

Corporate Governance

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Chairman's introduction to governance

I am pleased to introduce this section on governance, which describes the activities of the Board and its Committees during FY2022-23 and in the period since the end of the year and how we have ensured governance remains central to delivering on our strategy and the successful operation of our business.

Our strong governance structures and processes support the Board and the Executive Leadership Team in delivering our strategy and creating value for our stakeholders, whilst operating in a sustainable manner.

This year we expanded our ESG reporting to include further information on our performance and strategy on diversity and emissions. We invite you to read our section on ESG in this Annual Report and to visit our website for further information www.ecoanimalhealth.com. We recognise the importance of this disclosure and will continue to develop our future activities and reporting.

As an AIM quoted company, our governance framework is underpinned by the AIM Rules and we have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (the 'QCA Code') as the benchmark for measuring our adherence to good governance. In addition to the QCA Code, we monitor developments and guidance in the UK Corporate Governance Code, applicable to main market listed companies, to keep abreast of matters which we feel could also be embedded as best practice as part of a progressive approach. The appointment of Haysmacintyre LLP as our new external auditors provided an additional opportunity to review our governance framework to ensure it is robust and meeting the needs of the Group. The Board has also placed a focus on ensuring its size and composition allows the business to move forward with our strategic objectives.

Our annual Board Performance Review, conducted in accordance with the principles of the QCA Code, had the following key findings and discussion points:

- During the last year there has been significant improvement in preparation and circulation of meeting materials
- The composition of the Board is well balanced and works well

- Identification of the desire for another NED with sector or market experience
- Board meeting conversations are well rounded and includes challenge and support
- Meetings could be more evenly spread throughout the year
- More meeting time could be allocated to strategic matters such as M&A opportunities
- Suggestions around further enhancement to the Board packs
- Incorporation of guest attendees at certain sections of the Board meetings
- Top priority corporate risks individually canvassed
- Succession planning for Board members
- Development of outsourced Internal Audit function

We also review the Investment Association guidelines and seek to comply with these where applicable. Our governance framework is embedded within the Group's culture and provides the right approach for us to adapt and be flexible to the changing demands we need to address. The Board remains committed to ensuring that our business has a positive impact in environmental and social areas and our governance will continue to support our evolving sustainability strategy.

In the sections that follow, we set out our governance structures, along with an overview of how the Company complies with the Principles of the QCA Code and the Board Committee reports.

Dr Andrew Jones
Chairman

9 July 2023

Board of Directors



Dr Andrew Jones
Chairman

Nomination Committee Chairman
Appointed 1 December 2017
Year of Birth 1960

Andrew has over 35 years commercial experience in the life science sector and has held a range of senior positions, including CEO Europe for Arysta Lifescience, CEO Phocus Pharmaceuticals plc, Principal at Cap Gemini Ernst and Young. He started his career in ICI Agrochemicals (now Syngenta AG). He is also Non-Executive Chairman of RootWave (Ubiquitek Ltd) a UK company developing technology and products that use electricity to kill weeds to provide a sustainable alternative to chemical herbicides. Andrew has a BSc degree and PhD in agricultural biology.



David Hallas
Chief Executive

Appointed 1 April 2022
Year of Birth 1964

David Hallas has over 30 years of experience in the animal health industry and is a qualified veterinarian. He was previously managing director of Sure Petcare, a wholly owned subsidiary of Merck Inc. providing digital based solutions to the companion animal sector with sales of over US\$170m. Prior to this role, he was Associate Vice President of MSD Animal Health with full P&L responsibility for mid Europe which comprised a group of 7 European countries with a combined revenue of over US\$450m; he has also held senior global, regional and business unit management roles in other animal health businesses within Merck, Schering Plough and Pfizer (now Zoetis) and lived and worked overseas including in the USA. David has substantial experience managing profitable growth through the introduction of new products, including vaccines, and successful merger and acquisition integrations.



Christopher Wilks
Finance Director

Appointed 3 September 2019
Year of Birth 1964

Chris has considerable experience in the fields of both finance and science. Chris began his career after graduating from the University of Durham with a BSc in Applied Physics and Electronics. Initially he joined Marconi Space Systems, applying his degree skills to the design of power systems for spacecraft. He then trained as a Chartered Accountant at Arthur Young (now EY), and after qualifying as a Chartered Accountant in audit, he became a manager in its Corporate Finance team. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales.

He is also currently a Non-Executive director (and Chair of the Audit Committee) of Kromek Group plc, an AIM listed worldwide supplier of radiation detection technology and was previously Chief Financial Officer of Signum Technology Limited, a leading group of specialised engineering businesses operating in the safety and critical service flow control sector, which he co-founded. Prior to Signum Technology, Chris was Chief Financial Officer at Sondex plc, a specialist developer of technical instruments for the oil and gas industry.



Dr Frank Armstrong
Remuneration Committee
Chairman

**Independent Non-Executive
Director**
Appointed 1 May 2020
Year of Birth 1957

Frank is a medical doctor, a Fellow of the Royal College of Physicians and a Fellow of the Faculty of Pharmaceutical Medicine. He is currently Non-Executive Chair of Faron Pharmaceutical Oy (AIM), Non-Executive Chair of BioCaptiva Limited, Non-Executive Chair of Bloomsbury Genetic Therapies Limited (BGT), Non-Executive Chair of Newcells Biotech Ltd and a Member of the Court of the University of Edinburgh. He has previously held Non-Executive roles in listed companies with Summit Therapeutics (AIM and NASDAQ), Redx Pharma (AIM), Mereo Biopharma (AIM and NASDAQ) and Juniper Therapeutics (NASDAQ). He started his career at ICI Pharma/Zeneca Pharma before moving to Bayer AG where he became head of worldwide product development.



Tracey James
Audit Committee Chair

Independent Non-Executive Director
Appointed 1 December 2021
Year of Birth 1962

Tracey is a Chartered Accountant who has spent 26 years with Grant Thornton UK LLP, with the last 14 years as an Audit Partner. Tracey was a member of Grant Thornton's Oversight Board and also served on the Audit & Risk and Pensions Committees. She was also previously Finance Director of Karl Storz Endoscopy Canada (1999-2000). Tracey is currently a Non-Executive Director and Chair of the Audit Committee at specialist Engineering and Technology recruitment solutions business, Gattaca plc.

Attendance at meetings

All Committee and Board meetings held in the year were quorate. Directors' attendance during the year ended 31 March 2023 was as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of formal meetings held	7	5	3	1
Andrew Jones	7	5	3	1
David Hallas	7	5*	3*	1*
Chris Wilks	7	5*	2*	0
Tony Rawlinson (resigned on 9 August 2022)	2	1	0	NA
Frank Armstrong	6	5	3	1
Tracey James	7	5	3	1

Directors' service agreements set out the time commitment from each director. Executive Directors are expected to devote all or substantially all of their time to ECO and Non-Executive Directors are required to commit up to three days per month to ECO matters.

