

ETON PHARMACEUTICALS, INC.

CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

ORGANIZATION

The Nominating and Corporate Governance Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of ETON PHARMACEUTICALS, INC., a Delaware corporation (the “*Company*”), shall consist of at least two (2) members of the Board. No Committee member shall be an employee of the Company and each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board, in accordance with the applicable independence requirements of The Nasdaq Stock Market LLC (“*Nasdaq*”), when and as required by Nasdaq. The members of the Committee and the Committee chairperson shall be appointed by the Board. Vacancies occurring on the Committee shall be filled by the Board. The Chairman of the Committee shall be designated by the Board or, if the Board does not do so, the Committee members shall elect a Chairman by vote of a majority of the full Committee. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at all meetings of the Committee.

PURPOSE

The purpose of the Committee shall be to (i) oversee all aspects of the Company’s corporate governance functions on behalf of the Board; (ii) make recommendations to the Board regarding corporate governance issues; (iii) identify, review and evaluate candidates to serve as directors of the Company consistent with criteria approved by the Board and review and evaluate incumbent directors; (iv) serve as a focal point for communication between such candidates, non-committee directors and the Company’s management; (v) recommend prospective director candidates to the Board for nomination to serve as directors; and (vi) make other recommendations to the Board regarding affairs relating to the directors of the Company, including director nominees for each committee of the Board.

AUTHORITY

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder.

The Committee shall have the authority to obtain, at the Company’s expense, advice and assistance from internal or external legal, accounting or other advisors and consultants.

The Committee may form and delegate authority to subcommittees as appropriate.

The operation of the Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Corporation Law.

The approval of this Charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

OPERATING PRINCIPLES AND PROCESSES

In fulfilling its function and responsibilities, the Committee should give due consideration to the following operating principles and processes:

- **Communication.** The Committee shall encourage regular and meaningful contact throughout the year with the Board, committee chairpersons, members of senior management and independent professional advisors to the Board and its various committees, as applicable, to strengthen the Committee's knowledge of relevant current and prospective corporate governance issues.
- **Committee Education/Orientation.** The Committee shall be authorized to develop with management and participate in a process for systematic review of important corporate governance issues and trends in corporate governance practices that could potentially affect the Company will enhance the effectiveness of the Committee.
- **Resources.** The Committee shall be authorized to access such internal and external resources as the Committee deems necessary or appropriate to fulfill its defined responsibilities, including engagement of independent counsel, consultants and other professional advisors, as well as executive search firms to help identify director candidates. The Committee shall have sole authority to approve fees, costs and other terms of engagement of such outside resources. The Committee shall have the authority to perform such other functions, and shall have such powers, as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities hereunder.
- **Reporting to the Board.** The Committee, through the Chairman, shall report all material activities of the Committee to the Board from time to time, or whenever so requested by the Board.

RESPONSIBILITIES

To implement the Committee's purpose and policies, the Committee shall be charged with the following duties and responsibilities outlined below. The Committee may supplement and, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances. The Committee will have the full power and authority to carry out the following primary responsibilities or to delegate such power and authority to one or more subcommittees of the Committee:

- **Director Nominations.** The Committee shall have the responsibility of identifying, reviewing and evaluating candidates to serve on the Board consistent with criteria approved by the Board, including consideration of any potential conflicts of interest as well as applicable independence and experience requirements. The Committee shall also have the primary responsibility for reviewing, evaluating and considering the recommendation for nomination of incumbent directors for re-election to the Board, as well as monitoring the size of the Board. The Committee shall also recommend potential director candidates to the Board for nomination to

serve as directors. The Committee shall also have the power and authority to consider recommendations for Board nominees and proposals submitted by the Company's stockholders and to establish any policies, requirements, criteria and procedures in furtherance of the foregoing, including policies and procedures to facilitate stockholder communications with the Board, to recommend to the Board appropriate action on any such proposal or recommendation and to make any disclosures required by applicable law in the course of exercising its authority.

