

abcam

**Annual
Report and
Accounts
2020**

I am pleased to present the Corporate Governance Report for the year ended 30 June 2020, which includes details about the Board and an explanation of our individual roles and responsibilities. We also summarise the activities of the Board, and the Chair of each Board Committee discusses the activities of that Committee during the past year to illustrate how we have discharged our responsibilities to all stakeholders this year – driving the culture of good governance and integrity that is pervasive across the business necessary to achieve Abcam's strategic goals.

The UK Corporate Governance Code

It has been an important year for the Board, we have been mindful of the new requirements of the 2018 Corporate Governance Code (the Code) and the FRC's Guidance on Board Effectiveness and as a Board we continue to keep under review implementation of best practice processes. Although as an AIM-traded company we are not required to comply with the Code, the Board believes that robust corporate governance is vital to maintaining the long-term sustainable performance and growth of our business and feel that applying the Code continues to be appropriate given Abcam's market capitalisation.

The principles of the Code, and their supporting provisions, cover five broad areas and the Board is responsible for overseeing Abcam's measures for compliance with the Code. You can find further detail on the areas covered by the Code in the following sections of this Governance report, with additional information contained in the Strategic report:

Board leadership and company purpose – pages 66 to 70;
Division of responsibilities – pages 66 and 67;
Composition, succession and evaluation – page 68 to 70 and 73 and 74;
Audit, risk and internal control – pages 75 to 79;
Remuneration – pages 80 to 93.

I am happy to report that this year we have complied with all the principles of the Code and all of the provisions save for provisions 24 and 36. More details can be found in our Statement on Corporate Governance in the Directors' Report on page 96. In accordance with AIM Rule 26, you can also find details of our compliance with the Code and our explanations for any non-compliance at www.abcampic.com.

Purpose and culture

This year, following feedback from stakeholders, we have provided greater detail in our Strategic Report on how Abcam's purpose and culture helps to deliver sustainable value creation for all stakeholders. How we achieve our purpose through our products, our people, and our partners underpins our sustainable value creation and drives our culture. More details can be found in our Strategic Report on pages 4 to 38.

Section 172

The Board welcomes the new reporting requirement to help shareholders better understand how we have operated to promote the success of the Company, while having regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Board, advised by the Company Secretary is, mindful of its section 172 duty when considering any decisions and the impact those decisions may have upon all stakeholders. Abcam's principal stakeholders and the impact we have upon them, including details of how we have engaged with our employees throughout the year, is discussed at pages 58 to 62 and page 71.



Board changes during FY19/20

As announced last year, Sue Harris left the Board after choosing not to seek re-election at the 2019 AGM and Giles Kerr has taken over as Chair of the Audit and Risk Committee.

On 3 February 2020, Gavin Wood stood down as Chief Financial Officer and Executive Director and his role was assumed by Michael Baldock. Michael was appointed unanimously by the Board following an extensive and thorough recruitment process.

On 16 June 2020, Jonathan Milner, co-founder and Non-Executive Deputy Chairman of Abcam, informed the Board that he will not be standing for re-election at the next AGM.

As a result of these Board changes we have decided to start a search for at least one new Non-Executive Director.

Board evaluation

This year, in accordance with the requirements of the Code, we have conducted an externally facilitated review of our effectiveness as a Board. The overall findings from the review concluded that Abcam's Board, Committees and individual Directors continue to operate effectively. The Board has actively discussed the recommendations arising out of the review and a number of actions have been taken by the Board to build on the findings. Further details on the Board effectiveness review and its findings are set out on page 74.

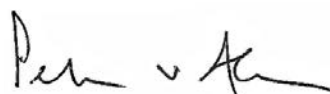
What the Board has focused on this year

Over the past year the Board has continued to focus on implementing Abcam's strategy and the measures necessary to meet our goals. This has included a focus on the key strategic acquisitions completed during the year, including the acquisition of the proteomics and immunology business of Expedeon AG, our dividend policy and the equity issue to Durable Capital Partners. The closing months of the year were inevitably focused on the outbreak of the COVID-19 pandemic. During this time we worked as a Board to ensure we were able to safeguard our employees and our business while continuing to serve our customers and the important work they are doing. We convened additional ad hoc Board meetings to receive regular detailed updates on the impact and response of the business to the COVID-19 pandemic and rapidly adopted technological solutions to allow Board meetings to take place remotely via video conference. The Board recognises its duties and responsibilities to our shareholders and other stakeholders' and I believe our response to COVID-19 demonstrates this, you can find further details on page 6.

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 our interim results in March, we consulted with our major shareholders with regards to our dividend policy, the majority of whom supported our view that the best way to maximise shareholder value over the long term is to increase our flexibility to invest in attractive growth opportunities as they arise. As was announced on 11 May, we constructively engaged with shareholders to understand their views with respect to the votes against the resolution to re-elect me at our last AGM. Following this engagement, and consistent with the Board's and Company's ongoing commitment to comply with best practise where possible, I decided to relinquish my position as a member of Abcam's Audit and Risk Committee and to step down as Chairman of the Board of Diurnal Group plc. Further detail on how we have engaged with shareholders can be found on pages 60 and 71.

The year ahead

Over the coming year, in addition to our normal duties, our focus will be on continuing to implement our strategy in a way that allows Abcam to most effectively fulfil our purpose, in particular taking into consideration the impacts and lessons learnt from the COVID-19 pandemic.



Peter Allen
Chairman

12 September 2020

Governance structure

Board

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 other stakeholders.

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. The Chairman encourages rigorous debate at Board meetings on how Abcam is meeting its agreed goals and objectives, and he ensures that the Directors receive accurate, timely and clear information.

Meet our Board of Directors on pages 68 and 69.

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 can be found on the Company's investor relations website at www.abcamplc.com. The matters reserved for the Board and the terms of reference for each of its Committees reflect the requirements of the Code.

Board meetings, information and support

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. Such ad hoc meetings were called this year to discuss the share issue to Durable Capital Partners; to monitor and discuss the impacts of the COVID-19 pandemic on the business; and to consider whether to explore a potential secondary listing in the United States. To ensure meetings could continue following the social distancing restrictions imposed by the UK government in response to the COVID-19 pandemic, from 1 April 2020 the Board has been meeting through video conferencing facilities. This has allowed Board meetings to continue to be conducted in largely the same manner as prior to imposition of social distancing restrictions, save that the Board are no longer all present in the same location.

The Chair 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.

	Scheduled Board meetings	Ad hoc Board meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Current Directors					
Peter Allen ¹	8/8	5/5	5/5	7/7	3/3
Jonathan Milner	8/8	5/5	n/a	n/a	n/a
Louise Patten	8/8	5/5	5/5	7/7	3/3
Mara Aspinall ²	8/8	5/5	0/0	7/7	3/3
Giles Kerr ³	8/8	4/5	5/5	7/7	3/3
Alan Hirzel	8/8	4/5	n/a	n/a	n/a
Michael Baldock ⁴	3/3	3/3	n/a	n/a	n/a
Former Directors					
Sue Harris	4/4	1/1	2/2	4/4	0/0
Gavin Wood	5/5	1/1	n/a	n/a	n/a

1 Peter Allen stood down from ARC on 2 June 2020.

2 Mara Aspinall was appointed to ARC on 2 June 2020.

3 Giles Kerr was appointed Chair of ARC on 13 November 2019.

4 Michael Baldock joined Abcam on 3 February 2020.

The Chair meets the Non-Executive Directors without the Executive Directors present, and the Non-Executive Directors, led by the Senior Independent Director, meet without the Chair present at least annually to appraise the Chair'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.

The Chair, 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. Matters to be included on the agenda for the following meeting are 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.

Chairman	Peter Allen	<p>A large part of the Chairman’s role is to ensure the Board of Abcam operates effectively in directing the Company to deliver long-term sustainable performance and growth. The Chair seeks 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 judgements are made objectively. In particular, he seeks to facilitate the Non-Executive Directors providing constructive support and challenge to the executive leadership of Abcam.</p> <p>The Chair also ensures that Board members are aware of and understand the views of major shareholders and other key stakeholders and helps the CEO and Executive Leadership Team set the ‘tone from the top’ regarding purpose, goals, vision and values for the whole organisation.</p>
Senior Independent Director (SID)	Louise Patten	Acts as a sounding board for the Chair 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 Chair or Executive Directors.
Independent Directors	Mara Aspinall Giles Kerr	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.
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.
	Alan Hirzel CEO	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.
	Michael Baldock CFO	Supports the CEO in developing and implementing strategy. Responsible for the financial and operational performance of the Group.
Committees		The terms of reference for each of the Committees can be found at www.abcampc.com/investors/governance/
	Nomination Committee	Reviews and recommends to the Board the structure, size and composition of the Board and its Committees. It also has oversight responsibility for succession planning of the Board and senior management. More details on pages 73 and 74.
	Audit and Risk Committee	Reviews and is responsible for the oversight of the Group’s financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of internal control and risk management. More details on pages 75 to 79.
	Remuneration Committee	Reviews and recommends to the Board the Executive Remuneration Policy and determines the remuneration packages of the Executive Directors and the Chair. Has oversight of the remuneration packages of the Executive Leadership Team. More details on pages 80 to 93.
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 video 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.

The Board is focused on creating long-term value for our stakeholders

Peter Allen, BA ACA
Chairman



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), four years as Chairman of Diurnal Group plc (2015-2020) and 12 years at Celltech Group plc (1992-2004) as CFO and Deputy CEO.

