

## ANIMALCARE GROUP PLC

### MATTERS RESERVED FOR THE BOARD

Matters which are reserved for the Board are detailed below. Items marked \* are not considered suitable for delegation to a Board Committee. Where an amount below is specified as “€ or its GBP equivalent from time to time”, the exchange rate to be considered or applied shall be the prevailing rate on the relevant date that the matter is considered and/or Board authorisation is sought.

#### 9.1 Strategy and Management

- (a) Overall management of the Group and setting the Group's values and standards.
- (b) \*Approve the Group's strategic objectives (including acquisition strategy) and multi-year Strategic Plan.
- (c) \*Approve the Group's annual Operating Plan.
- (d) \*Approve the Group's annual Bonus Plan.
- (e) Approve the annual budget and any material changes to it.
- (f) Monitor the Group's financial performance and endorse updated forecasts.
- (g) Oversee the Group's operations ensuring:
  - (i) competent and prudent management;
  - (ii) sound planning;
  - (iii) an adequate system of internal control;
  - (iv) adequate accounting and other records; and
  - (v) compliance with statutory and regulatory obligations.
- (h) Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- (i) Approve any extension of the Group's activities into new businesses or geographical areas.
- (j) Approve any decision to cease to operate all or any material part of the Group's business.
- (k) \*Approve any acquisitions or disposals to be made by any member of the Group.
- (l) Consider personnel issues of significance where raised by the Nomination and Remuneration Committee and/or determined by the Board.

#### 9.2 Structure and Capital

- (a) \*Major changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans) or share buy backs (including the use of treasury shares).
- (b) \*Major changes to the Group's corporate structure, including setting up of joint ventures, incorporation of new legal entities and winding up of Group legal entities.
- (c) \*Major changes to the constitutional documents of the Company or any of its subsidiaries.
- (d) \*Major changes to the Group's management and control structure.
- (e) \*Changes to the Company's listing or its status as a plc.

#### 9.3 Financial Reporting and Controls

- (a) \*Approve the half-yearly report, trading updates and any preliminary announcement of the final results.
- (b) \*Approve the annual report and accounts (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).

- (c) \*Approve the dividend policy, declaration of interim dividends and recommendation of final dividends to shareholders at the Annual General Meeting (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (d) \*Approve any significant change in accounting policies or practices (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (e) Treasury policies including foreign currency exposure and the use of financial derivatives. (f) \*Approve any disposal of assets (including write-offs of debtors/stock) in excess of €100,000 (or its GBP equivalent from time to time) (higher of proceeds or net book value).
- (g) \*Approve operating leases of the Company or any subsidiary exceeding a commitment of €200,000 (or its GBP equivalent from time to time) per annum.
- (h) \*Approve unbudgeted capital expenditures of the Company or any subsidiary exceeding of €1,500,000 (or its GBP equivalent from time to time) per annum.
- (i) \*Approve capital expenditures of the Company or any subsidiary exceeding of €150,000 (or its GBP equivalent from time to time) per annum.
- (j) \*Approve credit notes with a value exceeding €1,500,000 (or its GBP equivalent from time to time).

#### 9.4 Internal Controls

- (a) Ensure maintenance of a sound system of internal control and risk management including receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives and undertake an annual assessment of such processes.
- (b) Approve an appropriate statement relating to internal controls for inclusion in the annual report.
- (c) Approve the Group's risk appetite statement.
- (d) Approve procedures for the detection of fraud and the prevention of bribery.

#### 9.5 Contracts

- (a) \*Contracts for the purchase of land or property.
- (b) \*Capital projects or investments exceeding €1,500,000 (or its GBP equivalent from time to time).
- (c) \*Manufacturing contracts with an annual commitment exceeding €1,500,000 (or its GBP equivalent from time to time).
- (d) \*Loans, operating and finance agreements or facility arrangements and lease commitments.
- (e) \*Contracts of the Company or any subsidiary in the ordinary course of business: with a contract value of at least €1,500,000 (or its GBP equivalent from time to time); exceeding a commitment of €1,500,000 (or its GBP equivalent from time to time) per annum.
- (f) \*Intra-Group loans exceeding €3,000,000 (or its GBP equivalent from time to time).
- (g) \*Provision of securities, indemnities or guarantees.