Compliance with the Principles of the QCA Code

Compliance with the Principles of the QCA Code

The Company's shares are traded on the AIM market of the London Stock Exchange and as such, the Company is subject to the continuing requirements of the AIM Rules for Companies. As stated in the Chairman's introduction, the Board has adopted, and considers the Company to be fully compliant with, the QCA's Corporate Governance Code. The following table summarises how we apply the ten principles of the QCA Code. The long form assessment of our compliance can be found on our website at www.ecoanimalhealth.com.

QCA Principle	Compliant	Explanation	Further reading
1 Establish a strategy and business model which promote long-term value for shareholders	✓	The Board meets annually to review and approve the strategy for the Group. The strategic plan and business model are reviewed by the Executive Leadership Team on an ongoing basis with updates to demonstrate delivery and progress. Decisions of the Board are made in line with the strategic plan and business model.	Strategic report pages 1 to 13
2 Seek to understand and meet shareholder needs and expectations	✓	The Board communicates regularly with its shareholders via investor roadshows, one-to-one meetings and regular reporting as well as at the AGM where active participation from shareholders is encouraged. The Group's website contains information and disclosures required under the AIM Rules and QCA code. Feedback from roadshows is reviewed as an item on the Board agenda.	Group's website ecoanimalhealth.com Audit Committee Report pages 26 to 28
3 Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	The Board values the opinions of key stakeholders in the business and regularly seeks to ensure that the views of its people, suppliers, customers and partners are known and, where relevant to the success of our business, they are acted upon. The Board regularly obtains, and acts on, feedback as to how best it can maintain and improve its interactions.	The Introduction to ECO pages 2 to 3 s.172 statement page 22
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	✓	The Board is responsible for overseeing management's activities in identifying, evaluating and managing the risks facing the Group and records them on the Group risk register. The system is designed to manage the risk of failure to achieve the execution of the Group's strategic objectives and business model.	Strategic report – risk review & management pages 10 to 13
5 Maintain the Board as a well-functioning, balanced team led by the Chair	✓	The Board keeps under review its current balance and composition and is supported by Audit, Remuneration and Nomination Committees each with delegated duties and responsibilities. There is a formal schedule of matters specifically reserved for the Board. The Group has three non-executive Directors each considered to be independent. The Board meets on a minimum of 6 occasions spread across each year	Corporate Governance report pages 14 to 40

QCA Principle	Compliant	Explanation	Further reading
<p>6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</p>	✓	<p>The Nomination Committee reviews at least annually the balance and composition of the Board and its Committees. Update training is undertaken periodically. The skills and experience of the Board are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Company. The Company Secretary is assisted by an external company secretarial services provider.</p>	<p>The Directors' Biographies pages 16 to 17</p> <p>Nomination Committee report page 33</p>
<p>7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</p>	✓	<p>The Chairman evaluates the performance of the Board through a combination of questionnaires and one-to-one meetings with each Director. Succession planning is recognised as a material topic for the Company and is the responsibility of the Nomination Committee that makes recommendations to the Board concerning Board appointments.</p>	<p>Nomination Committee report page 33</p>
<p>8 Promote a culture that is based on ethical values and behaviours</p>	✓	<p>The Board leads by example and makes decisions that are in the best interests of the Group and its stakeholders. Culture and ethics underpinned by a clear set of values guiding decision making at all levels in the business.</p>	<p>The Introduction to ECO pages 2 to 3</p>
<p>9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</p>	✓	<p>The Board's governance framework sets out leadership and embedded delegated responsibilities. The Company maintains appropriate governance structures and processes according to its size and complexity. Clear division of responsibility between the Non-Executive Chairman and the Chief Executive. QCA Code compliance and governance continuously reviewed by the Board and in annual Board Effectiveness review.</p>	<p>Corporate Governance Report pages 14 to 40</p> <p>Audit Committee report pages 26 to 28</p>
<p>10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	✓	<p>The Board ensures that all stakeholders across the business are actively engaged and making sure that the business as a whole upholds its values and monitors behaviour. Active engagement with shareholders through meetings, presentations and roadshows and AGM. The Annual and Interim Reports, play an important role in presenting the Company's position and prospects. All RNS press releases are published on the Company's website.</p>	<p>Corporate Governance Report pages 14 to 40</p>

Leadership and the Board

The Role of the Board

The Board comprises two Executive Directors and three independent Non-Executive Directors (including the Chairman).

The Board is responsible for providing effective leadership to promote the long term success of the Company. There is a formal list of matters reserved for the Board, that may only be amended by the Board. The key responsibilities of the Board include:

- setting the Company's vision and strategy;
- ensuring the necessary financial and human resources are in place to support implementation of the strategy;
- maintaining the policy and decision-making process through which the strategy is implemented;
- providing entrepreneurial leadership within a framework of good governance and risk management;
- monitoring performance against key financial and non-financial indicators;
- responsibility for risk management and systems of internal control; and
- setting values and standards in corporate governance matters.

Division of Responsibilities

The responsibilities of both the Chairman and CEO are clearly defined and understood:

- The Non-Executive Chairman, Andrew Jones, has primary responsibility for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders. In addition, he maintains a strong focus on governance to ensure good practice is embedded in the day to day operations with good flows in communication and reporting. He maintains a regular dialogue with the CEO to ensure the business receives the support from the Board necessary to progress the strategy. The Chairman also meets with the Non-executive Directors as required. Shareholders have an opportunity to engage with the Chairman and the Board at the Company's AGM.

- The CEO, David Hallas, is responsible for the day-to-day running of the business which includes implementation of the strategy. He is supported by an Executive Leadership Team ("ELT") who have management responsibility for the business operations and support functions. Relevant matters are reported to the Board by the CEO and, as appropriate, the FD and other ELT members.

The role of the independent Non-Executive Directors is to:

- provide oversight and scrutiny of the performance of the Executive Directors;
- constructively challenge to help develop and execute on the agreed strategy;
- satisfy themselves as to the integrity of the financial reporting systems and the information they provide;
- satisfy themselves as to the robustness of the internal controls;
- ensure that the systems of risk management are robust and defensible; and
- review corporate performance and the reporting of performance to shareholders.

Board Committees

The Board has delegated and empowered three Committees: an Audit Committee, a Remuneration Committee, and a Nomination Committee. Each Committee has written terms of reference set by the Board, which are reviewed annually and are available on the Company's website. Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee. Each Committee Chair reports to the Board on the activities considered and determined by the relevant Committee. A summary of the Committees' responsibilities and their work during the year can be found in the reports from the Committees appearing later in this section. The Committees are entitled to engage specific advisors as required to discharge their duties.

Board Activities

The Board held seven scheduled meetings during the year at which it considered all matters of a routine nature, structured through clear agenda setting, written reports and presentations from both internal members of staff as well as external advisors and consultants. In addition, the Board held ad-hoc meetings if required to deal with non-routine business. All meetings of the Board were quorate.

Board support, meeting management and attendance

The Board and its Committees meet regularly on scheduled dates. In leading and controlling the Company, the Directors are expected to attend all meetings and their attendance for the financial year 2022-23 is shown above.

