Good corporate governance is vital to maintaining a culture of integrity that drives our sustainable performance and growth.
I am pleased to present the Corporate Governance Report for the year ended 30 June 2019.

We believe that robust corporate governance is vital to maintaining the long-term sustainable performance and growth of our business. The Board and its Committees play a fundamental role in setting and maintaining a culture of good governance and integrity that is pervasive across the business. This includes providing independent support and challenge to the Executive Leadership Team (ELT), understanding the views of shareholders and other stakeholders, and ensuring that these are considered in our decision-making process. Our aim has not changed; we want to promote and maintain a culture of openness, transparency, accountability and responsibility.

The UK Corporate Governance Code (Code)
The Code sets out the principles of good practice in relation to corporate governance to be followed by main market-listed companies. Although as an AIM-listed company we are not required to comply with the Code, given Abcam’s market capitalisation and the benefits of good corporate governance, the Board believes that it is appropriate for Abcam to comply with the Code. I am happy to report that we have complied with almost every principle and provision of the 2016 edition of the Code. More details can be found in our Statement on Corporate Governance in the Directors’ Report on page 89.

Related content
Chief Financial Officer’s Report and Financial Review – pages 46 to 53
Next year we will report against the new Corporate Governance Code 2018 (2018 Code). As a Board we have reviewed the requirements of the 2018 Code and plans are in place to ensure compliance with the 2018 Code for 2019/20. The matters reserved for the Board and the terms of reference for each of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee have been updated to reflect the requirements of the 2018 Code.

**Board effectiveness**

My role is to ensure the Board of Abcam operates effectively in delivering the long-term sustainable performance and growth of the Company. In fulfilling this role, I seek to ensure that Board proceedings are conducted in such a way as to allow all Directors to have the opportunity to express their views openly and that, in particular, the Non-Executive Directors are able to provide constructive support and challenge to the ELT. Our Board meetings encourage rigorous debate and constructive challenge of management’s performance in meeting agreed goals and objectives.

In order for the Board to be effective it requires diverse and experienced Board members many of whom have gained, and continue to gain, valuable experience from their service on other boards. The Board is mindful of the risk that Non-Executive Directors may have too many other commitments to adequately fulfil their duties to Abcam and is cognisant that the issue of potential ‘over-boarding’ has been an area of increased focus by stakeholders. The Board regularly reviews existing Board members’ other commitments (whether listed, private or charitable enterprise). Ahead of any appointment to the Board, a detailed assessment is undertaken of any other commitments that a potential Non-Executive Director may already have, and the impact that these may have on their ability to effectively serve on the Board of Abcam. Where appropriate, a contractual obligation may be made in the Board member’s service agreement to spend a specified amount of time on the duties to Abcam.

The informal Board effectiveness assessment undertaken during the year highlighted no issues of over-boarding and will be further reviewed in the formal Board evaluation that we will undertake in the coming year.

As such, whilst remaining vigilant to the danger of over-boarding, I believe that the current Board members are well able to effectively undertake their duties to Abcam.

**Shareholder engagement**

The Board is committed to maintaining an open and constructive dialogue with shareholders to ensure there is a common understanding of the strategic objectives, governance and performance of the Company.

Following the announcement of our interim and preliminary results the CEO and CFO undertook an extensive roadshow in the UK and US to meet most of our major shareholders. Investor and analyst feedback is gathered by our corporate brokers and financial public relations advisors following meetings and roadshows. This is relayed to, and discussed by, the Board to help them understand the views of our major shareholders.

Where appropriate the Company consults with shareholders on significant issues, for example when the Board was exploring making changes to Executive Remuneration Louise Patten (SID and Chair of the Remuneration Committee) and I met with a number of major shareholders. Moreover, during this year major investors were provided the opportunity to meet me to discuss the Company’s strategy and performance, and environmental, social and governance matters. We also conducted a programme of visits for shareholders to our new headquarters at Discovery Drive.

**Capital investment projects**

The Board and the Audit and Risk Committee have continued to monitor progress of the implementation of our new enterprise resource planning (ERP) system during the year, providing input and challenge to both the internal team and the external providers involved with the project. This is a large and complex project which will deliver significant operational and strategic benefits. As such, the Board has received regular updates focusing on the risks relating to the quality, cost, phasing and timing of delivery of the project. The Board has also been integral in considering and developing the future strategy for the IT upgrade programme.

The Board also received updates on the development of our new headquarters at the Cambridge Biomedical Campus to completion, again with particular focus on the identification and mitigation of risks associated with the investment. We are extremely satisfied that we were able to complete the move on budget and without disruption to our customers.

**The year ahead**

Over the coming year, and in addition to our normal duties, our focus will be considering the application of the 2018 Code which we will be reporting on in 2020 and on ensuring we review the impact of key strategic decisions made by the Board.

We continue to believe that our governance framework is robust, a point emphasised by the fact that the Board and Committees have once again operated effectively during the year.

Peter Allen
Chairman
6 September 2019
The Board is focused on delivering against our five strategic goals

Peter Allen, BA ACA
Chairman

Jonathan Milner, PhD
Deputy Chairman

Louise Patten, MA
Non-Executive and Senior Independent Director

Mara Aspinall, MBA
Non-Executive Director

Appointed
June 2018

Background
Peter has over 20 years' experience as an executive director, non-executive director and chairman in a wide range of life science companies playing a significant role in their growth. He spent three years as Chairman of Proximagen Neurosciences plc (2009-2012), six years at ProStaken Group plc as Chairman (2007-2013) and interim CEO (2010-2011), and 12 years at Celltech Group plc (1992-2004) as CFO and Deputy CEO.

Current external appointments
Peter is currently Non-Executive Chairman of AIM-listed Advanced Medical Solutions plc, Citigen plc and Diurnal plc and privately-owned Oxford Nanopore Technologies Ltd. He is a Non-Executive Director of Istesso Ltd.

Skills, experience and contribution
A chartered accountant by background, Peter brings to Abcam his experience as a chairman and board member and has substantial experience in M&A, international growth, fundraising and investor relations, as well as the commercialisation of intellectual property.

Appointed
April 1998

Background
Having worked in the life sciences industry for over 10 years as an academic researcher, Jonathan identified the market opportunity for supplying high-quality antibodies to support protein interaction studies and in 1998 founded Abcam with Dr David Cleevely and Professor Tony Kouzarides.

Current external appointments
Jonathan is a Non-Executive Director of The Evolution Education Trust, HealX, Syndicate Room Group Ltd and Start Codon. He is also Chairman of Axol Bioscience Ltd, PhoreMost Ltd and Cam-Allergy Ltd. Jonathan holds an Executive Director position at Meltwind Limited, being a designated member of Meltwind Advisory LLP, and is a member of the advisory panel of Cambridge Innovation Capital plc.

Skills, experience and contribution
Jonathan is an experienced entrepreneur and investor and is passionate about supporting UK life science and high-tech start-ups. He has provided considerable investment and support to over 40 companies and has assisted three AIM IPOs and contributes this knowledge to Abcam.

Appointed
March 2014

Background
Having started her career in corporate and investment banking, Louise moved into management consultancy and became a Board Director of the Hilton Group. Since then she has served on a succession of multi-national listed company boards for more than 20 years as a non-executive director, a senior independent director, a remuneration committee chairman and a company chairman at organisations including the retailers Marks & Spencer plc, GUS plc and Somerfield plc.

Current external appointments
Louise is currently a Senior Advisor to Bain & Company and a Non-Executive Director of Arthur J. Gallagher Holdings (UK) Limited and Arthur J. Gallagher Insurance Brokers Limited.

Skills, experience and contribution
Louise’s highly recognised career in business, with her extensive board and corporate governance experience, brings Abcam the knowledge and proficiency required to support its strategic growth plans and, whilst doing this, ensures that the Abcam Board is led by a robust governance framework.

Appointed
September 2015

Background
Mara is Managing Director of BlueStone Venture Partners and CEO of Health Catalysts Group. Previously, Mara was President and CEO of Ventana Medical Systems/Roche Tissue Diagnostics, leading the company to increased market leadership worldwide and primacy in companion diagnostics. Mara spent 12 years at Genzyme Corporation (now part of Sanofi) as President of Genzyme Genetics and Genzyme Pharmaceuticals. She is co-founder of the International School of Biomedical Diagnostics at Arizona State University, the only institution dedicated to the study of diagnostics as an independent discipline. She is a Fellow of the American Institute for Medical and Biological Engineering.

Current external appointments
Mara is a Director of Allscripts Healthcare Solutions Inc, Castle Biosciences, Blue Cross Blue Shield Arizona, OraSure Technologies, Strateos (was 3Scan Inc), RainBird and Paradigm Diagnostics.

Skills, experience and contribution
Mara contributes her considerable international experience in the biotechnology and diagnostics industries with public and private companies. Mara’s specific focus areas are acquisition integration, global manufacturing, quality systems and strategic marketing.
### Sue Harris, BSc ACMA
Non-Executive Director

**Appointed**
December 2014

**Background**
A chemist by training, Sue has held senior executive positions in retail and financial services. She held senior roles at Marks & Spencer plc across finance and strategy, latterly as Head of Corporate Development and Group Treasurer. She was Managing Director Finance at Standard Life, where she led the process to float the group. She was Finance Director of Chelfdenham & Gloucester, Lloyds Banking Group’s Retail Bank and Group Finance and Group Audit Director. Sue has several years’ experience as a non-executive director. Previously she was a Non-Executive Director of St. James’s Place and Bank of Ireland UK, Chair of Trustees for KCP Youth and chaired the finance and audit committees of Mencap.

**Current external appointments**
Sue is a Non-Executive Director of Schroder & Co Limited, FNZ, Barclays Pension Funds Trustees Limited and Co-operative Bank, and is Chair of the Audit and Assurance Council and a member of the Codes and Standards Committee of the Financial Reporting Council.

**Skills, experience and contribution**
With over 30 years of financial, commercial and corporate board experience as well as her scientific background, Sue brings a wealth of skills that strengthen the Abcam Board in its growth strategy.

### Giles Kerr, BSc FCA
Non-Executive Director

**Appointed**
December 2018

**Background**
Giles has substantial commercial and financial experience from service on numerous public and private company boards and as an audit partner. From 1990 he served in a variety of increasingly senior roles at Amersham plc, including as Chief Financial Officer and a Board member from 1997 to 2004, when the company was acquired by GE Healthcare. Prior to his roles at Amersham, he was a National Partner with Arthur Andersen. He was Director of Finance of the University of Oxford from 2005 until 2018 and was previously a Director of Victrex plc, BTG plc, and Elan Corporation Inc.

**Current external appointments**
Giles is currently a Non-Executive Director of Arix Bioscience plc, Adaptimmune Therapeutics plc, PayPoint plc, Senior plc and Oxford Sciences Innovation plc.

