the Annual Report project team;
    - Board review of the Annual Report with all comments received being considered by the owners of the respective reports;
    - external review by advisers, including the external auditor; and
    - a final review by all members of the Senior Executive Team (SET).

The above was an integral part of the process and each tier was invited to comment so that issues could be debated and a final assessment made. The Annual Report project team concluded that the 2023 Annual Report met the fair, balanced and understandable test. In addition, all members of the SET concluded that it met the fair, balanced and understandable test.

An integral part of the process was the Committee's final review; other Board members and the external auditor were invited to comment so that issues could be debated and a final assessment made. The Committee was satisfied that all material matters, which had been disclosed in the SET's reports to the Board throughout the year, had been adequately reflected in the Annual Report and that the business model, strategy and the Group's performance were correctly reflected and clearly presented.

PwC have also concluded that the fair, balanced and understandable statement is materially consistent with the financial statements and with the knowledge they gained during their audit and their report can be found on pages 172 to 181.

This assessment was carried out by the Committee on 5 October 2023, following which the Committee reported to the Board that it was satisfied that, taken as a whole, the 2023 Annual Report is fair, balanced and understandable.

Financial Reporting Council (FRC) Review Letter

During the year, the Company received a letter from the Financial Reporting Council (FRC) in relation to its review of the Company's Annual Report and Accounts for the year ended 30 June 2022. Based on their review, there were no questions or queries that they wished to raise. They did note a number of matters where they believe that the users of the accounts would potentially benefit from improvements to existing disclosures and these have been considered and incorporated in the preparation of the 2023 Annual Report and Accounts.

Internal Controls and Risk Management

The Board retains overall responsibility for the management of the Group's risk management and internal control framework, and has delegated the ongoing monitoring and review of the principal and emerging risks and effectiveness of the Group's risk management and internal financial controls to the Committee.

The Group's risk management and internal control processes include:

- a review of the SET's assessment of their strategic risks and internal controls;
- a review of the Group's principal and emerging risks, and related controls and mitigating actions;
- a review of the procedures in place to identify emerging risks;
- a review of the risk statements for recommendation to the Board;
- a review of the Going Concern and Viability Statements, together with the financial stress testing conducted to support these statements; and
- a review of baseline financial controls and management representations as to their effectiveness across the Group.

During the 2023 financial year, a new Financial Control Framework (FCF) has been implemented. This framework extends the scope of the baseline controls standards to an increased number of controls and work has continued to monitor adherence to the FCF and to identify any gaps or deficiencies requiring mitigating controls or remediation.

The Committee confirms that it has not been advised of, nor has it identified, any failings or weaknesses which it would classify as significant to the Group's internal control system. The Committee further confirms that the Group's internal control systems have been in place for the year under review and up to the date of approval of this Annual Report and Accounts, and are in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC. Further details in respect of the Group's risk management and internal control processes are provided on pages 79 to 82 of the Strategic Report, along with the principal risks, controls and mitigating actions and emerging risks. The Board's statements on the effectiveness of these processes are provided on page 98 of the Governance Report.

Review of Policies and Procedures

During the year, the Committee undertook the annual review of the Group Tax Policy and Strategy, the Group Treasury Policy, the Data Protection Policy, the Sanctions Policy, the Anti-Bribery and Anti-Corruption (ABC) Policy and the Third Party Code of Conduct. The Committee is also provided with updates on relevant due diligence processes, updates to procedures and any non-compliance in relation to these policies.

The Committee in the previous financial year approved the implementation of a centralised software solution to replace the current manual onboarding due diligence processes. The project was initiated to deal with the challenges faced by a manual refresh of due diligence for medium to higher risk customers and suppliers. However, the early stage scoping exercise and consultation with stakeholders from each division across the Group highlighted the potential gaps in the Group's wider due diligence of areas such as modern slavery, tax, health and safety and ESG. The consultation recognised that the current systems are resource intensive, it being time consuming to gather information and liaise with internal stakeholders through a variety of de-centralised and manual processes.

Four suppliers were invited to tender, with two selected for a Proof of Concept. Work commenced with the preferred supplier in January 2023, with the design of a three stage risk assessment process. The assessment process has been engineered to capture basic information for the purposes of entity creation, followed by an internal profiling and tiering exercise to gather more detailed risk-based information, which will in turn generate assessments to be completed by the third party. The system will also generate automated reminders for the business to refresh the due diligence on an annual or triennial basis, subject to the risk level associated with the vendor.

Following completion of the build and testing phase, a phased launch of the platform commenced in July 2023. The first division selected for a pilot launch was DVP International, the rationale being that this division has higher risk customers due to their territories and the nature of their distribution activities. Completion of the roll out to the whole of the Dechra Group is scheduled by the end of the calendar year.

During the 2023 financial year the Committee approved a Group Anti-Fraud Policy, which provides employees with guidance regarding the definition of fraud, standards required, measures to prevent and identify fraud, procedures for reporting concerns, procedures for investigating allegations of fraud, and actions which may follow a breach of the policy. The policy has been designed to complement Dechra's existing Code of Conduct.

Following approval of the Group Anti-Fraud Policy, the Internal Audit team has supported its initial implementation, before handing responsibility for the Policy over to the Compliance Manager. During the year, the Internal Audit team reported two cases of fraud to the Committee, both of which resulted in mitigating controls being implemented; neither fraud was material and both were perpetrated by third parties.

Internal Audit

The Internal Audit and Risk Assurance function provides objective assurance and advice on the management of the Group's risks and its systems of internal control. Internal Audit operates a co-sourced arrangement with KPMG LLP with a mix of seconded and specialist resources to provide a flexible resource model and access to specialist expertise and language skills in worldwide geographies. In accordance with a strategy to develop the Internal Audit function in line with projected business growth, an additional in-house resource was recruited in the 2023 financial year. This brings the team to four permanent employees, one of whom is based in the Kansas City office.

Internal Audit Plan

Internal Audit operates a three year assurance plan, which seeks to provide balanced coverage of the Group's material financial, operational and compliance control processes. It consists of a rolling programme of core assurance activities, together with initial control reviews on new acquisitions and reviews of major business process and systems changes. The annual audit plan, which defines the specific assurance projects to be delivered each financial year, is developed from the three year plan. The annual plan for the year to June 2024 was approved by the Committee in April 2023, and was based on meetings with key stakeholders from across the Group to understand the risks, challenges and projects/initiatives within each area of the business and priorities for internal audit coverage; and consideration of key risks and core operational and financial processes to provide cyclical assurance to the Committee and the Board.

The 2023 Internal Audit Plan comprised 30 audits covering financial, operational, IT, and compliance risks across Dechra's global operations.

The key areas addressed in this year's audit plan have been:

- Financial: Financial Controls Framework, Payment Controls, Treasury, and TCFD;
- IT: Cyber Security and SAP;

Audit, Risk and Internal Control

- Operational: Pricing, Rebates and Discounting, Product Registration Management, and HR & Payroll, and Fraud Investigations; and
- Compliance: Gifts and Hospitality, and PDRA Governance.

The audit plan also included advisory work such as a Modern Slavery Risk Assessment review, Financial Controls Framework support, and ongoing assurance to support the Group's project to upgrade the Manufacturing ERP system to one consolidated cloud-based Oracle platform. Support of the Oracle implementation consists of a set of regular risk-based assessments of the project to assess the status of key items which will be critical to the effective and successful delivery of the platform. Internal audit recommendations and control improvements are agreed with process owners and communicated to the relevant business leaders via internal audit reports. Details of all audit reports are provided to the Committee, together with regular progress reports on management's implementation of control improvements.

Independence and Effectiveness of Internal Audit

During the year, the Committee reviewed and approved the updated Internal Audit Charter, which has been amended to align with the Institute of Internal Audit's Model Internal Audit Activity Charter. The Committee, based on an assessment of the internal auditor's work, agreed that the internal audit team continued to have sufficient resources (particularly following the addition of new resource) and access to technical experience to act as an effective third line of defence. The Committee concluded that the internal audit function was effective and independent

External Auditor

Following a competitive tender in 2015, PwC were appointed as the Company's external auditor effective from the 2016 audit. The Company complies with the Competition and Markets Authority Order 2014 relating to audit tendering and the provision of non-audit services and the FRC's 'Audit Committees and the External Audit: Minimum Standard' (issued in May 2023).

Audit Plan

PwC agreed their audit plan with the Committee which included audit scope, key audit risk areas and materiality. The Committee discussed the audit plan with PwC and approved it, together with the fees proposed. The key audit matters, and how the audit addressed them, can be found on page 127. The Committee did not ask the external auditors to look at specific areas.

Independence, Effectiveness and Objectivity of the Audit Process

The Committee conducted a review of the external auditor's independence, effectiveness and objectivity based on:

- the Committee's own assessment of the quality of the audit plan, the rigour of the audit findings and conclusions, the extent to which the External Audit Engagement Partner understands the business and constructively challenges management and the quality and clarity of the technical and governance review provided;
- the results of a questionnaire on external auditor effectiveness and efficiency (further detail on which is provided below);
- a report prepared by PwC setting out its processes to ensure independence and its confirmation of compliance with them; and
- the level of non-audit fees as a percentage of the audit fees paid to the external auditor, which were 21.2% (2022: 6.0%) in relation to services rendered by PwC.

Responses to the questionnaire have been received from the Finance Leadership Team across the Group who provided information and assistance to the external auditor.

The questionnaire covered a number of areas, including:

- planning and preparation;
- quality of the audit team and continuity;
- knowledge and understanding of the Group;
- appropriateness of the areas of audit focus;
- interaction with audit specialists; and
- timeliness and adequacy of communication by the external auditor.

The results of the questionnaire were reported to the Committee at the meeting on 5 October 2023.

Based on the review set out above, the Committee is satisfied with the external auditor's independence, effectiveness and objectivity.

Re-Appointment of External Auditor

At the forthcoming Annual General Meeting, a resolution to re-appoint PwC as the external auditor and to authorise the Committee to set their remuneration will be proposed. In recommending the re-appointment of the external auditor at the Annual General Meeting, the Committee also took into account the Competition and Markets Authority (CMA) Order on mandatory audit tendering.

Dechra will be required, if the Company remains listed, to retender its audit no later than for the 2026 financial year. If required, the Committee will complete this process well before the start of the year preceding the 2026 financial year, to maximise the number of firms able to tender and to permit the firm selected to have sufficient time to meet the required independence regulations.

Audit Tender Process

At the February meeting the Committee endorsed the proposal for the tender of the external audit services and the proposed timetable to select and appoint the successful firm for the financial year to 30 June 2026. It was proposed that invitations to tender would commence in October 2023 with a view to a decision and recommendation for approval by April 2024 in advance of the 2024 shareholders' annual meeting. In light of the EU Audit Reforms which require that the tender process does not in any way preclude the participation in the selection procedure of non-Big 4 firms, we commenced discussion with a challenger firm. However, this firm felt that, due to the fact that the Group is a global pharmaceutical company, they were unable to deliver an audit of the quality that would meet their, the Group's and the FRC's expectations.

The Committee considered whether the Group should continue with the audit tender process at the October 2023 meeting. It was agreed to postpone the tender process as post delisting the Group would not meet the definition of a Public Interest Entity under the Companies Act and would therefore not be required to retender the audit services.

External Audit Engagement Partner Rotation

1. In line with the FRC Ethical Standard, the External Audit Engagement Partner is rotated every five years. The current External Audit Engagement Partner, Mark Skedgel, was appointed by the Board on the recommendation of the Audit Committee for the 2021 financial year.

Non-Audit Assignments

With respect to non-audit services undertaken by the external auditor, the Company's policy is that the provision of such services must not impair the auditor's independence or objectivity.

Since May 2018, the policy for the use of the auditors, PwC, for non-audit work permitted in accordance with FRC guidance, is capped at 30% for the ratio of non-audit fees to the audit fee; and the underlying principle is that the external auditor should never be used where another professional firm can provide the same or similar service. This principle is stricter than the FRC guidance as it is expected that non-audit work performed by the external auditor will be limited to the review of the half-year accounts and any other work required to be carried out by the statutory auditor in accordance with legislation.

The annual review of the policy was undertaken in April 2023 and there were no proposed changes. Should another professional firm be unable to provide the same or similar service, the Committee will continue to approve in advance any non-audit work carried out by the external auditor. In all instances, the Committee will assess the qualification, expertise, independence and objectivity of the external auditor prior to granting approval. Safeguards are in place to provide for continued external auditor independence, including the use of separate teams to undertake any non-audit work (other than the review of the Half-Yearly Report) and the audit work. As such, non-audit fee spend is a standing item on the agenda for every Committee meeting.

A summary of audit and non-audit fees in relation to the year is provided in note 7 to the Group's financial statements. This shows that non-audit work carried out by the external auditor represented 21.2% (2022: 6.0%) of the annual audit fee. The non-audit fees are higher than in previous years, and this is due to the PwC providing the services of reporting accountant with respect to the profit reforecast in the Scheme Document in relation to the proposed acquisition of the company by Freya Bidco Limited. The Board fully considered this engagement, noting that the work would be completed by another team within PwC. It did not consider that the performance of this non-audit work impacted upon or impaired the external auditor's independence or the integrity of their work. The 2023 non-audit fees also include the engagement of PwC (as statutory auditor) to provide an annual attestation to NOMA (the regulator in Norway), to perform an interim review in accordance with ISRE2410 and as such the services were permitted under the non-audit fee policy.

	2023 PwC	2022 PwC	2021 PwC	2020 PwC	2019 PwC
Audit fees including related assurance services (£m)	**2.5**	1.8	1.4	1.1	0.89
Non-audit fees (£m):					
Review of Half-Yearly Report	**0.1**	0.1	0.1	0.06	0.04
Other work	0.4*	0.002	0.006	0.002	0.002
Ratio of non-audit fees to audit fees	**21.2%**	6.0%	7.6%	5.5%	6.7%

* The reasons for the engagement of PwC are set out above.

John Shipsey
Audit Committee Chair
12 October 2023

Directors' Remuneration Report

Geeta Gopalan
Remuneration Committee Chair

7

Remuneration Committee Meetings Held

Areas of Focus This Year

- Review of compensation across the Group, including the Executive Directors
- Review of Chair's fee
- Executive Director and Senior Executive Team (SET) Performance Objectives, including ESG targets

Key Responsibilities

- To determine the remuneration, bonuses, long term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, the Chair and SET
- To oversee any major changes in employee benefit structures
- To approve the design of any employee share scheme
- To oversee workforce pay policies

Read more about our Committee Membership and Attendance on page 93

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2023. Having joined the Board on 1 January 2023, I was appointed as Chair of the Committee with effect from 1 March 2023 succeeding Ishbel Macpherson, who I would like to thank for her considerable contribution as Chair of the Committee.

