

MAYNE PHARMA GROUP LIMITED

BOARD CHARTER

The board of directors of Mayne Pharma Group Limited (the Board) is responsible for the corporate governance of the Company and is committed to adopting principles of good corporate governance that accord with best practice and applicable laws, including the requirements of the Corporations Act and ASX Listing Rules.

1. Background

The Board will guide and monitor the business and affairs of Mayne Pharma Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. It is a requirement of the Board that the Company maintains the highest standards of ethics and integrity at all times.

The Board of Mayne Pharma is ultimately responsible for the oversight and review of the management, administration and overall governance of the Company, including:

- The protection of shareholders' interests;
- Authorising policies and overseeing the strategic direction of the Company;
- Establishing goals for management and monitoring the achievement of these goals; and
- Engaging, reviewing the performance of and replacement of the Chief Executive Officer.

2. Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three directors;
- The Board should comprise directors with an appropriate range of skills, qualifications and expertise;
- The Board shall meet regularly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.
- The Chair should be an independent non-executive director. This does not prevent another director chairing all or a part of a meeting in the absence of the Chair;
- The Chair is the official spokesperson for the Board, unless the Board determines otherwise; and
- The Board should comprise a majority of independent non-executive directors.

3. Independent Non-Executive Directors

In considering whether a director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of other directors, as appropriate.

4. Role and responsibility of the Board

4.1 Board

The role of the Board is to oversee and guide the management of the Group with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of

other stakeholders including employees and the wider community. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board is responsible for setting the strategic direction of the Group, establishing goals for management and monitoring the achievement of those goals. The Chief Executive Officer is responsible to the Board for the day to day management of the Group. The Board ensures that the Chief Executive Officer is appropriately qualified and experienced to discharge his responsibilities and has procedures in place to assess the performance of the Chief Executive Officer.

In particular, the following are regarded as the key responsibilities and functions of the Board:

(a) Board and senior management

- The appointment, delegation of authority to, and review of performance of, the Chief Executive Officer;
- The appointment and review of performance of other executive directors;
- Approval of the terms of appointment of senior management – i.e. the CEO and direct reports;
- To evaluate and reward senior management (including determining their remuneration and incentive policies);
- Ensuring executive and Board succession planning;
- Assessment of the organisation's and of the Chief Executive Officer's performance;
- Assessment of Board performance;
- Ensuring that there is continuing education and information provided to directors regarding the Company's business and the role of the Board and its functions and obligations; and
- Assessment of the performance of individual directors prior to their standing for re-election.

(b) Business Strategy and financial matters

- Approval of budgets and the strategic plan;
- Evaluating the performance of the Company against strategies and business plans in order to monitor the performance of functions delegated to management; and assess the suitability of the Company's overall strategies, business plans and resource allocation;
- Approval of the capital expenditure budget and any alterations to it;
- Approval of significant mergers, acquisitions and divestitures of the Group;
- Approval of significant leases or purchase of buildings; and
- Approval of capital expenditure, operating expenditure and major transactions not included in the budget or outside the ordinary course of business.
- Approval of annual accounts and directors' reports;
- Approval of accounting policies;
- Approval of the internal and external audit plan; and
- Acceptance of audit reports including management letters.

(c) Risk and compliance

- Approval and monitoring of the Company's risk management strategy
- Monitor and review the Company's operations in relation to, and compliance with legal and regulatory requirements

(d) Relations with shareholders

- To oversee relations with shareholders by monitoring communications to shareholders and the ASX, including monitoring:
 - arrangements for the annual general meeting and other members' meetings (if any);
 - matters relating to reports as required by law; and
 - disclosures made under the ASX continuous disclosure requirements.

4.2 Delegation to management

As indicated above, the Board has retained ultimate responsibility for the strategic direction and control of the Group. The Board delegates management of the Company's resources to the executive team under the leadership of the Chief Executive Officer, to deliver the strategic direction and goals as determined by the Board. A key function of the Board is to monitor the performance of senior management in this function. The CEO conducts a formal review each year assessing the performance of senior management and reports back to the Board.

4.3 Delegation to committees

The Board from time to time establishes committees to streamline the discharge of its responsibilities and, for each standing committee, adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such committees.

The Board has established the following committees to advise and support the Board in carrying out its duties:

- Audit & Risk Committee;
- Nomination Committee; and
- Remuneration and People Committee.

5. Administrative matters

The Board determines a schedule of meetings at the beginning of each year. Additional meetings are held as required to address specific issues. The agenda for meetings is prepared by the Company Secretary, in conjunction with the Chairman and Chief Executive Officer, with periodic input from the Board. Comprehensive Board papers are distributed to directors in advance of scheduled meetings. Board meetings typically take place at the Company's manufacturing facilities based in Salisbury, South Australia and Greenville, North Carolina, USA to assist the Board in its understanding of operational issues or at the Company's Melbourne office.

The Company Secretary attends meetings of the Board as minute secretary. Senior executives will be invited to attend meetings (or parts of meetings) from time to time where the Board considers their involvement of assistance to the consideration of items of business before the Board.

All minutes of the Board meetings are approved by the Board and signed by the Chair as a true and correct record. The minutes are available for inspection by any director at any time. All directors and other attendees at Board meetings are, as officers and/or fiduciaries, required to keep all information presented to (whether written or oral) or discussed at Board meetings confidential.

6. Monitoring of the Board's Performance and Communication to Shareholders

The Board of Mayne Pharma will review periodically the membership and charters of the Board and its Committees to determine their adequacy under the then current circumstances and to determine that the Board's processes are adequate to ensure it is able to carry out its functions in the most effective manner.

The performance of the Board as a whole and the individual directors is evaluated by the Chairman. The performance evaluation includes an examination of the performance of the Board and individual Directors as against the Board Charter. The evaluation may establish goals and objectives for the Board and provide any recommendations for improvement to Board performance.

The Board aims to ensure that shareholders are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report;
- the half-yearly report and other periodic disclosures required under the ASX Listing Rules;
- the annual general meeting and other meetings to obtain shareholder approval for Board actions as appropriate; and
- continuous disclosure in accordance with ASX Listing Rule 3.1 and the Company's continuous disclosure policy.

7. Board Members' Rights to Independent Advice

The Board has procedures to allow directors, in the furtherance of their duties as directors or members of a Committee, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman.