CHAIRMAN'S INTRODUCTION TO GOVERNANCE

STRONG AND ROBUST CORPORATE GOVERNANCE

"THE BOARD CONTINUES TO MAKE PROGRESS TO TAKE INTO ACCOUNT DEVELOPMENTS IN CORPORATE GOVERNANCE AND BEST PRACTICE."

PETER ALLEN
Independent Non-Executive Chairman
16 September 2020

DEAR SHAREHOLDER

I am pleased to introduce the governance section of the Annual Report for the year ended 30 June 2020.

This year has seen continued focus on the Group's corporate governance arrangements, ensuring that we have strong and robust corporate governance at the heart of everything we do. The Board continues to adhere to the principles of integrity, respect, transparency and openness and Board members are expected to lead by example and exemplify the highest standards of propriety, diligence and accountability. The Board, and its Committees, play a key role in providing the necessary framework, challenge and support to the business and ensure that a culture of good governance exists throughout the Group.

THE 2018 UK CORPORATE GOVERNANCE CODE

The new 2018 UK Corporate Governance Code (the "Code") applied to the Company from 1 January 2019. In response to the new Code, we undertook an assessment of our readiness and the changes we needed to make to embed the new requirements into our governance framework whilst ensuring that it continues to service our strategic priorities. I am pleased to report that we comply with all the principles of the Code.

The new Code highlights and reinforces the need for the Board to understand the views of the Company's key stakeholders and how their interests, and the matters set in Section 172 of the Companies Act 2006, have been considered in Board discussions and decision-making.

THROUGHOUT THE YEAR

The Board met eight times during the year. All of the meetings were held in the UK.

As part of the focus on key stakeholders, the Board has spent some time discussing workforce engagement strategies. We reviewed and approved an amended version of the Employee Handbook and updated a number of key governance documents, policies and procedures. During the year, we appointed John Hartup as the designated Non-Executive Director for workforce engagement. Unfortunately, the arrival of COVID 19 and the subsequent lockdown has meant that our work on workforce engagement has been somewhat hampered but we have been updated regularly on the statistics generated from Peakon (the world's leading platform for measuring and improving employee engagement) and the steps taken to address the comments coming out of that. The weekly statistics generated by Peakon allow the Company and the Board to regularly temperature test culture, employee engagement and alignment with the Group's values. While the events of 2020 have undoubtedly created uncertainty, I am pleased to report that our employees demonstrated unwavering commitment. We value their feedback and we shall continue to focus on ways to engage with them effectively through 2021.

In June 2019, the Board took part in an externally facilitated board evaluation exercise. As Chairman, in order to facilitate the long-term sustainability and success of the Group, my role is to ensure that the Board operates in an open and transparent manner, allowing the Non-Executive Directors the opportunity to critically assess, challenge and support the Executive Directors and senior management team. I believe that this has been achieved and the Board has worked effectively. I am pleased that the evaluation confirmed this.

As in previous years, the implementation of the strategy has been a significant area of focus in our Board meetings during the year, and Shaun and his executive management team have provided us with regular updates allowing the Board to inform our view on the successes and challenges throughout the Group.

Principal risks facing the Group continue to be a focus. All risks, along with the other principal risks are regularly assessed by the Audit and Risk Committee.

BOARD CHANGES AND BOARD COMPOSITION

John Hartup will not stand for re-election at the 2020 AGM. John has served as Non-Executive Director for the last nine years and I would like to thank him for his commitment to the Company. The Nomination Committee is currently seeking a replacement and considering who will take on John's responsibility for workforce engagement.

Board composition is considered regularly by the Board. The question of 'overboarding' has increased in prominence over the last year, arising from concerns that Directors may not be able to properly fulfil their duties where they have too many competing commitments to other listed companies. The Board, always mindful of this, undertakes a regular and detailed review of the nature and scope of its Directors' external appointments, which consciously extends beyond the standard corporate governance guidelines of listed company directorships, and includes appointments to private companies and charities. Following the 2019 AGM, when 31.59% voted against my re-election, the Board engaged with the Group's largest institutional investors and proxy companies to provide an opportunity for them to share their views on corporate governance and to cover questions more generally. As a result, in May 2020, I relinquished my position as a member of the Audit and Risk Committee. I also stepped down as Chairman of the Board of Diurnal Group on 30 June 2020.

The Board is satisfied that none of its Directors are over committed and that each has sufficient time to meet their Board responsibilities at Clinigen. In June 2019 the Board evaluation exercise, which was led by the Senior Independent Director, John Hartup, and facilitated externally by Prism Cosec confirmed, not just the prevailing view that the Board operates efficiently and cohesively, but that none of the Directors is ‘overboarded’. Further, the Board finds the additional insight gained by Directors’ participation on other Boards to be of enormous benefit. Each of the Non-Executive Directors provides excellent, uncompromising service; that said, the Board maintains a watching brief and is actively engaged in succession planning.

The Board continues to believe that its membership has the right qualities required to operate within a robust governance structure which matches the requirements of the Group. This structure makes our business stronger to ensure the right decisions are made to help support and deliver the Group’s strategy, and to protect shareholders interests.

LOOKING AHEAD

Priorities for the Board in 2021 include continually assessing progress against the strategic priorities, with particular attention on integration of the acquisitions and ensuring that they are supported by appropriate governance structures. We believe that our governance framework is robust and effective, but we recognise that we should look for continual improvement as we follow the Code.

Thank you for your continued support and I look forward to meeting any shareholders who can join us at our AGM on 26 November 2020. I should add that all shareholders planning to attend the meeting in person need to be aware that arrangements may be subject to change because of the ongoing pandemic. We will publish any changes on our website and through the regulatory news service.

CORPORATE GOVERNANCE STATEMENT

As a company whose shares are traded on AIM, the Company is subject to the AIM Rules for Companies. Pursuant to (amended) AIM Rule 26, with effect from 28 September 2018, every company whose shares are traded on AIM is required to state on its website which corporate governance code it applies, how it complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so (Corporate Governance Statement).

The Board has elected to report against the UK Corporate Governance Code 2018 (published July 2018 and applying to accounting periods beginning on or after 1 January 2019) (the “Code”). Whilst the Group is not required to comply with the Code (which has been drafted with larger, main-market listed companies in mind), we have voluntarily chosen to formally adopt the Code as representing best practice in UK corporate governance. The Board also uses the revised Guidance on Board Effectiveness to help guide best practice when applying the Code. Published by the Financial Reporting Council (FRC), the Code is much shorter than the previous version and focuses on board leadership and company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration. At its heart, the Code emphasises the value of good corporate governance to long-term sustainable success. Although AIM listed companies are not required to comply with the Code (unlike those with a premium listing), the Board’s election underpins its belief that effective corporate governance as best business practice will assist the delivery of the Group’s corporate strategy, the management of risk and the generation of shareholder value, improve Board efficiency, boost investor confidence, reduce cost of capital and help protect our shareholders’ long-term interests. Clinigen values corporate governance highly, not only in the boardroom but across the whole business of the Group.

The Company’s Corporate Governance Statement sets out how it complies with the Code and is available from the Company’s website at www.clinigengroup.com.

The following section outlines in broad terms how the Board has managed and applied standards of corporate governance that are appropriate for the Group’s size and circumstances.