The Company Secretary plays a vital role in ensuring good governance, assisting the Chairman. Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors each receive reports which include updates on strategy, finance, including management accounts, operations, commercial activities, business development, risk management, legal and regulatory, people and infrastructure and on investor relations.

The Directors may have access to independent professional advice, where needed, at the Company's expense.

Board Effectiveness

The Board conducts an assessment of effectiveness each year through a questionnaire in a process led by the Chairman. The questionnaire provides Directors with the opportunity to express their views on a variety of topics including board leadership, effectiveness and accountability. The detailed findings of the evaluation are reviewed, and actions generated. A summary of the key findings of this year's review are set out in the Chairman's introduction to governance. In addition, the Chairman has regular one-to-one meetings with Directors. In compliance with the QCA Code, succession planning was considered as part of the board effectiveness process. The Board appointed David Hallas as CEO with effect from 1 April 2022. Appointments are made based on required expertise to match the needs of the business while bearing in mind the need to introduce diversity into the Board composition.

Strategic Resources

The ELT includes representation from a wide range of disciplines, each leader identifies and manages the key resources and relationships in their respective areas.

Ethical Behaviours

The Board ensures ethical values and behaviours are recognised and respected, promoting a strong culture of supporting our core values. These values are incorporated into our various codes which are made available on the Company Intranet and which the Board regularly reviews and updates. These codes include Employee code of conduct, human resources policies, Anti Bribery and Corruption, Modern Slavery policy, Health and Safety policies and Social Media policies.

Board Induction, Training and Development

When appointed, new Directors are provided with a full and tailored induction in order to introduce them to the business and management of the Group. Throughout their tenure, Directors are given access to the Group's operations and personnel, and receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. This allows the Directors to function effectively with appropriate knowledge of the Group.

The Board is satisfied that each Director has sufficient time to devote to discharging his responsibilities as a Director of the Company.

Re-election of Directors

All directors are put forward for re-election on a three-year rotational basis as set out in the articles of association of the Company.

The composition of the board of the directors in relation to diversity is set out in the Nomination Committee Report.

Stakeholder engagement

The Board and its Committees recognise their responsibilities to shareholders and other stakeholders.

The Company communicates with shareholders through the Annual Report and Accounts, regulatory announcements, the AGM as well as meetings with existing or potential new shareholders.

Annual reports as well as other regulatory announcements and related information are all available on the Company's website. The Company's brokers also publish research from time to time.

A list of the Company's significant shareholders can be found in the Directors' Report and in the investor section of the Company's website which is updated following formal notifications of movements to the Company.

The Company maintains regular communication and dialogue with other stakeholders such as our people, customers, suppliers and regulators to understand their needs and concerns and factors these requirements into its decisions and activities.

Annual General Meeting ("AGM")

This year's AGM will take place on Thursday 7 September 2023 at 2.30pm at The Grange, 100 High Street, London, N14 6BN. Details of the resolutions to be considered at the AGM are contained in the Notice of Annual General Meeting.

Voting Outcomes

The Company held its 2022 Annual General Meeting on 26 September 2022 following the financial year ended 31 March 2022. All resolutions proposed to the meetings were duly passed. There were no significant objections.

Internal controls

There is a clearly defined delegation of authority from the Board to the Executive Leadership Team, with appropriate reporting lines to individual Executive Directors. There are procedures for the authorisation of Research and Development, capital expenditure and other investments. Board review of progress in these investment initiatives, together with "milestone" achievement assessment is a regular feature of the Board agenda.

Internal controls are in place which are intended to provide reasonable assurance of the custodianship of assets, the recognition and measurement of liabilities, the maintenance of proper accounting records and the reliability of financial information used within the business.

The Group finance team manages the financial reporting process to ensure that there is appropriate control and

review of the financial information including the production of timely financial information for Board meetings as well as for annual and half-yearly financial reporting responsibilities. Group Finance is supported by the operational finance team throughout the Group, who have responsibility and accountability for providing information in compliance with the policies, procedures and internal best practices.

The Group has in place a suite of codes and policies to promote good governance principles and ensure strong internal control processes throughout the Group.

These include an overall code of conduct, and policies on anti-bribery and corruption, fraud, modern slavery, share dealing in ECO securities, the use of social media and business travel arrangements. These policies are communicated directly to all personnel by email, are re-enforced through periodic training and are available on the Group's intranet site.

Although the Board itself retains the ultimate power and authority in relation to decision making, the Audit Committee meets at least three times a year with external auditors to review specific accounting, reporting and financial control matters. The Committee also reviews the interim and final accounts and has primary responsibility for making a recommendation on the appointment, reappointment and removal of external auditors.

The Committee reviewed the Internal Audit provision in 2022 and concluded that the Group would be better supported by seeking external independent audit provision for specific projects due to the environment in which the Group operates. The Internal Audit function was therefore disbanded and the Group has adopted an approach whereby specialist internal audit work is undertaken by external organisations, the scope and extent of which is focused on both financial and non-financial processes and controls within the Group. Internal Audit work is determined by a risk-based approach and the Audit Committee is responsible for overseeing the work and the implementation of any recommendations.

Section 172 Statement

Under s172 of the Companies Act 2006, Company Directors have a duty to act in good faith that is likely to promote the success of the Company. This duty is for the benefit of the members as a whole, having regard to the likely consequences of decisions for the long- term. In addition, the Directors' duty must have regard to:

- a. The interests of the Company's employees
- b. The need to foster the company's business relationships with suppliers, customers and others
- c. The impact of the company's operations on the community and the environment
- d. The desirability of the company maintaining a reputation for high standards of business conduct, and
- e. The need to act fairly as between members of the company.

The Group actively engages with its stakeholders, taking account of and responding to their interests. Included within this active engagement are the stakeholders referred to in (a) to (e) above, regulatory bodies, taxation inspectorates, industry bodies and other compliance organisations.

As set out in the Corporate Governance report, the Directors have met on several occasions during the year ended 31 March 2023. Discussion topics at each meeting included Research and Development, health, safety and environment, investor feedback, anonymous staff survey and welfare concerns, customer and supplier feedback, capital investment and tax policy.

The activities of the Company have been described further in the various reports from the Chairman, Chief Executive, Committee Chairs and the ESG report. In each case employee impact, supplier and customer benefit and shareholder interests have weighed upon decisions made.

Shareholder engagement this year has been active. The top 10 investors represent approximately 71% of the Company shares and investor meetings, investor calls together with regular trading updates throughout the year assisted with communication. The Company's stockbrokers provide feedback from shareholders and this feedback is discussed at the subsequent Board meeting.

The Group employed an average of 234 people during the financial year ended 31 March 2023 (2022 – 221). All company announcements were simultaneously circulated to all personnel. Communications of note during the year included key new product announcements, new colleagues and retirements, new procedures and governance processes. In addition, our people were invited to technical webinars, Town Hall meetings, product launch discussions and presentations.

During the year an employee engagement survey was conducted. This included questions concerning the workplace environment, structure, salary and benefits and Group strategy. Key findings have been addressed and working parties established to develop solutions. It is intended that the engagement survey will be an annual process.

