

Nomination Committee Report

Committee Membership and Attendance

The membership of the Committee, together with appointment dates and attendance at Meetings during the year, is set out on page 69 of the Corporate Governance Report. Other attendees at the meetings include the Group HR Director, the Chief Executive Officer and the Company Secretary (who acts as Secretary to the Committee).

The Chairman does not chair the Committee meeting if it is dealing with the appointment of his successor. The Senior Independent Director, Ishbel Macpherson, takes the chair when required.

Role and Responsibilities

The main role and responsibilities of the Committee are set out in the written terms of reference which are available on the Company website at www.dechra.com. The Committee's terms of reference are reviewed on an annual basis and during the 2014 financial year this took place at the February meeting. An overview of the terms of reference is detailed on page 72 of the Corporate Governance Report.

Principal Activities of the Committee during the year:

- **Reviewing the Board Composition**

Following Neil Warner's decision to stand down from the Board at the 2013 Annual General Meeting, the Committee confirmed that Julian Heslop would be appointed as the Chairman of the Audit Committee and Ishbel Macpherson should be appointed as the Senior Independent Director.

Given Ed Torr's decision to stand down from the Board at the beginning of 2014, it was agreed that there would be no requirement to appoint a replacement Non-Executive Director. The Board is considered to be fully compliant with the Code in relation to its balance of Executive and Non-Executive Directors.

- **Review of the Chairman's Tenure**

In light of the prior commitment to shareholders to review the Chairman's tenure prior to the 2014 Annual General Meeting a review was carried out by the Committee, chaired by the Senior Independent Director. It was agreed that, given the number of changes which had taken place at Board level over the past 18 months and the strategic position of the Group following the divestment of the Services Segment, it remained in the best interests of the Group and its stakeholders for Michael Redmond to remain in position as Chairman until the 2016 Annual General Meeting. It was agreed that this would provide sufficient time to oversee the continued development of the newly refreshed Board and develop their understanding of Dechra further. The recruitment process for a successor will commence in early 2015.

The Committee considers that Michael Redmond continues to lead the Board effectively and maintains his independence and integrity at all times. He continues to provide an invaluable contribution and insight to the Board by reason of both his previous pharmaceutical experience and the longevity of his association with the Company.

- **A review of the initial observations of the incoming Group HR Director**

The Group HR Director provided her initial observations to the Committee in respect of a number of areas including succession planning, talent management planning and leadership development. In respect of succession planning, a review of the Board and Senior Executive Team has commenced with a view to ensuring that the skills and experience are maintained for the longer term. This planning will continue on a regular basis to ensure that the Group is managed by Executives with the necessary skills, experience and knowledge. In addition, the Board has a role to play in overseeing the management resources in the Group and approved, in principle, the plans to formalise a Group wide talent management and development programme. This will provide a robust process for providing information about the depth and quality of the leadership of the Group.

- **Appraisal Process and Re-appointment of Directors**

Following an external evaluation, further details of which are provided on page 75 of the Corporate Governance Report, the Committee has concluded that each of the Directors seeking re-election continues to be an effective member of the Board. All of the Directors will stand down and be proposed for re-election at the 2014 Annual General Meeting.