

## CORPORATE GOVERNANCE GUIDELINES

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### THE RAVANCE BIOPHARMA, INC. BOARD OF DIRECTORS GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES

#### A. BOARD COMPOSITION

##### 1. Selection of Chairman and CEO

The Board should be free to make this choice any way that seems best for the Company at a given point in time.

The Board does not have a policy on whether or not the roles of Chief Executive Officer and Chairman should be separate and, if they are to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee. When one person serves as both Chief Executive Officer and Chairman, it is the Board's policy that an independent director should be appointed as Lead Independent Director.

##### 2. Size of the Board

The size of the Board may vary as provided by resolution of the Board adopted in accordance with the Company's Amended and Restated Memorandum and Articles of Association. The Board periodically reviews the appropriate size of the Board.

##### 3. Mix of Inside and Outside Directors

The Board believes that there should be a substantial majority of independent directors on the Board. However, the Board believes that it may be useful and appropriate to have members of management, in addition to the Chief Executive Officer, as directors.

##### 4. Board Definition of What Constitutes Independence for Outside Directors

Each director designated as an independent director shall be independent in accordance with the applicable rules of The Nasdaq Stock Market and the Securities and Exchange Commission. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible to affirmatively determine that each independent director has no other material relationship with the Company or its affiliates or any executive officer of the Company or his or her affiliates. A relationship will be considered "material" if in the judgment of the Board it would interfere with the Director's independent judgment.

The Board may, from time to time, designate an independent director designated as the Lead Independent Director. The Lead Independent Director shall be responsible for calling special meetings of the independent directors, chairing all meetings of independent directors and performing such other responsibilities as shall be set forth in a written charter

adopted by the Board or designated by a majority of the independent directors may designate from time to time. Service as Lead Independent Director shall not exceed five consecutive years.

## **5. Board Membership Criteria**

The Nominating/Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and guidelines required of Board members in the context of the current make-up of the Board. These guidelines and skills of the Board, as a whole, may include (i) various and relevant career experience, (ii) relevant skills, such as an understanding of the pharmaceutical business and science, finance, marketing and international commerce, (iii) financial expertise, (iv) diversity and (v) local and community ties. The minimum qualifications and skills that each director should possess include (i) the highest professional and personal ethics and values, (ii) broad experience at the policy-making level in business, government, education, science or public interest, (iii) a commitment to enhancing shareholder value and (iv) sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. The Nominating/Corporate Governance Committee evaluates the foregoing factors, among others, and does not assign any particular weighting or priority to any of these factors.

## **6. Recommendation of Candidate by Shareholders**

The Board's policy is to consider all bona fide director candidates recommended by shareholders of the Company. The Board has established the following procedures by which shareholders may submit recommendations of director candidates:

(a) To recommend a candidate for election to the Board, a shareholder must notify the Nominating/Corporate Governance Committee by writing to the General Counsel of the Company no later than the deadlines set forth in the Company's proxy statement for the preceding annual meeting.

(b) Such shareholder's notice shall set forth the following information in order to be considered:

(i) To the extent reasonably available, information relating to such director candidate that would be required to be disclosed in a proxy statement pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in which such individual is a nominee for election to the Board;

(ii) The director candidate's written consent to (A) if selected, be named in the Company's proxy statement and proxy and (B) if elected, to serve on the Board;

(iii) A statement from the recommending shareholder in support of the candidate, including a statement regarding the candidate's satisfaction of the board membership criteria set forth above; and

(iv) Any other information that such shareholder believes is relevant in considering the director candidate.

## **7. Evaluation of Nominees.**

The Nominating/Governance Committee is responsible for regularly assessing the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating/Governance Committee is responsible for considering various potential candidates for director. The Nominating/Governance Committee should consider bona fide candidates from all relevant sources, including current Board members, professional search firms, shareholders and other persons. As described above, the Nominating/Governance Committee considers bona fide director candidates recommended by shareholders. The Nominating/Governance Committee is responsible for evaluating director candidates in light of the Board membership criteria described above, based on all relevant information and materials available to the Nominating/Corporate Governance Committee. This includes information and materials provided by shareholders recommending director candidates, professional search firms and other parties.

Any proposal to decrease the size of the Board, or to substitute a new director for an existing director, should be made first by the Nominating/Corporate Governance Committee, then approved by the full Board. After receipt of a recommendation from the Nominating/Corporate Governance Committee, the Chairman should notify the director of such recommendation prior to the meeting of the Board at which the slate of nominees is proposed to be approved.