**Skills, experience and contribution**
A Fellow of the Institute of Chartered Accountants of England and Wales with over 20 years’ experience in key senior positions in a number of companies, Giles has played a pivotal role in their development and growth. Giles brings his first-hand understanding of Abcam’s academic research customers from his time at Oxford University.

### Alan Hirzel, MS MBA
Chief Executive Officer

**Appointed**
January 2014

**Background**
Alan joined the business in 2013 following a strategic review which he led with the Founder and Board to define a long-term growth plan for Abcam. He has subsequently led the Company to achieve over 100% growth, and through substantial organisation change. Prior to joining Abcam, Alan was a Partner at Bain & Company where he advised global executives and private equity investors on growth strategy, performance improvement and acquisitions. Early in his career he worked in a variety of roles from life science researcher at Cornell University to new product development research at Kraft Foods. He holds BS, MS and MBA degrees from Cornell University. He also has a passion for social enterprise and was involved in establishing two social venture philanthropy organisations in the UK and later acted as a Trustee for the National Citizen’s Service Trust.

**Current external appointments**
Alan has no external appointments.

**Skills, experience and contribution**
Alan brings to the Abcam Board a rare combination of a strong scientific background, and global business and leadership experience. He has a keen focus to ensure Abcam engages with the needs and mission of its consumers in the lab.

### Gavin Wood, BA ACA
Chief Financial Officer

**Appointed**
September 2016

**Background**
Gavin is a chartered accountant who started his career in practice before joining the Unipart Group, where he had a number of roles of increasing responsibility. He moved into the life sciences sector when he joined Affymetrix Inc. (Nasdaq-quoted m: AFFX) in 2006, in a variety of roles. He was Executive Vice President and Chief Financial Officer, leading the global finance and information technology functions when Affymetrix was acquired by Thermo Fisher Scientific Inc in 2016.

**Current external appointments**
Gavin has no external appointments.

**Skills, experience and contribution**
Gavin has over 20 years’ experience as an accounting professional with broad and international exposure in a number of sectors and roles including corporate, statutory and operational accounting, project management and investor relations.

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### Key to Committees
- **N**: Nomination
- **A**: Audit and Risk
- **R**: Remuneration
- **C**: Committee Chair
Division of responsibilities

The Board has established a corporate governance structure with clearly defined responsibilities and accountabilities. The structure is designed to safeguard and enhance the long-term sustainable success of Abcam, creating value and benefit for our shareholders and stakeholders.

The Chairman ensures the Board operates effectively in delivering the long-term sustainable success of the Company. The Senior Independent Director acts as a sounding board for the Chairman and as a trusted intermediary for other Directors.

Matters reserved for the Board

To retain control of key decisions, the Board has identified certain reserved matters for its approval. Other matters, responsibilities and authorities are delegated to Board Committees. The schedule of matters reserved for the Board and the terms of reference for each of its Committees can be found on the Company’s investor relations website at www.abcamplc.com. Any matters outside of these fall within the CEO’s responsibility and authority. Accordingly the CEO reports on activities of the Executive Leadership Team via bi-monthly reports to the Board. The matters reserved for the Board and the terms of reference for each of its Committees have been updated to reflect the requirements of the 2018 Code.

Board and Committee meetings/attendance during the year

The Chairman expects Non-Executive Directors to provide sufficient commitment to the Company for advance preparation and attendance at Board and Committee meetings, together with ad hoc availability at other times.

<table>
<thead>
<tr>
<th>Current Directors</th>
<th>Scheduled Board meetings</th>
<th>Audit and Risk Committee</th>
<th>Remuneration Committee</th>
<th>Nomination Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Allen</td>
<td>8/8</td>
<td>4/4</td>
<td>4/4</td>
<td>2/2</td>
</tr>
<tr>
<td>Jonathan Milner</td>
<td>7/8</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Louise Patten</td>
<td>8/8</td>
<td>4/4</td>
<td>4/4</td>
<td>2/2</td>
</tr>
<tr>
<td>Mara Aspinail</td>
<td>8/8</td>
<td>n/a</td>
<td>4/4</td>
<td>2/2</td>
</tr>
<tr>
<td>Sue Harris</td>
<td>8/8</td>
<td>4/4</td>
<td>4/4</td>
<td>2/2</td>
</tr>
<tr>
<td>Giles Kerr¹</td>
<td>4/4</td>
<td>0/1</td>
<td>1/1</td>
<td>1/1</td>
</tr>
<tr>
<td>Alan Hirzel</td>
<td>8/8</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Gavin Wood</td>
<td>8/8</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

¹ Giles Kerr was appointed as a member of the Board and of the Audit and Risk Committee on 12 December 2018, and as a member of the Remuneration Committee and the Nomination Committee on 19 March 2019.
Leadership structure

To assist in decision making the Board draws on experience and insight from the business and externally.

Board
Responsible for the long-term success of the Group. It sets strategy and oversees implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

Meet our Board of Directors on pages 58 and 59.

Executive Directors
Responsible for the implementation of the Board’s strategy, day-to-day management of the business and all matters which have not been reserved for the Board.

Executive Leadership Team (ELT)
A team that operates under the direction and authority of the CEO and CFO and comprises the direct reports of the CEO. It assists the Executive Directors in implementing strategy and policies and managing the operational and financial performance of the Group.

Global Leadership Team (GLT)
The GLT comprises the ELT and other senior global leaders who meet as required in person and by telephone conference to support the delivery of Abcam’s strategic activities and the annual planning process. This enables the CEO and the ELT to hear from different areas of the business whilst providing the opportunity to communicate with and engage the GLT members on global initiatives.
Board in action

Gender diversity

The percentage of women on the Board is currently 37.5%, putting us ahead of recommended targets for FTSE 350 companies. Whilst our percentage of women on the Board and in senior roles decreased this year, we continue to seek to increase the pipeline of women into both the Board and senior management. Further details of our diversity and inclusion initiatives can be found on page 25.

54%
Women in our total business (comprising Abcam plc only and excluding subsidiaries outside the UK)

37.5%
Women on our Board

25%
Women on our Executive Leadership Team

As at 30 June 2019

“The Board actively encourages that a range of backgrounds, skills and experience are represented throughout all levels of the business. Diversity helps create a positive and rewarding culture throughout Abcam.”

Louise Patten
Senior Independent Director
**Board composition and roles**

The Board comprises the Chairman, two Executive Directors and five Non-Executive Directors, one of whom is the Deputy Chairman.

The Directors are satisfied that the current composition of the Board reflects an appropriate balance of skills, knowledge, experience and diversity. In December 2018, we appointed Giles Kerr as an additional Non-Executive Director to bring additional finance and life sciences experience to the Board. It is the Chairman’s view, and that of the Board as a whole, that the Board and its Committees continued to operate effectively during the year.

The key responsibilities of the members of the Board are:

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Peter Allen</td>
<td>Responsible for leading and managing the Board as well as for its effectiveness and governance. Ensures Board members are aware of and understand the views of major shareholders and other key stakeholders. Helps the CEO and Executive Leadership Team set the ‘tone from the top’ regarding purpose, goals, vision and values for the whole organisation.</td>
</tr>
<tr>
<td>CEO</td>
<td>Alan Hirzel</td>
<td>Responsible for the day-to-day management of the business, developing Abcam’s strategic direction for consideration and approval by the Board, and implementing the agreed strategy.</td>
</tr>
<tr>
<td>CFO</td>
<td>Gavin Wood</td>
<td>Supports the CEO in developing and implementing strategy. Responsible for the financial and operational performance of the Group.</td>
</tr>
<tr>
<td>Deputy Chairman</td>
<td>Jonathan Milner</td>
<td>Responsible for bringing expert knowledge in the ever-evolving field of protein research and its related science and technology. Provides entrepreneurial support to the Board to develop strategy to further exploit opportunities to enable Abcam to support scientists worldwide to discover more, faster. Provides a technical sounding board for the Chairman and CEO. Represents Abcam at external events and forums worldwide and is an ambassador for Abcam in the scientific community.</td>
</tr>
<tr>
<td>Senior Independent Director (SID)</td>
<td>Louise Patten</td>
<td>Acts as a sounding board for the Chairman and as a trusted intermediary for other Directors. Available to discuss any concerns with shareholders that cannot be resolved through the normal channels of communication with the Chairman or Executive Directors.</td>
</tr>
<tr>
<td>Independent Directors</td>
<td>Mara Aspinall, Sue Harris, Giles Kerr</td>
<td>Assist in the development of strategy and monitor its delivery within the Company’s established risk appetite. Responsible for bringing sound judgement and objectivity to the Board’s deliberations and decision-making process. Constructively challenge, support and review the performance of Executive Directors.</td>
</tr>
</tbody>
</table>
Board in action

We want to accelerate our growth through increasing our rate of investment and taking an agile approach to implementing our initiatives.

This year the Board has spent time with senior management assessing opportunities to invest and drive sustainable growth for the next five years. The Board has also stayed close to the business to assess the delivery of existing initiatives first hand.

“Abcam’s ambitions do not stand still. As a board we want to help the business drive the next phase of Abcam’s sustainable growth.”

Peter Allen
Chairman
What we did this year

Strategy
- Considered and approved strategic transactions and opportunities including the acquisition of Calico Biolabs.
- Reviewed progress of the development of the new Abcam headquarters at the Cambridge Biomedical Campus, including holding a Board meeting at the site before the business had moved to the building.
- Reviewed presentations from members of the Executive Leadership Team to monitor progress against strategic goals.
- Continued development of strategy including a joint strategy day with the Executive Leadership Team.

Financial performance
- Considered the financial performance of the business and key performance targets.
- Approved the budget and five-year plan.
- Monitored performance against budget through regular presentations from the CFO.
- Reviewed the half-year and annual results and presentations to analysts, and approved the Annual Report.
- Approved the interim and final dividend recommendations.

Leadership and people
- Discussed the composition of the Board and its Committees.
- Reviewed the success of the Company-wide all employee share plan.
- Reviewed and approved all of the share scheme grants.
- Approved the appointment of a new Non-Executive Director, Giles Kerr.

Internal control and risk management
- Reviewed the approach to risk management and carried out a robust assessment of the Company’s principal risks.
- Approved the Company’s risk appetite, this being the level of risk that the Company is willing to take in pursuit of its objectives.
- Monitored the progress and successful implementation of the Oracle Cloud ERP system.

Governance, stakeholders and shareholders
- Received key legal and regulatory updates on topics such as the General Data Protection Regulation (GDPR), the Gender Pay Gap Report, the Corporate Governance Code 2018 and the Companies (Miscellaneous Reporting) Regulations 2018.
- Reviewed feedback from institutional shareholders and analysts following the annual and interim results.
- Reviewed the Company’s policies in line with their schedule of review.
- Reviewed the schedule of matters reserved for the Board.

