

# XENON

XENON PHARMACEUTICALS INC.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the “**Meeting**”) of the shareholders of Xenon Pharmaceuticals Inc. (“**Xenon**” or the “**Corporation**”) will be held virtually via live webcast on Thursday, June 3, 2021 at 11:30 a.m. (PDT) at <https://web.lumiagm.com/254509977> for the following purposes:

1. to receive the financial statements of the Corporation for the financial year ended December 31, 2020 and the report of the Corporation’s auditor thereon;
2. to elect as directors of the Corporation the nine nominees named in the accompanying Proxy Statement and Management Information Circular to hold office until the next annual meeting of the Corporation or until their successors are duly elected;
3. to approve, on an advisory basis, the compensation of the Corporation’s named executive officers;
4. to appoint KPMG LLP as the Corporation’s auditor to hold office until the next annual meeting of the Corporation;
5. to authorize the Audit Committee of the board of directors of the Corporation to fix the remuneration to be paid to the auditors of the Corporation; and
6. to conduct such other business as may properly be brought before the Meeting or any adjournment thereof.

The accompanying Proxy Statement and Management Information Circular provides additional information as to the matters to be dealt with at the Meeting and is deemed to form a part of this Notice. The holders of the common shares of the Corporation (the “**Common Shares**”) of record at the close of business on April 8, 2021 (the “**Record Date**”) are entitled to receive notice of and to vote at the Meeting. The holders of the Series 1 preferred shares of the Corporation (the “**Preferred Shares**”) of record at the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting, subject to certain voting limitations set forth in the rights, privileges, restrictions and conditions attached to the Preferred Shares.

Out of an abundance of caution and to continue to deal with the unprecedented health impact of a coronavirus disease (“**COVID-19**”) and mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, Xenon will hold the Meeting in a virtual only format, which will be conducted online via live webcast. Registered shareholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/254509977>. **If you hold your Common Shares or Preferred Shares in a brokerage account, you are not a registered shareholder. Non-registered shareholders who have not duly appointed themselves as proxyholders will be able to attend the Meeting as guests, but guests will not be able to participate or vote at the Meeting.**

A shareholder who wishes to appoint a person other than the management nominees identified on the applicable form(s) of proxy or voting instruction form, as applicable, to represent him, her or it at the Meeting may do so by inserting such person’s name in the blank space provided in the applicable form(s) of proxy or voting instruction form, as applicable, and following the instructions for submitting such form of proxy or voting instruction form, as applicable. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your applicable form(s) of proxy or voting instruction form. **If you wish that a person other than the management nominees identified on the applicable form(s) of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Common Shares or Preferred Shares, as applicable, including, if you are a non-registered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your applicable form(s) of proxy or voting instruction form, as applicable, identifying such proxyholder.** Failure to register the proxyholder will result in the proxyholder not receiving a control number to participate in the Meeting (a “**Control Number**”). Without a Control Number, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders **MUST** provide **American Stock Transfer & Trust Company, LLC** their proxyholder’s contact information by email to [proxy@amstock.com](mailto:proxy@amstock.com), so that **American Stock Transfer & Trust Company LLC** may provide the proxyholder with a Control Number via email. Holders of Preferred Shares will receive their Control Number directly from the Corporation.

Proxies for Common Shares to be used at the Meeting must be received by American Stock Transfer & Trust Company, LLC, not later than 11:59 p.m. (EDT) on Monday, May 31, 2021 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting). Proxies may be submitted by one of the following alternative methods:

**By Internet:** <http://www.voteproxy.com> and follow the on-screen instructions or scan the QR code provided on the form of proxy;

**By Telephone:** 1-800-PROXIES (1-800-776-9437) (toll-free in the United States and Canada) or 1-718-921-8500 and enter the 11 digit control number printed on the form of proxy;

**By Email:** Complete, date and sign your proxy and email a scanned copy to proxy@amstock.com;

**By Fax:** Complete, date and sign your proxy and fax a copy to 718-765-8730; or

**By Mail:** Complete, date and sign your proxy and mail a copy to American Stock Transfer & Trust Company, LLC, at 6201 15th Avenue, Brooklyn, NY 11219, United States.

Proxies for Preferred Shares to be used at the Meeting must be received by the Corporation, not later than 11:59 p.m. (EDT) on Monday, May 31, 2021 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting). Proxies may be submitted by one of the following alternative methods:

**By Email:** Complete, date and sign your proxy and email a scanned copy to legalaffairs@xenon-pharma.com; or

**By Mail:** Complete, date and sign your proxy and mail a copy to the Corporation, at 200-3650 Gilmore Way, Burnaby, British Columbia V5G 4W8, Canada, Attention: Corporate Secretary.

DATED at Burnaby, British Columbia this 28<sup>th</sup> day of April, 2021.

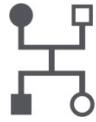
By order of the board of directors

/s/ Simon N. Pimstone

Simon N. Pimstone  
Chief Executive Officer

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# XENON

**XENON PHARMACEUTICALS INC.**

**PROXY STATEMENT AND  
MANAGEMENT INFORMATION CIRCULAR**

**Annual Meeting of Shareholders  
to be held on Thursday, June 3, 2021**

**GENERAL PROXY INFORMATION**

Information in this Proxy Statement and Management Information Circular (this “**Circular**”) is provided as of April 8, 2021 (the “**Record Date**”), unless otherwise indicated. In this Circular, “we”, “us”, “our”, “Xenon” and the “Corporation” refers to Xenon Pharmaceuticals Inc. and its wholly-owned subsidiary, Xenon Pharmaceuticals USA Inc. All references in this Circular to “\$” or “USD\$” are to U.S. dollars and all references to “CAD\$” are to Canadian dollars, unless otherwise indicated. “Xenon” and the Xenon logo are trademarks of Xenon Pharmaceuticals Inc. They are registered in the United States and used or registered in various other jurisdictions. The Corporation’s principal office is located at 200 – 3650 Gilmore Way, Burnaby, British Columbia, V5G 4W8, Canada.

**Solicitation of Proxies**

**This Circular is furnished in connection with the solicitation of proxies by the board of directors (the “Board”) and management of the Corporation for use at the annual meeting (the “Meeting”) of shareholders of the Corporation to be held virtually via live webcast on Thursday, June 3, 2021 at 11:30 a.m. (PDT).** The cost of solicitation will be borne by the Corporation. This Circular, the accompanying notice and the enclosed forms of proxy are expected to first be mailed to shareholders on or about Wednesday, April 28, 2021.

Management expects that proxies will be solicited primarily by mail. Employees and directors of Xenon may also solicit proxies personally or by telephone. If you hold common shares of the Corporation (the “**Common Shares**”) or Series 1 preferred shares of the Corporation (the “**Preferred Shares**”) in the name of a bank, broker or other nominee, please see the section of this Circular captioned “Beneficial Shareholders” below.

**Virtual-only Meeting in light of COVID-19 Pandemic**

Xenon intends to hold the Meeting virtually via live webcast on Thursday, June 3, 2021 at 11:30 a.m. (PDT) at <https://web.lumiagm.com/254509977>.

Out of an abundance of caution and to continue to deal with the unprecedented health impact of a coronavirus disease (“**COVID-19**”) and mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, Xenon will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Our Meeting this year will be purely functional in format to comply with the relevant legal requirements and there will be no corporate presentation. Registered shareholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/254509977>. **If you hold your Common Shares or Preferred Shares in a brokerage account, you are not a registered shareholder. Non-registered shareholders who have not duly appointed themselves as proxyholder will not be able to attend, participate or vote the Meeting.**

A shareholder who wishes to appoint a person other than the management nominees identified on the applicable form(s) of proxy or voting instruction form, as applicable, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the applicable form(s) of proxy or voting instruction form, as applicable, and following the instructions for submitting such form of proxy or voting instruction form, as applicable. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your applicable form(s) of proxy or voting instruction form. **If you wish that a person other than the management nominees identified on the applicable form(s) of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Common Shares or Preferred Shares, as applicable, including, if you are a non-registered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your applicable form(s) of proxy or voting instruction form, as applicable, identifying such proxyholder.** Failure to register the proxyholder will result in the proxyholder not receiving a Control Number to participate in the Meeting. Without a Control Number, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders **MUST** provide **American Stock Transfer & Trust Company, LLC** their proxyholder's contact information by email to proxy@amstock.com, so that **American Stock Transfer & Trust Company LLC** may provide the proxyholder with a Control Number via email. Holders of Preferred Shares will receive their Control Number directly from the Corporation.

### **Appointment of Proxyholders**

The persons named in the accompanying forms of proxy are officers of the Corporation.

**A shareholder has the right to appoint a person or company who will login to the Meeting and act for the shareholder and on that shareholder's behalf at the Meeting other than the persons designated in the enclosed forms of proxy. A shareholder wishing to exercise this right should strike out the names now designated in the enclosed forms of proxy and insert the name of the desired person or company in the blank space provided. The desired person need not be a shareholder of the Corporation.**

Only a registered shareholder at the close of business on April 8, 2021 will be entitled to vote, or grant proxies to vote, his, her or its Common Shares or Preferred Shares, as applicable, at the Meeting.

If your Common Shares or Preferred Shares are registered in your name, then you are a registered shareholder. However, if, like most shareholders, you keep your Common Shares or Preferred Shares, as the case may be, in a brokerage account, then you are a beneficial shareholder. The process for voting is different for registered shareholders and beneficial shareholders. Registered shareholders and beneficial shareholders should carefully read the instructions herein if they wish to vote their Common Shares and Preferred Shares, as applicable, at the Meeting.

**Shareholders who wish to appoint a third-party proxyholder to virtually attend, participate or vote at the Meeting as their proxy and vote their Common Shares and/or Preferred Shares, as applicable, MUST submit their proxy (or proxies) or voting instruction form, as applicable, appointing such third-party proxyholder AND register the third-party proxyholder, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Control Number.**

**Step 1: Submit your proxy or voting instruction form:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial shareholder located in the United States, you must also provide American Stock Transfer & Trust Company LLC with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder.

**Step 2: Register your proxyholder:** To register a proxyholder, shareholders **MUST** provide **American Stock Transfer & Trust Company, LLC** their proxyholder's contact information by email to proxy@amstock.com by May 26, 2021, so that American Stock Transfer & Trust Company LLC may provide the proxyholder with a Control Number via email. **Without a Control Number , proxyholders will be able to listen to the Meeting, but they will not be able participate or vote at the Meeting.**

**If you are a beneficial shareholder and wish to virtually attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your broker or other intermediary, follow all of the applicable instructions provided by your broker or other intermediary AND register yourself as your proxyholder, as described above.** By doing so, you are instructing your broker or other intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your broker or other intermediary. Please also see further instructions below under the heading "*Attending and Participating at the Meeting*". Non-registered shareholders who have not duly appointed themselves as proxyholder may attend the Meeting by clicking "**I am a guest**" and completing the online form. Such persons can listen to the Meeting but are not able to participate or vote at the Meeting.

**If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder**, in addition to the steps described above and below under “*Attending and Participating at the Meeting*”, you must obtain a valid legal proxy from your broker or other intermediary. Follow the instructions from your broker or other intermediary included with the legal proxy form and the voting instruction form sent to you, or contact your Intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your Intermediary, you must then submit such legal proxy to American Stock Transfer & Trust Company LLC at proxy@amstock.com.

To vote your Common Shares and/or Preferred Shares, your proxyholder must virtually attend the Meeting. Regardless of who you appoint as your proxyholder, you can either instruct that appointee how you want to vote or you can let your appointee decide for you. You can do this by completing the applicable form(s) of proxy. In order to be valid, you must return the completed form of proxy forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment or postponement thereof to our transfer agent, American Stock Transfer & Trust Company LLC.

### **Attending and Participating at the Meeting**

The Corporation is holding the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. In order to participate or vote at the Meeting, shareholders must have a valid Control Number.

**If the persons designated in the enclosed forms of proxy are appointed as proxy holders and no choice is specified by the shareholder, the Common Shares and the Preferred Shares, as applicable, represented by such proxy will be voted FOR the matters described herein. The forms of proxy confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and to other matters which may properly come before the Meeting or any adjournment or postponement thereof. If any matters which are not now known should properly come before the Meeting, persons named in the forms of proxy will vote on such matters in accordance with their best judgment.** At the time of printing this Circular, management of the Corporation is not aware of any amendment, variation or other matters which are to come before the Meeting other than those matters identified in the accompanying Notice of Meeting.

Voting by proxy will not prevent you from voting online at the Meeting if you attend the virtual Meeting but will ensure that your will be counted if you are unable to attend.

### **Validity of Proxy**

Proxies for Common Shares to be used at the Meeting must be received by American Stock Transfer & Trust Company, LLC, in accordance with the instructions contained in the accompanying form of proxy for Common Shares, not later than 11:59 p.m. (EDT) on Monday, May 31, 2021 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting). A proxy form will not be valid unless completed and deposited in accordance with the instructions set out in the enclosed form of proxy for Common Shares.

Proxies for Preferred Shares to be used at the Meeting must be received by the Corporation in accordance with the instructions contained in the accompanying form of proxy for Preferred Shares, not later than 11:59 p.m. (EDT) on Monday, May 31, 2021 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting). A proxy form will not be valid unless completed and deposited in accordance with the instructions set out in the enclosed form of proxy for Preferred Shares.

### **Revocation of Proxies**

A registered shareholder executing the accompanying form of proxy has the power to revoke it at any time before it is exercised. The revocation of a proxy by a registered shareholder may be effected by the registered shareholder either (a) attending the Meeting and voting online, or (b) giving written notice of the revocation executed by the registered shareholder in the same manner as provided for the deposit of the instrument of proxy. To be effective for Common Shares, the written notice of revocation must be deposited with American Stock Transfer & Trust Company, LLC, in the manner for the deposit of proxies for Common Shares set forth herein and in the accompanying form of proxy for Common Shares or at the registered office of the Corporation at any time up to and including the last business day preceding the Meeting, or any adjournment thereof. To be effective for Preferred Shares, the written notice of revocation must be deposited with the Corporation in the manner for the deposit of proxies for Preferred Shares set forth herein and in the accompanying form of proxy for Preferred Shares or at the registered office of the Corporation at any time up to and including the last business day preceding the Meeting, or any adjournment thereof, and upon deposit the proxy will be revoked.

A proxy may also be revoked by the giving of a subsequent proxy with a later date. To be effective, the subsequent proxy must be deposited (in original form or in accordance with the instructions in the applicable form of proxy) at any time up to 11:59 p.m. (EDT) on Monday, May 31, 2021.

## Beneficial Shareholders

**The following information is of significant importance to shareholders who do not hold Common Shares or Preferred Shares in their own name.** If Common Shares or Preferred Shares are listed in an account statement provided to a shareholder by an intermediary, then in almost all cases those Common Shares or Preferred Shares will not be registered in the shareholder's name on the records of the Corporation and such shareholder will be considered a beneficial shareholder. Such Common Shares or Preferred Shares will more likely be registered under the names of the shareholder's intermediary or an agent of that intermediary. In the United States, the vast majority of shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Beneficial shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares or Preferred Shares, as applicable). Beneficial shareholders who wish to vote their Common Shares or Preferred Shares, as applicable, at the Meeting should follow the instructions set out in this section.

Beneficial shareholders will receive instructions from their intermediary as to how to vote their Common Shares and Preferred Shares, as applicable. Every intermediary has its own mailing procedures and provides its own return instructions to clients. Beneficial shareholders who wish to vote at the Meeting should follow the instructions of their intermediary carefully to ensure that their Common Shares and Preferred Shares, as applicable, are voted at the Meeting. Generally, intermediaries will provide beneficial shareholders with either: (a) a voting instruction form for completion and execution by the beneficial shareholder, or (b) a proxy form, executed by the intermediary and restricted to the number of Common Shares and Preferred Shares, as applicable, owned by the beneficial shareholder, but otherwise uncompleted. These procedures permit beneficial shareholders to direct the voting of the Common Shares and Preferred Shares, as applicable, that they beneficially own.

If a beneficial shareholder wishes to attend and vote online at the Meeting, he, she or it must insert their own name in the space provided for the appointment of a proxyholder on the voting instruction form or proxy form provided by the intermediary, and carefully follow the intermediary's instructions for return of the executed form or other method of response. You will also have to register yourself as your proxyholder as described above in "*Appointment of Proxies.*"

If a beneficial shareholder does not provide voting instructions to its intermediary, the beneficial shareholder's Common Shares and Preferred Shares, as applicable, will not be voted at the Meeting on any matter on which the intermediary does not have discretionary authority to vote. Under current rules, certain intermediaries may not have discretionary authority to vote Common Shares and Preferred Shares, as the case may be, at the Meeting on any matters other than the appointment of KPMG LLP as the Corporation's auditor and the authorization of the Audit Committee to fix the remuneration to be paid to the Corporation's auditors. We encourage all beneficial shareholders to provide instructions to the securities broker, financial institution, trustee, custodian or other nominee who holds Common Shares or Preferred Shares, as the case may be, on their behalf by carefully following the instructions provided.

## Voting and Broker Non-Votes

The Corporation is holding the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. **In order to participate or vote at the Meeting (including for asking questions at the Meeting), shareholders must have a valid Control Number.** Shareholders who have not obtained a Control Number may attend the Meeting by clicking "**I am a guest**" and completing the online form. Such persons can listen to the Meeting but are not able to participate or vote at the Meeting.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/254509977>. Such persons may then enter the Meeting by clicking "**I have a login**" and entering a Control Number and password before the start of the Meeting:

**Registered Shareholders:** The control number located on the form of proxy or in the email notification you received is the Control Number. The password to the Meeting is "**xenon2021**" (case sensitive). If as a registered shareholder you are using your Control Number to login to the Meeting and you accept the terms and conditions, you will be provided the opportunity to vote by online ballot at the appropriate time on the matters put forth at the Meeting. If you have already voted by proxy and you vote again during the online ballot during the Meeting, your online vote during the Meeting will revoke your previously submitted proxy (or proxies). If you have already voted by proxy (or proxies) and do not wish to revoke your previously submitted proxy (or proxies), do not vote again during the online ballot.

**Duly appointed proxyholders: American Stock Transfer Trust LLC** will provide the proxyholder with a Control Number by e-mail after the voting deadline has passed. The password to the Meeting is “**xenon2021**” (case sensitive). The Corporation will provide the holders of Preferred Shares with a Control Number by email.

Only registered shareholders and duly appointed proxyholders with a Control Number will be entitled to participate and vote at the Meeting. Beneficial shareholders who have not made arrangements for the due appointment of themselves as proxyholder will be able to listen to the Meeting, but they will not be able to participate or vote at the Meeting.

If the shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, such duly authorized officer must have the Control Number provided in order to login to the Meeting.

If you attend the online Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures.

All votes will be tabulated by the inspector of election appointed for the Meeting, who will separately tabulate affirmative and negative votes, abstentions, withheld votes and broker non-votes. Abstentions represent a shareholder’s affirmative choice to decline to vote on a proposal and withheld votes represent a shareholder’s affirmative choice to decline to vote for a particular director nominee or the appointment of KPMG LLP as the Corporation’s auditor. Properly executed proxy cards that are marked “abstain” or “withhold” on any proposal, as applicable, will be treated as abstentions for that proposal.

Broker non-votes occur when a broker or intermediary holding Common Shares or Preferred Shares, as the case may be, for a beneficial owner does not vote on a particular matter because such intermediary does not have discretionary authority to vote on that matter and has not received voting instructions from the beneficial owner. Intermediaries typically do not have discretionary authority to vote on non-routine matters. Under the securities laws of the U.S., and the applicable rules (the “**NYSE Rules**”) of the New York Stock Exchange (the “**NYSE**”), which apply to all NYSE-licensed intermediaries who have record ownership of listed company stock (including stock such as our Common Shares that are listed on The Nasdaq Global Market (the “**Nasdaq**”), intermediaries have discretionary authority to vote on routine matters when they have not received timely voting instructions from the beneficial owner. The matters on which brokers will have discretionary authority to vote in the absence of instructions from the beneficial owners are described in the table included in the section titled “Voting Shares and Principal Holders of Voting Shares.”

## **Quorum**

The quorum for the Meeting shall be one person present at the virtual Meeting holding or representing by proxy not less than 33⅓% of the issued and outstanding shares of the Corporation entitled to be voted at the Meeting. Only a shareholder of record at the close of business on the Record Date will be entitled to vote, or grant proxies to vote, his, her or its Common Shares or Preferred Shares, as applicable, at the Meeting (subject, in the case of voting by proxy, to the timely deposit of his, her or its executed form of proxy as described herein). Abstentions and broker non-votes are included in the calculation of the number of votes considered to be present at the Meeting for purposes of determining a quorum. Registered shareholders or proxyholders representing shareholders participating in the Meeting virtually will be considered to be present in person at the Meeting for the purposes of determining quorum. In the absence of a quorum, the chairman of the Meeting may adjourn the Meeting. If the Meeting is adjourned for less than 30 days, the Corporation is not required to provide notice of such adjourned meeting other than by announcement at the original Meeting that it is adjourned.



## VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series, which have been designated as Preferred Shares, as defined above under “Proxy Information – Solicitation of Proxies”. Our Common Shares are listed for trading on the Nasdaq. As of the Record Date, the Corporation had 40,962,888 Common Shares and 1,016,000 Preferred Shares issued and outstanding.

At the Meeting, each holder of Common Shares as of the Record Date is entitled to one vote per Common Share held in connection with each matter to be acted upon at the Meeting.

At the Meeting, each holder of Preferred Shares as of the Record Date is entitled to one vote per Preferred Share held in connection with each matter to be acted upon at the Meeting, voting with the holders of the Common Shares on an as-converted basis and as a single class, provided that any Preferred Shares that are ineligible to be converted into Common Shares due to the Beneficial Ownership Limitation (as defined below), measured as of a given record date that applies for a shareholder meeting or ability to act by written consent, shall be deemed to be non-voting securities of the Corporation. A Preferred Share is ineligible to be converted into a Common Share and shall not be converted into a Common Share to the extent that, after giving effect to such notional conversion, the holder of such Preferred Share (together with such holder’s affiliates (as such term is defined in the Canada Business Corporations Act (“CBCA”)), and any other person (as such term is defined in the CBCA) whose beneficial ownership of Common Shares would be aggregated with the holder’s for the purposes of Section 13(d) or Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and applicable regulations of the Securities and Exchange Commission in the United States and National Instrument 62-104 *Take Over Bids and Issuer Bids* in Canada, including any “group” of which such holder is a member), would beneficially own a number of Common Shares in excess of 9.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares pursuant to such notional conversion (the “**Beneficial Ownership Limitation**”) provided, however, that such holder has the right to reset the Beneficial Ownership Limitation to a higher or lower number (not to exceed 19.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares pursuant to such notional conversion) upon providing written notice to the Corporation, which notice provides for an increase in the Beneficial Ownership Limitation shall only be effective 61 days after delivery to the Corporation, but no such delay in effectiveness shall be required for a reduction in the Beneficial Ownership Limitation. For additional information regarding the Preferred Shares, please see the Corporation’s Current Report on Form 8-K and the exhibits thereto, filed with the Securities and Exchange Commission and the securities commissions in British Columbia, Alberta and Ontario on March 28, 2018. Pursuant to the application of the Beneficial Ownership Limitation, 678,163 Preferred Shares are eligible to vote at the Meeting and 337,837 Preferred Shares are deemed to be non-voting securities.

The table below describes the proposals to be voted on at the Meeting, the votes required for approval, whether brokers have discretionary voting authority, the impact of abstentions and broker non-votes and how a shareholder may vote on a particular proposal.

Proposal	Vote Required	Do Brokers Have Discretionary Voting Authority?	Are Broker Non-Votes Expected?	Impact of Abstentions / Withhold Votes	Impact of Broker Non-Votes	You May Vote
Election of directors	Must Receive Votes "FOR"	No	Yes	No Effect	No Effect	"FOR" or "WITHHOLD"
Approval on an advisory basis, of the named executive officers' compensation	Majority of Votes Cast Must Vote "FOR"	No	Yes	No Effect	No Effect	"FOR" or "AGAINST" or "ABSTAIN"
Appointment of KPMG LLP as the Corporation’s auditor	Must Receive Votes "FOR"	Yes	No	No Effect	No Effect	"FOR" or "WITHHOLD"
Authorize the Audit Committee to fix the remuneration paid to the auditor	Majority of Votes Cast Must Vote "FOR"	Yes	No	No Effect	No Effect	"FOR" or "AGAINST" or "ABSTAIN"

## **EXPENSES**

Xenon will pay all of the expenses of soliciting proxies for management. In addition to the mailing of the proxy material, such solicitation may be made in person or by telephone by directors, officers and employees of Xenon, whose directors, officers and employees will receive no compensation for such solicitation other than their regular salaries or fees. Xenon will also make arrangements with brokerage houses and other custodians, nominees and fiduciaries to send proxy materials to beneficial owners. Xenon will, upon request, reimburse these institutions for their reasonable charges and expenses incurred in forwarding this proxy material to beneficial owners of Common Shares.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **ITEM 1 – RECEIPT OF FINANCIAL STATEMENTS**

The audited annual financial statements of the Corporation for the year ended December 31, 2020 and the report of the auditor will be placed before shareholders at the Meeting.

### **ITEM 2 – ELECTION OF DIRECTORS**

The directors of the Corporation are elected each year at the annual meeting of the Corporation and hold office until their successors are elected or appointed. The Board has nominated each of the nine persons listed below for election as a director of the Corporation and, in the absence of contrary instructions contained therein, the persons named as proxyholders in the enclosed forms of proxy intend to vote for the election of these nominees. The current term of office for each of our current directors will end at the conclusion of the Meeting.

