

Pharmaxis Ltd Board Charter

1. Purpose of the Charter

This Charter sets out the functions and responsibilities of the Board of Pharmaxis Ltd within the corporate governance framework (CGF) of the Company.

2. Role and responsibilities of the Board

2.1. The Board is accountable to shareholders for the performance of Pharmaxis.

2.2. The Board is responsible for:

- 2.2.1. defining the Company's purpose
- 2.2.2. approving corporate strategy and business objectives
- 2.2.3. monitoring the implementation of strategy, the achievement of business objectives and the instilling of the Company's values across the organisation by the senior executives
- 2.2.4. approving the Company's Statement of Values and Code of Conduct
- 2.2.5. appointing the chair
- 2.2.6. appointing and when necessary replacing the Chief Executive Officer ("CEO")
- 2.2.7. appointing and when necessary replacing the Chief Financial Officer ("CFO")
- 2.2.8. oversight, through the Chair, of Company Secretary performance regarding functioning of the Board including reporting by management to the Board
- 2.2.9. ratifying the appointment and removal of senior executives, including the Company Secretary
- 2.2.10. approving and monitoring capital management
- 2.2.11. approving and monitoring partnering, acquisitions and divestitures
- 2.2.12. approving and monitoring operating budgets, financial plans and major capital expenditures
- 2.2.13. ensuring the Company has in place an appropriate and effective process for making timely and balanced disclosures
- 2.2.14. through its Audit and Risk Committee:
 - 2.2.14.1. ensuring the Company has in place an appropriate risk management framework for both financial and non-financial risk
 - 2.2.14.2. overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit
- 2.2.15. ensuring the Company has in place appropriate corporate governance policies
- 2.2.16. defining and monitoring the respective roles of the Board and senior executives
- 2.2.17. through its Remuneration and Nomination Committee
 - 2.2.17.1. satisfying itself that the Company's remuneration policies are aligned with Pharmaxis strategic objectives, risk appetite and values

- 2.2.17.2. approving the process for annually evaluating the performance of senior executives
- 2.2.18. issuing shares, options and performance rights
- 2.2.19. monitoring the culture of the Company
- 2.2.20. reporting to and communicating with shareholders
- 2.2.21. at least annually updating and/or affirming the allocation of roles and responsibilities described above.

3. Board composition and governance

- 3.1. The Pharmaxis CGF requires that a majority of directors must be independent.
- 3.2. The Board, in consultation with the Remuneration and Nomination Committee, determines the composition of the Board. The Board, together with the Remuneration and Nomination Committee, will review the skills represented by directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy.
- 3.3. The Pharmaxis CGF requires that the chair is an independent non-executive director and cannot be the same person as the CEO.
- 3.4. In exceptional circumstances, the Chair may be required to act as Executive Chair for a limited period of time. A Chair acting as Executive Chair for a limited period of time is not and is not deemed to be the CEO.
- 3.5. Board policy is that the CEO may not become Chair.
- 3.6. The Chair is responsible for:
 - 3.6.1. leading the Board in its duties to the Company;
 - 3.6.2. oversight of the processes and procedures in place to evaluate the performance of the Board, its committees and individual directors; and
 - 3.6.3. facilitating effective and respectful discussions and director contributions at Board meetings.
- 3.7. A review of directors' independence is undertaken by an annual formal assessment using defined criteria of independence and materiality consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
- 3.8. The Board has not adopted a tenure policy.
- 3.9. The Board and directors undergo regular performance reviews.
- 3.10. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- 3.11. Directors and Board Committees have the right to seek independent professional advice at the Company's expense after prior consultation with the Chair.

4. Board Committees

- 4.1. The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee to assist and advise the Board on specific matters set out in the charters of those committees.

5. Chief Executive Officer (CEO)

The CEO and other senior executives are responsible for:

- 5.1. developing corporate strategy, performance objectives, business plans and budgets for review and approval by the Board
- 5.2. developing appropriate policies and procedures for the management and control of the business
- 5.3. the implementation of corporate strategy and policy initiatives
- 5.4. providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities; and
- 5.5. the day to day management of the Company's affairs

6. Review

- 6.1. The Board will review this Charter annually to keep it up to date and consistent with the Board's objectives and responsibilities.
- 6.2. Amendments to the Charter, other than updates for position titles, are to be approved by the Board.