Board meetings
The Board meets in person six times during the year with two further scheduled telephone conferences to approve the annual and interim accounts and dividends. In addition, ad hoc meetings may be called to discuss urgent matters arising during the course of the year. A separate strategy day is held once a year with the Executive Leadership Team to discuss the longer-term aspirations and objectives of the Company.

The Chairman meets the Non-Executive Directors without the Executive Directors present, and the Non-Executive Directors, led by the Senior Independent Director, meet without the Chairman present at least annually to appraise the Chairman’s performance.

The Directors have access to advice from the Company Secretary who is a qualified solicitor and acts as secretary to the Board and its Committees.

Board activity
Over the last year a significant amount of the Board’s focus has been on considering strategic opportunities. The Board has also been considering and preparing for the Corporate Governance Code 2018 and the Companies (Miscellaneous Reporting) Regulations 2018; this is in addition to the annual recurring governance activity, including reviewing the schedule of Matters Reserved for the Board, periodic reviews of policies and procedures, and financial reporting obligations.
Board in action
If we are achieving our purpose, it means we are helping scientists find solutions and advancing the sum of human knowledge. To do this we need to be audacious in our approach.

“Abcam is unwavering in its commitment to serving life scientists. The team’s focus on quality and innovation are what drives the success of the business.”

Giles Kerr
Independent Non-Executive Director
Information and support
The Chairman, Executive Directors and Company Secretary are responsible for ensuring Board members are provided with information concerning the state of the business and its performance, and with information necessary for them to effectively discharge their duties and responsibilities in a timely manner. The agenda for the following meeting is discussed at each Board meeting so that Non-Executive Directors have the opportunity to influence the content, ensuring time spent is appropriately balanced between reviewing strategic, operational and financial matters, together with governance.

Board development
Regular training is provided to the Board with particular focus on explaining the complex and evolving science relating to Abcam’s business, together with updates on corporate governance including training on the AIM Rules, the General Data Protection Legislation, the new UK Corporate Governance Code 2018, the Companies (Miscellaneous Reporting) Regulations 2018 and the City Code on Takeovers and Mergers (Takeover Code).

On their appointment to the Board, new Directors receive a comprehensive and tailored induction programme to enhance their knowledge and understanding of the Company’s business, strategy and governance structure, as well as their own duties and responsibilities. They will spend time with the Executive Directors, Non-Executive Directors, Executive Leadership Team and Company Secretary, and other key personnel across the business.

Director independence
The Board considers all Non-Executive Directors to be independent within the meaning of the UK Corporate Governance Code Provision B.1.1, with the exception of Jonathan Milner who was a founder of Abcam and an Executive Director of the Company until September 2014 and remains a substantial shareholder. The Board considers that the Non-Executive Directors each demonstrate an appropriate degree of independence in character and judgement and are free from any business or other relationship which could materially interfere with the exercise of their judgement. In determining the independence of the Non-Executive Directors, the Board specifically considers the beneficial interests of such Directors in share capital of the Company. Those interests are set out on page 83 and do not in the opinion of the Board detract from their independent status.

In accordance with its procedures, all Directors are required to notify the Board of any conflicts of interest and a register of such interests is maintained by the Company Secretary and formally reviewed at Board meetings. Any planned changes to their interests, including directorships outside the Group, are notified to the Board.

The independent Non-Executive Directors declared no relationships in the year which were considered a conflict with Abcam’s business and therefore nothing was deemed to impact their independence.

Board evaluation
Board and Committee evaluation is a valuable tool in maintaining and improving Board effectiveness. As this was the Chairman’s first full year of appointment, he decided that we would undertake an informal review facilitated by the Senior Vice President of Human Resources. The Board shared feedback on its effectiveness as well as detailed feedback on each individual’s strengths and potential capability gaps.

Although the Chairman was pleased with the effectiveness of the review, over the next 12 months he will work with the Board on making some changes to support the Company’s growth ambitions, before an externally facilitated Board effectiveness review.
The Committee appreciates the contributions that Sue Harris and Gavin Wood have made to Abcam’s success and has initiated a search for Gavin’s successor as Chief Financial Officer. The Committee was pleased that the search for an additional Non-Executive Director resulted in Giles Kerr’s appointment as he brings a wealth of life science industry experience to the Company. We also continued to develop plans for the orderly and progressive refresh of the Board over time.

Peter Allen
Nomination Committee Chairman

<table>
<thead>
<tr>
<th>Committee members and attendance</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Allen</td>
<td>2/2</td>
</tr>
<tr>
<td>Louise Patten</td>
<td>2/2</td>
</tr>
<tr>
<td>Mara Aspinall</td>
<td>2/2</td>
</tr>
<tr>
<td>Sue Harris</td>
<td>2/2</td>
</tr>
<tr>
<td>Giles Kerr (Member from 19 March 2019)</td>
<td>1/1</td>
</tr>
</tbody>
</table>
Key responsibilities of the Committee
The Committee is responsible for reviewing Board composition and balance, considering the skills and capabilities required for each new Board appointment, leading the process for the Board in relation to new appointments and reviewing succession planning for the Board and senior leadership. The Committee continues to perform this with utmost professionalism and diligence.

Board changes in the year
The Nomination Committee oversaw a rigorous recruitment process for a Non-Executive Director and I was delighted to welcome Giles Kerr to the Board in December 2018. His appointment followed an extensive search which I led with the leading executive search and board advisory consultancy, Lygon Group. We developed a shortlist of candidates before interviews were conducted with all members of the Board, together with meetings with some members of the Executive Leadership Team.

Board members were unanimous in appointing him on 12 December 2018.

Giles brings extensive experience as both an Executive and Non-Executive Director. His appointment strengthens the Abcam Board as he brings experience of life sciences, finance and first-hand understanding of our academic research customers.

On 19 July 2019 Gavin Wood notified the Board of his intention to step down at the end of his notice period, or when we appoint a successor. The Board appreciates the work Gavin has achieved in the previous three years but recognises his desire to be closer to his family in Oxford. The Nomination Committee has approved the role specification and approved the appointment of an Executive Search Firm to lead the search for a successor.

On 6 September 2019 Sue Harris notified the Board of her intention to not seek re-election at this year’s AGM. Sue has played an important role in chairing the Audit and Risk Committee to high standards over the last almost five years. The Board thanks her for this critical leadership role.

Board diversity and appointments procedure
Abcam recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage and the Company’s long-term sustainable success.

Board composition is central to the effective leadership of the Group and therefore prior to commencing any search for prospective Board members, the Committee draws up a specification, reflecting the Board’s current balance of skills and experience and those that would be conducive to the delivery of the Company’s strategy. Selection for Board appointments is made on merit against this specification.

Gender diversity
Following the Board changes in the year, female representation on the Board stands at 37.5%. This puts Abcam ahead of the recommended targets for FTSE 350 companies in terms of female board representation. Abcam continues to see the development of female executive talent as an important area and work is underway to improve the representation of women in leadership positions in the Group. More details on gender diversity in the Company are set out on page 62.

Activity in the year
The Committee has supported Giles and me with our induction into the Company and this has allowed us to rapidly develop our understanding of the business and helped us to quickly assimilate. I have appreciated spending a lot of time in the business to broaden my knowledge. I have also had the opportunity to get to know many of our investors through extensive discussions as we consulted on some of our changes, and I appreciate the amount of time our investors have made available to me and to Louise Patten, SID and Chair of the Remuneration Committee.

We have undertaken an informal Board Effectiveness Review this year facilitated by the Senior Vice President of Human Resources. This allowed me to review the effectiveness of the Board before undertaking a more formal review in the next 12 months. I was pleased with the results and each Board Director has received individual feedback and has given me insight into the strengths and potential capability gaps we will need to fill in the future as the Company grows.

A number of key priority areas were identified and of particular importance is succession planning for the Executive Leadership Team to ensure a robust pipeline of potential successors. This is key in a fast-growing business like Abcam. I am pleased that Abcam continues to both attract great people and focus on the development of key talent for Executive Leadership Team succession. We also ensured the Executive Leadership Team continued to benefit from development and mentoring from the Non-Executive Directors.

Priorities for 2019/20
In addition to the search for Gavin Wood’s successor, the Committee will continue to focus on succession planning, particularly for Executive Leadership Team positions, as well as supporting the mentoring of the senior team. During the course of 2019/20 we will undertake a formal Board evaluation to build on the review undertaken this year and to ensure we continue as a high-performing Board.

Peter Allen
Nomination Committee Chairman
6 September 2019
Audit and Risk Committee

This year the Committee has focused on further development of risk management and financial reporting.

Sue Harris
Audit and Risk Committee Chairman

Committee meetings

4

Committee members and attendance

<table>
<thead>
<tr>
<th>Member</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sue Harris (Chairman)</td>
<td>4/4</td>
</tr>
<tr>
<td>Peter Allen</td>
<td>4/4</td>
</tr>
<tr>
<td>Louise Patten</td>
<td>4/4</td>
</tr>
<tr>
<td>Giles Kerr</td>
<td>0/1</td>
</tr>
<tr>
<td>(Member from 12 December 2018)</td>
<td></td>
</tr>
</tbody>
</table>
I am pleased to present the report of the Audit and Risk Committee for the year ended 30 June 2019. This report details the work of the Committee over the past year in fulfilling our responsibilities to provide effective governance over the Group’s financial and risk affairs, to ensure that shareholders’ interests are properly protected in relation to internal controls, financial reporting and risk management.

In meeting these responsibilities, the Committee continues to consider the provisions of the UK Corporate Governance Code and the FRC Guidance on Audit Committees.

I am pleased to report the successful implementation of the finance and non-stock procurement modules of Oracle Cloud ERP programme which has provided a full financial accounting and reporting suite. Implementation was in April and our accounts for 2018/19 have been prepared using this new software. Going forward, we anticipate that it will improve efficiency of reporting and related financial controls and allow significantly improved financial and commercial analysis. The Committee is grateful to the finance and IT teams who have delivered this programme.

The next phase of our infrastructure investment is being planned and assessed to integrate customer-facing and supply chain elements. During the course of this assessment, it has been determined that due to changes in the scope and nature of this programme, existing assets of £12.8m have been impaired. Further details are set out in matters of significance and judgement on page 73.

In compliance with the Corporate Governance Code 2016, the Committee continues to be comprised exclusively of independent Non-Executive Directors who provide a combination of accounting, financial, risk, commercial and strategic experience in complex listed companies. The Board has determined that both I as well as Peter Allen and Giles Kerr meet the Code requirements for the Committee to include at least one member with recent and relevant financial experience as we are all qualified accountants with each of us having over 30 years’ financial, risk and commercial experience in listed companies.

The Committee acts independently of management to ensure that the interests of shareholders are appropriately protected in respect of financial reporting, internal control and risk management.

Committee meetings are attended, by invitation, by the Chief Financial Officer, Company Secretary (acting as secretary to the Committee), representatives of the Company’s external auditor (PricewaterhouseCoopers LLP (PwC)), where relevant, certain members of senior management and the head of internal audit (function outsourced to KPMG LLP (KPMG)). Representatives of the Group’s external auditor meet with the Committee at least twice a year without Executive Directors or management being present.

