



CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

Last Updated: June 2020

Overview

As Chairman of the Board of Directors of Motif Bio plc (**Motif Bio** or the **Company/Group** as the context requires), it is my responsibility to ensure that Motif Bio has both sound corporate governance and an effective Board. As Chairman, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, communicating with shareholders, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

Motif Bio has adopted the Quoted Companies Alliance Corporate Governance (**QCA Code**). This report follows the structure of these guidelines and explains how we have applied the guidance. We will continue to provide annual updates on our compliance with the QCA Code. The Board will disclose any areas of non-compliance in the text below.

Governance matters that have changed in the past year include:

- following the General Meeting on 14 November 2019 the Company is accelerating the wind down or disposal of Motif Inc.;
- the resignations of Mary Lake Polan, Andrew Powell, Charlotta Ginman, Zaki Hosny and Craig Albanese from the Board on 15 November 2019;
- voluntary delisting from the Nasdaq Capital Market announced on 26 November 2019 and termination of the American Depository Share Programme and Warrant Agent Agreement with Bank of New York Mellon;
- the reclassification of the Company as an AIM Rule 15 cash shell as of 28 January 2020;
- the appointment of Chris Wardhaugh as a Non-Executive Director on May 4th, 2020;
- the appointment of Jonathan Gold, the Company's then Chief Financial Officer, to the role of President and Chief Business Officer on May 4th 2020; and
- Graham Lumsden, the Company's then Chief Executive Officer, stood down from his executive role and become a Non-Executive Director.

QCA Principles

1. Establish a strategy and business model which promotes long-term value for shareholders

Following the General Meeting on 14 November 2019, Motif Bio is accelerating the wind down or disposal of Motif Inc. This will involve the sale, wind-down or divestment of all or substantially all of the Company's existing business, assets and investments. The Company was reclassified as an AIM Rule 15 cash shell as of 28 January 2020 and is required to make an acquisition which constitutes a reverse takeover under the AIM Rules within six months to avoid its shares being suspended.. Accordingly, the Company's strategy is focussed on fulfilling the AIM Rule 15 cash shell criteria within the required timeframe.

The Board therefore believes that the purpose of the Company, its business model and its strategy are clearly stated.

2. Seek to understand and meet shareholder needs and expectations



The Group is strongly committed to the maintenance of good investor relations and seeks, wherever possible, to build a relationship of mutual understanding with both its institutional and private client investors. Additionally, we use the Company's website, www.motifbio.com, to communicate with all shareholders by providing effective communications through our Interim and Annual Reports, publicising Regulatory News Service announcements, and releasing other relevant financial and general news. The Executive Director and Chair seek to meet with shareholders and other investors/potential investors at regular intervals during the year. The Company also provide a shareholder liaison email address, ir@motifbio.com, where all shareholder queries are welcomed.

The Board keeps in mind the proportions of direct, nominee and institutional shareholders, and distributes communications accordingly. The Directors also meet major shareholders regularly within the results cycle. The AGM is regarded as an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend. In addition, the Company receives reports from Institutional Shareholder Services (ISS) on corporate governance and general meeting shareholder voting recommendations, and seeks feedback from other key stakeholders, taking action where appropriate.

Information on the Investor Relations section of the Group's website (www.motifbio.com) is kept updated and contains details of relevant developments, regulatory announcements, financial reports and results presentations.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board understand the importance of engagement with its key stakeholders, particularly during the transition period as it looks to wind down or dispose of Motif Inc.

The Board recognises that the long-term success of the Group is reliant upon the efforts of its employees, consultants, advisors and other stakeholders. The Company maintains close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. The Group has no significant environmental or community impact in its current stage of development, but will continue to monitor and review any potential impacts while pursuing its strategy.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

As part of the transition from a trading business to a cash shell, the Board has disbanded the Audit Committee, Nomination and Corporate Governance Committee and Remuneration Committee, with all relevant remaining responsibilities returned to the direct oversight of the Board. The Board continues to attach considerable importance to the Company's system of internal control and risk management. The existing processes for identifying, evaluating, and managing the significant risks faced by the Group remains in force. The Board will continue to regularly risks within its meetings.

The main risks faced by the Group are:

- the ability to successfully wind down or divest Motif, Inc in a manner which preserves shareholder value; and
- the ability to subsequently secure the reverse takeover transaction within 6 months of becoming an AIM Rule 15 cash shell.



5. Maintain the board as a well-functioning, balanced team led by the Chair

The Board comprises the President and Chief Business Officer, Jonathan E. Gold, the Non-Executive Chairman, Bruce A. Williams, and two Non-Executive Directors, the former CEO, Graham Lumsden, and Christopher Wardhaugh.

The Board considers that it has an appropriate balance of Executive and Non-Executive Directors for its cash shell status.

The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. The Executive Director works on a full-time basis for the Company.

Meetings are open and constructive, with every Director participating fully.

Given the recent changes approved at the 14 November 2019 General Meeting, the Board has placed on hold its scheduled meetings calendar and is meeting as and when necessary to deliver the strategy. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board papers are collated by the relevant personnel (Chair, Company Secretary or the President as appropriate), compiled into a Board Pack, and are generally circulated at least one week before meetings, allowing time for full consideration and necessary clarifications before the meetings.

The Directors closely monitor the Company's cash position. This information, as well as comprehensive Board Packs, is considered sufficient to provide the Board with high quality information to facilitate proper assessment of the matters requiring a decision or insight.

The Company does not currently operate Audit, Remuneration and Nomination/Corporate Governance Committees.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors have both a breadth and depth of skills and experience to fulfil their roles and deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.

Details of the Directors' experience and areas of expertise are outlined on the Company's website at <https://www.motifbio.com/investors/board-of-directors/>.

The Company has employed the services of Liam O'Donoghue of ONE Advisory Group Limited to act as the Company Secretary, who is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.



7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board designed and implemented an internal Board and Committee evaluation exercise during 2018. The exercise was led by the Chairman of the Board and covered include Board structure and knowledge, operating effectiveness, operating efficiency, quality of information and ongoing professional development. While the findings of this exercise have been in large part superseded by the strategic changes agreed by shareholders at the General Meeting on 14 November 2019, it remains the Board's intention to conduct effectiveness surveys annually and act on their findings as appropriate.

8. Promote a corporate culture that is based on ethical values and behaviours

Notwithstanding the recent change in strategy and planned winding down or divestment of the Group's operating and employing entity, the Board is very aware that the tone and culture set by the Board will greatly impact aspects of the Company as a whole. The corporate governance arrangements that the Board has retained are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Group intends to retain its open and respectful dialogue with employees, clients and other stakeholders.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. He is also responsible for creating the right Board dynamic and for ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings, and is the primary point of contact for shareholders. The Executive Director is responsible for the day-to-day running of the business and developing corporate strategy.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is strongly committed to the maintenance of good investor relations and to having constructive dialogue with its shareholders. The Company intends to have close ongoing relationships with its private shareholders, institutional shareholders and analysts and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Executive Director and Chair seek to meet with shareholders and other investors/potential investors at regular intervals during the year, and the Company also provides a shareholder liaison email address, where all shareholder queries are welcomed: ir@motifbio.com.



Motif receives reports from ISS, reviews their findings and takes their recommendations in to account when considering governance arrangement. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

A range of Corporate Documents (including all Company announcements, Reports, Notices of AGMs and presentations) are also available to shareholders, investors and the public, and can be found on the Company's website: www.motifbio.com.