

**ACERUS PHARMACEUTICALS CORPORATION**  
**("Acerus")**

**CHARTER OF THE BOARD OF DIRECTORS**

**General**

In accordance with applicable laws and the by-laws of Acerus, the Board of Directors is responsible for the stewardship of Acerus, and shall always act with a view to the best interests of Acerus. In furtherance of this mandate, the Board of Directors has adopted this form of written mandate. The Board of Directors shall periodically review and, if necessary, revise this mandate from time to time in order to meet Acerus' needs and satisfy any applicable legal or regulatory requirements and/or other best practices.

**Duties and Responsibilities**

In furtherance of its obligations, the Board of Directors shall be responsible for, among other things, the following:

- facilitating the relationship of the Board of Directors (including, as necessary, the independent directors thereof on a separate basis) to management and confirming that Acerus has appropriate structures and procedures in place to permit the Board of Directors to effectively discharge its duties and responsibilities;
- selecting, appointing, evaluating and, if necessary (taking into account any recommendations of the corporate governance and nominating committee with respect to any succession plan), changing the Chief Executive Officer of Acerus;
- together with the President and Chief Executive Officer, defining the duties and the limits of authority of senior management of Acerus, including the development of a position description for the President and Chief Executive Officer;
- to the extent feasible, satisfying itself as to the integrity of the President and Chief Executive Officer and other members of senior management, and that the President and Chief Executive Officer and other members of senior management create a culture of integrity throughout Acerus;
- adopting a strategic planning process and approving on a periodic basis a strategic plan that takes into account the opportunities and risks of the business of Acerus;
- identifying the principal risks of Acerus' business and ensuring the implementation of appropriate systems to manage these risks;
- receiving recommendations of Acerus' Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of Acerus;
- ensuring policies are in place to satisfy itself as to Acerus' internal control and management information systems and its financial reporting;
- ensuring appropriate policies and processes are in place to ensure Acerus' compliance with applicable laws and regulations;
- assessing the effectiveness of the board and any committees of the Board of Directors;
- taking into account any recommendations of the corporate governance and nominating committee of the Board of Directors, reviewing and considering any governance

- practices of the Board of Directors (including consideration of whether such practices differ from those recommended by Canadian securities regulators or stock exchanges);
- taking into account any recommendations of the compensation committee of the Board of Directors implementing a process for reviewing the adequacy and form of compensation of directors, and ensuring that compensation realistically reflects the responsibilities and risk involved in being a director;
  - adopting a communications policy for Acerus and implementing and overseeing a mechanism pursuant to which the Board of Directors can receive feedback from securityholders of Acerus; and
  - other corporate decisions required to be made by the Board of Directors, or as may be reserved by the Board of Directors, to be made by itself, from time to time and not otherwise delegated to a committee of the Board of Directors or to management.

### **Expectations of Directors**

In accordance with all applicable laws, directors are expected to: (a) act honestly and in good faith with a view to the best interests of Acerus; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Further, it is expected that directors will comply with all duties of honesty, care, diligence, skill and prudence, as well as any other duties imposed on directors at law.

In accordance with these duties, each director is expected to:

- develop and maintain a thorough understanding of Acerus' business, its strategy and business operations and its financial position and performance;
- prepare for each Board of Directors or committee meeting, including reviewing all meeting materials distributed in advance where feasible;
- attend meetings of the Board of Directors and any committee of which they are a member;
- actively and constructively participate in each meeting, including seeking clarification from management and outside advisors, where necessary, to fully understand the issues under consideration and to contribute relevant insights and experience;
- in accordance with applicable law disclose to Acerus, either in writing or by having it entered into the minutes of a meeting of the board, the nature and extent of any interest that they may have in a contract or transaction, whether made or proposed, with Acerus, if the director (i) is a party to the contract or transaction, (ii) is a director or member of senior management or individual acting in a similar capacity of a party to the contract or transaction, or (iii) has a material interest in a party to the contract or transaction;
- engage in continuing education programs for directors if appropriate; and
- exhibit high standards of personal integrity, honesty and loyalty and project a positive image of Acerus to news media, the financial community, governments and their agencies, shareholders and employees.

