



Statement of compliance with the QCA Corporate Governance Code

One of the main priorities of the Company's Board of Directors is the good corporate governance, which is the foundation of the long term growth of the shareholder value. The efficient, effective and dynamic management framework in association with the good communication which help to promote confidence and trust are the success components of good corporate governance.

Given the commitment to good governance practice, the Board adhered to the Quoted Companies Alliance (QCA) Corporate Governance Code which sets out a standard of minimum best practice for small and mid-sized quoted companies, particularly AIM companies. The QCA is an independent membership organization that champions the interests of small to mid-size quoted companies.

New AIM Rules (<https://www.londonstockexchange.com/companies-and-advisors/aim/publications/rules-regulations/aim-rules-for-companies-march-2018.pdf>) were published in March 2018 and were amended by requirements to all AIM-listed companies to adopt and comply with a recognized corporate governance code. These new AIM rules state that the corporate governance code the Company has adopted should be published on the Company's website with the description how the Company complies with that chosen code and if it departs to provide a clear and well-reasoned explanation for that noncompliance.

The Board of Directors seeks to apply where appropriate the QCA Code, revised in April 2018, as devised by the Quoted Companies Alliance. The last version of recommended QCA Code based on the "comply or explain" principle.

To see how the Company addresses the key governance principles defined in the QCA Code please refer to the below table. Further information on compliance with the QCA Code will be provided in the next Company annual report.

Mikhail Mogutov, Chairman

These disclosures were last reviewed on 28 September 2018.

The principles of the QCA Code

DELIVER GROWTH

QCA Code Principle	Application (as set out by QCA)	What we do and why
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>The Company's new strategy was announced in Re-admission Document which was published on July 4, 2018.</p> <p>Our goal is to become a leader in the development and commercialisation of novel product candidates for the treatment of female sexual dysfunctions.</p> <p>The following are some key steps of this goal:</p> <ul style="list-style-type: none"> - To complete the clinical development of the product candidates through to regulatory approval, - To establish commercialisation partnerships with third parties, - To continue the search and propose new investments, to strengthen our intellectual property portfolio through investments, mergers and acquisitions. <p>Ovoca Bio plc will provide detailed disclosure on the Company's new business model strategy together with strategic objectives, risks and other required QCA disclosures in the 2018 Annual Report.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</p> <p>The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. The Board has experience in understanding the needs and expectations of its shareholder base and supplements this with advice and recommendations from professional advisers. The Company regularly reviews and</p>

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		<p>updates the website to ensure that the information is up to date and relevant.</p> <p>There are two main ways for adequate communications with shareholders.</p> <ul style="list-style-type: none"> - Board and management of the Company recognize the AGM as an important opportunity to meet shareholders and discuss with them all interested matters during and after the AGM, - The Chairman and CEO have regular conversations with both institutional and private investors. <p>Shareholders can contact the Company's management and Board of Directors using the Feedback form on our website or email to info@ovocabio.com.</p> <p>The CEO of the Company is responsible for the communications with the shareholders.</p>
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p>	<p>Currently the Company identifies two groups of stakeholders:</p> <ul style="list-style-type: none"> - Internal group includes employees of the Company and its subsidiaries, - External group consists of shareholders, regulators, scientific community, service providers and other subsidiaries participants. <p>Employees are the main resource which allows the Company to run successfully. There is a motivation program in place. The Board plans to prepare and approve an option scheme and grant options to employees.</p> <p>Employees are encouraged to raise any concerns they may have with</p>

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	<p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>relevant management and are also provided with independent contract should they not want to engage directly with their managers.</p> <p>The mechanisms for feedback from shareholders have been considered under point 2 above.</p> <p>The sphere of Company activity is very regulated in Russia and worldwide. The Company has regularly contacts with regulatory authorities to progress with the development of its drug candidates. As the opinion of the scientific community is very important for the Company and it helps to formulate and realise the right strategy, the Company management team and the Board organize scientific discussions and communicate with scientists. Feedback from scientists is provided via the regular framework of reporting and special conferences.</p> <p>The feedback from service providers is the most important resource of the drug candidate information. Management and responsible staff have regular communications with the service providers which are the respected companies with good reputation and standing.</p> <p>We also receive regular feedback from other members of the Board of Ivix who represent external participants of the share capital in Ivix.</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need</p>	<p>The Company recognizes that risk is inherent in all of its business activities and is an important part of the Board's formulation of strategy. The Director's report as the part of</p>

