

Appendix

AIM Rule 26

Abcam's Compliance with UK Corporate Governance Code 2016

The Board of Abcam has adopted the UK Corporate Governance Code 2016 (**Code**) as its chosen framework for corporate governance. For the year ended 30 June 2019, Abcam complied with all of the principles and provisions of the UK Corporate Governance Code 2016, other than Code Provisions D.1.1, and D.2.4. Further details of how Abcam complied with the Code and explanations for any non-compliance are set out below.

A. LEADERSHIP	
A.1 The Role of the Board	The Board met in person 6 times and by telephone conference 2 times, to formulate Abcam's strategy and commercial objectives, review performance against the strategic goals and agreed KPIs, and ensure that Abcam's principal risks are assessed and managed. The Board has responsibility for Abcam's culture and ethics and sets the right "tone from the top". The role of the Board is discussed in more detail in our Annual Report, which is available on our website: https://www.abcamplc.com/investors/reports-presentations
A.2 Division of Responsibilities	Our Chairman, Peter Allen, was independent on his appointment on 18 June 2018 and is responsible for the leadership and effectiveness of the Board. There is a separate Chief Executive Officer who leads the executive management of Abcam's operations based on the strategy set by the Board.
A.3 The Chairman	The Chairman sets the agenda for Board meetings with the Company Secretary, focusing on Abcam's strategic issues. The Chairman ensures there is a culture of openness and constructive debate, encouraging contributions from Non-Executive Directors (NEDs), as well as maintaining good working relations between all Directors.
A.4 Non-Executive Directors	The NEDs constructively challenge the Executive Directors on the performance of management in achieving Abcam's agreed goals and objectives, as well as monitoring the reporting of performance. They help develop the proposals on strategy, assuring themselves on the integrity of financial information and systems of risk management and internal controls. Louise Patten is the Senior Independent Director. The NEDs have a key role on the appointment, remuneration and succession planning of Executive Directors, review succession planning for the Executive Leadership Team (ELT) and meet regularly without the Executive Directors being present, and bi-annually without the Chairman being present.
B. EFFECTIVENESS	
B.1 The Composition of the Board	Abcam has a high-quality Board with diverse yet complementary backgrounds. The composition of the Board is regularly reviewed by the Nomination Committee to ensure there is a balance of appropriate skills, experience, independence and knowledge of Abcam. The four NEDs considered by the Board to be independent are Louise Patten, Sue Harris, Mara Aspinall, and Giles Kerr. Jonathan Milner, Abcam's Deputy Chairman, Founder and a Non-Executive Director, is not considered to be independent by the Board.
B.2 Appointments to the Board	The Nomination Committee leads the process for the appointment of Board members and makes recommendations to the Board. Details of the work of the Nomination Committee and the process it has used in relation to the appointment of the Giles Kerr in December 2018 is set out in the 2019 Annual Report.
B.3 Commitment	All Directors allocate sufficient time to ensure they discharge their responsibilities to Abcam effectively. The NEDs undertake in their contracts that they will have sufficient time to meet what is expected of them. The Board