Current external appointments

Peter is currently Non-Executive Chairman of Advanced Medical Solutions plc, and Clinigen plc and privately-owned Oxford Nanopore Technologies Ltd. He is a Non-Executive Director of another small private company, 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.

Jonathan Milner, PhD
Deputy Chairman

Appointed
April 1998

Background

On 16 June 2020 Jonathan notified the Board of his intention not to seek re-election at this year's AGM.

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 CamAllergy 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.

Louise Patten, MA
Non-Executive and Senior Independent Director



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 (UK) Limited, Arthur J. Gallagher Holdings (UK) Limited and Arthur J Gallagher Insurance Brokers Limited.

Skills, experience and contribution

Louise brings her strategic knowledge and proficiency, developed during her highly recognised career in business, to support Abcam's growth plans. Louise also contributes her extensive board and corporate governance experience to ensure that the Abcam Board is led by a robust governance framework.

Key to Committees

- Nomination
- Audit and Risk
- Remuneration
- Committee Chair

Mara G Aspinall, MBA
Non-Executive Director



Appointed
September 2015

Background

Mara is Managing Director of BlueStone Venture Partners and Managing Member of Health Catalysts Group, life sciences consulting firm. 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. Mara is certified in Cybersecurity Oversight from Carnegie Mellon University.

Current external appointments

Mara is a Director of Allscripts Healthcare Solutions Inc, Castle Biosciences, Blue Cross Blue Shield Arizona, OraSure Technologies, and small private emerging life sciences companies.

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.

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, Quanta Dialysis Technologies, Elan Corporation Inc and Adaptimmune Therapeutics plc.

Current external appointments

Giles is currently Chairman of PayPoint plc, as well as a Non-Executive Director of Arix Bioscience plc, Senior plc and a number of smaller private companies.

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 bring 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.

Michael Baldock
Chief Financial Officer

Appointed
February 2020

Background

After graduating from Harvard University in 1986 Michael began a successful career in investment banking spanning more than three decades, advising and working closely with companies, their executive and finance teams. Over that time, Michael worked in a variety of increasingly senior roles at Drexel Burnham Lambert Group, SG Warburg, Lazard and HSBC, where he latterly ran the global healthcare sector team and investment banking in the Americas. In addition, from 1998 to 2000 Michael and a former client partnered to form Bentley Health Care Inc, an oncology outpatient treatment centre company in New York. In 2008, Michael co-founded Ondra Partners, an independent financial advisory firm.

Current external appointments

Michael is a Non-Executive Director and Chairman of the Audit Committee of Jaws Acquisition Corp.

Skills, experience and contribution

Michael has over 30 years of relevant functional and sector experience acquired through senior leadership roles at HSBC, Lazard, Bentley Health Care and SG Warburg. He was a founding partner at Ondra Partners, an independent financial advisory firm which advised Abcam for several years. He is seasoned corporate finance and M&A practitioner with broad industrial experience and deep knowledge of the healthcare industry.

Board of Directors continued

Board composition and roles

The Board comprises the Chair, two Executive Directors and four Non-Executive Directors.

The Directors are satisfied that the current composition of the Board reflects an appropriate balance of skills, knowledge, experience and diversity. It is recognised however that as a result of Jonathan Milner not seeking re-election at this year's AGM it would be beneficial for the Board to have an additional Non-Executive Director, in particular with experience in respect of life sciences.

The table below provides an overview of the skills and experience of our Directors.

Skills and experience	Directors
Executive and strategic leadership	7 Directors
Extensive knowledge of our business and the life sciences sector	6 Directors
Broad international exposure, including in particular the United States and/or China	6 Directors
Experience in finance and accounting	5 Directors
Experience of acquisitions and integration of acquired businesses	7 Directors
Expertise in corporate governance and compliance	5 Directors
Investor relations and engagement	5 Directors
Experience in relation to employee engagement and remuneration including incentive programmes	5 Directors
Expertise in sustainability and experience in community engagement	1 Directors

Gender diversity

The percentage of women on the Board is currently 29%, putting us behind the recommended targets for FTSE 350 companies. Whilst our percentage of women on the Board and in senior roles decreased this year to 31% as at 30 June 2020 (36% as at 30 June 2019), we continue to seek to increase the pipeline of women into both the Board and senior management. More details can be found on gender diversity in our Strategic Report on page 33 and in the Nomination Committee Report on page 74. Further details of our diversity and inclusion initiatives can be found on page 33.

Director independence

The Board considers all Non-Executive Directors to be independent within the meaning of the UK Corporate Governance Code Provision 10, with the exception of Jonathan Milner who was co-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 88 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 development

The Board receives training and updates on corporate governance matters throughout the year. This year additional training was provided on the AIM Rules, the General Data Protection Regulation, the new UK Corporate Governance Code 2018, and the Companies (Miscellaneous Reporting) Regulations 2018.

On their appointment to the Board, new directors receive a 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. We have also introduced a briefing for new directors on appointment to the Board covering their role and duties as a director of a publicly traded company. This briefing is conducted by our external legal advisers.

Board evaluation

Board and Committee evaluation is a valuable tool in maintaining and improving Board effectiveness.

The Code recommends that a review of Board effectiveness should be externally facilitated at least every three years. The Board has followed this recommendation and conducted an external review in respect of the 2019/20 financial year. Further details of this review can be found at page 74.

Key Board activities

Key Board activity

Over the past year the Board has continued to focus on implementing Abcam's strategy and the measures necessary to meet our goals. This has included a focus on the strategic acquisitions completed during the year, including Expedeon AG's proteomics and immunology business. The Board is aware how the success of an acquisition, measured by the creation of sustainable value for all stakeholders, can be determined by how it is integrated into the wider business. The Board has continued to receive updates on the integration of the proteomics and immunology business, and our other acquisitions, and is pleased with speed and efficiency with integration has occurred and the early indications of value creation.

The closing months of the year were inevitably focused on the outbreak of the COVID-19 pandemic and its implications, both long and short term, for our business. You can find further details on how Abcam has responded to the COVID-19 pandemic on page 6. Additional Board meetings were convened on a regular basis to receive detailed updates on the response of the business to the COVID-19 pandemic, the impact of the COVID-19 pandemic and the social distancing measures introduced around the world on our financial performance and the changes made to our operations to continue to allow us to serve our customers effectively while safeguarding the health and safety of our employees.

Section 172 duty

The Board believes that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 30 June 2020. The Board, advised by the Company Secretary, is mindful of its section 172 duties, when it determines the impact of decisions upon all stakeholders. You can find our section 172 statement on page 58.

Purpose and culture

This year we have sought to better articulate how Abcam's purpose allows us to deliver sustainable value creation for all stakeholders. The Board was involved in this exercise, participating in discussions, helping articulate and considering and contributing to the final output. We believe we now are better able to elucidate how Abcam's purpose to help life scientists achieve their mission faster is realised through our team and our culture. More details can be found in our Strategic Report on pages 1 to 38.

Employee engagement

The UK Governance Code 2018 introduced an increased emphasis on stakeholder engagement and in particular engagement between the Board and the workforce.

It is also a requirement of the Code that we as a Board have in place mechanisms to ensure that we understand the views of the workforce, and three potential methods for engagement with the workforce are identified by the Code. As a Board we have not chosen one of the identified methods and instead have decided to continue with our existing methods of workforce engagement. The central pillar to our workforce engagement is our annual 'town hall' session known as 'Meet the Board'. This gives all employees the opportunity to hear from and understand the views, skills and experience of each Board member and there is the opportunity for all employees to ask questions, either in person or anonymously through questions submitted in advance. These sessions are recorded and made available to all employees who were not able to attend. Following the formal session, the Board remains available to meet attendees informally at a drinks reception where all employees are free to engage further.

Alongside the 'town hall' session, we provide regular global updates to employees from our CEO and other members of the Executive Leadership Team. We also provide an anonymous service to allow employees to ask questions and raise issues with the CEO on any topic, known as 'Ask Alan'. We have recently implemented 'pulse' employee surveys to provide timely and actionable data. The results of these surveys are regularly reported to the Board with other KPIs linked to employee engagement, such as turnover rates.

We provide a summary of how we have engaged with employees, how we have had regard to employees' interests, and the effect of that regard, including on the principal decisions taken by the Company during the financial year on page 60.

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.

Throughout the year our Vice President of Investor Relations coordinates ongoing communication with shareholders and analysts and the Board receives regular updates on the views of our shareholders. In addition the Chairman, and as appropriate Senior Independent Director, and the Chairs of each Board Committee, has engaged our shareholders, discussing the Company's strategy and performance, our dividend policy, and environmental, social and governance matters. In addition, the CEO and CFO have made themselves available to our major shareholders to ensure that their opinions are heard. The impact of the COVID-19 pandemic has reduced the amount of in-person meetings we have been able to conduct but we have continued to engage through telephone calls and video conferences. Our corporate brokers and financial public relations advisors have also continued to gather investor and analyst feedback which is relayed to, and discussed by, the Board to help them understand the views of our major shareholders.

Key Board activities continued

On 14 November 2019 we held a Capital Markets Event for institutional investors and analysts to provide insights on our business, customers and long-term strategy. This was a well attended and well received event where attendees were able to hear from and question key leaders from around the business. The questions raised and issues discussed at this event that were some of the drivers of our review of the views of our major stakeholders and the impact we have on those stakeholders, the environment and society as a whole, as described in greater detail on pages 30 to 38 and page 61.