Each nominee elected to the Board at the Meeting will hold office until the next annual meeting of the Corporation, subject to earlier death, resignation, retirement, disqualification or removal.

The following table sets out the names of the nominees for election as directors of the Corporation, all major offices and positions with the Corporation each now holds, each nominee's principal occupation, business or employment for the five preceding years, the period of time during which each has been a director of the Corporation and the number of voting securities of the Corporation beneficially owned by each nominee, directly or indirectly, or over which each exercised control or direction, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*, as of the Record Date.

<b>Name and Municipality of Residence<sup>(1)</sup></b>	<b>Current Position with the Corporation<sup>(1)</sup></b>	<b>Age<sup>(1)</sup></b>	<b>Principal Occupation or Employment in past 5 years<sup>(1)</sup></b>	<b>Previous Service as a Director</b>	<b>Number of Voting Securities Beneficially Owned, Controlled or Directed<sup>(1)(2)(3)</sup></b>
Simon N. Pimstone <i>Vancouver, BC Canada</i>	Chief Executive Officer and Director	53	Dr. Pimstone has served as a member of our Board since November 1996, as our Chief Executive Officer since January 2003 and as our President from January 2003 to March 2018. Effective on the date of the Meeting and subject to his re-election as a director, Dr. Pimstone will begin serving as our Executive Chair of the Board. Since 2012, Dr. Pimstone has been a Consultant Physician at the University of British Columbia Hospital, Cardiology Clinic, and since 2014, he has held the position of Clinical Associate Professor at the University of British Columbia, Division of General Internal Medicine. Currently, Dr. Pimstone is an Investigator at the Centre for Heart Lung Innovation (HLI) research centre. Dr. Pimstone currently serves as chair of the board of Eupraxia Pharmaceuticals Inc., (TMX: EPRX) a specialty biotechnology company (publicly-traded since March 2021), Alpha-9 Theranostics Inc., a private radiopharmaceutical company, where he has served as a director since May 2020 as well as XYON Health Inc., a private digital health company, where he has served as a director since 2019. Dr. Pimstone holds an MBChB from the University of Cape Town, a FRCPC from the University of British Columbia, and a Ph.D. from the University of Amsterdam in cardiovascular genetics. Previously, Dr. Pimstone was director and chair of the board of directors of LifeSciences British Columbia, a non-profit industry association that supports the life science community, and a former director of the Providence Healthcare Research Trust, BC Advantage Life Sciences Fund, Centre for Molecular Medicine and Therapeutics, BIOTECanada, and BC Health Research Strategy Advisory Board of the Michael Smith Foundation for Health Research. Our Board believes that Dr. Pimstone is qualified to serve as a director because of his executive leadership experience, many years of service on our Board and as our Chief Executive Officer and his knowledge and perspective of the Corporation.	Director since November 1996	210,186 Common Shares

Mohammad Azab <sup>(5)</sup> <i>San Francisco, CA</i> <i>USA</i>	Director	65	<p>Dr. Azab has served as a member of our Board since October 2003. In July 2009, Dr. Azab joined Astex Pharmaceuticals, Inc., a pharmaceutical company focused on the discovery and development of drugs in oncology and other areas, as its Chief Medical Officer. Dr. Azab served as President and Chief Medical Officer of Astex from January 2014 to November 2020, and has since been serving as the Chair of Board of Directors. Since January 2021, Mr. Azab has served on the Board of Directors of the public company Durect Corporation, a publicly-traded biopharmaceutical company committed to transforming the treatment of acute organ injury and chronic liver diseases. Previously, Dr. Azab served as President and CEO of Intradigm Corporation, a developer of siRNA cancer therapeutics. Prior to this, Dr. Azab served as Executive Vice President of Research and Development, and Chief Medical Officer of QLT Inc., and in several leadership positions at Astra Zeneca in the United Kingdom and Sanofi Pharmaceuticals in France. Dr. Azab holds an M.B.A. from the Richard Ivey School of Business, University of Western Ontario, and an MB ChB from Cairo University. He received post-graduate training and degrees in oncology research from the University of Paris-Sud and biostatistics from the University of Pierre et Marie Curie in Paris, France. Our Board believes Dr. Azab is qualified to serve as a director because of his scientific background and his senior management experience in the pharmaceutical industry.</p>	Director since October 2003	63,733 Common Shares
Steven Gannon <sup>(4)</sup> <i>Montreal, QC</i> <i>Canada</i>	Director	59	<p>Mr. Gannon has served as a member of our Board since May 2015. Mr. Gannon has served on the Board of Directors of Fusion Pharmaceuticals, a public biopharmaceutical company, since January 2020. Mr. Gannon has served on the Board of Directors of enGene Inc., a biotechnology company, since February 2017. Mr. Gannon also served on the Board of Directors of Aerogen Limited, a medical technology company, from November 2018 to July 2020. From June 2014 to March 2018, Mr. Gannon served on the Board of Directors of Advanced Accelerator Applications SA, a healthcare company acquired by Novartis in January 2018. Mr. Gannon was Chief Financial Officer, Senior Vice President of Finance and Treasurer at Aptalis Pharma Inc. until February 2014, after which it was sold to Forest Laboratories. Prior to joining Aptalis in 2006, Mr. Gannon served as the Chief Financial Officer for Cryocath Technologies Inc. from 1999 to 2006, as the Director of Finance and Administration of the Research Division of AstraZeneca Canada Inc. from 1996 to 1999, and as the Chief Financial Officer of Mallinckrodt Medical Inc.'s Canadian operations from 1989 to 1995. He received a bachelor of commerce in accounting and business systems from Concordia University in Montreal, Canada in 1983, and completed the Executive Program at the Richard Ivey School of Business at the University of Western Ontario in Ontario, Canada in 1995. He has been a CPA, CA since 1985. Our Board believes that Mr. Gannon is qualified to serve as a director because of his financial expertise and his senior management experience in the pharmaceutical industry.</p>	Director since May 2015	15,000 Common Shares

Elizabeth Garofalo <i>Ann Arbor, MI</i> <i>USA</i>	N/A	63	<p>Since 2016, Dr. Garofalo has served as the principal for EAG Pharma Consulting LLC. Prior to then, she served in numerous leadership roles including as Senior Vice President and Global Head of Clinical Development for Novartis and as a member of its Global Development Leadership Team; Chair of the Novartis Portfolio Stewardship Board; Co-Head of the Novartis Neuroscience Franchise; Head of the Neuroscience Therapy Area at Astellas; Ann Arbor Site Head of Worldwide Regulatory Affairs at Pfizer; and Ann Arbor Site Head of Neuroscience at Pfizer. Since September 2020, Dr. Garofalo has served on the Board of Acadia Pharmaceuticals Inc. and, since March 2021, as a Board director and member of the Audit Committee at Exicure Inc. She is a director of the non-profit Institute for Advanced Clinical Trials for Children (I-ACT) where she chairs the Pediatric Oversight Committee and is the Chair of the Business Advisory Board for the Epilepsy Foundation of America. She has an M.D. from the Indiana University School of Medicine and completed fellowships in pediatric neurology and epilepsy at the University of Michigan Medical School. Our Board believes that Dr. Garofalo is qualified to serve as a director because of her experience in the pharmaceutical industry with a particular focus on neurology development.</p>	None	Nil
Michael Hayden <i>Vancouver, BC</i> <i>Canada</i>	Director	69	<p>Dr. Hayden has served as a member of our Board since November 1996. Dr. Hayden previously served as our Chief Scientific Officer from January 1997 to September 2012. From September 2012 to December 2017, Dr. Hayden served as President of Global R&amp;D and Chief Scientific Officer of Teva Pharmaceutical Industries Ltd. and was employed by Teva Pharmaceutical in an advisory capacity until August 2018. Since October 2018, Dr. Hayden has served as the CEO of Prilenia Therapeutics. Dr. Hayden currently serves on the board of directors of several publicly-traded biopharmaceutical companies; Aurinia Pharmaceuticals Inc. since February 2018, Ionis Pharmaceuticals, Inc. since September 2018, 89bio Inc. since October 2018, and AbCellera since October 2019. Dr. Hayden is also currently the Killam Professor of Medical Genetics at the University of British Columbia and Canada Research Chair in Human Genetics and Molecular Medicine. He is also the founder and a Senior Scientist of the Centre for Molecular Medicine and Therapeutics at the University of British Columbia. He is presently the Program Director of the Translational Laboratory in Genetic Medicine in Singapore. Dr. Hayden received his MB ChB in Medicine in 1975, Ph.D. in Genetics in 1979 and DCH Diploma in Child Health in 1979 from the University of Cape Town. He received his American Board Certification in both internal medicine and clinical genetics from Harvard Medical School in 1982 and an FRCPC in internal medicine from the University of British Columbia in 1984. Our Board believes Dr. Hayden is qualified to serve on as a director because of his scientific background, his senior management experience in the pharmaceutical industry, and his knowledge and perspective of the Corporation.</p>	Director since November 1996	319,185 <sup>(7)</sup> Common Shares

Patrick Machado <sup>(4)</sup> <i>Sydney, NSW Australia</i>	Director	57	<p>Patrick Machado has served as a member of our Board since November 2020. Mr. Machado co-founded and served as Chief Financial Officer and Chief Business Officer at Medivation, Inc. until his retirement in 2014 and served as a member of Medivation's board of directors from 2014 until its acquisition for approximately \$14 billion by Pfizer in 2016. During his tenure at Medivation, Mr. Machado helped lead the company through substantial growth and challenges, providing strong leadership during the clinical development and successful commercial launch of XTANDI®. Mr. Machado serves on multiple public company Boards, including as Chair of the Board of Directors of Adverum Biotechnologies, Inc., and as member of the Board of Directors of Arcus Biosciences, Inc., Turning Point Therapeutics and Chimerix, Inc. Additionally, Mr. Machado is a member of the Board of Directors of Armaron Bio Pty Ltd., Roivant Sciences Ltd., and Turnstone Biologics, all private companies. Earlier in his career, from 1998 to 2001, Mr. Machado worked with ProDuct Health, Inc., a medical device company as senior vice president, chief financial officer and earlier as general counsel. He served as a consultant to Cytoc to assist with transitional matters from 2001 to 2002. Mr. Machado worked for Morrison &amp; Foerster LLP, a leading international law firm, and for the Massachusetts Supreme Judicial Court. Mr. Machado received his J.D. degree from Harvard Law School and holds both a Bachelor of Science degree in Economics and a Bachelor of Arts degree in German from Santa Clara University in California. Our Board believes Mr. Machado is qualified to serve on as a director because of his financial expertise and his senior management experience in the pharmaceutical industry.</p>	Director since November 2020	Nil
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<p>Ian Mortimer North Vancouver, BC Canada</p>	<p>President and Chief Financial Officer</p>	<p>45</p>	<p>Ian Mortimer has served as our President and Chief Financial Officer since March 2018. Mr. Mortimer previously served as our Corporate Secretary from June 2015 to March 2021, as our Chief Financial Officer and Chief Operating Officer since March 2015 and as our Chief Financial Officer since October 2013. Effective at the Meeting, Mr. Mortimer will begin serving as our President and Chief Executive Officer and, in that capacity, will retain his principal operating officer responsibilities. Subject to his election at the Meeting, Mr. Mortimer will also be appointed as a member of our Board. Prior to joining us, Mr. Mortimer served as Executive Vice President and Chief Financial Officer at Tekmira Pharmaceuticals Corporation (“<b>Tekmira</b>”) (now Arbutus Biopharma Corporation), a Nasdaq-listed biotechnology company, from 2007 until October 2013. Mr. Mortimer was responsible for all aspects of Tekmira’s finance and capital markets activities and led Tekmira’s listing on Nasdaq in 2010. From 2004 to 2007, Mr. Mortimer was Chief Financial Officer at Inex Pharmaceuticals and held various other positions at Inex Pharmaceuticals from 1997 to 2004. Since July 2020, Mr. Mortimer has served on the board of directors of Perimeter Medical Imaging AI, Inc., a publicly-traded medical device company focused on advanced in procedural medical imaging tools. Since November 2017, Mr. Mortimer has served on the board of directors of Appili Therapeutics, Inc., a publicly-traded biopharmaceutical company focused on developing treatments for infectious diseases. Mr. Mortimer has an M.B.A. from Queen’s University, a B.Sc. in Microbiology from the University of British Columbia and is a Chartered Professional Accountant, Certified Management Accountant. Our Board believes that Mr. Mortimer is qualified to serve as a director because of his executive leadership experience in the pharmaceutical industry, his many years of service as our President and Chief Financial Officer and his knowledge and perspective of the Corporation.</p>	<p>None</p>	<p>20,300<sup>(8)</sup> Common Shares</p>
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Gary Patou <sup>(5)(6)</sup> Los Altos Hills, CA USA	Director	62	Dr. Patou has served as a member of our Board since January 2004. Dr. Patou serves as a Chief Medical Officer at Star Therapeutics Inc. since August 2020. He is a member of the board of directors and Chief Medical Officer for BioIntervene Inc., beginning in January 2019. Dr. Patou has been an Advisor at MPM Capital, a venture capital fund focused on life sciences companies, since August 2020. Previously, Dr. Patou was an Executive Partner at MPM Capital from 2005 until 2020, and has served as interim Chief Medical Officer in various MPM portfolio companies, including at Blade Therapeutics between October 2018 and December 2020. Prior to joining MPM, Dr. Patou was Executive Vice President and Chief Medical Officer of Oscient Pharmaceuticals Corp. from February 2004 to April 2005 following its merger with GeneSoft Pharmaceuticals, Inc. Prior to GeneSoft, Dr. Patou worked at SmithKline Beecham Pharmaceuticals, now a unit of GlaxoSmithKline, as Senior Vice President and Director, Project and Portfolio Management, managing all of the company's pharmaceutical development projects. Dr. Patou has held a number of academic appointments at University College & Middlesex School of Medicine and received his B.Sc. from University of London and his M.D. from University College London. Our Board believes that Dr. Patou is qualified to serve as a director because of his scientific background and his senior management experience in the pharmaceutical industry.	Director since January 2004	36,173 <sup>(9)</sup> Common Shares
Dawn Svoronos <sup>(6)</sup> Hudson, QC Canada	Director	67	Ms. Svoronos has served as a member of our Board since September 2016. Effective on the date of the Meeting and subject to her re-election as a director, Ms. Svoronos will begin serving as the lead independent director of our Board. Ms. Svoronos sits on the board of directors of several publicly-traded biopharmaceutical companies, PTC Therapeutics, Global Blood Therapeutics, Adverum Biotechnologies, and Theratechnologies Inc., where she is currently the chair of the board. Ms. Svoronos retired in 2011 from Merck & Co., Inc. following a 23-year career in commercial positions of increasing seniority, most recently as President of Europe and Canada. Previously held positions with Merck include Vice President of Asia Pacific and Vice President of Global Marketing for the Arthritis, Analgesics and Osteoporosis franchise. Ms. Svoronos previously sat on the board of Endocyte, Inc. and Medivation Inc. Ms. Svoronos received a B.A. in English and French Literature from Carleton University. Our Board believes that Ms. Svoronos is qualified to serve on as a director because of her experience in commercialization of pharmaceutical products and her senior management experience in the pharmaceutical industry.	Director since September 2016	50,000 Common Shares

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- (1) This information has been provided by the respective nominee as of the Record Date.
  - (2) The number of Common Shares set forth in this table have been presented in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* and do not include derivative securities that may be held by the persons included in the table. Such figures have not been calculated pursuant to the beneficial ownership rules promulgated by the SEC. For additional information regarding ownership of Common Shares presented in accordance with the SEC's beneficial ownership rules, please see the section of this Circular captioned "Security Ownership of Certain Beneficial Owners and Management".
  - (3) None of the nominees for election as directors of the Corporation own any Preferred Shares.
  - (4) Current member of the Audit Committee of the Board.

- (5) Current member of the Compensation Committee of the Board.
- (6) Current member of the Nominating and Corporate Governance Committee of the Board.
- (7) Consists of (i) 112,706 Common Shares held by Dr. Hayden, (ii) 114,403 Common Shares held by Dr. Hayden's spouse and (iii) 92,076 Common Shares held by Genworks Inc. ("**Genworks**"), Dr. Hayden's consulting company.
- (8) Consists of (i) 6,000 Common Shares held by Mr. Mortimer and (ii) 14,300 Common Shares held by Mr. Mortimer's spouse.
- (9) Consists of (i) 23,573 Common Shares held by Dr. Patou, (ii) 12,500 Common Shares held by the Patou Family Trust and (iii) 100 Common Shares held by an immediate family member sharing a household with Dr. Patou.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS:**

**A VOTE "FOR" THE PROPOSED DIRECTORS**

## Biographies of Non-Continuing Directors

The following table sets out the names of the directors of the Corporation who have not been nominated for re-election at the Meeting, all major offices and positions with the Corporation each now holds, each director's principal occupation, business or employment for the five preceding years, the period of time during which each has been a director of the Corporation and the number of voting securities of the Corporation beneficially owned by each director, directly or indirectly, or over which each exercised control or direction, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*, as of the Record Date.

Name and Municipality of Residence <sup>(1)</sup>	Current Position with the Corporation <sup>(1)</sup>	Age <sup>(1)</sup>	Principal Occupation or Employment in past 5 years <sup>(1)</sup>	Previous Service as a Director	Number of Voting Securities Beneficially Owned, Controlled or Directed <sup>(1)(2)(3)</sup>
Michael Tarnow <sup>(4)(5)</sup> Scottsdale, AZ USA	Chair and Director	75	Mr. Tarnow has served as a member of our Board since March 1999. Since 1995, Mr. Tarnow has been an advisor to and member of the boards of directors of private and public healthcare and biotechnology companies in the U.S., Canada and Europe, including Axcan Pharma, Creative Biomolecules, Inc., Caprion Pharmaceuticals Inc. and MediGene AG. He served as chair of EntreMed, Inc. (now CASI Pharmaceuticals, Inc.) a publicly-traded biotechnology company, from February 2003 to February 2009, and served as Executive Chair of EntreMed from February 2009 to January 2012. Mr. Tarnow holds a B.B.A. in Business Administration from Wayne State University and a J.D. from the University of Illinois, College of Law.	Director since March 1999	69,713 Common Shares
Clarissa Desjardins <sup>(6)</sup> Westmount, QC Canada	Director	54	Dr. Desjardins has served as a member of our Board since January 2020. Since founding Clementia Pharmaceuticals Inc. in 2011, Dr. Desjardins served as its President and Chief Executive Officer until 2019. Clementia was acquired by Ipsen S.A. in April 2019 for \$1.3 billion. From 2009 to 2011, Dr. Desjardins served as President and Chief Executive Officer and as a director of the Centre of Excellence in Personalized Medicine (CEPMED). From 1998 to 2007, Dr. Desjardins served as Senior Vice President, Corporate Development and a director at Caprion Pharmaceuticals Inc., which she co-founded. Prior to Caprion, Dr. Desjardins co-founded Advanced Bioconcept Inc. in 1992. She served there until 1998, most recently as Vice President, Business Development. Dr. Desjardins currently serves on the Board of Directors of publicly-traded biotechnology companies BELLUS Health Inc. and Insmmed. Dr. Desjardins received a B.Sc. in Anatomical Sciences and History and Philosophy of Science and a Ph.D. in Neurology and Neurosurgery, each from McGill University. Dr. Desjardins was a Medical Research Council postdoctoral fellow at Douglas Hospital Research Centre at McGill University.	Director since January 2020	Nil

Frank Holler <sup>(4)</sup> North Vancouver, BC Canada	Director	64	Mr. Holler has served as a member of our Board since March 1999. Mr. Holler previously served as Xenon's President and CEO from 1999 to 2003. Mr. Holler has served as director and chairman of Sernova Corporation, a publicly-traded biotechnology company, since 2014. He has also served as a director and chairman of Harvest One Cannabis Inc., a publicly-traded cannabis company, since September 2018. Mr. Holler previously served as chairman and CEO at BC Advantage Funds (VCC) Ltd., a venture capital firm and publicly-traded company that invested in emerging life science, clean tech and information technology companies, from 2004 to 2016. Mr. Holler also previously served on the board of directors of publicly-traded companies including Protox Therapeutics (now Sophiris Bio) from 2005 to 2012, Aquinox Pharmaceuticals, Inc. from 2010 to 2014 and Allon Therapeutics from 2005 to 2013. He also served as chair of the Audit Committee and chair of the Investment Committee for Genome BC, a large publicly funded research organization, from 2005 to 2011. In addition, Mr. Holler served as President and CEO of ID Biomedical Corporation from 1991 to 1998, and was a founding director of Angiotech Pharmaceuticals from 1992 to 1997. Mr. Holler was an Investment Banker with Wood Gundy Inc. (now CIBC World Markets) from 1984 to 1988 and Merrill Lynch Canada from 1988 to 1989. Mr. Holler holds a B.A. in Economics and an M.B.A. from the University of British Columbia.	Director since March 1999	123,225 <sup>(7)</sup> Common Shares
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- (1) This information has been provided by the respective director as of the Record Date.
  - (2) The number of Common Shares set forth in this table have been presented in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* and do not include derivative securities that may be held by the persons included in the table. Such figures have not been calculated pursuant to the beneficial ownership rules promulgated by the SEC. For additional information regarding ownership of Common Shares presented in accordance with the SEC's beneficial ownership rules, please see the section of this Circular captioned "Security Ownership of Certain Beneficial Owners and Management".
  - (3) None of the non-continuing directors own any Preferred Shares.
  - (4) Current member of the Audit Committee of the Board.
  - (5) Current member of the Nominating and Corporate Governance Committee of the Board.
  - (6) Current member of the Compensation Committee of the Board.
  - (7) Consists of (i) 122,041 Common Shares held by Mr. Holler and (ii) 1,184 Common Shares held by Mr. Holler's spouse.

### Penalties, Sanctions and Orders

As at the date of this Circular and within the past 10 years before the date of this Circular, other than as disclosed herein, no proposed nominee for election as a director of the Corporation:

- (a) is or was a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
  - i. was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (any such order being an "Order"), that was issued while the proposed nominee was acting in the capacity as director or executive officer; or
  - ii. was subject to an Order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer;

- (b) is or was a director or executive officer of any company (including the Corporation) that while the proposed nominee was acting in that capacity or within a year of the proposed nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) is or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee.

No proposed nominee for election as a director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

### **Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding the beneficial ownership of our Common Shares and Preferred Shares outstanding as of the Record Date for:

- each person who, to the knowledge of the directors and officers of the Corporation, owns more than 5% of our Common Shares or Preferred Shares;
- each of our current directors and each nominee for election to our Board;
- each of our executive officers named in the Summary Compensation Table included in this Circular; and
- all current directors and executive officers as a group.

The percentages of Common Shares and Preferred Shares shown as beneficially owned in the table are based on 40,962,888 Common Shares and 1,016,000 Preferred Shares outstanding as of the Record Date. The holders of Common Shares are entitled to one vote per Common Share. The holders of Preferred Shares are entitled to one vote per Preferred Share, voting with the holders of Common Shares on an as-converted basis and as a single class, provided that any Preferred Shares that are ineligible to be converted into Common Shares due to the Beneficial Ownership Limitation are deemed to be non-voting securities of the Corporation. The percentage of voting power shown in the table is thus based on 40,962,888 Common Shares outstanding as of the Record Date and 678,163 Preferred Shares convertible into Common Shares as of the Record Date. For additional information regarding the Preferred Shares' voting rights and the Beneficial Ownership Limitation, please see the section of this Circular captioned "Voting Shares and Principal Holders of Voting Shares".

Information with respect to beneficial ownership has been furnished by each director, director nominee, executive officer and, to the knowledge of the Corporation, each beneficial owner of more than 5% of our Common Shares or Preferred Shares. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules take into account Common Shares issuable pursuant to the exercise of stock options or conversion of other convertible securities that are either immediately exercisable or convertible or exercisable or convertible on or before the 60<sup>th</sup> day after the Record Date. These Common Shares are deemed to be outstanding and beneficially owned by the persons holding the stock options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the beneficial ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable common property laws.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o Xenon Pharmaceuticals Inc., 200 - 3650 Gilmore Way, Burnaby, British Columbia V5G 4W8.