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board’s role is to establish the vision and strategy for the Group and the Board is responsible for the long-term success of the Company. The individual members of the Board have equal responsibility for the overall stewardship, management and performance of the Group and for the approval of its long-term objectives and strategic plans.

The Board is responsible to the Company’s shareholders with its main objective to increase the sustainable value of assets and long-term viability of the Company. The Board reviews business opportunities and determines the risks and control framework. It also makes decisions on budgets, Group strategy and major capital expenditure. The day-to day management of the business is delegated to the Executive Directors.

The Board has a schedule of matters specifically reserved for its approval. These matters are delegated to the Board Committees, Executive Directors, executive management team and senior management where appropriate. The schedule of matters reserved for the Board and terms of reference for each of its Committees can be found on the website www.clinigengroup.com.

Matters considered by the Board in 2020 included:

Topic	Discussion	Considerations
Strategy	• Strategic Review • Acquisition Strategy	The need to ensure the long-term sustainable success of the business
Culture	• Regular review of the output from the Peakon employee engagement platform	The need for the Board to ensure that the workforce is engaged, is aligned with the Company culture and that the Board is alert to any concerns employees may have
Finance	• Approval of the financial statements • Annual budget	The need to provide transparent and accurate information to the market and the need to ensure that the Company generates and preserves value over the long term
Risk	• Governance, risk and internal control framework gap analysis • Insurance review • Review and approval of an updated Global Delegation of Authority Matrix	The need for the Board to establish formal and transparent policies and procedures to ensure the effectiveness of its internal controls systems and the integrity of financial statements
Workforce	• Gender pay gap reporting	The need to ensure external reporting is accurate and that the Company strives to address any imbalances within pay and

	• Review and approval of an updated Global Clinigen Employee Handbook	conditions. The need to ensure that all employees are treated fairly and have clear guidance on Company policies and procedures
Governance	• Approval of a US Healthcare Policies Compliance Manual • Consideration of reporting Directors' duties under Section 172 of the Company Act 2006 • Approval of mandatory global anti-bribery and corruption training for all employees	To ensure high standards of governance and adherence to applicable regulations throughout the Group

DIVISION OF RESPONSIBILITIES

There is a clear division of responsibilities between the Chairman and the CEO of the Company.

The role of the Chairman is to lead and manage the Board, ensuring the Board's effectiveness in all aspects. They should facilitate active engagement by all members, promoting a culture of challenge, openness and scrutiny.

The CEO manages the Group's business and develops its strategy. The CEO leads the senior management team in delivering the Group's strategic objectives.

The Non-Executive Directors' responsibilities are to challenge and contribute towards the Group's strategy, and to ensure that the financial controls and systems around risk management are suitably robust.

The Company Secretary supports the Board and advises on all governance matters. All Directors have access to the advice of the Company Secretary. The appointment of the Company Secretary is a matter for the Board.

BOARD COMPOSITION, SUCCESSION AND EVALUATION

The Board consists of two Executive Directors, an Independent Non-Executive Chairman, three Independent Non-Executive Directors and a Non-Executive Director. During the year, John Hartup was the Company's Senior Independent Director, acting as a sounding board for the Chairman and a trusted intermediary for the other Directors. He was also available as an additional point of contact for shareholders.

In accordance with the provisions of the Code, during the year, at least half the Board is comprised of Independent Non-Executive Directors.

The Code sets out criteria designed to assist the Board in determining whether there are circumstances that might affect, or could appear to affect, a Director's judgement and therefore their independence. In accordance with recommendations of the Code, the Board have concluded that the majority of Board members are independent Non-Executive Directors.

The Board continues to assess that its membership has the right qualities required to operate within a robust governance structure which the Board believes fits the requirements of the Group. Priorities for the Board in 2020/21 include continually assessing progress against the strategic priorities and strengthening the Board membership with Independent Non-Executive Directors where it is deemed necessary.

In June 2019, the Board conducted an internal Board evaluation which was led by the Senior Independent Director, John Hartup, and facilitated externally by Prism Cosec. The evaluation concluded that the Board operates efficiently and cohesively. The key recommendations and the actions taken are set out below:

Recommendation	Action
Schedule an annual review of the attendance and time commitments of each Director by the Nominations Committee to ensure that any concerns are addressed	An annual review has been put in place. The Board is satisfied that none of its Directors are over committed and that each has sufficient time to meet their Board responsibilities at Clinigen.
Consider options for improving the structure of the agenda and papers within the Board pack	The Company Secretary facilitated the introduction of an online Board portal to manage Board and Committee packs
Ensure that the roles and responsibilities of the Chairman, CEO and Senior Independent Director are documented and published in line with the requirements of the 2018 Code	The Board has approved written job descriptions for the Chairman, CEO and Senior Independent Director
In light of new reporting requirements, Directors review their duties under Section 172 of the Companies Act 2006	The Company Secretary facilitated a discussion about Section 172 and ensured that the Directors (i) had a clear view on how they discharged their duties under Section 172; (ii) determined who the key stakeholders were and how they should engage with; and (iii) were clear on how they should report on their responsibilities under Section 172 in the Annual Report
When preparing the agendas for Board and Committee meetings, the Secretary and Chair should agree proposed timings for each discussion topic and note those timings on the meeting agenda	This has been implemented
In light of Code requirements, consider the governance and review of reports arising from the Company's arrangement for employees to raise concerns in confidence	This takes place using the Peakon employee engagement platform. We also have a Whistleblowing Policy.
Formalise the annual programme of work for the Nomination Committee	This is in the process of being formalised

APPOINTMENT, REMOVAL AND RE-ELECTION OF DIRECTORS

The Group seeks to recruit the best candidates at Board level and considers candidates on merit and against objective criteria. The process for the appointment of Directors is managed by the Nomination Committee.

Appointments are made with due regard for the benefits of diversity on the Board (including gender). The Group supports the Code in respect of diversity.

The Board takes care that appointees have sufficient time available to allocate to the position. Each Non-Executive Director is expected to allow the necessary time to conduct their duties which involves attending all Board and Committee meetings of which they are members.

Effective procedures are in place to deal with conflicts of interest. Other interests and commitments of Directors are known by the Board and any changes to their commitments are reported.

The Articles of Association state that one-third of the Directors must stand for re-election by shareholders annually in rotation and that each Director appointed by the Board is subject to election by the shareholders at the first AGM after their appointment. However, to underline their accountability to shareholders and the Board's commitment to appropriate corporate governance, each Director, other than John Hartup, will stand for re-election at the upcoming AGM. Following advice from the Nomination Committee, the Board has concluded that each Director is qualified for election or re-election.

BOARD COMPOSITION

Independent Non-Executive Chairman	1
Executive Directors	2
Independent Non-Executive Directors	3
Non-Executive Director	1

BOARD TENURE

0–3 years	3
>6 years	4

GENDER DIVERSITY OF THE BOARD

Female	1
Male	6

BOARD AND COMMITTEE MEETINGS

The Board meets on a formal basis regularly throughout the year and met eight times in the year ended 30 June 2020. The Committee meetings are scheduled around the Board meetings. Agendas, Committee papers and other appropriate information are distributed prior to each meeting to allow the Board to meet its duties.

