

Abcam plc
Audit and Risk Committee
Terms of Reference

These Terms of Reference were adopted in place of the previous Terms of Reference by resolution of the Board effective 22 October 2020.

1. PURPOSE

- 1.1 The purpose of the Audit and Risk Committee (“*Committee*”) is to assist the Board in its oversight, monitoring and review of:
 - 1.1.1 the accounting, financial and narrative reporting processes of the Company and its direct and indirect subsidiaries (“*Group*”) and the audits of the Company’s consolidated financial statements;
 - 1.1.2 the Company’s internal controls, risk management framework and effectiveness thereof;
 - 1.1.3 whistleblowing and fraud;
 - 1.1.4 those performing Company’s internal audit function, when formally established or similar activities; and
 - 1.1.5 the Company’s independent registered accounting firm (the “*external auditors*”).
- 1.2 In accordance with AIM Rule 26, the Company is required to specify which corporate governance code it has decided to apply. As the Board is committed to maintaining high standards of corporate governance, the Directors has chosen to comply with (i) the provisions of the UK Corporate Governance Code, so far as is practicable given the Company’s size and constitution of the Board, and (ii) any applicable rules of the Nasdaq Stock Market LLC (“*Nasdaq*”). The Committee’s responsibilities under these Terms of Reference are subject to any applicable exemptions and transition periods under the Nasdaq rules (or stock exchange where the Company’s securities are listed) and the rules and regulations of the U.S. Securities and Exchange Commission (“*SEC*”).
- 1.3 The purpose of the Committee is to provide formal and transparent arrangements for considering how to apply the principles relating to financial reporting, internal control and the identification and management of risk set out in the UK Corporate Governance Code as appropriate, on the basis set out in 1.1 above. The Committee is also responsible for assessing and maintaining an appropriate independent relationship with the Company’s external auditors.

2. CONSTITUTION AND MEMBERSHIP

- 2.1 The Committee has been established as a committee of the Board by resolution of the Board.
- 2.2 The members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee chairman. The Committee shall comprise at least three members. Except as otherwise permitted by applicable transition provisions or exemptions, each member of the Committee shall (i) be an “independent director” as defined by Nasdaq Rule 5605(a)(2), (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended, and (iii) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. Notwithstanding provision 24 of the UK Corporate Governance Code, the Chairman of the Company may be a member of, but not chair, of the Committee, provided that the Committee is satisfied that the Chairman’s expertise and experience is such that it is possible to explain the Chairman’s membership of the Committee as being of value to the Company. At least one member of the Committee should have significant recent and relevant financial experience.
- 2.3 Except as otherwise permitted by applicable transition provisions or exemptions, each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement, at the time

of his or her appointment to the Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual report filed with the SEC), at least one member of the Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).

- 2.4 The chairman of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee. In the absence of the chairman of the Committee, the members present shall select one of their number present (other than the Chairman of the Company, if he is a member of the Committee) to chair the meeting.
- 2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional three-year periods, provided the director still meets the criteria for membership of the Committee.
- 2.6 The Company Secretary shall act as the Secretary of the Committee. Where the Secretary is also an executive director, the Committee may nominate one of its members to act as Secretary for any meeting which the Committee wishes to hold without executive directors being present. The secretary of the Committee will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. ATTENDANCE

- 3.1 The Committee may invite a representative of the external auditors to attend meetings of the Committee as necessary or advisable. The Committee should have at least one meeting, or part of a meeting, with the external auditors without management being present.
- 3.2 The Committee may request other individuals such as the Chairman of the Company (if not already on the Committee), Chief Executive Officer, Chief Financial Officer and any relevant senior management to attend for all or part of meetings of the Committee, either regularly or by invitation, but such invitees have, (save in the case of the Chairman of the Company as appointed to the Committee in accordance with paragraph 2.2 above) no right of attendance.