Name of Beneficial Owner	Common Shares		Preferred Shares		Percentage of Voting Power
	Number	%	Number	%	
<b>5% and Greater Shareholders</b>					
BVF Partners L.P. <sup>(1)</sup>	3,481,778	8.50%	1,016,000	100.00%	9.99%
Avoro Capital Advisors LLC <sup>(2)</sup>	2,800,000	6.84%	—	—	6.72%
FMR LLC <sup>(3)</sup>	2,625,552	6.41%	—	—	6.31%
Entities affiliated with OrbiMed <sup>(4)</sup>	2,497,917	6.10%	—	—	6.00%
Adage Capital Advisors, L.P. <sup>(5)</sup>	2,450,000	5.98%	—	—	5.88%
<b>Named Executive Officers and Directors</b>					
Simon N. Pimstone	1,060,066	<sup>(6)</sup> 2.54%	—	—	2.49%
Ian C. Mortimer	527,347	<sup>(7)</sup> 1.27%	—	—	1.25%
Michael R. Hayden	408,158	<sup>(8)</sup> *	—	—	*
Frank A. Holler	198,412	<sup>(9)</sup> *	—	—	*
Michael M. Tarnow	158,713	<sup>(10)</sup> *	—	—	*
Mohammad Azab	112,788	<sup>(11)</sup> *	—	—	*
Ernesto Aycardi	101,561	<sup>(12)</sup> *	—	—	*
Gary Patou	88,108	<sup>(13)</sup> *	—	—	*
Dawn A. Svoronos	81,977	<sup>(14)</sup> *	—	—	*
Steven R. Gannon	50,477	<sup>(15)</sup> *	—	—	*
Clarissa Desjardins	11,666	<sup>(16)</sup> *	—	—	*
Elizabeth Garofalo	—	*	—	—	*
Patrick Machado	—	*	—	—	*
All current executive officers and directors as a group (15 persons)	3,234,059	<sup>(17)</sup> 7.48%	—	—	7.36%
* Denotes less than 1% beneficial ownership					

- (1) According to a Schedule 13G/A filed with the SEC on February 16, 2021, as of December 31, 2020, Biotechnology Value Fund, L.P. (“**BVF**”), BVF I GP LLC (“**BVF GP**”), Biotechnology Value Fund II, L.P. (“**BVF2**”), BVF II GP LLC (“**BVF2 GP**”), Biotechnology Value Trading Fund OS LP (“**Trading Fund OS**”), BVF Partners OS Ltd. (“**Partners OS**”), BVF GP Holdings LLC (“**BVF GPH**”), BVF Partners L.P. (“**Partners**”), BVF Inc. and Mark N. Lampert (“**Mr. Lampert**”) (referred to collectively as the “**Reporting Persons**”) hold an aggregate of 1,016,000 Preferred Shares convertible for an aggregate of 1,016,000 Common Shares. Each Preferred Share is convertible into one Common Share. The Preferred Shares may not be converted if, after such conversion, the Reporting Persons would beneficially own, as determined in accordance with Section 13(d) of the Exchange Act of 1934 (the “**Exchange Act**”), in excess of 9.99% of the number of Common Shares then issued and outstanding (the “**Beneficial Ownership Limitation**”). As confirmed by the Reporting Persons, the Reporting Persons beneficially owned 3,481,778 Common Shares as of the Record Date. The address of each of BVF Inc., Partners, BVF, BVF GP, BVF GPH, BVF2, BVF2 GP and Mr. Lampert is 44 Montgomery St., 40th Floor, San Francisco, California 94104, USA. The address of each of Trading Fund OS and Partners OS is PO Box 309 Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (2) According to a Schedule 13G/A filed with the SEC on February 12, 2021, as of December 31, 2020, Avoro Capital Advisors LLC, formerly venBio Select Advisor LLC, (“**Avoro**”) and Behzad Aghazadeh (“**Dr. Aghazadeh**”) are the beneficial owners of 2,800,000 Common Shares. Dr. Aghazadeh serves as the portfolio manager and controlling person of Avoro. The address for Avoro is 110 Greene Street, Suite 800, New York, NY 10012, USA.
- (3) According to a Schedule 13G filed with the SEC on February 8, 2021, as of December 31, 2020, by FMR LLC (“**FMR**”) is the beneficial owner of 2,625,552 Common Shares. Abigail P. Johnson (“**Ms. Johnson**”) is a director, the chairman and the Chief Executive Officer of FMR. Members of the Johnson family, including Ms. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR. Neither FMR nor Ms. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (“**Fidelity Funds**”) advised by Fidelity Management & Research Company LLC, a wholly owned subsidiary of FMR, which power resides with the Fidelity Funds' boards of trustees. The address for FMR is 245 Summer Street, Boston, Massachusetts, 02210, USA.

- (4) According to a Schedule 13G/A filed with the SEC on February 12, 2021, as of December 31, 2020, OrbiMed Capital LLC (“**OrbiMed Capital**”) is the beneficial owner of 1,711,305 Common Shares and OrbiMed Advisors LLC (“**OrbiMed Advisors**”) is the beneficial owner of 786,612 Common Shares. OrbiMed Capital and OrbiMed Advisors are entities under common control of a management committee comprised of Messrs. Carl L. Gordon, Sven H. Borho and Jonathan T. Silverstein, each of whom disclaims beneficial ownership of the Common Shares. The address of OrbiMed Capital and OrbiMed Advisors is 601 Lexington Avenue, 54th Floor, New York, New York 10022, USA.
- (5) According to a Schedule 13G/A filed with the SEC on February 11, 2021, as of December 31, 2020, Adage Capital Partners, L.P. (“**ACP**”), Adage Capital Partners GP, L.L.C. (“**ACPGP**”), Adage Capital Advisors, L.L.C. (“**ACA**”), Robert Atchinson (“**Mr. Atchinson**”) and Phillip Gross (“**Mr. Gross**”) (referred to collectively as the “**ACP Reporting Persons**”) are the beneficial owners of 2,450,000 Common Shares. ACP has the power to dispose of and the power to vote the Common Shares beneficially owned by it, which power may be exercised by its general partner, ACPGP. ACA, as managing member of ACPGP, directs ACPGP’s operations. Neither ACPGP nor ACA directly own any Common Shares. ACPGP and ACA may be deemed to beneficially own the shares owned by ACP. Messrs. Atchinson and Gross, as managing members of ACA, have shared power to vote the Common Shares beneficially owned by ACP. Neither Mr. Atchinson nor Mr. Gross directly own any Common Shares; however, each may be deemed to beneficially own the shares beneficially owned by ACP. The address for each of the ACA Reporting Persons is 200 Clarendon Street, 52nd floor, Boston, Massachusetts 02116, USA.
- (6) Consists of (i) 210,186 Common Shares held by Dr. Pimstone; and (ii) 849,880 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (7) Consists of (i) 6,000 Common Shares held by Mr. Mortimer; (ii) 14,300 Common Shares held by Mr. Mortimer’s spouse; and (iii) 507,047 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (8) Consists of (i) 112,706 Common Shares held by Dr. Hayden; (ii) 114,403 Common Shares held by Dr. Hayden’s spouse; (iii) 92,076 Common Shares held by Genworks, Dr. Hayden’s consulting company; (iv) 47,821 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date held by Dr. Hayden; and (v) 41,152 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date held by Genworks.
- (9) Consists of (i) 122,041 Common Shares held by Mr. Holler; (ii) 1,184 Common Shares held by Mr. Holler’s spouse; and (iii) 75,187 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date. For additional information regarding Mr. Holler’s Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date, please see the section of this Circular captioned “Director Compensation Policy”.
- (10) Consists of (i) 69,713 Common Shares held by Mr. Tarnow; and (ii) 89,000 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date. For additional information regarding Mr. Tarnow’s Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date, please see the section of this Circular captioned “Director Compensation Policy”.
- (11) Consists of (i) 63,733 Common Shares held by Dr. Azab; and (ii) 49,055 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (12) Consists of 101,561 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (13) Consists of (i) 23,573 Common Shares held by Dr. Patou; (ii) 12,500 Common Shares held by Patou Family Trust, (iii) 100 Common Shares held by an immediate family member sharing a household with Dr. Patou and (iv) 51,935 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (14) Consists of (i) 50,000 Common Shares held by Ms. Svoronos; and (ii) 31,977 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (15) Consists of (i) 15,000 Common Shares held by Mr. Gannon; and (ii) 35,477 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.
- (16) Consists of 11,666 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date. For additional information regarding Dr. Desjardins’ Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date, please see the section of this Circular captioned “Director Compensation Policy”.
- (17) Consists of (i) 934,211 Common Shares held; and (ii) 2,266,414 Common Shares issuable upon exercise of options exercisable within 60 days of the Record Date.

## **Information about the Board and Corporate Governance**

Our Board oversees the management of the business and affairs of Xenon as required under the applicable rules and regulations of the SEC and Nasdaq and under applicable Canadian laws. Our Board conducts its business through meetings of the Board and three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Our Board adopted a set of Corporate Governance Guidelines as a framework within which the Board and its committees conduct business. A copy of the Corporation's Corporate Governance Guidelines is attached hereto as Schedule A.

Our Board has established guidelines for determining director independence, and all current directors, with the exception of Simon Pimstone, have been determined by our Board to be independent under applicable Nasdaq rules, the Board's governance principles and Canadian securities laws. Dr. Pimstone is not considered independent due to his role as Chief Executive Officer of the Corporation and will continue to be deemed non-independent as Executive Chair of the Board following the Meeting. Subject to her re-election, Dawn Svoronos, a member of the Board since September 2016, will be appointed as the Board's lead independent director effective immediately following the Meeting.

Xenon has also adopted a written Code of Conduct in order to help directors, officers and employees resolve ethical issues in an increasingly complex business environment. The Code of Conduct applies to all of our and our subsidiaries' directors, officers and employees. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality and compliance with laws. The Corporation's Chief Financial Officer is responsible for overseeing and monitoring compliance with the Code of Conduct. The Chief Financial Officer reports directly to the Chief Executive Officer with respect to these matters and also will make periodic reports to the Corporation's Audit Committee regarding the implementation and effectiveness of the Code of Conduct as well as the policies and procedures put in place to ensure compliance with the Code of Conduct.

In addition, the Nominating and Corporate Governance Committee reviews actual and potential conflicts of interests of officers and members of our Board, other than related party transactions, which are reviewed by our Audit Committee. The Corporation is committed to maintaining high standards of corporate governance and this philosophy is continually communicated by our Board to management which in turn is emphasized to the employees of the Corporation on a continuous basis.

A copy of the most up-to-date version of our Code of Conduct is available within the "Investors" section on our website located at <https://www.xenon-pharma.com> and on SEDAR at <http://www.sedar.com>. A copy of our Code of Conduct is also available free of charge in print to any shareholder upon written request to 200 – 3650 Gilmore Way, Burnaby, British Columbia V5G 4W8, Canada, Attention: Vice President, Legal Affairs. We will post amendments to our Corporate Governance Guidelines and Code of Conduct or waivers of the same for directors and executive officers on the "Investors" section on our website located at <https://www.xenon-pharma.com>.

### ***Risk Management***

Our Board has an active role, as a whole and also at the committee level, in overseeing the management of our risks. Our Board is responsible for general oversight of risks and regular review of information regarding our risks, including operational risks. The Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. The Audit Committee is responsible for overseeing the management of risks relating to credit, liquidity, accounting matters and financial reporting. The Nominating and Corporate Governance Committee is responsible for overseeing the management of risks associated with the independence of our Board and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through discussions from committee members about such risks. Our Board believes its administration of its risk oversight function has not affected the Board's leadership structure.

### ***Meetings***

Our Board held five (5) meetings in 2020. Each incumbent director attended all Board meetings with the exception of Patrick Machado, who attended all Board meetings since his appointment on November 5, 2020. A former director, Richard Scheller, attended the only Board meeting that took place in 2020 prior to his resignation from our Board effective January 14, 2020.

The three standing Board committees met the number of times shown in parentheses in 2020: Audit Committee (6); Compensation Committee (4); and Nominating and Corporate Governance Committee (3). Each incumbent director attended all meetings of all Board committees on which they served during such period.

No director attended fewer than 75% of the total number of meetings of the Board and the committees of which he or she was a member in 2020.



We have a formal policy regarding attendance by directors at its annual meetings of shareholders which states that all directors are expected to attend, provided that a director who is unable to attend such a meeting is expected to notify the Chair of the Board in advance of any such meeting. Due to the impact of the COVID-19 pandemic, Dr. Pimstone was the sole board member who attended our 2020 annual general meeting in person.

Our Board has held four (4) meetings in 2021 up to the Record Date. Each incumbent director attended all Board meetings held in 2021 up to the Record Date except for Patrick Machado and Dawn Svoronos who attended three (3) of the Board meetings and Mohammad Azab and Clarissa Desjardins who attended two (2) of the Board meetings.

### ***Committees of the Board***

Our Board currently has three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. Our Board has not historically adopted descriptions for the positions Chair for each of the Board committees; however the roles and responsibilities for each of the committees of the Board is set forth in the charter for each committee of the Board, which are summarized below.

#### ***Audit Committee***

Our Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, our Audit Committee:

- approves the hiring, discharging and compensation of our independent auditors;
- oversees the work of our independent auditors;
- approves engagements of the independent auditors to render any audit or permissible non-audit services;
- reviews on a periodic basis, or as appropriate, our investment policy and recommends to our Board any changes to such policy;
- reviews compliance with our investment policy;
- reviews the qualifications, independence and performance of the independent auditors;
- reviews and/or approves financial statements, critical accounting policies and estimates;
- reviews the adequacy and effectiveness of our internal controls; and
- reviews and discusses with management and the independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports.

The current members of our Audit Committee are Frank Holler, Steven Gannon, Patrick Machado and Michael Tarnow. Mr. Holler serves as the chair of our Audit Committee. All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and Nasdaq and under applicable Canadian securities laws. Each of Mr. Holler (chair), Mr. Gannon and Mr. Machado is an Audit Committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication, as defined under Nasdaq rules. Under the rules of the SEC and Nasdaq, members of our Audit Committee must also meet heightened independence standards. Our Board has determined that each of Mr. Holler (chair), Mr. Gannon, Mr. Machado and Mr. Tarnow meet these heightened independence standards, as well as the independence standards of Canadian securities laws. In addition, our Board determined that Mr. Machado's simultaneous service on the audit committees of three other public companies would not impair his ability to effectively serve on our Audit Committee. See the biographies for each member of our Audit Committee under the section of this Circular captioned "Item 2 – Election of Directors" for more information regarding their respective skills and experience with respect to financial statements, accounting principles and financial reporting.

Effective upon the completion of the Meeting and subject to their election to the Board, our Audit Committee will be comprised of Steven Gannon, Patrick Machado and Dawn Svoronos, with Mr. Gannon serving as chair of the Audit Committee. The Board has determined that each of Mr. Gannon, Mr. Machado and Ms. Svoronos meets the requirements for financial literacy under the applicable rules and regulations of the SEC and Nasdaq and under Canadian securities laws. Additionally, each of them meets the heightened independence standards for service on the Audit Committee.

Our Audit Committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq and applicable Canadian securities laws. The Audit Committee's current charter is attached hereto as Schedule B and is available under the "Investors" tab on our website at <https://www.xenon-pharma.com>. We will disclose any amendments to, or waivers of, the charter on our website at <https://www.xenon-pharma.com> in accordance with applicable law and the requirements of the Nasdaq corporate governance standards.

#### *Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee oversees and assists our Board in reviewing and recommending nominees for election as directors. Among other matters, our Nominating and Corporate Governance Committee:

- evaluates and makes recommendations regarding the organization and governance of our Board and its committees;
- assesses the performance of members of our Board and makes recommendations regarding committee and chair assignments;
- recommends desired qualifications for Board membership and conducts searches for potential members of the Board;
- reviews and makes recommendations with regard to our Corporate Governance Guidelines;
- assesses and sets targets regarding the diversity of the Corporation and required disclosure.

The current members of our Nominating and Corporate Governance Committee are Gary Patou, Dawn Svoronos and Michael Tarnow. Dr. Patou serves as the Chair of our Nominating and Corporate Governance Committee. Each member of our Nominating and Corporate Governance Committee is an independent director under the applicable rules and regulations of the SEC and Nasdaq and applicable Canadian securities laws.

Effective upon the completion of the Meeting and subject to their election to the Board, our Nominating and Corporate Governance Committee will be comprised of Gary Patou, Michael Hayden and Dawn Svoronos, with Dr. Patou serving as chair of the Nominating and Corporate Governance Committee. The Board has determined that each of Dr. Patou, Dr. Hayden and Ms. Svoronos is an independent director under the applicable rules and regulations of the SEC and Nasdaq and applicable Canadian securities laws.

Our Nominating and Corporate Governance Committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq and applicable Canadian securities laws. Our Nominating and Corporate Governance Committee's current charter is available under the "Investors" tab on our website at <https://www.xenon-pharma.com>. We will disclose any amendments to, or waivers of, the charter on our website at <https://www.xenon-pharma.com> in accordance with applicable law and the requirements of the Nasdaq corporate governance standards.

#### *Compensation Committee*

Our Compensation Committee oversees our compensation policies, plans and benefits programs. Among other matters, our Compensation Committee:

- reviews and recommends policies relating to compensation and benefits of our directors, officers and employees;
- reviews and approves, after consultation with the Board, corporate goals and objectives relevant to compensation of our Chief Executive Officer;
- reviews and approves, after consultation with the Board and the Chief Executive Officer, corporate goals and objectives related to compensation of other senior officers;
- evaluates, after consultation with the Board and Chief Executive Officer, the performance of our officers in light of established goals and objectives;
- recommends compensation of our officers based on its evaluations; and
- reviews, approves and administers the issuance of stock options and other awards under our equity incentive plans to our employees and after consultation with the Board to our officers and directors.

The current members of our Compensation Committee are Mohammad Azab, Clarissa Desjardins and Gary Patou. Richard Scheller was a member of the Compensation Committee until his resignation effective January 14, 2020. Dr. Azab serves as the Chair of our Compensation Committee. Pursuant to its charter, the compensation committee may form subcommittees and delegate to such subcommittees any power and authority the compensation committee deems appropriate, excluding any power or authority required by law, regulation or listing standard to be exercised by the compensation committee as a whole. Each of the members of our Compensation Committee is an independent director under the applicable rules and regulations of the SEC and Nasdaq and applicable Canadian securities laws and a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. See the biographies for each member of our Compensation Committee under the section of this Circular captioned “Item 2 – Election of Directors” for more information regarding their respective skills and senior management and board experience related to compensation policies and practices in our industry.

Effective upon the completion of the Meeting and subject to their election to the Board, our Compensation Committee will be comprised of Mohammad Azab, Patrick Machado and Gary Patou, with Dr. Azab serving as chair of the Compensation Committee. The Board has determined that each of Dr. Azab, Mr. Machado and Dr. Patou is an independent director under the applicable rules and regulations of the SEC and Nasdaq and applicable Canadian securities laws and a non-employee director within the meaning of Rule 16b-3 under the Exchange Act.

Our Compensation Committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq and applicable Canadian securities laws. Our Compensation Committee’s current charter is available under the “Investors” tab on our website at <https://www.xenon-pharma.com>. We will disclose any amendments to, or waivers of, the charter on our website at <https://www.xenon-pharma.com> in accordance with applicable law and the requirements of the Nasdaq corporate governance standards.

Our Board may from time to time establish other committees.

#### ***Compensation Committee Interlocks and Insider Participation***

During the fiscal year ended December 31, 2020, Mohammad Azab, Clarissa Desjardins and Gary Patou served as members of our Compensation Committee. Richard Scheller served as a member of the Compensation Committee until his resignation from the Board effective January 14, 2020. No such person is currently, or has been at any time, one of our officers or employees. None of our executive officers currently serve, or have served during the last completed three fiscal years, as a member of the board of directors or compensation committee of any other entity that has or had one or more executive officers serving as a member of our Board or Compensation Committee.

#### ***Director Nominations***

Our Nominating and Corporate Governance Committee identifies, selects and recommends to the Board individuals qualified to serve both on the Board and on Board committees, including persons suggested by shareholders and others. Please see “Item 2 – Election of Directors — Shareholder Recommendations for Nominations to the Board of Directors” below for additional information.

In identifying candidates for nominations to the Board, our Nominating and Corporate Governance Committee seeks to maintain at all times a Board with a diverse range of experience, talent, expertise and background appropriate for the business of the Corporation. Our Nominating and Corporate Governance Committee does not require any specific minimum qualifications or specific qualities or skills, but reviews each person’s qualifications on the whole, including a candidate’s particular experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that our Nominating and Corporate Governance Committee considers appropriate in the context of the needs of the Board. Following that review, our Nominating and Corporate Governance Committee then selects nominees and recommends them to the Board for election by the shareholders or appointment by the Board, as the case may be. Our Nominating and Corporate Governance Committee also reviews the suitability of each Board member for continued service as a director when that member’s term expires or that member experiences a significant change in status (for example, a change in employment). Our Nominating and Corporate Governance Committee has not implemented any particular additional policies or procedures to address suggestions received from shareholders with respect to Board or committee nominees because the Committee intends to use the same criteria and manner of review to evaluate candidates (as outlined above), whether or not they are suggested by shareholders.

Pursuant to its charter, our Nominating and Corporate Governance Committee may conduct or authorize investigations or studies into matters within its scope of responsibilities and may retain, at the Corporation’s expense, such independent counsel or other consultants or advisers as it may deem necessary from time to time.

The term of each director expires at the end of each annual meeting of shareholders, or when the successor of such director is elected or appointed to the Board, subject to earlier death, resignation, retirement, disqualification or removal of such director. The Corporation does not impose term limits on its directors as it takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, the Corporation believes that directors should be assessed based on their ability to continue to make a meaningful contribution. Our Board's annual assessment of directors reviews the strengths and weaknesses of directors and is, in the Board's view, together with annual elections by the shareholders, a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.

#### *Diversity*

Our Nominating and Corporate Governance Committee believes that having a diverse Board and senior management team offers a depth of perspective and enhances Board and management operations. Our Nominating and Corporate Governance Committee takes diversity, including business experience, geography, age, gender, visible minorities, Aboriginal peoples, persons with disabilities, sexual orientation and other personal characteristics into consideration as part of its overall recruitment and selection process in respect of the Board and senior management. However, the Corporation does not have a formal policy nor measurable objectives on the representation of women or other Designated Groups (as defined in the Employment Equity Act) on the Board or senior management of the Corporation as our Board does not believe that a formal policy and/or measurable objectives will necessarily result in the identification or selection of the best candidates. In searches for new directors and senior management, our Nominating and Corporate Governance Committee will consider the level of female and other Designated Groups representation and diversity on the Board and in management and this will be one of several factors used in its search process.

As of the date of this proxy statement and management information circular, there are currently two (2) female directors of ten (10) directors on our Board (20%) and two (2) of the nine (9) nominees for election to our Board is female (22%). There is currently no female executive officer of the Corporation. Other than one (1) of ten (10) directors of our Board (10%) who self-identifies as a visible minority, the Corporation currently has no other Board members and no executive officers who self-identify as Indigenous peoples, visible minorities or persons with disabilities. Immediately following the Meeting, there will be one (1) female executive officer of (6) executive officers (17%) of the Corporation. The Corporation continues to be committed to ongoing review with respect to the diversity of its directors, executive officers and members of senior management.

#### *Shareholder Recommendations for Nominations to the Board of Directors*

One or more shareholders holding in the aggregate not less than five percent (5%) of our Common Shares or our Preferred Shares that are entitled to vote at a meeting of our shareholders may make a shareholder proposal for the nomination of a director in accordance with the requirements of the CBCA. Upon receipt of a proposal in compliance with the requirements of the CBCA, the Corporation must set out such proposal in the proxy statement and management information circular sent to shareholders in advance of the Corporation's next annual meeting.

Nominations for directors not made in accordance with the shareholder proposal requirements of the CBCA shall be considered by our Nominating and Corporate Governance Committee in accordance with the requirements of our by-laws. Under our by-laws, shareholders of record may nominate a candidate for election as a director at an annual meeting of the Corporation by submitting a notice to our Corporate Secretary not less than 30 days and not more than 65 days prior to an annual meeting; provided however that in the event that the annual meeting is held less than 50 days after the first public announcement of the annual meeting is made, notice by shareholders must be given to the Corporation not later than 10 days following the date of such public announcement. A notice providing a nomination must include, among other things, certain prescribed information about the nominee and the recommending shareholder; a certification by the recommending shareholder that the recommending shareholder's notice does not contain an untrue statement and does not omit to state a material fact; and written consent of the nominee to serve as a director of the Corporation, if elected. Shareholders should refer to Section 5.5 of our by-laws for more details relating to the requirements for such notice.

Any nomination or shareholder proposal for the nomination of directors should be sent in writing to 200 - 3650 Gilmore Way, Burnaby, British Columbia, V5G 4W8, Canada, Attention: Corporate Secretary. Shareholder proposals for our 2022 annual meeting must be received by us on or before December 29, 2021 pursuant to Rule 14a-8 of the Exchange Act. Shareholders who do not wish to use the mechanism provided by the Exchange Act may submit proposals to be considered at the 2022 annual meeting of our shareholders under the provisions of the CBCA no later than January 28, 2022. Nominations for directors pursuant to our by-laws must be received by us no earlier than March 30, 2021 and no later than May 4, 2021 for consideration at the Meeting. Shareholders wishing to nominate a director for election should review the relevant provisions of the CBCA and our by-laws.

## *Shareholder Communications with the Board of Directors*

Shareholders wishing to communicate with a member of our Board may do so by writing to such director, and mailing the correspondence to: Xenon Pharmaceuticals Inc., 200 - 3650 Gilmore Way, Burnaby, British Columbia, V5G 4W8, Canada, Attention: Vice President, Legal Affairs. The Vice President, Legal Affairs will forward the messages to the appropriate member of our Board.

## *Director Independence*

Under Nasdaq rules, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of its initial public offering. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our Board has undertaken a review of its composition, the composition of its committees and the independence of current directors and considered whether any current director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our Board has determined that none of Mohammad Azab, Clarissa Desjardins, Steven Gannon, Michael Hayden, Frank Holler, Patrick Machado, Gary Patou, Dawn Svoronos or Michael Tarnow, being nine of our ten current directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under Nasdaq rules and Canadian securities laws. In addition, our Board has determined that director nominee, Elizabeth Garofalo, does not have a relationship that would interfere with her exercise of independent judgment in carrying out the responsibilities of a director and that she is "independent" as that term is defined under Nasdaq rules and Canadian securities laws. Prior to his resignation effective January 14, 2020, Richard Scheller, who served as a member of our Board and our Compensation Committee at the time of his resignation, was also an independent director. Our Board also determined that Messrs. Holler (chair), Gannon, Machado and Tarnow, who comprise our Audit Committee, Drs. Azab (chair), Desjardins and Patou who comprise our Compensation Committee, and Dr. Patou (chair), Ms. Svoronos and Mr. Tarnow who comprise our Nominating and Corporate Governance Committee, satisfy the independence standards for those committees established by applicable SEC and Nasdaq rules and Canadian securities laws.