	reviews any new external appointments of all Directors to ensure that they do not impact with their responsibilities to Abcam.
B.4 Development	The Chairman and Giles Kerr were each given a thorough tailored induction programme on joining the Board. The Chairman also ensures that Directors are given relevant training and development opportunities to discharge their responsibilities and update their knowledge. For instance, over the last year, the Board have been briefed on the introduction of The Companies (Miscellaneous Reporting) Regulations 2018 and the new Corporate Governance Code 2018 applicable from 1 July 2019. At the strategic away day, the Board were briefed on scientific developments relevant to Abcam's business strategy.
B.5 Information and Support	The Chairman and Company Secretary ensure that Directors are provided with accurate, timely and clear information for Board meetings.
B.6 Evaluation	<p>An annual evaluation of the Board's performance and that of its committees and individual directors is carried out each year, usually in the spring. As the year ended 30 June 2019 was the Chairman's first full year of appointment, he decided to undertake an informal review of the Board facilitated by the Senior Vice President of Human Resources. The Board shared feedback on its effectiveness as well as detailed feedback on individual's strengths and potential capability gaps.</p> <p>An externally facilitated Board effectiveness review will be undertaken during the coming year.</p>
B.7 Re-Election	All directors are subject to re-election each year, unless they are standing down from the Board.
C. ACCOUNTABILITY	
C.1 Financial and Business Reporting	Abcam's Board has systems in place to ensure that its Annual Report and Accounts are a fair, balanced and understandable assessment of the company's position and prospects. The Annual Report and Accounts include a business model, the strategy to deliver it and a statement that it is appropriate to adopt the going concern basis of accounting in preparing them.
C.2 Risk Management and Internal Control	Each year, the Board carries out a robust assessment of the principal risks and how they would be mitigated, details of which are set forth in our Annual Report and Accounts. The Board also reviews the long-term viability of the Company on an annual basis against various scenarios over a five-year period. KPMG acts as internal auditors. Risk management and internal control is monitored by the Board annually, and at each meeting of the Audit and Risk Committee.
C.3 Audit Committee and Auditors	<p>Louise Patten, Sue Harris and Peter Allen were members of the Audit and Risk Committee throughout the year and were joined on the Committee by our new NED Giles Kerr on his appointment on 12 December 2018. Both Sue Harris and Peter Allen have recent and relevant finance experience.</p> <p>The terms of reference for this Committee are on Abcam's website. The Chairman of the committee reports to the Board on the discussions and findings of the committee at the following Board meeting. The external auditors, PwC, were appointed in 2014 after a competitive tender.</p>
D. REMUNERATION	
D.1 The Level and Components of Remuneration	The level and components of remuneration, and how it promotes the long-term success of the Company, are explained in the Directors' Remuneration Report. The principles in Schedule A of the Code regarding performance related remuneration are complied with. The 2018 Remuneration Policy was put to an advisory vote at the 2018 AGM.

	<p>The rules of the Abcam's Long Term Incentive Plan specify the circumstances under which Abcam can recover sums paid or withhold the payment of any sum. A personal performance underpin, the ability to withhold the payment of any cash sum and the ability to recover any unvested Deferred Share Award are also included in the Annual Bonus Plan. However, there is no clawback in respect of the cash component of the Annual Bonus Plan, and as such Code Provision D.1.1 was not implemented in full. The Remuneration Committee is of the view that the rules of the Annual Bonus Plan are appropriate for an AIM-listed company.</p>
D.2 Procedure	<p>Abcam's Remuneration Committee comprises five NEDS and has delegated responsibility for setting the remuneration for all Executive Directors and the Chairman, and overseeing remuneration for the ELT. No Directors or ELT members are involved in setting their own remuneration.</p> <p>Code Provision D.2.4 relating to the approval of long-term incentive schemes by shareholders has not been implemented. However, the provisions of Abcam's long term incentive plan are in line with Schedule A of the Code. The terms of reference for this Committee are on Abcam's website. More detail on the work of the Remuneration Committee can be found on in the Directors' Remuneration Report in the Annual Report.</p>
E. RELATIONS WITH SHAREHOLDERS	
E.1 Dialogue with Shareholders	<p>The Board seeks to engage actively with shareholders, and regularly discuss feedback received from shareholders. Extensive consultation with Abcam's shareholders was undertaken as part of the review of the Remuneration Policy. The Chairman also had discussions with more than 50% of Abcam's shareholders to discuss the Company's strategy and performance, and environmental, social and governance matters. The Company also conducted a programme of visits to our new headquarters at Discovery Drive for shareholders.</p>
E.2 Constructive use of General Meetings	<p>The Chairman encourages all Directors to attend the AGM, being an important forum for dialogue with shareholders. In addition to the formal business of the meeting, a presentation is given at each AGM outlining recent developments in the business, and the shareholders present were given the opportunity to ask questions.</p>

Approved by the Board of Abcam plc
6 September 2019