The Group is considering other ways to reduce its environmental impact; the Group's business model (largely outsourced manufacturing and research) is low impact. The Group utilises electronic communications and hybrid working patterns which will continue to be exploited further helping with the Group's carbon footprint. Further details are contained in the ESG Report.

Going concern

After making appropriate enquiries, the Directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based on a review of the resources available to the Group, taking account of the Group's financial projections together with available cash and a committed borrowing facility.

In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the Directors would consider undertaking.

Dr Andrew Jones
Non-Executive Chairman

9 July 2023

ESG Report

ECO is committed to embedding sustainability into its business dealings at the highest standards. ECO recognises the value of incorporating the principles of Environment, Social and Governance (ESG) into everything we do and significant progress was made in the area in 2022-2023. As ESG is of key importance to the Company, it is the responsibility of the Board of Directors, working through the business leadership team.

The Company completed a large project over the past year in which a framework of ESG metrics and targets was developed via a 2-step process. A Benchmarking Exercise in which the ESG disclosures of companies in our sector demonstrating best-practice were evaluated and used to inform the development of ECO metrics and targets by the leadership team that best reflect the aspirations and uniqueness of the Company.

As a result of this project, the Company is clear on what it aspires to achieve in each area, can do and measure now and in the future and what it will commit to in terms of stretching and achievable targets.

ECO is committed to the United Nations Sustainable Development Goals (SDGs) and their role as a blueprint for sustainability. Our aspiration is to contribute to the following six SDGs which are aligned with our current and future business and intentions.

ECO intends to continue our focus on the Environment and DEI

- We aim to be carbon neutral by at least 2045. This will be achieved by implementing a variety of initiatives in the UK and the wider global business.
- We aim to achieve excellence in diversity, focusing on gender parity and ethnic diversity that reflects the regions in which we work.



No Poverty. ECO focuses on economically important diseases of pigs and poultry; by treating and controlling these diseases, animals are healthier and grow more profitably, enhancing the incomes of their keepers.



Zero Hunger. ECO improves the health of pigs and poultry, providing healthy and nutritious meat and eggs to populations around the world.



Good Health and Wellbeing. ECO provides a challenging and safe workplace to global staff, business growth to distributors, funds to enable chosen charities to help those they support and profitable pig and poultry production to producers, increasing their livelihoods and nutrition.



Gender Equality. ECO is committed to gender parity for its workforce and our chosen international charity promotes gender equality as part of its work.



Decent work and economic growth. ECO staff experience work and development opportunities, customers are supported with training and knowledge to better their businesses and we develop upstream and downstream partnerships and employment to suppliers and distributors.



Responsible Production and Consumption. Changes and improvements made by our key supplier and in the UK Southgate office have increased our sustainability.



Our Commitment to the Environment

We are committed to making a fair contribution to reducing the potential of our business operations on the environment and have made significant progress in this area in 2022-2023.

Southgate, UK: In the Company's Head Office (Southgate, London, UK), major improvements to recycling of food and non-perishable waste were made along with the elimination of single-use plastics. Recycled consumables in the kitchen and bathrooms are now used exclusively along with LED lights throughout the office. Installation of a smart meter will enable monitoring of real-time electricity use and may identify opportunities for reduction. Confidential paper was collected (721 kgs), shredded and recycled at a paper mill for re-use in the form of household paper, writing paper, etc. by the company SDR (Secure Data Recycling). Batteries, including laptop batteries, are recycled. Company IT equipment is revived and reused by ECO. If this is not possible, it is donated to a British company, Innovent Recycling, which collect equipment and attempt refurbishment. No ECO IT equipment was collected for refurbishment or recycling in 2022-2023. The Company intends to switch from the current energy supplier (81% green) to a 100% green energy supplier in 2024 at the end of the current contract.

Cars: Two electric cars were added to the UK car fleet driven for company business, making 8% of fleet electric. The Company intention from 2023-2024 is that every UK and European car renewal is carbon-neutral or the employee is moved to a salary swap scheme.

Energy Used for Offices and Business Miles:

Manufacturing and Suppliers: During 2022-2023, ECO's Chinese joint venture 'ECO-Biok' finished building and fitting out their new plant and began manufacture of finished goods to supply the Chinese market. This new plant was built to the latest standards and meets new Chinese requirements including updated animal medicine GMP regulations which came into force in 2022.

Table 1: Office Energy Use

	2021-2022 (kWh)	2022-2023 (kWh)	CO2 equivalent (tCO2e) 2022-2023
Southgate Office	25,501	30,032	8.7
New Malden Office	11,759	28,278	6.3
Japan		9,049	4.2
China		3,687	2.0
Brazil		2,758	0.2

Table 2: Business Miles Driven (Company and Private Cars)

	2021-2022 (tCO2e)	2022-2023 (tCO2e)	# cars driving business mileage	tCO2e/Car
UK	11.3	-	-	-
UK		42.7	27	1.6
Japan		0.03	2	0.0
Brazil		11.3	5	2.3
Mexico		14.2	8	1.8
Europe		35.4	9	3.9
LATAM		1.0	2	0.5
SE ASIA		14.0	6	2.3
USA		1.4	7	0.2

ECO's largest supplier is the manufacturer of tlyvalosin, the active pharmaceutical ingredient (API) in Aivlosin®. From 2020-2022, there was an almost 30% reduction in energy consumption per RMB turnover and from 2021-2022, a 9% reduction. The target for 2023 is a further 3% reduction. These reductions were driven by energy conservation and emission reduction measures including photovoltaic power generation, a sewage biogas project and energy-saving air compressors.

Operations: Baseline metrics for 2022-2023 were collected for pallets/skids, route and number of shipments from the Company's global contract facilities. Baseline metrics for the use of HDPE containers for ECO's Ivermectin Injectable formulation were also developed in anticipation of the introduction of PET containers which will reduce the amount of plastic entering landfill. When the same data are collected next year and compared to these baselines, targets can be developed.

Social – Our focus is on gender parity and ethnic diversity

The first ECO Employee Engagement Survey took place in 2022-2023; 78% of respondents agreed or strongly agreed that ECO is a good place to work and the Company aims to increase this to above 80% in 2023-2024. Engagement Workshops were conducted to suggest actions to improve the lowest-performing areas by 5% in 2023-2024. Employee turnover in 2022-2023 was 14% and the retention rate was 86%.

ECO recognises the value of gender diversity in business. The ratio of women:men on the Board and ELT increased in 2022-2023 compared to last year. For the first time, the ratio of women:men was determined for Managers and Non-Managers. ECO has committed to supporting an Employee Engagement Group for Women and to improve gender diversity across all regions, levels and functions of the Company through a combination of recruitment, retention and training programmes.

Using this year's DEI survey, ethnicity information is presented below for Managers and Non-Managers; other data was excluded due to potential biases in the response rate.