The Directors' attendance during the year ended 30 June 2020 are as follows:

	BOARD	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
S Chilton	8	3[1]	2[1]	1[1]
N Keher	8	3[1]	2[1]	
P Allen	8	3	3	1
J Hartup	8	3	3	1
I Nicholson	8	3	3	1
A Hyland	8	3	2[1]	1[1]
A Boyd	8	3[1]	2[1]	

1. By invitation.

INDUCTION AND DEVELOPMENT

On joining the Board, new Directors receive a comprehensive formal induction, involving meetings with senior management and external advisers. Individual training and development needs are reviewed regularly and provided as required. All Directors receive regular updates in legal, regulatory and governance matters by the Group General Counsel and Company Secretary, independent external auditors and advisers. The Group General Counsel and Company Secretary attends all Board meetings and has the responsibility of advising the Board on corporate governance matters and assisting with the flow of information to and from the Board.

During the year, the Board received refresher training on the AIM Rules for Companies as part of the transition which took place with the change in NOMAD.

Occasionally Board meetings are held at operational sites outside the UK to enhance the Board's understanding of the business but travel restrictions due to COVID-19 has meant that this was not possible this year. The face to face board meetings which were possible this year have all taken place in the UK. The Board are also provided with regular updates on strategy from senior management throughout the year including a virtual strategy day held in June 2020.

BOARD COMMITTEES

The Board has established a Nomination Committee, Audit and Risk Committee, and Remuneration Committee, each with having separate duties and responsibilities.

NOMINATION COMMITTEE

The Chairman of the Nomination Committee is Peter Allen, with John Hartup and Ian Nicholson the other members of the Committee. The primary role of the Committee is regularly to review the structure, size and composition of the Board, give full consideration to succession planning for Directors and other senior executives and evaluate the balance of skills, knowledge, experience and independence on the Board. The Committee meets at such times as the Chairman of the Committee requires. The Committee met once during the year to discuss succession planning and board composition. Topics for the coming year will include the Company's approach to diversity and inclusion and how that links to company strategy.

AUDIT AND RISK COMMITTEE

The Chair of the Audit and Risk Committee is Anne Hyland, with John Hartup and Ian Nicholson being the other members of the Committee. As announced in May 2020, the Board recognises that it is best practice for the Chairman of the Group not to be a member of the Audit Committee. With this in mind, Peter Allen relinquished his position as a member of the Audit and Risk Committee with immediate effect. The primary role of the Committee is to monitor, review and challenge the financial statements and regulatory environment, monitor the relationship with the external auditors, monitor the Group's internal control and risk management and ensure compliance with laws and regulations. The Committee meets at such times as the Chairman of the Committee requires. The Committee carefully considers the key judgements applied in preparation of the consolidated financial statements including the estimated future discounted cash flows supporting the carrying value of goodwill and intangibles and the going concern assumption. Each of the relevant estimates and judgements have been confirmed as appropriate.

The Board believes that the Chair, who is a Chartered Accountant, has highly relevant experience to contribute to the Committee discussions.

REMUNERATION COMMITTEE

The Chairman of the Remuneration Committee is Ian Nicholson, with Peter Allen, John Hartup and Anne Hyland being the other members of the Committee. Anne was appointed to the Committee on 23 June 2020. The primary role of the Committee is to determine and agree the remuneration of the Company's Chairman, CEO, Executive Directors and senior managers, with the objective to ensure there is an appropriate remuneration strategy in place to encourage enhanced performance and reward for individual contributions to the success of the Company. The Committee also reviews the design of all Group share incentive plans and oversees major changes to employee benefit structures across the wider business. The Committee reviews the performance targets regularly to ensure that they are both challenging and closely linked to the Group's strategic priorities. The level of remuneration of the Directors is set out in the Group's Remuneration Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for establishing and maintaining the Group's internal control systems. The Board regularly reviews, and evaluates internal controls, ensuring they meet the needs of the Group. The internal controls are designed to manage risk rather than eliminate it and therefore cannot provide absolute assurance against material misstatement or loss. Primary responsibility for reviewing internal controls has been delegated to the Audit and Risk Committee.

COMMUNICATION WITH INVESTORS

The Board realises that effective communication with shareholders on strategy and governance is an important part of its responsibilities. The CEO and CFO have a regular dialogue with institutional shareholders engaging proactively with them and ensuring their views are communicated back to the Board. The Investor Relations department acts as a focal point for contact with investors throughout the year. The Chairman and Non-Executive Directors continue to be available to discuss matters of concern as requested. Interim and final results are communicated via formal meetings with roadshows, participation in conferences and additional dialogue with key investor representatives held in the intervening periods.

Prior to the AGM held in November 2019, the Board contacted the Group's largest institutional investors and proxy companies and provided an opportunity for them to share their feedback on the resolutions past at the AGM and to cover questions more generally. Peter Allen, John Hartup and Ian Nicholson met with the governance representatives and fund managers from these institutions and communicated the feedback back to the wider Board.

The Board believes that appropriate steps are taken to ensure that the Board, and in particular the Non-Executive Directors, develop an understanding of the views of major shareholders. Prior to each Board meeting, an Investor Relations report is circulated which includes analysts' and brokers' briefings and following results roadshows, broker and adviser feedback is also passed to the Board.

SHARE DEALING

The Company has a Group share dealing code which complies with all applicable legislation, and all the Directors of the Group understand the importance of compliance with the Code.

AGM

The Company's AGM is used by the Board to communicate with shareholders, who are all entitled to attend. The presentation of the results will be given by the CEO, followed by the formal business of the meeting. The meeting provides an opportunity to ask questions of each of the Board members as part of the agenda, or more informally after the meeting.

The Notice of AGM and all related papers are sent to each shareholder at least 20 working days before the meeting. The outcomes of the voting on resolutions are announced to the London Stock Exchange via the Regulatory News Service and added to the Clinigen website.

WHISTLEBLOWING

The Group operates a whistleblowing policy which allows all employees to raise concerns to senior management in strict confidence about any unethical business practices, fraud, misconduct or wrongdoing.

AUDIT AND RISK COMMITTEE REPORT

PROVIDING OVERSIGHT OF FINANCIAL REPORTING

"AS THE GROUP CONTINUES TO DEVELOP THE COMMITTEE PLAYS A KEY ROLE IN THE GOVERNANCE AROUND AUDIT AND RISK."

ANNE HYLAND

Chair of the Audit and Risk Committee
16 September 2020

DEAR SHAREHOLDER,

As Chair of the Audit and Risk Committee, I am pleased to present you with the Committee's report for the year ending 30 June 2020. This report details the work of the Committee over the past year in fulfilling our responsibilities to provide effective governance over the Group's financial and risk affairs, to ensure that shareholders' interests are properly protected in relation to internal controls, financial reporting and risk management.

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

As has already been mentioned, this year the Group has delivered strong organic growth despite the difficult trading conditions in the last few months of the financial year due to COVID-19. As the Group continues to develop the Committee plays a key role in the governance around audit and risk.

COMPOSITION

The Audit and Risk Committee was chaired by me throughout the year and my co-members were, Senior Non-Executive Director, John Hartup and Non-Executive Director, Ian Nicholson. As announced in May 2020, the Board recognises that it is best practice for the Chairman of the Group not to be a member of the Audit Committee. With this in mind, Peter Allen relinquished his position as a member of the Audit and Risk Committee. The Committee met three times formally in 2020. Other Board members and representatives from the Group's external auditors, PwC, are invited to attend the Audit and Risk Committee meetings.