We engaged with shareholders to understand their views with respect to the votes against the resolution to re-elect Peter Allen as Chairman at our last AGM. Following this engagement, and consistent with the Board's and Company's ongoing commitment to comply with best practice where possible, Peter relinquished his position as a member of Abcam's Audit and Risk Committee and to step down as Chairman of the Board of Diurnal Group plc.

Further detail on how we have engaged with shareholders can be found on page 62.

What we did this year

Strategy

- Monitored implementation of the Abcam's strategy including receiving regular presentations from members of the Executive Leadership Team on the progress of the strategy in their respective areas.
- Considered and approved strategic transactions and opportunities including the acquisitions of the proteomics and oncology business of Expedeon AG, a knock-out cell lines and lysates portfolio from Edigene Inc, a gene editing platform and oncology product portfolio from Applied StemCell Inc., the entire issued share capital of Marker Gene Technologies, Inc., and investments in BrickBio Inc and SomaServe Limited.
- Monitoring the impact of the COVID-19 pandemic on the implementation of strategy.

Financial performance

- Considered the financial performance of the business and key performance targets and the impact of the COVID-19 pandemic.
- Approved the budget.
- 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 dividend recommendations and considered our dividend policy.

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.
- Adopted a new global signing authority, and contract review, approval and execution policy.

Governance, stakeholders and shareholders

- Discussed the composition of the Board and its Committees.
- Approved the appointment of a new CFO and Executive Director, Michael Baldock.
- Adopted a revised and updated Global Code of Conduct 'How we do things at Abcam'.
- Approved a share issue to Durable Capital Partners.
- 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 the Company's policies in line with their schedule of review.
- Instituted and received an annual 'Governance and Compliance Healthcheck' to monitor performance against the requirements of the Corporate Governance Code 2018, section 172 of the Companies Act 2006, the UK Bribery Act and US Foreign Corrupt Practises Act, General Data Protection Regulation, Modern Slavery Act, and health and safety legislation and regulations throughout the world.

This year the Committee continued its focus on succession planning for Executive Leadership Team positions particularly on the search for and appointment and onboarding of a CFO. The Committee continued to develop its plans for the orderly and progressive refresh of the Board over time. We also monitored the success of the mentoring and coaching schemes.

Peter Allen
Nomination Committee Chairman

Committee meetings

2

Committee members and attendance

	Meetings
Peter Allen	3/3
Louise Patten	3/3
Mara Aspinall	3/3
Giles Kerr	3/3

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

Following the announcement that Gavin Wood was stepping down from the Board, the Nomination Committee oversaw a rigorous recruitment process for a new CFO. I was delighted to welcome Michael Baldock to the Board in February 2020. His appointment followed an extensive search which I led with the leading executive search consultancy, Sam Allen Associates Limited. 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 13 January 2020.

Michael has over 30 years of relevant functional and sector experience acquired through senior leadership roles at HSBC, Lazard, Bentley Health Care and SG Warburg. He is a founding partner at Ondra Partners, an independent financial advisory firm which has advised Abcam for several years. The Board believed that his combined experience and knowledge of Abcam make him an ideal candidate to lead Abcam's financial and strategic growth plans.

Michael was appointed to the Board on 3 February 2020, and Gavin Wood stepped down on this date. Gavin left Abcam at the beginning of March.

Following his appointment, Michael received a comprehensive and tailored induction programme to enhance his knowledge and understanding of the Company's business, strategy and governance structure, as well as his own duties and responsibilities. He spent time with the Executive Directors, Non-Executive Directors, Executive Leadership Team and Company Secretary, and other key personnel across the business. Michael also received a briefing on his role and duties as a director of a publicly traded company from our external legal advisers.

On 6 September 2019, Sue Harris notified the Board of her intention to not seek re-election at the AGM. Sue has played an important role in chairing the Audit and Risk Committee to high standards over nearly five years. The Board thanked her for this critical leadership role. The Board decided to appoint Giles Kerr to lead the Audit and Risk Committee.

Nomination Committee continued

On 16 June 2020, Jonathan Milner Non-Executive Deputy Chairman informed the Board that he would not stand for re-election at the next AGM, to allow him to focus on his growing portfolio of early stage company investments. After stepping down as CEO of Abcam in 2014, Jonathan founded a company to invest in and help foster the growth of over 40 early stage companies.

In addition, I notified the Board that I would relinquish my position on the Audit and Risk Committee. Mara Aspinall was appointed in my place on 2 June 2020.

Non-Executive Director appointment process

As a result of the Board changes we have decided to start a search for at least one new Non-Executive Director. 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 on the Board's current balance of skills and experience and that will promote diversity on the Board, including gender, social and ethnic backgrounds, cognitive and personal strengths, 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. We have appointed search consultancies to support this process.

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.

Gender diversity

Following the Board changes in the year, female representation on the Board stands at 29%. This puts Abcam below 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 32.

Activity in the year

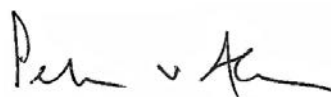
The committee has been focused on the appointment of a successor to Gavin Wood and was delighted to be able to attract a CFO of the calibre of Michael Baldock. We have been supporting Michael with his induction and onboarding process. This has included site visits and meeting our global team along with a development plan and support from an executive coach.

We have undertaken a formal Board Effectiveness Review this year in accordance with the requirements of the Corporate Governance Code 2018 facilitated by an independent board effectiveness consultancy, Sam Allen Associates Limited. Sam Allen Associates Limited has no connection with Abcam or any individual directors, other than providing executive search services for three appointments in the past five years, including in connection with the appointment of Michael Baldock. Due to the impacts of the COVID-19 it was agreed that the review be conducted by questionnaire with follow up calls as appropriate. The overall findings from the effectiveness review concluded that Abcam's Board, Committees and individual Directors continue to operate effectively. The Board has actively discussed the recommendations arising out of the Board effectiveness review and has identified a few actions which we are now addressing; including reviewing the KPIs used by the Board to monitor progress against our strategy and the addition of at least one additional Non-Executive Director. We have agreed to discuss our effectiveness on a regular basis at our Board meetings.

Our support for the succession planning for the Executive Leadership Team has continued. This is to ensure we have a robust pipeline of potential successors for these critical roles. This is key in a fast-growing business like Abcam. I am pleased that Abcam continues to both attract great people and was pleased to see the launch of the Accelerated Growth programme to support the development of the organisations' top talent. We also ensured Executive Leadership Team continued to benefit from development and mentoring from the Non-Executive Directors.

Priorities for 2020/21

The Committee will support the appointment and onboarding of at least one new Non-Executive Director. In addition, it will continue to support the development of the Executive Leadership Team and the plans to build additional succession internally; as well as the activity to drive a broader diversity and inclusion action plan.



Peter Allen
Nomination Committee Chairman
12 September 2020

The Committee plays a key role in governance of the Group's financial reporting and risk management and ensures that shareholders' interests are protected and the Company's long term strategy is supported.

Giles Kerr
Audit and Risk Committee Chairman

Committee meetings

5

Committee members and attendance

	Meetings
Giles Kerr (Chairman)	5/5
Mara Aspinall*	0/0
Louise Patten	5/5
Past members	
Peter Allen	5/5
Sue Harris	2/2

* Mara Aspinall was appointed to the Committee after the last Committee of the financial year on 2 June 2020.

Introduction

As Chairman of the Committee, I am pleased to present the report of the Audit and Risk Committee for the year ended 30 June 2020.

This report sets out the work of the Committee over the past year and offers insight into how the Committee has discharged the responsibilities delegated to it by the Board and the key areas of focus it has considered in doing so.

In meeting its responsibilities, the Committee continues to consider the provisions of the UK Corporate Governance Code and the FRC Guidance on Audit Committees. The Committee's Terms of Reference are available on www.abcampic.com

The Committee works to a structured programme of activities which is focused on the Group's reporting cycle, principal risks and risk appetite and keeps in mind a forward looking strategic agenda. These activities are supplemented throughout the year as key matters arise.

The Committee's primary focuses have been:

- monitoring the integrity of the Company's annual report and accounts and interim statement including significant judgements;
- appraising a formal update to the Group's principal risks and risk appetite statements; and
- review of the Internal Audit function and its outputs,
- assessing the progress made on the implementation of remaining modules of the Group's ERP system.
- Overseeing the judgements and estimates made in the accounting valuations of acquisitions made in the year, in particular in respect of intangible assets acquired.

In exercising its duties, the Committee undertakes a crucial role in provide effective governance over the Group's financial reporting and internal control procedures thereby ensuring that shareholders' interests are protected and the Company's long term strategy is supported.

Committee governance

Membership

The Committee continues to be comprised exclusively of independent Non-Executive Directors. Sue Harris stood down from the Committee and the Board on 13 November 2019 and Giles Kerr assumed the role of Chairman of the Committee in her place. In addition, Peter Allen stood down from the Committee on 2 June 2020 and in his place, Mara Aspinall joined the Committee on 2 June 2020. Following these changes, the composition of the Committee is in compliance with the UK Corporate Governance Code which states that the Chairman should not be a member of the Committee.

Independence and experience

The Board has confirmed that it is satisfied that the Committee members provide an appropriate depth of financial, risk management and commercial experience across different industries including life sciences and in listed companies. The Committee acts independently of management. The Board has also confirmed that it is satisfied that Giles Kerr and Peter Allen, both being chartered accountants and having held other finance appointments meet the requirement for recent and relevant financial experience. Following Peter Allen standing down, the Committee maintains recent and relevant financial experience through Giles Kerr's Committee chairmanship.