The Committee’s principal duties are as follows:

### Key responsibilities of the Committee

- **Accounting and financial reporting matters**
  - Monitor the integrity of the Group’s Interim Statement and Annual Report and Accounts and any formal announcements relating to the Group’s financial performance;
  - Decide if the accounting policies are appropriate and review significant financial reporting judgements and estimates;
  - Advise the Board on whether, taken as a whole, the Annual Report and Accounts is fair, balanced and understandable;
  - Consider the Group’s statement on going concern and recommend to the Board that the Group and the Company are a going concern; and
  - Consider and review the statement of the Group’s viability over a specified period in light of its principal risks and long-term financial plans, and recommend the longer-term viability statement (LTVS) to the Board.

- **Tax matters**
  - Oversee the Group’s tax affairs and adherence to the Group’s tax strategy.

- **Risk management, internal control and internal audit**
  - Review the Group’s risk management processes and risk appetite;
  - Monitor the principal risks and their mitigation, review the robustness of the risk management system and internal controls and advise the Board accordingly;
  - Oversee assurance work including the work of the Group’s internal auditor; and
  - Review and monitor the whistleblowing policy and activity. In accordance with the Corporate Governance Code 2018, this responsibility has been assumed by the Board for the coming year.

### External audit

- Oversee the Group’s external audit process; and
- Monitor the auditor’s independence, objectivity, effectiveness and performance, and approve any engagement of the external auditor outside of the Group’s audit.

The Terms of Reference of the Committee are reviewed and adopted by the Board annually and are available on the Group’s corporate website www.abcamplc.com

### External advice

The Board makes funds available to the Committee to enable it to take independent legal, accounting or other advice when the Committee believes it necessary to do so.

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**Chairman’s statement**

I am pleased to present the report of the Audit and Risk Committee for the year ended 30 June 2019. This report details the work of the Committee over the past year in fulfilling our responsibilities to provide effective governance over the Group’s financial and risk affairs, to ensure that shareholders’ interests are properly protected in relation to internal controls, financial reporting and risk management.

In meeting these responsibilities, the Committee continues to consider the provisions of the UK Corporate Governance Code and the FRC Guidance on Audit Committees.
Financial reporting
- Considering significant accounting and reporting judgements and concluding if accounting policies and any amendments thereto were appropriate;
- Reviewing the accounting judgements and estimates which underpin the financial statements as set out in note 4 to the financial statements;
- Monitoring the integrity of the Annual Report and Accounts, the Interim Statement and any formal announcements relating to financial performance, to ensure clarity and completeness of disclosures, including those relating to alternative performance measures (including adjusted performance measures);
- Receiving presentations and subsequent updates from management on all financial reporting matters;
- Reviewing the results and conclusions of work performed by the external auditor;
- Reviewing the basis for the going concern statement in light of financial plans and reasonably likely scenarios and recommending to the Board that the Company and the Group are a going concern;
- Reviewing the longer-term viability statement (LTVS), considering the appropriateness of the five-year time period on which the LTVS is based, linkage to strategy, principal risks and the assumptions underlying stress testing, together with related scenario analysis;
- Considering if the Annual Report and Accounts 2019, when taken as a whole, is fair, balanced and understandable; and
- Reviewing the preparation for compliance with Senior Accounting Officer (SAO) legislation which applies to the Company for the first time in respect of this current financial year.

External audit
The external auditor is appointed by shareholders to provide an opinion on the Annual Report and Accounts. PwC acted as external auditor to the Group throughout the year and the Committee is responsible for oversight. Activities in fulfilling this responsibility included:
- Approving the annual audit plan and risk identification;
- Approving the level of fees paid to the external auditor for audit services;
- Reviewing the findings of the external auditor and management’s response, ensuring robust challenge;
- Reviewing the policy on the use of the external auditor for non-audit work and approving any such work; and
- Reviewing the independence, objectivity, performance and effectiveness of the external auditor.

Effectiveness of the external auditor
The Committee undertakes an annual assessment of the effectiveness of the external auditor. This assessment incorporates the views of management in addition to the Non-Executive Directors to facilitate continued improvement in the external audit process.

Risk management and internal control
- Reviewing principal risks and risk appetite (set out on pages 39 to 44) to ensure effective and continual improvement in risk management including reviewing and challenging the assessment of business-wide risks and actions to mitigate these;
- Reviewing the effectiveness and integrity of the internal financial controls framework which underpins financial reporting by considering reports on internal control. No failures were identified, however existing controls continue to be strengthened;
- Monitoring progress on the implementation and project governance of the ERP implementation;
- Reviewing and approving the Group’s treasury policy; and
- Monitoring and reviewing the outsourced internal audit function provided by KPMG, ensuring alignment with key risks, and challenging key audit outcomes and recommendations.

Compliance
The Committee reviews and considers the operation of the Group’s compliance initiatives, including the employee Code of Conduct ‘How we do things at Abcam’, a global whistleblowing hotline and portal, an anonymous messaging inbox for messaging the CEO and compulsory online training for anti-bribery and corruption and GDPR.
**Review of accounting and financial reporting matters and matters of significance and judgement**

The Committee received reports from management and the external auditor setting out the significant accounting and financial reporting matters and judgements applicable to the following key areas. Following discussion and challenge, the Committee concluded as set out below.

<table>
<thead>
<tr>
<th>Accounting and financial reporting matters</th>
<th>Committee’s review and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Going concern and longer-term viability statement</strong></td>
<td>The Committee reviewed the assumptions underlying both the going concern and longer-term viability statements made on pages 88 and 45, respectively. The assessment was based upon the Group’s budget and five-year financial and operating plans and risk assessment, and included appropriate scenario analysis. The Committee continued to be satisfied that in respect of the longer-term viability statement, a period of five years was suitable and concurred with management’s conclusions that the viability statement is appropriate.</td>
</tr>
<tr>
<td><strong>Fair, balanced and understandable</strong></td>
<td>In ensuring that the Group’s reporting is fair, balanced and understandable, the Committee reviewed the classification of items between adjusted and reported performance measures and the clarity and comprehensiveness of disclosures around adjusting items.</td>
</tr>
<tr>
<td><strong>Inventory provisioning</strong></td>
<td>The calculation of the inventory provision includes a degree of estimation and judgement of the likelihood that individual products will be sold at some point in the future, at a value equivalent to or greater than cost. The Committee’s review included an assessment of the reasonableness of future sales forecasts (which are based on actual sales patterns in previous years) and the shelf life of products.</td>
</tr>
<tr>
<td><strong>Costing of internally developed technology capitalised within intangible assets</strong></td>
<td>Internal costs are capitalised as internally developed technology within intangible assets which is used to generate antibodies and kits. The point at which such internal costs are included and capitalised as well as their magnitude (where the amount capitalised comprises an element of overhead allocation) is a key area of judgement. The Committee discussed and challenged management’s review and also considered the report from the auditor on the results of its testing.</td>
</tr>
<tr>
<td><strong>Classification of costs associated with system process improvements together with assessment of carrying value and impairment charges</strong></td>
<td>The strategic ERP programme is a complex, multi-year global business transformation with numerous phases extending across multiple Group functions. Delivery of the programme is necessary to secure the Group’s longer-term growth ambitions and to move from end of life legacy information technology. During the latter part of the year the finance and non-stock procurement modules of the ERP successfully went live, with HR and Customer Service modules having gone live previously. After an extensive review of business requirements and the current functionality of Oracle Cloud ERP software as well as other best in class software providers, a decision was taken to make some changes to the approach and software used in these areas. The opportunity was also taken to extend the scope of the programme to integrate improvements in these functional areas with front-end system enhancements to improve customers’ end-to-end experience through logistics and ultimately into manufacturing. Taking this into account, a review was undertaken of historical expenditure incurred to date and it has been concluded that as a result of changes in the scope and nature of the original programme, and the corresponding usability of historical work performed, assets of $12.8m have been impaired. The Committee has maintained its review of the implementation of financial accounting and controls modules. In line with last year, the Committee has provided oversight of the accounting for both capital and revenue expenditure across the programme. The Committee discussed and challenged the nature of the costs, the allocation of costs to each module (as described in note 4 to the consolidated financial statements) and management’s conclusions on the level of impairment charge. Primary oversight of this important programme at Board level has been maintained.</td>
</tr>
</tbody>
</table>
**Internal audit**

KPMG was appointed to provide internal audit services to the Group in 2016/17. Internal audit activity during 2018/19 has focused on:

- Payroll review in China;
- Sales catalogue pricing and discounts;
- Order fulfilment and inventory management;
- GDPR; and
- Risk management.

KPMG has provided updates on progress against the internal audit plan at each Committee meeting, including progress against actions arising from audits completed in 2017/18.

The Committee monitors the effectiveness of the internal audit function, including management’s response to internal audit findings. The Committee is satisfied that the internal audit programme remains risk focused, is functioning satisfactorily across the Group and that management is open to reviews and take action on recommendations on a timely basis.

The Committee is currently overseeing a review of how the internal audit function will evolve in 2019/20.

**Independence and objectivity of external auditor**

Both the Board and the external auditor (PwC) have safeguards in place to protect the independence and objectivity of the external auditor. These were reviewed by the Committee during the year and remain satisfactory. In accordance with International Standards on Auditing (UK), PwC formally confirmed to the Board its independence as auditor of the Company.

Any non-audit services require approval by the Committee and the amounts are set out in note 6 to the financial statements. Non-audit fees comprised mainly fees for audit-related assurance services for the review of the Company’s Interim Statement.

Non-audit fees amounted to £22,000 (2017/18: £25,000) compared to £186,000 (2017/18: £184,000) of audit fees. The non-audit fees as a percentage of audit fees was 12% (2017/18: 14%), which reflects the Group’s restrictive policy governing the use of PwC for non-audit services.

**Auditor appointment and tendering**

PwC has served as Abcam’s external auditor since September 2013, when a full tender process was undertaken. The current audit partner, Sam Taylor, has served for one year and replaced Simon Ormiston who had served for a five-year term and rotated in accordance with best practice and the FRC’s Ethical Standards.

After considering PwC’s continued objectivity, independence and performance and with PwC having confirmed its willingness to continue in office as external auditor, the Committee recommended to the Board that PwC be re-appointed as external auditor for the 2019/20 financial year, subject to approval at the AGM.

**Conclusions**

The Committee has had another productive year providing oversight of financial reporting, external and internal audit, and the further development of the control and risk environments including the recent implementation of the financial and non-stock procurement Oracle Cloud ERP modules. This will continue as the Group grows and develops in line with its strategy and we will ensure that finance and risk capability is enhanced appropriately to manage in an increasingly complex business.