4. MEETINGS AND PROCEEDINGS

- 4.1 The Committee will meet at least four times each financial year, having regard to the Company's financial reporting cycle, and at such other times as the chairman of the Committee shall think fit.
- 4.2 The external auditors may (through the chairman of the Committee) request a meeting of the Committee if they consider that one is necessary.
- 4.3 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member.
- 4.4 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda, should normally be circulated to each member of the Committee, and to any other person required to attend, at least five working days prior to the date of the meeting.
- 4.5 Unless otherwise agreed by all members of the Committee, all relevant papers for each meeting should normally be circulated to each member of the Committee, to any other person required

to attend, and to all other non-executive directors, at least three full working days prior to the date of the meeting.

- 4.6 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's financial reporting, governance and internal controls, including, without limitation, the Company Chairman, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the external audit lead partner and, if appointed, the Head of Internal Audit.
- 4.7 The quorum for meetings of the Committee shall be two members.
- 4.8 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Decisions of the Committee will be made by majority vote.
- 4.9 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 4.10 In the event of an equality of votes, the chairman of the Committee will save where he has a personal interest, have a second or casting vote.

5. REPORTING

- 5.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless in the opinion of the Committee chairman it would be inappropriate to do so (for example a conflict of interests exists) and to the external auditors.
- 5.2 The Committee or its chairman shall formally report to the Board of the Company at least once each year on such matters as the Annual Report and the relationship with the external auditors and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
 - 5.2.1 the significant issues that it considered in relation to the financial statements (required under paragraph 6.1) and how these were addressed;
 - 5.2.2 its assessment of the effectiveness of the external audit process (required under paragraph 6.35.5) and its recommendation on the appointment or reappointment of the external auditor;
 - 5.2.3 its assessment of the principal risks inherent and emerging in the business and the effectiveness of the system of internal control necessary to monitor and manage such risks; and
 - 5.2.4 any other issues on which the Board has requested the Committee's opinion.
- 5.3 The Committee shall make whatever recommendations to the Board that it deems appropriate in the context of the scope of its responsibilities.
 - 5.3.1 The Committee shall prepare a report each year to be included in the Company's annual report and accounts.
- 5.4 The chairman of the Committee should be present at the Company's annual general meeting to respond to questions on matters within the responsibility of the Committee.

- 5.5 When reporting to the Board or compiling any report to shareholders the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

6. DUTIES OF THE COMMITTEE

The Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The duties of the Committee are:

Financial Statements and Narrative Reporting

- 6.1 to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance and review significant financial reporting judgements contained in them.
- 6.2 to keep under review and challenge where necessary the consistency of accounting policies, both on a year to year basis and across the Group.
- 6.3 to review and raise considerations regarding the Company's financial statements (including the actions and judgements of management in relation to them), before submission to the Board, taking into account, in particular:
- 6.3.1 accounting policies and practices year on year and within the Group, and any changes in them;
 - 6.3.2 decisions requiring a major element of judgement;
 - 6.3.3 the extent to which the financial statements are affected by any unusual transactions or circumstances;
 - 6.3.4 the clarity and completeness of disclosures;
 - 6.3.5 significant adjustments resulting from the audit;
 - 6.3.6 the going concern assumption;
 - 6.3.7 compliance with accounting standards;
 - 6.3.8 the views of the external auditor;
 - 6.3.9 compliance with stock exchange and other regulatory and legal requirements;
- 6.4 to consider management's response to any significant external or internal audit recommendations.
- 6.5 to review and raise considerations regarding the operating and financial/business review and corporate governance statement insofar as it relates to audit matters or risk management.
- 6.6 to report its views to the Board where it disagrees with any aspect of the proposed financial reporting by the Company.