There have, of course, been two key considerations for the Committee during the 2023 financial year: the renewal of our Directors' Remuneration Policy and the proposed acquisition of the Company by Freya Bidco Limited (a newly formed company to be indirectly owned by (i) EQT X EUR SCSp and EQT X USD SCSp, each acting through its manager (gérant) EQT Fund Management S.à r.l., and (ii) Luxinva S.A.) (the Proposed Acquisition).

- In line with the usual position, our Directors' Remuneration Policy which was approved by shareholders at the 2020 Annual General Meeting is due for renewal at the 2023 Annual General Meeting. As we reported last year, during the course of the 2023 financial year we reviewed the policy approved in 2020 to ensure that it continues to support our strategic priorities. We consulted with shareholders during the year in relation to our proposals. I have set out below further information in relation to our approach to the new Directors' Remuneration Policy.
- The other key development in the 2023 financial year is the Proposed Acquisition. This impacts our approach to remuneration in respect of the 2024 financial year, and I comment further on that below. Assuming the acquisition completes during the 2024 financial year, "in-flight" incentive awards held by Executive Directors (including the deferred bonus awards granted in respect of bonuses for the 2023 financial year) and other colleagues will be treated in accordance with the applicable incentive plan rules, the Cooperation Agreement entered into in respect of the potential acquisition and, where relevant, the applicable Directors' Remuneration policy.

Following this letter we have set out the following additional information:

- Our Pay Principles, which we adopted in 2020, and our approach to wider workforce remuneration.
- Remuneration Philosophy: The link between our Directors' Remuneration Policy and our Strategy.
- Governance: The alignment of the Policy with the requirements of the UK Corporate Governance Code.
- Remuneration at a Glance: Summary of Executive Directors' Total Remuneration for the 2022 and 2023 financial years.

There then follow the two principal sections of the Remuneration Report: the Directors' Remuneration Policy (the Policy) for which approval is proposed to be sought at the 2023 Annual General Meeting subject to the Company remaining listed at the time of the proposed Annual General Meeting and the Annual Report on Remuneration. The Annual Report on Remuneration provides details of the amounts earned in respect of the 2023 financial year and subject to the impact of the Proposed Acquisition how the Policy will be implemented in the 2024 financial year.

The Directors' Remuneration Report (excluding the Policy) will be subject to an advisory vote at the 2023 Annual General Meeting. The Policy will be subject to a binding vote at the 2023 Annual General Meeting to the extent that the same will be held.

Our Proposed New Directors' Remuneration Policy

The Policy was approved by shareholders at the Annual General Meeting on 27 October 2020, with 90.81% of all votes cast in favour. During the 2023 financial year, we reviewed that policy to ensure that it continues to support our strategic priorities. We were satisfied that its overall structure remained appropriate and continues to support the delivery of our strategy. We consulted with shareholders in relation to our proposed new Policy. Although the Proposed Acquisition will, if it completes, impact the implementation of the new Policy in the 2024 financial year, we have set out in this report the full new Policy in the usual way. I have summarised below the principal differences between the proposed new Policy and the policy approved at the 2020 Annual General Meeting; other changes have been made to reflect the appropriate amendments referred to below and to take account of the practical operation of the Policy.

- Annual bonus and Long Term Incentive Plan headroom: The current policy provides for an overall incentive opportunity of 350% of salary, consisting of an annual bonus of up to 150% of salary and an LTIP of up to 200% of salary.

  The 150% of salary bonus opportunity was introduced when the current policy was approved at the 2020 Annual General Meeting, in substitution for the previous 100% maximum. However, none of that additional headroom was utilised in the 2021 financial year; only part of it was utilised in the 2022 financial year (when the opportunity was increased to 125% of salary); and the full headroom has only been utilised in the 2023 financial year (for which Ian Page and Paul Sandland have bonus opportunities of 150% of salary, with Tony Griffin's bonus opportunity remaining at 125% of salary).

  The 200% of salary LTIP opportunity has been in place since our first binding directors' remuneration policy was approved in 2014. Our current practice is to grant at 200% of salary for Ian Page, 150% of salary for Paul Sandland and 100% of salary for Tony Griffin.

  The new Policy increases the overall incentive pay opportunity from 350% of salary to 400% of salary. Within this overall limit, further limits are set such that the annual bonus cannot exceed 175% of salary and the LTIP cannot exceed 250% of salary, or 300% of salary in exceptional circumstances. The inclusion of this additional headroom is to ensure there is appropriate flexibility in the Policy to take account of increases in the size and complexity of the business over its potential three year life. This additional headroom will also be balanced with the inclusion of the changes to the new Policy set out below.
- None of the additional headroom will be utilised in respect of the 2024 financial year. Annual bonus opportunities for that year will remain 150% of salary for Ian Page and Paul Sandland and 125% of salary for Tony Griffin. As noted below, no LTIPs are currently intended to be granted in respect of the 2024 financial year; if that were to change, the grants would remain at the level of 200% of salary for Ian Page, 150% of salary for Paul Sandland and 100% of salary for Tony Griffin.
- Stretch in performance conditions: If relevant for any future year, the Committee would review the stretch in the performance targets (also taking into account market conditions at the time) to ensure that any increase in quantum is commensurate with an appropriate level of stretch in the performance targets.
- Increase in the percentage of bonus deferred: If relevant for any future year, were we to increase the annual bonus opportunity in line with the additional headroom in the new Policy the level of deferral would increase to 50% of the bonus earned if the bonus opportunity increased to the maximum of 175% of salary.
- In-service shareholding guideline: Under the current policy, this is set at 200% of salary. In the new Policy, the in-service requirement is set as the higher of the Executive Director's usual annual LTIP award or 200% of salary.
- Post-employment shareholding requirement: The current policy applies a post-employment shareholding guideline on a tapered basis; 100% of the in-service requirement must be retained for the first year after employment, and 50% for the second year. In the new Policy, we have removed this tapering approach for any newly appointed Executive Director, for whom the 100% of the in-service requirement will apply for the full two year period.
- Enhanced malus and clawback provisions: The recovery (malus and clawback) provisions in the current policy already reflect best practice. However, a change has been made in the new Policy to further enhance them, including an explicit reference to their application being possible in the event of a material failure of risk management.
- LTIP performance measures: Our current policy requires that financial performance measures be used for the LTIP. Recognising the importance of ESG, which is integrated into the way we work at Dechra, the new Policy permits the utilisation of non-financial measures, but with a requirement that financial measures account for at least 70% of the LTIP award.

Directors' Remuneration Report

Remuneration Committee Decisions in 2023

We delivered a robust performance in the first half of the 2023 financial year; however the second half of the year proved more challenging. On remuneration, our aim is to always consider the wider workforce, our shareholders and other stakeholders by taking a fair, prudent and balanced approach. The table below summarises the implementation of the Policy for Executive Directors in respect of the 2023 financial year.

Element	Implementation
Salary	In line with our usual practice, salaries were reviewed with effect from 1 January 2023. We adopted a tiered approach with the lower paid members of the workforce receiving higher increases which were weighted taking into account specific country inflation. The average increase across the Group was 6.6%. In the UK, all employees earning a base salary of less than £45,000 received a minimum increase of 7%. Against this background, the Executive Directors' salaries were increased by 3% with effect from 1 January 2023 (a level of increase which also applied to the Senior Executive Team) as follows: • Ian Page salary with effect from 1 January 2023: £630,360 • Paul Sandland salary with effect from 1 January 2023: £417,150 • Tony Griffin salary with effect from 1 January 2023: €396,594
Retirement Benefit	Our Executive Directors' retirement benefit provision is aligned with the wider workforce provision in the relevant country, as set out on page 137.
Annual Bonus	Maximum opportunity for the 2023 financial year of 150% of base salary for Ian Page and Paul Sandland and 125% of base salary for Tony Griffin. The increase (compared to the bonus for the 2022 financial year) for Ian Page and Paul Sandland took into account the competitive positioning of their remuneration packages, as disclosed in last year's Directors' Remuneration Report. The bonus for the 2023 financial year was based on underlying profit before tax (as regards up to 130% of salary in the case of Ian Page and Paul Sandland and 105% of salary in the case of Tony Griffin), personal objectives (up to 10% of salary) and ESG measures (up to 10% of salary). Information in relation to the outturns is disclosed on page 153. Reflecting the performance of the Group in relation to profit targets and the performance of Executive Directors against personal objectives and ESG measures as described on pages 153 to 155, bonuses for the year equal to 20% of salary have been earned by Ian Page, Paul Sandland and Tony Griffin. The Committee considers the level of payout is reflective of the overall performance of the Group in the year and is appropriate. The bonus is subject to a bonus deferral, requiring that 33% of the bonus earned by Ian Page and Paul Sandland and 20% of the bonus earned by Tony Griffin is deferred into Dechra shares for two years. The annual bonus is subject to malus and clawback provisions.
Long Term Incentive Plan	Awards of 200% of base salary for Ian Page, 150% of base salary for Paul Sandland and 100% of base salary for Tony Griffin were granted in September 2020. All of these awards are subject to a two year post vesting holding period. The awards are scheduled to vest in October 2023: • as to 50.4% of the TSR element (one third of the total award) reflecting performance between median and upper quartile; and • as to none of the underlying diluted EPS element (two thirds of the total award) reflecting that the compound annual growth in the underlying diluted EPS at 3.6%, was below the threshold of 8% (with the assessment of underlying EPS taking into account the Akston licensing agreement, as referred to on page 156). In aggregate, taking into account the ROCE underpin (reflecting that the ROCE at 15.3% had not fallen below 10.0%), the LTIP awards will vest as to 16.8%. The Committee considers the level of payout is reflective of the overall performance of the Group over the three year performance period ended 30 June 2023 and is appropriate. See page 156 for further details. Awards made under the LTIP are subject to malus and clawback provisions.

Chair's Fee and Non-Executive Directors' Fees

The Committee considered the Chair's fee at the same time as the Executive Directors' salaries in line with the usual wider workforce salary review timetable. At that time, the Board reviewed the Non-Executive Directors' base fee. The Chair's fee and Non-Executive Directors' base fees were increased by 3% with effect from 1 January 2023. No change was made to the supplementary fees for Non-Executive Directors' additional duties. Details of the fees with effect from 1 January 2023 are set out on page 158.

Forward Looking: Implementation of Policy for 2024 Financial Year

As noted above, the Proposed Acquisition impacts our approach to remuneration in respect of the 2024 financial year. However, I have summarised below our proposed approach assuming the 2023 Annual General Meeting is held and the Policy is approved at that meeting and taking into account, where relevant, the proposed acquisition (more information is given on pages 141 to 151):

- **Salary:** In line with our usual practice, it is currently intended that Executive Directors' salaries will continue to be reviewed in January 2024, along with those of the wider workforce.
- **Pension:** The employer pension contribution for Ian Page and Paul Sandland will be 8% of salary. The employer contribution for Tony Griffin will be 7.7% of salary, in line with the wider Dutch workforce. Executive Directors may continue to take a cash payment in lieu of employer pension contributions.
- **Bonus:** As noted above, notwithstanding the increased headroom in the new Policy, the annual bonus opportunity for 2024 will remain at 150% of salary for Ian Page and Paul Sandland (with a 33% deferral) and 125% of salary for Tony Griffin (with a 20% deferral).

  Bonuses will be based on a mix of stretching underlying profit before tax targets (in respect of a bonus of up to 130% of salary for Ian Page and Paul Sandland and 105% of salary for Tony Griffin), personal objectives (in respect of a bonus of up to 10% of salary) and an ESG measure (in respect of a bonus of up to 10% of salary).
- **LTIP:** Due to the Proposed Acquisition the Committee will not be granting any awards for the 2024 financial year. Should the acquisition not complete then the Committee will consider whether to grant awards later in the year, with information on performance conditions and targets disclosed at the time of grant.

Chair and Non-Executive Directors

It is currently intended that a review of the Chair and Non-Executive Directors' base and additional fees will also be undertaken in January 2024 (if Dechra remains a listed company at that point) along with the pay review process for the wider workforce.

Wider Workforce Remuneration and Employee Engagement

We recruit and promote people on the basis of their personal ability, contribution and potential. We are committed to promoting, supporting and maintaining a culture of fairness, respect and equal opportunity for all. We are also committed to fair employment practices and comply with national legal requirements regarding wages and working hours. Our approach to salaries with effect from 1 January 2023 is summarised above.

The Group aims to provide a remuneration package that is competitive in an employee's country of employment and which is appropriate to promote the long term success of the Group. During the 2023 financial year we enhanced our UK employee offering with the introduction of:

- an online GP service to support the health and well-being of the workforce;
- a cash plan for medical benefits; and
- a reduction in the working week by 1.5 hours for our UK manufacturing employees via reduced working week or a nine day fortnight, whilst maintaining pay and benefits at current levels.

In addition, in July 2022, we increased the employers contribution to the UK Company Pension Scheme to 8% of base pay and introduced flexibility as to the permitted level of employee contribution to address cost-of-living pressures.

Further details on our pay principles and workforce remuneration are set out on page 137.

As the Non-Executive Director designated under the 2018 Code for employee engagement, Lisa Bright engages directly with employees on a range of topics of interest to them. As discussed on page 106, workforce engagement activities during the 2023 financial year included meeting the Future Facing Leaders, the THRIVE champions and employees at Skipton. These have provided an upward channel for views, comments and debate, as well as an opportunity to provide positive feedback on the Group's decision to adopt a more flexible approach to the working week in the UK. The Committee provided an update on the Remuneration Review, including the Executive Directors' remuneration increases, to the wider workforce via the OneDechra intranet. The Remuneration Review update compares the various elements of remuneration of the Executive Directors, Senior Executive Team and the wider workforce to enable the wider workforce to ascertain how the executive remuneration aligns with the wider Company pay policy.

Gender Pay

We are pleased to report that, as a result of our proactive management with regards to our gender pay gap in Dechra Limited (which employs 68.0% of our UK employees), the gap has reduced from 17.7% in 2017 to 1.3% in 2022.