In making this determination, our Board considered the relationships that each non-employee director has with us and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our Common Shares by each non-employee director. Of the nine director nominees named in this Circular for election to our Board, only Dr. Pimstone and Mr. Mortimer would not be considered independent under Nasdaq rules and Canadian securities laws.

The current Chair of our Board is Michael Tarnow. Mr. Tarnow is "independent" as that term is defined under Nasdaq rules and Canadian securities laws. The roles of Chief Executive Officer and Chair of our Board are currently separated in recognition of the differences between the two roles. We believe that it is in the best interests of our shareholders for the Board to make a determination regarding the separation or combination of these roles each time it elects a new Chair or appoints a Chief Executive Officer, based on the relevant facts and circumstances applicable at such time.

In the context of Mr. Tarnow's decision not to stand for re-election as a director of the Board at the Meeting and, subject to his re-election at the Meeting, Dr. Pimstone becoming Executive Chair immediately following the Meeting, the Board made the determination that it would be in the best interests of our shareholders to appoint, subject to her re-election, Ms. Svoronos, a member of the Board since September 2016, as the Board's lead independent director. Ms. Svoronos is "independent" as that term is defined under Nasdaq rules and Canadian securities laws.

Dr. Pimstone's primary responsibilities as Executive Chair will be to provide leadership and direction to the Board, facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities under its mandate, and assume responsibility and/or participate in strategic corporate initiatives.

In accordance with the Corporate Governance Guidelines, meetings of the independent directors of the Corporation, without the presence of non-independent directors and members of management, are generally held following each regularly scheduled Board meeting and at such other times as requested by independent directors. The independent directors met four (4) times without the presence of non-independent directors and members of management during 2020. The independent directors met two (2) times without the presence of non-independent directors and members of management up to the Record Date in 2021.

### ***Orientation and Continuing Education***

The Corporation has traditionally retained experienced people as directors and hence the orientation needed is minimized. When new directors are appointed, they are acquainted with the Corporation's operations, its charters and policies, and the expectations of directors. All new and continuing directors are encouraged to review the Board materials prepared by the Corporation consisting of filings, the charters of the Board's committees, the Corporate Governance Guidelines and the Corporation's Code of Conduct. Board meetings regularly include presentations or discussions with respect to the Corporation's corporate governance policies. Board meetings generally also include presentations by the Corporation's senior management in order to give the directors full insight into the Corporation's operations.

### ***Assessments***

Our Nominating and Corporate Governance Committee assesses the participation, contributions and effectiveness of the Chair and the individual members of the Board on an annual basis. Our Board also annually monitors the effectiveness of the Board and its committees and the actions of the Board as viewed by the individual directors and senior management.

### ***Serving on other Boards***

The following directors and director nominees are also directors of the following public companies:

<b>Director</b>	<b>Company</b>
Mohammad Azab	• Durect Corporation
Clarissa Desjardins	• BELLUS Health Inc. • Insmmed, Inc.
Steven Gannon	• Fusion Pharmaceuticals
Elizabeth Garofalo	• Acadia Pharmaceuticals • Exicure, Inc.
Michael Hayden	• AbCellera Biologics Inc. • Aurinia Pharmaceuticals Inc. • Ionis Pharmaceuticals, Inc. • 89bio Inc.
Frank Holler	• Harvest One Cannabis Inc. • Sernova Corp.
Patrick Machado	• Adverum Biotechnologies, Inc. • Arcus Biosciences • Chimerix, Inc. • Turning Point Therapeutics
Ian Mortimer	• Appili Therapeutics, Inc. • Perimeter Medical Imaging AI, Inc.
Simon Pimstone	• Eupraxia Pharmaceuticals Inc.
Dawn Svoronos	• Adverum Biotechnologies • Global Blood Therapeutics, Inc. • PTC Therapeutics, Inc. • Theratechnologies Inc.

Michael Tarnow and Gary Patou do not currently serve on the board of directors of any other publicly listed company.

### ***Overseeing the Chief Executive Officer***

Simon Pimstone, our current Chief Executive Officer, is responsible for managing the affairs of the Corporation. In accordance with its charter, our Compensation Committee, in consultation with the Board, annually establishes corporate objectives for our Chief Executive Officer and evaluates the performance our Chief Executive Officer against these corporate objectives.

Effective on the date of the Meeting, Ian Mortimer, our current President and Chief Financial Officer, will begin serving as our Chief Executive Officer. Following the appointment, Mr. Mortimer will retain his current responsibilities as President and principal operating officer of the Corporation.

### **Director Compensation Policy**

For the purposes of the director compensation policy (the “**director compensation policy**”), our Compensation Committee classifies each director into one of the two following categories: (1) a “management director” is a director who is also an officer or otherwise employed by us in a management role; and (2) a “non-management director” is a director who is not an officer and not otherwise employed by us in a management role.

Non-management directors (including our lead independent director) are eligible to receive compensation in the form of equity and cash under the director compensation policy, as described below. Management directors receive no compensation for their services on our Board.

Effective June 2018, our director compensation policy was amended to change the equity compensation component of director compensation (the “**2018 amended director compensation policy**”). Our Compensation Committee considered publicly available director compensation data from companies in the biotechnology industry to help guide its decision with respect to director compensation, using the same peer companies as those identified by Radford, an Aon Hewitt company (“**Radford**”), an independent compensation consultant, in evaluating executive compensation.

In January 2020, Radford, an Aon Hewitt company (“**Radford**”), was engaged by the Compensation Committee to evaluate both director and executive compensation. Radford conducted a thorough review of our director compensation policies and practices and an extensive market analysis of the peer companies listed in the section of this Circular captioned “Use of Compensation Consultants and Market Benchmarking”. Based on its review of competitive market practices and the recommendation from Radford, the Compensation Committee, after consultation with the Board, approved changes to the cash and equity components of director compensation which became effective June 1, 2020 (the “**2020 amended director compensation policy**”) so that our director compensation program remains competitive with peer companies.

In addition, our director compensation policy was amended to specify lead independent director compensation in the absence of a non-executive chair (the “**2021 amended director compensation policy**”) which will be effective on June 3, 2021.

### ***Equity Compensation***

Pursuant to the 2018 amended director compensation policy, new non-management directors received an option to purchase 25,000 Common Shares upon joining the Board and each non-management director received, on an annual basis, an option to purchase 15,000 Common Shares.

Pursuant to the 2020 director compensation policy, new non-management directors receive an option to purchase 20,000 Common Shares upon joining the Board and each non-management director receives, on an annual basis, an option to purchase 10,000 Common Shares, which will be granted immediately following the Meeting. All of the stock options granted pursuant to the 2020 director compensation policy are made under our then-effective equity plan and vest in accordance with the schedule set forth below.

The exercise price per share of each of the grants is the fair market value of one of our Common Shares (determined pursuant to our then-effective equity plan) on the date of the grant.

All of the stock options granted to non-management directors are made under our then-effective equity plan. The stock options underlying the initial and annual grants to each non-management director vest as to one-third of the total stock options on the one year anniversary of the grant date, one-third of the total stock options on the two year anniversary of the grant date and the balance of the total stock options on the three year anniversary of the grant date.

The vesting of each grant described above is subject to the recipient’s continued service as a director through each vesting date and the other terms and conditions of our then-effective equity plan and the applicable stock option agreement with that director.

Our Board has approved the acceleration of the vesting of 21,667 Common Shares subject to Mr. Holler’s options and 21,667 Common Shares subject to Mr. Tarnow’s options, in each case effective as of the date of the Meeting. In addition, with respect to all options held by Messrs. Holler and Tarnow and Ms. Desjardins, our Board has approved an extension of the period following the termination of the applicable director’s service during which the vested portion of the option may be exercised, from 90 days to 12 months, subject to any such option’s earlier original expiration date.

Pursuant to the 2021 amended director compensation policy, effective June 3, 2021, the equity compensation of non-management directors remained as established under the 2020 amended director compensation policy.

### ***Cash Compensation***

Pursuant to the 2018 amended director compensation policy, for each fiscal year, each non-management director (including the chair of our Board) received an annual cash retainer of CAD\$47,000 for serving on the Board. In addition to the annual retainer, the chair of our Board received an additional annual cash retainer of CAD\$34,000, for a total of CAD\$81,000.

Pursuant to the 2018 amended director compensation policy, the chairs and non-chair members of the three standing committees of our Board were entitled to the following cash retainers for each fiscal year as follows:

<b>BOARD COMMITTEE</b>	<b>CHAIR RETAINER</b>	<b>MEMBER RETAINER</b>
	<b>(CAD\$)</b>	<b>(CAD\$)</b>
Audit Committee	\$ 20,500	\$ 10,500
Compensation Committee	13,500	7,000
Nominating and Corporate Governance Committee	10,000	5,500

Pursuant to the 2020 amended director compensation policy which became effective June 1, 2020, for each fiscal year, each non-management director (including the chair of our Board) receives an annual cash retainer of CAD\$53,500 for serving on the Board. The chair of our Board receives an additional annual cash retainer of CAD\$40,000, for a total of CAD\$93,500.

Pursuant to the 2020 amended director compensation policy, the chairs and non-chair members of the three standing committees of our Board are entitled to the following cash retainers for each fiscal year as follows:

<b>BOARD COMMITTEE</b>	<b>CHAIR RETAINER</b>	<b>MEMBER RETAINER</b>
	<b>(CAD\$)</b>	<b>(CAD\$)</b>
Audit Committee	\$ 20,500	\$ 10,500
Compensation Committee	16,250	8,250
Nominating and Corporate Governance Committee	10,750	5,500

Pursuant to the 2021 amended director compensation policy, effective June 3, 2021, in the absence of a non-executive chair of the Board, the lead independent director of the Board receives an annual cash retainer of CAD\$93,500. The compensation of non-management directors and chairs and non-chair members of the three standing committees of our Board remain entitled to the cash retainers set forth above with respect to the 2020 amended director compensation policy.

All cash payments are paid in four equal installments on the date of our annual meeting and on the last day of the third month, sixth month and ninth month thereafter, during which such individual served as a director or chair of our Board or of the applicable committee (such payments to be prorated for service during a portion of such quarter).

All directors are reimbursed for standard travel expenses incurred in their capacities as directors and/or committee members.



The following table sets forth information concerning the compensation paid or accrued for services rendered to us by members of our Board for the year ended December 31, 2020. Simon Pimstone, our current Chief Executive Officer, did not receive any additional compensation for service on our Board. Compensation paid or accrued for services rendered to us by Dr. Pimstone in his role as Chief Executive Officer is included in our disclosures related to executive compensation under the section of this Circular captioned “Executive Compensation”.

Name	Fees Earned or Paid in Cash <sup>(1)</sup> (\$)	Option Awards <sup>(2)(3)</sup> (\$)	Total (\$)
Mohammad Azab	\$ 49,155	\$ 86,588	\$ 135,743
Clarissa Desjardins	42,334	344,799	387,133
Steven R. Gannon	45,723	86,588	132,311
Michael R. Hayden	37,889	86,588	124,477
Frank A. Holler	53,184	86,588	139,772
Patrick Machado	6,216	156,758	162,974
Gary Patou	51,441	86,588	138,029
Richard Scheller <sup>(4)</sup>	1,541	—	1,541
Dawn A. Svoronos	41,993	86,588	128,581
Michael M. Tarnow <sup>(5)</sup>	77,799	86,588	164,387

- (1) Compensation amounts denominated in Canadian dollars have been converted to U.S. dollars. For 2020, the U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7461 which was the average Bank of Canada foreign exchange rate for the 2020 fiscal year.
- (2) Represents the aggregate grant date fair value of stock option awards granted in 2020. These amounts have been computed in accordance with Financial Accounting Standards Board (“**FASB**”) Accounting Standards Codification (“**ASC**”) Topic 718, using the Black-Scholes option pricing model. For a discussion of valuation assumptions, see Note 11 to our financial statements which are included in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC and on SEDAR. For further information regarding the equity compensation of our directors, please see the section of this Circular captioned “Director Compensation Policy”.
- (3) As of December 31, 2020, the following directors beneficially held outstanding stock options to purchase the number of Common Shares indicated: Dr. Azab (65,722 stock options); Dr. Desjardins (35,000 stock options); Mr. Gannon (52,144 stock options); Dr. Hayden (105,640 stock options, of which 64,488 stock options are held by Dr. Hayden and 41,152 stock options are held by Genworks, Dr. Hayden’s consulting company); Mr. Holler (114,281 stock options); Mr. Machado (20,000 stock options); Dr. Patou (68,602 stock options); Ms. Svoronos (48,644 stock options) and Mr. Tarnow (89,000 stock options).
- (4) Dr. Scheller resigned from the Board, effective January 14, 2020.
- (5) Current Chair of our Board.

### **ITEM 3 – ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS ("SAY-ON-PAY")**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "**Dodd-Frank Act**") enables our shareholders to approve, on an advisory or non-binding basis, the compensation of our named executive officers ("**NEOs**") as disclosed pursuant to Item 402 of Regulation S-K. This proposal, commonly known as a "say-on-pay" proposal, gives our shareholders the opportunity to express their views on our NEOs' compensation as a whole. This vote is not intended to address any specific item of compensation or any specific NEO, but rather the overall compensation of all of our NEOs and the philosophy, policies and practices described in this Circular.

The say-on-pay vote is advisory, and therefore is not binding on us, the Compensation Committee or the Board. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies, and practices, which the Compensation Committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. The Board and the Compensation Committee value the opinions of our shareholders. To the extent there is any significant vote against the compensation of our NEOs as disclosed in this Circular, we will endeavor to communicate with shareholders to better understand the concerns that influenced the vote and consider our shareholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

We believe that the information provided in the section titled "Executive Compensation" demonstrates that our executive compensation program was designed appropriately and is working to ensure management's interests are aligned with our shareholders' interests to support long-term value creation. Accordingly, we ask our shareholders to vote "FOR" the following resolution at the Meeting:

"RESOLVED, that the shareholders approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed in the Circular for the 2021 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the SEC, including the compensation tables and narrative discussion and other related disclosure."

#### **Vote Required**

The approval, on an advisory basis, of the compensation of our NEOs requires the affirmative vote of a majority of votes cast at the Meeting and entitled to vote thereon to be approved. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the voting of this proposal.

As an advisory vote, the result of this proposal is non-binding. Although the vote is non-binding, the Board and the Compensation Committee value the opinions of our shareholders and will consider the outcome of the vote when making future compensation decisions for our NEOs.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS:**

**A VOTE "FOR" THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

## Executive Officers

The following table sets forth information about our executive officers as of the Record Date:

Name	Age	Position(s)
Simon N. Pimstone, MBChB, Ph.D.	53	Chief Executive Officer and Director
Ian C. Mortimer, M.B.A., CPA, CMA	45	President and Chief Financial Officer
Christopher E. Von Seggern, Ph.D., MPH, M.B.A.	42	Chief Commercial Officer
Ernesto Aycardi, M.D.	58	Chief Medical Officer
Robin P. Sherrington, Ph.D.	60	Executive Vice President, Strategy & Innovation
James R. Empfield, Ph.D.	60	Executive Vice President, Drug Discovery

The biographies of Dr. Pimstone and Mr. Mortimer can be found under “Item 2 – Election of Directors.” The biographies of our other executive officers are as follows:

*Christopher E. Von Seggern, Ph.D., MPH, M.B.A.* is employed by our wholly owned subsidiary, Xenon Pharmaceuticals USA Inc. and has served as our Chief Commercial Officer since August 2020. Prior to joining us, Dr. Von Seggern was a Partner at ClearView Healthcare Partners from 2011 to 2019, where he developed broad experience overseeing a range of engagements involving therapeutic area, disease and asset level growth strategy as well as strategic due diligence on in-licensing and M&A opportunities. Through his tenure at ClearView Healthcare Partners, Dr. Von Seggern has worked across the pharmaceutical sector with emphasis in orphan diseases and transformational technologies. From 2006 to 2008, Dr. Von Seggern served as a Consultant for Leerink Swann Strategic Advisors. Dr. Von Seggern began his career at the National Institutes of Health where he served as an AAAS Science Policy Fellow within the National Institute of Diabetes, Digestive, and Kidney Diseases from 2005 to 2006. While at the NIDDK, Dr. Von Seggern helped set strategic direction for the Institute focusing on diabetes research and translational medicine. Dr. Von Seggern received his Ph.D. in pharmacology and molecular sciences as well as his Master of Public Health from Johns Hopkins University School of Medicine. Dr. Von Seggern received his MBA from Northeastern University and he earned his B.S. in biochemistry and molecular biology from the Pennsylvania State University.

*Ernesto Aycardi, M.D.* was employed by our wholly owned subsidiary, Xenon Pharmaceuticals USA Inc. and has served as our Chief Medical Officer since March 2018. Prior to joining us, Dr. Aycardi was at Teva Pharmaceutical from 2014 to 2018, most recently as Vice-President and Head of Clinical Trial Operations, Biostatistics & Data Sciences and Clinical Pharmacology. Prior to this, he was Teva Pharmaceutical’s Vice-President, Therapeutic Area Head, Clinical Development, Migraine and Headache from 2016 to 2017, and previously Teva Pharmaceutical’s Senior Director, Clinical Development, Migraine & Headache from 2014 to 2016. From 2013 to 2014, Dr. Aycardi was Senior Director Head of Neuro-Degenerative Disorders for EMD Serono, Inc. Previously, he was Director, Medical Research focused on neurology development at Biogen Idec from 2009 to 2013. Dr. Aycardi held a series of roles with increasing responsibility at Merck from 1998 to 2009, both in Colombia and in the United States, where he was Worldwide Clinical Research Senior Director for various therapeutic areas throughout late phases of global drug development from 2006 to 2009. Having received his M.D. from the National University of Colombia, and neurology training at the Military Hospital in Colombia, Dr. Aycardi holds a current medical license in Colombia, and was a practicing neurologist beginning in 1993. Dr. Aycardi resigned from the Corporation, effective April 23, 2021.

*Robin P. Sherrington, Ph.D.* has served as our Executive Vice President, Strategy & Innovation since March 2019. Dr. Sherrington previously served as our Executive Vice President, Business & Corporate Development since March 2018, as our Senior Vice President, Business & Corporate Development since February 2012, as our Vice President, Business & Corporate Development from January 2010 to February 2012, and has held various positions in business development and other departments since joining us in March 2001. Prior to joining us, Dr. Sherrington worked at Pfizer, Inc., a global pharmaceutical company, as a neuroscientist from 1999 to 2001. Dr. Sherrington also previously served as Director of Neuroscience, from 1996 to 1999, at the biotechnology companies Axys Pharmaceuticals and Sequana Therapeutics. Prior to 1996 Dr. Sherrington was a post-doctoral fellow at University of Toronto and received his Ph.D. from the University College London, and his B.Sc. with honors from University of Reading.

*James R. Empfield, Ph.D.* is employed by our wholly owned subsidiary, Xenon Pharmaceuticals USA Inc. and has served as our Executive Vice President, Drug Discovery since January 2021, and previously as our Senior Vice President, Drug Discovery since February 2016. Prior to joining us, Dr. Empfield served as Vice President, Drug Discovery and Chemistry; Co-Site Head of Research, Boston at Vertex Pharmaceuticals Inc. from 2011 until August 2015, where he was jointly responsible for the entire Boston research organization and for delivery of lead optimization projects into preclinical development. From 2006 to 2011, Dr. Empfield was Director, CNS Chemistry Department at Astrazeneca Pharmaceuticals LP and held various other positions at Astrazeneca Pharmaceuticals from 1990 to 2006. Dr. Empfield has a Ph.D. in Chemistry from the University of Pennsylvania, a M.S. in Chemistry from Bucknell University and a B.Sc. in Chemistry from Lebanon Valley College.

Our executive officers are appointed by, and serve at the discretion of, our Board. There are no family relationships among any of our directors or executive officers.

## EXECUTIVE COMPENSATION

### Discussion of Executive Compensation Practices

This section discusses the principles underlying our policies and decisions with respect to the compensation of our NEOs and the most important factors relevant to an analysis of these policies and decisions. This section also describes the material elements of compensation awarded to, earned by or paid to our NEOs for 2020, consisting of the following persons:

- Simon N. Pimstone, our Chief Executive Officer;
- Ian C. Mortimer, our President and Chief Financial Officer; and
- Ernesto Aycardi, our Chief Medical Officer.

Effective as of the date of the Meeting, Dr. Pimstone will cease serving as our Chief Executive Officer and will begin serving as Executive Chair of the Board, and Mr. Mortimer will begin serving as our President and Chief Executive Officer. Dr. Aycardi resigned from the Corporation, effective April 23, 2021.

Dr. Pimstone, Mr. Mortimer and Dr. Aycardi are included in this Circular as NEOs for 2020 for purposes of Item 402(m) of Regulation S-K promulgated by the SEC and National Instrument 51-102 – *Continuous Disclosure Requirements*. In addition, this section provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our NEOs and is intended to place in perspective the data presented in the tables and narrative that follow.

### Executive Summary

#### 2020 Business Highlights

During 2020, we achieved several important milestones in our business and financial plans, including the following:

- We continued to make progress in our randomized, double-blind, placebo-controlled, multicenter Phase 2b clinical trial (called the X-TOLE study) to evaluate the clinical efficacy, safety, and tolerability of XEN1101 administered as adjunctive treatment in approximately 300 adult patients with focal epilepsy.
- We initiated a Phase 3 randomized, double-blind, placebo-controlled, parallel group, multicenter clinical trial (called the EPIK study), evaluating the efficacy, safety, and tolerability of XEN496 administered as adjunctive treatment in approximately 40 pediatric patients aged one month to less than 6 years with KCNQ2 developmental and epileptic encephalopathy (“**KCNQ2-DEE**”). We also received Fast Track designation for XEN496 for the treatment of seizures associated with KCNQ2-DEE from the U.S. Food and Drug Administration (“**FDA**”), as well as orphan medicinal product designation from the European Commission;
- A physician-led, Phase 2 proof-of-concept study is ongoing to examine the potential clinical efficacy, safety, and tolerability of XEN007 as an adjunctive treatment in pediatric patients diagnosed with treatment-resistant childhood absence epilepsy. A presentation of promising interim data collected from a small number of patients was presented at the virtual annual meeting of the American Epilepsy Society in December 2020;
- We continued to make progress in our collaboration with Neurocrine Biosciences, Inc. (“**Neurocrine Biosciences**”) to develop treatments for epilepsy with XEN901, now known as NBI-921352. The FDA has provided feedback on an Investigational New Drug (“**IND**”) application submitted by Neurocrine Biosciences in support of a Phase 2 clinical trial in SCN8A developmental and epileptic encephalopathy (“**SCN8A-DEE**”) patients. Based on this feedback, Neurocrine Biosciences anticipates initiating a Phase 2 clinical trial in adolescent patients (aged 12 years and older) with SCN8A-DEE in the third quarter of 2021, and the trial protocol will be amended to include younger pediatric patients (aged 2-11 years) with SCN8A-DEE as soon as the FDA has reviewed and approved additional non-clinical information. In parallel, Neurocrine Biosciences is advancing clinical plans to develop NBI-921352 for the treatment of adult focal epilepsy and expects to initiate a Phase 2 clinical trial in 2021. We are eligible to receive up to \$1.7 billion in potential development, regulatory and commercial milestone payments as well as royalties on commercial sales. We also achieved a number of pre-clinical research goals pursuant to our multi-year research collaboration with Neurocrine to discover, identify and develop additional novel Nav1.6 and Nav1.2/1.6 inhibitors;

- We achieved a number of pre-clinical research goals, including the identification of novel, highly selective small molecule potentiators of Nav1.1 which could potentially address the underlying cause of Dravet Syndrome and may have utility in other neurologic indications where interneuron excitability is impaired; and
- We raised approximately \$102.8 million, net of underwriting discounts and commissions but before offering expenses, from sales under an at-the-market equity offering and an underwritten public offering in early 2020.

### ***2020 Executive Compensation Highlights***

During 2020, we continued to follow the executive compensation policies and procedures that we put in place in connection with becoming a public company, including:

- *Emphasis on Pay for Performance.* Our Compensation Committee is focused on ensuring that a significant portion of total compensation for our NEOs is performance-based (consisting of performance-based cash bonus opportunities and time-based stock options). For 2020, all of our NEOs' variable non-equity compensation (cash bonus opportunity) was solely based on the achievement of corporate objectives and ranged from 40% to 60% of their base salaries. Other forms of compensation (base salary and equity compensation) were based on individual performance, among a number of other factors.
- *No Guaranteed Increases in Compensation.* Although we have signed employment agreements with each of our NEOs, and Dr. Aycardi's agreement provides for "at will" employment, none of these agreements provides any guarantees relating to salary increases or the amounts of incentive pay or equity awards.
- *Independent Compensation Consultant.* Our Compensation Committee engages its own independent compensation consultant, which provides the Compensation Committee with valuable data regarding market compensation trends and guidance about executive compensation.
- *Limited Perquisites.* We do not provide any special perquisites to any of our NEOs, except where it serves a legitimate business purpose.
- *Risk Analysis.* We believe the structure of our executive compensation program motivates our executives to make thoughtful and appropriate decisions with measured risks balanced by appropriate rewards for the Corporation.
- *No Hedging or Pledging.* Our Insider Trading Policy prohibits our executives from engaging in "hedging" or "pledging" transactions with respect to our Common Shares.