As I am a Chartered Accountant with over 25 years' financial, risk and commercial experience in listed companies, the Board has determined that I meet the Code requirements for the Committee to include at least one member with recent and relevant financial experience.
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ROLE

My role and that of the Committee is to monitor, review and challenge the financial statements and regulatory environment, monitor the relationship with the external auditors, monitor the Group's internal control and risk management, ensure compliance with laws and regulations and to report to the Board on all of these matters.

MAIN COMMITTEE ACTIVITIES

- Reviewed the annual and half-yearly financial reports and related statements including clarity and completeness of disclosures and use of alternative performance measures
- Approving the annual external audit plan and risk identification
- Approving the level of fees paid to the external auditors for audit and non-audit services
- Discussed the key findings of the external auditors on the interim and annual consolidated financial statements
- Reviewed the independence, objectivity, performance and effectiveness of the external auditors
- Reviewed the integrity and consistency of the key accounting judgements
- Considering if the Annual Report and Accounts taken as a whole are fair, balanced and understandable
- Reviewed principal risks to ensure effective and continual improvement
- Reviewed the Group's accounting for the acquisition of products and corporate acquisitions
- Review of support for the going concern assumption
- Review of the effectiveness and integrity of the internal financial controls framework which underpins financial reporting by considering reports on internal control
- Monitoring progress on the Group ERP implementation

As part of the half and full year reporting we carefully consider the key judgements applied in preparation of the consolidated financial statements including the estimated future discounted cash flows supporting the carrying value of goodwill and intangibles and the going concern assumption along with the critical accounting estimates and judgments detailed in note 2 of the financial statements.

INTERNAL AUDIT

The Company, to date, has not had an internal audit function. However, following the recent increases in the size and scope of the Group's business, the Committee has recommended the creation of an internal audit function. Subsequent to the year-end an experienced Head of Internal Audit and Risk management has been appointed. A co-sourced internal audit model has been identified as being most appropriate to enable the Group to access specialist skills and resource through a third-party provider. A process is currently underway to determine who Clinigen will partner with to provide this function.

EXTERNAL INDEPENDENT AUDITORS

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

The Committee undertakes an annual assessment of the effectiveness of the external auditor. The assessment considered:

- Delivery of a thorough, robust and efficient global audit, complying with plan and timescales
- Provision of accurate, robust and perceptive advice on key accounting and audit judgements, technical issues and best practice
- 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.

RISK MANAGEMENT

The Committee oversees the effectiveness of the Group's risk management and internal controls, and reviews and monitors the key risks in order to eliminate or mitigate against those risks. The risk management framework is the mechanism by which the current risks identified are managed and that appropriate procedures are in place to identify emerging risks.

CONCLUSIONS

The Committee has had another productive year providing oversight of financial reporting, external audit and the further development of the control and risk environments. This will continue as the Group grows and develops in line with its strategy and we will ensure that finance and risk management capability is enhanced to manage in an increasingly complex business.

REMUNERATION REPORT

PROVIDING ACCOUNTABILITY TO SHAREHOLDERS

"AS AN AIM-LISTED COMPANY WE VOLUNTARILY SEEK ADVISORY SHAREHOLDER APPROVAL FOR OUR REMUNERATION REPORT TO PROVIDE ACCOUNTABILITY AND FOR SHAREHOLDERS TO EXPRESS THEIR VIEWS ON THE REMUNERATION POLICY AND ITS IMPLEMENTATION."

IAN NICHOLSON

Chairman of the Remuneration Committee
16 September 2020

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present you with the Remuneration Committee's report for the year ended 30 June 2020.

The Remuneration Committee was chaired by me throughout the year and my co-members were Peter Allen, John Hartup and Anne Hyland who was appointed to the Committee on 23 June 2020 with immediate effect. The Committee met three times formally in 2020.

As one of the larger listed companies on the AIM market, the Board and Remuneration Committee take governance seriously and this report is put to advisory vote each year at the AGM. During the year, I and other members of the Board have engaged with the Group's largest institutional investors and proxy voting agencies on various governance matters, including remuneration. Engagement with our stakeholders has been invaluable to the Committee, who have taken into consideration the balance of feedback received. The Committee also use independent remuneration consultants to advise on best practice and to ensure appropriate disclosure in this Remuneration Report.

In order to deliver the Group's strategy, the Committee believes Clinigen must continue to attract, motivate and retain the highest calibre talent in the sector. The Committee therefore must ensure that the remuneration policy is appropriate for a diverse and unique team working in a dynamic and successful business with over 1,150 employees in 14 international locations. The governance of the remuneration policy is equally important to ensure it is appropriate for a business the size and profile of the Group.

PERFORMANCE HIGHLIGHTS

The Group has once again delivered another strong set of financial results, with:

- Adjusted net revenue of £466.2m up 15%
- Adjusted EBITDA of £131.0m up 30%
- Adjusted EPS up 20% to 65.6p

The growth in adjusted EBITDA was driven by both the acquisitions made in FY19 and a strong underlying performance. This performance was despite the difficult trading conditions in the last few months of the financial year due to COVID-19. On an organic basis, there were good performances in Commercial Medicines, from CSM in Clinical Services and in Unlicensed Medicines, from Global Access. These performances offset weaker performances from CTS in Clinical Services and in Unlicensed Medicines, from both Managed Access and the UK Specials business.

REMUNERATION FOR 2020

Reflecting the performance in 2020 set out above and the performance of the Group over the last three years, annual bonus payouts and Long-Term Incentive Plan ('LTIP') vesting for the Executive Directors were as follows:

ANNUAL BONUS

The Company related performance condition for the annual bonus for the last financial year was based on the achievement of stretching adjusted Group EBITDA targets (70%) and personal objectives (30%). In view of performance, the Committee has determined that:

- Adjusted EBITDA of £131.0m was below the maximum stretch target of £156.2m, resulting in 45% out of 70% payout for this element
- The personal objectives for both Shaun Chilton and Nick are set on an individual basis and are linked to the corporate, financial, strategic and other non-financial objectives of the Group (further details are set out in the annual bonus section of this report). In the Committee's view, these objectives were met in full
- Shaun Chilton and Nick Keher will receive 64% and 100% of the maximum award for financial and personal measures respectively. This amounts to an annual bonus payout of 75% of their maximum opportunity. In line with the stated policy, 20% in excess of 50% of base salary is deferred for one year

LTIP

Shaun Chilton was granted LTIP awards in October 2017 and November 2017. The November 2017 award was a one off award following the Quantum Pharmaceuticals acquisition. These awards will vest in October 2020 and November 2020, shortly after the end of the 2020 financial year.

The performance criteria and weightings attached to these awards are as follows:

- TSR performance condition (40%) – the performance period for this part of the award is due to end on 21 October 2020 and 5 November 2020 – TSR based on performance to 30 August 2020 was 6% below the Index and provides an estimated vesting of 0% out of 40% vesting
- Cumulative EPS (40%) – cumulative EPS over the three financial years to 30 June 2020 period was 164.2p which is above the maximum target of 127.4p and therefore 40% out of 40% will vest, and
- 20% was subject to personal objectives – for this element 20% out of 20% will vest for Shaun Chilton reflecting strong personal performance over the three year period
- Therefore, it is estimated that 60% of Shaun Chilton's award will vest in October 2020 and November 2020. The final vesting position will depend on the TSR vesting outcome which will not be known until after this report is signed off. The final position will be shown in next year's report

In last year's report it was estimated that the October 2016 LTIP would vest at 100% for Shaun Chilton. The final TSR performance was 25% ahead of the Index and therefore, we can confirm that the October 2016 LTIP vested in full in October 2019.