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	<p>to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>Annual Report of the Company consists the paragraph related to main Company's risks on pages 11 & 12.</p> <p>The Board routinely monitors risks that could materially and adversely affect the Company's ability to achieve strategic goals, financial condition and results of operations. The effectiveness and adequacy of mitigating controls are assessed. If additional controls are required, these will be identified and responsibilities assigned. The Board is supported by senior management personnel who collectively play a key role in risk management and regularly report to the Board.</p>

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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<p>5. Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement.</p>	<p>The Board of Ovoca is currently comprised of Mikhail Mogutov as Executive Chairman who is responsible for the running of the Board, Kirill Golovanov as Chief Executive Officer who has executive responsibility for running the Company business and implementing Company strategy, and six Non-executive Directors.</p> <p>The Board is responsible for the management of the business of the Company, setting its strategic direction and establishing appropriate policies. It is the directors' responsibility to oversee the financial position of the Company and monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The primary duty of the Board is to act in the best</p>

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	<p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfill their roles.</p>	<p>interests of the Company at all times. The Board also addresses issues relating to internal controls and risk management.</p> <p>The Board considers that all Non-executive Directors bring an independent judgment to bear notwithstanding the varying lengths of service.</p> <p>The Board recognises the need for regular meetings. Accordingly, the Board meets (either in person or by telephone) at least 4 times a year and will require management to submit regular activity reports for its discussion.</p> <p>The Board has a formal schedule of matters reserved to it and is supported by the Audit, Remuneration and Nomination Committee. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary.</p> <p>The Audit Committee meet at least twice a year and are responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. Other Committees have regular meetings to discuss actual Company matters.</p> <p>The Company's website contains the information regarding the duties and responsibilities of members of Committees.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and</p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well</p>	<p>The Board of Company has been assembled to allow each director to contribute the necessary mix of</p>

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<p>capabilities</p>	<p>as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>experience, skills and personal qualities to deliver the strategy of the Company for the benefit of the shareholders.</p> <p>Together the Board of Directors provide relevant pharmaceutical and mining sector skills, investment and financial qualifications, scientific experience, extensive practice in mergers and acquisitions to assist the Company in achieving its aims.</p> <p>The Nomination committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement Directors and committee members and making appropriate recommendations to the Board on such matters.</p> <p>Full details of the Board Members and their experience and skills can be found on the Company website.</p> <p>The role of Company Secretary is fulfilled by Company CEO. He supports the Chairman in addressing the training and development needs of Directors.</p> <p>Board has engaged some external advisers on the matters required by AIM rules related to the acquisition to check and support Board intentions apart from advice sought in the normal course of business from Company auditors, lawyers, NOMAD, and tax advisers.</p>
<p>7. Evaluate board performance based on clear and relevant</p>	<p>The board should regularly review the effectiveness of its performance as a</p>	<p>The Company Chairman has been assessing the effectiveness of the</p>

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objectives, seeking continuous improvement	<p>unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>board as a whole and individual contributions of each of the members of the team to ensure that their contribution is relevant and effective and they maintain the independence.</p> <p>There is no formal assessment of board effectiveness, given its stage of development as an entity.</p>
8. Promote a corporate culture that is based on ethical values and behaviours	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	<p>The acquisition of IVIX has led to a fundamental change of business focused on clinical trials and registration of the drug candidate which will help women for the treatment of female sexual dysfunctions.</p> <p>The ethical component is not only the base of the Company mission but in the main parameters of new projects search. The Board is focused on attracting and retaining the “right people” with the right humanistic ideas which can help people and give the long-term value to the shareholders.</p>
9. Maintain governance structures and processes that are fit for purpose	The company should maintain governance structures and processes	The Company is small-sized AIM listed Company and there is no

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<p>and support good decision-making by the board</p>	<p>in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>requirement to adhere to the UK Corporate Governance Code.</p> <p>Mikhail Mogutov, the Executive-Chairman is responsible for the running of the Board. The Board has not appointed a Senior Non-executive Director. The Board believes that, given its size, there is significant opportunity for shareholders to raise any concerns they may have with CEO, CFO or non-executive Directors.</p> <p>The description of the Committees can be found on the Company website.</p>

BUILD TRUST

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<p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <p>the communication of shareholders' views to the board; and the shareholders' understanding of the unique circumstances and constraints faced by the company.</p> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>Historical annual reports and other governance-related materials, notices of all general meetings can be found on the Company website.</p> <p>The Chairman and CEO of the Company talk regularly with Company shareholders and ensure that their views are communicated fully to the Board.</p> <p>Company communicates with shareholders on the annual and extraordinary shareholders meetings and one-to-one meetings with investors.</p>