### ***Objectives and Philosophy of Our Executive Compensation Program***

The primary objectives of our Compensation Committee with respect to executive compensation are to:

- attract, retain and motivate experienced and talented executives;
- ensure executive compensation is aligned with our corporate strategies, research and development programs and business goals;
- recognize the individual contributions of executives, but foster a shared commitment among executives by aligning their individual goals with our corporate goals;
- promote the achievement of key strategic and operational performance measures by linking compensation to the achievement of measurable corporate and individual performance goals; and
- align the interests of our executives with our shareholders by rewarding performance that leads to the creation of shareholder value.

To achieve these objectives, our Compensation Committee evaluates our executive compensation program with the goal of setting compensation at levels that are justifiable based on each executive's level of experience, performance and responsibility and that our Compensation Committee believes are competitive with those of other companies in our industry and our region that compete with us for executive talent. In addition, our executive compensation program ties a portion of each executive's overall compensation to the achievement of key corporate goals. We provide a portion of our executive compensation in the form of stock options that vest over time, which we believe helps to retain our executives and aligns their interests with those of our shareholders by allowing them to participate in our long-term success as reflected in the appreciation of the price of our Common Shares.

### ***Compensation Committee Process and Role of Chief Executive Officer***

Our Compensation Committee oversees our policies governing the compensation of our executive officers. In this role, our Compensation Committee reviews and, following consultation with the remaining non-management directors, approves all compensation decisions relating to our executive officers. Our Compensation Committee consists of three members of our Board, all of whom have extensive experience in our industry and each of whom is an independent director. Our Compensation Committee uses its judgment and experience and considers the recommendations of our Chief Executive Officer when determining the amount and appropriate mix of compensation for each of our executive officers. Specifically, our Chief Executive Officer provides input and recommendations, via an annual review of executive performance and otherwise, regarding salary adjustments, the goals used to determine annual performance-based cash bonuses and appropriate equity incentive compensation levels. Our Chief Executive Officer provides input to the Compensation Committee on his own compensation, but has not had any control over setting the amount or mix of his compensation and is not present when the Compensation Committee discusses and determines his compensation. No other NEO participates in portions of any meetings during which decisions are made regarding their own compensation. See the section of this Circular captioned “Information about the Board and Corporate Governance — Committees of the Board — Compensation Committee” for additional information as to the composition and skills of our Compensation Committee.

At the beginning of each year, the Compensation Committee meets and approves strategic, operational and financial objectives for the Corporation (“**corporate goals**”) for the upcoming year. The corporate goals are developed by our Chief Executive Officer, the NEOs and other members of senior management and our Chief Executive Officer presents them to the Compensation Committee for its approval after consultation with the Board. The Chief Executive Officer also develops annual individual goals for each NEO. Although no rating is specifically attached to those individual goals for the non-equity bonuses, they are factored into the final assessment for each NEO’s performance for that year and taken into consideration in determining base salary increases and equity incentive compensation.

Our Compensation Committee periodically evaluates the need for revisions to our executive compensation program to ensure our program is competitive with the companies with which we compete for executive talent.

### ***Use of Compensation Consultants and Market Benchmarking***

In designing our executive compensation program, our Compensation Committee considers publicly available compensation data for companies in the biotechnology industry to help guide its executive compensation decisions at the time of hiring and for subsequent adjustments in compensation. Our Compensation Committee has also retained the services of Radford to provide it with additional comparative data on executive compensation practices in our industry and to advise it on our executive compensation program generally. Although our Compensation Committee considers Radford’s advice and recommendations about our executive compensation program, our Compensation Committee ultimately makes its own decisions about these matters. None of our Compensation Committee members and none of our executive officers or directors have any relationship with Radford or the individual consultants employed by Radford. Radford has not provided any other services to the Corporation other than compensation consulting services to the Compensation Committee for executive compensation analysis and to management for non-executive compensation analysis. Our Compensation Committee has determined that no conflicts of interest exist between the Corporation and Radford.

Radford was retained by the Corporation as part of our annual compensation review in 2019 and 2020 to provide our Compensation Committee with comparative data showing where our total compensation and each element of our compensation ranked among (1) public companies in the biotechnology industry generally, according to compensation data from Radford, and (2) a peer group of publicly traded companies in the biotechnology industry at a stage of development, market capitalization or company size comparable to ours at the time with which our Compensation Committee believed we competed for executive talent, according to publicly available compensation data. The Compensation Committee also engaged Radford in the second half of 2020 to provide comparative data in connection with the appointment of Simon Pimstone to the position of Executive Chair.

The peer group is used for purposes of gathering data to compare against our existing executive compensation practices and for guiding future compensation decisions. Radford also makes suggestions for changes to our executive compensation practices based on the data they provide to us as well as compensation trends in our industry. However, although our Compensation Committee may consider peer group and other industry compensation data and the recommendations of Radford when making decisions related to executive compensation, to date, it has not made and does not intend to make adjustments to overall executive compensation or any element thereof solely or primarily either to target a specified threshold level of compensation or market benchmark within the peer group, our larger industry or some other group of comparable companies or to act solely on the recommendations of Radford.

For the 2020 annual compensation review, the companies included in the peer group in the Radford 2020 analysis were Abeona Therapeutics, Adamas Pharmaceuticals, Calithera Biosciences, ChemoCentryx, Concert Pharmaceuticals, Constellation Pharmaceuticals, Correvio Pharma, GlycoMimetics, Homology Medicines, Kura Oncology, Marinus Pharmaceuticals, Ovid Therapeutics, Pieris Pharmaceuticals, Prothena, Replimune, Revance Therapeutics, Scholar Rock Holding, Syros Pharmaceuticals, Voyager Therapeutics and Zynerva Pharmaceuticals.

In January 2021, the Compensation Committee determined that no changes to the peer group would be made for 2021, reviewed the public disclosures made throughout 2020 by the companies in the peer group and other relevant data, and performed an internal update of the data that had been used in 2020 for use in the 2021 annual compensation review.

The following table sets forth the fees paid to Radford in 2020 and 2019:

	Twelve months ended December 31, 2020	Twelve months ended December 31, 2019
<i>Executive and Director Compensation - Related Fees</i>	\$ 63,367	\$ 34,650
<i>All Other Fees<sup>(1)</sup></i>	7,100	8,900

(1) These fees were for an update to compensation information for non-executive employees.

### ***Annual Compensation Review Process***

After the end of each calendar year, we evaluate each executive officer's performance for the completed year. Our Chief Executive Officer, with respect to each executive other than himself, prepares a written evaluation based on his evaluation of the executives and input from others within the Corporation. Our Chief Executive Officer also prepares his own self-assessment. This process leads to a recommendation by our Chief Executive Officer to our Compensation Committee with respect to each executive officer, including himself, as to:

- the achievement of stated corporate and any individual performance goals;
- the level of contributions made to the general management and guidance of the Corporation;
- the need for salary increases and the amount of salary increases;
- the amount of bonuses to be paid; and
- whether or not stock option awards should be made and a recommended number of stock options to be granted.

These recommendations are reviewed by our Compensation Committee and are taken into account along with input from the Board when it makes a final determination on all such matters.

### ***Components of Our Executive Compensation Program***

The primary elements of our executive compensation program are:

- base salary;
- annual performance-based cash bonuses;
- equity incentive awards;
- broad-based health benefits; and
- severance and change of control benefits.

We do not have a formal or informal policy for allocating between long-term and short-term compensation, between cash and non-cash compensation or among different forms of non-cash compensation. Instead, our Compensation Committee, after reviewing information provided by Radford and other relevant data, determines what it believes to be the appropriate level and mix of the various compensation components. We generally strive to provide our executive officers with a balance of short-term and long-term incentives to encourage consistently strong performance. Ultimately, the objective in allocating between long-term and currently paid compensation is to ensure adequate base compensation to attract and retain personnel, while providing incentives to maximize long-term value for the Corporation and our shareholders. Therefore, we provide cash compensation in the form of base salary to meet competitive salary norms and reward good performance on an annual basis and in the form of non-equity bonus compensation to incent and reward superior performance based on specific annual goals.

To further focus our executives on longer-term performance and the creation of shareholder value, we rely upon equity-based awards that vest over a meaningful period of time. In addition, we provide our executive officers with benefits that are generally available to our salaried employees and severance benefits to incentivize them to continue to strive to achieve shareholder value in connection with change of control situations.

### **Base salary**

We use base salaries to compensate for services rendered on a day-to-day basis and to recognize the experience, skills, knowledge and responsibilities of our employees, including our executive officers. Base salaries for our executive officers are typically established through arm's length negotiation at the time the executive is hired, taking into account the position for which the executive is being considered and the executive's qualifications, prior experience and prior salary. None of our executive officers is currently party to an employment agreement that provides for automatic or scheduled increases in base salary.

On an annual basis, our Compensation Committee reviews and evaluates, with input from our Chief Executive Officer, the need for adjustment of the base salaries of our executives based on changes and expected changes in the scope of an executive's responsibilities, including promotions, the individual contributions made by and performance of the executive during the prior fiscal year, the executive's performance over a period of years, overall labor market conditions, the relative ease or difficulty of replacing the executive with a well-qualified person, our overall growth and development as a company and general salary trends in our industry and among our peer group and where the executive's salary falls in the salary range presented by that data. In making decisions regarding salary increases, we may also draw upon the experience of members of our Board with other companies. No formulaic base salary increases are provided to our executive officers, and we do not target the base salaries of our executive officers at a specified compensation level within our peer group or other market benchmark. All of our executive officers' base salaries are benchmarked to the U.S. dollar, with Canadian resident executive officers paid in Canadian dollars and U.S. resident executive officers paid in U.S. dollars. The U.S. dollar amount of our Canadian resident executive officers' semi-monthly pay is converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Canadian resident executive officers in Canadian dollars. The base salary of our CEO is reviewed by the Compensation Committee annually based on the same factors and input.

During its annual review of our executives' target compensation in 2020, the Compensation Committee reviewed market compensation data provided by Radford, as well as a variety of other factors as noted above, including performance, length of service and criticality of role. The table below shows the changes to the base salaries of our NEOs between 2019 and 2020, effective as of January 1, 2020:

<b>Named Executive Officer</b>	<b>2019 Base Salary</b>	<b>2020 Base Salary</b>	<b>% Increase</b>
Simon N. Pimstone <sup>(1)</sup>	\$ 444,776	\$ 498,149	12.0 %
Ian C. Mortimer <sup>(1)</sup>	420,000	462,000	10.0 %
Ernesto Aycardi	420,000	434,700	3.5 %

(1) The U.S. dollar amount of Dr. Pimstone and Mr. Mortimer's semi-monthly pay is converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Dr. Pimstone and Mr. Mortimer in Canadian dollars.

### **Non-Equity Incentive Plan Compensation and Bonuses**

We have designed our annual performance-based non-equity bonus program to emphasize pay-for-performance and to reward our executive officers for the achievement of specified annual corporate objectives. Each executive officer is eligible to receive an annual performance-based non-equity bonus, which we refer to as an annual cash bonus, in an amount equal to a percentage of his base salary, or bonus percentage.

The annual cash bonus is based on the achievement of corporate goals that focus on specific research, clinical, regulatory, operational and financial milestones, with a focus on the advancement of our product candidates in preclinical and clinical development, the pursuit of various internal initiatives and ensuring the adequate funding of the Corporation. The corporate goals are proposed by the Chief Executive Officer, the NEOs and other members of senior management each year in our annual operating plan that is reviewed and approved, following consultation with the Board, by our Compensation Committee, with such modifications as the Compensation Committee deems appropriate. In determining whether the corporate objectives for each year have been met, our Compensation Committee takes into consideration the percentage achievement of each specific corporate goal, including in circumstances where achievement of the particular goal was exceeded, as well as any additional objectives that were not contemplated when the corporate goals were initially determined.



Our Compensation Committee has the authority to shift corporate goals to subsequent fiscal years and eliminate them from the current year's bonus calculation if it determines that circumstances that were beyond the control of the executives were the primary cause of a goal being unattainable. The corporate goals are designed to require significant effort and operational success on the part of our executives and the Corporation, but also to be achievable with hard work and dedication.

#### 2020 Non-Equity Incentive Plan Payments

Our 2020 Non-Equity Incentive Plan provides our NEOs with an opportunity for an annual incentive compensation payment solely upon consideration of achievement of our corporate goals. The corporate goals comprised the entirety of each NEO's annual incentive award opportunity because our NEOs are in the position to influence and drive overall corporate performance and shareholder value, and therefore the Compensation Committee believes it is appropriate that all of their annual incentive payments be awarded on this basis. Each NEO's target award is set based on a percentage of the NEO's base salary.

Our NEOs' target awards for 2020 were unchanged from 2019 and were as follows:

<b>Named Executive Officer</b>	<b>2020 Target Award Opportunity (as a Percentage of Base Salary)</b>
Simon N. Pimstone	60%
Ian C. Mortimer	45%
Ernesto Aycardi	40%

The 2020 performance goals for our NEOs are based on the achievement of the following corporate objectives: (i) XEN1101 Phase 2b top-line data readout; (ii) complete the evaluation to advance XEN1101 in a Phase 2 proof-of-concept non-epilepsy clinical trial; (iii) initiate a Phase 3 clinical trial for XEN496; (iv) achieve Neurocrine partnership milestones including regulatory progress and research collaboration support; (v) discovery stage goal to transition two projects to lead optimization or lead identification stage and; (vi) execute against the Corporation's capital markets plan and cash-runway objectives.

The 2020 corporate goals can be classified into three categories: (i) Clinical, (ii) Pre-Clinical Research, and (iii) Business/Financial Operations. The Compensation Committee determined that the Clinical goals were not fully met, while the Pre-Clinical Research and Business/Financial Operations goals had been slightly exceeded and therefore, after taking into consideration the impact of the COVID-19 pandemic determined an aggregate achievement of 85% for corporate objectives in 2020.

Both qualitative and quantitative guidelines were established for purposes of evaluating performance relative to the corporate objectives during 2020. As a result, 85% of each NEO's bonus eligibility was earned for achievement of objectives during fiscal 2020. For 2020, the aggregate annual payments earned by our NEOs under our 2020 Non-Equity Incentive Plan were the following:

<b>Named Executive Officer</b>	<b>Target Award Opportunity<sup>(1)</sup></b>	<b>% Achievement</b>	<b>Actual Award Amount</b>
Simon N. Pimstone	\$ 298,870	85 %	\$ 254,040
Ian C. Mortimer	207,887	85	176,704
Ernesto Aycardi	173,880 <sup>(2)</sup>	85	147,798 <sup>(2)</sup>

(1) Except for Dr. Aycardi, compensation amounts were paid in Canadian dollars and have been converted to U.S. dollars for purposes of the table. The U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7461 which was the average Bank of Canada foreign exchange rate for the 2020 fiscal year.

(2) Dr. Aycardi's compensation amount was denominated in U.S. dollars pursuant to his employment agreements with Xenon Pharmaceuticals USA Inc. The compensation amounts in the column titled "Actual Award Amount" reflect the actual U.S. dollar amounts paid to Dr. Aycardi.

#### 2021 Non-Equity Incentive Plan Goals

The 2021 performance goals are related to various corporate objectives, including: (i) XEN1101 Phase 2b clinical trial top-line data readout; (ii) XEN496 Phase 3 clinical trial ongoing recruitment; (iii) XEN007 Phase 2 proof-of-concept data in childhood absence epilepsy and decision around future development; (iv) partnership milestones including two IND acceptance milestones in addition to providing research collaboration support to Neurocrine Biosciences; (v) transition one discovery stage project to lead optimization and one clinical candidate into IND-enabling studies; and (vi) execution against the Corporation's capital markets plan and cash-runway objective. The 2021 non-equity incentive plan payment for each executive officer is based solely on the achievement of corporate goals.

### *Discretionary Bonuses*

Our Board may, in certain circumstances, authorize the payment of discretionary bonuses to our executive officers and other employees. No discretionary bonuses were awarded in 2018, 2019 or 2020.

### *Equity Incentive Awards*

Our equity award program is the primary vehicle for offering long-term incentives to our executives. While we do not currently have any equity ownership guidelines for our executives, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our shareholders. Because our executive officers profit from stock options only if the price per share of our Common Shares increases relative to the stock option's exercise price, we believe that stock options provide meaningful incentives to our executives to achieve increases in the value of our Common Shares over time. In addition, the vesting feature of our equity grants contributes to executive retention by providing an incentive to our executives to remain employed by us during the vesting period.

We use stock options to compensate our executive officers both in the form of initial grants in connection with the commencement of employment and generally on an annual basis thereafter. Our Compensation Committee may also make additional discretionary grants to reward an employee, for retention purposes or for other circumstances recommended by management. Typically, one quarter of the stock options that we grant to our executive officers vest on the one-year anniversary of grant, with the remaining three-quarters of the stock options vesting in equal monthly installments over the next three years. Vesting and exercise rights cease shortly after termination of employment, except in the case of mutual agreement, death or disability. Prior to the exercise of a stock option, the holder has no rights as a shareholder with respect to the Common Shares subject to such stock option, including voting rights or the right to receive dividends or dividend equivalents.

The exercise price of stock options granted is equal to the fair market value of our Common Shares on the date of grant, which generally is determined by reference to the closing market price of our Common Shares on the date of grant. It is our intention to grant equity awards on, at minimum, an annual basis.

In determining the size of the annual stock option grants to our executive officers, our Compensation Committee considers recommendations developed by Radford, including information regarding comparative stock ownership of and equity grants received by the executives in our peer group and our industry. In addition, our Compensation Committee considers our corporate and individual performance, the potential for enhancing the creation of value for our shareholders, the amount of equity previously awarded to the executives and the vesting of such awards.

In March 2020, our Compensation Committee approved the grant of stock options to our NEOs. Each of these grants vests over four years, 25% of the stock options vested on January 1, 2021, with the remaining 75% vesting in equal monthly installments over the following three years, subject to continued service with us, and covers the following number of Common Shares:

<b>Named Executive Officer</b>	<b>Shares Subject to Option</b>
Simon N. Pimstone	280,000
Ian C. Mortimer	145,000
Ernesto Aycardi	65,000

### *Executive Employment Arrangements*

On March 19, 2019, in connection with its annual review of executive compensation, the Compensation Committee reviewed an analysis of current market practice with respect to executive employment agreements, including input from Radford and advice from external legal counsel with respect to the terms included in the form of executive employment agreement previously approved in October 2014. As a result of this review, the Compensation Committee recommended that we enter into amended and restated employment agreements to (i) adjust foreign exchange currency terms for Canadian executives, including Dr. Pimstone and Mr. Mortimer, (ii) obtain a release in exchange for the severance payments and benefits in the event of a termination without cause, in connection with or not in connection with a change of control, or resignation for good reason in connection with a change of control and (iii) limit to three (3) months the period of time during which a termination without cause or a resignation for good reason can occur prior to a change of control.

On January 13, 2021, we entered into new employment agreements with Dr. Pimstone and Mr. Mortimer in connection with their role changes as Executive Chair of the Board and President and Chief Executive Officer, respectively, commencing on the date of the Meeting.

*Dr. Simon N. Pimstone*

We entered into an amended and restated employment agreement on March 19, 2019, with Dr. Pimstone, our Chief Executive Officer. The amended and restated employment agreement was for an indefinite term. Dr. Pimstone's annual base salary for 2020 was \$498,149, and he was eligible for an annual incentive payment up to 60% of his base salary, subject to achievement of performance metrics. Effective January 1, 2021, Dr. Pimstone's annual base salary was increased to \$525,000, and he continued to be eligible for an annual incentive payment up to 60% of his base salary, subject to achievement of performance metrics. Dr. Pimstone's salary increase was based on a number of factors, including an analysis of our updated peer group, which is benchmarked in U.S. dollars.

Effective on the date of the Meeting, Dr. Pimstone will begin serving as our Executive Chair of the Board. Dr. Pimstone's new employment agreement as Executive Chair of the Board will be for a fixed period beginning on the date of the Meeting and ending on the date of our 2022 annual meeting of shareholders, unless terminated earlier in accordance with the terms of the employment agreement or extended by mutual written consent. Effective on the date of the Meeting, Dr. Pimstone's annual base salary will continue to be \$525,000, and he will be eligible for an annual incentive payment up to 55% of his base salary, subject to achievement of performance metrics. For 2022, any bonus that Dr. Pimstone may be entitled to will be based on the period he is employed as the Executive Chair in 2022, and any such bonus would be evaluated and paid in the first quarter of 2023. The U.S. dollar amount of Dr. Pimstone's semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Dr. Pimstone in Canadian dollars. Additionally, the employment agreement will provide for severance benefits if Dr. Pimstone is terminated without cause or resigns for good reason in connection with a change of control. For details regarding the Corporation's obligations to Dr. Pimstone under such circumstances, please see the section captioned "Potential Payments upon a Termination or Change in Control" below.

*Mr. Ian C. Mortimer*

We entered into an amended and restated employment agreement on March 19, 2019, with Mr. Mortimer, our President and Chief Financial Officer. Mr. Mortimer's annual base salary for 2020 was \$462,000, and he was eligible for an annual incentive payment up to 45% of his base salary, subject to achievement of performance metrics. Effective January 1, 2021, Mr. Mortimer's annual base salary was increased to \$500,000, and he continued to be eligible for an annual incentive payment up to 45% of his base salary, subject to achievement of performance metrics. Mr. Mortimer's salary increase was based on a number of factors, including an analysis of our updated peer group, which is benchmarked in U.S. dollars.

Effective on the date of the Meeting, Mr. Mortimer will begin serving as our President and Chief Executive Officer. Mr. Mortimer's new employment agreement as our President and Chief Executive Officer will be for an indefinite term. Effective on the date of the Meeting, Mr. Mortimer's annual base salary will be increased to \$541,000, and he will be eligible for an annual incentive payment up to 55% of his base salary, subject to achievement of performance metrics. In connection with his appointment to President and Chief Executive Officer, Mr. Mortimer will also be granted a one-time option grant to purchase 125,000 Common Shares on the date of the Meeting. The U.S. dollar amount of Mr. Mortimer's semi-monthly pay will be converted to Canadian dollars at the Bank of Canada exchange rate five (5) days prior to each pay date and paid to Mr. Mortimer in Canadian dollars. Additionally, the employment agreement will provide for severance benefits if Mr. Mortimer is terminated without cause or resigns for good reason in connection with a change of control. For details regarding the Corporation's obligations to Mr. Mortimer under such circumstances, please see the section captioned "Potential Payments upon a Termination or Change in Control" below.

*Dr. Ernesto Aycardi*

We entered into an amended and restated employment agreement on March 19, 2019, with Dr. Aycardi, our Chief Medical Officer. The amended and restated employment agreement is for an indefinite term. Dr. Aycardi's annual base salary for 2020 was \$434,700, and he was eligible for an annual incentive payment up to 40% of his base salary, subject to achievement of performance metrics. Dr. Aycardi's 2021 base salary and his annual incentive payment eligibility have not changed. Dr. Aycardi resigned from the Corporation, effective April 23, 2021.

### ***Benefits and Other Compensation***

We believe that establishing competitive benefit packages for our employees is an important factor in attracting and retaining highly qualified personnel. We maintain broad-based benefits that are provided to all employees, including medical insurance, dental insurance, vision insurance, life insurance, accidental death and dismemberment insurance, long term disability insurance, paramedical coverage and contributions equivalent to 5% of base salary intended for retirement savings. All of our executive officers are eligible to participate in all of our employee benefit plans, in each case on the same basis as other employees. Certain of our executive officers are also entitled to supplemental long-term disability insurance, life insurance and critical illness insurance coverage that is not available to our other employees of the Corporation. Consistent with our compensation philosophy, we intend to continue to maintain our current benefits for our executive officers. Our Compensation Committee in its discretion may revise, amend or add to the executive officer's benefits and perquisites if it deems it advisable.

In particular circumstances, we sometimes award cash signing bonuses when executive officers first join us or cash bonuses in connection with the achievement of major corporate objectives. Such cash signing bonuses typically must be repaid in full if the executive officer voluntarily terminates employment with us or is terminated for cause prior to the first anniversary of the date of hire. Whether a signing bonus is paid and the amount of the bonus is determined on a case-by-case basis under the specific hiring circumstances. For example, we will consider paying signing bonuses to compensate for amounts forfeited by an executive upon terminating prior employment, to assist with relocation expenses or to create additional incentive for an executive to join the Corporation in a position where there is high market demand. Cash bonuses made outside of our annual performance-based cash bonus program may sometimes be awarded in connection with the achievement of major corporate objectives.

### ***Retirement and Pension Benefits***

We provide our employees with contributions equal to 5% of their base salary intended for retirement savings, including for example contributions to an RRSP, a Canadian retirement plan with features similar to a 401(k) plan, or an individual retirement account administered in the United States. All of our NEOs are eligible to participate in all of our employee benefit plans, in each case on the same basis as other employees.

We do not maintain any defined benefit or defined contribution pension plans.

### ***Severance and Change of Control Benefits***

Pursuant to amended and restated employment agreements we have entered into with our executive officers, our executive officers are entitled to specified benefits in the event of the termination of their employment under specified circumstances. We believe that providing these benefits helps us compete for executive talent. After reviewing the practices of companies represented in the compensation peer group, we believe that our severance and change of control benefits are generally in-line with severance packages offered to executives of the companies in our peer group. Please refer to the section of this Circular captioned "Executive Compensation — Potential Payments upon a Termination or Change in Control" for a more detailed discussion of these benefits.