The Remuneration Committee believes the above incentive outcomes are fair reflections of the very strong Company performance and shareholder value creation over the relevant performance periods.

IMPLEMENTATION OF POLICY IN 2021

Due to the uncertainty that the COVID-19 pandemic could have on the Company, the Committee took the prudent and responsible step to mitigate any potential financial impact on the Company by postponing the April 2020 salary review process until September 2020. Following the review in September 2020, Shaun Chilton's annual base salary remained unchanged at £600,000 (no change since 1 November 2017). Nick Keher's annual base salary remains unchanged at £300,000.

Due to the continuing focus and prevailing market practice in relation to executive remuneration, the Committee regularly reviews the remuneration policy to ensure it remains appropriate for the business. The Committee has determined that the policy does not require fundamental changes to the way our Executive Directors are remunerated. Therefore, the annual bonus and LTIP schemes will continue to apply as follows:

- Annual bonus opportunity shall be 100% for Shaun Chilton and Nick Keher. 70% will be based on stretching EBITDA targets with the balance based on personal and strategic goals.
- The Committee intends to grant Shaun Chilton and Nick Keher an LTIP award with a face value of 125% of salary. 40% of the award will be based on TSR, 40% based on EPS and 20% based on personal objectives. The Committee considered the level of award in light of the prevailing share price and felt that no discretion was required to adjust the 125% of salary award level.

COMPLIANCE WITH THE CODE

As one of the larger AIM-listed companies in the market and reflecting the Board's approach to governance, Clinigen follows the UK Corporate Governance Code 2018 on a comply or explain basis.

The Code asks companies when determining its Policy to have considered the following six factors:

Clarity
- Our Policy has a clear aim; to incentivise and reward for the delivery of our strategy
- There have been minimal changes to the Policy overtime, so it is well understood both internally and externally
- Each component of remuneration is clearly explained in the Policy table, including its purpose, how it is operated, the maximum potential and any relevant performance measures
- Full disclosure of performance measures and assessments is provided for shareholders' consideration

Simplicity
- The Policy reflects standard UK market practice, with the operation of an annual incentive and a single long-term share plan, full details of which are set out in the Policy table
- All payments are in the form of cash or Clinigen Group plc shares, there are no artificial structures used to deliver remuneration

Risk
- The Committee has the ability to use its discretion to override the formulaic outturns of the incentive plans if it is felt appropriate
- Malus and clawback provisions operate in the LTIP plan, providing the ability to recover or withhold payments if appropriate
- There is an appropriate mix of financial, non-financial and share price measures to avoid minimise undue risk taking
- The LTIP plan is designed to promote long term shareholdings that support alignment with long term shareholder interests. Although provision 36 of the Code states that share awards granted for this purpose should be subject to a total vesting and holding period of 5 years or more, the LTIP plan has a 3 year vesting period and Executive Directors are not currently required to hold awards beyond the three year vesting period. The Remuneration Committee believes this is appropriate given the Company's size and position as an AIM listed company, but will keep these matters under review and will reconsider with each future grant.

Predictability
- Appropriate individual (and where necessary aggregate) limits are set out in the Policy and within the respective plan rules so outcomes can be predicted
- In operating the Policy, the Committee continually monitors the performance of in-flight incentive awards so that it is well aware of potential outcomes

Proportionality
- The outcomes of our incentive plans are directly aligned to the delivery of our strategy
- Outcomes are assessed against multiple metrics to ensure performance is considered on a broad basis

Alignment of culture

- A key focus of our Policy is long-term sustainable performance which is reflective of the business culture

As an AIM-listed company we voluntarily seek advisory shareholder approval for our Remuneration Report to provide accountability and for shareholders to express their views on the remuneration policy and its implementation. All feedback provided by shareholders helps form the Committee's approach to governance of the remuneration policy. The Committee welcomes any feedback on the remuneration policy. If you have any comments, then please let me know via Amanda Miller, General Counsel and Company Secretary (amanda.miller@clinigengroup.com).

I hope you find the Remuneration Report useful and the Committee looks forward to your continued support.

IAN NICHOLSON
Chairman of the Remuneration Committee
16 September 2020

Year-on-year comparisons referred to as 'organic' are a measure of growth on a constant currency basis, excluding the impact of business and product acquisitions. Acquisitions completed in the previous financial year are included on a like-for-like basis including the results for the acquisition where it is included in the comparable historical period. Organic growth is presented to aid the reader's understanding of the underlying performance of the business. In previous reports, organic growth was calculated on a pro forma basis with the comparative period results before acquisition based on the vendors' previously reported results. The like-for-like basis now used has been necessary due to the limited reported financial information available for the products' results prior to acquisition by Clinigen. On a pro forma basis, the best estimate for organic adjusted EBITDA growth for the year ended 30 June 2020 is 12%.

As an AIM-listed company, Clinigen is not subject to the UK Listing Rules and makes the following disclosures voluntarily.

The Group's Remuneration Report will be put forward, on an advisory basis, for shareholder approval at the AGM to be held on 26 November 2020. The current policy set out below came into effect following the AGM on 26 November 2019 and remains unchanged for 2020/21.

REMUNERATION POLICY

The remuneration policy has been constructed to offer appropriate, competitive remuneration to attract, retain and motivate senior executives to avoid excessive or inappropriate risk-taking and encourage them to implement the Group's strategy for the benefit of long-term shareholder value.

The Board believes in pay for performance against challenging targets and stretching goals. The approach is to set base salaries around the median for our comparator group. A significant proportion of the total remuneration package is variable and linked to corporate performance. In setting Directors' remuneration, the Committee takes account of the remuneration of other companies of similar size and complexity. The Committee also takes into account the pay and employment conditions of all our employees.

The Remuneration Committee determines the remuneration policy for the Chairman, Executive Directors and senior managers. The remuneration for the Chairman is determined by the Committee (with the Chairman not present for any discussions). The remuneration of the Non-Executive Directors is determined by the Chairman and the Executive Directors.

The Committee reviews the performance targets regularly to ensure that they are both challenging and closely linked to the Group's strategic priorities. Furthermore, because a large part of the remuneration package is delivered in shares, they are directly exposed to the same gains or losses as all other shareholders.

The Committee ensures that the incentive structure for senior executives does not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. Part of the annual bonus depends upon an assessment of each senior executive's personal contribution to Company measures, including results of the regular employee surveys and health and safety outcomes.

SHAREHOLDERS' VIEWS

The Committee considers the views expressed by shareholders during the year, including at the AGM, and encourages open dialogue with its largest shareholders. In addition, in determining the remuneration policy, the Committee takes into account guidance issued by shareholder representative bodies, including The Investment Association, the Pensions and Lifetime Savings Association and Institutional Shareholder Services ('ISS').