Directors' Remuneration Report

Looking Ahead: Key Focus Areas for the Committee for 2024

Our approach in the 2024 financial year will depend upon the outcome of the Proposed Acquisition. I have set out our intended approach in this letter and the later sections of this Directors' Remuneration Report. If Dechra remains a listed company at the end of the 2024 financial year, we will provide further information in the Directors' Remuneration Report for that year as to the approach we adopted.

In Conclusion

We greatly appreciate the feedback and the level of support we have received from shareholders regarding our approach to remuneration.

We remain committed to a responsible approach to executive pay, as I trust this Directors' Remuneration Report demonstrates. We believe that the directors' remuneration policy operated as intended and consider that the remuneration received by the Executive Directors in respect of the 2023 financial year was appropriate, taking into account Group performance, personal performance and the experience of shareholders and employees.

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

Geeta Gopalan
Remuneration Committee Chair
12 October 2023

Additional Remuneration Information

Dechra Pay Principles

Our pay principles adopted in the 2020 financial year and detailed below, support us in attracting, motivating and retaining the key talent required to support the sustainable improvement of animal health and welfare globally.

Fair Pay	Equal pay for work of equal value
Market Competitiveness	We aim to remain competitive on compensation in our different marketplaces, whilst maintaining internal integrity
Living Wage	We set a target to become a real Living Wage Employer* in the UK during the 2021 financial year. Living wages vary by country, but our aim does not. As we continue to grow in countries across the globe, we will implement elsewhere in the world**
Stake in the Company	We want to increase the number of employees who are able to hold a stake in the Company through employee share ownership
Reward for Contribution	In addition to base pay, we have a number of different local incentive schemes across the Group

* Defined in the UK by The Living Wage Foundation.
** Implemented early during the 2021 financial year.

Workforce Remuneration

	Executive Directors	Senior Executive Team	Wider Workforce
Base Salary	Increases considered in the context of business wide review of remuneration, focusing on the lowest paid in our organisation.		We are accredited as a Living Wage Employer in the UK and have implemented the equivalent elsewhere in the world.
Pension	**Ian Page and Paul Sandland:** 8% of base salary in line with the employer pension contribution rate for the UK wider workforce. **Tony Griffin:** 7.7% of base salary pension contribution in line with the employer pension contribution for the wider Dutch workforce.	Between 8% and 12% of base salary dependent on length of service.	We increased our minimum employer pension contribution from 6% to 8% with effect from 1 July 2022 in the UK*.
Bonus	150% of base salary for the 2023 financial year for Ian Page and Paul Sandland and 125% for Tony Griffin. Ian Page and Paul Sandland: Targets for the 2023 financial year: personal (up to 10% of salary), ESG (up to 10% of salary) and financial (up to 130% of salary). Tony Griffin: Targets for the 2023 financial year: personal (up to 10% of salary), ESG (up to 10% of salary) and financial (up to 105% of salary).	75% of salary for 2023 financial year. Targets: for 2023 financial year, financial, ESG and personal.	All senior managers and professionals. Maximum 40% of base salary. Targets: financial and personal.
Long Term Incentive Plan	Maximum 200% of base salary. Currently 200% of base salary for Ian Page, 150% of base salary for Paul Sandland and 100% of base salary for Tony Griffin. Three year performance period, two year holding period. Target: TSR (one third), underlying diluted EPS (two thirds) and ROCE underpin.	Maximum 100% of base salary. Three year performance period. Target: TSR and underlying diluted EPS with a ROCE underpin.	All senior managers and professionals. Discretionary awards. Market value options, three year performance period. Target: EPS growth 12% above inflation.
Sharesave†	Up to £500 per month Three year savings period or two years for the Employee Stock Purchase Plan (US).		

* Data provided for UK only.

† Austria, Belgium, Brazil, Canada, Croatia, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, UK and USA.

Directors' Remuneration Report

Remuneration Philosophy

The Link between our Directors' Remuneration Policy and our Strategy

The table below describes how certain remuneration elements are linked to our strategy:

Remuneration Element	Strategic Growth Driver and Enabler	Link to our Key Performance Indicators
Annual Bonus Our annual bonus incentivises the delivery of the long term strategy through the achievement of short term objectives. Up to 130% of salary can be earned based on a stretching profit target, which requires performance above budget and market expectations to trigger the payment of a maximum bonus. Up to 10% of salary can be earned based on the achievement of personal objectives, which reflect the priorities of the business, achievement of which is necessary to deliver the longer term strategy. Up to 10% of salary can be earned based on ESG measures.		**Sales Growth** Strong sales performance is required to maximise profit
Long Term Incentive Plan The LTIP is designed to reward the generation of long term value for shareholders. Performance measures reflect our long term objectives, including sustainable profit growth and the enhancement of shareholder value. Awards are based on growth in underlying diluted EPS and the delivery of shareholder returns. For the 2022 and 2023 financial year awards, the weightings are two thirds underlying diluted EPS and one third total shareholder return. The application of a ROCE underpin focuses Executives on using capital efficiently and appropriately to allow the business to capitalise on growth opportunities in new territories and markets, whilst maintaining returns. The post vesting holding period aligns management with the long term interests of shareholders and the delivery of sustained performance. The performance conditions for LTIP awards made in respect of the year ended 30 June 2022 and future years include discretion to override formulaic outcomes.		**Underlying Diluted EPS Growth** This is a key measure of our performance and the return we generate for our stakeholders **Return on Capital Employed** This measures how efficiently we use our capital to generate returns in the medium and long term **New Product Sales** This measure encourages innovation, growth and sustainability

Alignment of Policy with Code

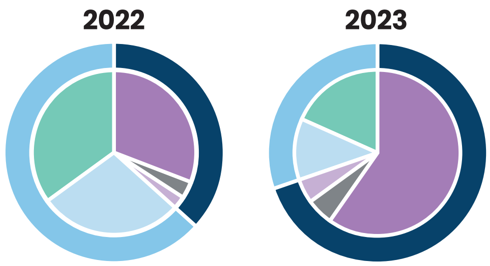
In determining the Policy, the Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the Code.

Principle	
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Our remuneration arrangements are transparent and aligned with our Purpose, Values and Strategy and our disclosures are clear to both our shareholders and our employees. Performance targets are set in line with Group budgets and plans and reviewed and tested by the Committee.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We believe that our remuneration structures are as simple as they practicably can be. We follow a standard UK market approach to remuneration with established variable incentive schemes that operate on a clear and consistent basis.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	• Both the annual bonus and LTIP are subject to malus and clawback provisions, and the Committee has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group. • LTIP awards are subject to a two year post-vesting holding period, and any bonus opportunity in excess of 100% of salary requires deferral into shares also applies. Each of these factors provides longer term alignment with shareholders' interests. • The post-employment shareholding requirement means that alignment with shareholders' interests continues after an Executive Director has left Dechra.
Predictability: the range of possible values of rewards to individual directors and other limits or discretions should be identified and explained at the time of approving the policy.	The range of possible values of rewards and other limits or discretions can be found in the full Policy on page 147 and 148, and the Risk section above refers to limits and Committee discretion.
Proportionality: the link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance. **Alignment to Culture:** incentive schemes should drive behaviours consistent with Company Purpose, Values and Strategy.	The variable elements of awards are linked to base salary. The performance targets are closely linked to the corporate, financial, strategic and other non-financial objectives of the Company. This enables the Committee to reward the Executive Directors' contribution to both the annual financial performance and the achievement of specific objectives of the Company, so that poor performance cannot be rewarded. In determining the Policy, the Committee was clear that this should drive the right behaviours, reflect our Values and support the Company Purpose and Strategy. The Committee will review the remuneration framework regularly so that it continues to support our Strategy.

Directors’ Remuneration Report

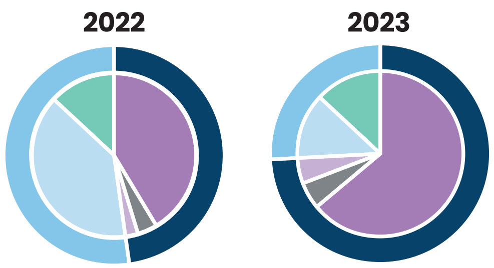
Executive Director Total Remuneration

Ian Page



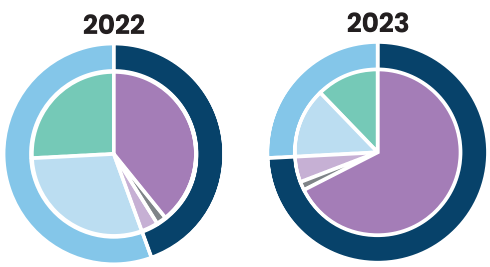
	2022	2023
Fixed		
Salary	30.9%	**59.9%**
Benefits	3.4%	**5.1%**
Pension	2.5%	**4.8%**
Performance-linked (Variable)		
Bonus	28.4%	**12.0%**
LTIP	34.8%	**18.2%**

Paul Sandland



	2022	2023
Fixed		
Salary	42.2%	**64.0%**
Benefits	3.7%	**5.2%**
Pension	2.5%	**5.2%**
Performance-linked (Variable)		
Bonus	38.7%	**12.8%**
LTIP	12.9%	**12.8%**

Tony Griffin



	2022	2023
Fixed		
Salary	39.8%	**67.5%**
Benefits	1.0%	**1.8%**
Pension	3.1%	**5.1%**
Performance-linked (Variable)		
Bonus	30.2%	**13.5%**
LTIP	25.9%	**12.1%**

Directors' Remuneration Policy

This part of the Directors' Remuneration Report sets out Dechra's Directors' Remuneration Policy which, subject to shareholder approval at the 2023 Annual General Meeting (to the extent the same is being held), shall take binding effect from the close of that meeting. The Policy has been determined by the Committee.

Policy Table for Executive Directors:

Element: Base Salary

Purpose and Link to Strategy:

Core element of fixed remuneration reflecting the individual's role and experience.

Operation	Performance Measure
The Committee ordinarily reviews base salaries annually taking into account a number of factors including (but not limited to) the value of the individual, their skills and experience and performance. The Committee also takes into consideration: • Pay increases within the Group more generally; and • Group organisation, profitability and prevailing market conditions.	Whilst no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.

Maximum Opportunity

Whilst there is no maximum salary, increases will normally be within or below the range of salary increases awarded (in percentage of salary terms) to other employees in the Group. However, higher increases may be awarded in appropriate circumstances, such as:

- on promotion or in the event of an increase in scope of the role or the individual's responsibilities;
- where an individual has been appointed to the Board at a salary set at a level that is lower than the Committee's view of a market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a market level as the individual gains experience;
- change in size and/or complexity of the Group; and/or
- significant market movement.

Such increases may be implemented over such time period as the Committee deems appropriate.

Directors' Remuneration Report

Element: Retirement Benefits

Purpose and Link to Strategy:

Provide a competitive means of saving to deliver appropriate income in retirement.

Operation	Performance Measure
Executive Directors are eligible to participate in defined contribution pension arrangements. In appropriate circumstances, an Executive Director may receive a salary supplement in lieu of some or all of the contributions to a pension scheme. Executive Directors outside the UK may also participate in non-UK pension arrangements.	Not applicable.

Maximum Opportunity

The Company contribution will not exceed the contribution available to the majority of the Group's UK workforce (currently 8% of salary), subject to any increase to take account of any higher rate which applies to the majority of the workforce in any other country or countries relevant to a particular Executive Director.

A salary supplement may be paid in lieu of some or all of the pension contributions otherwise payable.

Benefits under any non-UK pension arrangement may be provided in accordance with the terms of the applicable scheme.

Element: Benefits

Purpose and Link to Strategy:

Provided on a market competitive basis.

Operation	Performance Measure
The Company provides benefits in line with market practice and includes the use of a fully expensed car (or car allowance), medical cover and life assurance scheme. Other benefits may be provided based on individual circumstances, which may include relocation costs and expatriate allowances.	Not applicable.

Maximum Opportunity

Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.

Element: Annual Bonus

Purpose and Link to Strategy:

The executive bonus scheme rewards Executive Directors for achieving financial and strategic targets in the relevant year by reference to operational targets and individual objectives.

Operation

Targets are reviewed annually and any pay-out is determined by the Committee after the year end based on targets set for the financial period.

The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance or if the Committee considers the formulaic outturn is not appropriate in the context of other factors considered by the Committee to be relevant.

If a bonus opportunity of 100% of salary is awarded, no deferral will apply. If a bonus opportunity in excess of 100% of salary is awarded, a proportion of any bonus earned will be deferred into shares for a period of two years.

- If a bonus opportunity of 125% of salary is awarded, 20% of any bonus earned will be deferred.
- If a bonus opportunity of 150% of salary is awarded, 33% of any bonus earned will be deferred.
- If a bonus opportunity of 175% of salary is awarded, 50% of any bonus earned will be deferred.

Deferred bonus awards may take the form of nil cost options, conditional awards of shares or such other form as has a similar economic effect.

Additional shares may be delivered in respect of shares subject to deferred bonus awards to reflect the value of dividends paid during the period beginning with the date of grant and ending with the date of release (this payment may assume that dividends had been reinvested in Dechra shares on such basis as the Committee determines).

Recovery provisions apply, as referred to on page 145.

Performance Measure

Operational targets (which may be based on financial or strategic measures) and individual objectives are determined to reflect the Group's strategy.

The personal objectives for the Chief Executive Officer are set by the Chair. The personal objectives for other Executive Directors are set by the Chief Executive Officer. The personal objectives are reviewed and endorsed by the Committee.

At least 50% of the bonus opportunity is based on financial measures (which may include profit before tax).

Subject to the Committee's discretion to override formulaic outturns, for financial measures, up to 15% of the maximum for the financial element is earned for threshold performance, rising to up to 50% of the maximum for the financial element for on target performance and 100% of the maximum for the financial element for maximum performance.

Subject to the Committee's discretion to override formulaic outturns, vesting of the bonus in respect of strategic measures or individual objectives will be between 0% and 100% based on the Committee's assessment of the extent to which the relevant metric or objective has been met.

Maximum Opportunity

The maximum bonus opportunity for Executive Directors is 175% of salary.

As referred to in the Remuneration Committee Chair's statement on page 135 , annul bonus opportunities for the financial year ending 30 June 2024 will be 150% of salary for Ian Page and Paul Sandland and 125% of salary for Tony Griffin.

The maximum combined annual bonus and Long Term Incentive Plan opportunity for any year is 400% of salary.