### ***Limits on Hedging and Pledging***

As part of our insider trading policy, all employees, including executive officers, and members of our Board are prohibited from engaging in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Corporation's securities. This prohibition extends to any hedging or similar transaction designed to decrease the risks associated with holding Corporation securities. Stock options, share appreciation rights, other securities issued pursuant to Corporation benefit plans or other compensatory arrangements with the Corporation, and broad-based index options, futures or baskets are not subject to this prohibition. Our insider trading policy also prohibits certain types of pledges of our securities by certain of our employees, including executive officers and members of our Board, specifically holding our securities in margin accounts or pledging our securities as collateral for a loan.

## **Risk Considerations in Our Compensation Program**

Our Compensation Committee has reviewed and evaluated the philosophy and standards on which our compensation plans have been developed and implemented across the Corporation. It is our belief that our compensation programs do not encourage inappropriate actions or risk taking by our executive officers. We do not believe that any risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on the Corporation. In addition, we do not believe that the mix and design of the components of our executive compensation program encourage management to assume excessive risks. We believe that our current business process and planning cycle fosters the behaviors and controls that would mitigate the potential for adverse risk caused by the action of our executives, including the following:

- annual establishment of corporate objectives for our performance-based cash bonus programs for our executive officers that are consistent with our annual operating and strategic plans, that are designed to achieve the proper risk/reward balance, and that should not require excessive risk taking to achieve;
- the mix between fixed and variable, annual and long-term and cash and equity compensation are designed to encourage strategies and actions that balance our short-term and long-term best interests; and
- stock option awards vest over a period of time, which we believe encourages executives to take a long-term view of our business.

## **Compensation Committee Report**

The Compensation Committee has reviewed and discussed the section captioned “Executive Compensation” that appears in this Circular with management and, based on such review and discussion, the Compensation Committee has recommended to our Board that this “Executive Compensation” section be included in this Circular and incorporated by reference into the Corporation’s 2020 Annual Report on Form 10-K for filing with the SEC.

Respectfully submitted by the members of the Compensation Committee of the Board:

### **The Compensation Committee**

Dr. Mohammad Azab (Chair)

Dr. Clarissa Desjardins

Dr. Gary Patou

## Summary Compensation Table

The table below sets forth compensation information for our NEOs for 2020:

Name and Principal Position	Year	Salary <sup>(1)</sup>	Non-equity Incentive Plan <sup>(1)(2)</sup>	Option Awards <sup>(3)</sup>	Bonus <sup>(1)</sup>	All Other Compensation <sup>(1)</sup>	Total
Simon N. Pimstone Chief Executive Officer	2020	\$498,117	\$254,040	\$2,154,135	\$ 2,120 <sup>(4)</sup>	\$ 33,499 <sup>(5)</sup>	\$2,941,911
	2019	445,688	334,266	1,801,444	—	31,322 <sup>(5)</sup>	2,612,720
	2018	400,555	250,347	485,471	—	28,822 <sup>(5)</sup>	1,165,195
Ian C. Mortimer President and Chief Financial Officer	2020	461,970	176,704	1,115,534	—	28,876 <sup>(6)</sup>	1,783,084
	2019	420,861	236,734	868,553	—	27,234 <sup>(6)</sup>	1,553,382
	2018	342,492	192,652	364,103	—	23,434 <sup>(6)</sup>	922,681
Ernesto Aycardi Chief Medical Officer <sup>(7)</sup>	2020	434,700	147,798	500,067	—	24,174 <sup>(8)</sup>	1,106,739
	2019	419,991	210,000	418,192	—	24,794 <sup>(8)</sup>	1,072,977
	2018	316,667	158,333	169,702	30,000 <sup>(9)</sup>	17,309 <sup>(8)</sup>	692,011

- (1) Except for Dr. Aycardi and as otherwise indicated, compensation amounts were paid in Canadian dollars and have been converted to U.S. dollars for purposes of the table. For 2020, the U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7461 which was the average Bank of Canada foreign exchange rate for the 2020 fiscal year. For 2019, the U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7537 which was the average Bank of Canada foreign exchange rate for the 2019 fiscal year. For 2018, the U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7721 which was the average Bank of Canada foreign exchange rate for the 2018 fiscal year.
- (2) The amount represents payments earned in 2020, 2019 and 2018 under the 2020, 2019 and 2018 Non-Equity Incentive Plan, which were paid in March 2021, March 2020 and March 2019, respectively, as discussed under the sections of this Circular captioned “Non-Equity Incentive Plan Compensation and Bonuses”.
- (3) Represents the aggregate grant date fair value of stock options granted. These amounts have been computed in accordance with FASB ASC Topic 718, using the Black-Scholes option pricing model. For a discussion of valuation assumptions, see Note 11 to our financial statements included in our Annual Report on Form 10-K and the critical accounting policy discussions in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operation — Critical Accounting Policies and Significant Judgments and Estimates — Stock-based compensation”.
- (4) Dr. Pimstone received a tenure award for the achievement of 20 years of service pursuant to a company-wide tenure recognition program.
- (5) Of the total amount for 2020, (i) \$510 represents life insurance premiums through our group extended benefit plan, (ii) \$8,083 represents other insurance premiums, and (iii) \$24,906 represents contributions intended for retirement savings. Of the total amount for 2019, (i) \$516 represents life insurance premiums through our group extended benefit plan, (ii) \$678 represents provincial health care premiums, (iii) \$7,844 represents other insurance premiums, and (iv) \$22,284 represents contributions intended for retirement savings. Of the total amount for 2018, (i) \$528 represents life insurance premiums through our group extended benefit plan, (ii) \$695 represents provincial health care premiums, (iii) \$7,571 represents other insurance premiums, and (iv) \$20,028 represents contributions intended for retirement savings.
- (6) Of the total amount for 2020, (i) \$510 represents life insurance premiums through our group extended benefit plan, (ii) \$5,267 represents other insurance premiums, and (iii) \$23,099 represents contributions intended for retirement savings. Of the total amount for 2019, (i) \$516 represents life insurance premiums through our group extended benefit plan, (ii) \$678 represents provincial health care premiums, (iii) \$4,997 represents other insurance premiums, and (iv) \$21,043 represents contributions intended for retirement savings. Of the total amount for 2018, (i) \$528 represents life insurance premiums through our group extended benefit plan, (ii) \$695 represents provincial health care premiums, (iii) \$5,086 represents other insurance premiums, and (iv) \$17,125 represents contributions intended for retirement savings.
- (7) Dr. Aycardi was employed by our wholly owned subsidiary, Xenon Pharmaceuticals USA Inc. Dr. Aycardi joined the Corporation as the Chief Medical Officer in March 2018. Compensation amounts, except amounts in the column titled “Option Awards”, reflect the actual U.S. dollar amounts paid to Dr. Aycardi.
- (8) Of the total amount for 2020, (i) \$1,087 represents life insurance premiums through our group extended benefit plan, (ii) \$21,735 represents contributions intended for retirement savings, (iii) \$1,150 represents reimbursements for tax compliance services, and (iv) \$201 represents per diems. Of the total amount for 2019, (i) \$1,087 represents life insurance premiums through our group extended benefit plan, (ii) \$21,000 represents contributions intended for retirement savings, (iii) \$1,622 represents reimbursements for tax compliance services, and (iv) \$1,085 represents per diems. Of the total amount for 2018, (i) \$770 represents life insurance premiums through our group extended benefit plan, (ii) \$15,834 represents contributions intended for retirement savings, and (iii) \$705 represents per diems.
- (9) The 2018 bonus represents an amount paid in 2018 upon execution of Dr. Aycardi’s employment agreement.

## Outstanding Equity Awards at Fiscal Year-End

The following table presents information concerning all equity awards held by our NEOs at December 31, 2020:

Name	Vesting Commencement Date	Option Awards		Option Exercise Price (\$/share)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#)			
		Exercisable	Unexercisable		
Simon N. Pimstone	1/1/2011	22,633 <sup>(1)</sup>	—	CAD\$ 3.74	12/31/2020
	1/1/2012	10,288 <sup>(1)</sup>	—	CAD\$ 3.74	12/31/2021
	1/1/2012	20,576 <sup>(1)</sup>	—	CAD\$ 3.74	12/31/2021
	1/1/2013	41,152 <sup>(1)</sup>	—	CAD\$ 2.67	12/31/2022
	3/10/2013	30,864 <sup>(1)</sup>	—	CAD\$ 2.67	3/9/2023
	1/1/2014	14,403 <sup>(1)</sup>	—	CAD\$ 10.78	1/13/2024
	1/14/2014	15,432 <sup>(1)</sup>	—	CAD\$ 10.78	1/13/2024
	1/1/2015	95,000 <sup>(1)</sup>	—	USD\$ 17.76	3/16/2025
	12/18/2015	40,000 <sup>(1)</sup>	—	USD\$ 7.69	12/17/2025
	1/1/2016	50,000 <sup>(1)</sup>	—	USD\$ 7.49	3/10/2026
	1/1/2017	140,000 <sup>(1)</sup>	—	USD\$ 8.40	3/12/2027
	10/23/2017	8,937 <sup>(1)</sup>	2,063 <sup>(1)</sup>	USD\$ 3.10	10/22/2027
	1/1/2018	105,000 <sup>(1)</sup>	35,000 <sup>(1)</sup>	USD\$ 4.75	3/11/2028
	9/16/2019	124,444 <sup>(2)</sup>	155,556 <sup>(2)</sup>	USD\$ 9.44	9/15/2029
	1/1/2020	—	280,000 <sup>(1)</sup>	USD\$ 11.58	3/11/2030
Ian C. Mortimer	8/1/2013	42,592 <sup>(1)</sup>	—	CAD\$ 9.76	7/31/2023
	1/1/2014	6,172 <sup>(1)</sup>	—	CAD\$ 10.78	1/13/2024
	1/14/2014	20,576 <sup>(1)</sup>	—	CAD\$ 10.78	1/13/2024
	1/1/2015	55,000 <sup>(1)</sup>	—	USD\$ 17.76	3/16/2025
	12/18/2015	25,000 <sup>(1)</sup>	—	USD\$ 7.69	12/17/2025
	1/1/2016	40,000 <sup>(1)</sup>	—	USD\$ 7.49	3/10/2026
	1/1/2017	75,000 <sup>(1)</sup>	—	USD\$ 8.40	3/12/2027
	10/23/2017	20,312 <sup>(1)</sup>	4,688 <sup>(1)</sup>	USD\$ 3.10	10/22/2027
	1/1/2018	78,750 <sup>(1)</sup>	26,250 <sup>(1)</sup>	USD\$ 4.75	3/11/2028
	9/16/2019	60,000 <sup>(2)</sup>	75,000 <sup>(2)</sup>	USD\$ 9.44	9/15/2029
1/1/2020	—	145,000 <sup>(1)</sup>	USD\$ 11.58	3/11/2030	
Ernesto Aycardi	3/19/2018	35,416 <sup>(1)</sup>	14,584 <sup>(1)</sup>	USD\$ 4.65	3/18/2028
	9/16/2019	28,888 <sup>(2)</sup>	36,112 <sup>(2)</sup>	USD\$ 9.44	9/15/2029
	1/1/2020	—	65,000 <sup>(1)</sup>	USD\$ 11.58	3/11/2030

(1) Stock options vest over four years as follows: 25% of the stock options vest one year following the vesting commencement date, with the remaining 75% vesting in equal monthly installments over the following three years.

(2) Stock options vest over three (3) years in equal monthly installments.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table contains information about our equity compensation plans as of December 31, 2020. As of December 31, 2020, we have three (3) equity compensation plans, two (2) of which were approved by our shareholders: (i) our pre-existing Amended and Restated Stock Option Plan (the “**Stock Option Plan**”) and (ii) the 2014 Equity Incentive Plan which was amended and restated in June 2020 (the “**Amended and Restated 2014 Plan**”). In connection with our initial public offering (“**IPO**”), we ceased granting stock options pursuant to the Stock Option Plan. In addition, our 2019 Inducement Equity Incentive Plan (the “**2019 Inducement Plan**”) has not been approved by our shareholders and was terminated in connection with the shareholder approval of the Amended and Restated 2014 Plan.



## Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	4,567,422	\$ 9.06	3,841,942
Equity compensation plans not approved by security holders	191,575	10.04	—
Total	4,758,997	\$ 9.10	3,841,942

## Potential Payments upon Termination or Change in Control

We entered into an amended and restated employment agreement with each of our NEOs, and new employment agreements with Simon Pimstone and Ian Mortimer effective on the date of the Meeting. Each of the amended and restated employment agreements and new employment agreements with our NEOs provides that if we terminate the applicable NEO's employment without cause (or in the case of Ernesto Aycardi, Cause as such term is defined in the NEO's amended and restated employment agreement) outside of the period beginning three months before a Change of Control (as such term is defined in the NEO's amended and restated employment agreement) and ending 12 months after the change of control (the "**change of control period**"), we will provide (i) in the cases of Dr. Pimstone and Mr. Mortimer, a working notice of termination (in which case all terms and conditions of employment including compensation and benefits, subject to the applicable insurer's terms of coverage), base salary continuance, a lump sum payment of base salary, or an equivalent combination of any of the foregoing, in the amount of 12 months plus 1 additional month for every 1 year of consecutive service (up to a combined maximum of 18 months) (the "**Payment Period**"), with the amount of notice and/or payment in excess of the amount to which the NEO is entitled under the British Columbia Employment Standards Act (the "**Statutory Notice**") conditional upon the NEO signing and returning a full and final release of all claims, and (ii) in the case of Dr. Aycardi, a lump sum severance payment equal to the Payment Period. If we provide to Dr. Pimstone or Mr. Mortimer the working notice of termination, base salary continuance, and/or lump sum payment of base salary in excess of the Statutory Notice or to Dr. Aycardi the lump sum severance payment, we will also provide the NEO with the following: (i) continued coverage for the NEO under our group benefits insurance until the Payment Period ends or the NEO commences full-time employment, subject to the applicable insurer's terms of coverage (and if the insurer does not continue coverage, payment to the NEO of an amount equal to what the monthly premiums for such continued coverage would have cost), (ii) payment to the NEO of a pro-rated portion of his Average Bonus (as defined below), (iii) payment to the NEO of the contributions for retirement savings that we would have paid on his behalf for the balance of the Payment Period, (iv) in the cases of Dr. Pimstone and Mr. Mortimer, continued vesting of stock options granted under our Stock Option Plan (as defined below) during the Payment Period and continued exercisability of such options for up to three months following the end of the Payment Period, and (v) continued vesting of stock options and other deferred compensation granted under our 2014 Equity Incentive Plan (as defined below) or any subsequent incentive compensation plan for three months following the date the NEO's employment terminates and continued exercisability of such options and deferred compensation for up to six months following termination of employment. "**Average Bonus**" means an amount that is (i) the sum of the annual bonus awards (expressed as a percentage of the applicable year's base salary) that the NEO earned in each of the three completed calendar years preceding the date the NEO's employment terminates, divided by (ii) three, and multiplied by (iii) the NEO's base salary at the time his employment terminates.



If, during the change of control period, the NEO's employment is terminated without cause (or in the case of Dr. Aycardi, Cause as such term is defined in his amended and restated employment agreement) or the NEO resigns for Good Reason (as such term is defined in the NEO's amended and restated employment agreement), we will, in exchange for and conditional upon receipt of a full and final release of all claims, (i) pay the NEO his base salary for the Payment Period (or in the cases of Dr. Pimstone and Mr. Mortimer, for 24 months), (ii) pay the NEO 100% of his applicable target bonus, (iii) pay the NEO the contributions for retirement savings that we would have paid on his behalf for the balance of the Payment Period (or in the cases of Dr. Pimstone and Mr. Mortimer, for the 24-month period after the termination of the NEO's employment), (iv) fully accelerate the vesting of all of the NEO's unvested stock options and other deferred compensation awards, (v) in the cases of Dr. Pimstone or Mr. Mortimer, provide for the continued exercisability of the NEO's stock options for (A) 90 days from the end of the Payment Period for such stock options and awards granted under our Stock Option Plan or (B) the longer of the period stipulated in the applicable plan or grant, (vi) provide for the continued exercisability of the NEO's stock options for six months from the termination of the NEO's employment for such stock options and awards granted under our 2014 Equity Incentive Plan or any subsequent deferred compensation plan, and (vii) arrange for continued coverage for the NEO under our group benefits insurance until the Payment Period (or in the cases of Dr. Pimstone and Mr. Mortimer, for the 24-month period after the termination of the NEO's employment) ends or the NEO commences full-time employment, subject to the applicable insurer's terms of coverage (and if the insurer does not continue coverage, pay the NEO an amount equal to what the monthly premiums for such continued coverage would have cost). Pursuant to the terms of Dr. Pimstone's employment agreement, the automatic termination of his employment agreement at the end of the term shall not constitute Good Reason, even if such automatic termination occurs within three months prior to a Change of Control or within 12 months after a Change of Control.

## **Employee Benefit and Stock Plans**

### ***Amended and Restated 2014 Equity Incentive Plan***

In October 2013, our Compensation Committee adopted our 2014 Equity Incentive Plan, which was amended by our Board in April 2014. The 2014 Equity Incentive Plan was approved by our shareholders in June 2014 and became effective on November 3, 2014.

In June 2020, the shareholders of the Corporation approved the Amended and Restated 2014 Plan, amending certain provisions of the Corporation's 2014 Equity Incentive Plan. The Amended and Restated 2014 Plan continues to permit the grant of incentive share options, which are "incentive stock options" within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended, to our employees and any subsidiary corporation's employees, and for the grant of nonstatutory stock options, restricted share, restricted share units, share appreciation rights, and performance shares to employees, officers, directors and consultants of the Corporation or of any of its subsidiaries. Under the Amended and Restated 2014 Plan, options granted generally vest on a graduated basis over a four-year period or less. The exercise price of the options is determined by the board of directors but must at least be equal to the fair market value of the common shares on the date of grant. Options may be exercised over a maximum term of ten years. The annual share increase provision of the 2014 Equity Incentive Plan was eliminated and the number of common shares available for issuance was increased by 4,000,000 over the existing share reserve under the 2014 Equity Incentive Plan. The number of common shares that can be issued through restricted share awards, restricted share unit awards, or performance share awards was amended to be limited to 1,000,000 common shares, in the aggregate. Other amendments were made to terms of the 2014 Equity Incentive Plan with respect to repricing, change of control and payment of dividends and other distributions.

*Authorized Shares.* As of December 31, 2020, we have reserved a total of 8,065,328 Common Shares for issuance pursuant to the Amended and Restated 2014 Plan, of which options to purchase 4,101,390 Common Shares are issued and outstanding.

If an award which has not been exercised in full, or, with respect to a full-value award, is forfeited to or repurchased by us due to failure to vest, the number of unpurchased Common Shares reserved for issuance under that award (or for awards other than share options or share appreciation rights that are forfeited or repurchased Common Shares) will become available for future grant or sale under the Amended and Restated 2014 Plan (unless the Amended and Restated 2014 Plan has terminated). With respect to share appreciation rights, only the net Common Shares actually issued will cease to be available under the Amended and Restated 2014 Plan and all remaining Common Shares under share appreciation rights will remain available for future grant or sale under the Amended and Restated 2014 Plan (unless the Amended and Restated 2014 Plan has terminated). Common Shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award will become available for future grant or sale under the Amended and Restated 2014 Plan. To the extent an award under the Amended and Restated 2014 Plan is paid out in cash rather than Common Shares, such cash payment will not reduce the number of Common Shares available for issuance under the Amended and Restated 2014 Plan. The maximum number of Common Shares that may be issued pursuant to Full-Value Awards shall not exceed 1,000,000 Common Shares. For the avoidance of doubt, any Common Shares that are issued pursuant to Full-Value Awards and subsequently become available for issuance under the Plan pursuant to the Amended and Restated 2014 Plan shall cease to count as Common Shares issued for purposes of this limitation.

*Plan Administration.* Our Board, or one or more committees appointed by our Board, administers the Amended and Restated 2014 Plan. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3. The Board may not implement an exchange program.

Subject to the provisions of our Amended and Restated 2014 Plan, the administrator has the power to administer the Amended and Restated 2014 Plan, including the power to determine the eligible persons to whom awards may be granted and the terms and conditions of each award, such as the number of Common Shares to be covered by the award, the vesting conditions that apply to the award, and the award's exercise price. The administrator also has the power to approve the forms of award agreements for use under the Amended and Restated 2014 Plan, to modify or amend awards, to allow a participant to defer the receipt of the payment of cash or the delivery of shares that would otherwise be due to such participant under an award, the power to interpret the terms of the Amended and Restated 2014 Plan and awards granted under it, and to create, amend and revoke rules relating to the Amended and Restated 2014 Plan, including creating sub-plans. The administrator has the power to make all other determinations deemed necessary or advisable for administering the Amended and Restated 2014 Plan, and the administrator's interpretations and determinations will be conclusive and binding on us and all other affected persons.

In addition, the Compensation Committee has delegated to our Chief Financial Officer or, if the Chief Financial Officer is unavailable, the Chief Executive Officer, the authority to approve grants of stock options to newly hired non-executive employees. The stock options granted pursuant to this delegation may not exceed a certain number for each new employee and a certain aggregate number for each fiscal quarter, must have an exercise price equal to the fair market value of our Common Shares as defined in our Amended and Restated 2014 Plan and may not deviate from the standard vesting terms provided for in our Amended and Restated 2014 Plan.

*Share Options.* We may grant nonstatutory share options and incentive share options under the Amended and Restated 2014 Plan. The exercise price of share options granted under our Amended and Restated 2014 Plan must at least be equal to the fair market value of our Common Shares on the date of grant, provided that such price may not be less than the lowest exercise price permitted under applicable rules and regulations of all regulatory authorities to which we are subject. The term of a share option may not exceed ten years. However, any incentive share option granted to a participant who owns 10% or more of the voting power of all classes of our outstanding shares will not have a term of more than five years or an exercise price less than 110% of the fair market value on the grant date. The administrator will determine the methods of payment of the exercise price of a share option, which may include cash, shares or other property acceptable to the administrator to the extent permitted by applicable securities laws and all applicable rules and regulations of all regulatory authorities to which we are subject. After the termination of service of an employee, director or consultant, he or she may exercise the vested portion of his or her share option for the period of time stated in his or her share option agreement, which generally will be for 365 days after a termination due to disability, 180 days after a termination due to retirement, or for 90 days following any other termination without cause or a resignation. In the case of the death of a participant before the participant's termination of service or before the expiration of the period described in the previous sentence, the vested portion of the participant's share option will remain exercisable for 365 days after the participant's death or such other date specified in the participant's share option agreement. The share option will be forfeited immediately in the event of a termination for cause. However, in no event may a share option be exercised later than the expiration of its term except in certain circumstances where the expiration occurs during a blackout period as described more fully in the Amended and Restated 2014 Equity Incentive Plan. Subject to the provisions of our Amended and Restated 2014 Equity Incentive Plan, the administrator determines the other terms of share options.

*Share Appreciation Rights.* We may grant share appreciation rights under our Amended and Restated 2014 Plan. Share appreciation rights allow the recipient to receive the appreciation in the fair market value of our Common Shares between the exercise date and the date of grant. Subject to the provisions of our Amended and Restated 2014 Plan, the administrator determines the other terms of share appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with our Common Shares, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a share appreciation right will be no less than 100% of the fair market value per share on the date of grant. Share appreciation rights may not have a term exceeding ten years. After the termination of service of an employee, director or consultant, the same expiration rules described above for share options apply to share appreciation rights.

*Restricted Shares.* We may grant restricted share awards under our Amended and Restated 2014 Plan. Restricted share awards are grants of Common Shares that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of restricted share awards granted to any employee, director or consultant and, subject to the provisions of our Amended and Restated 2014 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us); but the administrator has the discretion to accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted share awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Restricted share awards that do not vest are subject to our right of repurchase or forfeiture.

*Restricted Share Units.* We may grant restricted share units under our Amended and Restated 2014 Plan. Restricted share units are bookkeeping entries representing an amount equal to the fair market value of one of our Common Shares. Subject to the provisions of our Amended and Restated 2014 Plan, the administrator determines the terms and conditions of restricted share units, including the vesting criteria (which may include accomplishing specified performance criteria or continued service to us) and the form and timing of payment (which may consist of any combination of cash or Common Shares). However, the administrator has the discretion to accelerate the time at which any restrictions will lapse or be removed.

*Performance Shares.* We may grant performance shares under our Amended and Restated 2014 Plan. Performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish organizational or individual performance goals or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance shares to be paid out to participants. After the grant of performance shares, the administrator, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance shares. Performance shares will have an initial value equal to the fair market value of our Common Shares on the grant date. The administrator has the discretion to pay earned performance shares in the form of cash, in Common Shares or in some combination thereof.

*Outside Directors.* Our Amended and Restated 2014 Plan provides that all outside directors will be eligible to receive all types of awards (except for incentive share options) under the Amended and Restated 2014 Plan. In connection with our IPO, we implemented a formal policy pursuant to which our outside directors are eligible to receive equity awards under the Amended and Restated 2014 Plan. Our Amended and Restated 2014 Plan provides that in any given fiscal year of ours, an outside director will not receive (i) cash-settled awards having a grant date fair value greater than \$500,000, increased to \$1,000,000 in connection with his or her initial service; and (ii) share-settled awards having a grant date fair value greater than \$500,000, increased to \$1,000,000 in connection with his or her initial service, in each case, as determined under generally accepted accounting principles.