Meetings

The Chief Financial Officer, Vice President Finance, Company Secretary (acting as secretary to the Committee), Head of internal audit, other members of senior management and representatives of the Company's external auditor (PricewaterhouseCoopers LLP (PwC)) attended by invitation.

Audit and Risk Committee continued

Representatives of the Group's external auditor meet with the Committee at least once a year without Executive Directors or management being present.

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.

Key Committee activities during 2019/20

Financial reporting

- Considering matters of accounting significance, estimation and judgement including those in respect of the various acquisitions made during the year;
- 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 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 possible scenarios especially considering the potential continued impacts on the business of COVID-19
- Reviewing the longer-term viability statement (LTVS) including appraising the Board's approach and use of its five-year plan on which the LTVS is based, linkage to strategy, principal risks, together with related scenario stress analysis; and
- Considering if the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

Fair, balanced and understandable

The Annual Report and Accounts continues to focus strongly on key strategic messages and the Committee has had due attention to this emphasis and balance of this where it may affect disclosures elsewhere in the Annual Report and Accounts. 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.

In addition, the Committee gave due consideration to the integrity and sufficiency of information disclosed in the Annual Report and Accounts to ensure that they clearly explain the Group's financial position, performance, business model and strategy. An assessment of the narrative reporting was also undertaken to ensure consistency with the financial statements, including appropriate disclosure of material or significant items necessary to aid a reader's understanding and appropriate balance of reported and adjusted performance measures.

Risk management and internal control

The Committee receives updates on risk and internal control matters at each meeting. This regular monitoring allows timely identification of issues and formal tracking of remediation plans. The main areas of assessment were:

- Considering the formal review undertaken in the year of the Groups' principal risks, emerging risks and risk appetite statements and recommending to the Board the adoption thereon;
- Monitoring continual improvements in risk management including reviewing actions to mitigate risk and challenging the assessment of risk mitigations in line with risk appetite;
- Reviewed the internal audit plan for the current and forthcoming year ensuring alignment with key risks. Monitoring the transition from a previously fully outsourced internal audit function to a primarily internal function;
- Reviewing the effectiveness and integrity of the internal financial controls framework by considering the risk updates presented at each Committee meeting as well as internal audit reports and any matters brought to the attention of the Committee by the external auditor;
- Monitoring progress on the implementation and project governance of transformational projects, including, but not limited to the ERP implementation; and
- Receiving updates on continual strengthening of Cyber security measures.

Compliance

The Committee reviews and considers the operation of the Group's compliance initiatives. These include 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.

During the year the Committee received updates from management on GDPR and an annual governance 'health check'.

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 in respect of the financial statements as well as how these matters were addressed. The following sets out the main areas of judgement considered by the Committee. For each area, the Committee was satisfied with the accounting and disclosures in the Annual Report and Accounts.

Matters of accounting significance and judgement	Committee's review and conclusions
<p>Costing of internally developed technology capitalised within intangible assets</p> <p>Internal costs are capitalised as internally developed technology within intangible assets which is used to generate antibodies and kits.</p> <p>The point at which such internal costs are included and capitalised as well as their magnitude (where the amount capitalised comprises mainly of attributable salary costs and consumables used in the manufacture process) is a key area of judgement.</p>	<p>The Committee discussed and challenged management's review and also considered the report from the auditor on the results of its testing.</p> <p>The Committee considered management's assessment of technical feasibility, intention and adequate resources to complete projects together with the level of expected sales to support the assets. This was also considered in light of historical track records of value generation and internal governance procedures to approve capitalisation.</p>
<p>Classification of costs associated with system process improvements together with assessment of carrying value of assets under construction</p> <p>The strategic ERP programme is a complex, multi-year global business transformation with numerous phases across multiple functions necessary to secure the Group's longer-term growth ambitions. The work involves both internal and external costs and judgement is required both in respect of whether the amounts qualify for capitalisation and whether amounts which are expensed are incremental given that these are separately disclosed as such.</p> <p>Several modules went live in previous years and changes to the approach and software used in future modules were made toward the end of 2018/19. The nature and scope of the programme remain fundamentally the same as set out at the beginning of the year and as a result management has concluded that there are no indicators of impairment of the asset under construction.</p>	<p>Primary oversight of this important programme at Board level has been maintained.</p> <p>In line with last year, the Committee received reports from management and the external auditor regarding the classification of amounts expensed versus those capitalised and remained satisfied with the treatment.</p> <p>Detailed aspects of the project continually evolve and regular updates are provided usually at Board level. The Committee was satisfied with management's conclusion that there were no indicators of impairment.</p>
<p>Valuation of assets acquired as part of acquisitions</p> <p>As set out in note 28 to the consolidated financial statements, the Group made a number of acquisitions during the year, the most significant of which was Expedeon.</p> <p>The valuations included external as well as internal valuations which included management judgement and estimation.</p>	<p>The Committee discussed the accounting treatment of these acquisitions and also assessed the assumptions made in the valuation of the assets acquired including review of the reports provided by the external valuers.</p> <p>The Committee received and reviewed reports from management and the external auditor and, where appropriate, challenged these judgements and estimates.</p>

Matters of significance and judgement continued

Reporting matters	Committee's review and conclusions
<p>Going concern and Longer-term viability statement</p> <p>Assumptions underlying going concern and the longer-term viability statement made on pages 95 and 58, respectively are based upon the Group's budget and five-year financial and operating plans. These include appropriate scenario analysis and take into account the Group's principal risks as well as the ongoing effects of the COVID-19 virus.</p>	<p>The Committee, in conjunction with the Board, reviewed the plans and scenarios and was 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.</p> <p>The Committee paid particular attention to the scenarios in respect of how the ongoing effects of the COVID-19 virus may affect customers and therefore the business. Both the speed and extent of recovery were considered. The Committee was satisfied that severe but plausible downside scenarios were appropriate whilst still supporting the Group's longer term viability and its going concern statement.</p>

Internal audit

The internal audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control through a risk focused approach. The function reports into the Committee and administratively to the Vice President Finance.

Historically, the internal audit function has been fully outsourced to a professional services firm (KPMG). In the second half of the year, the Group appointed its own head of internal audit such that a co-sourcing agreement is now in place with KPMG to ensure that access to specialist skills and an extended independent knowledge base is maintained.

Prior to the start of each financial year, the Committee reviews and approves the annual internal audit plan, but further review occurs during the year to take account of any need to refocus. Internal audits completed during 2019/20 were:

- Sales catalogue pricing and discounts;
- Demand forecasting and inventory management;
- Processes around obtaining net promoter score input;
- Payment processes; and
- User access controls.

Progress updates on actions arising from current and prior reports were provided at each Committee meeting.

The Committee is satisfied that the internal audit programme remains risk focused, is functioning satisfactorily across the Group, that management is open to reviews and takes action on recommendations on a timely basis.

The Committee continues to review how the internal audit function will need to evolve in future years.

External auditor

Independence and objectivity

Both the Board and the external auditor (PwC) have safeguards in place to protect the independence and objectivity of the external auditor. The Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence. 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.

During the year, the Group announced its intention to explore a secondary listing in the US and the Board has since confirmed it has decided to move ahead with a secondary listing on NASDAQ whereby it is working towards listing in the final calendar quarter of 2020. US regulations require that the audit of the Group's financial statements comply with the requirements of the Public Company Accounting and Oversight Board (PCAOB) and this includes specific additional work to be performed in respect of the Group's internal control environment under strict specified criteria and assessments both for the year ended 30 June 2019 and 30 June 2020 where work was undertaken for both financial years concurrently. Furthermore, certain procedures are also required to be undertaken by the Group's auditor in respect of the initial listing document, but complement the audit opinion provided under PCAOB standards.

Consequently, additional fees in respect of both the control environment and the US listing document have been incurred in the year and are set out in note 6 to the consolidated financial statements.

Non-audit fees

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

Non-audit fees amounted to £99,000 (2018/19: £23,000) compared to £487,000 (2018/19: £186,000) of audit fees. Audit fees for 2019/20 include additional work on controls for US PCAOB compliance is described above, whereby excluding these specific fees, the comparable audit fees are £301,000. 2019/20 non-audit fees also include work in respect of the Group's proposed listing in the US where excluding these fees, the comparable non-audit fees are £23,000. Non-audit fees taken as a percentage of audit fees was 20% (2018/19: 12%), but excluding US related work, the equivalent percentage was 8% (2018/19: 12%). These percentages reflect 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 two years.

PwC's objectivity, independence and performance are considered to remain strong and the Committee has recommended to the Board that PwC be re-appointed as external auditor for the 2020/21 financial year, subject to approval at the AGM.

Auditor effectiveness

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.

The assessment considered:

- Audit risk identification whereby this is a key factor in the delivery of a thorough, robust and efficient global audit in accordance with pre-set timescales. These risks remained broadly consistent with the prior financial year, but with additional focus on acquisitions given the activity in this area during the year;
- Provision of accurate, robust and perceptive advice on key accounting and audit judgements, technical issues and best practice;
- The level of professionalism and technical expertise consistently demonstrated and maintenance of continuity within the core audit team; and
- Strict adherence to independence policies and other regulatory requirements.

The Committee concluded that the above factors had been met, and that it continued to be satisfied with PwC's performance and effectiveness.