Directors' Remuneration Report

Element: Long Term Incentive Plan (LTIP)
Purpose and Link to Strategy: The LTIP provides a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer term objectives aligned to shareholders' interests.

Operation	Performance Measure
The Committee may grant awards as conditional shares, as nil (or nominal) cost options, as forfeitable shares or as market value share options with a per share exercise price equal to the market value of a share at the date of grant. Other than in the case of 'Qualifying LTIP awards' as referred to below, market value share options will not be granted to Executive Directors. Awards will usually vest following the assessment of the applicable performance conditions, which will usually be assessed over three years, but will not be released (so that the participant is entitled to acquire shares) until the end of a holding period of two years beginning on the vesting date. Alternatively, awards may be granted on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance conditions but that (other than as regards sales to cover tax liabilities and any applicable exercise price) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. The Committee has discretion to vary the formulaic vesting outturn if it considers that the outturn does not reflect the Committee's assessment of performance or is not appropriate in the context of other factors considered by the Committee to be relevant. Additional shares may be delivered in respect of shares which vest under the LTIP to reflect the value of dividends, which would have been paid on those shares during the period beginning with the date of grant and ending with the release date (this payment may assume that dividends had been reinvested in Dechra shares on such basis as the Committee determines). Recovery provisions apply, as referred to on page 145. Market value options may be granted under the LTIP as tax-advantaged Company Share Option Plan (CSOP) options, offering tax savings to the Group and the participant. The Committee may at its discretion structure awards as Qualifying LTIP Awards, consisting of a CSOP option and an ordinary nil-cost LTIP award, with the ordinary award scaled back at exercise to take account of any gain made on exercise of the CSOP option. The provisions of this Policy will apply to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.	Performance measures under the LTIP will include financial metrics and may also include non-financial metrics. At least 70% of an award will be subject to one or more performance measures based on financial metrics (which may include, but are not limited to, earnings per share growth, relative total shareholder return, return on capital employed and free cash flow). Any balance of an award will be subject to one or more performance measures based on non-financial metrics determined to reflect the Group's strategy (which may include ESG measures). Subject to the Committee's discretion to override formulaic outturns, awards will vest as to 25% for threshold performance, increasing to 100% for maximum performance.

Maximum Opportunity
The maximum award level under the LTIP in respect of any financial year is 250% of salary (or, 300% of salary in exceptional circumstances). As referred to in the Remuneration Committee Chair's statement on page 135 , the Committee does not currently intend to grant LTIP awards for the financial year ending 30 June 2024. The maximum combined LTIP and annual bonus opportunities for any year is 400% of salary. If a Qualifying LTIP award is granted, the value of shares subject to the CSOP option will not count towards the limits referred to above, reflecting the provisions for the scale back of the ordinary LTIP award.

Element: All Employee Share Plans	
Purpose and Link to Strategy: Provision of the Save As You Earn Scheme (SAYE), including the Employee Stock Purchase Plan (ESPP) in the United States of America, to Executive Directors creates staff alignment with the Group and provides a sense of ownership. Executive Directors may participate in such other all employee share plans as may be introduced from time to time.	
Operation	**Performance Measure**
SAYE and ESPP: Tax qualifying monthly savings scheme facilitating the purchase of shares at a discount. Any other all employee share plan would be operated for Executive Directors in accordance with its rules and on the same basis as for other qualifying employees.	Not subject to performance conditions in line with typical market practice.
Maximum Opportunity	
The limit on participation and the permitted discount under the SAYE scheme and ESPP will be those set in accordance with the applicable tax legislation from time to time. The limit on participation under and other relevant terms of any other all employee share plan would be determined in accordance with the plan rules (and, where relevant, applicable legislation) and would be the same for the Executive Directors as for other relevant employees.	

Recovery Provisions (Malus and Clawback)

The annual bonus and LTIP are subject to recovery provisions as set out below.

Malus provisions apply, which enable the Committee to determine before the payment of an annual bonus or the vesting of an LTIP award, that the bonus opportunity or LTIP award may be cancelled or reduced.

Clawback provisions apply, which enable the Committee to determine for up to two years following the payment of a cash bonus or the vesting of an LTIP award, that the amount of the bonus paid may be recovered (and any deferred bonus award may be reduced or cancelled, or recovery may be applied to it if it has been exercised) and the LTIP award may be cancelled or reduced (if it has not been exercised) or recovery may be applied to it (if it has been exercised).

The malus and clawback provisions may be applied in the event of material misstatement of Dechra's financial statements, serious reputational damage to Dechra, material corporate failure, material failure of risk management, gross misconduct on the part of the Executive Director, or if an annual bonus award has paid out at a higher level than would have been the case but for a material misstatement or serious reputational damage.

Malus and clawback may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.

Operation of Share Plans

The Committee may amend the terms of awards and options under its share plans in accordance with the plan rules in the event of a variation of Dechra's share capital or a demerger, special dividend or other similar event or otherwise in accordance with the rules of those plans. Awards may be settled, in whole or in part, in cash, although the Committee would only settle an Executive Directors' award in cash in appropriate circumstances, such as where there is a regulatory restriction on the delivery of shares or in respect of the tax liability arising in connection with an award.

Explanation of Performance Metrics

Performance measures for the LTIP and annual bonus are selected to reflect the Group's strategy. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

Annual Bonus

The Committee considers that the underlying profit before tax is closely aligned to the Group's key performance metrics; together with annual personal objectives linked to the achievement of strategic milestones, we consider that this encourages sustainable growth year by year.

LTIP

The application of EPS and TSR targets to the LTIP aligns management's objectives with those of shareholders for the longer term. The elements of the LTIP awards based on financial metrics are subject to an underpin based on Return on Capital Employed. This ROCE underpin focuses executives on using capital efficiently and appropriately to allow the business to capitalise on growth opportunities whilst maintaining returns.

Directors' Remuneration Report

Variation or Substitution of Performance Measures

The Committee may vary or substitute any performance measure applying to the annual bonus or LTIP if an event occurs which causes it to determine that it would be appropriate to do so (which may include an acquisition), provided that any such variation or substitution is fair and reasonable and (in the opinion of the Committee) the change would not make the measure materially less demanding. If the Committee were to make such a variation, an explanation would be given in the next Directors' Remuneration Report.

Shareholding Guidelines

To align the interests of Executive Directors with those of shareholders, the Committee has adopted formal shareholding guidelines.

Shareholding Guidelines During Employment

During employment, Executive Directors are required to retain half of any shares acquired under the LTIP, any deferred bonus award and, if relevant, any recruitment award (after sales to cover tax) until such time as their holding has a value equal to the higher of:

- 200% of salary; and
- the value at grant (as a percentage of salary) of the Executive Director's usual annual LTIP award.

Shares subject to LTIP awards, which have vested but not been released (that is which are in a holding period), deferred bonus awards, or LTIP awards, which are exercisable but have not been exercised, count towards the guidelines on a net of assumed tax basis.

Shareholding Requirement after Employment

The Committee has adopted a post-employment shareholding requirement. Shares are subject to this requirement only if they are acquired from share plan awards (LTIPs, deferred bonus awards and, if relevant, any recruitment award) granted after 1 July 2020. Following employment, an Executive Director must retain:

- for the first year after employment, such of their shares, which are subject to the post-employment requirement as have a value for these purposes equal to the shareholding guideline that applies during employment (currently 200% of salary); and
- for the second year after employment, such of those shares as have a value for these purposes equal to 50% of the shareholding guideline that applies during employment.

Or in either case and if fewer, all of those shares.

Following employment, an Executive Director appointed on or after 1 July 2023 must retain for two years, such of their shares which are subject to the post-employment requirement as have a value for these purposes equal to 100% of the shareholding guideline that applies during employment, or if fewer, all of those shares.

Policy Table for Non-Executive Directors

Element	Purpose and link to strategy	Operation	Opportunity
Fees and benefits	To provide fees within a market competitive range reflecting the experience of the individual, responsibilities of the role and the expected time commitment.	The fees of the Chair are determined by the Committee, and the fees of the Non-Executive Directors are determined by the Board following a recommendation from both the Chief Executive Officer and the Chair. Non-Executive Directors are not eligible to participate in any of the Company's share schemes, incentive schemes or pension schemes. Non-Executive Directors may be eligible to receive benefits such as travel and other reasonable expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.	Fees are set taking into account the responsibilities of the role and expected time commitment. Non-Executive Directors are paid a basic fee with additional fees paid for the chairing of Committees, holding the role of Senior Independent Director, and holding the role of Employee Engagement Designated Non-Executive Director. Additional fees may also be paid for other responsibilities or time commitments. Where benefits are provided to Non-Executive Directors they will be provided at a level considered to be appropriate taking into account the individual circumstances.

Policy for the Remuneration of Employees More Generally

The Group aims to provide a remuneration package that is competitive in an employee's country of employment, which is appropriate to promote the long term success of the Group and which is determined having regard to the Dechra Pay Principles which are summarised on page 136. The Company intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate staff. In respect of the Executive Directors, a greater proportion of the remuneration package is 'at risk' and determined by reference to performance conditions. The Company's SAYE scheme and ESPP encourage share ownership by qualifying employees and enable them to share in value created for shareholders.

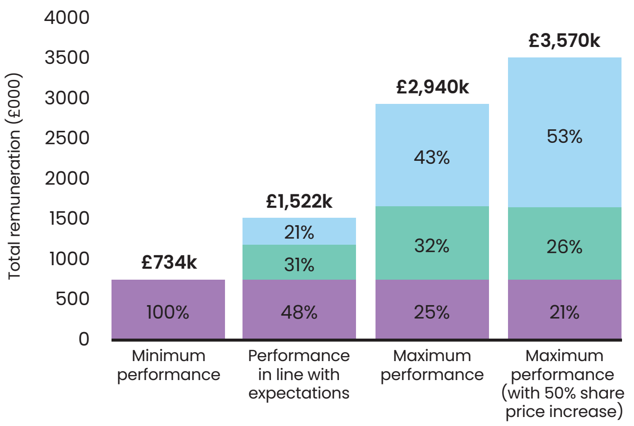
The following charts provide an illustration, for each of the Executive Directors, of the application of the Policy for the 2024 financial year. The charts show the split of remuneration between fixed pay (that is base salary, benefits and employer pension contributions/salary supplement), annual bonus and long term incentive pay on the basis of minimum remuneration, remuneration receivable for performance in line with Dechra's expectations, maximum remuneration, and maximum remuneration also assuming a 50% increase in the Company's share price for the purposes of the LTIP element. As referred to in the Remuneration Committee Chair's statement on page 135, the Committee does not currently intend to grant LTIP awards for the financial year ending 30 June 2024. However, in the interests of transparency and for consistency with prior years we have assumed LTIP grants for the purposes of the following chart.

<table>
<tr><th></th><th>Annual Bonus</th><th>LTIP</th><th>Fixed Pay</th></tr>
<tr><td>Minimum performance</td><td>No bonus.</td><td>No LTIP vesting.</td><td rowspan="4">• Base salary (being the latest known salary as at 1 July 2023).
• Employer pension contributions at an assumed rate of 8% (in the case of Ian Page and Paul Sandland) and 7.7% of salary (in the case of Tony Griffin) on the latest known salary.
• Benefits as disclosed in the single figure table on page 152 for the 2023 financial year.</td></tr>
<tr><td>Performance in line with expectations</td><td>Bonus equal to 50% of maximum opportunity is earned.
• 75% of salary in the case of Ian Page and Paul Sandland.
• 62.5% of salary in the case of Tony Griffin.</td><td>LTIP vests as to 25% of the maximum award.
• 50% of salary for Ian Page.
• 37.5% of salary for Paul Sandland.
• 25% of salary for Tony Griffin.</td></tr>
<tr><td>Maximum performance</td><td rowspan="2">Bonus equal to 100% of maximum opportunity is earned.
• 150% of salary in the case of Ian Page and Paul Sandland.
• 125% of salary in the case of Tony Griffin.</td><td>LTIP vests in full.
• 200% of salary for Ian Page.
• 150% of salary for Paul Sandland.
• 100% of salary for Tony Griffin.</td></tr>
<tr><td>Maximum performance plus share price increase</td><td>LTIP vests in full as above, plus an assumed 50% increase in the share price.</td></tr>
</table>

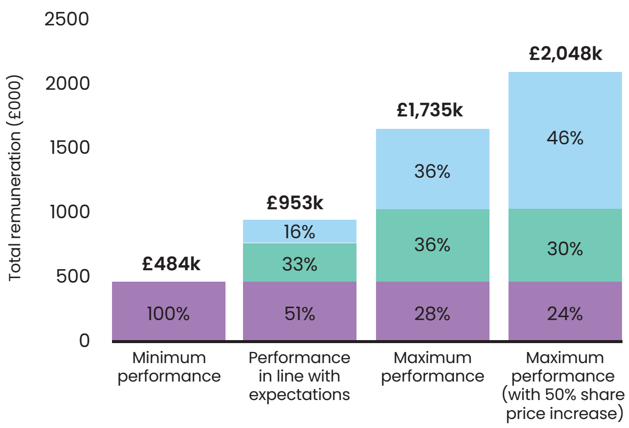
Directors' Remuneration Report

In illustrating the potential reward, the following assumptions have been made:

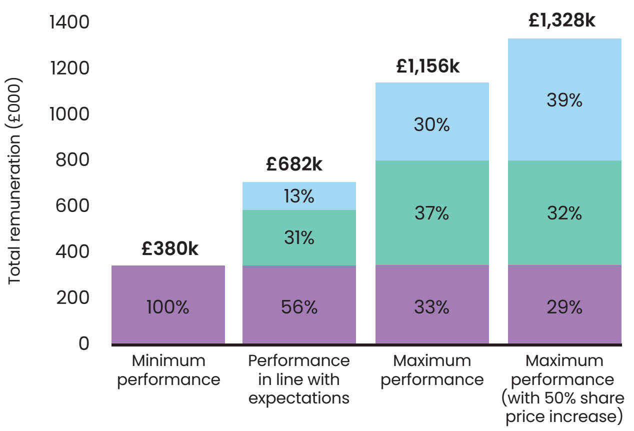
Ian Page



Paul Sandland



Tony Griffin



- Base salary, benefits and pension
- Annual bonus
- LTIP

Recruitment Remuneration Policy

When hiring a new Executive Director, the Committee will typically align the remuneration package with the above Policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below:

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Pension will only be provided in line with the above Policy.
- The Committee will not offer non-performance related incentive payments (for example a 'guaranteed sign-on bonus').
- Other elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short term basis;
  - if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short term basis;
  - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
  - if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.
- The Committee may also alter the performance measures, performance period, vesting period, holding period and deferral period of the annual bonus or LTIP, subject to the rules of the LTIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration Report.
- The maximum level of variable remuneration, which may be granted (excluding 'buyout' awards as referred to below), is 400% of salary.