*Non-Transferability of Awards.* Unless the administrator provides otherwise, our Amended and Restated 2014 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

*Certain Adjustments.* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the Amended and Restated 2014 Plan, the administrator will adjust the number and class of shares that may be delivered under the Amended and Restated 2014 Plan and/or the number, class, and price of shares covered by each outstanding award, and the numerical share limits set forth in the Amended and Restated 2014 Plan.

*Merger or Change of Control.* Our Amended and Restated 2014 Plan provides that in the event of a merger or change of control, as defined under the Amended and Restated 2014 Plan, each outstanding award will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will then terminate upon the expiration of the specified period of time. If the service of an outside director is terminated on or following a change of control, other than pursuant to a voluntary resignation, his or her share options and share appreciation rights will vest fully and become immediately exercisable, all restrictions on his or her restricted shares and restricted share units will lapse, and with respect to his or her performance shares, all performance goals or other vesting requirements will be deemed achieved at 100% of target levels and all other terms and conditions met.

*Amendment, Termination.* The administrator will have the authority to amend, suspend or terminate the Amended and Restated 2014 Plan provided such action does not impair the existing rights of any participant. Our Amended and Restated 2014 Plan will automatically terminate in 2030, unless we terminate it sooner pursuant to the provisions of the Amended and Restated 2014 Plan.

### ***2019 Inducement Equity Incentive Plan***

On September 9, 2019, the Board adopted the 2019 Inducement Plan. The 2019 Inducement Plan was adopted without shareholder approval pursuant to Rule 5635(c)(4) and Rule 5635(c)(3) of the Nasdaq Listing Rules. The 2019 Inducement Plan was terminated in connection with the shareholder approval of the Amended and Restated 2014 Plan in June 2020, and the 2019 Inducement Plan will continue to govern the terms and conditions of outstanding stock options granted thereunder.

*Authorized Shares.* As of December 31, 2020, the maximum aggregate number of our Common Shares reserved for issuance under the 2019 Inducement Plan was 191,575 Common Shares. Any Common Shares for which a stock option is exercised reduce the number of Common Shares available for issuance. No further options will be granted under the 2019 Inducement Plan.

*Inducement Awards.* The Inducement Plan provided for the grant of equity-based awards, including share options, share appreciation rights, restricted share awards, restricted share unit awards and performance share awards, and its terms are substantially similar to the Amended and Restated 2014 Plan, including with respect to treatment of equity awards in the event of a “merger” or “change of control” as defined under the Inducement Plan, but with such other terms and conditions intended to comply with the Nasdaq inducement award exception or to comply with the Nasdaq acquisition and merger exception. However, the Amended and Restated 2014 Plan permits certain exchange programs (which includes repricings) without shareholder approval, while the Inducement Plan requires shareholder approval for such exchange programs.

In accordance with Rule 5635(c)(4) and Rule 5635(c)(3) of the Nasdaq Listing Rules, awards under the Inducement Plan could only be made to individuals not previously employees or non-employee directors of the Corporation (or following such individuals’ bona fide period of non-employment with the Corporation), as an inducement material to the individuals’ entry into employment with the Corporation, or, to the extent permitted by Rule 5635(c)(3) of the Nasdaq Listing Rules, in connection with a merger or acquisition.

### ***Stock Option Plan***

Our Stock Option Plan was initially adopted by our Board and shareholders in June 1999. Our Stock Option Plan permitted the grant of stock options to our directors, officers and other Service Providers (as defined in the Stock Option Plan). Our Stock Option Plan was most recently amended and restated in September 2014. In connection with our IPO in November 2014, we terminated our Stock Option Plan with respect to any future grant of stock options and as such, no other securities will be granted pursuant to the Stock Option Plan; however, our Stock Option Plan will continue to govern the terms and conditions of outstanding stock options granted thereunder.

*Authorized Shares.* As of December 31, 2020, the maximum aggregate number of our Common Shares reserved for issuance under the Stock Option Plan was 466,032 Common Shares. Any Common Shares for which a stock option is exercised reduce the number of Common Shares available for issuance.

*Plan Administration.* Subject to the provisions of our Stock Option Plan, our Board has the power to determine the directors, officers and other Service Providers to whom stock options may be granted; to determine terms and conditions of stock options; and to extend the period of time following an optionee’s termination of service within which the optionee’s stock option may be exercised.

*Stock Options.* The per share exercise price of each stock option equals the market price of our Common Share on the date of grant, and each stock option has a term of up to ten years, subject to earlier termination upon an optionee’s termination of service. After an optionee’s termination of service, the optionee may exercise his or her stock option, to the extent vested as of such date of termination, (i) until 5:00 p.m. Vancouver time on the date of termination if the optionee’s service was terminated for cause (as determined by us in our sole discretion), (ii) for 365 days following a termination of the optionee’s service due to death or disability, or (iii) 90 days following a termination of the optionee’s service for any other reason. In no event may a stock option be exercised later than the expiration of its term except in certain circumstances where the expiration occurs during a blackout period as described in greater detail in the Stock Option Plan. Our Board determined the remaining terms and conditions of a stock option, as our Board, in its discretion, deemed to be consistent with the Stock Option Plan. The specific terms of any grant of shares are set forth in an award agreement between us and the recipient.

*Transferability.* Optionees may not assign their stock options or their rights under the Stock Option Plan.

*Certain Adjustments.* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the Stock Option Plan, our Board may make proportional adjustments to the number of Common Shares that may be delivered under the Stock Option Plan and/or the number and price of shares covered by each outstanding stock option.

*Merger, Dissolution, Liquidation, or other Change of Control.* Our Stock Option Plan provides that in the event of a dissolution, liquidation, sale of all or substantially all of our assets; merger, consolidation, amalgamation, arrangement or reorganization in which we are not the surviving corporation; reverse merger in which we are the surviving corporation but our Common Shares are converted into other property; or an acquisition by any person, entity or group within the meaning of Section 13(d) of the Exchange Act of our securities representing at least 35% of the combined voting power entitled to vote in an election of directors, which we collectively refer to as a Change of Control, any successor corporation shall assume our obligations in respect of all outstanding stock options under our Stock Option Plan or shall substitute an equivalent stock option for all outstanding stock options under the Stock Option Plan. If a successor corporation does not assume or substitute for an outstanding stock option, then any stock options held by persons who are directors, officers, or Service Providers generally will fully vest and the time during which such stock option may be exercised shall be accelerated prior to the completion of the Change of Control. All stock options that are not assumed or are not substituted for will terminate unless exercised prior to the Change of Control. In the event of our merger into another corporation or other entity or any other Change of Control in which the stock options are assumed or substituted for by a successor corporation, the assumed stock options or the substitute stock options held by a director, officer or Service Provider will become fully vested and exercisable if, within 12 months following the Change of Control, either (i) the optionee's service is terminated by us or the successor corporation other than for Cause (as defined in the Stock Option Plan) or (ii) the optionee resigns for Good Reason (as defined in the Stock Option Plan).

*Plan Amendment.* Subject to any required regulatory approval, we may amend the Stock Option Plan at any time, provided that such amendment does not impair the existing rights of any optionee under any then-outstanding option.

### **Indemnification Agreements and Directors' and Officers' Liability Insurance**

Under the CBCA, we may indemnify our current or former directors or officers or any other individuals who act or have acted at our request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of his or her association with us or the other entity. The CBCA also provides that we may advance moneys to a director, officer or other individual for costs, charges and expenses reasonably incurred in connection with such a proceeding. The individual shall repay the moneys to us if indemnification of the individual is ultimately prohibited under the CBCA, as described below.

Indemnification is prohibited under the CBCA unless the individual:

- acted honestly and in good faith with a view to our best interests, or the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at our request;
- in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that his or her conduct was lawful; and
- was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done.

Our by-laws require us to indemnify each of our directors, officers, former directors or officers or persons who act or acted at our request as a director or officer, or an individual acting in a similar capacity, of another body corporate to the fullest extent permitted under the CBCA. We will indemnify such individual against all costs, charges and expenses, including an amount paid to settle an action or proceeding to which the individual is made a party by reason of being or having been a director or officer of us or such body corporate. However, we shall not indemnify such individual if the individual did not act honestly and in good faith with a view to our best interests or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual did not have reasonable grounds for believing that his or her conduct was lawful.

We have entered into indemnification agreements with each of our directors and officers. As provided by our by-laws, these agreements, among other things, require us to indemnify each director and officer to the fullest extent permitted under the CBCA.

Our by-laws authorize us, with the approval of our Board, to purchase and maintain insurance for the benefit of any persons our Board may from time to time determine.

### **Certain Relationships and Related Transactions**

In addition to the arrangements described below, we have also entered into the arrangements which are described where required in the section of this Circular captioned "Executive Compensation — Executive Employment Arrangements".

### ***Related Person Transaction Policy***

Pursuant to a formal, written policy, which became effective on November 4, 2014, our executive officers, directors, holders of more than 5% of any class of our voting securities, and any member of the immediate family of or any entities affiliated with any of the foregoing persons, are not permitted to enter into a related party transaction with us without the prior approval or, in the case of pending or ongoing related party transactions, ratification of our Audit Committee. For purposes of our policy, as amended from time to time, a related party transaction is a transaction, arrangement or relationship where we were, are or will be involved and in which a related party had, has or will have a direct or indirect material interest, other than transactions available to all of our employees.

### ***License and Collaboration Agreement and Share Purchase Agreement with Neurocrine Biosciences***

On December 2, 2019, we entered into a license and collaboration agreement and related share purchase agreement with Neurocrine Biosciences pursuant to which we issued 1,408,847 Common Shares, representing approximately 5.4% of our then outstanding Common Shares. Prior to entering into these transactions, Neurocrine Biosciences did not own more than 5% of any class of our voting securities.

Under the license and collaboration agreement, and subsequent amendment entered in January 2021, we agreed to collaborate with Neurocrine Biosciences to identify, research and develop sodium channel inhibitors, including our clinical candidate XEN901, now known as NBI-921352, and preclinical candidates XEN393, XPC'535 and XPC'391 (collectively, the "DTCs"), which compounds Neurocrine Biosciences now has the exclusive right to further develop and commercialize under the terms and conditions set forth in agreement.

Under the terms of the license and collaboration agreement and the related share purchase agreement, Neurocrine Biosciences made an upfront payment to us of \$50.0 million, which included a \$30.0 million payment in cash and an aggregate purchase price of \$20.0 million for the 1,408,847 Common Shares. If a XEN901 product achieves full IND acceptance in SCN8A-DEE or IND or equivalent regulatory authority acceptance in a major indication (as such terms are defined in the license and collaboration agreement, as amended), we will be entitled to a milestone cash payment of \$11.25 million or \$4.5 million, respectively. In addition to such cash payment, we will issue and sell either \$13.75 million or \$5.5 million of our common shares to Neurocrine Biosciences, depending on whether the IND acceptance is for SCN8A-DEE or a major indication, respectively (the "Milestone Equity Purchase"). The common shares sold to Neurocrine Biosciences in the Milestone Equity Purchase will have a price equal to 115% of our 30-day volume-weighted average price immediately prior to the public announcement of the IND acceptance. If the IND acceptance first occurs for a major indication and subsequently full IND acceptance for a XEN901 product in SCN8A-DEE occurs, Neurocrine Biosciences will pay to us an additional \$6.75 million cash payment and an additional \$8.25 million of common shares will be issued and sold to Neurocrine Biosciences at a price equal to 115% of our 30-day volume-weighted average price immediately prior to the public announcement of the subsequent IND acceptance. If the aggregate number of common shares to be sold to Neurocrine Biosciences would exceed 19.9% of our common shares outstanding on the date of the agreement, then the number of shares to be purchased will be reduced such that the percentage cap is not exceeded.

The license and collaboration agreement also provides for potential aggregate development and regulatory milestone payments from Neurocrine Biosciences to us of up to \$325.0 million for a XEN901 product and up to \$247.5 million for each other compound up to a maximum of three other compounds. Sales-based milestones of up to \$150.0 million for each compound, including a XEN901 product, will be paid from Neurocrine Biosciences to us upon the achievement of certain net sales targets, up to a maximum of four compounds. Neurocrine Biosciences has further agreed to pay us royalties based on future net sales of any pharmaceutical product that contains a compound. Such royalty percentages, for net sales in and outside the United States, range from (i) for a XEN901 product, a low double-digit percentage to a mid-teen percentage and a high-single digit percentage to low double-digit percentage, respectively; (ii) for each DTC product, a high-single digit percentage to a low double-digit percentage and a mid-single digit percentage to a high-single digit percentage, respectively; and (iii) for each research compound product, a mid-single digit percentage to a high-single digit percentage and a tiered mid-single digit percentage, respectively.

For additional information regarding the license and collaboration agreement, related share purchase agreement and subsequent amendment with Neurocrine Biosciences, please see our Current Reports on Form 8-K and the exhibits thereto, filed with the Securities and Exchange Commission on December 2, 2019 and January 14, 2021.

### ***Exchange Agreement with entities affiliated with BVF Partners***

On March 23, 2018, we entered into an exchange agreement with Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund O.S., L.P., Investment 10, L.L.C. and MSI BVF SPV, L.L.C. (collectively, “**BVF**”), pursuant to which we issued 2,868,000 Preferred Shares in exchange for 2,868,000 Common Shares (the “**Exchange**”). The Exchange closed on March 27, 2018 and the closing price per share of our Common Shares was \$4.80 on March 26, 2018, immediately before the closing date of the Exchange. Prior to the closing of the Exchange, BVF held a number of Common Shares representing approximately 19.9% of our then outstanding Common Shares. For additional information regarding the Preferred Shares, please see our Current Report on Form 8-K and the exhibits thereto, filed with the Securities and Exchange Commission on March 28, 2018.

### ***Indebtedness of Directors and Officers***

No current or former director, officer or employee of the Corporation, or any associate of any such individual, is, or was at any time during the most recently completed financial year, indebted to the Corporation, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

### ***Other Transactions***

We have granted stock options to our NEOs, other executive officers and certain of our directors.

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing by Xenon under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent Xenon specifically incorporates this Report by reference therein.*

The Audit Committee of the Board is comprised solely of independent directors and operates under a written charter which is reviewed on an annual basis and amended as necessary by the Board upon recommendation by the Audit Committee. The composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee, as reflected in its charter, are intended to be in accordance with all applicable requirements for corporate audit committees.

The Audit Committee is responsible for assisting the Board in serving as an oversight to Xenon's accounting, auditing, financial reporting, internal control and legal compliance functions. The Audit Committee has implemented procedures to ensure that during the course of each fiscal year, it devotes the attention that it deems necessary or appropriate to each of the matters assigned to it under its charter including, whenever appropriate, meeting in executive sessions with Xenon's independent auditors without the presence of Xenon's management.

Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). The Corporation's independent auditors are responsible for auditing those financial statements and expressing an opinion as to their conformity with GAAP. The Audit Committee's responsibility is to oversee and review the financial reporting process.

In overseeing the preparation of Xenon's financial statements, the Audit Committee met with both management and Xenon's outside auditors to review and discuss all financial statements prior to their issuance and to discuss significant accounting issues. Management advised the Audit Committee that all financial statements were prepared in accordance with GAAP, and the Audit Committee discussed the statements with both management and the outside auditors.

The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB"), and the Securities and Exchange Commission.

The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm, KPMG, required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with KPMG that firm's independence.

On the basis of their reviews and discussions, the Audit Committee recommended to the Board that the Board approve (and the Board has approved) the inclusion of Xenon's audited financial statements in Xenon's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, for filing with the SEC and the securities commissions in British Columbia, Alberta and Ontario.

Effective November 15, 1999, the Corporation engaged KPMG as its independent registered public accounting firm. The decision to engage KPMG was made by the Audit Committee and the Board. The Committee and the Board have also approved, and submitted for shareholder approval, the selection of KPMG as Xenon's independent auditors to hold office until the next annual meeting of shareholders of the Corporation.

The Audit Committee's current charter is appended to this Circular as Schedule B.

### **Audit Committee of the Board**

Frank Holler (Chair)

Steven Gannon

Patrick Machado

Michael Tarnow



## ITEM 4 AND ITEM 5 – APPOINTMENT AND REMUNERATION OF AUDITOR

The Corporation proposes that KPMG be appointed as auditors of the Corporation for the ensuing year and that the Audit Committee of the Board be authorized to fix their remuneration. KPMG has been the auditor of the Corporation since November 15, 1999. Prior to KPMG being appointed as auditors of the Corporation, shareholders of the Corporation waived the appointment of an auditor. Representatives of KPMG will be present at the Meeting, and they will have an opportunity to make statements and will be available to respond to appropriate questions from shareholders.

The following tables set forth the aggregate fees billed to the Corporation by KPMG for professional services in fiscal years 2020 and 2019.

	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>
Audit Fees <sup>(2)</sup>	\$ 191,291	\$ 277,846
Tax Fees <sup>(3)</sup>	111,317	79,328
Audit Related Fees	—	—
All Other Fees	—	—
Total	\$ 302,608	\$ 357,174

- (1) The dollar amounts shown in these columns have been converted from Canadian dollars to U.S. dollars. For 2020, the U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7461 which was the average Bank of Canada foreign exchange rate for the 2020 fiscal year. For 2019, the U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.7537 which was the average Bank of Canada foreign exchange rate for the 2019 fiscal year.
- (2) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (3) “Tax Fees” include fees for tax compliance and tax advisory services.

### **Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

Pursuant to its charter, the Audit Committee must review and approve, in advance, the scope and plans for the audits and the audit fees and approve in advance (or, where permitted under the rules and regulations of the SEC and applicable Canadian securities laws, subsequently) all non-audit and tax services to be performed by the independent auditor that are not otherwise prohibited by law or regulation and any associated fees. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve permissible non-audit and tax services, as long as the pre-approved services are presented to the full Audit Committee at its next regularly scheduled meeting. The Audit Committee may, in accordance with applicable law, adopt specific policies and procedures for the engagement of the independent auditor for non-audit services, provided that the pre-approval policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service, and the procedures do not include delegation of the Audit Committee’s responsibilities to management. In considering whether to pre-approve any non-audit services, the Audit Committee or its delegates shall consider whether the provision of such services is compatible with maintaining the independence of the auditor. During 2019 and 2020 all services billed by KPMG LLP were pre-approved by the Audit Committee in accordance with this policy.

### **Vote Required; Recommendation of the Board**

The proposed appointment of KPMG LLP must receive votes “FOR” to pass, and to authorize the Audit Committee to fix the remuneration paid to KPMG LLP requires that a majority of the votes cast vote “FOR” to pass. Abstentions, withhold votes and broker non-votes will have no effect on the outcome of the voting on either of these proposals.

### **YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS:**

**A VOTE “FOR” THE APPOINTMENT OF KPMG LLP  
AS AUDITOR OF THE CORPORATION**

**AND**

**A VOTE “FOR” THE REMUNERATION OF THE AUDITOR  
TO BE SET BY THE AUDIT COMMITTEE OF THE BOARD**

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, no director, officer, shareholder holding 5% or more of our Common Shares (or any director or officer or principal shareholder thereof), nor any associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Corporation.

## **THIRD PARTY COMPENSATION OF DIRECTORS**

None of our directors is a party to any agreement or arrangement that would require disclosure pursuant to Nasdaq Rule 5250(b)(3).

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed herein, no current director or officer of the Corporation, no person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing has any other material interest, direct or indirect, in any matter to be acted upon at the Meeting.

## **SHAREHOLDER PROPOSALS**

Shareholder proposals to be considered at the 2022 annual meeting of our shareholders must be received by the Corporation no later than December 29, 2021 in order to be included in the proxy materials pursuant to Rule 14a-8 of the Exchange Act. Shareholders who do not wish to use the mechanism provided by the Exchange Act may submit proposals to be considered at the 2022 annual meeting of our shareholders under the provisions of the CBCA. Such shareholder proposals must be received at the principal offices of the Corporation no later than January 28, 2022 in order to be included in the proxy materials for such annual meeting pursuant to the requirements of the CBCA. Please see "Item 2 Election of Directors — Shareholder Recommendations for Nominations to the Board of Directors" for additional information regarding shareholder nominees to the board of directors.

## **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON JUNE 3, 2021**

This Circular and our annual report for the year ended December 31, 2020 are available at <http://investor.xenon-pharma.com/investor-overview>.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation, including financial information provided in the Corporation's annual financial statements and related management discussion and analysis for the year ended December 31, 2020, is available on <http://www.sedar.com> under the Corporation's profile. We also make available, free of charge, through our website at <http://investor.xenon-pharma.com/investor-overview>, our annual reports, quarterly reports, current reports, proxy statements and all amendments to those reports as soon as reasonably practicable after such material is electronically filed or furnished with the SEC and the securities commissions in British Columbia, Alberta and Ontario. Our website and information contained therein or incorporated therein is not intended to be incorporated into this Circular.

Copies of all exhibits to the annual report for the year ended December 31, 2020, may be obtained for a nominal fee, which fee will not exceed our reasonable expenses in furnishing such copies, by contacting: Legal Affairs, Xenon Pharmaceuticals Inc., 200 - 3650 Gilmore Way, Burnaby, British Columbia, Canada V5G 4W8, email: [legalaaffairs@xenon-pharma.com](mailto:legalaaffairs@xenon-pharma.com).

Copies of the Corporation's annual financial statements for the year ended December 31, 2020, including the auditor's report thereon, and the Corporation's management discussion and analysis, as well as other reports of the Corporation, may be obtained, free of charge, by contacting: Legal Affairs, Xenon Pharmaceuticals Inc., 200 - 3650 Gilmore Way, Burnaby, British Columbia, Canada V5G 4W8, email: [legalaaffairs@xenon-pharma.com](mailto:legalaaffairs@xenon-pharma.com).

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding reports that we file or furnish with them electronically at <http://www.sec.gov>.

**GENERAL**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Circular. The contents and the sending of the Notice of Meeting and this Circular have been approved by the directors of the Corporation.

DATED as of April 28, 2021

/s/ Simon N. Pimstone

Simon N. Pimstone  
Chief Executive Officer

## SCHEDULE A

### 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 assure 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 assure 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 that the Corporation faces in the course of its business and 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 advisors. 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 Party 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. 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 party transactions in compliance with the Corporation’s policies and Nasdaq Rules and must report material related party 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 less 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 set the agenda and act as chair for each Board 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.

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

Directors are expected to prepare for, attend, and actively participate in all Board and committee meetings. As a general rule, preparation material on specific subjects should be sent to the directors in advance so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. 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 to be distributed, 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 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 management to schedule managers to be present at Board meetings 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 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 Compensation Committee after consultation with the Board. 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 CEO succession planning. In addition, it shall monitor succession plans for other key executives. Succession planning can be critical in the event the CEO or other key executives should cease to serve for any reason, including resignation or unexpected disability. The Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

**Z. Management Development**

In addition to its responsibilities related to executive succession planning, the Nominating and Corporate Governance Committee shall confer with the CEO to encourage management's employee development programs.

**AA. 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., 200-3650 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.

**BB. Formulation of Strategy**

The Board should provide oversight to management in formulating corporate strategy.

**CC. Periodic Review of Guidelines**

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



## SCHEDULE B

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF XENON PHARMACEUTICALS INC.

#### PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors (the “**Board**”) of Xenon Pharmaceuticals Inc. (“**Xenon**,” and together with its subsidiaries, the “**Corporation**”) in fulfilling its responsibilities for generally overseeing:

- A. The Corporation’s accounting and financial reporting processes and internal control over financial reporting, as well as the audit and integrity of the Corporation’s financial statements.
- B. The qualifications and independence of the Corporation’s registered public accounting firm (the “**independent auditor**”).
- C. The performance of the Corporation’s independent auditor, and, if the Corporation maintains an internal audit function, the performance of such internal audit function.
- D. The Corporation’s compliance with applicable law (including U.S. federal and Canadian securities laws and other legal and regulatory requirements).
- E. Risk assessment and risk management.

The Audit Committee is also responsible for preparing the report required by Securities and Exchange Commission (“**SEC**”) rules to be included in Xenon’s proxy statement for the annual meeting of shareholders, and for performing such other duties and responsibilities as are enumerated in or consistent with this charter.

#### COMPOSITION

1. Membership and Appointment. The Audit Committee shall consist of at least three members of the Board. Members of the Audit Committee shall be appointed by the Board upon the recommendation of the Nominating and Corporate Governance Committee and may be removed by the Board in its discretion.
2. Qualifications. Members of the Audit Committee must meet the following criteria (as well as any criteria required by the SEC):
  - a) Each member of the Audit Committee shall meet the independence standards established by the SEC and the securities exchange on which Xenon is listed, and the determination of independence will be made by the Board.
  - b) Each member of the Audit Committee must be able to read and understand fundamental financial statements and otherwise must comply with all financial literacy requirements of the securities exchange on which Xenon is listed and all other applicable securities laws.
  - c) At least one member of the Audit Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. A person who satisfies the definition of “audit committee financial expert” will also be presumed to have financial sophistication.
  - d) At least one member of the Audit Committee shall be an “audit committee financial expert,” as determined by the Board in accordance with SEC rules.
  - e) No member of the Audit Committee shall simultaneously serve on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and Xenon discloses such determination in its annual proxy statement.

- f) No member of the Audit Committee shall have participated in the preparation of the financial statements of the Corporation or any of its current subsidiaries at any time during the prior three years.
  - g) Each member of the Audit Committee shall have such other qualifications as are established by the Board from time to time, or as required by applicable law or the rules and regulations of the SEC or the securities exchange on which Xenon is listed.
3. Chair. The Board may designate a chair of the Audit Committee. In the absence of that designation, the Audit Committee may designate a chair by majority vote of the Audit Committee members.