- 6.7 where requested by the Board, to review the content of the annual report and accounts and advise the Board on whether, taken as a whole, this information is, in the Committee's judgment, believed to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Effectiveness of Internal Control and Risk Management Framework

- 6.8 to review and oversee the adequacy and effectiveness of the financial reporting and internal control policies and systems of the Company and its subsidiaries, covering all material controls, including financial, operational and compliance controls, and the procedures for the identification, assessment, management and reporting of risks.
- 6.9 to review and advise the Board regarding the Company's approach on risk exposure, tolerance and strategy. The Committee should discuss the Company's major financial risk exposures and, as necessary or advisable, the Company's other risk exposures, including, without limitation, business continuity risk, tax risk, legal risk, cybersecurity risk and enterprise risk.
- 6.10 to review and oversee and advise the Board on the current risk exposures of the Company and future risk strategy.
- 6.11 to review and oversee the Company's overall risk assessment processes that inform the Board's decision making and to regularly review and approve the parameters used and the methodology adopted.
- 6.12 to set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 6.13 to review the Company's capability to identify and manage new risk types and emerging risks.
- 6.14 to review the Company's privacy and data security risk exposures, including:
- 6.14.1 the potential impact of those exposures on the Company's business, financial results, operations and reputation;
 - 6.14.2 the steps management has taken to monitor and mitigate such exposures;
 - 6.14.3 the Company's information governance policies and programs; and
 - 6.14.4 major legislative and regulatory developments that could materially impact the Company's privacy and data security risk exposure.
- 6.15 before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the company, and taking independent external advice where appropriate and available.
- 6.16 to review and approve the statements to be included in the annual report.

Compliance, Whistleblowing and Fraud

- 6.17 The Committee shall:
- 6.17.1 review the Company's procedures for detecting fraud and establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential

and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters; and

- 6.17.2 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.
- 6.17.3 periodically review, consider and discuss with management and the external auditor the Company's Code of Conduct and the procedures in place to enforce the Code of Conduct. The Committee must also consider and discuss and, as appropriate, grant requested waivers from the Code of Conduct brought to the attention of the Committee.

Internal Audit

- 6.18 to review at least annually the need for an internal audit function.
- 6.19 to consider applications for the post of and appoint the head of the internal audit function, and to consider any dismissal of that post holder.
- 6.20 to consider and approve the terms of reference of the internal audit function, to consider the planned programme of internal audits and the reasons for any changes or delays in the programme.
- 6.21 to ensure that the internal audit function is adequately resourced and has appropriate standing in the Company and is free from management or other restrictions.
- 6.22 to review the management of financial matters and the freedom allowed to the internal auditors.
- 6.23 to review and monitor management's responsiveness to the internal auditors' findings and recommendations.
- 6.24 to review promptly all reports on the Company from the internal auditors, meet the head of internal audit at least once a year, without management being present, and to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the chairman of the board and to the Committee.
- 6.25 to monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.

External Audit

The Committee shall have sole and direct responsibility for overseeing the relationship with and the work and performance of the external auditor including, without limitation, the following duties:

- 6.26 to make recommendations to the Board in relation to the appointment, re-appointment, evaluation and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors. On behalf of the Board to manage the tender process for the appointment of auditors at least every ten years.
- 6.27 to monitor and review the external auditors' independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the levels of audit and non-audit work carried out by the external auditors.
- 6.28 to oversee the selection process, consider and make recommendations to the Board in relation to the appointment and re-appointment of the Company's external auditors, and to ensure that the key partners within the appointed firm are rotated in line with ethical standards from time to time.

