



Abcam plc

Remuneration Committee

Terms of Reference

These Terms of Reference were adopted in place of the previous Terms of Reference by resolution of the Board passed on 18 July 2019.

1. **PURPOSE**

- 1.1 The Company is not listed on the main market and consequently is not required to have regard to the UK Corporate Governance Code. The Board is, however, committed to maintaining high standards of corporate governance and the Directors intend, so far as is practicable given the Company's size and constitution of the Board, to comply with the provisions of the UK Corporate Governance Code.
- 1.2 The purpose of the Remuneration Committee ("Committee") is to provide a formal, rigorous and transparent procedure for developing policy on remuneration, and to set the remuneration packages of individual directors and senior management (for these purposes being the Executive Leadership Team) with appropriate regard to the interests of the Company's shareholders.

2. **CONSTITUTION AND MEMBERSHIP**

- 2.1 The Remuneration 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 of the Company and in consultation with the chairman of the Remuneration Committee. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Company Chairman may serve as one such member of the Committee if considered independent when appointed as Company Chairman.
- 2.3 The chairman of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee of the Company. In the absence of the chairman of the Committee, the members present shall select one of their number present to chair the meeting. The Chairman of the Company shall not be eligible to be appointed as chairman of the Committee.
- 2.4 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.
- 2.5 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 request other individuals such as the Chairman of the Company (if not already on the Committee), Chief Executive Officer, Chief Financial Officer, the head of Human Resources, any relevant senior management and external advisers to attend for all or part of meetings of the Committee, either regularly or by invitation, but such invitees have (save as set out in the following paragraph, or, in the case of the chairman of the Company save as appointed to the Committee in accordance with paragraph 2.2 above), no right of attendance.
- 3.2 The Chief Executive Officer shall have the right to address any meeting of the Committee.

4. **MEETINGS**

- 4.1 The Committee will meet at least twice each year, and at such other times as the chairman of the Committee shall think fit.
- 4.2 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member.
- 4.3 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant papers, 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 five working days prior to the date of the meeting.
- 4.4 The quorum for meetings of the Committee shall be two members.
- 4.5 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.
- 4.6 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.
- 4.7 In the event of an equality of votes the chairman of the Committee will save where he or she has a personal interest, have a second or casting vote.

5. **REPORTING**

- 5.1 The Committee chairman shall report to the Board on its proceedings after each meeting at the following Board meeting.

- 5.2 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.
- 5.3 The Committee shall make whatever recommendations to the Board that it deems appropriate in the context of the scope of its responsibilities.
- 5.4 The Committee shall prepare a report each year to be included in the Company's annual report and accounts.
- 5.5 The Committee chairman should be present at the Company's annual general meeting to respond to questions on matters within the responsibility of the Committee.

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:

- 6.1 the setting of individual remuneration packages for the Chairman and the executive members of the Board and senior management (for these purposes being the Executive Leadership Team), including Company Secretary, within the overall remuneration policy determined by the Board, taking into account the alignment of incentives and rewards with the Company's culture. The remuneration of non-executive directors shall be a matter for Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration.
- 6.2 have oversight over the level and structure of remuneration for the workforce and related policies and to ensure the alignment of incentives and reward with the Company's culture.
- 6.3 to take into account all factors which the Committee deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code, the AIM Rules for Companies and associated guidance, in determining the remuneration policy. The objective of the policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.
- 6.4 to liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives fits within the Company's overall policy.

- 6.5 to approve the design of, and determine targets for any performance related pay schemes operated by the Company and to ask the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements and approve the total annual payments made under such schemes.
- 6.6 to determine the total individual remuneration package of each executive director and member of senior management (for these purposes being each member of the Executive Leadership Team) including, where appropriate, bonuses, incentive payments and share options, ensuring that:
 - 6.6.1 remuneration packages are sufficient to attract, retain and motivate executive directors and senior management of the quality required, while avoiding paying more than is necessary for this purpose;
 - 6.6.2 performance-related elements of remuneration form a significant proportion of the total remuneration package, and are designed to align their interests with those of shareholders and the long-term success of the Company.
- 6.7 to determine the policy for and scope of pension arrangements, for executive directors.
- 6.8 to review the design of all of the Company's share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives and the performance targets to be used.
- 6.9 to ensure that contractual terms on termination and any payments made to the executive directors, are fair to the individual and the Company, ensuring that compensation commitments do not have the effect of rewarding poor performance and that the duty to mitigate loss is fully recognised, while dealing fairly with cases where departure is not due to poor performance.
- 6.10 to give due regard to any laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of AIM companies and formation and operation of share schemes, including but not limited to the comments and recommendations of the UK Corporate Governance Code, AIM Rules for Companies and associated guidance, the ABI's guidelines on policies and practices on executive remuneration, guidelines published by the National Association of Pension Funds and any other applicable rules, as appropriate, in determining remuneration packages and arrangements.
- 6.11 to obtain, review and have regard to the conditions of service and remuneration levels of competitor companies, but not so as to cause remuneration to rise without a corresponding improvement in performance.

- 6.12 to be exclusively responsible for establishing the selection criteria, selecting, appointing and settling the terms of reference for any remuneration consultants who advise the Committee, at the Company's expense.
- 6.13 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.
- 6.14 to agree the policy for authorising claims for expenses from the directors.
- 6.15 to work with and liaise as necessary with all other Board committees.

7. **OTHER MATTERS**

- 7.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 7.2 The Committee members shall 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.

8. **AUTHORITY**

- 8.1 The Committee is authorised by the Board to investigate any activity or state of affairs within its terms of reference.
- 8.2 The Committee is authorised to seek any information it requires from any employees or officers of the Company, in order to perform its duties. In seeking any advice or assistance from any of the Company's executives, the Committee is to ensure that such role is clearly separated from the executive's role within the business.
- 8.3 The Committee is authorised to obtain, at the Company's expense, 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.
- 8.4 The Committee is authorised to select, set the terms of reference and appoint remuneration consultants, at the Company's expense.
- 8.5 The Committee is authorised to commission any reports or surveys which it deems necessary to fulfil its obligations.