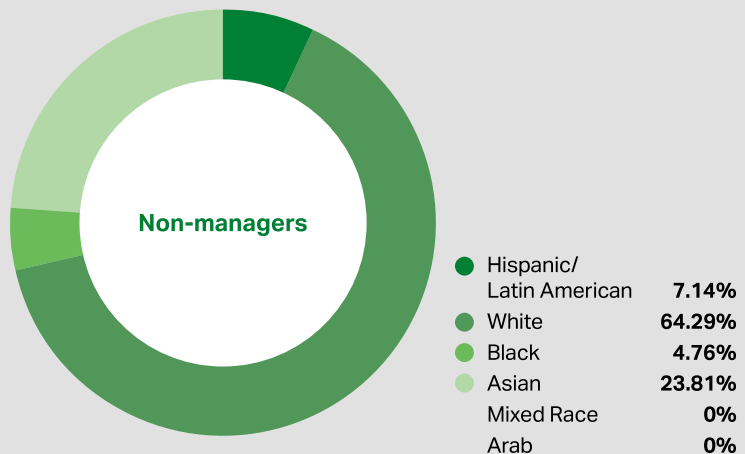
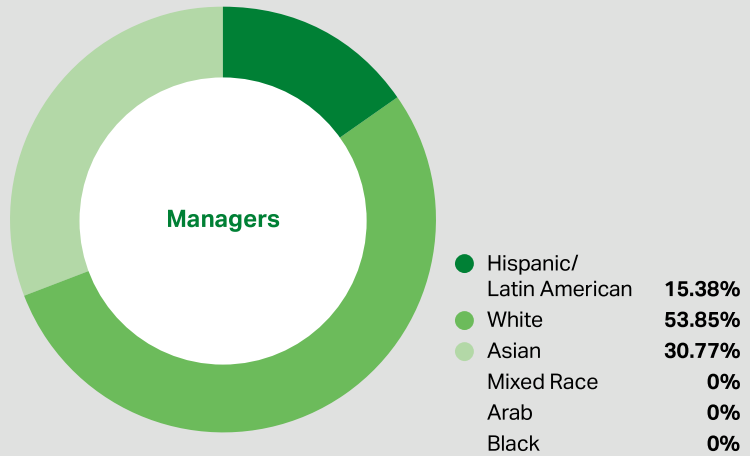
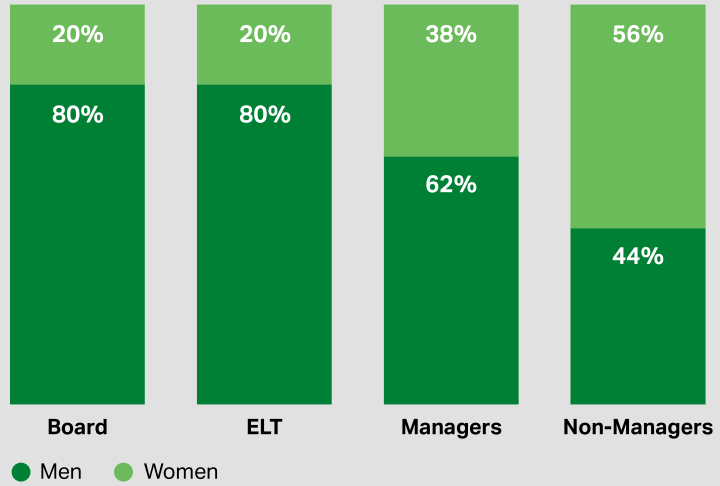
ECO supports two charities, SHIVIA and SignPost, encouraging staff to donate to them with the company matching individual donations. In 2022-2023, £8,000 was donated. A commitment has been made to continued support of both charities next year.

Governance – Ongoing commitment to very high standards

We are committed to meeting high standards of business governance and risk management practices. This applies both to our own operations and our business partners. We have developed, and continue to update, strategies and procedures specific to our business for managing the main risk categories identified by our Board of Directors. The Board is and has been tirelessly focused and committed to improving Business Governance for some time.

ECO has committed to supporting an Employee Engagement Group for Women and to improve gender diversity across all regions, levels and functions of the Company

Gender Ratios



Audit Committee Report

for the year ended 31 March 2023

I am pleased to present the Audit Committee's ("the Committee") annual report on its activities for the period up to the review of our 2023 Annual Report and Accounts.

This report is intended to explain how the Committee has met its responsibilities and report on the activities of the Committee during the year. As Chair of the Committee I would welcome questions from shareholders on any of the Committee's activities at our AGM to be held on 7 September 2023.

Aims and objectives

The Committee monitors the integrity of the Financial Statements of the Interim and Annual Reports and formal announcements relating to the Group's financial performance, including advising the Board that the Annual Report taken as a whole is fair, balanced and understandable. It reviews significant financial reporting issues, key judgements and accounting policies and disclosures in financial reports, reviews the effectiveness of the Group's internal control procedures and risk management systems and considers how the Group's internal audit requirements shall be satisfied, making recommendations to the Board. It reviews the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and Interim Financial Statements. It monitors the relationship with the Group's independent auditor including the consideration of audit fees and independence.

Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chairman of the Committee works closely with the FD and the finance team to ensure papers for meetings are comprehensive and relevant. When appropriate to do so, the Committee seeks the support of external advisers and consultants.

Membership of the Committee

During the year to 31 March 2023, the Committee comprised Tracey James (Chair), Dr Frank Armstrong, Dr Andrew Jones and Tony Rawlinson (resigned 9 August 2022).

Appointments to the Committee are made by the Board following recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. The Committee members have a mix of knowledge and skills gained through their experience of business, management practices including risk, the industry sector and the committee as a whole has recent and relevant financial experience. The

Executive Directors are invited to attend meetings, and other senior people will attend as appropriate. The external auditor also attends the meetings to discuss the planning and conclusions of their work and meet with the members of the Committee without any members of the executive team present. The Committee Chair also meets privately with the senior statutory auditor, Christopher Cork, outside of the Committee meetings.

Operation of the Committee

The Committee reviews and updates the Terms of Reference regularly, to conform to best practice, which are subject to approval by the Board. The Terms of Reference are available on the Group's website as well as in hard copy format from the Company Secretary. Each year, the Committee works to a planned programme of activities, which are focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its Terms of Reference.

It provides oversight and guidance to contribute to the ongoing good governance of the business, particularly by providing assurance that shareholders' interests are being properly protected by appropriate financial management, reporting and internal controls. The Committee approves the terms of all audit and non-audit services provided by the Group's Auditors to ensure audit objectivity is maintained.

The main activities of the Committee during the period since the last Report were as follows:

- Reviewing the management and reporting of financial matters including key accounting policies.
- Reviewing the Annual Report and Accounts and advising the Board on whether, when taken as a whole, it is fair, balanced, and understandable and provides shareholders with the information necessary to assess the Group's position and performance, business model and strategy.
- Considering the tendering process and appointment of the new external auditors
- Overseeing the relationship with, and the independence and objectivity of, the external auditors.
- Setting policy in relation to the use of the external auditors for non-audit services.
- Advising the Board on the Group's appetite for and tolerance of risk and the strategy in relation to risk management and reviewing any non-conformances with these.