Sue Harris
Audit and Risk Committee Chairman
6 September 2019
Remuneration Committee

Our remuneration structure is aligned to the Company’s culture and aims to support Abcam’s long-term sustainable growth while fostering our underlying philosophy of share ownership.

Louise Patten
Remuneration Committee Chairman

Committee meetings

Committee members and attendance

<table>
<thead>
<tr>
<th>Name</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louise Patten (Chairman)</td>
<td>4/4</td>
</tr>
<tr>
<td>Peter Allen</td>
<td>4/4</td>
</tr>
<tr>
<td>Mara Aspinall</td>
<td>4/4</td>
</tr>
<tr>
<td>Sue Harris</td>
<td>4/4</td>
</tr>
</tbody>
</table>
| Giles Kerr   | 1/1       
  (Member from 19 March 2019) |
On behalf of the Board, I am pleased to present the Committee’s Report for the year ended 30 June 2019.

We delivered another solid financial performance in 2018/19, with total constant exchange rate (CER) revenue growth of 9.2%. Catalogue revenue rose 9.8% to £242.8m whilst Custom Products & Licensing revenue rose 0.4% to £17.1m, both on a CER basis. Adjusted EBITDA was £92.4m, up 4.6%. We sustained double-digit catalogue revenue growth by continuing to gain share in each of our global markets, growing at approximately twice market rates. The drivers of this growth arose from our successes in expanding our quality product range in recombinant antibodies and continuing to build out immunoassays as a new business line.

The dynamics of the markets we serve remain positive. The investments we have made, and will continue to make, are enabling Abcam to sustain strong top line growth and achieve the stretching strategic and financial targets we have set ourselves.

Within this context I would like to provide you with an overview of the Committee’s major decisions during 2018/19.

Remuneration policy
In last year’s Annual Report, we presented a number of changes to our Directors’ Remuneration Policy following a strategic review and engagement with our stakeholders over the course of 2017/18. 87% of shareholders voted in favour of the new policy when it was put to an advisory vote at the 2018 AGM. We thank all stakeholders for their feedback throughout the process. We firmly believe that the changes made were appropriate in light of Abcam’s exceptional growth and value creation since Alan Hirzel was appointed CEO, and that the new policy will continue to support Abcam’s future growth and philosophy of share ownership.

New global all employee share plan
In autumn 2018, we introduced AbShare, our new global all employee share plan, with the aim of bringing greater alignment across the organisation with the interests of our stakeholders while supporting our culture and underlying philosophy of employee share ownership.

Participants in AbShare contribute 5% of their base salary over three years (1.67% per annum) which is used to buy shares in the Company at the end of the savings period. In return, the Company matches this investment by the employee at a ratio of 10 shares for every one share purchased, subject to financial performance criteria being satisfied and continuous employment.

I am delighted to say that 88% of colleagues chose to join AbShare and the plan has gained external recognition too, winning a 2019 Global Equity Organisation (GEO) award for the ‘Most Innovative and Creative Plan Design (companies with <5,000 employees)’.

AbShare represents a step change in employee share ownership at Abcam and will greatly enhance the alignment of interests between colleagues and other stakeholders.

CFO departure
As announced on 22 July 2019, Gavin Wood will be stepping down as Chief Financial Officer over the next year to continue his career closer to his family home. Over the last three years Gavin has been steadfastly committed to our mission and he has significantly enhanced the finance function. I thank him for his contribution to the Company’s continued development and growth and wish him every success with the next phase of his career. Details of Gavin’s leaving arrangements are on page 83.

Base salary for Executive Directors
Alan Hirzel and Gavin Wood received an increase in base salary of 2.5% to £615,000 and £323,060, respectively, effective 1 July 2019, broadly in line with the average increase for Abcam’s UK employees of 2.7%.

Details of the fees for members of the Non-Executive Board are set out on page 81. While no members of the Non-Executive Board are involved in determining their own fees, they are provided in this report as part of our reporting on Directors’ remuneration.

2018/19 remuneration out-turns for Executive Directors
- Annual Bonus Plan (ABP) – the annual bonus out-turns in 2018/19 were 50.0% and 41.8% of the maximum award for financial and strategic measures, respectively, reflecting our performance against stretching targets during the year. In combination with strong performance which significantly exceeded expectations under the personal objectives for both of our Executive Directors, this means our Annual Bonus Plan will pay 55.8% of the maximum for both the CEO and CFO of which 30% is deferred into shares, in line with our policy. Further details regarding achievement against each performance target are set out on page 80.

- Long Term Incentive Plan (LTIP) – the awards granted to Alan Hirzel and Gavin Wood on 4 November 2016 contained performance conditions related to Earnings Per Share (EPS) and strategic KPIs measured over the three financial years ended 30 June 2019. Over the performance period, compound EPS grew 11.0% per annum against a minimum target of 8% and a maximum target of 12%. The overall achievement of strategic objectives was above threshold but below maximum, and the award will therefore vest at 76.4% of the maximum award. Further details regarding the achievement against the performance targets is on page 81.
As a Committee we will continue to ensure our remuneration structure is aligned to the Company’s culture that supports Abcam’s long-term sustainable growth, whilst fostering our underlying philosophy of share ownership.

Louise Patten
Remuneration Committee Chairman
6 September 2019

Strategically aligned
Our remuneration structure reflects and is aligned with our business strategy and culture. Equity ownership is central to our approach to remuneration which we believe can drive the right long-term behaviour and alignment with stakeholders’ interest in the Company’s sustainable long-term profitable growth. To further align the interests of Executive Directors with those of stakeholders, they are required to build and maintain significant shareholdings in Abcam over time, equal to two-times their base salaries in value.

This year we introduced AbShare, our new global all employee share purchase plan, with a significant performance match from Abcam. AbShare represents a step change in employee share ownership at Abcam and will greatly enhance the alignment of interests between colleagues and our shareholders.

Pay for performance
The remuneration of our leaders is structured to promote the long-term success of the Company and to reward value creation for our stakeholders.

Short-term incentives
Assessment of short-term incentives under the Annual Bonus Plan (ABP) is made against a scorecard of performance measures built around Abcam’s key financial and other strategic priorities for the relevant year. There is a deferral of shares under the ABP for Executive Directors and senior managers for a further two-year period following the initial year of performance measurement.

Long-term incentives
Awards are linked to long-term financial and strategic objectives. To further promote equity ownership and long-term performance, vesting occurs at the end of a three-year period with holding periods applying up to a further three years.

Market competitive
All elements of our remuneration are reviewed regularly to ensure they remain market competitive in order to attract and retain talent as well as to avoid excessive overpayment.

Fair pay
We are committed to paying our people fairly, ensuring that all our employees are appropriately and fairly rewarded.

Clear, transparent and simple
A key priority is to ensure that all of our employees understand how they are rewarded and we believe our remuneration structures should be as clear and simple as possible, so that everyone can understand how they are remunerated for performance.

Compliance and risk
The Committee’s role is to ensure our remuneration structures are compliant with the laws and corporate governance requirements that apply and risk assessment is a key consideration of all remuneration decisions.
## Components of remuneration

**Fixed**
- **Salary**
  - CEO – Alan Hirzel: £600
  - CFO – Gavin Wood: £315
- **Pension and other benefits**
  - CEO – Alan Hirzel: £75
  - CFO – Gavin Wood: £42

**Variable**
- **Annual bonus**
  - CEO – Alan Hirzel: £502
  - CFO – Gavin Wood: £184
- **LTIP**
  - CEO – Alan Hirzel: £725
  - CFO – Gavin Wood: £363
  - CFO – Gavin Wood (one-off new joiner award): £440

## Total remuneration

**CEO – Alan Hirzel**
- **Fixed**: 35.9%
- **Variable**: 64.1%

**CFO – Gavin Wood**
- **Fixed**: 28.1%
- **Variable**: 71.9%

## Shareholding requirements

**Actual shareholding as a % of salary**
- **CEO – Alan Hirzel**: 200% of base salary, 310.0%
- **CFO – Gavin Wood**: 200% of base salary, 50.9%
Implementation of Directors’ Remuneration Policy in 2019/20

Executive Directors’ base salaries
The base salaries of the CEO and CFO were increased as follows with effect from 1 July 2019.

<table>
<thead>
<tr>
<th></th>
<th>Salary as at 1 July 2019 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Hirzel</td>
<td>615</td>
</tr>
<tr>
<td>Gavin Wood</td>
<td>323</td>
</tr>
</tbody>
</table>

Annual Bonus Plan
The overall framework under the Annual Bonus Plan (ABP) will be as follows:

<table>
<thead>
<tr>
<th>Maximum % of salary</th>
<th>2019/20 measures</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>150%, of which 30% of any bonus is deferred into shares</td>
<td>Financial targets</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Strategic targets</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Personal objectives</td>
<td>17%</td>
</tr>
</tbody>
</table>

The Committee introduced a performance cross-underpin to the ABP in 2015. At the Committee’s discretion, vesting may be restricted if any of the three performance elements (financial, strategic or personal) shows serious underperformance, or if the Committee determines that there has been underperformance on the part of an Executive Director in their role.

LTIP awards
In their assessment of performance and the continuation of positive growth, the Committee considered it appropriate for the 2019 LTIP award for Alan Hirzel to be made at the same level as in 2018, as set out in the table below. Following the announcement of Gavin Wood’s departure, he will not be eligible for an LTIP award in 2019.

<table>
<thead>
<tr>
<th>Job title</th>
<th>2019 award level</th>
<th>Proposed measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>400%</td>
<td>125% of salary measured against EPS (87.5%) and strategic targets (37.5%).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>275% of salary measured against profitable revenue growth targets.</td>
</tr>
</tbody>
</table>

The EPS and strategic targets are measurable, quantifiable and aligned with the Group’s KPIs and are considered appropriately stretching in the context of our business strategy.

The EPS award will be 8% growth per annum compound for threshold vesting and 12% per annum compound for maximum vesting. Vesting will be at 25% if compound EPS growth is 8% per annum compound, increasing on a straight-line basis to maximum if growth is 12% per annum compound or greater. The profitable revenue growth targets will be 6% growth per annum compound for threshold vesting and 10% per annum compound for maximum vesting, measured over a three-year vesting period in constant currency. Vesting will be at 40% if profitable revenue growth is 6% per annum compound, increasing on a straight-line basis to maximum if growth is 10% per annum compound or greater. Revenue will be adjusted for new shares issued on a weighted basis. The Remuneration Committee will, at its discretion, make an adjustment if it judges that lower quality revenues have been acquired during the period.

Awards under the LTIP are subject to post-vesting retention periods with a restriction on sale for an additional term, as set out in the table below.

<table>
<thead>
<tr>
<th>% shares with sales restriction lifted by anniversary of vesting date</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>40%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>CFO</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>—</td>
</tr>
</tbody>
</table>

Pensions and flexible benefits
The Executive Directors are entitled to contributions from the Company of up to 13% of base salary into a flexible benefits fund which can be used for defined contribution pension plan contributions, a range of flexible benefits, or an equivalent cash supplement. They also receive a range of core benefits such as life insurance, private medical cover and annual health screens. In addition, Gavin Wood receives a company car benefit.