EXECUTIVE DIRECTORS

The Executive Directors' remuneration consists of five components to ensure there is a balance between fixed and performance-related remuneration. The table opposite sets out a summary of our remuneration policy:

	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS
BASE SALARY	To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the business strategy.	The Remuneration Committee sets base salaries taking into account a range of factors including: – The individual's skills, performance and experience – Internal relativities and wider workforce salary levels – External benchmark data – The size and responsibility of the role – The complexity of the business and geographical scope – Economic indicators	There are no maximum levels set although increases will normally be in line with the typical level of increases awarded to other employees at Clinigen and will be a reflection of the individual's performance. The Remuneration Committee may award increases above this level in certain circumstances, including if there is an increase in the scope of roles and responsibilities. Base salaries are usually reviewed annually.	

	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS
ANNUAL BONUS	To support the delivery of the Group's annual business plan. The focus is on the delivery of the annual financial, strategic, customer and people KPIs.	Performance targets are approved annually by the Remuneration Committee. The Remuneration Committee exercises its judgement to determine payout levels after the year end, based on performance against targets. This ensures that the outcome is fair in the context of overall Group performance and against personal goals. For Executive Directors, 20% of any bonus above 50% of salary will be deferred. For example: this would relate to 10% of total for those receiving 100% bonus, 5% for those getting 75%. The deferral period will be one year.	The maximum award opportunity in respect of any financial year is based on role and is up to 100% of base salary.	Performance is measured against a range of key financial metrics, strategic, customer and people indicators, and personal performance. Stretch targets are set for maximum payout. Performance is measured over 12 months.
LTIP	To reward participants for the delivery of the Group's goals of driving shareholder value through measures such as the Group's adjusted EPS and TSR.	Award of shares subject to performance measured over a three-year period. Performance targets are set annually for each three-year cycle by the Remuneration Committee. Awards are subject to review by the Remuneration Committee at the end of the three-year performance period to confirm that vesting of the award is appropriate. Unvested awards can be reduced or withheld in certain circumstances.	The maximum award opportunity is based on role. The maximum award possible under the plan rules is usually 125% of salary but may rise to 400% in exceptional circumstances.	Vesting of the award is based on a combination of the following performance measures: – Cumulative Group adjusted EPS compared to targets – Cumulative Group TSR compared to FTSE Small Cap Index (ex Investment Trusts); FTSE 250 index (ex Investment Trusts) for awards granted from 1 July 2019 – Personal objectives The split between measures, for each grant, is set annually by the Remuneration Committee. In 2020, 40% of the award was based on EPS, 40% on TSR and 20% on personal objectives. The personal objectives component can only vest if a minimum EPS target is achieved. In future years, the Committee may choose alternative measures and weightings aligned to the strategic priorities in place at the time.
PENSION	To provide a competitive, flexible retirement benefit in a way that does not create an unacceptable level of financial risk or cost to the Group.	Executive Directors are auto-enrolled into a defined contribution pension plan and are offered the alternative of a cash allowance. Legacy arrangements will continue to be honoured.	Employer contribution into the Group's defined contribution pension plan of up to 10% of salary.	
OTHER BENEFITS	To provide market-competitive monetary and non-monetary benefits, in a cost-effective manner, to assist employees in carrying out their duties efficiently.	Executive Directors are provided with a package of core benefits, including private healthcare, health screening, death in service protection and reimbursement of membership fees of professional bodies. The Company also operates a sharesave scheme.	There is no maximum value of the core benefit package as this is dependent on the cost to the Company and the individual's circumstances.	

SHARE OWNERSHIP GUIDELINE

Executive Directors are expected to build and maintain a significant shareholding in the Company, with a minimum value of 200% of base salary. It is expected that any vested share awards are retained (after the sale of any shares for the payment of tax) until the guideline has been achieved. The Committee will monitor the level of Directors' shareholdings regularly.

PAYMENT FOR LOSS OF OFFICE

In a departure event, the Committee will typically consider whether any element of bonus should be paid for the financial year. Generally, any bonus, if paid, will be limited to the period served during the financial year in which the departure occurs. The Committee will consider whether any of the share element of deferred bonus awarded or LTIP in prior years should be preserved either in full or in part and whether any deferred cash payments should be preserved either in full or in part.

The Committee has a discretionary approach to the treatment of leavers, on the basis that the facts and circumstances of each case are unique. The overriding approach to payments for loss of office is to act in the shareholders' interests. The default position is that an unvested share award, LTIP or cash entitlement lapses on cessation of employment. This provides the Committee with the maximum flexibility to review the facts and circumstances of each case, allowing differentiation between good and bad leavers and avoiding payment for failure. When considering a departure event, there are a number of factors which the Committee takes into account. These include:

- The position under the relevant plan documentation
- The individual circumstances of the departure
- The performance of the Company/individual during the year to date
- The nature of the handover process

If the Committee, at its discretion, permits an award to vest in a departure event, awards which would otherwise lapse by default may vest either on the normal vesting date or on cessation of employment, under the rules of the relevant plan. These circumstances may include death, injury, ill-health, disability, redundancy or sale of the Company or business.

NON-EXECUTIVE DIRECTORS

The Board aims to recruit high-calibre Non-Executive Directors, with broad commercial, international or other relevant experience. Each Non-Executive Director has an appointment letter setting out the terms of his or her appointment. They do not have service contracts. The letter includes membership of any Board Committees, the fees to be paid and the time commitment expected. Appointments are for an initial period of three years. During that period, either party can give the other at least three months' notice of termination. All Board appointments automatically terminate in the event of a Director not being elected or re-elected by shareholders at the AGM each year. The appointment of a Non-Executive Director is terminable on notice by the Company without compensation. At the end of the period, the appointment may be continued by mutual agreement. The appointment letter also covers matters such as confidentiality, data protection and Clinigen's share dealing code.

Non-Executive Directors cannot individually vote on their own remuneration. Non-Executive Director remuneration is reviewed by the Chairman and the Executive Directors, and discussed and agreed by the Board. Non-Executive Directors may attend the Board discussion but may not participate in it.

Details of the service agreements for the Executive Directors and letters of appointment for the Non-Executive Directors are set out below:

	DATE OF CONTRACT	UNEXPIRED TERM (MONTHS) OR ROLLING CONTRACT	NOTICE PERIOD (MONTHS)
S Chilton	3 January 2012	Rolling	12
N Keher	19 March 2019	Rolling	6
P Allen	1 August 2012	Rolling	3
J Hartup	1 June 2011	Rolling	3
I Nicholson	1 September 2012	Rolling	3
A Hyland	1 January 2018	Rolling	3
A Boyd	15 November 2018	Rolling	3

REMUNERATION GOVERNANCE

The Remuneration Committee consists of three independent Non-Executive Directors. The table below provides each member's attendance record at Committee meetings during the year.

COMMITTEE MEMBER	POSITION	APPOINTED	ATTENDANCE
I Nicholson	Committee Chair	September 2012	3/3
P Allen	Non-Executive Director	August 2012	3/3
J Hartup	Non-Executive Director	June 2011	3/3

The key areas of focus for the Remuneration Committee during 2020 included:

- Approved the Remuneration Report
- Reviewed and approved UK and International sharesave plans
- Reviewed performance conditions and targets for 2020 bonus and LTIP
- Reviewed 2019 personal objectives and set 2020 personal objectives for the Executive Directors
- Reviewed and approved the Company's Gender Pay Gap Report
- Reviewed and approved base salary increases for the Executive Directors, senior managers and the Chairman
- Reviewed wider market trends and best practice reporting in remuneration
- Engaged with the Group's largest institutional investors and proxy companies

The key areas of focus for the Remuneration Committee for the year ahead include:

- Prepare and publish the Remuneration Report
- Determine performance conditions and targets for 2020 bonus and LTIP
- Review and approve base salary increases for the Executive Board, senior managers and the Chairman
- Consider advice from FIT Remuneration Consultants LLP ('FIT') who are independent advisor to the Committee
- Review and approve the Gender Pay Gap Report

FIT advised on market trends, corporate governance, Remuneration Report disclosures and on Directors' remuneration arrangements in 2020/21. FIT Is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. FIT carries out no other work for Clinigen or its subsidiaries.

