

Corporate Governance Statement

As Chairman of SkinBioTherapeutics I have overall responsibility for corporate governance and in promoting high standards throughout the Group. As well as leading and chairing the Board my responsibilities are to ensure;

- Committees are properly structured and operate with appropriate terms of reference;
- The performance of individual directors, the Board and its committees are reviewed on a regular basis;
- The Group has a coherent strategy and sets objectives against this;
- There is effective communication between the Company and its shareholders.

All the Directors of SkinBioTherapeutics believe strongly in the importance of good corporate governance for the creation of shareholder value over the medium to long-term and to engender trust and support amongst the Company's wider stakeholders. The Board adopted the QCA code in September 2018 and considers that it does not depart from any of the principles of the QCA code.

The QCA code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Directors have considered how they apply each principle to the extent the Board judges these to be appropriate in the circumstances and below we provide an explanation of the approach taken in relation to each. There were no key governance related matters that occurred during the year.

Martin Hunt, Chairman.
November 2021.

Corporate Governance Report

Principle	Application												
<p>Establish a strategy and business model which promotes long-term value for shareholders</p>	<p>SkinBioTherapeutics seeks to harness the microbiome for human health and has a particular focus on skin. The Group’s proprietary technologies are targeted at a number of health indications and the Company is progressing applications of both its SkinBiotix® and AxisBiotix™ technologies as a route to initial value creation. The Group’s programme of research and development is intended to build long-term shareholder value through a reliance on proven, rigorous science and the Group utilises its public listing as a means to source capital to support its R&D programme.</p> <p>The Group has an ongoing research agreement with the University of Manchester to identify and develop technologies. The Group has also leased laboratory space at the Biosphere in Newcastle upon Tyne to develop its own in-house scientific capability. In doing so the Group intends to avoid a reliance on a single technology and ensure that it has an ongoing pipeline of technologies, all related to the human microbiome, at different stages of development. The Group will seek to licence technologies to large corporates once human proof of principle has been established and intends to generate licence revenue through this route. Where it considers it appropriate, the Group will also look to develop and market products. This is the case with AxisBiotix-Ps where the Directors believe the market opportunities in the UK, US and Europe are best developed by selling to consumers directly.</p> <p>Further information on the Group’s strategy and business is set out in the annual accounts.</p>												
<p>Seek to understand and meet shareholder needs and expectations</p>	<p>The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are clearly understood. Between the Chairman and the executive directors an open and regular dialogue is maintained with the Company’s major shareholders which comprise;</p> <table border="1" data-bbox="494 1635 1240 1917"> <thead> <tr> <th data-bbox="494 1635 940 1718">Shareholder</th> <th data-bbox="940 1635 1240 1718">Holding (15th November 2021)</th> </tr> </thead> <tbody> <tr> <td data-bbox="494 1718 940 1756">OptiBiotix Health Plc</td> <td data-bbox="940 1718 1240 1756">20.7%</td> </tr> <tr> <td data-bbox="494 1756 940 1794">Seneca Partners Limited</td> <td data-bbox="940 1756 1240 1794">8.8%</td> </tr> <tr> <td data-bbox="494 1794 940 1832">Tyndall Investment Mgt</td> <td data-bbox="940 1794 1240 1832">6.1%</td> </tr> <tr> <td data-bbox="494 1832 940 1870">The University of Manchester</td> <td data-bbox="940 1832 1240 1870">5.1%</td> </tr> <tr> <td data-bbox="494 1870 940 1917">Prof. Cath O’Neill</td> <td data-bbox="940 1870 1240 1917">3.4%</td> </tr> </tbody> </table> <p>In November 2020, as part of share placing, Seneca Partners</p>	Shareholder	Holding (15 th November 2021)	OptiBiotix Health Plc	20.7%	Seneca Partners Limited	8.8%	Tyndall Investment Mgt	6.1%	The University of Manchester	5.1%	Prof. Cath O’Neill	3.4%
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	<p>Limited and Tyndall Investment Management acquired 3.1m and 2.3m shares respectively.</p> <p>More generally the Board communicates with shareholders through the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting where the Board encourages investors to participate. The Company also maintains a website, www.skinbiotix.com, which contains information on the Group's business and corporate information. Following the announcement of the Group's half year and full year results the Chief Executive & CFO, make presentations to institutional shareholders, private client brokers and investment analysts. Existing and prospective shareholders are able to separately contact the Chairman and Chief Executive via email as detailed on the Company's website. Periodic meetings are held with existing and prospective institutional and other investors and the Company presents at private investor investment events during the course of the year. The Company's broker also produces periodic research notes on the Group.</p>
<p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>As a small company engaged in the early stages of technology development the Company has a limited but important number of stakeholders. Robust science is at the core of the Group's strategy and the Group has a number of key stakeholders, including its employees, involved in the different stages from research, through manufacture, formulation and testing. The Group assesses each of the companies it works with to ensure the requisite standards and values are in place. Ultimately the Group's technology will be used by consumers and ensuring the appropriate development, manufacture and marketing of products will be key to the long-term success of the Group. Throughout the various stages from initial technology identification to eventual product sales the Company is engaged in a continual process of feedback and improvement with its stakeholders, including eventual end users. In addition the eventual licencees of aspects of its technology will be important stakeholders in the interface with consumers and the longer term success of the Group.</p>
<p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>Ultimate responsibility for the process by which risk in the business is managed rests with the Board. The Group's internal risk identification and management process is as follows:</p> <ul style="list-style-type: none"> • The Executive Team prepares and reviews on a periodic basis the risk register for the Group. The risk register details specific risks to the Group, the quantification of those risks in terms of probability and impact, mitigating actions required to manage these risks and the control mechanisms that are in place to monitor the risks