The Committee may make payments or awards in respect of hiring an employee to 'buyout' remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure 'buyout' awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. 'Buyout' awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within 12 months of joining Dechra, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under Dechra's ordinary share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chair or Non-Executive Director will be in line with the policy in place at the time of appointment.

Policy on Service Contracts

Details of the Executive Directors' service contracts and Non-Executive Directors' letters of appointment are set out below:

		Notice Period	
Name	**Commencement date**	**Director**	**Company**
Alison Platt	1 March 2020	3 months	3 months
Ian Page	1 September 2008	6 months	12 months
Paul Sandland	30 October 2019	6 months	12 months
Tony Griffin	1 November 2012	6 months	12 months
Lisa Bright	1 February 2019	3 months	3 months
Lawson Macartney	1 December 2016	3 months	3 months
John Shipsey	1 June 2022	3 months	3 months
Geeta Gopalan	1 January 2023	3 months	3 months

Whilst the Committee's policy is for the service contract of any newly appointed Executive Director to have a notice period of not more than 12 months, the Committee retains discretion to set an initial notice period of up to 24 months, reducing to 12 months over the initial 12 months of employment.

Policy on Payment for Loss of Office

Eligibility for the various elements of compensation is set out below:

Provision	Treatment upon loss of office
Payments in Lieu of Notice	The Company has discretion to make a payment in lieu of notice at any time after notice has been given by either the Company or the Director. Such a payment would consist of basic salary for the unexpired period of notice and may also include benefits (including pension contributions or applicable salary supplement) for that period.
Annual Bonus	This will be reviewed on an individual basis and the decision whether or not to award a bonus in full or in part will be dependent upon a number of factors including the circumstances of their departure and their contribution to the business during the bonus period in question, such that a bonus will be paid only in circumstances that the Committee considers are "good leaver" circumstances. Any bonus payment would typically be pro-rated for time in service to termination and paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances, and may pay the full bonus in cash in compassionate circumstances).
Deferred Bonus Awards	Awards lapse on the date of termination in the event of dismissal for gross misconduct. In other circumstances, awards will ordinarily continue and be released on the ordinary release date, although the Committee retains discretion to release any such award on the date of termination in appropriate circumstances (such as in the event of cessation due to death or ill-health). In either case, the award will vest in full.
LTIP	If an Executive Director ceases employment with the Group before an award under the LTIP vests as a result of ill-health, injury, death, transfer of their employing entity out of the Group or any other reason, at the discretion of the Committee, the award will usually be released on the normal release date, although the Committee has discretion to permit the award to be released on cessation or at some other time (such as following the end of the performance period). In either case, the award will vest to the extent determined by reference to the relevant performance conditions and as reduced to take account of the period of time from the start of the performance period to the date of cessation as a proportion of the performance period. If an Executive Director ceases employment for any reason after the vesting date of an award under the LTIP but before it is released (that is if they cease employment during the holding period), that award will continue to subsist in accordance with the rules of the LTIP (unless the cessation is due to summary dismissal, in which case the award will lapse) and will ordinarily be released at the normal release date, although the Remuneration Committee has discretion to release the award at the date of cessation. The award will be released to the extent it vested by reference to the performance conditions. If an Executive Director ceases employment for any reason after the release date of an award under the LTIP, that award will continue to subsist in accordance with the rules of the LTIP (unless the cessation is due to summary dismissal, in which case the award will lapse).
Other Payments	In appropriate circumstances, payments may also be made in respect of accrued holiday pay, and outplacement and legal fees. Options under the Company's SAYE scheme, ESPP and any other all employee share plans will vest on cessation in accordance with the plan rules, which do not allow for discretionary treatment.
Change of Control	In the event of a change of control: • unvested awards under the LTIP will be released to the extent determined by the Committee taking into account the relevant performance conditions and, unless the Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the relevant performance period that has elapsed; • awards under the LTIP which are in a holding period will be released to the extent vested by reference to the performance conditions; • deferred bonus awards will be released in full; and • options under the SAYE scheme, ESPP and any other all employee share plan will vest on a change of control. In appropriate circumstances, share plan participants may be invited (or required) to exchange their awards over Dechra shares for equivalent awards over shares in the acquiring company.

Where appropriate, the Committee will have regard to the departing Executive Director's duty to mitigate loss, except in the event of dismissal following a change of control of the Company. Other than as described above, there are no express provisions within the Directors' service contracts for the payment of compensation or liquidated damages on termination of employment.

Where a 'buyout' or other award is made, the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

The Non-Executive Directors are entitled to compensation on termination of their appointment confined to three months' remuneration.

Consideration of Employment Conditions Elsewhere in the Group

The Committee does not formally consult with employees as part of its process when determining Executive Director pay. However, as noted in the Policy table on page 137, the level of salary increases of employees within the wider Group is considered when setting base salary for Executive Directors. In line with the Corporate Governance Code the Committee reviews workforce remuneration and related policies and the alignment of incentives and reward with culture, taking these into account when setting the Policy for Executive Director remuneration, and sets the remuneration of the Senior Executive Team. The Non-Executive Director designated under the Corporate Governance Code for employee engagement engages directly with employees on a range of topics of interest to them, providing an upward channel to the Committee for views, comments and debate. The Committee is also kept informed of general decisions made in relation to employee pay and related issues.

Consideration of Shareholders' Views

The Committee believes that ongoing dialogue with major shareholders is of key importance. During the 2023 financial year, the Committee consulted with shareholders in relation to the new Policy.

Legacy Remuneration Arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office notwithstanding that they are not in line with the Policy set out above where the terms of payments were agreed:

- before the Policy came into effect (provided that, in the case of any payments agreed on or after 24 October 2014 they are in line with any applicable shareholder approved directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders); or
- at a time when the relevant individual was not a Director of the Company (or other person to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company (or other such person).

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

Geeta Gopalan
Remuneration Committee Chair
12 October 2023

Directors' Remuneration Report

2023 Annual Report on Remuneration

The following section provides detail of remuneration earned by the Directors during the year in line with the Directors' Remuneration Policy approved by the shareholders at the Annual General Meeting held on 27 October 2020. This section also includes information on how the Policy to be proposed to the shareholders at the 2023 Annual General Meeting (to the extent the same is being held), is intended to be applied in the 2024 financial year, although as noted in the letter from the Remuneration Committee Chair, the application of that Policy will depend upon the proposed acquisition of the Company by Freya Bidco Limited (the Proposed Acquisition). The sections of the 2023 Annual Report on Remuneration that are audited by PricewaterhouseCoopers LLP (PwC) are indicated on pages 152 to 161.

Executive Directors' Remuneration (Audited)

Single Total Figure of Remuneration

The table below sets out the total remuneration for each person who has served as an Executive Director in the period ended 30 June 2023. The table shows the remuneration for each such person in respect of the year ended 30 June 2023 and in respect of the year ended 30 June 2022:

Executive Director	Year	Salary £000	Benefits £000	Annual Bonus £000	Long Term Incentive £000	Pension £000	Total £000	Total Fixed £000	Total Variable £000
Ian Page	**2023**	**621**	**53**	**124**	**189**	**50**	**1,037**	**724**	**313**
	2022	597	65	549	672	48	1,931	710	1,221
Paul Sandland	**2023**	**411**	**33**	**82**	**82**	**33**	**641**	**477**	**164**
	2022	383	33	351	117	23	907	439	468
Tony Griffin	**2023**	**340**	**9**	**68**	**61**	**26**	**504**	**375**	**129**
	2022	322	9	245	210	25	811	356	455
Total 2023	**2023**	**1,372**	**95**	**274**	**332**	**109**	**2,182**	**1,576**	**606**
Total 2022	2022	1,302	107	1,145	999	96	3,649	1,505	2,144

Please note the following methodologies have been used in respect of the above table:

1. Salary – this is the cash paid or received in respect of the relevant period.
2. Benefits – this represents the taxable value of all benefits paid or received in respect of the relevant period. The Company provides benefits in line with market practice and each Executive Director has the use of a fully expensed car (Ian Page: £51,176), medical cover and life assurance.
3. Annual Bonus – this is the amount of cash and deferred shares bonus earned in respect of the financial year.
4. Long Term Incentive – this is the value of any relevant long term incentives vesting where the performance period ended in the relevant period.
5. Pension – this is the amount of the employer contribution to the Group stakeholder personal pension scheme or, in the case of Tony Griffin, defined contribution pension plan, plus the value of any salary supplement paid.
6. The 2022 value assigned to the long term incentives was shown in last year's Annual Report as an estimate, with the value determined by reference to a share price of £35.405 (being the average market value of a share over the last quarter of the Company's financial period ended on 30 June 2022). This has been restated to show the actual value determined by reference to a price of £29.22 (being the market value of a share on 20 September 2022, the date of vesting).
7. Tony Griffin's remuneration is paid in Euros but reported in Sterling for the purpose of this table. The exchange rate used for this purpose was 1.1807 for 2022 and 1.1504 for 2023. His salary was €396,594 from 1 January 2023 and €385,043 from 1 January 2022.

Additional Disclosures in Respect of the Single Figure Table (Audited)

Salaries and Fees

Our approach to Executive Directors' salaries in the financial year is explained in the Committee Chair's letter on pages 134. The Executive Directors' salaries applying with effect from 1 January 2023 are as follows.

Executive Director	Salary with effect from 1 January 2023	Previous Salary	% increase
Ian Page	**£630,360**	£612,000	3.0%
Paul Sandland	**£417,150**	£405,000	3.0%
Tony Griffin	**€396,594**	€385,043	3.0%

The Committee's approach to Executive Directors' salaries for the year ending 30 June 2024 is summarised in the Committee Chair's letter on page 135.

Benefits

The Company provides benefits in line with market practice and each Executive Director has the use of a fully expensed car, medical cover and life assurance.

Annual Bonus

Annual bonuses were awarded by the Committee in respect of the 2023 financial year having regard to the performance of the Group and personal performance and ESG objectives for the year. The amount achieved for the year ended 30 June 2023 against targets for the 2023 financial year is set out below. Bonuses for the year equal to 20% of salary have been earned by Ian Page, Paul Sandland and Tony Griffin. In line with the Directors' Remuneration Policy, 33% of any bonus earned will be deferred into Dechra shares for two years for Ian Page and Paul Sandland and 20% for Tony Griffin. Deferred bonus awards are not subject to any further performance conditions but remain subject to the leaver provision in the Deferred Bonus Plan and Policy. The Committee considers that the level of payout is reflective of the overall performance of the Group in the year and is appropriate.

Ian Page and Paul Sandland: Group underlying profit before tax

				Bonus earned (percentage of salary)	
				Ian Page	Paul Sandland
Threshold (10% of salary) £168.1 million	Target (65% of salary) £177.0 million	Maximum (130% of salary) £194.7 million	Actual (at budgeted rates) £131.1 million	0%	0%

Tony Griffin: Group underlying profit before tax and Dechra Veterinary Products EU underlying operating profit

					Bonus earned (percentage of salary)
					Tony Griffin
Group underlying profit before tax	Threshold (5% of salary) £168.1 million	Target (26.25% of salary) £177.0 million	Maximum (52.5% of salary) £194.7 million	Actual (at budgeted rates) £131.1 million	0%
Dechra Veterinary Products EU underlying operating profit	Threshold (5% of salary) €138.8 million	Target (26.25% of salary) €146.1 million	Maximum (52.5% of salary) €160.7 million	Actual (at budgeted rates) €127.7 million	0%

Personal Objectives and ESG Measure

		Bonus earned (percentage of salary)		
		Ian Page	Paul Sandland	Tony Griffin
Personal Objectives	Each Executive Director could earn a bonus of up to 10% of salary by reference to the achievement of personal objectives based on key aspects of delivering the Group's strategy (see table opposite)	10%	10%	10%
ESG measure	Each Executive Director could earn a bonus of up to 10% of salary by reference to the achievement of ESG measures aligned with their area of responsibility (see table below)	10%	10%	10%

Directors' Remuneration Report

The personal objectives of each Executive Director for the year ended 30 June 2023 are set on an individual basis and are closely linked to the corporate, financial, strategic and other non-financial objectives of the Company. This enables the Committee to reward the Executive Directors' contribution to both the annual financial performance and the achievement of specific objectives. A summary of the objectives is set out below along with a description of the performance against them.

The Committee reviewed the performance of each Executive Director against their specific objectives based on a report by the Chief Executive Officer and, with respect to the Chief Executive Officer, a report by the Chair. The ESG measure for each Executive Director was similarly set on an individual basis linked to the Executive Director's area of responsibility.

The Committee considered achievements against each of the objectives in the round in determining the overall outturn. Notwithstanding the challenges faced by the business over the 2023 financial year including embedding the acquisitions made, the Committee considered the pivotal role played by the Executive Directors in supporting the Proposed Acquisition that crystallised value for shareholders. In doing so, the Committee judged that a full payout against personal objectives was warranted.

Personal Objectives

Director	Strategic Enabler	Objective	Performance
Ian Page	Acquisition	Bring in a balance of strategic acquisitions (novel versus generic) which future proof Dechra alongside those which strengthen us operationally and are immediately profit accretive. Navigate the use of financing appropriately to, in combination, enable growth, innovation and continued low leverage over the next three to five years	Piedmont acquisition integrated into the pipeline and Med-Pharmex acquisition completed and integration plan underway
	Pipeline Delivery	Embed the new Chief Scientific Officer and the restructured PDRA teams enabling greater value from the pipeline and better utilising resource (people) to strengthen both Business Development and Regulatory capability	The Chief Scientific Officer onboarded and with support from the Chief Executive Officer have developed clear plan and outcomes for pipeline of products contributing to the five and ten year plan horizons. Some restructuring has taken place and investments made into resources
	Succession Planning	To assess the strengths and gaps for the Senior Executive Team succession plan	The first cohort on the Future Facing Leaders programme (sponsored by the Chief Executive Officer) completed the course in July 2023, and a number of them have been identified as potential successors to the SET.