- Reviewing the Group's risk management and internal control systems and their effectiveness, including reviewing the Delegated Authority framework
- Reviewing the Group's procedures for detecting fraud, bribery and corruption and ensuring arrangements are adequate for employees to raise concerns.
- Reviewing the findings of external audit reviews and ensuring that they are scrutinised and remediation plans are implemented.
- Reviewing global compliance matters throughout the year.

Internal Audit

The Committee reviewed the Internal Audit provision in September 2022 and concluded that the Group would be better supported by seeking external independent audit provision for specific projects given the environment in which the Group operates. The Internal Audit function was disbanded and the Group has adopted an approach whereby specialist internal audit work is undertaken by external organisations, the scope and extent of which is focused on both financial and non-financial processes and controls within the Group. Internal Audit work is determined by a risk-based approach.

During the year internal audit carried out and completed a review of GDPR. In addition, a review of cyber security controls and processes was carried out by a third party firm. The Committee reviews the findings of the reviews, ensuring findings are scrutinised and remediation plans are in place.

Risk management and Internal Controls

The Committee reviewed the Group's risk assurance framework in the year. The responsibilities surrounding risk management and internal control systems are designed to meet the needs of the size and complexity of the business. It takes into account the applicable requirements of regulators in the various markets in which the business operates as well as the legal requirements of being a UK company admitted to AIM. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material loss or misstatement.

The key components of the current systems of internal controls are:

- Clearly communicating Eco's values and strategy to ensure these are understood and people know what is expected.
- Developing business and financial plans that support the strategy.

- Reviewing policies and procedures to ensure these remain fit for purpose.
- Strengthening controls and internal processes.
- Regular reporting of actual performance relative to goals, budgets and forecasts.
- Ensuring there is a structure of accountability
- Training and monitoring
- Board-approved remediation activities in response to internal control review findings.

Whistleblowing

The Group has a Whistleblowing Policy and procedures to help with the detection and prevention of fraud. Published on the Group's Intranet, the Policy provides all employees access to a confidential forum in which it is possible to raise concerns about potential and perceived improprieties. Provided it is appropriate to do so, the process is managed by the Company Secretary. The outcomes of any investigations carried out in accordance with the Policy is reported to the Committee. There were no whistleblowing notifications or events during the year ended 31 March 2023.

Fair, balanced and understandable

The content and disclosures made in the Annual Report are subject to a verification exercise by management to ensure that no statement is misleading in the form and context in which it is included, no material facts are omitted which may make any statement of fact or opinion misleading, and implications which might be reasonably drawn from the statement are true. The Committee was satisfied that it was appropriate for the Board to approve the Financial Statements and that the Annual Report taken as a whole is fair, balanced and understandable such that it allows shareholders to assess the Group's position and performance against the Group's strategy and business model.

Significant issues

The Committee reviewed the key judgements applied to a number of significant issues in the preparation of the Financial Statements. The review included consideration of the following:

Issue	How the committee addresses
Revenue Recognition and discount accounting	<p>The Group has well-developed accounting policies for revenue recognition in compliance with IFRS 15 as shown in Note 2 and 4 to the Financial Statements. The Group has one main source of revenue representing direct sales of animal pharmaceutical products into UK, European and global markets. The Group recognises revenue at the point its performance obligation is met, which may occur at different points in the revenue cycle dependent on contractual terms and shipping methods. Certain revenue arrangements include the offering of volume and other discounts to customers.</p> <p>The Committee receives reports from management and from the auditors to evidence that the policies are complied with across the Group.</p>
Prior Year Adjustment	<p>The Committee reviewed the accounting for share incentive awards made to employees of subsidiary companies and concluded that the previous approach to recording the transaction in the balance sheet of the parent company should be by increasing the value of the investment in subsidiary, rather than recording it as an intercompany receivable. Accordingly, the prior year balance sheet of the Parent company has been restated to show this presentation. There is no impact or effect on the consolidated financial statements.</p> <p>This adjustment is detailed in note 3 of the financial statements.</p>
Intangible assets capitalised and development expenditure	<p>The Group's accounting policy for intangible assets is included within the accounting policies in note 2 and the components of intangible assets are set out in note 12.</p> <p>In practice, work that is undertaken to build towards regulatory approval for a new treatment claim using Aivlosin, existing approved vaccines or other technologies, or an approval for marketing existing technologies or applications in a new geographical market can be viewed as starting at the full development phase and are likely to meet the capitalisation criteria whereas costs in relation to some of the Group's recently announced projects, on vaccine development, for example, are likely to meet the capitalisation requirements once they are approved internally to commence the full development phase, subject to careful consideration of residual technical feasibility/risk.</p> <p>Goodwill and intangible asset impairment calculations (including assumptions about future performance of the Group) and sensitivities are undertaken at least annually by management and reviewed by the Board and the Committee.</p> <p>The Committee also considered and agreed the appropriateness of the sensitivity analysis disclosures.</p>
Accounting for and disclosure of non-underlying items	<p>The Committee considered the accounting for and disclosure of non-underlying items (see note 6 to the Financial Statements). The Committee reviewed with management and discussed the accounting and disclosure with the Group's auditors. The Committee concluded it was content with the accounting for and disclosure of non-underlying items.</p>
Going Concern	<p>The Group continues to prepare its Financial Statements on a going concern basis, as set out in Note 2.1 to the Financial Statements on page 50. Management produces working capital forecasts on a regular basis. The Board reviews those forecasts, particularly ahead of the publication of Interim and Annual results. The Board continues to scrutinise the Group's detailed economic forecasts to ensure that all relevant events and conditions are being incorporated that might affect both short, medium and long-term performance. Having reviewed the forecasts as at the date of this Report, the Committee concluded that it was appropriate for the Group to continue to prepare its Financial Statements on a going concern basis.</p>

Audit Committee Report (continued)

Shareholders' attention is drawn to the section titled 'Auditor's responsibilities for the audit of the financial statements' in the Report from the independent auditor on pages 39 to 44, about specific areas as reported by the independent auditor to provide its opinion on the Financial Statements as a whole.

Independent auditor

The appointment of the independent external auditor is approved by shareholders annually. The independent auditor's audit of the Financial Statements is conducted in accordance with International Standards on Auditing (UK) ('ISAs'), issued by the Auditing Practices Board. There are no contractual obligations that act to restrict the Committee's choice of external auditor.

In September 2022, the Board directed the Committee to undertake a competitive tender of the audit. In November 2022, following detailed selection criteria, the Board appointed Christopher Cork of Haysmacintyre LLP as statutory Auditor to the Group.

The assessment of the effectiveness of external auditors is an ongoing process involving regular discussion with key stakeholders within the Group, engagement with and feedback from the external auditors themselves, and consideration by the committee of the performance of the external auditors. Having considered the effectiveness and performance of the independent auditor for the financial year ended 31 March 2023, the Committee recommended to the Board the reappointment of Haysmacintyre LLP as independent auditor of the Group for the next financial year, which will be subject to approval by the shareholders at the AGM to be held on 7 September 2023.