	<ul style="list-style-type: none"> • The risk register assigns responsibility for each risk and the mitigation plan to one or more members of the Executive Team • The risk register is circulated to the Board in advance of each board meeting and specific risk items may be discussed at board meetings or otherwise as appropriate • The risk register is reported to the Audit Committee at least biannually.
<p>Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The Board’s primary role is to enhance shareholders’ long-term interests by:</p> <ul style="list-style-type: none"> • Determining the Group’s overall strategy and direction • Establishing and maintaining controls, audit processes and risk management policies to ensure they counter identified risks and that the Group operates efficiently • Ensuring effective corporate governance • Approving budgets and reviewing performance relative to those budgets • Approving financial statements • Approving material agreements and non-recurring projects, and • Approving senior and Board appointments. <p>Martin Hunt and Dr Cathy Prescott, both non-executive directors, are considered to be independent of the management and are free to exercise independence of judgement.</p> <p>The non-executive directors are required to commit sufficient time as is necessary, approximately two days per month, to fulfil their obligations. Routine commitments include preparation for and attendance at board and committee meetings. In addition the non-executive directors engage in adhoc dialogues with members or the executive team, shareholders and other stakeholders as required.</p> <p>All directors are subject to reappointment by shareholders at the first Annual General Meeting (AGM) following their appointment and at each AGM thereafter.</p> <p>Table 1 below details the attendance record of each director at board and committee meetings during the course of the year.</p>
<p>Ensure that between them the directors have the necessary up-to-date</p>	<p>As at 30 November 2021 the board comprised an independent non-executive chairman, two executive directors and one independent non-executive directors. One director is female and three are male.</p>

experience, skills and capabilities

Martin Hunt, Independent Non-Executive Chairman

Appointed as a director & Chairman in October 2016; Chair of the Remuneration Committee and member of the audit and insider committees.

Martin has had a long executive career in the medtech and life science sectors including sales and general management roles with large corporations in Europe and the US. He was previously CEO of biomaterials company Tissue Science Laboratories plc taking it from start-up through an AIM listing and eventual sale to Covidien. More recently he has held a number of non-executive roles with both private and public companies. Martin is well versed in the early and growth stages of companies in the life science sector as well as bringing experience of corporate governance and shareholder communications.

Martin is the Programme Director of the NIHR translational funding programme Invention for Innovation (i4i) and a member of the NIHR strategy board. Martin is currently Non-Executive Chairman of Videregen Limited.

Time commitment of at least two days per month.

Stuart Ashman, CEO

Appointed as a director in April 2019 and CEO in July 2019.

Stuart is an experienced commercial chief executive with considerable experience in the medtech and life science sectors. Prior to joining the Company, Stuart served as CEO of Onbone Oy (“Onbone”), a Finnish private equity-backed medical device company. In this role, he successfully established a global sales force and distribution network and led the growth of a multi-million pound business.

