



## MANDATE OF THE BOARD OF DIRECTORS

The following mandate has been adopted by the Board of Directors (the “**Board**”) of Novelion Therapeutics Inc. (“**Novelion**”) to assist the Board in the exercise of its responsibilities. This mandate reflects the Board’s commitment to providing objective, prudent stewardship of Novelion and designing responsible and effective corporate governance principles and guidelines to monitor the effectiveness of policy and decision-making both at the Board and senior management level, with a view to enhancing long-term shareholder value. This mandate is subject to modification from time to time by the Board.

### THE BOARD

#### **Role of Directors**

The Board has responsibility for the stewardship of Novelion. The business and affairs of Novelion will be supervised and managed by or under the direction of the Board.

The Board, as a whole, oversees the development and application of policies regarding corporate governance and is responsible for (either directly or by delegating certain responsibilities to its committees):

1. the review and adoption of corporate strategies and plans for Novelion’s business;
2. overseeing the identification of the principal risks of Novelion’s business and ensuring the implementation of the appropriate systems to manage these risks;
3. overseeing the integrity of Novelion’s internal controls, disclosure procedures and management information systems;
4. overseeing compliance with applicable laws and regulations;
5. reviewing directors’ and officers’ insurance and board indemnification matters;
6. selecting, regularly evaluating, fixing the compensation of, and where appropriate, replacing the Chief Executive Officer;
7. succession planning for, including identifying, appointing, training and monitoring the Chief Executive Officer and other executive officers; and
8. maintaining a continuing dialogue with senior management in order to ensure Novelion’s ability to respond to changes, both internal and external, which may affect its business operations from time to time.

#### **Board Size, Composition and Structure**

On an annual basis, the Corporate Governance and Nominating Committee and the Board as a whole examine the size of the Board to ensure that it is optimum for decision-making. Subject to compliance with the Articles of Novelion, the size of the Board may be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director. The Corporate Governance and Nominating Committee will also be responsible for evaluating the composition and structure of the Board.

## **Selection of New Directors**

The Board will be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual general meetings of shareholders. The Corporate Governance and Nominating Committee is responsible for identifying and recommending qualified individuals to the Board for Board membership. When formulating its Board membership recommendations, the Corporate Governance and Nominating Committee will also consider advice and recommendations from the Chairman of the Board, the Chief Executive Officer, and others as it deems appropriate.

## **Board Membership Criteria**

Nominees for director will be selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding of Novelion's business environment and willingness to devote adequate time and effort to Board responsibilities. The Corporate Governance and Nominating Committee will consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

The Corporate Governance and Nominating Committee will be responsible for assessing the appropriate balance of criteria required of Board members, and in furtherance of this, will also consider diversity (including gender, as well as age, geography, members of minority groups and persons with disabilities) in accordance with Novelion's Diversity Policy.

## **Independence of the Board**

The Board will be composed of a majority of directors who qualify as independent directors (“**Independent Directors**”) under the standards of the TSX, NASDAQ and under applicable laws, instruments and policies.

The Board will review annually the relationships that each director has with Novelion (either directly or as a partner, shareholder or officer of an organization that has a relationship with Novelion). Following such annual review, only those directors who the Board affirmatively determines have no direct or indirect material relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment in carrying out the responsibilities of a director will be considered “Independent Directors,” subject to additional qualifications prescribed under the standards of the TSX, NASDAQ and under applicable laws, instruments and policies. The Board may adopt and disclose categorical standards to assist it in determining director independence.

## **Board Compensation**

A director who is compensated as an officer of Novelion will not receive additional compensation for his or her service as a director.

At least once every two years, the Compensation Committee will review the level and form of Novelion's compensation of directors for service on the Board and its committees and recommend to the Board the annual Board member compensation package, including retainer, committee member and chair retainers, Board and committee meeting attendance fees and any other form of compensation, such as share option grants, deferred share units, restricted share units or other share awards.

Fees paid and equity awards made by Novelion for service as a director (including any additional amounts paid to Chairs of committees and to members of committees of the Board) are the only form of compensatory remuneration a member of the Audit Committee may receive from Novelion.

### **Strategic Direction of Novelion**

The Board is responsible for adopting a strategic planning process. It is the job of Novelion's Chief Executive Officer to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. At least annually, the Board will consider a strategic plan presented by the Chief Executive Officer or other senior management which takes into account, among other things, the opportunities and risks of the business of Novelion. As a practical matter, the Board, the Chief Executive Officer and other senior management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other senior management personnel and other Board members.

### **Board Access to Executive Management and Outside Advisors**

The Board and its committees retain independent advisors to assist them in carrying out their activities when and as needed, and Novelion provides adequate resources to compensate such advisors. Board members will have access to Novelion's senior management and, as appropriate, to Novelion's outside advisors. Board members will coordinate the access to Novelion's senior management through the Chief Executive Officer and Board members will use their judgment to assure that this access is not distracting to the business operation of Novelion. Board members will also have access to all books, records and reports of Novelion, upon request to the Chief Executive Officer.