## **8. Selection of New Director Candidates**

All nominees for election to the Board shall be approved by a majority of the independent directors on the Board. The Board delegates the screening process involved to the Nominating/Corporate Governance Committee, with the expectation that other members of the Board and management will be requested to take part in the process as appropriate. An invitation to join the Board should be extended by the Chairman, on behalf of the entire Board.

## **9. Directors Who Change Their Present Job Responsibility**

The Board does not believe that directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Nominating/Corporate Governance Committee, to review the continued appropriateness of Board membership under these circumstances.

## **10. Term Limits**

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole.

## **11. Retirement Policy**

The Board has adopted a retirement policy for officers and directors. Under the policy, inside directors, other than the CEO or a former CEO, who are also employees of the Company, shall retire from the Board at the same time they relinquish their corporate officer title. In addition, the Board shall annually assess the performance of any director who is over age 75.

## **12. Board Compensation Review**

The Board's general policy is that Board compensation should be a mix of cash and equity-based compensation. Inside Directors will not be paid for Board membership in addition to their regular employee compensation. Independent directors may not directly receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation in excess of \$120,000 in any 12 month period.

It is appropriate for the staff of the Company to report from time to time to the Compensation Committee on the status of Board compensation in relation to other large U.S. companies. Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and concurrence by the Board.

## **13. Multiple Board Seats**

Directors shall advise the Chairman of the Board or the Lead Independent Director, as applicable, and the Nominating/Corporate Governance Committee before accepting an invitation to serve on an additional for-profit corporate board of directors. In addition, in order to ensure sufficient time and attention to meet the responsibilities of Board membership, directors shall serve on no more than three boards of directors of publicly traded companies, including this Board, without consent of the Nominating/Corporate Governance Committee.

## **B. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

### **1. Primary Responsibilities**

The primary responsibilities of the Board are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company's shareholders. The Board's detailed responsibilities include:

(a) Selecting, annually evaluating the performance of, and approving the compensation of the Chief Executive Officer and other senior executives;

(b) Planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other senior executives;

(c) Reviewing and, where appropriate, approving the Company's major financial objectives, strategic and operating plans and actions;

(d) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed, including enterprise risk management; and

(e) Overseeing the processes for maintaining the integrity of the Company with regards to its financial statements and other public disclosures, and compliance with the Company's Code of Business Conduct.

The Board has delegated to the Chief Executive Officer, working with the other executive officers of the Company, the authority and responsibility for managing the business of the Company in a manner consistent with the standards and practices of the Company, and in accordance with any specific plans, instructions or directions of the Board. The Chief Executive Officer and management are responsible to seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Company.

Each Board member is expected to (i) prepare for, attend, and participate in all Board and applicable Committee meetings and (ii) ensure that other existing and planned future commitments do not materially interfere with the member's service as a director. Each Board member is encouraged to attend the Company's annual meeting of shareholders in person.

## **2. Corporate Business Principles**

Members of the Board shall act at all times in accordance with the requirements of the Company's Code of Business Conduct, which shall be applicable to each director in connection with his or her activities relating to the Company. This obligation shall at all times include, without limitation, adherence to the Company's policies with respect to conflicts of interest, confidentiality, protection of the Company's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Code of Business Conduct with respect to any individual director shall be reported to, and be subject to the approval of, the Board of Directors.

## **3. Assessing the Board's Performance**

Periodically, the full Board (pursuant to a process adopted by the Nominating/Corporate Governance Committee) should review Board and individual director performance. This assessment should include areas in which the Board or management believes a better contribution can be made going forward to increase the effectiveness of the Board. As part of this process directors will conduct a self-evaluation to review the progress and effectiveness of the Board and its committees, and will submit his or her comments to the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee will then report back to the Board, and the full Board will consider and discuss the committee's report. In addition, each committee should review and assess its effectiveness and performance.

## **C. BOARD MEETINGS**

### **1. Scheduling and Selection of Agenda Items for Board Meetings**

Regular Board meetings are scheduled in advance and typically held four to six times per year. In addition to regularly scheduled meetings, additional Board meetings may be

called upon appropriate notice at any time to address specific needs of the Company. The Board may also take action from time to time by unanimous written consent.

The Chairman of the Board, in consultation with the other members of the Board, shall draft the agenda for each meeting and distribute it in advance to the Board. Each director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Company's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization in which the director is a director or officer) has a financial or other interest.

## **2. Board Material Distributed in Advance**

Information and data that is important to the Board's understanding of the business should, to the extent practicable, be distributed to the Board in writing or electronically before the Board meets. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members.

As a general rule, materials on specific subjects should, to the extent practicable, be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written or electronic materials being distributed in advance or at the meeting.