Conclusions

The Committee's oversight of financial reporting, external and internal audit, and the further development of the control and risk environments have been areas of significant focus. These are likely to remain so for the 2020/21 financial year as the Group grows and develops in line with its strategy.

The Committee remains focused on ensuring that finance and risk capability is enhanced appropriately to manage in an increasingly complex business and an increasingly regulated environment.

I am confident that the Committee has the necessary skills and experience to continue to meet the challenges ahead.



Giles Kerr
Audit and Risk Committee Chairman
12 September 2020

Remuneration Committee Chairman's statement

The Committee focuses on sustainable performance across a range of KPIs which foster value creation for our shareholders and progress on initiatives that support our growth strategy.

Louise Patten
Remuneration Committee Chairman

Committee meetings

7

Committee members and attendance

	Meetings
Louise Patten (Chairman)	7/7
Mara Aspinall	7/7
Giles Kerr	7/7
Peter Allen	7/7
Past members	
Sue Harris	4/4

I am pleased to present the report of the Remuneration Committee for the year ended 30 June 2020.

In 2019/20, the world faced an unprecedented challenge from the COVID-19 pandemic. Our financial results reflect two dramatically different demand environments for the year. In the first half year, overall Catalogue revenue was once again approximately double underlying market growth, reflecting the sustained market share gains that have long supported Abcam's growth. Our proprietary in-house product revenues grew by more than 13% (CER).

During the second half, there was significant disruption across our markets as most laboratories shut down for several months during the COVID-19 pandemic. Despite this reduced activity, demand for our own products held up well on a relative basis, with total growth for the year across in-house products of 6.0% on a constant currency basis, compared with a decline of 6.9% for third-party products. Group revenue for the year was £260.0m (2019: £259.9m).

During the past year we initiated a growth plan and a programme of investments across the business, focused on sustaining long-term profitable top-line growth, whilst driving attractive margin and returns in later years. The investments we are making that support our growth strategy, together with the impact of COVID-19, resulted in an adjusted operating profit of £44.5m (2018/19: £83.6m). Reported gross margin for the year was 69.3% (2019: 70.5%).

The Company has continued to deliver on its strategy and stated mission to serve life scientists to achieve their mission, faster. Our people have adapted quickly to a new way of working and continued to put our customers first. We have maintained our investment behind our growth strategy and have also continued to commit to looking after our people and retaining key talent, supporting our people with full employment throughout. The Company have not applied for, nor received, any government support made available in response to the global pandemic. No Abcam employee has been furloughed or made redundant as a consequence of the impact of the COVID-19 pandemic and eligible employees globally received their annual market-based pay increase on 1 July 2020 as in prior years.

Our ability to respond in this way is underpinned by our business model and financial strength. Looking ahead, we are confident in our outlook which is reflected in our commitment to our long-term investment plans. Despite the extreme circumstances of 2019/20, we have committed to invest in our long-term strategy and have maintained shareholder value.

Within this context I would like to provide you with an overview of the Committee's key decisions during 2019/20.

2019/20 remuneration outcomes

The Committee always seeks to ensure that the remuneration of our Executive Directors reflects the underlying performance of the business. When approving outcomes, we therefore considered performance against our financial and strategic targets along with wider business and individual performance over 2019/20. We believe that the decisions outlined below fairly reflect performance in the context of the extreme circumstances of the last nine months.

Executive Director base salaries

Alan Hirzel received an increase in base salary of 2.4% to £629,760, broadly in line with the average increase among the wider UK workforce of 2.8%. Michael Baldock received an increase in base salary of 2% to £408,000. Both salary increases are effective 1 July 2020.

Details of the fees for members of the Non-Executive Board are set out on page 86. 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.

Executive Directors' pension contribution reduction

In order to align the Executive Directors' pension contributions with the wider UK workforce, the Committee have reduced the pension entitlement for Alan Hirzel to 8% of base salary, down from 13% under the current Remuneration Policy. This change is effective from 1 July 2020.

Michael Baldock's pension contribution was aligned with the wider workforce on his appointment in February 2020.

Annual Bonus Plan (ABP)

Annual bonus outcomes were considered in the context of financial, strategic and personal performance. Taking into account the extreme circumstances, the Committee determined that, on this occasion, it was appropriate to exercise judgement on the overall outcome and awarded threshold performance. After a detailed review, annual bonus out-turns were 37.7% of maximum for Alan Hirzel (55.8% of maximum last year), 15.3% for Michael Baldock and 22.0% for Gavin Wood, the former CFO, reflecting his leaving arrangements as disclosed in last year's report. The out-turns for Michael Baldock and Gavin Wood have been pro-rated to reflect their mid-year joining and leaving dates respectively. 30% of the earned bonus for Alan Hirzel and Michael Baldock will be deferred into shares for two years. Further details regarding achievement against each performance target are set out on page 85.

Long Term Incentive Plan (LTIP)

The 2017 award was intended to reward and incentivise senior leaders over the three-year period from 1 July 2017 to 30 June 2020. The Committee carefully considered performance over that period, including the impact of the pandemic during the final four months.

Performance against recombinant antibody revenue growth, immunoassay revenue growth and customer engagement (tNPS) targets were achieved at above the threshold level. In respect of EPS, after careful consideration the Committee determined that it would adjust EPS to reflect performance in the 32 month period leading up to the pandemic. However, in recognition that such an adjustment had been made, the Committee applied a reduction of 10% to the overall formulaic outcome resulting in an out-turn of 68.4% of maximum.

Given wider business performance and total shareholder return of 41% over the performance period from 1 July 2017 to 30 June 2020, the Committee strongly believed that vesting fairly reflected overall business performance and the wider stakeholder experience. Further details regarding the achievement against the performance targets are on pages 85 and 86.

2020 LTIP awards

The Committee want to ensure that all LTIP metrics and targets remain suitable and aligned with our growth strategy and appropriately incentivise participants. In light of our strategy focused on sustaining long-term profitable top line growth, initiated during the past year, we intend to consult with shareholders over the coming weeks on our overall LTIP structure and performance framework, including proposed changes for this year's awards. After consultation, we will disclose further details on these awards in advance of the Annual General Meeting (AGM).

Executive Director changes

As discussed elsewhere in this Annual Report, Gavin Wood stepped down as Chief Financial Officer (CFO) on 3 February 2020 and left Abcam on 31 March 2020. Details of Gavin Wood's departure arrangements were disclosed in the 2019 Remuneration Report.

Michael Baldock succeeded him as CFO and was appointed to the Board on 3 February 2020. A summary of his remuneration arrangements are provided on pages 88 and 89.

Remuneration in wider context

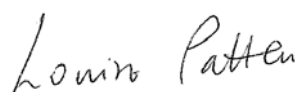
Alongside the decisions made on executive remuneration, the Committee provides oversight to broader workforce trends and inputs into the formulation of reward programmes across our global workforce. This includes the strategic review and approval of our incentive plans and their performance criteria to ensure each plan is aligned to the interests of our stakeholders and the long-term success of the Company. An example of the Committee's role in the remuneration structure for the wider workforce was our support and approval of our multi-award winning employee share purchase plan, AbShare, aligning interests up and down the organisation, and enabling employees to share in the success of the Company. We are delighted that over 90% of our employees have chosen to participate in AbShare.

When making decisions on executive remuneration and setting our Directors' Remuneration Policy, the Committee takes into consideration our global workforce to ensure our total reward offer supports business priorities and is aligned to our stakeholders' interests, whilst supporting our culture and values. Further details on how the decisions made for our Executive Directors compares to the wider workforce are provided on page 91.

Next steps

Overall, our shareholders were supportive of the decisions the Committee made last year. We were pleased to receive a vote of 96.67% in favour of our 2019 Remuneration Report at the 2019 AGM.

At the 2021 AGM, we will be seeking shareholder approval for a renewed Directors' Remuneration Policy. We will seek to engage our stakeholders to capture their perspectives over the course of 2020/21 and will seek approval of the new Policy at next year's AGM. The current Policy expires at that time and, although we believe it has served its purpose of fostering our philosophy of share ownership and delivery of long-term growth, we will be conducting a strategic review of the Policy over the coming year to ensure continued optimum alignment of our remuneration practices with the revised strategy of the Company.



Louise Patten
Remuneration Committee Chairman
12 September 2020

Remuneration Principles

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.

Our global employee share purchase plan, AbShare, with a significant performance match from Abcam, represents a step change in employee share ownership and greatly enhances the alignment of interests between colleagues and our shareholders. The Executive Directors are not eligible to participate in AbShare.

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.

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.

Implementation of Directors' Remuneration Policy in 2020/21

Executive Directors' base salaries

The base salaries of the CEO and CFO were increased as follows with effect from 1 July 2020, broadly in line with the average increase for the wider UK workforce.

		Salary 2019/20 £000	Change	Salary as at 1 July 2020 £000
Alan Hirzel	CEO	615	2.4%	630
Michael Baldock	CFO	400	2.0%	408

Annual Bonus Plan

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

	Maximum % of salary
Annual Bonus Plan	150%, of which 30% of any bonus is deferred into shares

2020/21 measures

	Weighting
Financial targets	50%
Strategic targets	33%
Personal objectives	17%

At the Committee's discretion, the bonus 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

The Committee want to ensure that all LTIP metrics and targets remain suitable and aligned with our growth strategy and appropriately incentivise participants. In light of our strategy focused on sustaining long-term profitable top line growth, initiated during the past year, we intend to consult with shareholders over the coming weeks on our overall LTIP structure and performance framework, including proposed changes for this year's awards. After consultation, we will disclose further details on these awards in advance of the Annual General Meeting (AGM).