## **RESPONSIBILITIES**

The following are the principal recurring responsibilities of the Audit Committee. The Audit Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Audit Committee deem appropriate. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

1. Select and Hire the Independent Auditor. Subject to any required approval by the shareholders of the corporation, the Audit Committee shall be directly responsible for appointing, compensating, retaining, overseeing and, where appropriate, replacing the independent auditor. The independent auditor will report directly to the Audit Committee. The Audit Committee shall have sole authority to approve the hiring and discharging of the independent auditor, all audit engagement fees and terms and all permissible non-audit engagements with the independent auditor. The Audit Committee shall also appoint, retain, compensate, oversee and, where appropriate, replace any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation.
2. Supervise and Evaluate the Independent Auditor. The Audit Committee shall:
  - a) Oversee and, at least annually, evaluate the work of the independent auditor or any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, which evaluation shall include a review and evaluation of the lead partner of the independent auditor. The Audit Committee shall review, in consultation with the independent auditor, the annual audit plan and scope of audit activities and monitor such plan's progress.
  - b) Review and resolve any disagreements that may arise between management and the independent auditor regarding internal control over financial reporting or financial reporting.
  - c) At least annually, obtain and review a report by the independent auditor that describes (i) the independent auditor's internal quality-control procedures, and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding any independent audit performed by the independent auditor, and any steps taken to deal with any such issues.
  - d) Communicate directly with the independent auditors, and, if the Corporation maintains an internal audit function, the internal auditors.
3. Evaluate the Independence of the Independent Auditor. The Audit Committee shall:
  - a) Review and discuss with the independent auditor the written independence disclosures required by the applicable requirements of the Public Company Accounting Oversight Board or other regulatory body.
  - b) Review and discuss with the independent auditor on a periodic basis (not less frequently than on an annual basis) any other relationships or services (including permissible non-audit services) that may affect its objectivity and independence.
  - c) Oversee the rotation of the independent auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law.
  - d) Take any other appropriate action to oversee the independence of the Corporation's independent auditor.

4. Approve Audit and Non-Audit Services and Fees. The Audit Committee shall (i) review and approve, in advance, the scope and plans for the audits and the audit fees and (ii) approve in advance (or, where permitted under the rules and regulations of the SEC and applicable Canadian securities laws, subsequently) all non-audit and tax services to be performed by the independent auditor, that are not otherwise prohibited by law or regulation and any associated fees. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve permissible non-audit and tax services, as long as the pre-approved services are presented to the full Audit Committee at its next regularly scheduled meeting. The Audit Committee may, in accordance with applicable law, adopt specific policies and procedures for the engagement of the independent auditor for non-audit services, provided that the pre-approval policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service, and the procedures do not include delegation of the Audit Committee's responsibilities to management. In considering whether to pre-approve any non-audit services, the Audit Committee or its delegates shall consider whether the provision of such services is compatible with maintaining the independence of the auditor.
5. Review and/or Approve Financial Statements. The Audit Committee shall review, and approve as applicable, and discuss the following with management, the independent auditor, and, if the Corporation maintains an internal audit function, the internal auditor, as applicable:
  - a) The scope and timing of the annual audit of the Corporation's financial statements.
  - b) The Corporation's annual audited and quarterly unaudited financial statements and annual and quarterly reports on Form 10-K and 10-Q, as applicable, including the disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations", and recommend to the Board whether the audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be included in Xenon's Form 10-K, and the related press releases, and approve the inclusion of the quarterly unaudited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Xenon's quarterly reports on Form 10-Q, and the related press releases.
  - c) The results of the independent audit and the quarterly reviews, and the independent auditor's opinion on the audited financial statements.
  - d) The reports and certifications regarding internal control over financial reporting and disclosure controls and procedures.
  - e) Major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles.
  - f) Analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
  - g) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Corporation's financial statements.
  - h) Any significant changes required or taken in the audit plan as a result of any material control deficiency.
  - i) Any problems or difficulties the independent auditor encountered in the course of its audit work, including any restrictions on the scope of the auditor's activities or on access to requested information, and management's response.
  - j) Any significant disagreements between management and the independent auditor.
6. Reports and Communications from the Independent Auditor. The Audit Committee shall review and discuss reports from the independent auditor concerning the following:
  - a) Critical accounting policies and practices to be used by the Corporation.
  - b) Alternative treatments of financial information within GAAP that the auditor has discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor if different from that used by management.
  - c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

- d) Other matters required to be communicated to the Audit Committee under generally accepted auditing standards and other legal or regulatory requirements.
7. Audit Committee Report. The Audit Committee shall prepare the report of the Audit Committee that SEC rules require to be included in Xenon's annual proxy statement.
8. Earnings Press Releases and Earnings Guidance. The Audit Committee shall review all earnings press releases before Xenon publicly discloses this information, and discuss with management and the independent auditors corporate policies with respect to earnings press releases (with particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as corporate policies with respect to financial information and earnings guidance provided to the public, analysts and ratings agencies.
9. Internal Controls. The Audit Committee shall review and discuss with management, the independent auditor, and, if the Corporation maintains an internal audit function, the internal auditor, the adequacy and effectiveness of the Corporation's internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the independent auditor, the internal auditors or management and any special audit steps adopted in light of any material control deficiencies, and any fraud, whether or not material, that involves management or other Corporation employees who have a significant role in the Corporation's internal controls. The Audit Committee shall also review and discuss with management and the independent auditors, disclosure relating to the Corporation's internal controls, the independent auditor's report on the Corporation's internal control over financial reporting (if applicable) and required management certifications to be included in or attached as exhibits to Xenon's Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q, as applicable.
10. Disclosure Controls and Procedures. The Audit Committee shall review and discuss the adequacy and effectiveness of the Corporation's disclosure controls and procedures. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information and must periodically assess the adequacy of those procedures.
11. Internal Audit. If the Corporation determines to implement or maintain an internal audit function, the Audit Committee shall:
- a) Review and approve the overall objectives, scope, organizational structure, responsibilities, resources and activities of the internal audit function.
  - b) Review and concur in the appointment or, if applicable, the reassignment or dismissal of the senior internal auditing executive.
  - c) Review and discuss with management and the internal auditors the process used in developing the internal audit plan, the scope of the internal audit plan, significant changes in the planned scope of the internal audit plan and the coordination of the internal audit plan with the independent audit.
  - d) Discuss with the independent auditor the responsibilities, budget and staffing of the Corporation's internal audit function.
  - e) Review and discuss with the internal auditors the results of the internal audit, significant issues in internal audit reports and responses by management.
  - f) Review and discuss the performance and effectiveness of the internal audit function.
  - g) Communicate directly with the internal auditors.

12. Legal and Regulatory Compliance. The Audit Committee shall review and discuss with management, the independent auditor and, if the Corporation maintains an internal audit function, the internal auditor (i) the overall adequacy and effectiveness of the Corporation's legal, regulatory and ethical compliance programs, including the Corporation's code of business conduct and ethics, compliance with the Foreign Corrupt Practices Act of 1977, and similar anticorruption legislation, and compliance with export control regulations and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs. The Audit Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's financial statements or accounting policies. The Audit Committee shall discuss with the Corporation's Chief Financial Officer any legal matters that may have a material impact on the financial statements or the Corporation's compliance procedures.
13. Complaints. The Audit Committee shall establish and oversee procedures for the receipt, retention and treatment of complaints on accounting, internal accounting controls or audit matters, as well as for confidential and anonymous submissions by the Corporation's employees concerning questionable accounting or auditing matters.
14. Risks. The Audit Committee shall review and discuss with management, the independent auditor, and, if the Corporation maintains an internal audit function, the internal auditor, the Corporation's major financial risk exposures including investment and foreign exchange risks and the steps management has taken to monitor and control those exposures, including the Corporation's guidelines and policies with respect to risk assessment and risk management.
15. Related Party Transactions. The Audit Committee shall review the Corporation's related person transaction policy, and shall review and oversee all transactions between the Corporation and a related person (as defined in Item 404 of Regulation S-K), in accordance with such policies and procedures.
16. Hiring of Auditor Personnel. The Audit Committee shall set hiring policies with regard to employees and former employees of the present and former independent auditor and oversee compliance with such policies.

The function of the Audit Committee is primarily one of oversight. The Corporation's management is responsible for preparing the Corporation's financial statements, and the independent auditor is responsible for auditing and reviewing those financial statements. The Audit Committee is responsible for assisting the Board in overseeing the conduct of these activities by management and the independent auditor. The Audit Committee is not responsible for providing any expert or special assurance as to the financial statements or the independent auditor's work. It is recognized that the members of the Audit Committee are not full-time employees of the Corporation, that it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and that each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which the Audit Committee receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee, in either instance absent actual knowledge to the contrary.

## **MEETINGS AND PROCEDURES**

1. Meetings.
  - a) The Audit Committee will meet at least once each fiscal quarter (with additional meetings as it deems necessary or appropriate) at such times and places as the Audit Committee determines. The chair of the Audit Committee shall preside at each meeting. The chair will approve the agenda for the Audit Committee's meetings and any member may suggest items for consideration. If a chair is not designated or present, an acting chair may be designated by the Audit Committee members present. The Audit Committee may act by unanimous written consent (which may include electronic consent) in lieu of a meeting, which shall constitute a valid action of the Audit Committee if it has been executed by each Audit Committee member and shows the date of execution. Any written consent will be effective on the date of the last signature or electronic consent, as the case may be, and will be filed with the minutes of the meetings of the Board.
  - b) The Audit Committee shall cause to be kept written minutes of its proceedings, which minutes will be filed with the minutes of the meeting of the Board.

- c) The Audit Committee shall meet periodically with members of management as deemed appropriate, the head of the internal audit department, if applicable, and the independent auditor in separate executive sessions. Each regularly scheduled meeting of the Audit Committee will conclude with an executive session of the Audit Committee absent members of management.
  - d) The Audit Committee may invite to its meetings any director, officer or employee of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Audit Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities, including non-management directors who are not members of the Audit Committee
2. Reporting to the Board of Directors. The Audit Committee shall report regularly to the Board with respect to the Audit Committee's activities, including any significant issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance of the internal audit function or the performance and independence of the Corporation's independent auditor, as applicable.
  3. Authority to Retain Advisors. The Audit Committee shall have the authority to engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. The Audit Committee shall set the compensation, and oversee the work of, any independent counsel or other advisors retained by it. The Corporation will provide appropriate funding, as determined by the Audit Committee, to pay the independent auditor, any other registered public accounting firm and any independent counsel and any other outside advisors hired by the Audit Committee and any administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its activities.
  4. Subcommittees. The Audit Committee may form subcommittees for any purpose that the Audit Committee deems appropriate and may delegate to such subcommittees such power and authority as the Audit Committee deems appropriate. If designated, each such subcommittee will establish its own schedule and maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Audit Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Audit Committee as a whole.
  5. Committee Charter Review. The Audit Committee shall review and reassess the adequacy of this charter annually and shall submit any recommended changes to the charter to the Board for approval.
  6. Performance Review. The Audit Committee shall review and assess the performance of the Audit Committee on an annual basis.
  7. Authority to Investigate. In the course of its duties, the Audit Committee shall have authority, at the Corporation's expense, to investigate any matter brought to its attention.
  8. Attorneys' Reports. The Audit Committee shall receive and, if appropriate, respond to attorneys' reports of evidence of material violations of securities laws and breaches of fiduciary duty and similar violations of U.S., Canadian, or other foreign federal, state, provincial or local law. The Audit Committee shall establish procedures for the confidential receipt, retention and consideration of any attorney report.
  9. Access. The Audit Committee shall be given full access to the chair of the Board, management, the independent auditor, and, if the Corporation maintains an internal audit function, the internal auditor, as well as the Corporation's books, records, facilities and other personnel.
  10. Compensation. Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board (or a committee thereof) in its sole discretion. Members of the Audit Committee may not receive any compensation from the Corporation except the fees that they receive for service as a member of the Board or any committee thereof.

# XENON PHARMACEUTICALS INC.

## Proxy Form - Annual Meeting of Shareholders of Xenon Pharmaceuticals Inc. (the "Corporation") held on June 3, 2021 (the "Meeting")

### Notes to Proxy

1. This proxy must be signed by a holder or his or her or its attorney duly authorized in writing. If you are an individual, please sign exactly as your name appears on this proxy. If the holder is a corporation, a duly authorized officer or attorney of the corporation must sign this proxy, and if the corporation has a corporate seal, its corporate seal should be affixed.
2. If the common shares of the Corporation (the "**Common Shares**") are registered in the name of an executor, administrator or trustee, please sign exactly as your name appears on this proxy. If the Common Shares are registered in the name of a deceased or other holder, the proxy must be signed by the legal representative with his or her name printed below his or her signature, and evidence of authority to sign on behalf of the deceased or other holder must be attached to this proxy.
3. **A shareholder has the right to appoint a person to attend and act for him or her or it and on his or her or its behalf at the Meeting other than the persons designated in this form of proxy.** Such right may be exercised by filling in the name of such person in the blank space provided and striking out the names of management's nominees. A person appointed as nominee to represent a shareholder need not be a shareholder of the Corporation. **A person appointed as your proxyholder must be present at the Meeting to vote.**
4. Beneficial holders may be forwarded either a form of proxy already signed by the intermediary or a voting instruction form to allow them to direct the voting of Common Shares they beneficially own. Beneficial holders should follow instructions for voting conveyed to them by their intermediaries. Some holders may own Common Shares as both a registered and a beneficial holder; in which case you may receive more than one Proxy Statement and Management Information Circular and will need to vote separately as a registered and beneficial holder.
5. If Common Shares are held by two or more individuals, any one of them present or represented by proxy at the Meeting may, in the absence of the other or others, vote at the Meeting. However, if one or more of them are present or represented by proxy, they must vote together the number of Common Shares indicated on the proxy.
6. This Proxy confers discretionary authority on the person appointed hereby to vote in his or her discretion with respect to amendments or variations to the matters identified in the Notice of Meeting accompanying this Proxy and any other matters which may properly come before the Meeting or any adjournment or postponement thereof.

All holders should refer to the Proxy Statement and Management Information Circular for further information regarding completion and use of this proxy and other information pertaining to the Meeting.

**This proxy is solicited by and on behalf of the management and the Board of Directors of the Corporation.**

**(Continued and to be signed on the reverse side.)**

# ANNUAL MEETING OF SHAREHOLDERS OF XENON PHARMACEUTICALS INC.

June 3, 2021

## PROXY VOTING INSTRUCTIONS



**INTERNET** - Access "[www.voteproxy.com](http://www.voteproxy.com)" and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page.

**FAX AND EMAIL** - You may alternatively fax your proxy to 718-765-8730 or scan and email to [proxy@amstock.com](mailto:proxy@amstock.com).

**TELEPHONE** - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States and Canada or **1-718-921-8500** from other countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.

**MAIL** - Complete, sign, date and mail your proxy card in the envelope provided.

**ONLINE AT THE MEETING** - To vote during the Meeting, please visit <https://web.lumiagn.com/254509977> and log in with your control number. The password will be "xenon2021" (case sensitive).

ALL PROXIES MUST BE RECEIVED BY 11:59 P.M. (EDT) ON MAY 31, 2021.

<b>COMPANY NUMBER</b>	
<b>ACCOUNT NUMBER</b>	

PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE ☒			
<b>MANAGEMENT RECOMMENDS VOTING "FOR" ALL OF THE FOLLOWING ITEMS.</b>			
<b>1. Election of Directors</b>	FOR	WITHHOLD	
Simon Pimstone	<input type="checkbox"/>	<input type="checkbox"/>	
Mohammad Azab	<input type="checkbox"/>	<input type="checkbox"/>	
Steven Gannon	<input type="checkbox"/>	<input type="checkbox"/>	
Elizabeth Garofalo	<input type="checkbox"/>	<input type="checkbox"/>	
Michael Hayden	<input type="checkbox"/>	<input type="checkbox"/>	
Patrick Machado	<input type="checkbox"/>	<input type="checkbox"/>	
Ian Mortimer	<input type="checkbox"/>	<input type="checkbox"/>	
Gary Patou	<input type="checkbox"/>	<input type="checkbox"/>	
Dawn Svoronos	<input type="checkbox"/>	<input type="checkbox"/>	
<b>2. Compensation of Named Executive Officers</b>	FOR	AGAINST	ABSTAIN
Approve, on an advisory basis, the compensation of the Corporation's named executive officers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3. Appointment of Auditor</b>	FOR	WITHHOLD	
Appoint KPMG LLP as Auditor	<input type="checkbox"/>	<input type="checkbox"/>	
<b>4. Remuneration of Auditor</b>	FOR	AGAINST	ABSTAIN
Authorizing the Audit Committee of the board of directors of the Corporation to fix the remuneration to be paid to the Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. <b>If no voting instructions are indicated above, this Proxy will be voted FOR all of the foregoing items by any of the proxyholders appointed by management of the Corporation or, if you appoint another proxyholder, as that other proxyholder sees fit.</b> On any amendments or variations proposed or any new business properly submitted before the Meeting, I/we authorize you to vote as you see fit.			
To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. <span style="float: right;"><input type="checkbox"/></span>			

### Appointment of Proxyholder

I/We being holder(s) of Common Shares of Xenon Pharmaceuticals Inc. (the "Corporation"), hereby appoint Simon Pimstone, Chief Executive Officer of the Corporation or failing him, Ian Mortimer, President and Chief Financial Officer of the Corporation OR, instead of any of the foregoing

Print the name of the person you are appointing if this person is someone other than the individuals listed above

as proxy of the undersigned, to attend, act and vote on behalf of the undersigned in accordance with the direction provided on all the foregoing matters and any other matter that may properly come before the Annual Meeting of Shareholders of the Corporation to be held at 11:30 a.m. PDT on June 3, 2021, to be held virtually via live webcast at <https://web.lumiagn.com/254509977>, and at any and all adjournments or postponements thereof in the same manner, to the same extent and with the same powers as if the undersigned were personally present, with full power of substitution.

### Request for Financial Statements

In accordance with Canadian securities regulations, shareholders may elect to receive Interim Financial Statements and related MD&As, and may elect to not receive Annual Financial Statements and related MD&As.

**Instead of receiving the financial statements by mail, you may choose to view these documents on SEDAR at [www.sedar.com](http://www.sedar.com).**

**I am a shareholder of the Corporation, and as such request the following:**

**Annual Financial Statement with MD&A**

(Mark this box if you would NOT like to receive the Annual Financial Statements and related MD&A)

**Interim Financial Statement with MD&A**

(Mark this box if you would like to receive the Interim Financial Statements and related MD&A)

**If you are casting your vote online and wish to receive financial statements, please complete the online request for financial statements following your voting instructions.**

**If the cut-off time has passed, please fax this side to 718-765-8730**

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. All proxies must be received by 11:59 P.M. EDT on Monday, May 31, 2021.



# XENON PHARMACEUTICALS INC.

## Proxy Form - Annual Meeting of Shareholders of Xenon Pharmaceuticals Inc. (the "Corporation") held on June 3, 2021 (the "Meeting")

### Notes to Proxy

1. This proxy must be signed by a holder or his or her or its attorney duly authorized in writing. If you are an individual, please sign exactly as your name appears on this proxy. If the holder is a corporation, a duly authorized officer or attorney of the corporation must sign this proxy, and if the corporation has a corporate seal, its corporate seal should be affixed.
2. If the series 1 preferred shares of the Corporation (the "**Preferred Shares**") are registered in the name of an executor, administrator or trustee, please sign exactly as your name appears on this proxy. If the Preferred Shares are registered in the name of a deceased or other holder, the proxy must be signed by the legal representative with his or her name printed below his or her signature, and evidence of authority to sign on behalf of the deceased or other holder must be attached to this proxy.
3. **A shareholder has the right to appoint a person to attend and act for him or her or it and on his or her or its behalf at the Meeting other than the persons designated in this form of proxy.** Such right may be exercised by filling in the name of such person in the blank space provided and striking out the names of management's nominees. A person appointed as nominee to represent a shareholder need not be a shareholder of the Corporation. **A person appointed as your proxyholder must be present at the Meeting to vote.**
4. Beneficial holders may be forwarded either a form of proxy already signed by the intermediary or a voting instruction form to allow them to direct the voting of Preferred Shares they beneficially own. Beneficial holders should follow instructions for voting conveyed to them by their intermediaries. Some holders may own Preferred Shares as both a registered and a beneficial holder; in which case you may receive more than one Proxy Statement and Management Information Circular and will need to vote separately as a registered and beneficial holder.
5. If Preferred Shares are held by two or more individuals, any one of them present or represented by proxy at the Meeting may, in the absence of the other or others, vote at the Meeting. However, if one or more of them are present or represented by proxy, they must vote together the number of Preferred Shares indicated on the proxy.
6. This Proxy confers discretionary authority on the person appointed hereby to vote in his or her discretion with respect to amendments or variations to the matters identified in the Notice of Meeting accompanying this Proxy and any other matters which may properly come before the Meeting or any adjournment or postponement thereof.

All holders should refer to the Proxy Statement and Management Information Circular for further information regarding completion and use of this proxy and other information pertaining to the Meeting.

**This proxy is solicited by and on behalf of the management and the Board of Directors of the Corporation.**

**(Continued and to be signed on the reverse side.)**

# ANNUAL MEETING OF SHAREHOLDERS OF XENON PHARMACEUTICALS INC.

June 3, 2021

## PROXY VOTING INSTRUCTIONS

**EMAIL** - Complete, sign, date, scan and email your proxy card to legalaffairs@xenon-pharma.com.

**MAIL** - Complete, sign, date and mail your proxy card to the Corporation, at 200-3650 Gilmore Way, Burnaby, British Columbia V5G 4W8, Canada, Attention: Corporate Secretary.

**ONLINE AT THE MEETING** - To vote during the Meeting, please visit <https://web.lumiagm.com/254509977> and log in with your control number. The password will be "xenon2021" (case sensitive).

ALL PROXIES MUST BE RECEIVED BY 11:59 P.M. (EDT) ON MAY 31, 2021.

PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE <input checked="" type="checkbox"/>				
MANAGEMENT RECOMMENDS VOTING "FOR" ALL OF THE FOLLOWING ITEMS.				
<b>1. Election of Directors</b>	FOR		WITHHOLD	
Simon Pimstone	<input type="checkbox"/>		<input type="checkbox"/>	
Mohammad Azab	<input type="checkbox"/>		<input type="checkbox"/>	
Steven Gannon	<input type="checkbox"/>		<input type="checkbox"/>	
Elizabeth Garofalo	<input type="checkbox"/>		<input type="checkbox"/>	
Michael Hayden	<input type="checkbox"/>		<input type="checkbox"/>	
Patrick Machado	<input type="checkbox"/>		<input type="checkbox"/>	
Ian Mortimer	<input type="checkbox"/>		<input type="checkbox"/>	
Gary Patou	<input type="checkbox"/>		<input type="checkbox"/>	
Dawn Svoronos	<input type="checkbox"/>		<input type="checkbox"/>	
<b>2. Compensation of Named Executive Officers</b>	FOR	AGAINST	ABSTAIN	
Approve, on an advisory basis, the compensation of the Corporation's named executive officers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>3. Appointment of Auditor</b>	FOR	WITHHOLD		
Appoint KPMG LLP as Auditor	<input type="checkbox"/>	<input type="checkbox"/>		
<b>4. Remuneration of Auditor</b>	FOR	AGAINST	ABSTAIN	
Authorizing the Audit Committee of the board of directors of the Corporation to fix the remuneration to be paid to the Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted FOR all of the foregoing items by any of the proxyholders appointed by management of the Corporation or, if you appoint another proxyholder, as that other proxyholder sees fit.** On any amendments or variations proposed or any new business properly submitted before the Meeting, I/we authorize you to vote as you see fit.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

<b>NUMBER OF PREFERRED SHARES*</b>
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\*The Preferred Shares are subject to the Beneficial Ownership Limitation as defined in the Circular accompanying this proxy form.

### Appointment of Proxyholder

I/We being holder(s) of Preferred Shares of Xenon Pharmaceuticals Inc. (the "Corporation"), hereby appoint Simon Pimstone, Chief Executive Officer of the Corporation or failing him, Ian Mortimer, President and Chief Financial Officer of the Corporation OR, instead of any of the foregoing

Print the name of the person you are appointing if this person is someone other than the individuals listed above

as proxy of the undersigned, to attend, act and vote on behalf of the undersigned in accordance with the direction provided on all the foregoing matters and any other matter that may properly come before the Annual Meeting of Shareholders of the Corporation to be held at 11:30 a.m. PDT on June 3, 2021, to be held virtually via live webcast at <https://web.lumiagm.com/254509977>, and at any and all adjournments or postponements thereof in the same manner, to the same extent and with the same powers as if the undersigned were personally present, with full power of substitution.

### Request for Financial Statements

In accordance with Canadian securities regulations, shareholders may elect to receive Interim Financial Statements and related MD&As, and may elect to not receive Annual Financial Statements and related MD&As.

**Instead of receiving the financial statements by mail, you may choose to view these documents on SEDAR at [www.sedar.com](http://www.sedar.com).**

**I am a shareholder of the Corporation, and as such request the following:**

Annual Financial Statement with MD&A

(Mark this box if you would NOT like to receive the Annual Financial Statements and related MD&A)

Interim Financial Statement with MD&A

(Mark this box if you would like to receive the Interim Financial Statements and related MD&A)

**If you are casting your vote online and wish to receive financial statements, please complete the online request for financial statements following your voting instructions.**

**If the cut-off time has passed, please fax this side to 718-765-8730**

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. All proxies must be received by 11:59 P.M. EDT on Monday, May 31, 2021.