Non-Executive Directors
During 2016 the Company put in place fee arrangements for all NEDs where a portion of their fees would be delivered as a fixed number of fully paid ordinary shares and this structure was continued in 2018/19 with a re-calibrated notional share price. Effective 1 July 2018, the Company introduced a supplemental allowance of £12,500 per annum for Sue Harris and Louise Patten for their roles as Chairman of the Audit and Risk Committee and Chairman of the Remuneration Committee, respectively.
AUDITED INFORMATION

a) Executive Directors’ single figure for total remuneration in 2018/19

The aggregate remuneration provided to Directors is set out below.

<table>
<thead>
<tr>
<th></th>
<th>Fixed</th>
<th>Variable (performance-related)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base salary £’000</td>
<td>Benefits £’000</td>
</tr>
<tr>
<td>Alan Hirzel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>600</td>
<td>12</td>
</tr>
<tr>
<td>2017/18</td>
<td>492</td>
<td>3</td>
</tr>
<tr>
<td>Gavin Wood</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>315</td>
<td>29</td>
</tr>
<tr>
<td>2017/18</td>
<td>308</td>
<td>24</td>
</tr>
<tr>
<td>Total6</td>
<td>915</td>
<td>41</td>
</tr>
<tr>
<td>2017/18</td>
<td>800</td>
<td>27</td>
</tr>
</tbody>
</table>

1 The Company operates a flexible benefits scheme through which the Executive Directors are entitled to participate in a range of benefits which include life insurance, private healthcare and company car benefits. The 2018/19 figures for Alan Hirzel and Gavin Wood also include the cost of US tax compliance support.
2 The Executive Directors are entitled to contributions from the Company of up to 13% of base salary into a defined contribution pension plan. Where the Executive Directors have elected not to receive full contributions from the Company, they are entitled to draw an equivalent cash supplement, adjusted for employer’s National Insurance (NI) contributions, such that the Company is in a neutral position.
3 Bonus is paid 70% in cash and 30% as deferred shares which vest on the second anniversary immediately following a period of ten dealing days after the Company announces its preliminary results for the financial year, subject to continuous employment. In 2018/19 the value of the deferred share award will be £150,525 for Alan Hirzel (2017/18: £138,375) and Snl for Gavin Wood as explained further in note (f), below (2017/18: £86,484).
4 2018/19 LTIP (Long-Term Incentive Plan) payments for Alan Hirzel and Gavin Wood represent the value of the 2016 LTIP, based on the average fair market value in the final quarter, being £13.46. Gavin Wood’s figure also includes his new joiner award vesting in November 2019 valued on the same basis.
5 2017/18 long-term incentives for Alan Hirzel represent the value of the 2015 LTIP which vested at 90.44% and SIP shares granted in year based on the average 2017/18 Q4 value, being £12.68.
6 2017/18 total excludes £192,000 paid to Jim Warwick, a former director, who resigned on 31 December 2016.

Annual Bonus Plan (ABP) – targets and performance outcomes

The 2018/19 ABP consisted of three elements: Group profit performance, achievement of strategic goals and individual performance.

<table>
<thead>
<tr>
<th>Performance measures</th>
<th>Weighting</th>
<th>Threshold (25%)</th>
<th>Target (50%)</th>
<th>Exceed (75%)</th>
<th>Maximum (100%)</th>
<th>Overall 2018/19 achievement</th>
<th>2018/19 out-turn (% of overall maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>50%</td>
<td>£86–88m</td>
<td>£88–90m</td>
<td>£90–92m</td>
<td>&gt;£92m</td>
<td>Target 25%</td>
<td>55.8%</td>
</tr>
<tr>
<td>Strategic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recombinant antibody revenue growth</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Above threshold 13.8%</td>
<td></td>
</tr>
<tr>
<td>Immunoassay revenue growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer engagement: tNPS²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Maximum 17.0%</td>
<td></td>
</tr>
<tr>
<td>Executive Directors comprising a range of targets.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Financial performance is based on the Group’s adjusted profit before tax (adjusted PBT), amended to reflect bonuses on a budgeted exchange rate basis and any other items the Remuneration Committee considers it appropriate to adjust for.
2 In November 2018, the Company appointed a new Transactional Net Promoter Score (tNPS) survey partner. As a consequence of this, the mechanism by which customer feedback is obtained changed and resulted in a tNPS outcome that is approximately 10% lower than under the previous mechanism. As the original target was set with reference to the previous mechanism, the Committee resolved to adjust for this mid-year change on a pro-rata basis from November 2018.
a) Executive Directors’ single figure for total remuneration in 2018/19 continued

Long Term Incentive Plan (LTIP) – targets and performance outcomes

The vesting of the LTIP awards granted in 2016 to Alan Hirzel and Gavin Wood, and the performance-based element of Gavin Wood’s joiner award, were based on the following performance out-turns.

<table>
<thead>
<tr>
<th>Performance measures</th>
<th>Weighting</th>
<th>Threshold performance</th>
<th>Maximum performance</th>
<th>Overall achievement</th>
<th>LTIP vesting (% of overall maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Compound annual EPS growth1</td>
<td>70%</td>
<td>8%</td>
<td>12%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Strategic</td>
<td>RabMAb revenue growth</td>
<td>7.5%</td>
<td>Exceeded the maximum target of 20% growth.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-primaries revenue growth</td>
<td>7.5%</td>
<td>Below the maximum target of 20% growth.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net promoter score relative to market leader</td>
<td>7.5%</td>
<td>Threshold performance target not met.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market position</td>
<td>7.5%</td>
<td>Achieved maximum target of 1st in primary antibodies category as well as 2nd in non-primaries antibody category.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>100.0%</td>
<td>76.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Earnings Per Share (EPS) compound annual growth rate, amended for events which were unforeseen when the target was set in 2016, including the incremental cost of changes to our share incentive schemes and ERP programme costs in 2019.

The PBT and EPS targets set under the Annual Bonus Plan and LTIP have been disclosed in full. For the strategic measures, targets have been disclosed where not considered commercially sensitive.

b) 2018/19 single figure for total remuneration for the Chairman and the other Non-Executive Directors (NEDs)

The Company has a philosophy of share ownership which is extended to the Chairman and NEDs by delivering one third of their fees as Abcam shares. Shares for NEDs are awarded at the beginning of the first open period following the announcement of the annual results. PAYE and NI are deducted and the net amount is used to purchase the actual shares delivered to each NED. Each NED has committed not to transfer or sell these shares during the term of their non-executive directorship.

Single figure for total remuneration

The aggregate fees paid to Non-Executive Directors who served the Company during the year ended 30 June 2019:

<table>
<thead>
<tr>
<th>Fees</th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total fee £000</td>
<td>Delivered as cash £000</td>
</tr>
<tr>
<td>Current Non-Executive Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Allen2</td>
<td>225</td>
<td>150</td>
</tr>
<tr>
<td>Jonathan Milner</td>
<td>70</td>
<td>47</td>
</tr>
<tr>
<td>Louise Patten3</td>
<td>83</td>
<td>55</td>
</tr>
<tr>
<td>Sue Harris</td>
<td>83</td>
<td>55</td>
</tr>
<tr>
<td>Mara Aspinall4</td>
<td>71</td>
<td>48</td>
</tr>
<tr>
<td>Giles Kerr5</td>
<td>39</td>
<td>27</td>
</tr>
<tr>
<td>Past Non-Executive Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Murray Hennesssey6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total remuneration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Shares will be awarded at the beginning of the first open period following the announcement of the annual results in September 2019.
2 Peter Allen was appointed Chairman on 18 June 2018 and received his fee for June 2018 in cash only. Effective 1 July 2018, his fee arrangement is structured in the same way as the other Non-Executive Directors with two thirds paid in cash and one third in shares.
3 Louise Patten’s fee for 2017/18 included a temporary increase of £100,000 per annum which was time apportioned to reflect her time as Interim Chairman from 14 November 2017 until 18 June 2018.
4 Mara Aspinall received tax compliance support in the preparation of her tax returns relating to her income from Abcam for which £1,200 was paid by Abcam and is included in the total fee for 2018/19.
5 Giles Kerr was appointed Non-Executive Director on 12 December 2018 and received his fee for December 2018 in cash only. Effective 1 January 2019, his fee arrangement is structured in the same way as the other Non-Executive Directors with two thirds paid in cash and one third in shares.
6 Murray Hennesssey stepped down as Chairman on 14 November 2017. The 2017/18 ‘Delivered as cash’ figure in the table above represents the pro-rated cash element of his fees to his departure date and the cash equivalent of his share entitlement to this date converted at the closing price on 14 November 2017, being £9.66.
## AUDITED INFORMATION continued

### c) Executive Directors’ share scheme interests

<table>
<thead>
<tr>
<th>Date of conditional award granted in the year</th>
<th>Price at award date</th>
<th>Award basis</th>
<th>Maximum receivable at 1 July 2018</th>
<th>Awarded during the year</th>
<th>Vested/released during the year</th>
<th>Lapsed</th>
<th>Maximum receivable at 30 June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Hirzel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP – Deferred shares</td>
<td>26 Oct 18</td>
<td>£13.42</td>
<td>Up to 45% base salary</td>
<td>25,248</td>
<td>10,308</td>
<td>(9,169)</td>
<td>26,387</td>
</tr>
<tr>
<td>LTIP</td>
<td>7 Nov 18</td>
<td>£12.33</td>
<td>400% base salary</td>
<td>197,011</td>
<td>194,647</td>
<td>(59,882)</td>
<td>(6,330) 325,446</td>
</tr>
<tr>
<td>SIP Free shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,374</td>
<td>—</td>
<td>(601)</td>
<td>773</td>
</tr>
<tr>
<td>SIP Matching shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>713</td>
<td>—</td>
<td>(301)</td>
<td>412</td>
</tr>
<tr>
<td>SIP Dividend shares</td>
<td>30 Nov 18 &amp; 12 Apr 19</td>
<td>£11.54</td>
<td>Per scheme rules</td>
<td>173</td>
<td>63</td>
<td>(59)</td>
<td>177</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gavin Wood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP – Deferred shares</td>
<td>26 Oct 18</td>
<td>£13.42</td>
<td>Up to 45% base salary</td>
<td>9,554</td>
<td>6,442</td>
<td>—</td>
<td>15,996</td>
</tr>
<tr>
<td>LTIP</td>
<td>7 Nov 18</td>
<td>£12.33</td>
<td>200% base salary</td>
<td>105,192</td>
<td>51,124</td>
<td>—</td>
<td>156,316</td>
</tr>
<tr>
<td>SIP Free shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>773</td>
<td>—</td>
<td>—</td>
<td>773</td>
</tr>
<tr>
<td>SIP Matching shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>412</td>
<td>—</td>
<td>—</td>
<td>412</td>
</tr>
<tr>
<td>SIP Dividend shares</td>
<td>30 Nov 18 &amp; 12 Apr 19</td>
<td>£11.54</td>
<td>Per scheme rules</td>
<td>19</td>
<td>17</td>
<td>—</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>224,519</td>
<td>205,018</td>
<td>(70,012)</td>
<td>(6,330) 353,195</td>
</tr>
</tbody>
</table>

1. The out-turn for minimum performance under the LTIP is 25% with awards vesting on a straight-line basis up to the maximum depending on achievement of performance conditions.