Pensions and flexible benefits

The Executive Directors are entitled to contributions from the Company 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 where their pension arrangements are fully funded. They also receive a range of core benefits such as life insurance, private medical cover and annual health screens.

In order to align the Executive Directors' pension contributions with the wider UK workforce, the Committee reduced the pension entitlement for Alan Hirzel to 8% of base salary, from a maximum of 13% under the current Remuneration Policy. This change is effective from 1 July 2020. Michael Baldock's pension contribution was aligned with the wider workforce on his appointment in February 2020.

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 2019/20 with a re-calibrated notional share price and will remain in place until 2020/21.

Annual Report on Remuneration

AUDITED INFORMATION

Executive Directors' single figure for total remuneration in 2019/20

The aggregate remuneration provided to Directors is set out below.

		Fixed				Variable (performance-related)			
		Base salary £000	Benefits ¹ £000	Pensions and pension-related ² £000	Total fixed £000	Annual bonus ³ £000	LTIP ^{4,5,6,7} £000	Total variable £000	Total remuneration £000
Alan Hirzel	2019/20	615	13	78	706	348	542	890	1,596
	2018/19	600	12	75	687	502	631	1,133	1,820
Michael Baldock	2019/20	167	29	7	203	92	124	216	419
	2018/19	—	—	—	—	—	—	—	—
Past Executive Directors									
Gavin Wood	2019/20	242	22	33	297	74	210	284	581
	2018/19	315	29	42	386	184	699	883	1,269

- 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 figures also include tax compliance support provided by the Company. Michael Baldock is covered under the Company's international medical insurance cover and has received £13,869 under his relocation support in 2019/20.
- In 2019/20 Alan Hirzel and Gavin Wood were entitled to contributions from the Company of up to 13% of base salary into a defined contribution pension plan. Michael Baldock's pension entitlement was aligned to the wider workforce at 8% of salary on commencement of his employment with the Company. 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.
- 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 2019/20 the value of the deferred share award will be £104,473 for Alan Hirzel (2018/19: £150,525) and £27,552 for Michael Baldock. Under Gavin Wood's leaver provisions, it was agreed that he will not receive the deferred share award for 2019/20 or 2018/19.
- 2019/20 LTIP (Long-Term Incentive Plan) payments for Alan Hirzel and Gavin Wood represent the value of the 2017 LTIP, based on the average fair market value in the final quarter, being £13.14.
- 2018/19 LTIP figures have been restated to reflect the actual prices at the date they were released. Gavin Wood's 2018/19 figure also includes his new joiner award which vested in November 2019.
- 2019/20 LTIP figure for Alan Hirzel and Gavin Wood represent the value of their 2017 LTIP awards due to vest on 3 November 2020. The share price increased from £10.20 at grant to £13.14 based on the 2019/20 Q4 average, meaning the amount attributed to share price gains is £121,249 and £46,690, respectively. The 2018/19 LTIP figure for Alan Hirzel and Gavin Wood represents the value of their 2016 LTIP awards under which the share price has increased from £8.51 at grant to £11.71 meaning the value attributed to share price growth was £172,169 and £191,057, respectively.
- 2019/20 LTIP figure for Michael Baldock represents the value of tranche 1 of his Recruitment Award which is subject to the same performance conditions as the 3 November 2017 awards for Alan Hirzel and Gavin Wood. The share price increased from £12.11 at grant to £13.14 based on the 2019/20 Q4 average, meaning the amount attributed to share price gains is £9,692.

Annual Bonus Plan (ABP) – targets and performance outcomes

Annual bonus outcomes were considered in the context of financial, strategic and personal performance. Taking into account the extreme circumstances, the Committee determined that, on this occasion, it was appropriate to exercise judgement on the overall outcome and awarded threshold performance. After a detailed review, annual bonus out-turns were 37.7% of maximum for Alan Hirzel (55.8% of maximum last year), 15.3% for Michael Baldock and 22.0% for Gavin Wood, the former CFO, reflecting his leaving arrangements as disclosed in last year’s report. The out-turns for Michael Baldock and Gavin Wood have been pro-rated to reflect their mid-year joining and leaving dates respectively. 30% of the earned bonus for the CEO and CFO will be deferred into shares for two years.

Performance element	Measure	Weighting	Threshold (25%)	Target (50%)	Exceeds (75%)	Maximum (100%)	Overall achievement	2019/20 out-turn (% of overall maximum)
Financial	Adjusted Profit Before Tax (PBT) ¹	50.0%	£74–80m	£80–86m	£86–89m	>£89m	Threshold	12.5%
Strategic	Proprietary Product Revenue Growth	16.5%	Proprietary product revenue growth was achieved at threshold level performance in the range of 13–21%				Threshold	8.2%
	Customer Engagement (tNPS)	16.5%	Customer engagement tNPS achieved was greater than the threshold target of 56%					
Personal	Personal objectives for Executive Directors comprising a range of targets	17.0%	The current Executive Directors significantly exceeded expectations under their personal objectives for the year, which included the effective communication of the new strategy externally with shareholders and fostering capability in the senior management team in order to lead the business for the next 5 years.				Maximum ²	17.0%
Overall		100.0%						37.7%

1 Financial performance is based on the Group’s adjusted profit before tax (adjusted PBT), on a budgeted exchange rate basis. The PBT targets set under the ABP have been disclosed in full. For the strategic measures, targets have been disclosed where not considered commercially sensitive.
2 Gavin Wood, the former CFO, achieved target performance under the Personal element.

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

The 2017 award was intended to reward and incentivise senior leaders over the three-year period from 1 July 2017 to 30 June 2020. The Committee carefully considered performance over that period, including the impact of the pandemic during the final four months.

Performance against recombinant antibody revenue growth, immunoassay revenue growth and customer engagement (tNPS) targets were achieved at above the threshold level. In respect of EPS, after careful consideration the Committee determined that it would adjust EPS to reflect performance in the 32 month period leading up to the pandemic. In recognition that such an adjustment had been made, the Committee applied a reduction of 10% to the overall formulaic outcome resulting in an out-turn of 68.4% of maximum.

Annual Report on Remuneration continued

Given wider business performance and total shareholder return of 41% over the performance period from 1 July 2017 to 30 June 2020, the Committee strongly believed that vesting fairly reflected overall business performance and the wider stakeholder experience.

Performance measure	Weighting	Threshold (25%)	Maximum (100%)	Overall achievement	2019/20 out-turn (% of overall maximum)
Financial Compound annual EPS growth ¹	70.0%	8%	12%	10.4%	44.1%
Strategic Recombinant antibody revenue growth	10.0%	Exceeded the maximum target of 15% growth		Above threshold	24.3%
Immunoassay revenue growth	10.0%	Exceeded the maximum target of 15% growth			
Customer Engagement (tNPS) relative to market leader	10.0%	Exceeded the threshold target of 55%			
Overall	100%				68.4%

¹ The EPS targets set under the LTIP have been disclosed in full. For the strategic measures, targets have been disclosed where not considered commercially sensitive.

2019/20 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 2020:

	2019/20			2018/19		
	Total fee £000	Delivered as cash £000	To be delivered as shares ¹ £000	Total fee £000	Delivered as cash £000	Delivered as shares £000
Current Non-Executive Directors						
Peter Allen	225	150	75	225	150	75
Jonathan Milner	70	47	23	70	47	23
Louise Patten	83	55	28	83	55	28
Mara Aspinall ²	73	50	23	71	48	23
Giles Kerr ³	77	51	26	39	27	12
Past Non-Executive Directors						
Sue Harris ⁴	40	40	—	83	55	28
Total remuneration	568	393	175	571	382	189

¹ Shares will be awarded at the beginning of the first open period following the announcement of the annual results in September 2020.

² Mara Aspinall received tax compliance support in the preparation of her tax returns relating to her fee from Abcam for which £2,545 was paid by Abcam in 2019/20 (2018/19: £1,200) and is included in the total fee figures for each year.

³ Giles Kerr began receiving a £12,500 supplemental fee following his appointment as Chairman of the Audit and Risk Committee on 13 November 2019.

⁴ Sue Harris stepped down as Non-Executive Director on 13 November 2019. The 2019/20 'Delivered as cash' figure in the table above represents the pro-rated cash element of her fees to her departure date and the cash equivalent of her share entitlement to this date converted at the closing price on 13 November 2019, being £12.71.

