

MEREO BIOPHARMA GROUP PLC

RELATED PERSON TRANSACTION POLICY AND PROCEDURES

I. POLICY

Mereo BioPharma Group plc (the “Company”), recognizes that related person transactions present a heightened risk of conflicts of interest (or the perception thereof) and therefore the Company has adopted this policy (the “Policy”) pursuant to which all Related Person Transactions (as defined below) shall be subject to approval or ratification in accordance with the procedures set forth in this Policy.

For the purposes of this Policy, a “Related Person Transaction” is, in any given fiscal year, a transaction or presently proposed transaction which is material to the Company or the Related Party (as defined below), or any transaction that is unusual in its nature or conditions, involving goods, services, or tangible or intangible assets, to which the Company or its subsidiaries is a party, or any outstanding loans made by the Company or any of its subsidiaries to or for the benefit of any Related Person.

II. PROCEDURES

A. Identification of Related Person Transactions

The Company reviews all known transactions, arrangements and relationships in which the Company and a Related Person are participants to determine whether such transactions, arrangements and relationships constitute Related Person Transactions. The Company’s finance team is primarily responsible for developing and implementing processes and procedures to obtain information regarding Related Persons with respect to potential Related Person Transactions and then determining, based on the facts and circumstances, whether such potential Related Person Transactions do, in fact, constitute Related Person Transactions requiring compliance with this Policy. In addition, any potential Related Person Transaction that is proposed to be entered into by the Company must be reported to the Company’s Compliance Officer by both the Related Person and the person at the Company responsible for such potential Related Person Transaction. The Company’s Compliance Officer is the Company’s General Counsel or, if the General Counsel is unavailable or is himself or herself obligated to report a Related Person Transaction under this Policy, the Company’s Chief Financial Officer.

B. Audit Committee Approval

If the Company’s finance team determines that a transaction or relationship is a Related Person Transaction, then the Compliance Officer shall present to the Audit Committee of the Board of Directors of the Company (the “*Committee*”) each such Related Person Transaction, including all relevant facts and circumstances relating thereto. The Committee shall review the relevant facts and circumstances of each Related Person Transaction, including if the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party

and the extent of the Related Person's interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of the Company's Code of Business Conduct and Ethics (the "**Code**"), and either approve or disapprove the Related Person Transaction. Any Related Person Transaction shall be consummated and shall continue only if the Committee has approved or ratified such transaction in accordance with the guidelines set forth in this Policy. If advance Committee approval of a Related Person Transaction requiring the Committee's approval is not feasible, then the transaction may be preliminarily entered into by management upon prior approval of the transaction by the Chairperson of the Committee *subject to* ratification of the transaction by the Committee at the Committee's next regularly scheduled meeting; *provided*, that if ratification shall not be forthcoming, management shall make all reasonable efforts to cancel or annul such transaction. If a transaction was not initially recognized as a Related Person Transaction, then upon such recognition the transaction will be presented to the Committee for ratification at the Committee's next regularly scheduled meeting; *provided*, that if ratification shall not be forthcoming, management shall make all reasonable efforts to cancel or annul such transaction.

Management shall update the Committee as to any material changes to any approved or ratified Related Person Transaction and shall provide a status report at least annually at a regularly scheduled meeting of the Committee of all then current Related Person Transactions.

No director may participate in approval of a Related Person Transaction for which he or she is a Related Person.

C. Pre-Approved Transactions

Notwithstanding the foregoing, the following types of Related Person Transactions shall not require pre-approval under this Policy:

1. Remuneration
 - (a) to an executive officer or director of the Company if the remuneration is required to be reported pursuant to Part I, Item 6B of Form 20-F; and
 - (b) to an executive officer or director of the Company if, in each such case, such remuneration has been recommended to the Company's Board of Directors for approval by the Remuneration Committee of the Board of Directors of the Company.
2. Transactions that are in the Company's ordinary course of business and where the interest of the Related Person arises only:
 - (a) from the Related Person's position as a director of another corporation or organization that is a party to the transaction; or
 - (b) from the direct or indirect ownership by such Related Person and all other Related Persons, in the aggregate, of less than a 10% equity

interest in another person (other than a partnership) which is a party to the transaction; or

(c) from both such positions described in (a) and such ownership described in (b); or

(d) from the Related Person's position as a limited partner in a partnership in which the Related Person and all other Related Persons, in the aggregate, have an interest of less than 10%, the Related Person is not a general partner of and does not have another position in the partnership.

3. Transactions that are in the Company's ordinary course of business and where the interest of the Related Person arises solely from the ownership of a class of equity securities in the Company and all holders of such class of equity securities of the Company will receive the same benefit on a pro rata basis.

4. Transactions where the rates or charges involved in the transactions are determined by competitive bids.

D. Disclosure

All Related Person Transactions are to be disclosed in the Company's applicable filings as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules. Furthermore, any Related Person Transaction shall be disclosed to the full Board of Directors.

E. Other Agreements

Management shall assure that all Related Person Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements.

F. Interpretation

This Policy is intended to comply with Part I, Item 7B of Form 20-F and Nasdaq Rule 5630(a). Notwithstanding anything herein to the contrary, this Policy shall be interpreted only in such a manner as to comply with Part I, Item 7B of Form 20-F and Nasdaq Rule 5630(a). In the event that a Related Person Transaction would constitute a conflict of interest or a corporate opportunity under the Code, the provisions of the Code also shall apply to such Related Person Transaction. Any such Related Person Transaction may not be approved hereunder unless it is also approved in accordance with the provisions of the Code and disclosed to the public to the extent required by law or the rules of The Nasdaq Global Market.

III. DEFINITIONS

For purposes of this Policy, a “*Related Person*” is:

1. Any enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.
2. Any person who is, or at any time since the beginning of the Company’s last fiscal year, was, a director, executive officer or other employee of the Company or a nominee to become a director or executive officer of the Company
3. Any security holder known by the Company to be the record or beneficial owner of more than 5% of any class of the Company’s voting securities.
4. Any unconsolidated enterprise in which the Company has a significant influence or which has significant influence over the Company. Significant influence over an enterprise is the power to participate in the financial and operating policy decisions of the enterprise but is less than control over those policies. Shareholders beneficially owning a 10% interest in the voting power of the Company are presumed to have a significant influence on the Company.
5. Any individual owning, directly or indirectly, an interest in the voting power of the Company that gives such individual significant influence over the Company, and close members of any such individual’s family. Close members of an individual’s family are those that may be expected to influence, or be influenced by, that person in their dealings with the Company.
6. Any key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and senior management and close members of such individuals’ families.
7. Any enterprise in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in 3 or 4 or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Company and enterprises that have a member of key management in common with the Company.
8. Any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such person, and any person (other than a tenant or employee) sharing the household of any of the persons listed in clauses 2 and 3, if such person is a natural person.

9. Any other person who maybe a “related person” pursuant to Item 404 of Regulation S-K under the Securities Exchange Act of 1934, as amended.

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Effective Version	Description of changes	Effective date
1.0	New Policy	04APR19
1.1	Removed document reference from footer	01MAY19
2.0	Amendments to reflect AIM delisting	18DEC20