Prior to Onbone, Stuart was President/CEO of Andover Healthcare Inc., a US-based wound management manufacturer, and before then, was President/CEO of TI Group, a UK-based medical/engineering company. Stuart also served as Senior VP, Global Sales & Strategic Marketing, BSN Medical (Biersdorf, Smith and Nephew) and was Director of Sales & Marketing at Smith & Nephew Plc, in its Woundcare, Casting & Bandaging division. In these roles, Stuart gained extensive experience of both direct sales management across multiple geographies, and of business to business selling. He has also been involved in M&A transactions and has achieved considerable commercial success in both small and large companies.

Stuart is a full-time employee of the Company.

Doug Quinn, CFO

Appointed as director and CFO in December 2016 and Company Secretary in January 2017; Member of the audit committee and Chair of the insider committees.

Doug has been involved in early stage companies through a combination of investor, executive and non-executive director and CFO roles for over 18 years. He was CFO of Arthro Kinetics Limited, an early stage tissue engineering company and part of the team that floated the company on AIM in 2006. A chartered management accountant, with a number of years of experience in the life science sector, he brings financial expertise gained through executive roles and corporate finance transactions.

Doug is a director and part-time CFO with the life science company Videregen Limited.

Time commitment of approximately 3 days per week.

Dr. Catherine Prescott, Independent Non-Executive Director

Appointed as a director in March 2017; Chair of the Audit Committee and member of the Remuneration Committee.

Cathy has over two decades of experience in research and management in the biotech, pharmaceutical and venture capital sectors. Cathy is a visiting professor at Kings College London, teaching on the MSc programme 'Cellular Therapies from bench to market'. Cathy brings a broad range of scientific and strategic sector expertise and experience.

Cathy is non-executive director of Videregen Limited.

Time commitment of two days per month.

The Board has not, at this stage in its development, established a nominations committee. The Board as a whole continues to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board believes that its blend of relevant experience, skills, personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. The Board is additionally cognisant that with the recent changes to the Board and as the Company seeks to commercialise its technology, this may require additions to the executive team and wider Board.

Directors attend seminars and other trade events to ensure that their knowledge remains current.

	<p>On the formation of the Board the directors considered the composition of the audit committee. Doug Quinn is an executive director and CFO but a member of the committee due to his experience in this area. Both independent directors have direct access to the auditors with the exclusion of Doug and vice versa and he is excused from any discussions where there is a potential conflict of interest.</p> <p>From time to time the Board may require third party advice on various matters pertaining to its business, for example in relation to the competitive landscape. Appropriate relationships to source such advice have been established.</p> <p>The Directors also receive regular briefings from the Company's NOMAD in respect of continuing compliance with the AIM Rules.</p>
<p>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The Board designed and implemented an internal board evaluation exercise in 2020. The exercise was led by the Chairman and topics covered included the balance of skills, experience and independence, understanding of the business and its strategy together with engagement with shareholders. Each director completed a questionnaire and this formed the basis for a subsequent discussion by the Board as a whole.</p> <p>Having repeated the process in 2021, the Board considers an internal evaluation appropriate and intends to repeat this process annually, acting on its findings as appropriate.</p> <p>The Board's approach to succession planning is based upon identifying the medium to long term objectives of the Group and matching these against the competence of directors and senior managers. The Board will seek to identify potential gaps and recruit to fill these allowing a sufficient lead time.</p>
<p>Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Board considers this particularly relevant to the Group in light of the partners with which it works, for example the University of Manchester, Croda Plc and Winclove Probiotics B.V., and recognising the intended end use of its technology in products to be marketed to and purchased by consumers. The Executive team engenders open and positive interactions with a key focus on; scientific rigour, innovation, creative solutions and collective responsibility. As the Group expands its human capability it will look to formalise its culture through an agreed set of values and standards.</p>