Executive Directors' share scheme interests

	Date of conditional award granted in the year	Price at award date	Award basis	Maximum receivable at 1 July 2019	Awarded during the year ¹	Vested/ released during the year ^{2,3}	Lapsed	Maximum receivable at 30 June 2020
Alan Hirzel								
ABP – Deferred shares	25 Oct 19	£11.56	Up to 45% base salary	26,387	13,026	(16,079)	—	23,334
LTIP	14 Nov 19	£12.71	400% base salary	325,446	193,547	(53,865) ²	(16,640)	448,488
SIP Free shares	—	—	—	773	—	(428)	—	345
SIP Matching shares	—	—	—	412	—	(227)	—	185
SIP Dividend shares	29 Nov 19 & 17 Apr 20	£13.26 & £11.24	Per scheme rules	177	58	(56)	—	179
				353,195	206,631	(70,655)	(16,640)	472,531
Michael Baldock								
LTIP ⁵	9 Mar 20	£12.71	2019 LTIP (200%)	—	62,942	—	—	62,942
Recruitment Award ⁵	9 Mar 20	£12.11	Recruitment LTIP (£500,000)	—	41,274	—	—	41,274
				—	104,216	—	—	104,216
Past Executive Directors								
Gavin Wood⁴								
ABP – Deferred shares	—	—	Up to 45% base salary	15,996	—	(9,554)	—	6,442
LTIP	—	—	200% base salary	156,316	—	(59,681)	(50,892)	45,743
SIP Free shares	—	—	Per scheme rules	773	—	(428)	—	345
SIP Matching shares	—	—	Per scheme rules	412	—	(227)	—	185
SIP Dividend shares	29 Nov 19	£13.26	Per scheme rules	36	11	(6)	—	41
				173,533	11	(69,896)	(50,892)	52,756

- 2019 LTIP awards granted on 14 November 2019 for Alan Hirzel and 9th March 2020 for Michael Baldock will vest in November 2022, subject to performance. Michael Baldock's Recruitment Award will vest on the first, second and third anniversary of his hire date, being 3 February 2020, subject to performance. Alan Hirzel's Annual Bonus Plan Deferred Share Award will vest on 23 September 2021 subject to continuous employment.
- 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.
- The market price of shares released to Alan Hirzel under the ABP and LTIP during the year was £11.27 and £11.71, respectively, resulting in gains of £181,275 and £630,560, respectively. The market price of shares released to Gavin Wood under the ABP and LTIP during the year was £11.43 and £11.71, respectively, resulting in gains of £109,178 and £698,945, respectively.
- 30 June 2020 figures show Gavin Wood's share scheme interests as at his termination date.
- Michael Baldock's Annual LTIP award was converted at the same price as the other Executive Director LTIP awards granted on 14 November 2019, being £12.71, and his Recruitment Award was granted at the 10-dealing day average share price preceding the date of grant, being £12.11.

Share Incentive Plan (SIP)

No awards will be granted under the SIP while AbShare, the new global employee share purchase plan, is in place, except for Dividend reinvestments. None of the Executive Directors are eligible to participate in AbShare.

Executive 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. 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.

Interests in share awards following departure from the Company enable Executive Directors to remain aligned with the interests of shareholders for an extended period post-employment. For good leavers, deferred annual share awards, and LTIP awards subject to holding periods, will typically vest within normal timeframes.

Annual Report on Remuneration continued

Shareholdings for all Directors is set out as follows:

	Beneficially owned 30 June 2020			Value as a percentage of salary ³	Beneficially owned 30 June 2019			Value as a percentage of salary/fee ³
	Not subject to retention conditions ¹	Subject to retention conditions ²	Total		Not subject to retention conditions ¹	Subject to retention conditions ²	Total	
Executive Directors								
Alan Hirzel	145,009	35,246	180,255	390.7%	108,230	29,978	138,208	310.0%
Michael Baldock	—	—	—	0.0%	—	—	—	—
Past Executive Directors								
Gavin Wood ⁴	35,901	15,778	51,679	182.8%	11,912	—	11,912	50.9%
Non-Executive Directors								
Jonathan Milner	18,190,256	7,030	18,197,286		19,926,619	6,196	19,932,815	
Peter Allen	12,000	2,961	14,961		12,000	—	12,000	
Louise Patten	45,299	8,417	53,716		45,299	7,291	52,590	
Mara Aspinall	5,070	7,852	12,922		5,070	6,114	11,184	
Giles Kerr	—	460	460		—	—	—	
Past Non-Executive Directors								
Sue Harris ⁴	6,403	—	6,403					

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. The 2018/19 figure for shares subject to and not subject to retention conditions for Alan Hirzel has been restated, while the overall shareholding is unchanged.

3 The share price as at 30 June 2020 being £13.33 (30 June 2019: £13.46) per share was used to value the beneficially owned shares of Alan Hirzel. For Gavin Wood, the closing share price on his termination date was used to value the beneficially owned shares, being £11.43.

4 For Gavin Wood and Sue Harris, the figure for beneficially owned shares is as at their respective termination dates.

Non-executive appointments at other companies

Michael Baldock was appointed NED at Jaws Acquisition Inc. in May 2020. Alan Hirzel did not serve as a NED elsewhere during the year.

CFO joining arrangements

Our philosophy is to attract and retain leaders who are focused and encouraged to deliver business priorities within a framework that is aligned with the long-term interests of the Company's shareholders.

Michael Baldock was appointed Executive Director on 3 February 2020, assuming the role of CFO. Michael has over 30 years of relevant functional and sector experience, and the Board believe that his deep sector expertise and knowledge of Abcam make him ideal to lead Abcam's financial and strategic growth plans. In determining his remuneration package, the Committee considered remuneration forfeited on joining Abcam; what is competitive among comparable companies; pay among the Company's wider workforce; and how to drive business performance by providing arrangements which fairly reflect experience and contribution to the success of the Company. As Michael is relocating from the US, relocation support has also been provided.

Element	Agreed package	Commentary
Base Salary	£400,000 (gross) per annum	Set based on relevant market data for comparable companies, experience and skills of the individual, internal relativities and their current compensation package.
Benefits (fixed)	Private medical insurance (employee and spouse), life insurance (5x salary, employee) and annual medical screening (employee)	In light of Michael's transitional period relocating to the UK, he and his wife will be insured on Abcam's global medical insurance policy, rather than the standard UK medical insurance policy.
Benefits (flexible)	Allowance of 8% of base salary	Can be used towards pension and other employee benefits such as dental, critical illness cover, and more. 8% of base salary is aligned with wider UK workforce.

Element	Agreed package	Commentary
Relocation support	£150,000 (gross)	One-off taxable commuting and relocation allowance, to be utilised within two years of start date. The allowance is conditional upon relocation and a two year clawback period applies to expenses claimed.
Annual Bonus (ABP)	Target bonus of 75% of base salary (150% of base salary at maximum)	<p>In accordance with the rules of the Plan, 70% of awards are delivered as cash and the remaining 30% is deferred in shares which vest over two years subject to continuous employment.</p> <p>Michael is eligible to participate in the FY19/20 Plan, pro-rated to the period he is employed during the financial year.</p>
Annual Long Term Incentive (LTIP)	200% of base salary	<p>This award was granted on 9 March 2020 and was made on the same basis as the three-year performance conditions attached to the Executive Director LTIP awards granted in November 2019, with no pro-ration, as follows:</p> <ul style="list-style-type: none"> - 100% of salary on EPS and strategic targets; - 100% of salary on profitable revenue growth target <p>It will vest subject to performance criteria being achieved in November 2022 and the usual post-vesting restriction on sale requirements for the CFO will apply.</p>
Recruitment Award	Conditional share awards to the equivalent face value at grant of £500,000	<p>This award was granted on 9 March 2020, converted into conditional share awards using the closing share price on the dealing day immediately preceding the date of grant, being £12.11. It will vest in three equal parts, on the first (tranche 1), second (tranche 2) and third (tranche 3) anniversaries of his appointment respectively, subject to:</p> <ul style="list-style-type: none"> - Michael remaining employed by Abcam plc or a successor company (and not under notice) on each anniversary of his date of appointment, as set out above; and - satisfaction of the same financial performance criteria as attached to the previously granted awards to the executive leadership team in 2017 (tranche 1), 2018 (tranche 2) & 2019 (tranche 3).
Other	<p>In addition to the above, the following support will be provided:</p> <ol style="list-style-type: none"> 1. obtaining the necessary visas for Michael and his wife; 2. annual tax compliance support for UK and US statutory filings. 	

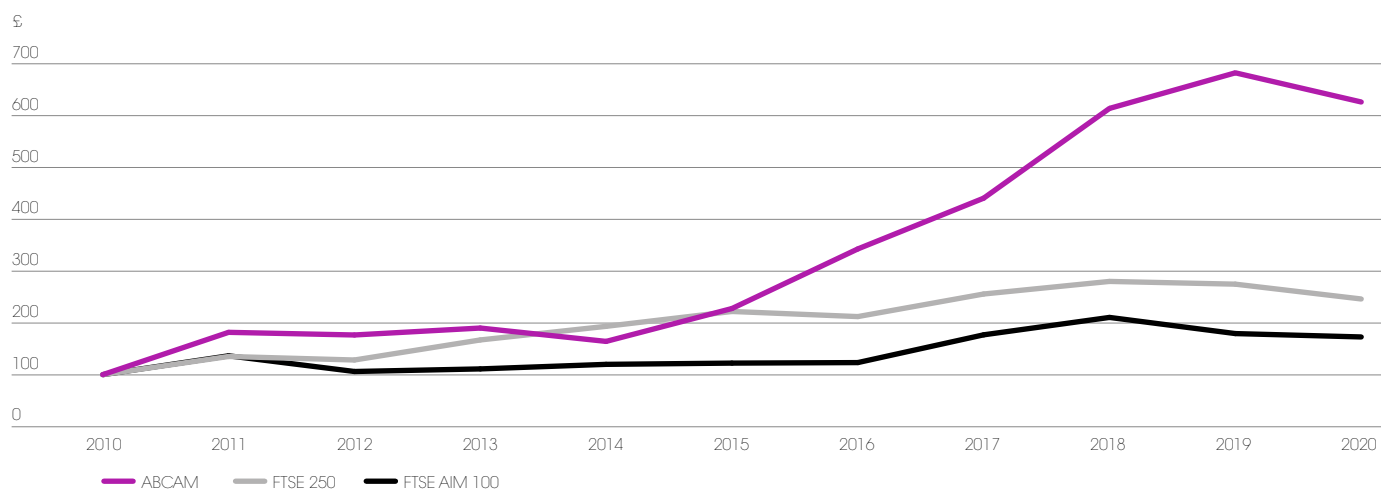
Annual Report on Remuneration continued

UNAUDITED INFORMATION

Performance graph

The Company's Total Shareholder Return (TSR) since 2010 compared to a broad equity market is shown in the graph below and represents the value by 30 June 2020 of £100 invested in the Company's shares on 1 July 2010 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)