- 6.29 to investigate any issues which result in or are connected to the resignation of external auditors and decide whether any action is required.
- 6.30 to meet with the external auditors at least twice each year, including at the audit planning stage, when the nature and scope of the audit, quality control procedures and steps taken by the auditors in response to regulatory and other requirements will be considered, and post audit at the reporting stage.
- 6.31 to review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- 6.32 to review any management letters from the auditors and management's responses.
- 6.33 to review any representation letter(s) requested by the external auditors before they are signed by or on behalf of the Board.
- 6.34 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 6.34.1 a discussion of any major issues which arose during the audit;
 - 6.34.2 key accounting and audit judgements;
 - 6.34.3 levels of errors identified during the audit; and
 - 6.34.4 the effectiveness of the audit process.
- 6.35 to keep under review the relationship with the external auditors including (but not limited to):
 - 6.35.1 the independence and objectivity of the external auditors;
 - 6.35.2 agreeing with the Board a policy on the employment of former employees of the Company's auditor, and monitoring the implementation of this policy.
 - 6.35.3 the consideration of audit fees which should be paid, as well as any other fees which are payable to auditors in respect of non-audit activities;
 - 6.35.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - 6.35.5 assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
 - 6.35.6 seeking to ensure co-ordination with the activities of the internal audit function;
 - 6.35.7 discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made in relation to the Company's internal auditing standards.
- 6.36 to develop and implement policy on the engagement of the external auditors to supply audit and non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the relevant external audit firm, specifying types of non-audit work:
 - 6.36.1 from which the external auditors are excluded;

6.36.2 for which the external auditors can be engaged following approval from the Committee;
and

6.36.3 for which a case by case decision from the Committee is necessary.

6.37 to pre-approve (or the chairman of the Committee may pre-approve) any audit and non-audit service provided to the Company by the external auditor, unless the engagement is entered into pursuant to an appropriate pre-approval policies established by the Committee or if such service falls within available exceptions under the rules of the SEC.

Related Party Transactions

6.38 to periodically review the Company's policies and procedures for reviewing and approving or ratifying "related party transactions," including the Company's Related Party Transaction Policy, and recommend any changes to the Board. In accordance with the Company's Related Party Transaction Policy and the Nasdaq rules, the Committee shall conduct appropriate review and oversight of all related person transactions for potential conflict of interest situations on an ongoing basis.

Other Matters

6.39 to give due consideration to relevant laws and regulations, including the provisions of the UK Corporate Governance Code, the requirements of the AIM Rules for Companies, the Nasdaq rules or rules of any other national or global securities exchange on which the Company's securities are listed, and the rules and regulations of the SEC, and any other applicable rules as appropriate.

6.40 to have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

6.41 to be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

6.42 to co-ordinate the internal and external auditors.

6.43 to review the Company's procedures by which staff may raise concerns about possible improprieties in matters of financial reporting or other matters, and to ensure that arrangements are in place for proportionate and independent investigation of such matters and for appropriate follow-up action.

6.44 to oversee any investigation of activities which are within its terms of reference, and to act as a court of last resort.

6.45 to review at least once a year the Committee's own performance, constitution and terms of reference, and make recommendations to the Board as necessary, to ensure that it is operating at maximum effectiveness.

6.46 to work with and liaise as necessary with all other Board committees.

7. AUTHORITY

7.1 The Committee is authorised by the Board to investigate any activity or state of affairs within these Terms of Reference.

7.2 The Committee is authorised to seek any information it requires from any employees or officers of the Company, in order to perform its duties and to call any member of staff to be questioned at a meeting of the Committee as and when required.

- 7.3 The Committee is authorised by the Board, at the Company's expense, to obtain expert advice from the Company's auditors, professional advisers or otherwise, and to take independent professional advice and to require the attendance of outsiders with relevant experience and expertise if it considers it necessary. The Company must provide for appropriate funding, as determined by the Committee, for payment of remuneration to the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, for payment of remuneration to any advisors employed by the Committee and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 7.4 The Committee is authorised to commission any reports or surveys which it deems necessary to fulfil its obligations.
- 7.5 The Committee have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.
- 7.6 In addition to the duties and responsibilities expressly delegated to the Committee in these Terms of Reference, the Committee may exercise any other powers and carry out any other responsibilities consistent with these Terms of Reference, the purposes of the Committee, the Company's Articles of Association and applicable exchange rules.