

## XENON PHARMACEUTICALS INC.

### CORPORATE GOVERNANCE GUIDELINES

The following corporate governance guidelines have been approved and adopted by the Board of Directors (the “**Board**”) of Xenon Pharmaceuticals Inc. (“**Xenon**” and, together with its subsidiaries, the “**Corporation**”) for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Corporation in accordance with its fiduciary responsibilities.

#### **A. Role of the Board**

The role of the Board is to oversee the performance of the Chief Executive Officer (“**CEO**”) and other senior management and to ensure that the best interests of shareholders are being served and that all such officers are creating a culture of integrity throughout the Corporation. To satisfy this responsibility, the directors are expected to take a proactive approach to their duties and function as active monitors of corporate management. Accordingly, the directors provide oversight in the formulation of the long-term strategic, financial and organizational goals of the Corporation and of the plans designed to achieve those goals. In addition, the Board reviews and approves standards and policies to ensure that the Corporation is committed to achieving its objectives through the maintenance of the highest standards of responsible conduct and ethics and to ensure that management carries out their day-to-day operational duties in a competent and ethical manner. Furthermore, the Board or a Board committee will identify and document the financial risks and other risks, including cybersecurity, data privacy and environmental, social and governance, or ESG, risks that the Corporation faces in the course of its business, and will work with management to monitor and control the identified risks. The Board reports to the shareholders of the Corporation.

The day-to-day business of the Corporation is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long-term value of the Corporation for the benefit of shareholders. The Board and management also recognize that creating long term enterprise value is advanced by considering the interests and concerns of other stakeholders, including the Corporation’s employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The directors know their position requires them to ask probing questions of management and outside advisors. The directors also rely on the advice, reports and opinions of management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations. In addition, the Board has the authority to hire outside advisors at the Corporation’s expense if they feel it is appropriate.

#### **B. Selection of Chair of the Board and CEO**

The Board shall appoint the Chair of the Board on an annual basis and shall fill the CEO position based upon the Board’s view of what is in the best interests of the Corporation. The CEO and Chair may, but need not be, the same person.

### **C. Lead Independent Director**

In order to facilitate communication between management and the independent directors, in the event that the Chair of the Board is not an independent Director, the Board should elect a “Lead Independent Director”, who will have the responsibility to schedule and prepare agendas for meetings of independent directors. The Lead Independent Director will communicate with the CEO, disseminate information to the rest of the Board in a timely manner and raise issues with management on behalf of the independent directors when appropriate. In addition, the Lead Independent Director may have other responsibilities, including calling meetings of independent directors when necessary and appropriate, being available, when appropriate, for consultation and direct communication with the Corporation’s shareholders, building a productive relationship between the Board and the CEO, ensuring that the Board fulfills its oversight responsibilities in Corporation strategy, risk oversight and succession planning, and performing such other duties as the Board may from time to time designate. All members of the Board are encouraged to communicate with the CEO. As long as the Chair of the Board is an independent, non-employee director, the “Lead Independent Director” responsibility may be assigned to the Chair.

### **D. Committees**

The Board has three standing committees: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. The Board will continue to delegate substantial responsibilities to each committee, and each committee should consist solely of independent directors, as defined by the rules of The Nasdaq Stock Market (“**Nasdaq Rules**”) and applicable Canadian securities laws, and in the case of the Audit Committee as defined by the rules and regulations of the Securities and Exchange Commission (“**SEC Rules**”) and applicable Canadian securities laws. The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. Additional committees may be formed from time to time as determined by the Board.

### **E. Assignment of Committee Members**

Committees should be appointed (or re-appointed), and chairs of each committee designated, by the full Board, upon recommendation by the Nominating and Corporate Governance Committee, annually. While the composition of the committees of the Board should be looked at each year in making certain that these committees are not stagnant or without fair representation, it is the Board’s belief that continuity of experience in the specific functions of these committees provides a significant benefit to the shareholders and to management.

### **F. Frequency and Length of Committee Meetings**

Each committee chair, in consultation with committee members, will determine the frequency and length of meetings of his or her committee, considering all relevant factors such as the committee’s mandate, nature of current committee business to be discussed and the like. Notwithstanding the foregoing, each committee shall meet at least as frequently as is required by the applicable charter adopted by the Board for such committee. Moreover, the committee chair should feel free to call additional committee meetings at times other than the scheduled meetings of the full Board.

### **G. Committee Charters and Agendas**

Each committee shall have its own charter, which will set forth the purpose, membership requirements, authority and responsibilities of the committee. Annually, the chair of each committee should review the existing committee charter and determine, in consultation with the rest of the committee, whether any amendments are required. Committee charters should be within the scope of authority granted by the

Board and should be approved by the Board. The chair of the committee, in consultation with appropriate members of management and staff, should develop the overall annual agenda to the extent it can be foreseen. In addition, each committee chair should prepare an agenda prior to each committee meeting and should consult with appropriate members of management for additional items which should be included in the agenda. Any committee of the Board is authorized to engage its own outside advisors at the Corporation's expense, including legal counsel or other consultants, as required, provided that the committee shall promptly advise the full Board of such engagement.

