

## DECHRA PHARMACEUTICALS PLC

### NOMINATION COMMITTEE

#### TERMS OF REFERENCE

#### **1. MEMBERSHIP**

- 1.1 The Nomination Committee (the Committee) shall comprise of at least three (3) directors. A majority of the members of the Committee should be independent non-executive directors.
- 1.2 Appointments to the Committee are made by the Board on the recommendation of the Committee and shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 1.3 The Board shall appoint the Chairman of the Committee, who should be either the Chairman of the Company or an independent Non-Executive Director. The Chairman of the Company shall not chair the Committee when it is dealing with the matter of succession of the Chairman of the Company, in this instance the Chairman will be the Senior Independent Director. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.
- 1.4 The quorum of the Committee shall be two members and a duly convened meeting of the Committee at which a quorum is present shall be authorised to exercise all of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **2. SECRETARY**

- 2.1 The Secretary of the Company or his or her nominee shall act as Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### **3. ATTENDANCE**

- 3.1 Only members of the Committee have the right to attend Committee meetings, but other persons may attend meetings or be present for particular agenda items if so invited by the Committee.

#### **4. FREQUENCY OF MEETINGS**

- 4.1 The Committee shall meet at least twice a year and otherwise as required.

## **5. AUTHORITY**

- 5.1 The Committee is authorised by the Board to:
- 5.1.1. investigate any activity within its Terms of Reference;
  - 5.1.2 call any employee to be questioned at a meeting of the Committee as and when required;
  - 5.1.3. seek any information it requires from any Company employee in order to perform its duties;
  - 5.1.4 obtain at the Company's expense, independent legal or other independent professional advice on any matter it believes necessary to do so;
  - 5.1.5 have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

## **6. DUTIES**

The Committee should carry out the duties below for the Company and the Group as a whole, as appropriate.

- 6.1 The duties of the Committee shall be to:
- 6.1.1 regularly review the structure, size and composition (including the skills, independence, knowledge, experience and diversity) of the Board, taking account of the Company's strategic priorities and make recommendations to the Board with regard to any changes;
  - 6.1.2 keep under review the leadership needs of the organisation, relating to the Board and Senior Management, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
  - 6.1.3 keep up-to-date and fully informed about the strategic and commercial issues and priorities and main trends and factors affecting the long term success and future viability of the Group and the market in which it operates;
  - 6.1.4 work and liaise as necessary with all other Board Committees as appropriate, including the Remuneration Committee in respect of any remuneration package to be offered to any new appointee of the Board;
  - 6.1.7 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, taking into

account the challenges and opportunities facing the Group, the skills, experience, and knowledge needed on the Board in the future;

- 6.1.8 having regard to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- 6.1.9 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience, independence and diversity on the Board and the future challenges affecting the Group, and, in light of this evaluation prepare a description of the role and capabilities required for a particular Board appointment and time commitment expected. In identifying suitable candidates the Committee shall:
  - 6.1.9.1 consider, where deemed necessary (in particular the recruitment of Non-Directors and the Chairman of the Board), the use of open advertising or services of external advisers to facilitate the search;
  - 6.1.7.2 consider candidates from wide range of backgrounds;
  - 6.1.7.3 consider candidates on merit and against objective criteria and with due regard for promoting the benefits of diversity on the Board taking care that appointees have enough time available to devote to the position;
- 6.1.10 identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 6.1.12 prior to the appointment of a Director, other significant time commitments should be disclosed as well as any other business interest that may result in a conflict of interest. These must be authorised by the Board prior to appointment and future appointments or future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board ;
- 6.1.14 ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service involvement outside Board meetings;
- 6.1.19 review the results of the board performance evaluation process that relate to the composition of the board and succession planning;
- 6.1.21 review annually the time required from the Chairman of the Company and Non-Executive Directors, and to assist in the annual performance evaluation to ensure that the Non-Executive Directors have devoted sufficient time to their duties and that their

contribution is, and continues to be, important to the Group's long-term sustainable success;

- 6.1.22 review the plans of the Designated Non-Executive Director for Employee Engagement.
- 6.2 The Committee shall also make recommendations to the Board, as appropriate, on the following:
- 6.2.1 any changes needed to succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;
  - 6.2.2 suitable candidates as new directors and succession for existing directors;
  - 6.2.3 membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairman of those Committees;
  - 6.2.4 the appointment of any Director to Executive or other office;
  - 6.2.6 the re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board and the Group's long term sustainable success, in light of the knowledge, skills and experience required;
  - 6.2.7 the re-election by shareholders of any Director under the annual re-election provisions of the Code or the retirement by rotation provisions in the Company's articles of association having given due regard to their performance and commitment to the role and their contribution to the Group's long term sustainable success in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board taking into account the length of service of individual directors, the Chairman and the Board as a whole ; and
  - 6.2.8 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.

## **7. MINUTES**

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

- 7.2 Draft minutes of Committee meetings shall be agreed with the Committee Chairman and then circulated promptly to all members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 7.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **8. ANNUAL GENERAL MEETING**

- 8.1 The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **9. REPORTING RESPONSIBILITIES**

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be made available for board discussion when necessary.
- 9.3 The Committee shall produce a report to be included in the Company's annual report about its activities, including:
  - 9.3.1 its activities, the membership of the Committee, number of meetings and attendance over the course of the year;
  - 9.3.2 the process used to make appointments, its approach to succession planning and how both support the development of a diverse pipeline;
  - 9.3.3 how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual Directors, the outcomes and actions taken and how it has or will influence board composition;
  - 9.3.4 the policy on diversity and inclusion, its objectives and linkage to Group strategy, how it has been implemented and progress on achieving the objectives; and
  - 9.3.5 the gender balance of those in the senior management and their direct reports.
- 9.4 If an external search consultancy has been engaged, it should be identified in the Annual Report alongside a statement about any other connection it has with the Company or individual directors.

- 9.4 The Committee shall ensure, through the Chairman of the Company, that the Company maintains contact and the Committee chair seeks engagement, as required, with the Company's major shareholders on significant matters related to the Committee's areas of responsibility.
- 9.5 The Committee shall make publicly available the Committee's Terms of Reference by placing them on the Company's website.

**10. OTHER MATTERS**

- 10.1 The Committee shall:
- 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
  - 10.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - 10.1.3 give due consideration to all relevant laws and regulations, in particular, the Directors' duties in the Companies Act 2006, the provisions of the Code and the requirements of the FCA Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
  - 10.1.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference and recommend any changes it considers necessary to the Board for approval.