2. The market price of shares released to Alan Hirzel under the ABP and LTIP during the year was £13.51 and £12.32, respectively, resulting in gains of £123,873 and £737,656, respectively.

### Share Incentive Plan (SIP)

In 2017/18 and prior to that, the Company maintained an HM Revenue and Customs approved SIP. No awards will be granted under the SIP while AbShare, the new all employee share plan, is in place, except for Dividend reinvestments. Neither Alan Hirzel or Gavin Wood are eligible to participate in AbShare.
d) Directors’ beneficial shareholdings and share interests

A shareholding guideline of two times salary for all Executive Directors has been in effect from the date of the 2015 AGM and was renewed at last year’s meeting. This level is to be built up over a period ending on the later of the fifth anniversary of appointment or the fifth anniversary of introduction of the policy and ceases to apply after they cease to be an Executive Director of Abcam. Until the shareholding guideline is achieved, an Executive Director is prohibited from selling any shares they have acquired through a Company scheme. They can, however, sell sufficient shares to satisfy any tax liability that may arise on the release or exercise of an award.

Shareholdings for all Directors is set out as follows:

<table>
<thead>
<tr>
<th>Beneficially owned 30 June 2019</th>
<th>Beneficially owned 30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Directors</strong></td>
<td></td>
</tr>
<tr>
<td>Alan Hirzel</td>
<td></td>
</tr>
<tr>
<td>90,075</td>
<td>68,967</td>
</tr>
<tr>
<td>48,133</td>
<td>27,445</td>
</tr>
<tr>
<td>138,208</td>
<td>96,412</td>
</tr>
<tr>
<td>310.0%</td>
<td>248.5%</td>
</tr>
<tr>
<td>Gavin Wood</td>
<td></td>
</tr>
<tr>
<td>11,912</td>
<td>11,912</td>
</tr>
<tr>
<td>50.9%</td>
<td>49.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Executive Directors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jonathan Milner</td>
<td></td>
</tr>
<tr>
<td>19,926,619</td>
<td>20,886,072</td>
</tr>
<tr>
<td>6,196</td>
<td>4,106</td>
</tr>
<tr>
<td>19,932,815</td>
<td>20,890,178</td>
</tr>
<tr>
<td>Peter Allen</td>
<td></td>
</tr>
<tr>
<td>12,000</td>
<td>3,240</td>
</tr>
<tr>
<td>12,000</td>
<td>3,240</td>
</tr>
<tr>
<td>Sue Harris</td>
<td></td>
</tr>
<tr>
<td>—</td>
<td>3,240</td>
</tr>
<tr>
<td>—</td>
<td>3,240</td>
</tr>
<tr>
<td>Louise Patten</td>
<td></td>
</tr>
<tr>
<td>45,299</td>
<td>37,261</td>
</tr>
<tr>
<td>7,291</td>
<td>3,262</td>
</tr>
<tr>
<td>52,590</td>
<td>40,523</td>
</tr>
<tr>
<td>Mara Aspinall</td>
<td></td>
</tr>
<tr>
<td>5,070</td>
<td>5,070</td>
</tr>
<tr>
<td>6,114</td>
<td>2,832</td>
</tr>
<tr>
<td>11,184</td>
<td>7,902</td>
</tr>
<tr>
<td>Giles Kerr</td>
<td></td>
</tr>
<tr>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

1. Includes SIP shares held in trust which are not subject to forfeiture conditions upon termination of employment and shares held by connected persons.
2. Shares subject to retention conditions are entitled to dividends and accordingly are beneficially owned.
3. A value of £13.46 (30 June 2018: £12.68) per share was used to value the beneficially owned shares based on the average market share price in the final quarter of the financial year.

e) Non-executive appointments at other companies

Neither of the Executive Directors served as NEDs elsewhere during the year.

f) CFO leaving arrangements

As announced on 22 July 2019, Gavin Wood has given Abcam notice of his intention to step down from the Board. To ensure an orderly transition, it has been agreed that Gavin will work his 12 month notice period with the proviso that if he secures a commensurate position before it ends, the Committee would consider releasing him early and his notice, annual bonus plan participation and pro-rata share awards would be reduced in mitigation accordingly.

The treatment of his incentive awards will be subject to time pro-rating and performance, as set out below:

- In respect of the 2018/19 annual bonus, the cash element (70%) will be paid; however a deferred share award will not be granted, reducing the overall annual bonus for the year.
- Gavin will remain eligible to receive a cash award under the Annual Bonus Plan in respect of his performance in 2019/20, at the discretion of the Remuneration Committee. He will not be eligible for the portion deferred into shares.
- Outstanding deferred share awards in respect of the 2016/17 and 2017/18 Annual Bonus Plan will be permitted to vest in accordance with normal timelines (e.g. in September 2019 and 2020 respectively).
- No LTIP award will be granted in 2019.
- 2016, 2017 and 2018 LTIP awards will subsist and be subject to performance, pro-rated for time served during the performance period.
UNAUDITED INFORMATION

a) Performance graph

The Company’s Total Shareholder Return (TSR) since 2008 compared to a broad equity market is shown in the graph below and represents the value by 30 June 2019 of £100 invested in the Company’s shares on 1 July 2008 compared with the FTSE 250 Index and the FTSE AIM 100 Index. The FTSE 250 Index has been chosen as the comparator because Abcam would sit within this if it were listed on the Main Market of the London Stock Exchange. The Committee considers the relatively complex international nature of this index to be comparable to the Company’s business operations where a large proportion of revenues are generated outside the UK.

TSR performance graph (data at 30 June each year)

<table>
<thead>
<tr>
<th>Year</th>
<th>ABCAM</th>
<th>FTSE 250</th>
<th>FTSE AIM 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
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<td></td>
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<tr>
<td>2013</td>
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<td>2014</td>
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<tr>
<td>2015</td>
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<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bloomberg

b) CEO remuneration

The table below shows the historical total remuneration for the person undertaking the role of CEO:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>CEO</th>
<th>CEO single figure for total remuneration £000</th>
<th>Annual bonus awarded against maximum opportunity</th>
<th>Long-term incentive vesting rates against maximum opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018/19</td>
<td>Alan Hirzel</td>
<td>1,914</td>
<td>55.8%</td>
<td>76.4%</td>
</tr>
<tr>
<td>2017/18</td>
<td>Alan Hirzel</td>
<td>1,788</td>
<td>62.5%</td>
<td>90.44%</td>
</tr>
<tr>
<td>2016/17</td>
<td>Alan Hirzel</td>
<td>1,369</td>
<td>78.0%</td>
<td>71.6%</td>
</tr>
<tr>
<td>2015/16</td>
<td>Alan Hirzel</td>
<td>614</td>
<td>52.0%</td>
<td>n/a1</td>
</tr>
<tr>
<td>2014/15</td>
<td>Alan Hirzel</td>
<td>685</td>
<td>73.3%</td>
<td>n/a1</td>
</tr>
<tr>
<td>2013/14</td>
<td>Jonathan Milner</td>
<td>642</td>
<td>56.8%</td>
<td>—</td>
</tr>
<tr>
<td>2012/13</td>
<td>Jonathan Milner</td>
<td>821</td>
<td>71.2%</td>
<td>16.9%</td>
</tr>
<tr>
<td>2011/12</td>
<td>Jonathan Milner</td>
<td>739</td>
<td>60.0%</td>
<td>96.3%</td>
</tr>
<tr>
<td>2010/11</td>
<td>Jonathan Milner</td>
<td>805</td>
<td>62.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2009/10</td>
<td>Jonathan Milner</td>
<td>716</td>
<td>100.0%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

1 Vesting of long-term incentives is measured over a three-year performance period. For the 2014/15 and 2015/16 years, Alan Hirzel had not been employed by Abcam for more than three years, and therefore no long-term incentives had vested.
c) Percentage change in CEO remuneration

Abcam has an international workforce of 1,155 employees in 11 countries. Due to the differing local pay levels across each of our overseas offices, the Committee considers the most meaningful comparator group to be the average remuneration of UK employees.

The following table shows the percentage change in remuneration between the years ended 30 June 2018 and 30 June 2019 for the CEO and this comparator group.

<table>
<thead>
<tr>
<th>Salary</th>
<th>Annual Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO percentage change</td>
<td>2.5%</td>
</tr>
<tr>
<td>Comparator group percentage change</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

1 Annual bonus award for the financial year paid in October following the end of the year. The CEO’s bonus award was higher than the prior year due to his salary increase effective 1 July 2018.
2 Comparator group is inclusive of promotions in the annual salary review cycle.

d) Relative importance of spend on pay

The table below shows Abcam’s dividend payout increased by 1.1% versus the total Group staff costs increase of 17.2% between the financial years ended 30 June 2018 and 30 June 2019.

<table>
<thead>
<tr>
<th>Year ended 30 June 2019 £m</th>
<th>Year ended 30 June 2018 £m</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends in respect of the financial year</td>
<td>24.9</td>
<td>24.6</td>
</tr>
<tr>
<td>Total Group staff costs</td>
<td>72.8</td>
<td>62.1</td>
</tr>
</tbody>
</table>

1 Dividends are the interim and final dividends paid in respect of the financial year ended 30 June 2018, and the interim dividend paid and the final dividend recommended in respect of the financial year ended 30 June 2019.
2 Total Group staff costs includes bonuses, employer social security, pension contributions, redundancies and share-based charges.
3 Increase in total Group staff costs due to an overall increase in headcount in addition to salary increases for existing employees during the year.

e) Remuneration Committee

The Committee advises the Board on overall Remuneration Policy on behalf of the Board, and with the benefit of advice from external consultants and the SVP, Human Resources, it also determines the remuneration of the Executive Directors and proposes a fee for the Chairman of the Board of Directors (with the Chairman not being present for any discussions on his fee). The remuneration of the NEDs is determined by the Chairman and the Executive Directors.

The Committee formulates and applies the policy with consideration to the prevailing economic climate in the major economies in which the Group operates. It also observes the spirit of the Group’s core values, including responsible leadership in the external and internal social environment. Consequently, the Committee closely considers the Company’s performance in building both long-term value and a secure future for all stakeholders.

The Committee currently comprises five NEDs, each of whom the Company deems to be independent: Peter Allen, Louise Patten, Sue Harris, Mara Aspinall, and Giles Kerr. Louise Patten is chairman of the Committee.

