

Board of Directors

Peter A.W. Green

Chairman of the Board
Patheon Inc.

Nick A. DiPietro

President and
Chief Operating Officer,
Patheon Inc.

George L. Ploder

Corporate Director

Joaquín B. Viso

Corporate Director
(Former Chairman,
MOVA Pharmaceutical
Corporation)

Derek J. Watchorn

President and
Chief Executive Officer,
Retirement Residences
Real Estate Investment Trust

Gregory C. Wilkins

Chief Executive Officer
and President,
Barrick Gold Corporation

Corporate Governance

Overview

Patheon's Board of Directors has stewardship and responsibility, on behalf of Patheon's shareholders, for overseeing the proper and effective management of the Company. In fulfilling its mandate, the Board reviews and approves governance principles and guidelines which are consistent with Patheon's core principles of integrity, respect and excellence.

Evolving Practices

Patheon's approach to corporate governance is to ensure that the Company complies with changing regulatory standards, and adopts evolving corporate governance "best practices" where appropriate.

Patheon also reviews assessments of our corporate governance practices relative to other companies, as benchmarked in studies conducted by independent parties. We use these assessments to identify and implement improvements to our guidelines and practices.

Board Composition and Responsibilities

Since 1996, the role of Chair of the Board of Directors has been separate from that of the Chief Executive Officer and has been held by an independent director who is not related to the Company.

Two-thirds of the current Board of Directors, or four of six members, are independent and not related to the Company.

This group is complemented by the following two additional directors: the President and Chief Operating Officer of Patheon and the former non-executive Chairman of Patheon's Puerto Rican subsidiary, MOVA Pharmaceutical Corporation. The Board believes this composition allows for a constructive exchange of opinions leading to reasoned and informed decision-making on behalf of Patheon's shareholders.

There were seven directors elected at the 2006 annual shareholders meeting but one director resigned subsequent to such election. That director was Robert Tedford, the Chief Executive Officer, who resigned as a director of the Company when he retired as Chief Executive Officer. The Board of Directors chose not to fill this vacancy pending the successful completion of a search for a new permanent Chief Executive Officer.

Further Information

For additional biographical information, please refer to the Management Proxy Circular for the 2007 Annual and Special Meeting of Shareholders or Patheon's web site at www.patheon.com.

Among the Board's principal responsibilities, as reflected in its Charter, are the following:

- developing and monitoring Patheon's approach to corporate governance
- developing and reviewing Patheon's corporate disclosure policies
- responsibilities relating to management including:
 - satisfying itself as to the integrity of management and the fostering of a culture of integrity throughout the organization
 - succession planning for Patheon's senior management
 - adopting and implementing an executive compensation policy for Patheon's senior management
- oversight of the operation of the business including:
 - ensuring that adequate risk management practices and strategies are in place
 - strategic planning
 - ensuring the integrity of Patheon's internal control and management information systems
 - ensuring appropriate financial reporting
 - overseeing pension plan administration and related matters
 - monitoring compliance with the Code of Business Conduct.

A portion of every Board meeting is held *in camera* at which only non-management directors are present. In accordance with procedures of the Corporate Governance Committee, Board members are able to engage special advisors such as independent legal counsel, compensation specialists or other professionals in appropriate circumstances. A copy of the Charter of the Board of Directors is available for review on Patheon's website at www.patheon.com under "Investor Relations/Corporate Governance".

Committees

The Board's principal responsibilities are managed by three standing committees of the Board: Audit Committee, Corporate Governance Committee, and Compensation and Human Resources Committee.

All three of these committees are composed exclusively of independent, unrelated directors. Summaries of the principal duties and responsibilities of these committees, as reflected in their respective charters, and copies of the full charters are available for review on Patheon's website at www.patheon.com under "Investor Relations/Corporate Governance". The members of the respective committees and the number of meetings attended are set out in Patheon's Management Proxy Circular for the 2007 Annual and Special Meeting of Shareholders, a copy of which will be available on Patheon's website at www.patheon.com under "Investor Relations/Corporate Governance".

In addition, on September 11, 2006, the Board of Directors formed a Special Committee of independent directors to evaluate strategic and financial alternatives for the Company.

Disclosure Policy

Patheon's Corporate Disclosure Policy guides Patheon in its interactions with shareholders, financial analysts and the public. It reflects the underlying principles that disclosure of material information about the company should be: (i) timely, factual and accurate; and (ii) broadly disseminated in accordance with all applicable legal and regulatory requirements. The Policy also reflects "best practices" recommended by the Canadian Investor Relations Institute.

The Corporate Disclosure Policy contains a provision mandating its review by the Board at least every two years, and it was most recently reviewed and updated by the Board in December 2005. In addition, the Corporate Disclosure Policy has been made publicly available on Patheon's web site at www.patheon.com under "Investor Relations/Corporate Governance".

Code of Business Conduct

The principles of integrity, respect and excellence are documented in Patheon's Code of Business Conduct, which was adopted by the Board of Directors in 2002 to provide guidelines to employees, board members and agents for addressing issues and questions relating to Patheon's business practices. A copy of Patheon's Code of Business Conduct is available on Patheon's web site at www.patheon.com under "Investor Relations/Corporate Governance".

In July 2005, Patheon engaged EthicsPoint, Inc. to act as Patheon's external service provider with respect to a confidential whistleblower program and the program was rolled out to employees during fiscal 2006. The program is both telephone and web based. Employees may use this service to report any activities they suspect may be in violation of Patheon's Code of Business Conduct, including matters relating to accounting, internal accounting controls and auditing. The EthicsPoint reporting system is available to Patheon employees in all jurisdictions except Italy and France, where certain laws preclude Patheon from offering an anonymous reporting service to its employees and, instead, employees in those jurisdictions may report violations to management only on a non-anonymous basis.

Further Information

Further details of Patheon's approach to corporate governance matters are contained in our Proxy Circular for the 2007 Annual and Special Meeting of Shareholders.