Director	Strategic Enabler	Objective	Performance
Paul Sandland	Shareholder	Improve effective engagement with shareholders	New Head of Investor Relations role successfully recruited and onboarded, Investor Relations plan implemented with sustained improvement to guidance and consensus tracking
	IT	Develop, support and strengthen the IT function, whilst driving efficiencies through implementation of technology solutions	Chief Information Officer role recruited and onboarded, review of major projects undertaken and seeing on time implementation and progress of significant IT projects (Travelpool/Concur, Oracle, Veeva and eQMS)
	Internal Controls	Strengthen our internal control environment through sponsoring transition to Internal Controls Over Financial Reporting (ICOFR)	Successfully transitioned to Financial Control Framework during this timeframe
	Finance	Lead re-financing of the business	Private placement and equity raise successfully completed
Tony Griffin	Commercial	To define the next phase of the European change programme Iceberg 2028 to ensure the organisation is ready for the future	Strategy defined, communicated and relevant change management programmes to support transition have been developed and rolled out across European team
	Commercial	Roll out the *Vetoryl* defence plan and ensure the organisation is prepared for the launch of the first generic in 2023	Pet owner portal and engagement plan implemented
	People	Support the One Dechra organisation working closely with the SET in building a strong cohesive team	Significant work undertaken with DPM&S leadership team and management levels below to drive improved supply levels across all countries

ESG Measure

Director	Objective	Performance
Ian Page	Embed the Sustainability agenda within the organisational culture through the provision of resources and setting of clear, accountable and challenging measures	Continued to lead Executive sponsorship of the sustainability agenda and provide direction and resources to all parts of the Group. Holding functional Directors accountable for delivering measures
Paul Sandland	Act as Executive sponsor and execute the agreed Sustainability strategy	Established and submitted the carbon reduction targets in accordance with science based targets. Have continued to meet the TCFD reporting requirements
Tony Griffin	Work closely with the Sustainability Director to reduce the carbon footprint of the European business and in delivering the Group's science based goals for the 2023 financial year	All countries have local sustainability plans in place. Focus on the logistics centre in Uldum to reduce the number of shipments within EU

Directors' Remuneration Report

Long Term Incentive Plan

The LTIP awards granted on 22 September 2020 are due to vest on 12 October 2023. The performance targets for these awards are as follows: one third of the award is subject to a performance condition based on the Company's total shareholder return (TSR) performance relative to the constituent companies of the FTSE 250 index (excluding investment trusts) over the performance period as follows:

TSR performance	Vesting percentage
Below median	0%
Median	25% of the TSR portion will vest
Between median and upper quartile	Pro rata vesting between 25% and 100% based on the Company's ranking in the comparator group
Upper quartile	100% of the TSR portion will vest

Two thirds of each award is subject to a performance condition based on the growth in the Group's underlying diluted earnings per share (EPS) over the performance period as follows:

Diluted EPS compound annual growth rate (CAGR)	Vesting Percentage
<8% CAGR	0%
8% CAGR	25% of the EPS portion will vest
CAGR between 8% and 16%	Pro rata vesting between 25% and 100%
>16% CAGR	100% of the EPS portion will vest

Both the TSR element and the EPS element are subject to an additional return on capital employed (ROCE) performance underpin. Unless the Group's ROCE is 10% or more in the final year of the performance period, the awards will lapse in full regardless of TSR and EPS performance.

The Company's TSR performance was 32.4% compared with a 16.1% TSR for the median company and 62.7% TSR for the upper quartile company in the comparator group (FTSE 250 Index (excluding investment trusts)). Therefore, 50.4% of the TSR element will vest. As we explained in previous Directors' Remuneration Reports, having regard to the impact of the Akston licensing agreement and in order to measure performance on a fair and consistent basis, the Committee has adjusted, for the purposes of this LTIP grant, the underlying diluted EPS for the base year (financial year 2020) and for financial year 2023 to take into account the actual Akston R&D costs recognising that these are lumpy and uncertain as to timing between financial years. For the purpose of this LTIP grant, this adjustment changes the 2020 underlying diluted EPS from 92.19 pence to 93.83 pence and the 2023 underlying diluted EPS from 94.57 pence to 104.17 pence resulting in CAGR of 3.5% such that 0% of the EPS element will vest. Overall, taking into account that ROCE performance for 2023 was 15.3%, the LTIP awards will vest as to 16.8% of the maximum opportunity.

The Committee considered that the level of vesting reflected the underlying performance of the Group over the period.

In the single figure table on page 152, the value attributable to this award is calculated by multiplying the number of shares in respect of which the award is expected to vest by £34.9997 (being the average market value of a share over the last quarter of the Company's financial year ended on 30 June 2023).

The September 2020 awards were granted when the value of a share was £32.37 (being the three day average middle market quotation preceding the grant). The following table shows the amount of the award attributable to share price appreciation from that value to £34.9997 (being the average market value of a share over the last quarter of the Company's financial year ended on 30 June 2023).

Executive Director	Number of shares in respect of which the Award was granted	Number of shares in respect of which the Award is expected to vest	Amount of award attributable to share price at grant £000	Amount attributable to share price appreciation £000	Total award £000
Ian Page	32,128	5,397	£174,700.89	£14,192.49	£188,893.38
Paul Sandland	13,901	2,335	£75,583.95	£6,140.35	£81,724.30
Tony Griffin	10,303	1,730	£56,000.10	£4,549.38	£60,549.48

Each award is subject to a two year post vesting holding period. Other than shares sold to satisfy tax liabilities arising in connection with the acquisition of shares or to fund the exercise price of the tax qualifying option, no shares acquired may be sold before the second anniversary of vesting. The Company has measures in place to prevent the shares from being sold or transferred during the holding period. During the holding period, the Executive Directors, as beneficial owners of the shares, will be entitled to any dividend payments and will be able to vote at any general meeting of the Company.

SAYE

No options were exercised under the SAYE Scheme by Executive Directors during the year.

Pension

Ian Page and Paul Sandland were members of the Dechra Pharmaceuticals PLC Group Stakeholder personal pension scheme throughout the year. Ian Page elected to receive his entire pension contributions as a salary supplement and both Ian Page and Paul Sandland received a contribution of 8% of base salary. The wider UK workforce are eligible for employer pension contributions of between 8% (increased from 6%) and 12% of base salary dependent on length of service and/or grade.

Tony Griffin received an employer's contribution of 7.7% of salary into the Netherlands pension scheme in line with the wider Dutch workforce.

Non-Executive Directors' Remuneration

Single Total Figure of Remuneration (Audited)

The table below sets out the total remuneration for each person who has served as a Non-Executive Director in the year ended 30 June 2023. The Chair and the other Non-Executive Directors are paid a fee for their role. The table shows the remuneration for each such person in respect of the year ended 30 June 2023 and, where relevant, the year ended 30 June 2022:

		Base fee £000		Additional fee £000		Benefits‡ £000		Total £000	
	Additional responsibilities	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Alison Platt	Chair and Nomination Committee Chair (from 1 January 2022)	**203**	129	**–**	–	**4**	3	**207**	132
Ishbel Macpherson†	Senior Independent Director (to 28 February 2022) and Remuneration Committee Chair (to 1 March 2023)	**58**	58	**10**	22	**1**	3	**69**	83
Julian Heslop^π^	Audit Committee Chair until 5 September 2022 (apart from between the period 22 October to 1 December 2021)	**10**	58	**3**	14	**2**	2	**15**	74
Lawson Macartney	Senior Independent Director (from 1 March 2022)	**60**	58	**10**	3	**37**	17	**107**	78
Lisa Bright	Employee Engagement Designated Non-Executive Director	**60**	58	**10**	10	**2**	4	**72**	72
John Shipsey	Audit Committee Chair from 5 September 2022	**60**	5	**12**	–	**1**	–	**73**	5
Geeta Gopalan*	Remuneration Committee Chair from 1 March 2023	**30**	–	**5**	–	**1**	–	**36**	–
Total		**481**	366	**50**	49	**48**	29	**579**	444

π Julian Heslop retired on 5 September 2022.
† Ishbel Macpherson retired on 22 June 2023.
* Geeta Gopalan was appointed on 1 January 2023.
‡ Benefits relate to PAYE Settlement Agreement amounts on travel and expenses reimbursed from attending Board Meetings. Lawson Macartney benefits includes his flights to and from the USA and UK. He attended more meetings face to face in the 2023 financial year compared to the 2022 financial year.

The Non-Executives are not eligible to participate in any of the Company's share schemes, incentive schemes or pension schemes.

Directors' Remuneration Report

The Committee's approach to the Chair's fee in the financial year is explained in the Committee Chair's letter on pages 132 to 136. As explained in the letter, at the same time as the Committee considered the Executive Directors' salaries and the Chair's fee, fees for the other Non-Executive Directors were reviewed by the Board. The Chair's and other Non-Executive Directors' fees applying with effect from 1 January 2023 are as follows:

Office	Fee with effect from 1 January 2023	Previous fee
Chair	**206**	200
Non-Executive Director	**60**	58
Chair of the Audit Committee	**15**	15
Chair of the Remuneration Committee	**15**	15
Senior Independent Director	**10**	10
Designated Non-Executive Director for Employee Engagement	**10**	10

The Committee's approach to the Chair's and Non-Executive Directors' fees for the year ending 30 June 2024 is summarised in the Committee Chair's letter on page 135.

Further Information on Directors' Remuneration

Long Term Incentive Arrangement and Share Scheme awards during the financial year

Long Term Incentive Awards (Audited)

Awards were made under the Dechra 2017 Long Term Incentive Plan on 9 September 2022, as set out in the table below.

	Type of award	Maximum opportunity	Number of shares	Face value at grant*	% of award vesting at threshold	Performance Period
Ian Page	Nil cost option under the LTIP	200% of salary	38,261	£1,223,969	25%	1 July 2022 – 30 June 2025
Paul Sandland†	Nil cost option under the LTIP	150% of salary	18,990	£607,490	25%	1 July 2022 – 30 June 2025
Tony Griffin	Conditional award under the LTIP	100% of salary	10,429	£333,624	25%	1 July 2022 – 30 June 2025

* Based on a share price of £31.99 being the three day average middle market quotation preceding the grant.

† Paul Sandland has also been granted a tax qualifying option over 431 shares at an exercise price of £31.99 as part of his LTIP award. This tax qualifying option is linked to the nil cost option such that, at the time of exercise, to the extent that there is a gain in the tax qualifying option, the nil cost option will be forfeited to the value of that gain, to ensure that the pre-tax value of the LTIP award is not increased by the grant of the tax qualifying option.

One third of each award is subject to a performance condition based on the Company's TSR performance over the performance period relative to the constituent companies of the FTSE 250 index (excluding investment trusts) as follows:

TSR performance	Vesting percentage
Below median	0%
Median	25% of the TSR portion will vest
Between median and upper quartile	Pro rata vesting between 25% and 100% based on the Company's ranking in the comparator group
Upper quartile	100% of the TSR portion will vest

Two thirds of each award is subject to a performance condition based on the growth in the Group's underlying diluted EPS over the performance period. As noted in the letter from the Remuneration Committee Chair in the 2019 Directors' Remuneration Report, the underlying EPS for the final year of the performance period (the financial year to 30 June 2024) will be adjusted to exclude actual R&D costs associated with the Akston development, recognising that these are lumpy and uncertain as to timing between financial years.

EPS compound annual growth rate (CAGR)	Vesting Percentage
<8% CAGR	0%
8% CAGR	25% of the EPS portion will vest
CAGR between 8% and 15%	Pro rata vesting between 25% and 100%
>15% CAGR	100% of the EPS portion will vest

Both the TSR element and the EPS element are subject to an additional ROCE performance underpin. Unless the Group's ROCE is 10% or more in the final year of the performance period, the awards will lapse in full regardless of TSR and EPS performance. The awards are subject to a two year post vesting holding period. Other than shares sold to satisfy tax liabilities arising in connection with the acquisition of shares or to fund the exercise price of the tax qualifying options, no shares acquired may be sold before the second anniversary of vesting.

Deferred Bonus Plan Awards (Audited)

Awards were made under the Dechra 2021 Deferred Bonus Plan on 20 September 2022 in respect of bonuses earned for the year ended 30 June 2022 as set out in the table below.

	Type of award	Basis of award	Number of shares	Face value at grant*	Deferral period
Ian Page	Nil cost option under the DBP	20% of the bonus earned	3,580	£109,870	Two years
Paul Sandland	Nil cost option under the DBP	20% of the bonus earned	2,293	£70,372	Two years
Tony Griffin	Conditional awards under the DBP	20% of the bonus earned	1,655	£50,792	Two years

* Based on a share price of £30.69, being the three day average middle market quotation preceding the grant

SAYE (Audited)

No SAYE options were granted to Executive Directors during the year ended 30 June 2023.

Payments to Past Directors (Audited)

There were no payments to past Directors during the period.

Payments for Loss of Office (Audited)

There were no payments for loss of office made to Directors during the period.

Dilution Limits

Awards granted under the Company's LTIP, Executive Share Option Schemes and SAYE Schemes are met by the issue of new shares when the awards/options are exercised. The Committee monitors the number of shares issued under each of these schemes and their impact on dilution limits. The Company's usage of shares compared to the Investment Association dilution limits as at 30 June 2023 is as follows:

Executive Share Plans	All Share Plans
Limit: 5%	Limit: 10%
Usage: 2.0%	Usage: 2.58%

Shareholdings (Audited)

Executive Directors

In respect of the financial year ended 30 June 2023, the Company's shareholding guidelines required Executive Directors to have acquired and retained half of any shares acquired under the LTIP and, if relevant, any recruitment award (after sales to cover tax) until such time as their holding has a value equal to 200% of salary. Shares which are vested, but which remain subject to a holding period and/or clawback, and deferred bonus scheme shares may count towards the holding requirement on a net of assumed tax basis. The holdings of each person who served as an Executive Director during the period ended 30 June 2022 and their families as at 30 June 2023 are as follows:

Name	Appointment date	Ordinary shares Number	Ordinary shares £000*	% of salary
Ian Page	13 June 1997	404,535	14,911	2,365
Paul Sandland	30 October 2019	11,714	432	104
Tony Griffin	1 November 2012	37,049	1,366	402

* Calculated using the share price as at 30 June 2023 and the base salaries as at 30 June 2023.

Shareholding Requirement After Employment

The post-employment shareholding requirement that is proposed be included in the new Directors' Remuneration Policy for which approval is proposed to be sought at the 2023 Annual General Meeting (to the extent the same is being held) is set out in that Policy.