Source: Bloomberg

CEO remuneration

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

Financial year		CEO single figure for total remuneration £000	Annual bonus awarded against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
2019/20	Alan Hirzel	1,596	37.7%	68.4%
2018/19	Alan Hirzel	1,820	55.8%	76.4%
2017/18	Alan Hirzel	1,788	62.5%	90.44%
2016/17	Alan Hirzel	1,369	78.0%	71.6%
2015/16	Alan Hirzel	614	52.0%	n/a ¹
2014/15	Alan Hirzel	685	73.3%	n/a ¹
2013/14	Jonathan Milner	642	56.8%	—
2012/13	Jonathan Milner	821	71.2%	16.9%
2011/12	Jonathan Milner	739	60.0%	96.3%
2010/11	Jonathan Milner	805	62.7%	100.0%

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.

² The 2018/19 figure has been restated to reflect the actual share price at vesting under the LTIP in November 2019.

Percentage change in remuneration

Abcam has an international workforce of approximately 1,500 employees in 15 locations. 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 2019 and 30 June 2020 for the CEO, CFO, Non-Executive Directors and this comparator group.

	Salary/Fee	Benefits ¹	Bonus ²
CEO percentage change	2.5%	0.0%	-30.6%
CFO percentage change	N/A	N/A	N/A
Non-Executive Director change	0.0%	N/A	N/A
Comparator group percentage change ³	2.5%	0.0%	-24.3%

1 Benefits entitlement as a percentage of salary.

2 Annual bonus award for the financial year paid in October following the end of the year.

3 Comparator group is inclusive of promotions in the annual salary review cycle.

CEO and employee pay ratios

The table below sets out the ratios of the CEO single total figure of remuneration to the equivalent pay for the lower quartile, median and upper quartile UK employees (calculated on a fulltime equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Requirements 2018 (the Regulations).

	Pay ratios
25th percentile pay ratio	54:1
50th percentile pay ratio	37:1
75th percentile pay ratio	26:1

		Pay data (£000)
CEO	Base salary	615
	Total pay	1,596
25th percentile	Base salary	27
	Total pay	29
50th percentile	Base salary	39
	Total pay	43
75th percentile	Base salary	55
	Total pay	60

The comparison with UK employees is specified by the Regulations. This group comprises approximately 40% of our total employee population. The Regulations provide flexibility to adopt one of three methods of calculation. We have chosen Option A which is the calculation based on all UK employees on a full-time equivalent basis. The ratios are based on total pay which includes base salary, pension and benefits, bonus and equity awards under our share plans. The CEO pay figure is as shown in the single total figure of remuneration table on page 84. For UK employees, quartile data has been determined as at 30 June 2020, with calculations based on actual pay data. Forecast outcomes have been used for bonus plan and LTIP outcomes. AbShare, our global employee share purchase plan, will vest in November 2021, subject to performance, and is therefore not yet reflected in the calculation.

Annual Report on Remuneration continued

All employee alignment - AbShare

We operate a multi-award winning global employee share purchase plan, AbShare, to support 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. In return, Abcam 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.

Over 90% of colleagues chose to join AbShare and the plan has gained external recognition, winning 2019 Global Equity Organisation (GEO) award for 'Most Innovative and Creative Plan Design (companies with <5,000 employees)'; and 2019 ProShare awards for 'Best new share plan' and 'Best overall performance in fostering employee share ownership (<5,000 employees)'.

Relative importance of spend on pay

The table below shows Abcam's dividend payout increased by 0.4% versus the total Group staff costs increase of 24.2% between the financial years ended 30 June 2019 and 30 June 2020.

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m	% increase ³
Dividends in respect of the financial year ¹	25.0	24.9	0.4%
Total Group staff costs ²	90.4	72.8	24.2%

1 Dividends are the interim and final dividends paid in respect of the financial year ended 30 June 2019, and the interim dividend paid and the final dividend recommended in respect of the financial year ended 30 June 2020.

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.

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, the SVP, Human Resources and the Global Reward Director, 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 four NEDs, each of whom the Company deems to be independent: Peter Allen, Louise Patten, Mara Aspinall, and Giles Kerr. Louise Patten is chairman of the Committee.

The Chief Executive Officer, Company Secretary, the SVP, Human Resources and Global Reward Director 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 four 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 seven times during the year. Details of attendance can be found in the Corporate Governance Report (see page 66).

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:

Advisors	Appointment and selection	Other services provided to the Company	Fees for Committee assistance
Deloitte LLP (Deloitte)	Appointed to provide ongoing advice to the Committee on various matters including Directors' remuneration reporting regulations, shareholder communication and other governance matters.	Advice on employee reward and global employment tax services on a time and materials basis.	£26,375

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.

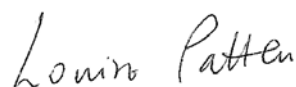
Statement of voting at general meeting

The table below shows the advisory vote on the 2019 Annual Report on Remuneration and on the current Directors' Remuneration Policy at the 2019 and 2018 AGMs, respectively.

	Votes for		Votes against		Votes total	Votes withheld
	Number	%	Number	%		
Remuneration Report	127,157,195	96.67	4,386,233	3.33	131,543,428	3,832,272
2018 Remuneration Policy	141,003,710	86.65	21,715,387	13.35	162,719,097	1,385,586

Approval

Approved by the Board and signed on its behalf by:



Louise Patten

Remuneration Committee Chairman

12 September 2020

Directors' Report

The Directors present their Report together with the audited consolidated financial statements for the year ended 30 June 2020.

Pages 1 to 96 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.

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 2018 (2018 Code), can be located as follows:

Disclosure	Location
Likely future developments	Throughout the Strategic Report on pages 1 to 57
Research and development activities	Our value creation model on pages 14 to 38 and Financial review on page 42
Financial instruments and risk management	Note 26 to the consolidated financial statements
Greenhouse Gas reporting	Page 36
Shareholder, employee and other stakeholder engagement	Stakeholder report on pages 59 to 62, and on pages 71 and 72

Dividends

Following the interim results in March, the Group consulted with its major shareholders with regards to its dividend policy. As stated at that time, the Board sees significant opportunities for further profitable growth and attractive returns on investment and believes that the best way to maximise shareholder value over the long-term is to increase the Group's flexibility to invest in attractive growth opportunities as they arise. This view was endorsed by a significant majority of the Group's major shareholders and accordingly, the Board has decided not to declare a final dividend. The Board will continue to review the Group's dividend policy, with future distributions reflecting the cash generation and capital needs of the Company. This means the total dividend for the financial year ended 30 June 2020 was 3.55 pence per share (2018/19: 12.13 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 23 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 27 to the financial statements. Shares held by Equiniti Share Plan Trustees Limited 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 material 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, subject to the satisfaction of certain conditions.

Major interests in shares

Details of the interests in voting rights in the Company's shares 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 88) are set out below:

	At 31 August 2020	
	Number of ordinary shares held	Percentage of issued share capital
T Rowe Price Associates, Inc	20,583,612	9.52%
Durable Capital Partners, L.P.	14,375,076	6.65%
Harding Loevner LLC	11,521,339	5.33%
Standard Life Aberdeen	10,579,075	4.90%
Baillie Gifford & Co Ltd	9,847,737	4.56%
Invesco Advisors Inc	8,188,757	3.79%
BlackRock Inc	7,370,806	3.41%

As at 12 September 2020 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 13 November 2019, to purchase through the market 20,574,494 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 Michael Baldock, who replaced Gavin Wood as Chief Financial Officer on 3 February 2020) are set out on pages 68 and 69. 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 2018 Code Provision 18 and therefore all Directors shall retire and all Directors, save for Jonathan Milner, shall stand for re-election at the AGM to be held on 4 December 2020.

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 set out on pages 53 to 57 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 our registered office at Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX, UK on 4 December 2020 at midday. 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 2020, 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, comprising 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; and
- 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 68 and 69, 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; and
- 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 2018 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 2018 Code, the Board believes that it is appropriate for Abcam to comply with the 2018 Code. For the year ended 30 June 2020, we have complied with all of the principles and provisions of the 2018 Code, except as follows:

- **Membership of the Audit & Risk Committee.** Code 2018 Provision 24 states that the chair should not be a member Audit & Risk Committee. This Provision was not implemented in full as Peter Allen was a member of the Audit & Risk Committee until he relinquished his position on the committee on 2 June 2020.
- **Post-employment shareholding requirements.** 2018 Code Provision 36 has not been implemented in full as the Remuneration Committee does not have a formal policy for post-employment shareholding requirements.

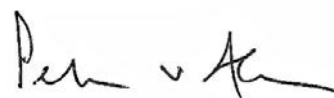
Provision of information to the auditor

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

12 September 2020



Marc Perkins
General Counsel and Company Secretary

12 September 2020