- ***Board and Director Assessment.*** The Committee shall periodically review, discuss and assess the performance of the Board, including Board committees, seeking input from senior management, the full Board and others. The assessment shall include evaluation of the Board's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, specific areas in which the Board and/or management believe contributions could be improved, and overall Board composition and makeup, including the reelection of current Board members. The factors to be considered shall include whether the directors, both individually and collectively, can and do provide the integrity, experience, judgment, commitment (including having sufficient time to devote to the Company and the level of director participation), skills, diversity and expertise appropriate for the Company. In assessing the directors, both individually and collectively, the Committee may consider the current needs of the Board and the Company to maintain a balance of knowledge, experience and capability in various areas. The Committee shall also consider and assess the independence of directors, including whether a majority of the Board continues to be independent from management in both fact and appearance, as well as within the meaning prescribed by Nasdaq. The results of these reviews shall be provided to the Board for further discussion as appropriate.
- ***Board Committee Nominations.*** The Committee, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of Nasdaq, the rules and regulations of the Securities and Exchange Commission ("***SEC***") and applicable law, shall evaluate the performance of the members of the committees of the Board, review the composition of such committees, and recommend to the entire Board annually the chairmanship and membership of each such committee. The Committee shall also conduct an annual self evaluation.
- ***Continuing Education.*** The Committee shall consider the need and, if deemed necessary, develop, implement and maintain (or oversee efforts by management to develop, implement and maintain) (i) appropriate orientation and education programs and procedures for directors to familiarize new directors with the business of the Company, its management and professional advisors and (ii) continuing education policies designed to foster a more extensive knowledge of the business of the Company. The Committee shall also have the authority in its sole discretion to retain advisors and consultants to develop and institute such a plan or program.
- ***Corporate Governance Principles.*** The Committee may develop and recommend to the Board, as appropriate, a set of corporate governance principles to be applicable to the Company, may periodically review and assess these principles and their application, and may recommend any changes deemed appropriate to the Board for its consideration.

- **Code of Conduct.** The Committee shall periodically review Company policy statements to determine their adherence to the Company’s Code of Business Ethics and Conduct (the “*Code*”) and consider any request by directors or executive officers of the Company for a waiver from the Code. Any approved waivers shall be promptly disclosed as required by applicable law and Nasdaq requirements.
- **Procedures for Information Dissemination.** The Committee shall oversee and review the processes and procedures used by the Company to provide information to the Board and its committees. The Committee should consider, among other factors, the reporting channels through which the Board and its committees receive information and the level of access to outside advisors where necessary or appropriate, as well as the procedures for providing accurate, relevant and appropriately detailed information to the Board and its committees on a timely basis.
- **Management Succession.** The Committee shall periodically review with the Chief Executive Officer of the Company the plans for succession to the offices of the Company’s Chief Executive Officer and other key executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions.
- **Self-Assessment.** The Committee shall review, discuss and assess its own performance at least annually, and shall report the results of such assessment to the Board.
- **Certificate of Incorporation, Bylaws and Committee Charters.** The Committee shall review and assess the adequacy of the Company’s Certificate of Incorporation and Bylaws and the charters of any committee of the Board (the “*Governing Documents*”) periodically in order to ensure compliance with any principles of corporate governance developed by the Committee and recommend to the Board for its consideration any necessary modifications to the Governing Documents.
- **Annual Charter Review.** The Committee shall annually review and assess the adequacy of this Charter, including the Committee’s role and responsibilities as outlined in this Charter, and shall recommend any proposed changes to the Board for its consideration.
- **SEC Reports.** The Committee shall prepare any reports or other disclosure required by the applicable SEC rules and regulations to be included in the Company’s annual proxy statement.

MEETINGS AND MINUTES

The Committee shall hold such regular or special meetings as its members deem necessary or appropriate, but in no event less than annually. The presence in person or by telephone of a majority of the Committee’s members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require (i) the vote of a majority of the members present at a meeting of the Committee at which a quorum is present or (ii) a unanimous written consent of the members of the Committee then serving.

Minutes of each meeting, and each written consent, will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee, and the Secretary of the Company, and shall be placed in the Company’s minute book.

The Chairman of the Committee shall report to the Board regarding the activities of the Committee from time to time, or whenever so requested by the Board.

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