



## ***CHARTER OF THE CORPORATE GOVERNANCE COMMITTEE***

This charter governs the operations of the Corporate Governance Committee of Patheon Inc. (the "Corporation").

### **1. OBJECTIVES**

1.1 The Committee has three major objectives:

- (a) The Committee shall monitor and evaluate the Corporation's corporate governance policies and procedures and propose improvements as appropriate. For the purposes of the Committee's mandate, "corporate governance" means the process and structure used to direct and manage the business and affairs of the Corporation.
- (b) The Committee shall be a forum for the concerns of individual directors of the Corporation ("Directors") about matters which may not be appropriate for discussion in full meetings of the Board, including the performance of management or individual members of management or the performance of the Board or individual Directors.
- (c) The Committee shall be responsible for recommending candidates for election to the Board with a view to assuring that the Corporation has sufficient strength on the Board to provide the corporate governance necessary to assist the Corporation to achieve its short and long-term goals.

### **2. CONSTITUTION**

#### **2.1 Membership**

The Committee shall consist of not fewer than three members, each of whom shall be a Director of the Corporation. None of the members of the Committee shall be a full-time employee of the Corporation or of any of its affiliates.

## 2.2 Chair

The Board shall appoint the Chair of the Committee from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

## 2.3 Annual Appointment of Members

The appointment of members of the Committee and the designation of its Chair shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors.

## 2.4 Continuance of Existing Mandate

If an appointment of members of the Committee is not made as prescribed, the members shall continue as such until their successors are appointed.

## 2.5 Quorum

A quorum of the Committee shall be a majority of its members.

## 2.6 Secretary

The Chair of the Committee may designate from time to time a person to be the Secretary of the Committee. The Secretary may, but need not, be a member of the Committee.

## 2.7 Committee Procedures

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee.

## 2.8 Consultants

The Committee may retain, at the Corporation's expense, such consultants or advisors as it may require to assist it and may invite Directors, officers and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

### **3. RESPONSIBILITIES**

#### **3.1 Responsibilities**

The Committee shall have responsibility for developing and monitoring the Corporation's approach to corporate governance and shall make such recommendations to the Board as it may consider appropriate from time to time concerning the corporate governance of the Corporation, including:

- (a) the effectiveness of the Corporation's system of corporate governance, including methods for assessing the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors;
- (b) the size and composition of the Board and the criteria for eligibility for election, re-election or appointment of any individual to the Board (i) at any meeting of the shareholders; and (ii) at any meeting of the Board during the year to fill a vacancy which occurs on the Board during the year;
- (c) those individuals to be invited to stand for election, re-election or appointment to the Board (i) at the annual meeting of the shareholders at which Directors are elected; and (ii) at any meeting of the Board during the year to fill a vacancy which occurs in the Board during the year;
- (d) communication processes between the Board and management, including monitoring the quality of the relationship between management and the Board and recommending improvements as deemed necessary or advisable; including where appropriate (i) the frequency and content of meetings of the Board; and (ii) developing agendas of issues to be presented to the Board at its meetings;
- (e) the mandates, composition and membership of each committee of the Board;
- (f) an appropriate orientation and education program for new members of the Board;
- (g) a retirement policy for members of the Board; and
- (h) procedures to enable Directors or committees of Directors to engage special advisors at the expense of the Corporation in appropriate circumstances.

In making its recommendations with respect to candidates for election to the Board, the Committee shall consider:

- (I) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;

- (II) the competencies and skills that the Board considers each Director to possess;
- (III) the competencies and skills that each candidate will bring to the Board; and
- (IV) whether or not each candidate can devote sufficient time and resources to his or her duties as a Board member.

### 3.2 Authority

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority. The Committee shall report to the Board at the Board's next meeting the proceedings of any meeting of the Committee and all recommendations to the Board made by the Committee at such meeting.

### 3.3 Consultation with the Board

At least once each year, the Committee shall meet with all non-officer Directors to review the Board's agenda and to consider such other matters as the Committee may consider appropriate or as any Director may request that it consider. The Committee may invite Directors who are officers of the Corporation (or its affiliates) to attend such meetings, if appropriate.

## 4. GENERAL

### 4.1 Subject to by-laws, etc.

The provisions of this charter are subject to the provisions of the by-laws of the Corporation and to the applicable provisions of the *Canada Business Corporations Act* and any other applicable legislation.

### 4.2 Annual Review of Charter

On an annual basis, the Board will review the recommendations of the Corporate Governance Committee with respect to this charter. The Board will approve those changes to this charter that it determines are appropriate.

Approved by the Board of Directors  
Patheon Inc.  
February 22, 2008