Independent auditor: services, independence and fees

The independent auditor provides the following deliverables as part of its statutory audit services:

- A report to the Committee giving an overview of the results, significant contracts, estimates, judgements and observations on the control environment
- An opinion on whether the Group and Company Financial Statements are true and fair
- An internal controls report to the Committee, following its audit, highlighting to management any areas of weakness or concern highlighted through the course of their external audit work

The Committee regularly reviews all fees for non-audit work paid to the independent auditor. Details of these fees can be found in Note 6 to the Financial Statements. Non-audit fees were £nil in 2023. The Committee concluded that the level of non-audit fees, which represent 0% of the audit fees for the Group, did not have a negative impact on Haysmacintyre's independence. The Committee will continue to keep the area of non-audit work under close review, particularly in the context of developing best practice on auditors' independence.

The Committee regulates the appointment of former colleagues of the independent auditor to positions in the Group. The independent external auditor also operates procedures designed to safeguard its objectivity and independence. These include the periodic rotation of the senior statutory auditor, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all our people.

The independent external auditor reports to the Committee on matters including independence and non-audit work on an annual basis.

Tracey James
Audit Committee Chair

9 July 2023

Remuneration Committee Report

for the year ended 31 March 2023

On behalf of the Remuneration Committee, I am pleased to introduce the Remuneration Committee Report. As a company admitted to AIM, we are guided by the QCA's Remuneration Committee Guide and, when appropriate to do so, look to the UK Corporate Governance Code and to investor guidelines for best practice.

In this report we set out the Committee's responsibilities and report on the activities of the Committee during the year. We are including in this year's report a Policy Table summarising key elements of our Directors' Remuneration Policy. In addition, in line with good practice, we will voluntarily be putting an advisory resolution to approve this report to our 2023 AGM.

Membership of the Committee

The Remuneration Committee comprises Dr Frank Armstrong (Chairman), Dr Andrew Jones and Tracey James. Tony Rawlinson resigned from the Committee on 9 August 2022.

Role of the Remuneration Committee

On behalf of the Board, the Remuneration Committee reviews and determines the pay, benefits and other terms of service of the Company's Executive Directors (CEO and CFO) and the ELT. The Committee also keeps under review the broad compensation strategy with respect to all other Company employees.

The terms of reference of the Committee are set out on the Company's website.

Policy table

Element	Link to remuneration policy/strategy	Operation	Maximum opportunity	Performance metric
Base Salary	To help recruit and retain high performing Executive Directors. Reflects the individual's experience, role and importance to the business.	Base salary is reviewed annually with any changes effective 1 October with reference to each Executive Director's performance and contribution, company performance, the scope of the Executive Directors' responsibilities and consideration of competitive pressures.	The Committee is guided by the general increase for the broader employee population but has discretion to decide on a lower or a higher increase.	The Committee considers individual and Company performance when setting base salary.
Benefits	To help recruit and retain high performing Executive Directors. To provide market competitive benefits.	Executive directors benefit from private medical, permanent health insurance and life assurance cover.	Maximum benefit applies according to the underlying insurance policy and is four times base salary in the case of life assurance.	N/a
Pension	To help recruit and retain high performing Executive Directors. To provide market competitive pensions.	Employer's pension contribution.	The Company may contribute up to 10% of base salary in the case of CFO	None

Remuneration Committee actions in the year

During the course of the year, the main activities of the Committee were:

- Approving annual bonus structure and targets for the year to March 2023
- Determining the executive annual bonus outcome for the year to March 2022
- Review of the 2022 Remuneration Committee Report
- Considering changes to Executive salaries at mid year in line with our normal cycle
- Considering the level and structure of LTIP awards in the context of the company's dilution limits, including communicating with the company's major shareholders in late 2022
- Approval of performance criteria for the LTIP for Executive Directors and ELT of the Group for FY 23
- Approval of grant of LTIP awards for the Executive Directors and ELT in February 2022
- Approval of the grant of CSOP awards across the company, with awards actually made following the year end

Post year end, the committee has:

- Approving annual bonus structure and targets for the year to March 2024
- Determining the executive annual bonus outcome for the year to March 2023

- Review of the Remuneration Committee Report in the Annual Report & Accounts 2023

Company performance during the year

The Group's financial performance in the year ended 31 March 2023 exceeded market expectations from a revenue, profitability and cash perspective, but in certain respects did not exceed internal targets. Executive bonuses have been assessed accordingly.

Remuneration Policy

The Company's remuneration structure has been designed to bring the Company into line with best remuneration practice and to improve the alignment of senior leadership with shareholder interests, thereby supporting future value creation. The Committee's aim, as in previous years, is that the rewards that can be earned provide a competitive level of incentive and are appropriate for a Company of comparable size and complexity at each level of performance. To this end, the Committee considers appropriate goals from time to time which it believes will best ensure delivery of the Company's short and long term objectives and ensure alignment with stakeholder interests.

Remuneration Committee Report (continued)

Element	Link to remuneration policy/ strategy	Operation	Maximum opportunity	Performance metric
Annual Bonus Plan	To incentivise and reward performance. To align the interests of the Executives and shareholders in the short and medium term.	The Annual Bonus is earned by the achievement of one-year performance targets set by the Remuneration Committee. The parameters, performance criteria, weightings and targets are ordinarily set at the start of each financial year. 33% of awards to Executives under the Annual Bonus plan are deferred into shares vesting after 3 years under the deferred bonus plan. Awards are subject to malus and clawback provisions.	The maximum bonus opportunity for the CEO and CFO is 100% of base salary with target set at 60%.	Performance measures may include financial, non-financial, personal and strategic objectives. Performance criteria and weightings may be changed from year to year. At present, the performance targets are based on EBITDA, ROCE and personal targets.
Long Term Incentive Plan (LTIP)	To incentivise and reward long-term performance and value creation. To align the interests of Executive Directors and shareholders in the long-term.	Executive Directors are eligible to receive awards under the LTIP at the discretion of the Committee. Awards are granted as nil-cost options or conditional awards which vest after three years subject to the meeting of objective performance conditions specified at award. Awards are subject to malus and clawback provisions.	In accordance with the scheme rules the maximum award in any financial year is 100% of base salary. Awards in FY23 were set at 35% of base salary.	Performance criteria and weightings may be changed from year to year. For awards made in FY23 75% of the award was subject to an absolute TSR target and 25% subject to R&D based targets.
All employee share plan	To encourage all employees to make a long-term investment in the Company's shares in a tax efficient way	The Executive Directors may participate in the CSOP on the same terms as other eligible employees.	The maximum participation level will be aligned to HMRC limits. To date, Executive Directors have not received CSOP awards.	None
Shareholding requirement	Encourages Executive Directors to achieve the Company's long-term strategy and create sustainable stakeholder value Aligns with shareholder interests	125% for the CEO and 100% for the FD. This percentage is 18% and 98% respectively at 30 June 2023	n/a	n/a
Non-executive Director remuneration	To provide fees appropriate to time commitments and responsibilities of each role.	Non-executive Directors are paid a base fee in cash. Fees are reviewed periodically. In addition, reasonable business expenses may be reimbursed.	The Group Board is guided by the general increase for the broader employee population and takes into account relevant market movements.	n/a

From 1 April 2021, the share-based incentive arrangements for the ELT and Executive Directors has comprised awards from the new LTIP and to members staff of market priced share options from the Company's established Share Option Scheme.