	<p>The Group's policies set out its zero tolerance approach towards any form of modern slavery, discrimination or unethical behaviour relating to bribery, corruption or business conduct.</p>
<p>Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>Alongside setting the vision and strategy for the Group the Board is responsible to ensure that the business is managed for the long-term benefit of all shareholders whilst having regard for internal and external stakeholders, including employees, customers and suppliers.</p> <p>The Board defines a series of matters reserved for its decision and has approved terms of reference for its audit, remuneration and insiders committees to which certain responsibilities are delegated. The chair of each committee reports to the Board on the activities of that committee.</p> <p>The Audit Committee is responsible for;</p> <ul style="list-style-type: none"> • Reviewing the annual financial statements and interim reports prior to approval • Reviewing and considering reports on internal financial controls, including reports from the auditors • Considering the appointment of and reviewing the relationship with the auditors, including reviewing and monitoring of independence and objectivity • Reviewing the consistency of accounting policies • Considering any proposed related party transaction. <p>The Audit Committee can call for information from the executive team and consults with the external auditors directly when appropriate or when they are required to do so.</p> <p>The Remuneration Committee reviews and determines on behalf of the Board the pay, benefits and other terms of service of the executive directors of the Company. In addition, the committee oversees the creation and implementation of all employee share plans.</p> <p>The Insider Committee is responsible for;</p> <ul style="list-style-type: none"> • Monitoring and ensuring compliance with the Company's MAR dealing policy • Reviewing the classification of employees, directors and key consultants as regards clearance requirements • Reviewing and approving or rejecting as appropriate all requests for dealings in shares in the Company.

Matters reserved for the Board are;

- Determining the Group's overall strategy and direction;
- Establishing and maintaining controls, audit processes and risk management policies to ensure they counter identified risks and that the Group operates efficiently
- Ensuring effective corporate governance
- Approving budgets and reviewing performance relative to those budgets
- Approving financial statements
- Approving material agreements and non-recurring projects, and
- Approving senior and Board appointments.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Group. As well as leading and chairing the Board, the Chairman's responsibilities are to ensure;

- Committees are properly structured and operate with appropriate terms of reference
- The performance of individual directors, the Board and its committees are reviewed on a regular basis
- The Group has a coherent strategy and sets objectives against this
- There is effective communication between the Group and its shareholders.

The CEO provides coherent leadership and management of the Group, leads the development of objectives, strategies and performance standards as agreed by the Board, ensures that the assets of the Group are maintained and safeguarded, leads on investor relations activities to ensure communications and the Company's standing with shareholders and financial institutions is maintained.

The Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the Group is operating within the governance and risk framework approved by the Board.

The Company Secretary is responsible for providing clear and timely information flow to the Board and its committees and supports the Board on matters of corporate governance and risk. This role is currently filled by the Company's CFO. The Board acknowledges the QCA guidelines on this matter and consider the joint roles appropriate for the Company's size. The Company Secretary has direct access to the Chairman on matters of corporate governance.

<p>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>In addition to the investor relations activities described above the following committee reports are provided;</p> <p>The Audit Committee, which comprises Dr Cathy Prescott (Chair), Martin Hunt and Doug Quinn, met three times during the course of the year. The Committee met with the external auditors prior to the approval of the annual accounts. Consideration was given to the auditors' pre and post audit reports and these provided opportunities to review the accounting policies, internal controls and the financial information contained within both the annual and interim reports. The Committee engaged the external auditors for a review of the interim financial statements prior to their release.</p> <p>The Remuneration Committee, which comprises Martin Hunt (Chair) and Dr Cathy Prescott met three times during the course of the year.</p> <p>Remuneration packages for the executive directors comprise a basic salary and performance related bonus. There is a defined pension contribution scheme in place for all directors and employees. In addition, executive directors and senior employees participate in a share option long term incentive plan.</p> <p>The Committee reviewed the structure of remuneration packages for the executive directors and agreed they remained appropriate. In setting remuneration the committee took into consideration the compensation packages of comparable AIM listed companies.</p> <p>The Insiders Committee, comprised of Doug Quinn (Chair) and Martin Hunt, met twice during the course of the year to review the Company's insider lists and review and approve requests for dealing in shares in the Company.</p> <p>For information regarding the voting of shareholders at general meetings of the Company please see the Shareholder Information section of the website.</p>

Table 1

	PLC board meetings		Committee meetings					
			Audit		Remuneration		Insider	
	Eligible to attend	Attended						
S Ashman	10	10	-	-	-	-	-	-
M Hunt	10	10	3	3	3	3	2	2
C Prescott	10	10	3	3	3	3	-	-
D Quinn	10	10	3	3	-	-	2	2