The charters of the Corporation's committees will be available on the Corporation's website at [www.xenon-pharma.com](http://www.xenon-pharma.com) and will be made available to shareholders on written request.

#### **H. Code of Conduct, Conflicts of Interests, Related Person Transactions and Complaints Process**

The Nominating and Corporate Governance Committee and Audit Committee shall periodically review and approve the Corporation's Code of Business Conduct and Ethics, which is applicable to directors, officers and employees; consider questions of possible conflicts of interest of directors and corporate officers; review actual and potential conflicts of interest (including corporate opportunities) of directors and corporate officers; and approve or prohibit any involvement of such persons in matters that may involve a conflict of interest or corporate opportunity; in each case in accordance with their respective charters. 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. Directors shall disclose any such interests to the Board in advance of Board deliberation on the topic.

The Audit Committee shall review and approve any proposed related person transactions in compliance with the Corporation's policies and Nasdaq Rules and must report material related person transactions to the full Board and review and approve the Corporation's procedures for handling complaints regarding accounting or auditing matters.

#### **I. Board Meetings and Agenda Items**

The Board shall have no fewer than four regularly scheduled meetings each year at which it reviews and discusses leadership continuity, management development, management reports on the performance of the Corporation, its plans and prospects, as well as more immediate issues facing the Corporation. If independent, the Chair of the Board will set the agenda for and act as chair for each Board meeting. If the Chair of the Board is not independent, as determined in accordance with the SEC Rules and applicable Canadian securities laws, the Lead Independent Director will help set the agenda and may act as chair for each Board meeting or portions of such meeting. Each director is free to suggest inclusion of items on the agenda. A representative from the Corporation's outside counsel may be invited by the Board, when appropriate, to attend all or a portion of Board meetings. The Board will review the Corporation's long-term strategic plans during at least one Board meeting per year.

#### **J. Board Materials Distributed in Advance**

To the extent possible, information and data which is important to the Board's understanding of matters to be discussed at the meeting and the current status of the Corporation's business should be distributed to the Board a sufficient number of days before the meeting to enable the directors to read and prepare for the meeting so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material.

**K. Board, Committee and Shareholder Meetings**

Directors are expected to prepare for, attend, and actively participate in all Board and committee meetings. Each director will review thoroughly the materials provided in connection with each Board and committee meeting and be adequately prepared for each meeting. On those occasions when the subject matter is too sensitive for advance distribution, the subject will have to be introduced at the meeting. The Corporation strongly encourages directors to attend the annual meeting of shareholders.

**L. Regular Attendance of Management at Board Meetings**

It is anticipated that certain members of management (*e.g.*, the Chief Financial Officer, Chief Legal Officer and such other members of the executive staff as the CEO may from time to time designate) will attend Board meetings on a regular basis. Other members of management and staff will attend meetings and present reports from time to time. Specifically, the Board encourages attendance at Board meetings by personnel who can provide additional insight into the items being discussed because of personal involvement in these areas. It is understood that Corporation personnel and others attending Board meetings may be asked to leave the meeting in order for the Board to meet in executive session.

**M. Executive Sessions of Independent Directors and Audit Committee**

It is the policy of the Board to regularly have separate meeting times for independent directors without management. Such meetings should be held at least twice per year, following regularly scheduled meetings and at such other times as requested by an independent director. The Chair of the Board or the Lead Independent Director, as appropriate, shall preside at executive sessions.

In addition, the Audit Committee of the Board should meet periodically with the Corporation's outside auditors without management present at such times as it deems appropriate.

**N. Board Access to Corporation Management**

Directors should have full access to members of management, either as a group or individually, and to Corporation information that they believe is necessary to fulfill their obligations as directors. The directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Corporation.

**O. Board Compensation Review**

The Compensation Committee should conduct an annual review of director compensation. This review will include input from the Corporation's Human Resources department and may include input from outside consultants in order to evaluate director compensation compared to other companies of like size in the industry. Any change in Board compensation should be approved by the Board after recommendation from the Compensation Committee. Ownership of shares by the directors is encouraged. Board members who are also employees shall not be separately compensated for their service on the Board.

**P. Size of the Board**

The size of the Board is established in accordance with the Corporation's By-laws, subject to the minimum and maximum number of directors set out in the Corporation's Articles of Continuance and under applicable corporate and securities laws. The size of the Board may vary based upon the size of the business

and the availability of qualified candidates. Board size should facilitate active interaction and participation by all directors. The Board will review from time to time the appropriateness of its size.

#### **Q. Composition of Board**

The Board believes that, so long as the Corporation does not qualify as a “controlled company” under the rules of Nasdaq, as a matter of policy there should be a majority of independent directors on the Board. Within that policy, the mix of directors should provide a range of expertise and perspective in areas relevant to the Corporation’s business.