### **Attendance at Meetings**

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairperson of the appropriate committee in advance of such meeting.

Board members are encouraged to attend each annual general meeting of Novelion's shareholders to facilitate direct interaction between shareholders and Board members.

### **Frequency of Meetings**

The Board will meet as necessary, and there will be at least one regular in-person meeting of the Board each year, unless determined otherwise.

### **Attendance of Executive Management Personnel at Board Meetings**

The Board encourages the Chief Executive Officer to bring members of senior management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve senior management; (ii) make presentations to the Board on matters which involve senior management; and (iii) bring senior management personnel with significant potential into contact with the Board. Attendance of such senior management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of senior management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

### **Separate Sessions of Independent Directors**

The Independent Directors of Novelion will meet regularly in in-camera sessions without non-independent directors or management present.

### **Board Materials Distributed in Advance**

The Corporate Governance and Nominating Committee will be responsible for overseeing and reviewing management's processes for providing information to the Board. Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

### **Self-Evaluation by the Board**

The Board conducts an annual self-evaluation of its performance and the performance of its committees. The Corporate Governance and Nominating Committee recommends to the Board and its committees the methodology of such evaluations and is responsible for the coordination and oversight of such evaluations, the results of which will be discussed with the full Board and each committee.

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

As and when a new director is appointed to serve on the Board, the Corporate Governance and Nominating Committee of the Board will ensure that a full program of orientation and education is provided for the nominee, including (but not limited to) provision of a complete corporate history, copies of past minutes of meetings of the Board, and information regarding Novelion's business and operations. The Corporate Governance and Nominating Committee is charged with reviewing the current orientation and education program and recommending and initiating improvements to this program as warranted. Novelion encourages each director to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

### **Decisions Requiring Prior Approval of the Board**

In addition to matters that must, by law or by the Articles of Novelion, be approved by the Board, senior management is required to seek approval from the Board for major transactions, or for any single expense which exceeds certain specified dollar values as determined by the Board from time to time.

### **Notice of Significant Events**

Directors are expected to inform the Chairman of the Corporate Governance and Nominating Committee of events that could reasonably be perceived to be relevant to consideration about ongoing independence, including in advance of accepting an invitation to serve on another board.

### **Share Ownership Guidelines**

To further align the interests of Novelion's directors and executive officers with shareholders, the Board has established minimum share ownership guidelines that apply to all non-employee directors and executive officers. The Compensation Committee of the Board will develop and review from time to time the Share

Ownership Guidelines, and will recommend any proposed changes to those guidelines to the Board for approval.

## **BOARD COMMITTEES**

### **Number and Names of Board Committees**

Novelion currently has four standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Compliance Committee. The purpose and responsibilities for each of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Compliance Committee are outlined in committee charters adopted by the Board. The Board has not developed written descriptions of the responsibilities of each Chair of the committees of the Board; however, the Chair of each such committee will be responsible to ensure that their respective committee fulfills the formal charter established by the Board for that committee. The Board may, from time to time, form a new standing committee or disband a current committee (other than the Audit Committee or the Compensation Committee) or alter the charter for a committee depending on circumstances. In addition, the Board may determine to form ad hoc or special committees from time to time, and determine the composition and areas of competence of such committees.

### **Independence of Board Committees**

Each of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Compliance Committee will be composed entirely of Independent Directors satisfying all applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

### **Assignment and Rotation of Committee Members**

The Corporate Governance and Nominating Committee will be responsible for determining membership standards, overseeing the review of Board committee charters, and selecting and making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Corporate Governance and Nominating Committee's recommendations, the Board will be responsible for appointing the members to the committees on an annual basis.

## **LEADERSHIP DEVELOPMENT**

### **Selection of the Chief Executive Officer**

The Board will be responsible for identifying potential candidates for, and selecting, the Chief Executive Officer. In doing so, the Board will consider, among other things, a candidate's experience, understanding of Novelion's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select a successor.

### **Evaluation of Chief Executive Officer and Executive Compensation**

The Compensation Committee will conduct an annual performance and compensation review of the Chief Executive Officer and other executive officers based on the performance of the business, achievement of Novelion's financial and strategic objectives, development of management, and as further set forth in its charter. The Compensation Committee will be responsible for making recommendations to the Board as to the compensation of the Chief Executive Officer.

### **Succession Planning**

The Board is responsible for developing a succession plan for the Chief Executive Officer and for discussing with the Chief Executive Officer succession plans for other senior management personnel and will review such plans periodically.

### **Annual Review of Mandate**

The Corporate Governance and Nominating Committee reviews this Mandate of the Board annually and recommends amendments to the Board as necessary.

ADOPTED BY THE BOARD OF DIRECTORS: December 1, 2016