



**NUVO PHARMACEUTICALS INC.**  
(the “Corporation”)

**BOARD OF DIRECTORS CHARTER**

**PURPOSE**

The Board of Directors is elected by the Corporation’s shareholders to supervise the management of the business and affairs of the Corporation, in the best interests of the Corporation. The Board of Directors shall:

- Review and approve the strategic plan and business objectives of the Corporation that are submitted by senior management and monitor the implementation by senior management of the strategic plan. During at least one meeting each year, the Board of Directors will review the Corporation’s long-term strategic plans and the principal issues that the Corporation expects to face in the future.
- Review the principal strategic, operational, reporting and compliance risks for the Corporation and oversee, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.
- Ensure, with the assistance of the Compensation, Corporate Governance and Nominating Committee (the “CCGNC”), the effective functioning of the Board of Directors and its committees in compliance with applicable corporate governance requirements, and that such compliance is reviewed periodically by the CCGNC.
- Ensure internal controls and management information systems for the Corporation are in place and are evaluated and reviewed periodically on the initiative of the Audit Committee.
- Assess the performance of the Corporation’s senior management and periodically monitor the compensation levels of such senior management based on determinations and recommendations made by the CCGNC.
- Ensure that the Corporation has in place a policy for effective communication with shareholders, other stakeholders and the public generally.
- Review and, where appropriate, approve the recommendations made by the various committees of the Board of Directors.

**COMPOSITION**

The Board of Directors collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Corporation’s business. The Board of Directors should be comprised of that number of individuals which will permit the Board of Directors’ effective functioning. The appointment and removal of directors shall occur in accordance with the *Business Corporations Act* (Ontario) and the Corporation’s by-laws. A majority of the Board of Directors should meet the independence requirements of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators. The Board of Directors has adopted a set of categorical standards for determining whether directors satisfy those requirements for independence. A copy of those standards is attached as **Appendix A**. The Board of Directors, upon the recommendation of the CCGNC, shall designate the Chair and Lead Director by majority vote of the Board of Directors.

**MEETINGS**

The Board of Directors shall meet at least four times each year and more frequently as circumstances require. All members of the Board of Directors should strive to be at all meetings. The Board of Directors may meet separately, periodically, without senior management, and may request any member of the Corporation’s senior management or the Corporation’s outside advisors or auditor to attend meetings of the Board of Directors.

## **COMMITTEES**

The Board of Directors may delegate authority to individual directors and committees where the Board of Directors determines it is appropriate to do so. The Board of Directors expects to accomplish a substantial amount of its work through committees and shall form at least the following two committees: the Audit Committee and the CCGNC. The Board of Directors may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board of Directors, summarizing the committee's actions and any significant issues considered by the committee.

## **INDEPENDENT ADVICE**

In discharging its mandate, the Board of Directors shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors as the Board of Directors determines to be necessary to permit it to carry out its duties.

## **ANNUAL EVALUATION**

Annually, the Board of Directors through the CCGNC shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Board of Directors and its members and committees, including the compliance of the Board of Directors with this Charter. This evaluation will focus on the contribution of the Board of Directors to the Corporation and specifically focus on areas in which the directors and senior management believe that the contribution of the Board of Directors could be improved.
- Review and assess the adequacy of this Charter and the position description for the Chair and Lead Director and make any improvements the Board of Directors determines to be appropriate.

## APPENDIX A

### CATEGORICAL STANDARDS FOR DETERMINING INDEPENDENCE OF DIRECTORS

For a director to be considered independent under the rules of the Canadian Securities Administrators, he or she must have *no direct or indirect material relationship with the Corporation*, being a relationship that could, in the view of the Board of Directors, reasonably interfere with the exercise of a director's independent judgement.

The Board of Directors, upon the recommendation of the CCGNC, has considered the types of relationships that could reasonably be expected to be relevant to the independence of a director of the Corporation. The Board of Directors has determined that:

1. A director's interests and relationships arising solely from his or her (or any immediate family members'<sup>1</sup>) shareholdings in the Corporation are not, in and of themselves, a bar to independence.
2. Unless a specific determination to the contrary is made by the CCGNC as a result of there being another direct or indirect material relationship with the Corporation, a director will be independent unless currently, or at any time within the past three years, he or she or any immediate family member:
  - Employment: Is (or has been) an officer or employee (or, in the case of an immediate family member, an executive officer) or (in the case of the director only) of the Corporation or any of its subsidiaries (collectively, the "**Corporation Group**") or is actively involved in the day-to-day management of the Corporation;
  - Direct Compensation: Receives (or has received) direct compensation during any twelve-month period from the Corporation Group (other than director fees and committee fees and pension or other forms of deferred compensation for prior service, provided it is not contingent on continued service);<sup>2</sup>
  - Auditor Relationship. Is (or has been) a partner or employee of a firm that is the Corporation's auditor (provided that in the case of an immediate family member, he or she participates in its audit, assurance or tax compliance (but not tax planning practice)) and if during that time, he or she or an immediate family member was a partner or employee of that firm but no longer is such, he or she or the immediate family member personally worked on the Corporation's audit;
  - Material Commercial Relationship. Has (or has had), or is an executive officer, employee or significant shareholder of a person that has (or has had), a significant commercial relationship with the Corporation Group;
  - Cross-Compensation Committee Link. Is employed as an executive officer of another entity whose compensation committee (or similar body) during that period of employment included a current executive officer of the Corporation; or
  - Material Association. Has (or has had) a close association with an executive officer of the Corporation.

Notwithstanding the foregoing, no director will be considered independent if applicable securities legislation, rules or regulations expressly prohibit such person from being considered independent.

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<sup>1</sup> A (i) spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or (ii) any person (other than domestic employees) who shares that director's home.

<sup>2</sup> Employment as an interim chair or an interim Chief Executive Officer need not preclude a director from being considered independent following the end of that employment. Receipt of compensation by an immediate family member need not preclude a director from being independent if that family member is a non-executive employee.