#### **R. Board Definition of “Independence” for Directors**

A director shall be considered “independent” for purposes of serving on the Board if he or she meets the criteria for independence established by applicable securities laws and the Nasdaq Rules. A director shall be considered “independent” for purposes of serving on a Board committee based on the definition of independence used in that committee’s charter, which shall conform to any requirements established for such a committee by the Nasdaq Rules, any applicable SEC Rules and any applicable Canadian securities laws.

#### **S. Board Membership Criteria and Selection**

When assessing Board composition, identifying suitable candidates for appointment to the Board or recommending a slate of directors for shareholder approval, the Nominating and Corporate Governance Committee will consider candidates using objective criteria, including without limitation issues of character, judgment, independence, expertise, corporate experience, length of service, understanding of the Corporation’s business, other commitments and the like, and the composition of the Board, having due regard to the benefits of diversity and the needs of the Board. For purposes of this policy, diversity includes business experience, geography, age, gender, visible minorities, Aboriginal peoples, persons with disabilities, sexual orientation and other personal characteristics. Selection of new directors requires recommendation of a candidate by the Nominating and Corporate Governance Committee to the full Board, which has responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of shareholders.

It is the policy of the Board that the Nominating and Corporate Governance Committee consider both recommendations and nominations for candidates to the Board from shareholders *so long as* such recommendations and nominations comply with the Articles of Continuance, as amended, and the By-laws of the Corporation and applicable laws, including the SEC Rules and applicable Canadian securities laws. Shareholders may recommend director nominees for consideration by the Nominating and Corporate Governance Committee by writing to the Secretary of the Corporation and providing the information required in the Corporation’s By-laws. Following verification of the shareholder status of the person submitting the recommendation, all properly submitted recommendations will be promptly brought to the attention of the Nominating and Corporate Governance Committee. Shareholders who desire to nominate persons directly for election to the Board at the Corporation’s annual meeting of shareholders must meet the deadlines and other requirements set forth in the Corporation’s By-laws, the SEC Rules, and applicable Canadian securities laws.

#### **T. Notifying a Director of Non-Inclusion on a Proposed Slate of Directors**

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 and Corporate Governance Committee, then approved by the full Board. After receipt of a recommendation from the Nominating and Corporate Governance

Committee, the Chair of the Board or the Lead Independent Director 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.

#### **U. Assessing Board and Committee Performance**

The Nominating and Corporate Governance Committee should establish an annual process for permitting the Board and each committee to conduct an assessment of its performance during the prior year. This assessment should focus on areas in which the Board or the committees believe contributions can be made going forward to increase the effectiveness of the Board or the committees. Each committee and the full Board will consider and discuss the findings of the assessments.

The Board will, in conjunction with the Nominating and Corporate Governance Committee, assess the participation, contributions and effectiveness of the Chair, and individual board members on an annual basis.

#### **V. Annual Election of Directors**

Directors shall be subject to election at each annual meeting of shareholders in accordance with the Corporation's By-laws. The Board shall fill vacancies or add new directors as provided in the Corporation's By-laws and in accordance with applicable Canadian corporate laws.

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

Meetings of the Board shall be designed to provide orientation for new directors to assist them in understanding the Corporation's business as well as an introduction to the Corporation's senior management. Further, the Corporation encourages directors to participate in continuing education programs focused on the Corporation's business and industry, committee roles and responsibilities and legal and ethical responsibilities of directors.

#### **X. Formal Evaluation and Compensation of the CEO and Other Executive Officers**

The formal evaluation of the CEO and the other executive officers should be made in the context of annual compensation review by the Compensation Committee, with appropriate input from other directors, and should be communicated to the CEO by the Chair of the Board or the Lead Independent Director and the chair of the Compensation Committee.

#### **Y. Succession Planning**

The Nominating and Corporate Governance Committee, in consultation with the full Board, is primarily responsible for succession planning for the CEO, any other key members of the executive management team and the directors. Succession planning can be critical in the event the CEO, other key executive management team members or directors should cease to serve for any reason, including resignation or unexpected disability.

#### **Z. Board Interaction with Third Parties**

The Board believes that management speaks for the Corporation. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the

Corporation, but it is expected that directors would do this with knowledge of management and, in most instances, only at the request of management.

In cases where shareholders wish to communicate directly with the non-management directors, messages can be sent by mail to Xenon Pharmaceuticals Inc., 3650 Gilmore Way, Burnaby, British Columbia, V5G 4W8, Canada, Attn: Chief Financial Officer. The Chief Financial Officer will forward the messages to the appropriate committee of the Board or non-management director.

The Corporation's directors should not accept any gift of value that indicates an intent to influence improperly the normal business relationship between the Corporation and any supplier, customer or competitor.

**AA. Periodic Review of Guidelines**

The Nominating and Corporate Governance Committee and the Board should review these guidelines at least annually.