Directors' Remuneration Report

Executive Directors' Total Interest under Shares Schemes (Audited)

Awards held under the Long Term Incentive Plan for each person who was a Director during the year ended 30 June 2023 are as follows:

	Award date	Type of award	Option price for market value options (£)	Number of shares as at 1 July 2022	Granted	Lapsed	Exercised	Number as at 30 June 2023	Status	Performance Period
Ian Page	06-Sep-19	LTIP	N/A	35,087	–	12,106	22,981	–	Vested and exercised in the year	2019–2022
	22-Sep-20	LTIP	N/A	32,128	–	–	–	32,128	Unvested[1,2]	2020–2023
	19-Sep-21	LTIP	N/A	23,727	–	–	–	23,727	Unvested	2021–2024
	09-Sep-22	LTIP	N/A	–	38,261	–	–	38,261	Unvested	2022–2025
Tony Griffin	06-Sep-19	LTIP	N/A	10,984	–	3,790	7,194	–	Vested and exercised in the year	2019–2022
	22-Sep-20	LTIP	N/A	10,303	–	–	–	10,303	Unvested[1]	2020–2023
	19-Sep-21	LTIP	N/A	6,508	–	–	–	6,508	Unvested	2021–2022
	09-Sep-22	LTIP	N/A	–	10,429	–	–	10,429	Unvested	2021–2024
Paul Sandland	06-Sep-19	LTIP	N/A	6,106	–	3,999	2,107	–	Vested and exercised in the year	2019–2022
	22-Sep-20	LTIP	N/A	13,901	–	–	-	13,901	Unvested[1]	2020–2023
	19-Sep-21	LTIP	N/A	11,000	–	–	–	11,000	Unvested[3]	2021–2024
	09-Sep-22	LTIP	N/A	–	18,990	–	–	18,990	Unvested[4]	2022–2025

1 Will vest on 12 October 2023 as to 16.8%.

2 Ian Page was granted a tax qualifying option over 926 shares at an exercise price of £32.37 as part of his LTIP award. This tax qualifying option is linked to the nil cost option such that, at the time of exercise, to the extent there is a gain in the tax qualifying option, the nil cost option will be forfeited to the value of that gain.

3 Paul Sandland was granted a tax qualifying option over 330 shares at an exercise price of £49.09 as part of his LTIP award. This tax qualifying option is linked to the nil cost option such that, at the time of exercise, to the extent there is a gain in the tax qualifying option, the nil cost option will be forfeited to the value of that gain. Ian Page decided to waive his right to the tax qualifying option.

4 Paul Sandland was granted a tax qualifying option over 431 shares at an exercise price of £31.99 as part of his LTIP award. This tax qualifying option is linked to the nil cost option such that, at the time of exercise, to the extent there is a gain in the tax qualifying option, the nil cost option will be forfeited to the value of that gain. Ian Page decided to waive his right to the tax qualifying option.

The aggregate gain made by the Executive Directors on share options and LTIP awards exercised during 2023 was £950,311 (2022: £2,491,641).

Non-Executive Directors (Audited)

By the third anniversary of their appointment to the Board, Non-Executive Directors are required to have acquired and retained a holding of Dechra shares equivalent to the value of at least 50% of their annual base fee. The holdings of the Non-Executive Directors and their families as at 30 June 2023 are as follows:

Name	Appointment date	Ordinary shares number	Ordinary shares £000*	% of base fee
Alison Platt	1 March 2020	3,709	137	66
Ishbel Macpherson†	1 February 2013	6,722	248	410
Julian Heslop‡	1 January 2013	6,000	221	367
Lawson Macartney	1 December 2016	5,880	217	358
Lisa Bright	1 February 2019	1,373	51	84
John Shipsey	1 June 2022	600	22	37
Geeta Gopalan	1 January 2023	-	-	-

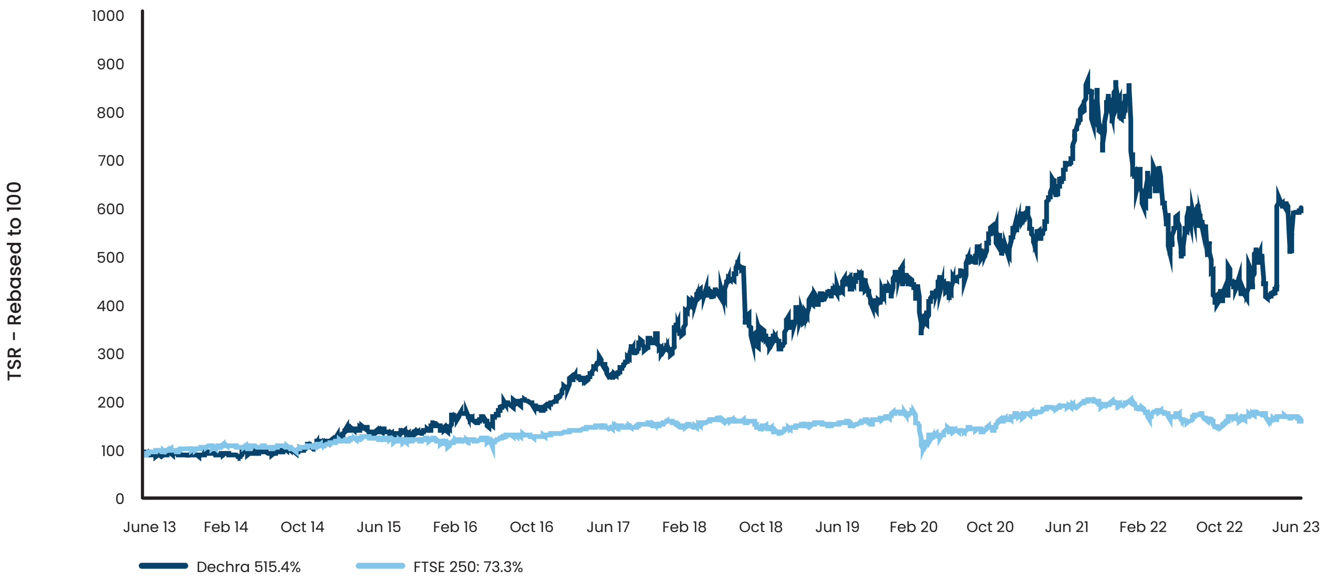
* Calculated using the share price as at 30 June 2023 and the fees as at 30 June 2023.
† Retired on 22 June 2023.
‡ Retired on 5 September 2022.

There have been no changes in the holdings of the Company's Directors between 30 June and 12 October 2023.

Performance and Chief Executive Remuneration

TSR

This graph shows the TSR performance of the Company over the past ten financial years compared with the TSR over the same period for the FTSE 250 Total Return Index. For the majority of the period, the Company was a constituent of the FTSE 250 and for this reason it is considered that the TSR performance of the FTSE 250 Index is the appropriate comparator for this report.



Directors' Remuneration Report

Chief Executive Officer Remuneration for Ten Previous Years

Year ended	Total single figure remuneration £000	Annual bonus payout (% of maximum opportunity)	LTIP vesting (% of maximum number of shares)
30 June 2023	1,037	13.3	16.8
30 June 2022	1,931	73.6	65.5
30 June 2021	2,995	100	73.8
30 June 2020	1,763	28	73.7
30 June 2019	3,035	72	100.0
30 June 2018	3,058	76	100.0
30 June 2017	3,420	92	100.0
30 June 2016	2,480	72	96.25
30 June 2015	1,934	80	93.1
30 June 2014	1,589	80	100.0

Annual Percentage Change in Remuneration of Directors and Employees

The table below shows the annual percentage change in each Director's salary/fees, benefits and bonus between the year ended 30 June 2022 and the year ended 30 June 2023, and the average percentage change in the same remuneration over the same period in respect of the employees of the Company on a full time equivalent basis.

The average employee change has been calculated by reference to the average of the percentage change in each of salary, benefits and bonus for every employee of the listed parent company except that anyone who joined or left the business part way through the year has been excluded from the calculations. Julian Heslop retired from the Board during the year ended 30 June 2023 and Geeta Gopalan was appointed during that year. Accordingly, each has been excluded from the table below. Information in relation to the changes between 2022 and 2023 is noted below the table. Information in relation to the changes between other years is included in the relevant Directors' Remuneration Reports.

		Average employee	Ian Page	Paul Sandland	Tony Griffin	Alison Platt[2]	Ishbel Macpherson[3]	Lawson Macartney	Lisa Bright	John Shipsey
Salary/ fees	**2022– 2023**	**7.3%**	**4.0%**	**7.3%**	**3.0%**	**57.4%**	**(12.9%)**	**14.8%**	**2.9%**	**2.9%**
	2021– 2022	6.4%	8.3%	16.1%	3.0%	138.9%	8.1%	13.0%	9.7%	N/A
	2020– 2021	32.8%	6.6%	10.0%	(0.9%)	3.8%	10.4%	3.8%	8.8%	N/A
	2019– 2020	(11.8%)	4.0%	N/A	6.8%	N/A	6.3%	4.0%	14.0%	N/A
Taxable benefits[1]	**2022– 2023**	**(14.3%)**	**(18.5%)**	**0%**	**1.3%**	**33.3%**	**(66.7%)**	**117.6%**	**(50.0%)**	**100%**
	2021– 2022	(2.1%)	(4.4%)	6.5%	1.2%	100%	100%	100%	100%	N/A
	2020– 2021	(7.3%)	6.3%	20.8%	2.3%	N/A	N/A	N/A	N/A	N/A
	2019– 2020	16.3%	(1.7%)	N/A	(10.0%)	N/A	N/A	N/A	N/A	N/A
Annual bonus[3]	**2022– 2023**	**(79.7%)**	**(77.4%)**	**(76.6%)**	**(72.2%)**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
	2021– 2022	(4.8%)	(0.4%)	6.4%	(9.6%)	N/A	N/A	N/A	N/A	N/A
	2020– 2021	137.3%	280.0%	292.9%	194.6%	N/A	N/A	N/A	N/A	N/A
	2019– 2020	(47.4%)	(59.7%)	N/A	(58.7%)	N/A	N/A	N/A	N/A	N/A

1 Excludes SAYE options granted during any relevant year.

2 Alison Platt was appointed Chair in January 2022. The increase shown is the increase between her fee as Chair with effect from 1 January 2022 and her fee as Chair with effect from 1 January 2023.

3 Ishbel Macpherson retired from the board with effect from 22 June 2023. Her remuneration for 2023 is annualised for the purposes of calculating the percentage change between 2022 and 2023. Her fee was reduced in March 2023 when she stepped down as Remuneration Committee Chair and in March 2022 when she stepped down as Senior Independent Director.

4 No benefits were provided to Non-Executive Directors prior to 2022. Therefore, the change in benefits between 2022 and 2021 is not considered a meaningful disclosure.

The increase in the average employee's salary between the 2020 financial year and the 2021 financial year reflects the changes following the business wide review of remuneration, which were effective from 1 January 2021.

Chief Executive Officer's Pay Ratio

The table below shows the ratio of the Chief Executive Officer's remuneration for years since 2019 using the Single Total Figure as disclosed on page 163 to the full time equivalent remuneration of the UK employee whose remuneration was ranked at the 25th percentile, median and 75th percentile. Employees' pay was calculated on the same basis as the Single Total Figure Remuneration except that anyone who joined or left the business part way through the year has been excluded from the calculations along with anybody on reduced pay for illness, maternity, paternity, adoption or shared parental leave. The Company believes that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**Option A**[1]	**35:1**	**25:1**	**13:1**
2022	Option A[1]	73:1	54:1	28:1
2021	Option A[1]	121:1	87:1	44:1
2020	Option A[1]	75:1	58:1	31:1
2019	Option A[1]	139:1	107:1	56:1

1. The applicable regulations provide for three methods of calculating the pay ratio. We have chosen Option A and have calculated the pay and benefits of all of the Group's UK employees in order to identify the employees at the 25th, median and 75th percentile. We have chosen this approach reflecting that guidance recognises this as the most statistically accurate method. In each year, the employees at the 25th, median and 75th percentile were identified by reference to remuneration at 30 June that year.

	2023[1] **Total pay and benefits (salary) £000**	2022 Total pay and benefits (salary) £000
Chief Executive Officer	**1,037** **(621)**	1,931 (597)
25th percentile employee	**30** **(28)**	26 (25)
Median employee	**41** **(38)**	36 (34)
75th percentile employee	**80** **(53)**	69 (47)

1. The 2023 figure includes share options and awards, which have been valued by reference to £34.9997 (being the average market value of a share over the last quarter of the Company's financial year ended 30 June 2023). SAYE options granted in 2022 and 2023 financial years have also been included in the benefits column in respect of any year in which there was a grant. These have been valued using the fair value as per note 26 to the Group's financial statements.

In 2023, there were a total of 572 UK employees (2022: 556 UK employees), 186 of whom have been excluded for the above stated reasons (2022: 239), leaving 386 employees within the 'full pay relevant' data set (2022: 317) for comparison against the Chief Executive Officer. We believe that the final figures detailed above are representative of the majority of the data set.

The ratio of Chief Executive Officer's total remuneration to that of employees has reduced as a result of the increase in the employers contribution to the UK Company Pension Scheme to 8% of base pay for all UK employees who are members of the pension scheme. Furthermore, we adopted a tiered approach to base salary increases with the lower paid members of the workforce receiving higher increases which were weighted taking into account specific country inflation. The average increase across the Group was 6.6%. In the UK, all employees earning a base salary of less than £45,000 received a minimum increase of 7%. Against this background, the Chief Executive Officer's salary was increased by 3% with effect from 1 January 2023. In addition, the Chief Executive Officer's annual bonus at 20% of base salary was lower than that in 2022 (92%) as was the value and percentage vesting of his LTIP in the year at 16.8% as opposed to 65.5% in 2022.

Relative Importance of Spend on Pay

The following table sets out the percentage change in distributions to shareholders (by way of dividend and share buyback) and total remuneration paid to or receivable by all Group employees comparing the year ended 30 June 2022 and the year ended 30 June 2023.

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000	% change
Distributions to shareholders by way of dividend and share buyback	**51,700**	44,800	15.4%
Overall expenditure on pay	**163,800**	131,600	24.4%

Directors' Remuneration Report

Implementation of the Directors' Remuneration Policy in the Year Ending 30 June 2024

As noted in the letter from the Remuneration Committee Chair, the Proposed Acquisition impacts our approach to remuneration in respect of the 2024 financial year. Subject to the completion of the transaction and to the approval at the 2023 Annual General Meeting (to the extent it is being held), the Directors' Remuneration Policy outlined on pages 141 to 151 will be implemented in the year ending 30 June 2024, as set out below.

