

# DECHRA PHARMACEUTICALS PLC

(Company)

## THE DISCLOSURE COMMITTEE

### TERMS OF REFERENCE

(as adopted by the Board of Directors of the Company on 21 February 2018)

#### 1 Membership

1.1 The Board of Directors of the Company (**Board**) has established a committee of the Board known as the Disclosure Committee. The Disclosure Committee will consist of the following members:

- (a) the Chief Executive Officer;
- (b) the Chief Financial Officer;
- (c) the Corporate Development Director; and
- (d) the Company Secretary.

1.2 The Disclosure Committee chairman shall be either the Chief Executive Officer or failing him the Chief Financial Officer or the Company Secretary.

1.3 Only members of the Disclosure Committee have the right to attend Disclosure Committee meetings. However, other Directors and other individuals (including members of senior management and representatives of external advisers) may be invited to attend for all or part of any meeting, as and when appropriate in the opinion of the Disclosure Committee's chairman or the majority of its members.

#### 2 Secretary

The Company Secretary, or his or her nominee, shall act as the secretary of the Disclosure Committee.

#### 3 Quorum and Attendance

3.1 The quorum necessary for the transaction of business shall be two, one of whom must be either the Chief Executive Officer or the Chief Financial Officer or the Company Secretary or an appointed deputy of one of them.

3.2 A duly convened meeting of the Disclosure Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Disclosure Committee.

3.3 Members of the Disclosure Committee may be present in person or by telephone or by other means of electronic communication.

- 3.4 Where the Disclosure Committee cannot be convened to reach a timely decision, an Emergency Quorum may discharge the responsibilities of the Disclosure Committee.
- 3.5 An Emergency Quorum shall be a minimum of two, one of whom should be Chief Executive Officer or Chief Financial Officer or their appointed deputy along with the Chairman of the Company or the Senior Independent Non-Executive Director (or any other Non-Executive Director nominated by the Chairman or the Senior Independent Non-Executive Director).

#### **4 Frequency of meetings**

- 4.1 The Disclosure Committee shall meet as often as is required in order for the Company to discharge its legal and regulatory disclosure obligations.

#### **5 Authority**

- 5.1 The Disclosure Committee is authorised to:
- 5.1.1 seek any information it requires from any employee of the Company; and
- 5.1.2 obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference.

#### **6 Duties**

The Disclosure Committee shall carry out the following duties:

- 6.1 Assessing and Monitoring of Information
- 6.1.1 assessing whether information which directly concerns the Company is "inside information";
- 6.1.2 for information that might in the future become inside information, anticipating when such information might become inside information and continuing to monitor such information; and
- 6.1.3 monitoring market rumour, press speculation and any variance between the Company's performance and its own forecasts or any changes in the Company's circumstances and considering whether an announcement via a Regulatory Information Service (an "**RIS**") is required;
- 6.2 Information that is inside information
- 6.2.1 when information is determined to be inside information procuring the disclosure of that inside information to an RIS as soon as practical in accordance with paragraph 6.3 below; or
- 6.2.2 in the event that it is permissible to delay the disclosure of that inside information, complying with the procedures for a delay period set out in paragraph 6.3 below;
- 6.3 Delay in the disclosure of Inside information
- 6.3.1 assessing whether it is permissible to delay the disclosure of inside information in accordance the EU Market Abuse Regulation (596/2014) (as it forms part of UK

domestic law by virtue of the European Union (Withdrawal) Act 2018) (MAR), including a decision as to whether the following conditions can be met:

- 6.3.1.1.1 the legitimate interests of the Company would likely be prejudiced if the inside information was immediately disclosed;
  - 6.3.1.1.2 the delay in the disclosure of inside information is not likely to mislead the public; and
  - 6.3.1.1.3 the Company can believe that it can retain the confidentiality of the inside information during the period of delay,
- (together, the "**Conditions**");

6.3.2 arranging for an internal record of any delay (including an explanation as to how the Conditions are fulfilled and the identity of all those involved in the decision to a delay) to be prepared and maintained in accordance with Article 4(1) of the Inside Information Implementing Regulation and Article 17(4) of MAR;

6.3.3 assessing, on a regular basis, for how long the disclosure of inside information should and can, be delayed and whether the Conditions are still being fulfilled;

6.3.4 assessing whether inside information may be disclosed selectively to third parties in accordance with Articles 10(1) and 17(8) of MAR and DTR 2.5.7;

6.3.5 providing consent before market soundings are conducted by officers or employees of the Company and overseeing the terms of the Company's participation in any market sounding;

6.3.6 arranging for a holding or leak announcement to be available for release;