## **3. Board Presentations and Access to Employees**

The Board has complete access to any employee of the Company or its subsidiaries. The directors should use their judgment to ensure that any contact or communication with employees is not disruptive to the business operations of the Company or its subsidiaries.

The Board encourages management to schedule managers to present at Board meetings who: (i) can provide additional insight into the items being discussed because of personal involvement in these areas, or (ii) have potential that management believes should be given exposure to the Board.

## **4. Executive Sessions**

The Board's policy is, to the extent practicable, to have an executive session for the independent directors at each regularly scheduled meeting of the Board. The Lead Independent Director (to the extent one has been appointed) will assume the responsibility of chairing the regularly scheduled meetings of independent directors.

## **5. Director Orientation and Continuing Education**

The Nominating/Corporate Governance Committee, with the assistance of management, is responsible for new-director orientation programs. The orientation programs should be designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. The Nominating/Corporate Governance Committee may also arrange for continuing education programs for Board members that may include a mix of in-house and third-party presentations and programs.

## **D. BOARD COMMITTEES**

### **1. Number of Committees**

The four regular committees are the Audit Committee, Compensation Committee, Nominating/Corporate Governance Committee, and Science and Technology Advisory Committee. There will, from time to time, be occasions on which the Board may want to form a new committee or disband a current committee depending upon the circumstances.

As outlined more specifically in the Audit Committee Charter, the Audit Committee oversees the Company's accounting practices, system of internal controls, audit processes, and financial reporting processes. The Audit Committee also has the sole and direct responsibility for appointing, evaluating and retaining our independent auditors and for overseeing their work.

As outlined more specifically in the Compensation Committee Charter, the Compensation Committee discharges certain responsibilities of the Board relating primarily to executive compensation (both cash and equity) and makes recommendations to the Board regarding its remaining responsibilities relating primarily to executive compensation. The Compensation Committee is also responsible for administering our equity incentive and employee stock purchase plans.

As outlined more specifically in the Nominating/Corporate Governance Committee Charter, the Nominating/Corporate Governance Committee (i) identifies, evaluates and recommends nominees to our Board of Directors and committees of our Board of Directors, conducts searches for appropriate directors, and evaluates the performance of our Board of Directors and of individual directors and (ii) reviews and considers developments in corporate governance practices and recommends to the Board a set of effective corporate governance policies and procedures applicable to the Company.

As outlined more specifically in the Science and Technology Advisory Committee Charter, the Science and Technology Advisory Committee (i) reviews and discusses scientific and technological matters affecting the Company and that may affect the Company in the future, and (ii) develops strategies to address these issues in the Company's research plans.

The Audit Committee discusses with management and our independent auditors our risk management guidelines and policies, our major financial risk exposures and the steps taken to monitor and control such exposures. In addition, during meetings of our Science and

Technology Advisory Committee, the committee addresses scientific and technological risks facing our company. Our Compensation Committee oversees risks related to our compensation programs and discusses with management its annual assessment of our employee compensation policies and programs.”

## **2. Assignment and Term of Service of Committee Members**

The Board is responsible for the appointment of Committee members and Committee Chairperson. Committee assignments are reviewed annually and it is expected that Committee assignments will rotate from time to time among the Board members.

## **3. Frequency and Length of Committee Meetings and Committee Agenda**

The Chairman of the Board, in consultation with the Committee chairs and appropriate members of management, will determine the frequency and length of the Committee meetings and develop the Committee agendas. The agendas and meeting minutes of the Committees will be shared with the full Board, and other Board members are welcome to attend Committee meetings.

# **E. MANAGEMENT REVIEW AND RESPONSIBILITY**

## **1. Formal Evaluation of Executive Officers**

The Compensation Committee conducts, and reviews with the independent directors, an evaluation annually in connection with the determination of the salary and executive bonus of all Section 16 officers (including the Chief Executive Officer).

## **2. Succession Planning and Management Development**

The Chief Executive Officer reviews succession planning, contingency planning (such as a temporary delegation of authority in the event the Chief Executive Officer were to become unable to perform his or her duties) and management development with the Board on an annual basis, or more frequently if appropriate.

## **3. Board Interaction with Institutional Investors, Press, Scientific Community Etc.**

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of management and, in most instances, at the request of management.

The Nominating/Corporate Governance Committee shall review these Corporate Governance Guidelines, on at least an annual basis and report to the Board with any recommendations it may have in connection therewith.

## **F. SHAREHOLDER – DIRECTOR COMMUNICATIONS**

### **1. Policy**

The Board believes that shareholders should have an opportunity to send communications to the Board.

### **2. Procedures**

The Board will adopt a statement of Shareholder-Director Communications Policies and Procedures related to communication pertaining to the Company from a shareholder to the Board generally or a particular director.

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