Salary and Fees

The approach to Executive Directors' salaries and to the fees for the Chair and Non-Executive Directors is described in the letter from the Remuneration Committee Chair.

Annual Bonus

As noted in the letter from the Remuneration Committee Chair, notwithstanding the additional flexibility in the new Policy, bonuses for the 2024 financial year will continue for:

- the Chief Executive Officer and Chief Financial Officer at 150% of salary, with a bonus deferral requiring that 33% of any bonus earned (and not just any additional bonus earned) is deferred into Dechra shares for two years; and
- Tony Griffin at 125% of salary with a bonus deferral of 20%.

In the opinion of the Board, the performance targets applying to the annual bonus are commercially sensitive, and prospective disclosure could provide competitors with insight into the Group's business plans and expectations.

LTIP

Due to the Proposed Acquisition the Committee will not be granting any awards for the year ending 30 June 2024. Should the acquisition not complete then the Committee will consider whether to grant awards for the year ending 30 June 2024 later in the year, with information on performance conditions and targets disclosed at the time of grant.

Consideration by the Directors of Matters relating to Directors' Remuneration

Purpose

The Board has overall responsibility for the Group's Remuneration Policy and the setting of the Non-Executive Directors' fees, although the task of determining and monitoring the remuneration packages of the Executive Directors and Senior Executive Team and of agreeing the Chair's fee level has been delegated to the Committee. The Committee exercises independent judgement and discretion when authorising remuneration outcomes.

Membership, Meetings and Attendance

The Committee comprises of the Non-Executive Directors. Geeta Gopalan was appointed as Committee Chair on 1 March 2023, succeeding Ishbel Macpherson. Geeta had previously served as a Chair of a Remuneration Committee for over 12 months prior to her appointment. Details of each member's attendance at the Committee's meetings is detailed on pages 93 to 95. The Chief Executive Officer and Group HR Director both attended all meetings held during the financial year in order to assist on matters concerning remuneration of other senior executives within the Group. However, neither was present during the part of the meetings where their own remuneration was discussed.

Effectiveness of Committee

The Committee's performance was evaluated as part of the 2023 Board and Committee Internal Evaluation (further details of which can be found on page 121 of the Governance Report). The Committee considered the results of the evaluation and it was agreed that the Committee functions well with a clear remit and good support from executives and advisers.

Responsibilities

The Committee has its own terms of reference, which are approved by the Board. These are reviewed on an annual basis so that they continue to adhere to best practice. During the 2023 financial year, this review took place at the June 2023 meeting and only minor changes were made. Copies can be obtained via the Company website at www.dechra.com. The Committee Chair and the Company Secretary are available to shareholders to discuss the Remuneration Policy. An overview of the Committee's terms of reference is provided on pages 109 and 132.

Advisers

The following have provided advice to the Committee during the year in relation to its consideration of matters relating to Directors' remuneration:

- Chief Executive Officer, Chief Financial Officer, Group HR Director and Company Secretary; and
- Deloitte LLP (Deloitte).

Deloitte is retained to provide independent advice to the Committee as required. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for providing remuneration advice to the Committee, which were charged on a time and materials basis, were £38,200 for the year ended 30 June 2023. The Committee considers the advice to be objective and independent, and assesses from time to time whether this appointment remains appropriate or should be put out to tender; in doing so, it takes into account the Remuneration Consultants Group Code of Conduct. Deloitte was appointed by the Committee following a competitive process and has provided share scheme advice and general remuneration advice to the Company.

During the year, Deloitte also performed tax advisory work for Dechra.

Policy on External Appointments

The Company recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are only permitted to accept external appointments with the approval of the Board. No Executive Director currently holds external appointments.

Statement of Voting at Previous Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out actual voting in respect of the advisory vote on the Directors' Remuneration Report at the Company's Annual General Meeting on 20 October 2022 and the binding vote on the Remuneration Policy at the Company's Annual General Meeting on 27 October 2020:

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
To approve Remuneration Report	79,297,256	95.31	3,901,808	4.69	3,933
To approve Remuneration Policy	74,112,644	90.81	7,501,119	9.19	6,768

Geeta Gopalan
Remuneration Committee Chair
12 October 2023

Directors' Report – Other Disclosures

The Directors present their annual report on the affairs of the Group, together with the audited Group financial statements for the year ended 30 June 2023. Certain disclosure requirements, which form part of the Directors' Report, are included elsewhere in this Annual Report as permitted by section 414C of the Companies Act 2006. They are incorporated by reference into this Directors' Report as follows:

Disclosure	Section of the Annual Report	Page Number
Review of the Group's business during the year and any likely future developments	Strategic Report	103 to 107
Strategy	Strategic Report	32 to 37
Business Model	Strategic Report	28 to 31
Details of acquisitions and disposals during the year	Strategic Report	4 and 51
Going concern, viability statements and risk management	Strategic Report	81 and 82
	Governance Report	128
Section 172 statement and Stakeholder Engagement	Strategic Report	56 to 66
	Governance Report	101 to 105
Diversity	Stakeholder Engagement	59 and 60
	Governance Report	118 and 119
Approach to employees with disabilities	Stakeholder Engagement	59
Company Employees	Stakeholder Engagement	58 to 61
Environmental matters including Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting	Environment	76 to 78
	Task Force on Climate-related Financial Disclosures	69 to 75
Social, community and human rights issues	Stakeholder Engagement	63 and 64
Corporate Governance Statement	Governance Report	91
Board of Directors details	Governance Report	94 and 95
Financial risk management (including the exposure to price, credit and liquidity risk)	Financial Statements	217 to 223
Post-balance sheet events	Financial Statements	234

Disclosures Pursuant to Listing Rule 9.8.4:

Listing Rule	Topic	Location within Annual Report
9.8.4 (4)	Details of long term incentive plans	See Directors' Remuneration Report, starting on page 160
9.8.4 (12)	Shareholder waivers of dividends	Page 167
9.8.4 (13)	Shareholder waivers of future dividends	Page 167

Other information requirements set out in LR 9.8.4R are not applicable to the Company.

Amendment of the Articles of Association

The Company's Articles of Association may be amended by a special resolution of its shareholders.

Significant Agreements/ Change of Control

As referred to in the Going Concern Statement on page 51, the Group has bank facilities with a group of banks comprising, BNP Paribas, HSBC UK Bank plc, Crédit Industriel et Commercial SA (CIC Bank), Santander UK plc, CaixaBank SA, Handelsbanken plc, PNC Bank and the Bank of Ireland. These bank facilities include a change of control provision whereby a change of control of the Company could result in the withdrawal of these bank facilities. In addition, the seven and ten year senior secured notes (the Private Placement Notes) include a change of control provision whereby a change of control of the Company may result in the Private Placement Notes having to be repaid in full.

No other agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid are considered to be significant in terms of their potential impact on the business as a whole. The Company does not have agreements with any Director or employee that provide compensation for loss of office or employment resulting from a takeover, other than the Company share schemes. Under such schemes outstanding options and awards normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time. In the event of a change of control, unvested awards under the Long Term Incentive Plan will vest to the extent determined by the Remuneration Committee taking into account the relevant performance conditions and, unless the Remuneration Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the relevant performance period that has elapsed. The Directors consider that there are no contracted or other single arrangements, such as those with major suppliers, which are likely to influence, directly or indirectly, the performance of the business and its values. Furthermore, there are no contracts of significance subsisting during the financial year between any Group undertaking and a controlling shareholder or in which a Director is or was materially interested.

Directors

The names and biographical details of the Directors as at the date of this report are set out on pages 94 and 95 and are incorporated by reference into this report. With regard to the appointment of Directors, the Company adheres to the Code and is governed by the Articles of Association. The Articles of Association state that a Director may be appointed by an ordinary resolution of the shareholders or by the Directors, either to fill a vacancy or as an addition to the existing Board but so that the total number of Directors does not exceed the maximum number of Directors allowed pursuant to the Articles of Association. The maximum number of Directors currently allowed pursuant to the Articles of Association is ten. The Articles of Association also state that the Board of Directors is responsible for the management of the business of the Company and in doing so may exercise all the powers of the Company subject to the provision of relevant legislation and the Company's Articles of Association. The powers of the Directors set out in the Articles of Association include those in relation to the issue and buy-back of shares.

Director Insurance and Indemnities

The Company maintains an appropriate level of Directors' and Officers' insurance in respect of legal action against Directors as permitted under the Company's Articles of Association and the Companies Act 2006. The Company also indemnifies the Directors under an indemnity deed with each Director in respect of legal action to the extent allowed under the Company's Articles of Association and the Companies Act 2006. During the financial year and as at the date of this report, qualifying third party indemnity provisions are in force. A copy of the indemnity provisions will be available for inspection at the forthcoming Annual General Meeting (to the extent it is being held).

Overseas Branches

The Company, through its subsidiary Genera d.d., has an established branch in Bosnia-Herzegovina. The Serbian branch of Genera d.d. closed on 12 May 2023.

Political Donations and Expenditure

No political donations were made during the year ended 30 June 2023 (2022: nil). The Group has a policy of not making any donations to political organisations nor independent election candidates nor incurring political expenditure anywhere in the world as defined in the Political Parties, Elections and Referendums Act 2000.

Research and Development

The Group has a structured development programme with the aim of identifying and bringing to market new pharmaceutical products. Investment in development is seen as key to strengthen further the Group's competitive position. Further information in relation to product development can be found on pages 38 to 41. The underlying expense on this activity for the year ended 30 June 2023 was £57.5 million (2022: £32.4 million) and a further £1.6 million (2022: £1.7 million) was capitalised as development costs.

Results and Dividends

The results for the year and financial position at 30 June 2023 are shown in the Consolidated Income Statement on page 182 and Consolidated Statement of Financial Position on page 184. An interim dividend of 12.50 pence per share was paid on 13 April 2023. The ongoing acquisition of the Company by Freya Bidco Limited remains conditional upon the receipt of antitrust approval in the European Union and foreign direct investment approval in Australia, in each case to the extent required, as well as the sanction of the Scheme by the Court at the Sanction Hearing (each as defined in the scheme document dated 26 June 2023) and is expected to occur in late 2023 or early 2024. If prior to the acquisition becoming effective, any dividend is announced, declared, made or paid or becomes payable in respect of the ordinary share capital of the Company (Dechra Shares), Freya Bidco reserves the right to reduce the consideration payable under the terms of the acquisition for the Dechra Shares by an amount up to the aggregate amount of such dividend. Therefore the Directors are not recommending the payment of a final dividend.

Share Capital

The issued share capital of the Company for the year is set out in note 25 to the Consolidated Financial Statements. As at the end of the financial year, 113,888,190 fully paid ordinary shares were in issue, which included 130,770 ordinary shares issued during the year in connection with the exercise of options under the Company's share option schemes.

In July 2022, 5,247,813 new ordinary shares were offered by way of a placing and 116,870 new ordinary shares were offered via a retail offer, both at an issue price of 3430 pence per share, raising gross proceeds of £184.0 million. The placing price of 3430 pence per share was a 8% discount to the closing middle market share price on 20 July, being the date of the placing announcement. These new ordinary shares were issued on 25 July 2022, fully paid and rank pari passu in all respects with the existing ordinary shares.

The holders of shares are entitled to receive dividends when declared, to receive the Company's Report and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of shares in the Company, nor are there any requirements to obtain prior approval in respect of any transfer of shares. The Directors are not aware of any agreements which limit the transfer of shares or curtail voting rights attached to those shares. The only exception to this is the Trustees of the Dechra Employee Benefit Trust, who hold 7,528 shares and have waived their rights to dividends and they abstain from voting at General Meetings.

Directors' Report – Other Disclosures

At the Annual General Meeting of the Company held on 20 October 2022, the Company was authorised to purchase up to 11,376,439 of its ordinary shares, representing 10% of the issued share capital of the Company as at 9 September 2022. No shares were purchased under this authority during the financial year. A resolution will be put to shareholders at the forthcoming Annual General Meeting to renew this authority for a further period of one year. Under the proposed authority, shares purchased may be either cancelled or held in treasury.

The Directors require authority from shareholders to allot unissued share capital in the Company and to disapply shareholders' statutory pre-emption rights. Such authorities were granted at the 2022 Annual General Meeting and resolutions to renew these authorities will be proposed at the 2023 Annual General Meeting (to the extent that it is being held).

Substantial Interests in Voting Rights

In accordance with the requirements in the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Company had been notified of the following interests exceeding the 3% notification threshold as at the end of the financial year and a date not more than one month before the date of any notice of the Annual General Meeting, to the extent that the Proposed Acquisition does not become effective before the time that the Annual General Meeting notice is required to be sent to Shareholders in accordance with applicable laws.

	30 June 2023		**5 October 2023**	
	Aggregate voting rights	Percentage	**Aggregate voting rights**	**Percentage**
UBS Group AG	7,801,526	6.85	**1,344,007**	**1.18**
Société Générale	7,080,863	6.22	**3,755,755**	**3.30**
BlackRock Inc	6,068,466	5.33	**5,261,853**	**4.62**
The Vanguard Group, Inc	5,151,816	4.52	**4,935,610**	**4.33**
The Goldman Sachs Group, Inc	4,908,934	4.31	**5,447,055**	**4.78**
BPCE	4,681,050	4.11	**5,475,549**	**4.81**
JPMorgan Chase & Co	4,483,591	3.94	**2,795,675**	**2.45**
abrdn plc	3,877,889	3.41	**443,808**	**0.39**
Government of Norway	3,651,699	3.21	**3,908,560**	**3.43**

Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP as external auditor and to authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming Annual General Meeting (to the extent it is being held).

Audit Information

Each of the Directors who held office at the date of the approval of the Directors' Report confirms that, so far as he or she is aware, there is no relevant audit information of which the external auditor is unaware, and each Director has taken all steps that he or she ought to have undertaken as a Director to make himself or herself aware of any relevant audit information and to establish that the external auditor is aware of that information.

The Directors' Report has been approved by the Board and signed on its behalf by:

Melanie Hall
Company Secretary
12 October 2023

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance section of the Annual Report confirm that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Signed by order of the Board.

Ian Page
Chief Executive Officer

Paul Sandland
Chief Financial Officer
12 October 2023