Other Information

Remuneration of the Non-Executive Directors is determined by the Chairman and the CEO. They may be paid additional fees in the

event that their workloads are significantly in excess of their contractual obligations. The Chairman's remuneration is determined by Remuneration Committee in conjunction with the CEO. However, the Chairman is not entitled to vote on the matter.

The Executive Directors are employed under rolling service contracts which may be terminated by the Company or the individual giving 12 months' notice. Non-Executive Directors are retained under Letters of

Appointment which may be terminated by either the Company or the individual giving 3 months' notice, or immediately in the event that the director is not re-elected by shareholders at an AGM.

The Executive Directors' service agreements and the Non-Executive Directors' appointment letters are available for inspection by shareholders at the Company's registered office and at the Company's AGM.

Remuneration during the year ended 31 March 2023

Directors' remuneration

The aggregate remuneration payable to the Directors in respect of the period was as follows:

	Salary		Other		Pension		Bonus		Total Remuneration		Share based Payments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
D. Hallas	324		1				166 ¹		491		6		497	
C. Wilks	250	240	2	1	25	23	55	12	332	276	64	47	396	323
A. Jones	81	77							81	77			81	77
A. Rawlinson	25	50							25	50			25	50
F. Armstrong	49	46							49	46			49	46
T. James	59 ²	15							59	15			59	15

1. This includes an amount of £85,000 in respect of a joining bonus

2. This includes an amount of £10,000 (2022: Nil) in respect of additional work undertaken to support the audit for the year ended 31 March 2022

Salaries

For FY23, the salary of the Chief Executive Officer was £315,000 and the salary of the Chief Financial Officer was £243,146. All UK based staff and Directors received a 5% increase in salary on 1 October 2022.

Annual bonus

The Committee considered the performance of the Executive Directors in the financial year against the criteria of the Annual Bonus Scheme that comprised a 70% element of basic salary based on financial performance and 30% of basic salary on performance against personal objectives.

In the financial year the Company underperformed against the financial goals set out in the Annual Bonus Scheme and this was reflected by the Remuneration Committee in the Executive's bonus award. The Chief Executive Officer received a bonus upon commencement of his service – this was to compensate him for share incentives which were abandoned in his previous employment.

In accordance with the Annual Bonus one third of the bonus amount set out above in respect of David Hallas and Christopher Wilks for the period will be settled in an award of nominal price shares, as specified in the Policy Table.

Long term incentives

The Company made awards under its LTIP to Executive Directors and ELT members on 24 February 2023 subject to three year performance targets for absolute Total Shareholder Return ("TSR") and Research & Development ("R&D"). 75% of the award vests based on achievement of the TSR objectives and 25% of the award vests based upon achievement of the R&D targets.

Details of awards held by Executive Directors under the LTIP and awards under the Deferred Bonus Plan at 31 March 2022 and 31 March 2023 are set out below:

	Date of grant	No of awards as at 31 March 2022	Number of awards granted in year	Price at date of grant (£)	Normal vesting date	No of awards held as at 31 March 2023
LTIP						
David Hallas	24-Feb-23		117,313	1.275	24-Feb-26	117,313
Christopher Wilks	28-Apr-21	64,824		3.625	28-Apr-24	155,199
	24-Feb-23		90,375	1.275	24-Feb-26	
Deferred bonus						
Christopher Wilks	24-Sep-21	14,782		3.22	24-Sep-24	19,091
	12-Dec-22		4,309	1.165	12-Dec-25	

Total awards granted within the last 10 years which have been exercised for new shares or remain outstanding are within the conventional UK dilution limit of 10%. The Company is committed to operating within this limit.

Directors' interests

Directors' Shareholdings as at 31 March 2023 were as follows:

	Number of shares	Cost of shares	% of issued shares
David Hallas	53,394	58,596	0.08%
Christopher Wilks	159,095	249,371	0.23%
Andrew Jones	16,449	32,249	0.02%
Frank Armstrong	3,000	9,720	0.00%
Tracey James	5,000	4,500	0.01%

Remuneration for Year ending 31 March 2024

Executive remuneration will be operated under the policy detailed above.

Salaries and fees

Executive salaries and Non-Executive Director fees will be reviewed during the year with any changes effective 1 October 2023.

Annual bonus plan

The Annual Bonus Plan applies to both executive directors and the ELT. Performance targets for 2023/24 are split as to 70% linked to Revenue and EBITDA performance, 30% linked to achievement of personal targets set by the Remuneration committee. The proposed personal objectives for the CEO and CFO for 2023/24 are focused around business performance and projects, growth and corporate governance.

Long term incentives

The Committee intends to make LTIP awards to its Executive Directors and ELT members during FY23. These will operate in line with the company's policy.

Annual General Meeting

Following consideration of governance good practice, the Committee will voluntarily put a separate advisory resolution on its remuneration report to its 2023 AGM.

Dr Frank M Armstrong
Remuneration Committee Chairman

9 July 2023

Nomination Committee Report

for the year ended 31 March 2023

Membership of the Committee

The Nomination Committee comprises Dr Andrew Jones (Chairman), Dr Frank Armstrong, Tracey James, Tony Rawlinson (resigned 9 August 2022) and David Hallas.

Main responsibilities

The terms of reference of the Committee are set out on the Company's website. The main responsibilities of the Committee are as follows:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.
- Giving full consideration to succession planning.
- Keeping under review the leadership needs of the organisation.
- Being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board.
- Formulating plans for succession for both Executive and Non-Executive Directors.
- Nominating membership of the Audit and Remuneration Committees.
- The re-election by shareholders of Directors under the annual re-election provisions and of the retirement by rotation provisions in the Company's Articles of Association.
- Any matters relating to the continuation in office of any Director at any time including the appointment or removal of any Director to Executive or other office.

Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment.

Activities during the year

The Committee met twice during the year.

The Committee considered the composition and experience among the Non-Executive Directors and identified that it would be valuable to add to the existing animal health sector expertise currently in the team. It was decided to address this need by recruitment in the medium term.

During the year Tony Rawlinson decided, after 7 years as a Non-Executive Director, to step down from the Board of Directors. The Committee and Board decided the remaining Non-Executive team was able to fully support the needs of business for the remainder of the financial year and to defer the process to seek a replacement in the new financial year.

The Committee also reviewed in detail the succession and development plans for the Executive Directors and members of the Executive Leadership Team.

The Committee and Board recognise the importance and benefits of diversity and will continue to look for ways to build on current foundations.

Dr Andrew Jones Nomination Committee Chairman

9 July 2023