The Chief Executive Officer, Company Secretary, and SVP, Human Resources attend the Committee meetings by invitation and assist the Committee in the execution of its objectives, except when issues relating to their own compensation are discussed.

No Director is involved in deciding his or her own remuneration.

While it is the Committee’s responsibility to exercise independent judgement, the Committee does request advice from management and professional advisors, so as to be informed on the internal and external environment.

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the Committee. The five independent members of the Committee have no conflicts of interest arising from cross-directorships. Members of the Committee have no day-to-day involvement in the running of the Company. The Committee met four times during the year. Details of attendance can be found in the Corporate Governance Report (see page 60).
e) Remuneration Committee continued

External advisors to the Committee

The following table sets out the details of external advisors who provided material assistance to the Committee during the year in its consideration of matters related to Directors’ remuneration:

<table>
<thead>
<tr>
<th>Advisors</th>
<th>Appointment and selection</th>
<th>Other services provided to the Company</th>
<th>Fees for Committee assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte LLP (Deloitte)</td>
<td>Appointed to provide ongoing advice to the Committee on various matters including Directors’ remuneration reporting regulations, shareholder communication and other governance matters.</td>
<td>Advice on employee reward.</td>
<td>£18,050</td>
</tr>
</tbody>
</table>

Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that advice received from Deloitte during the year was objective and independent.

Statement of voting at general meeting

The table below shows the advisory vote on the 2018 Annual Report on Remuneration and on the Directors’ Remuneration Policy at the 2018 AGM.

<table>
<thead>
<tr>
<th></th>
<th>Votes for</th>
<th></th>
<th>Votes against</th>
<th></th>
<th>Votes total</th>
<th>Votes withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remuneration Report</td>
<td>110,136,140</td>
<td>67.13</td>
<td>53,926,252</td>
<td>32.87</td>
<td>164,062,392</td>
<td>42,291</td>
</tr>
<tr>
<td>2018 Remuneration Policy</td>
<td>141,003,710</td>
<td>86.65</td>
<td>21,715,387</td>
<td>13.35</td>
<td>162,719,097</td>
<td>1,385,586</td>
</tr>
</tbody>
</table>

Changes to our Remuneration Policy were made following a strategic review and engagement with our stakeholders. The lower voting outcome for the Remuneration Report reflects that some shareholders were not supportive of the package of changes we made. During the review, the Committee sought to hear shareholders’ views via both direct communication and ongoing broader investor interaction, and the decisions made took into consideration the balance of the feedback received. The Committee firmly believes that the changes made were appropriate in light of Abcam’s exceptional growth and value creation since Alan Hirzel was appointed CEO, and that the new Policy will continue to support Abcam’s future growth and philosophy of share ownership.

Approval

Approved by the Board and signed on its behalf by:

Louise Patten
Remuneration Committee Chairman
6 September 2019
The Directors present their Report together with the audited consolidated financial statements for the year ended 30 June 2019.

Pages 1 to 89 inclusive (together with sections of the Annual Report incorporated by reference) consist of the Strategic Report and the Directors’ Report that have been drawn up and presented in accordance with and in reliance upon applicable English company law. The liabilities of Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

Additional information incorporated by reference into this Directors’ Report, including disclosures required under the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code 2016 (2016 Code), can be located as follows:

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likely future developments</td>
<td>Throughout the Strategic Report on pages 1 to 53</td>
</tr>
<tr>
<td>Research and development activities</td>
<td>Our business model on page 20 and financial review on page 50</td>
</tr>
<tr>
<td>Financial instruments and risk management</td>
<td>Note 23 to the consolidated financial statements</td>
</tr>
<tr>
<td>Employee involvement</td>
<td>Corporate responsibility on pages 24 and 25</td>
</tr>
</tbody>
</table>

Dividends

The Directors recommend a final dividend of 8.58 pence (2017/18: 8.58 pence) per ordinary share to be paid on 30 November 2019 to shareholders on the register on 8 November 2019. The associated ex-dividend date will be 30 November 2019. The Directors recommend a final dividend of 3.55 pence per share paid on 12 April 2019, this brings the total dividend for the financial year ended 30 June 2019 to 12.13 pence per share (2017/18: 12.00 pence).

Control and share structure

Details of the authorised and issued share capital, together with details of the movements in the Company’s issued share capital during the year, are shown in note 21 to the consolidated financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company’s shares that may result in a restriction on the transfer of securities or on voting rights. No person has any special rights of control over the Company’s share capital and all issued shares are fully paid.

Details of employee share schemes are set out in note 24 to the financial statements. Shares held by the Abcam Employee Share Benefit Trust abstain from voting.

Disabled employees

Abcam is an equal opportunities employer and ensures that applications for employment from people with disabilities and other under-represented groups are given full and fair consideration. Such individuals are given the same training, development and job opportunities as other employees. Every effort is also made to retain and support employees who have a disability during their employment, including flexible working to assist their re-entry into the workplace and making alternative suitable provisions.

Agreements affected by change of control

The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover.

There are no agreements between the Company and its Directors providing for compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid. However, members of the Executive Leadership Team, excluding the Executive Directors, are entitled to an agreed sum equal to six months’ basic salary in the event of a dismissal for any reason other than misconduct (including constructive dismissal by reason of a fundamental breach of contract by Abcam or a successor employer) within 12 months following a change of control, provided that the individual enters into a settlement agreement and agrees to certain obligations regarding confidentiality, intellectual property and restrictive covenants. The agreed sum is payable in addition to any pay in lieu of notice, but includes any entitlement to statutory redundancy pay.

Major interests in shares

Details of the interests in shares held by the directors notified to the Company in accordance with Chapter 5 of the FCA’s Disclosure Guidance and Transparency Rules (excluding Directors’ interests, which are set out on page 83) are set out below:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of ordinary shares held</th>
<th>Percentage of issued share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>T. Rowe Price Group</td>
<td>26,094,312</td>
<td>12.69%</td>
</tr>
<tr>
<td>Standard Life Aberdeen</td>
<td>11,408,697</td>
<td>5.55%</td>
</tr>
<tr>
<td>Baillie Gifford &amp; Co Ltd</td>
<td>10,471,257</td>
<td>5.09%</td>
</tr>
<tr>
<td>Wasatch Advisors Inc</td>
<td>8,732,131</td>
<td>4.24%</td>
</tr>
<tr>
<td>Harding Loevner LLC</td>
<td>7,751,834</td>
<td>3.77%</td>
</tr>
<tr>
<td>Invesco Ltd</td>
<td>6,361,620</td>
<td>3.10%</td>
</tr>
</tbody>
</table>

As at 6 September 2019 no changes in these shareholdings have been notified.
Purchase of own shares
At the end of the year, the Directors had authority, under a resolution passed at the Company’s AGM on 6 November 2018, to purchase through the market 20,510,234 of the Company’s ordinary shares, subject to the conditions set out in that resolution. No shares were purchased under this authority during the year under review.

Directors
Brief biographical descriptions of the current Directors of the Company, all of whom were in office throughout the year and up to the date of signing the financial statements (other than Giles Kerr, who was appointed as a Non-Executive Director on 12 December 2018) are set out on pages 58 and 59. The beneficial and non-beneficial interests of the Directors in the Company’s ordinary shares of 0.2 pence are disclosed in the Annual Report on Remuneration.

The powers of the Directors are determined by UK legislation and the Company’s Articles of Association, together with any specific authorities that may be given to the Directors by shareholders from time to time (for example the authority to allot or purchase shares in the Company).

Re-election of Directors
The Chairman has determined that each individual demonstrates commitment to his or her role and displays effective performance; he is therefore recommending the re-election of all Directors seeking to remain on the Board. Abcam has elected to comply with 2016 Code Provision B.7.1 and therefore all Directors shall retire and all Directors, save for Sue Harris, shall stand for re-election at the AGM to be held on 13 November 2019.

Articles of Association
The rules governing the appointment and replacement of Directors are contained in the Company’s Articles of Association. The Articles of Association may be amended only by special resolution at a general meeting of shareholders.

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the reporting period and these remain in force at the date of this report.

Directors’ and officers’ insurance
The Company has purchased and maintained throughout the financial year directors’ and officers’ liability insurance to cover any claim for wrongful acts in connection with their positions. The insurance provided does not extend to claims arising from fraud or dishonesty.

Going concern
The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. In considering going concern, the Directors have considered the Group’s principal risks and uncertainties set out on pages 39 to 44 and have reviewed the Group’s forecasts and projections, taking account of reasonably possible changes in trading performance. These show that the Group should be able to operate within the limits of its available resources.

Annual General Meeting
The AGM will be held at Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX, UK on 13 November 2019 at 2.30 pm. A presentation will be made at this meeting outlining the recent developments in the business. All voting at the meeting will be conducted by show of hands where every shareholder present in person or by proxy will have one vote, unless a poll is requested by a shareholder for which each shareholder present or by proxy will have one vote for each share of which they are the owner.

The Group will publish the results of the votes on its website after the AGM. Shareholders are invited to submit written questions in advance of the meeting. Questions should be sent to the Company Secretary, Abcam plc, Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX, UK.

Details of the resolutions to be proposed at the meeting are set out in the Circular and Notice of AGM 2019, which will be made available to all shareholders, together with a proxy card.

Statement of Directors’ responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

United Kingdom company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and have elected to prepare the Company financial statements in accordance with UK Generally Accepted Accounting Practice (Accounting Standards and applicable law, including FRS 101 "Reduced Disclosure Framework").
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the EU and applicable UK Accounting Standards and applicable law have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements, respectively
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the biographies on pages 58 and 59, confirms that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company
- the Directors’ Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and the Company’s performance, business model and strategy

**Statement on corporate governance**

The UK Corporate Governance Code (Code) sets out the principles of good practice in relation to corporate governance to be followed by main market-listed companies. Although as an AIM-listed company we are not required to comply with the Code, the Board believes that it is appropriate for Abcam to comply with the Code. For the year ended 30 June 2019, we have complied with all of the principles and provisions of the 2016 edition of the Code, except as follows:

- **Clawback on annual bonus cash component.** 2016 Code Provision D.1.1 has not been implemented in full as there is no clawback on the cash component of the annual bonus. There is, however, clawback on the deferred share component of the annual bonus.

- **Shareholder approval of long-term incentive schemes.** 2016 Code Provision D.2.4 relating to the approval of long-term incentive schemes by shareholders has not been implemented. However the provisions of our long-term incentive plan are in line with Schedule A of the 2016 Code.

**Provision of information to the auditor**

Each Director in office at the date the Directors’ Report is approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group and the Company’s auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as Director in order to make himself/herself aware of any relevant audit information and to establish that the Group and the Company’s auditor is aware of that information.

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.

On behalf of the Board

Peter Allen
Chairman
6 September 2019

Marc Perkins
Associate General Counsel and Company Secretary
6 September 2019