#### 9.6 Communication

- (a) Ensure a satisfactory process is in place for dialogue with shareholders based on the mutual understanding of objectives.
- (b) \*Approve resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- (c) \*Approve all circulars, prospectuses and admission documents. Approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a Board Committee.
- (d) \*Approve press releases concerning matters decided by the Board. Such press releases are considered by the whole Board but the final decision may be delegated to a Committee set up solely for that purpose.
- (e) Statements regarding the Group's future prospects.

### **9.7 Board Membership and Other Appointments**

- (a) \*Changes to the structure, size and composition of the Board, following recommendations from the Nomination and Remuneration Committee.
- (b) \*Ensure adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- (c) \*Appointments to the Board, following recommendations by the Nomination and Remuneration Committee.
- (d) \*Selection of the chairman of the Board and the Chief Executive Officer.
- (e) \*Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
- (f) \*Membership and chairmanship of Board Committees.
- (g) \*Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- (h) \*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 law and their service contract.
- (i) \*Appointment or removal of the Company Secretary.
- (j) \*Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, which, in respect of the Company, shall be a UK resident auditor, following the recommendation of the Audit Committee.
- (k) \*Appointment, reappointment or removal of tax advisors, which, in respect of the Company, shall be a UK resident tax advisor.
- (l) Appointments to boards of subsidiaries.

### **9.8 Remuneration**

- (a) \*Determine the remuneration policy for the directors and Company Secretary.
- (c) \*Determine the remuneration policy for the country managers, corporate management and other senior executives.
- (c) \*Determine the terms and conditions of the non-executive directors, subject to the Company's Articles and shareholder approval as appropriate.
- (d) \*Approve the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

### **9.9 Delegation of Authority**

- (a) \*The division of responsibilities between the Chairman, the Chief Executive Officer and the Senior Independent Director, which shall be in writing.
- (b) \*Establish Board Committees and approve their respective terms of reference. 8 014-3509-
- (c) \*Receive reports from Board Committees on their activities following each Committee meeting.
- (d) Approve the delegation of authorities to the executive management and to subsidiary boards.

### **9.10 Corporate Governance Matters**

- (a) \*Undertake an externally facilitated formal and rigorous review of its own performance and that of its Committees and individual directors on a two-year cycle (one year, the effectiveness of the Board and its Committees is evaluated and the next year, individual directors' performance is evaluated).
- (b) \*Determine the independence of non-executive directors in light of their character, judgment and relationships.
- (c) \*Consider the balance of interests between shareholders, employees, customers and the community.
- (d) Review of the Group's overall corporate governance arrangements.

- (e) \*Receive reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- (f) Authorise conflicts of interest where permitted by the Company's Articles.

#### **9.11 Policies**

- (a) Approve Group policies, including, but not limited to:
- (b) Statement of Policy on Ethics and Business Conduct;
- (c) Share Dealing Code;
- (d) Anti-corruption and Bribery Policy;
- (e) Gifts and Corporate Hospitality Policy;
- (f) Communications Policy, including procedures for the release of price sensitive information;
- (g) Corporate Social Responsibility Policy, (if any); and
- (h) Whistle blowing policy.

#### **9.12 Other**

- (a) The making of political donations.
- (b) The appointment of the Group's principal professional advisers.
- (c) Prosecution, defence or settlement of litigation above €280,000 (or its GBP equivalent from time to time) or being otherwise material to the interests of the Group.
- (d) The overall levels of insurance for the Group including Directors' & Officers' Liability insurance and indemnification of directors.
- (e) Major changes to the rules of the Group's pension scheme, or when subject to the approval of the Company, changes of trustees or changes in the fund management arrangements.
- (f) Receive reports and recommendations from time to time on any matter which it considers significant to the Group.

### **10 REPORTING RESPONSIBILITIES**

The Board shall:

- 10.1 act in what it considers to be in the best interests of the Company consistent with its statutory duties;
- 10.2 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 10.3 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;
- 10.4 give due consideration to laws and regulations, the provisions of the Code and the requirements of the London Stock Exchange AIM Rules for Companies and the Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate;
- 10.5 oversee any investigation of activities which are within its terms of reference; and
- 10.6 review and consider changes to its constitution.

### **11 AUTHORITY**

The Board is authorised to:

- 11.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 11.3 call any employee to be questioned at a meeting of the Board as and when required.