### **Board Composition**

The Board of Directors shall strive to ensure that the directors represent an appropriate mix of skills, experience, age, expertise and other factors. Composition of the Board of Directors

should reflect business experience and skills that are compatible with the strategic and business objects of Acerus.

### **Board Chair**

In accordance with Acerus' by-laws, the directors shall select a chair of the Board of Directors from time to time. The responsibilities of such chair shall be in accordance with a position description established by the Board of Directors from time to time. In the event that the selected chair is not independent of Acerus, the Board of Directors shall consider appropriate measures to ensure that the views of the independent directors are considered and communicated to the chair and/or members of management (such measures may include the appointment of a "lead" independent director).

### **Board Committees**

The Board of Directors shall at all times maintain an Audit Committee comprised entirely of directors that are independent and financially literate. The Board of Directors may also establish such standing and/or *ad hoc* committees as it believes prudent from time to time.

Each standing committee of the Board of Directors shall be subject to a charter setting out its responsibilities, duties, qualifications for members and reporting to the Board of Directors. From time to time, each committee and the Board of Directors shall review the respective charters to determine if any changes are advisable.

### **Meetings**

It is the standard practice of the Board of Directors to hold a meeting (together with a meeting of each of the standing committees of the Board of Directors) on a quarterly basis. Additional meetings may also be called upon proper notice (in accordance with Acerus' bylaws) to address specific matters. While the Board of Directors shall generally strive to operate by way of meetings at which a thorough discussion of the applicable matters can occur, the Board of Directors may from time to time take action by way of unanimous written resolution.

At each in person meeting of the Board of Directors, the independent directors shall be entitled to request that an *in camera* session excluding: (a) any management or other attendees invited to the applicable meeting; and (b) any non-independent directors. Following any such meeting, the Board of Directors shall promptly inform management to the extent any action is required.

### **Access to Management and Outside Advisors**

Directors shall have access to members of senior management and are encouraged to raise any questions or concerns directly with senior management. The Board of Directors and its committees may invite any member of senior management, outside advisor or other person to attend any of their meetings.

The Board of Directors and any of its committees may retain an outside advisor at the expense of Acerus at any time and have the authority to determine the advisor's fees and other retention terms. Individual directors may retain an outside advisor at the expense of Acerus with the approval of the Board of Directors.

### **Performance Assessment**

On an annual basis, the Board of Directors shall assess how well it has performed the responsibilities and duties set out in this mandate.

### **Matters Requiring Board Approval**

Approval of the Board of Directors shall be required for, among other things:

- dividends/distributions;
- significant acquisitions/dispositions;
- related party transactions;
- the release of any financial information to be publicly disseminated;
- the issuance or repurchase of shares or other securities of Acerus;
- such matters as are required under the investment policies of Acerus;
- the terms of reference of committees of the board;
- any other matter that would give rise to a “material change” to Acerus; and
- any other matters which the Board of Directors is required to approve in accordance with applicable laws.

The foregoing list is intended to specify particular matters requiring board approval and is not intended to be an exhaustive list.

### **Code of Business Conduct and Ethics**

The Board of Directors will adopt a Code of Business Conduct and Ethics for Acerus having regard to the recommendations of the corporate governance and nominating committee.

The Board of Directors will direct the corporate governance and nominating committee (or such other committee as may be designated from time to time) to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board of Directors will consider any report of the corporate governance and nominating committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics.

The Board shall consider any report of the corporate governance and nominating committee with respect to any waiver granted to a director or senior officer of Acerus from complying with the Code of Business Conduct and Ethics and shall approve or reject such request as it deems appropriate.