ANNUAL REPORT ON REMUNERATION

The table below sets out the Single Figure of Total Remuneration for the Executive Directors' and Non-Executive Directors' for 2020 and 2019:

	2020					2019				
£000	SALARY/FEES	BONUS	LTIP [1]	BENEFITS [2]	TOTAL	SALARY/FEES	BONUS	LTIP [1]	OTHER	TOTAL
S Chilton	600	450	377	62	1,489	600	450	1,439	69	2,558
N Keher	300	225	–	31	556	85	49	–	–	134
P Allen	140	–	–	3	143	140	–	–	3	143
J Hartup	70	–	–	–	70	70	–	–	–	70
I Nicholson	70	–	–	–	70	70	–	–	–	70
A Hyland	70	–	–	–	70	70	–	–	–	70
A Boyd	60	–	–	–	60	39	–	–	–	39

1. The 2020 LTIP figure relates to the October 2017 and November 2017 award which is due to vest in October 2020 and November 2020. These awards are subject to a TSR performance period ending on 16 October 2020 and 5 November 2020. In line with the reporting regulations for Main Market companies, the table above provides an estimate of the vesting value based on TSR performance to 30 August 2020. The value is based on 0% of the TSR element of the award vesting and using the average share price for the period 1 July 2020 to 30 August 2020. The actual vesting value will be updated in next year's report to reflect the share price on vesting date. The 2019 LTIP value relates to the award that was granted on 21 October 2016 and vested on 21 October 2019.
2. Payment in lieu of pension, employer pension contribution and private medical insurance for Shaun Chilton and Nick Keher. Private medical insurance for Peter Allen.

Two Directors (2019: two) are members of the defined contribution pension scheme.

Shaun Chilton's annual base salary has remained at £600,000 this year (no change since 1 November 2017), whilst Nick Keher's annual base salary has remained at £300,000 this year (no change since his appointment on 19 March 2019).

The amount payable to the highest paid Director in respect of emoluments was £1,489,000 (2019: £2,558,000), comprising basic salary and bonus of £1,050,000 (2019: £1.050,000), long-term share-based incentives vesting of £377,000 (2019: £1,439,000) and other benefits of £62,000 (2019: £69,000).

The bonus and LTIP outcomes are explained in more detail below.

ANNUAL BONUS

The Executive Directors were eligible to earn an annual bonus of up to 100% of salary, based on the achievement of stretching adjusted Group EBITDA targets and personal objectives. Adjusted Group EBITDA targets unlock up to 70% of maximum bonus potential, whilst personal objectives unlock up to 30%.

The bonus calculation in relation to adjusted Group EBITDA for 2020 are set out below:

THRESHOLD LEVEL OF ADJUSTED GROUP EBITDA £m	TARGET LEVEL OF ADJUSTED GROUP EBITDA £M	MAXIMUM LEVEL OF ADJUSTED GROUP EBITDA £M	ACTUAL LEVEL OF ADJUSTED GROUP EBITDA £M	BONUS EARNED (% OF MAXIMUM)
127.8	142.0	156.2	131.0	64%
40% payable	100% payable	130% payable		

The personal objectives determining the other 30% of the bonus are set on an individual basis and are linked to the corporate, financial, strategic and other non-financial objectives of the Group.

For the 2020 financial year for Shaun Chilton, these related to the implementation of Clinigen One ERP and the improvement of customer service and product offering, expansion of our medical scientific liaison and commercial capabilities across the EU and US and the development of our business and client base, including, where appropriate, M&A. The Committee determined that 30% out of 30% would become payable.

For Nick Keher, relating to the financial year 2020, personal objectives included the development of a five year digital strategy across the Group, a number of operational efficiency and business value creation programs and the development of a long term business plan covering all divisions. The Committee determined that 30% out of 30% would become payable.

The annual bonuses awarded for the 2020 financial year were as follows:

£000	BONUS PAYABLE (% OF SALARY)	TOTAL BONUS AWARDED IN SEPTEMBER 2020 (RELATING TO 2020 FINANCIAL YEAR)	CASH BONUS TO BE PAID IN SEPTEMBER 2020 (RELATING TO 2020 FINANCIAL YEAR)	DEFERRED BONUS TO BE PAID IN SEPTEMBER 2021 (RELATING TO 2020 FINANCIAL YEAR)
S Chilton	75%	450	420	30
N Keher	75%	225	210	15

For the 2020 financial year, the annual bonus awarded to Shaun Chilton and Nick Keher was 75% of their base salary. 20% of the bonus earned in excess of 50% of base salary is deferred for one year in line with the stated policy.

The deferred element of the bonus relating to the 2019 financial year was paid in September 2020.

LTIP AWARDS VESTING IN THE YEAR

October 2016 award

Nil cost share options were granted to Shaun Chilton in October 2016 and these vested in October 2019. This award was subject to a performance condition of TSR (40%) for the period from 21 October 2016 to 21 October 2019, cumulative EPS (40%) for the three financial years ending 30 June 2019, and personal objectives (20%).

MEASURE	THRESHOLD VESTING	MAXIMUM VESTING	OUTCOME	VESTING (% OF MAXIMUM)
Relative TSR	Equal to the FTSE SmallCap index (ex Investment Trusts)	Index plus 15% outperformance or higher	Index plus 24.7%	40.00%
EPS growth	5% p.a.	10% p.a.	21% p.a	40.00%
Personal objectives	Seeking further acquisitions to extend global footprint Improving the Company's information technology platforms Increasing the profile of Clinigen with key stakeholders			20.00%
				100.00%

A total performance score of 100.00% was achieved by Shaun, made up of 40.00% TSR, 40.00% EPS and 20.00% personal objectives.

The terms agreed with Martin Abell in respect to his pro-rated share options are as stated in last year's report. Martin Abell, a former Director departed the Company on 31 March 2019.

October 2017 and November 2017 award

Nil cost share options were granted to Shaun Chilton in October 2017 and November 2017 and these will vest in October 2020 and November 2020. These awards are subject to a performance condition of TSR (40%) for the period from 16 October 2017 to 16 October 2020 and 5 November 2017 to 5 November 2020, Cumulative EPS (40%) for the three financial years ending 30 June 2020, and personal objectives (20%).

MEASURE	THRESHOLD VESTING	MAXIMUM VESTING	OUTCOME	VESTING (% OF MAXIMUM)
Relative TSR	Equal to the FTSE SmallCap index (ex Investment Trusts)	Index plus 15% outperformance or higher	Index minus 6% – based on an estimate to 30 August 2020	0.00%
EPS growth	5% p.a.	10% p.a.	18% p.a.	40.00%
Personal objectives	Broaden service capability to strengthen market leading positions Utilise international platform and client relationships to exclusive agreements Drive performance of portfolio of acquired assets			20.00%
				Estimated 60.00%

It is expected that 60.00% of awards will vest on 16 October 2020 and 5 November 2020.