#### 6.4 Announcement of inside information

6.4.1 preparing and verifying announcements for notification of inside information to an RIS in accordance with the requirements in Article 2 of the Inside Information Implementing Regulation (including that an announcement containing inside information must identify in the announcement that it contains inside information);

6.4.2 arranging for the posting of information announced to an RIS on the Company's website by the beginning of the business day following the day of the RIS announcement and that it is kept and maintained on the website for a period of at least five years;

6.4.3 arranging for the Company website to comply with the requirements in Article 3 of the Inside Information Implementing Regulation, including access to the website being non-discriminatory and free of charge, the inside information being easy to find and located in a dedicated section of the website, in chronological order, showing the date and time of the release of the inside information;

6.4.4 when inside information is announced following a delay in disclosure, arranging for a notification of a delay to be sent to the FCA immediately after the announcement and, where requested by the FCA, arranging for a written explanation of the delay to be sent to the FCA, in accordance with Article 4 of the Inside Information Implementing Regulation and Article 17(4) of MAR;

#### 6.5 Insider list

6.5.1 arranging for the Company's insider list to be prepared in the prescribed format, updated when details change and maintained for a period of at least five years, in

accordance with the requirements in Article 18 of MAR and the Insider List Implementing Regulation;

6.5.2 monitoring and assessing which officers and employees should be listed on the Company's permanent insider list (who are considered to have access to all Inside Information with the Company at all times) and any project insider list from time to time;

6.5.3 procure that personal information of officers and employees is kept up-to-date on the Company's systems and that there is an effective system in place for the collation of all personal information of such individuals on an insider list;

6.5.4 arrange that individuals on the Company insider list are notified of their duties;

6.5.5 require advisers and other persons acting on the Company's behalf comply with their obligation to compile insider lists;

## 6.6 Control of Inside Information

6.6.1 develop procedures and systems, including an Inside Information Policy, that are designed to:

6.6.1.1 deny access to inside information to persons other than those who require it for the exercise of their function within the Company;

6.6.1.2 procure that Company employees with access to inside information are properly storing, protecting and managing the inside information so that there is no unauthorised access to the inside information, including effectively using confidentiality barriers and other arrangements;

6.6.1.3 enable effective dissemination of information to the Disclosure Committee from within the Company and all Group companies;

6.6.1.4 maintain the confidentiality of inside information during any period of delay in announcement; and

6.6.1.5 notify the Disclosure Committee immediately where inside information has been inadvertently disclosed.

6.6.2 reviewing such the procedures and systems periodically.

## 6.7 Records

6.7.1 Arranging for the following records to be fully completed and kept for a period of at least five years:

6.7.1.1 the Company's insider list;

6.7.1.2 records of a delay in disclosure of inside information;

6.7.1.3 any notifications or explanations sent to the FCA in relation to a delay in disclosure of inside information;

6.7.1.4 all decisions of the Disclosure Committee and reasons for such decisions, including instances when the Disclosure Committee decides that information is not inside information; and

6.7.1.5 any procedures put in place or changes to procedures designed for the effective dissemination of information.

- 6.7.2 Arranging for the relevant records to identify clearly the individuals responsible for making certain decisions.

## **7 Reporting responsibilities**

### 7.1 The Disclosure Committee chairman:

- 7.1.1 shall report as soon as practicable to all Directors not present at any Disclosure Committee meeting on any decision to make a regulatory announcement; and
- 7.1.2 will also report formally to the Board on its proceedings after each meeting.

### 7.2 The Disclosure Committee shall:

- 7.2.1 make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
- 7.2.2 maintain appropriate records of its meetings and of all material discussions and key decisions, including ensuring that entries in the Company's disclosure register are maintained.

## **8 Other**

The Disclosure Committee shall:

- 8.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members; and
- 8.1.3 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to assist it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **9. Minutes of meetings**

9.1 The secretary shall minute the proceedings and decisions of all meetings of the Disclosure Committee, including recording the names of those present and in attendance.

9.2 The secretary will also note the date and time of any decision when information was considered to constitute inside information, when any decision was taken to delay any disclosure of inside information to the market and when, in those circumstances, it was considered that a disclosure would be likely to be made. The secretary shall also be responsible for recording this information accurately in the Company's insider list and where a decision is made to delay any disclosure in the Disclosure Register/Checklist.

9.3 Draft minutes of Disclosure Committee meetings shall be circulated promptly to all members of the Disclosure Committee. Once approved, minutes should be circulated to all other members

of the Board, other than where, in the opinion of the Disclosure Committee chairman, it would be inappropriate to do so.