



## **XBIOTECH INC.**

### **NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER<sup>1</sup>**

#### **I. PURPOSE**

The purpose of the Nominating and Corporate Governance Committee ("Committee") of XBiotech Inc. (the "Company") is to oversee the Company's corporate governance process (including committees of the Board) and the process for nomination and selection of directors (including members of Board committees).

#### **II. COMPOSITION**

The **Committee** shall consist of two or more directors. Each member of the Committee shall be independent in accordance with the rules of the Nasdaq Stock Market. The members of the Committee shall be appointed by the Board based on recommendations from the Nominating and Corporate Governance Committee of the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

#### **III. DUTIES AND RESPONSIBILITIES**

The principal responsibilities and duties of the Committee are set forth below. These duties are set forth as a guide with the understanding that the Committee will carry them out in a manner that is appropriate given the Company's needs and circumstances. The Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

1. Board Composition, Evaluation and Nominating Activities. The Committee shall:
  - Determine the qualifications, qualities, skills and other expertise required of every director or that are appropriate for one or more individual directors to possess, and develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "**Director Criteria**").

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<sup>1</sup> Most recently reviewed and approved by the Compensation Committee on March 19, 2015



- Evaluate the current composition, organization and governance of the Board and its committees, determine future requirements and make recommendations to the Board for approval consistent with the Director Criteria.
  - Search for, identify, evaluate and select, or recommend for the selection of the Board, candidates to fill new positions or vacancies on the Board consistent with the Director Criteria, and review any candidates recommended by stockholders, provided such stockholder recommendations are made in compliance with the Company's bylaws and its stockholder nominations and recommendations policies and procedures.
  - Consider any nominations of director candidates validly made by stockholders in accordance with applicable laws, rules and regulations and the provisions of the Company's Certificate of Incorporation.
  - Evaluate the performance of individual members of the Board eligible for re-election by the stockholders at the annual meeting of stockholders or any special meeting of stockholders at which directors are to be elected.
  - Consider the Board's leadership structure, including the separation of the chairperson and Chief Executive Officer roles and/or appointment of a lead independent director of the Board, either permanently or for specific purposes, and make such recommendations to the Board with respect thereto as the Nominating and Corporate Governance Committee deems appropriate.
  - Develop and review periodically the policies and procedures for considering stockholder nominees for election to the Board.
  - Evaluate and recommend termination of membership of individual directors for cause or for other appropriate reasons.
  - Evaluate the "independence" of directors and director nominees against the independence requirements of the securities exchange on which the Company is listed, applicable rules and regulations promulgated by the Securities and Exchange Commission and other applicable laws.
2. Board Committees. The Nominating and Corporate Governance Committee shall:
- Review annually the structure and composition of each committee of the Board and make recommendations to the Board for changes to the committees of the Board, including changes in structure, composition or mandate of committees, as well as the creation or dissolution of committees.



- Recommend to the Board persons to be members and chairpersons of the various committees.
3. Corporate Governance. The Nominating and Corporate Governance Committee shall:
- Develop and recommend to the Board a set of corporate governance guidelines applicable to the Company.
  - Review annually the corporate governance guidelines approved by the Board and their application, and recommend any changes deemed appropriate to the Board for its consideration.
  - Oversee the Company's corporate governance practices, including reviewing and recommending to the Board for approval any changes to the Company's corporate governance framework, including its Certificate of Incorporation.
  - Develop, subject to approval by the Board, a process for an annual evaluation of the Board and its committees, and to oversee the conduct of this annual evaluation.
  - Evaluate the participation of members of the Board in orientation and continuing education activities in accordance with applicable listing standards.
  - Review the disclosure included in the Company's proxy statement regarding the Company's director nomination process and other corporate governance matters.
  - Review any proposals properly submitted by stockholders for action at the annual meeting of stockholders and make recommendations to the Board regarding action to be taken in response to each such proposal.
  - Review and discuss with management the disclosure regarding the operations of the Nominating and Corporate Governance Committee and director independence, and recommend that this disclosure be included in the Company's proxy statement or annual report.

#### **IV. STRUCTURE AND OPERATIONS**

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least two times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications



equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

## **V. OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel, an executive search firm and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation and oversee the work of its outside counsel, the executive search firm and any other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its outside counsel, executive search firm and any other advisors.

## **VI. REVIEW OF COMMITTEE COMPOSITION AND CHARTER**

The Committee will evaluate the Committee's composition on an annual basis. The Committee will review and reassess the adequacy of this Charter on an annual basis, and recommend to the Board any changes the Committee determines are appropriate.