LTIP AWARDS GRANTED IN THE YEAR

Awards were granted to Shaun Chilton and Nick Keher in October 2019, with vesting of the awards subject to the performance conditions, as set out below, in October 2022. The split between these measures, for each grant, is set annually by the Remuneration Committee. 40% of the award is based on TSR against the FTSE 250 index (ex Investment Trusts), 40% against EPS growth targets (with a 5% p.a. to 10% p.a. (threshold and maximum range)) and 20% based on personal objectives. The personal objectives component can only vest if a minimum EPS target is achieved.

The face value of Shaun Chilton's awards was equal to 125% of base salary and 100% for Nick Keher.

	NUMBER OF AWARDS GRANTED	FACE VALUE[1]	AMOUNT OF BASE SALARY	VESTING DATE
Shaun Chilton	95,238	£750,000	125%	28 October 2022
Nick Keher	38,095	£300,000	100%	28 October 2022

1. Valued using the share price on grant.

The performance conditions applying to these awards are as follows:

TSR

TSR AGAINST THE FTSE 250 INDEX (EX INVESTMENT TRUSTS) OVER THE PERFORMANCE PERIOD (WHICH IS THE THREE-YEAR PERIOD FOLLOWING THE GRANT DATE)	PERCENTAGES OF AWARD THAT VESTS
Less than the Index	0%
Equal to the Index	25%
Between the Index but less than 15% out performance of the Index on a cumulative basis over the TSR performance period	Calculated on a straight-line basis between 25% and 100%
Equal to or greater than 15% out performance of the Index on a cumulative basis over the TSR performance period	100%

EPS

CUMULATIVE EPS OVER THE PERFORMANCE PERIOD (WHICH ARE THE THREE FINANCIAL YEARS COMMENCING WITH THE 2019/2020 FINANCIAL YEAR)	PERCENTAGE OF AWARD THAT VESTS
Less than 180.1p	0%
Equal to 180.1p	25%
Between 180.1p but less than 198.1p	Calculated on a straight-line basis between 25% and 100%

Equal to or greater than 198.1p	100%

Personal objectives

The element of the award relating to personal objectives shall only vest if the personal objectives have been achieved and the minimum EPS threshold, shown above, is achieved. The personal objectives are based on; enhancing the Company's Acquired Products portfolio, especially in the oncology therapeutic area, ensuring that improvements to the information technology platform are implemented and the successful integration of newly acquired businesses into the Group..

OUTSTANDING SHARE AWARDS

Details of outstanding share options held by the Executive Directors as part of the LTIP are set out in the table below:

	DATE OF GRANT	30 JUNE 2019	GRANTED	EXERCISED	LAPSED	30 JUNE 2020
S Chilton	LTIP – 19 June 2015 – vested	43,811	–	–	–	43,811
	LTIP – 30 November 2015 – vested	34,452	–	–	–	34,452
	LTIP – 21 October 2016 – vested	159,893	–	–	–	159,893
	LTIP – 16 October 2017	34,904	–	–	–	34,904
	LTIP – 6 November 2017	43,630	–	–	–	43,630
	LTIP – 31 October 2018	106,007	–	–	–	106,007
	LTIP – 28 October 2019	–	95,238	–	–	95,238
N Keher	LTIP – 29 May 2019	96,256	–	–	–	96,256
	LTIP – 28 October 2019	–	38,095	–	–	38,095
	Clinigen Group Sharesave Plan	–	2,538	–	–	2,538

DIRECTORS' INTERESTS

The interests of the Directors over the ordinary share capital of the Company as at 30 June 2020 are as follows:

	NUMBER OF SHARES OWNED OUTRIGHT	NUMBER OF SHARE OPTIONS WITH PERFORMANCE CONDITIONS	NUMBER OF SHARE OPTIONS WITHOUT PERFORMANCE CONDITIONS	NUMBER OF VESTED BUT UNEXERCISED OPTIONS
S Chilton	330,044	279,779	–	238,156
P Allen	47,232	–	–	–
N Keher	10,100	134,351	2,538	–
J Hartup	5,000	–	–	–
I Nicholson	10,000	–	–	–
A Hyland	4,142	–	–	–
A Boyd	–	–	–	–
Total	406,518	414,130	2,538	238,156

There has been no change in the interests set out above between 30 June 2020 and 16 September 2020.

The Group has used Alan Boyd Consultants Limited, a company owned by Professor Alan Boyd, for regulatory services in relation to the maintenance of country product licence approvals over the course of the year.

TSR

In the eight years since IPO on 24 September 2012 until 28 August 2020, the Group's TSR, defined as share price growth including reinvested dividends, has outperformed the FTSE All-Share Index by 291%, the FTSE 350 Pharma and Bio Index by 195% and the FTSE SmallCap Index (ex Investment Trusts) by 255%.

CEO REMUNERATION

The total remuneration for the Chief Executive Officer during each of the last four financial years is shown in the table below. The total remuneration includes base salary, annual bonus (based on previous year's performance), LTIPs and other benefits. The annual bonus payout on that year's performance and LTIP vesting level as a percentage of the maximum is also shown.

	FINANCIAL YEAR 2016	FINANCIAL YEAR 2017	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2020	PERCENTAGE CHANGE	PERCENTAGE CHANGE FOR ALL EMPLOYEES
Total remuneration (£000)	6,103	1,266	**1,202**	**2,558**	**1,489**	(42)%	6%
Annual bonus (% of maximum)	0%[1]	100%	**58%**	**75%**	**75%**	0%	4%
LTIP vesting (% of maximum)	100%	100%	**95%**	**100%**	**60%**	(40)%	(50)%

1. For the year ended 30 June 2016, the annual performance bonus for the Executive Director's paid at 95% of their basic salary. Peter George waived his entire bonus.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the Group's actual spend on pay (for all employees) relative to dividends, and adjusted profit before tax for the year.

YEAR ENDED 30 JUNE 2019	2019 £M	2020 £M	CHANGE %
Total employee pay	52.3	**58.5**	12%
Dividends	7.7	**9.2**	19%
Adjusted profit before tax	88.3	**108.5**	23%

GENDER PAY GAP REPORTING

The Group recognises the importance of diversity and inclusion, including gender, at all levels of the Company.

IMPLEMENTATION OF REMUNERATION POLICY IN 2021

Along with the salary review timetable for the Company as a whole, the Executive Directors' salaries for 2020 are scheduled to be reviewed in September 2021. Any increases to the Executive Directors' salaries are expected to be in line with the average UK employee, other than where a larger increase is awarded to reflect additional duties.

Shaun Chilton's and Nick Keher's pension contribution is 10% of salary. They will both receive standard benefits in line with those provided to the workforce.

The annual bonus opportunity for Shaun Chilton and Nick Keher is 100% of salary, with 70% based on EBITDA and 30% on personal objectives. The actual targets and objectives are commercially sensitive at this time but will be disclosed when they cease to be so.

It is expected that an LTIP award with a face value of 125% of salary will be granted to Shaun Chilton and Nick Keher. 40% will be based on relative TSR against the FTSE 250 index (ex Investment Trusts), 40% against EPS growth targets (with a 5% p.a. to 10% p.a. (threshold and maximum range)) and 20% based on personal objectives.

No changes are proposed to the Non-Executive Directors' fees for 2021.