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# AURINIA PHARMACEUTICALS INC.

## MANDATE OF THE BOARD OF DIRECTORS

(Approved December 14, 2023)

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## **MANDATE OF THE BOARD OF DIRECTORS**

### **A. Introduction**

The primary responsibility of the board of directors (“**Board**”) of Aurinia Pharmaceuticals Inc. (the “**Company**”) is to oversee the management of the business and to pursue the best interests of the Company. The Board has plenary power and exercises overall responsibility for the management and supervision of the affairs of the Company.

### **B. Board Size and Criteria**

The Board must consist of such a number of directors within the limits as set out in the Company’s articles of incorporation. The By-laws of the Company require that at least two (2) of the Company's directors must not be officers or employees of the Company or a subsidiary of the Company. A majority of the directors of the Board shall be independent within the meaning of applicable securities laws.

### **C. Board Meetings**

In order for the Board to transact business, a majority of the directors must be present. The Board shall meet on a regular basis and shall schedule a sufficient number of meetings (whether in person, by teleconference or other means permitted by applicable law) to carry out its mandate, which shall occur at least once each quarter.

### **D. Reports from Committees/Subsidiaries**

Unless waived by the Board, each committee chair shall provide a report to the Board on material matters considered by the committee at the first regularly scheduled Board meeting after the committee's meeting. Each board of a material subsidiary that does not have the same directors as the Board shall provide a report to the Board on material matters considered by the subsidiary board at the first Board meeting after the subsidiary's meeting.

### **E. Chairman**

The Board shall appoint a Chairman of the Board (the “**Chair**”) who shall have responsibility to ensure that the Board discharges its duties and responsibilities. Where it is not appropriate for the Chair to be an independent director, the Board should consider whether it should appoint an independent director to act as a lead director. The Board shall develop a written position description delineating the Chair’s role.

### **F. Outside Advisors**

The Board shall have the authority to retain, at the Company's expense, independent advisors and consultants to advise the Board as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants. The Board may request any officer or employee of the Company, or the Company's internal or external auditors or legal counsel to attend a meeting of the Board or to meet with any directors of, or consultants to, the Board.

## **G. Governance**

The Board has responsibility for developing the Company's approach to governance issues although the Governance & Nomination Committee plays a key role by recommending and reporting on governance issues, including ethical conduct, to the Board. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing the appropriate procedures to ensure that the Board, Board committees and individual directors can function independently of management.

## **H. General Duties**

It is the duty of the directors of the Company to manage, or supervise the management of, the business and affairs of the Company. In exercising his or her duties, every director shall act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Each director is expected to attend all regularly scheduled meetings of the Board and all of the committees on which they serve and to be prepared for such meetings by reviewing materials provided in advance of meetings. Each director shall also comply with the provisions of the *Business Corporations Act* (Alberta), and the By-laws of the Company.

## **I. Directors' Duties and Responsibilities**

The Board has responsibility for stewardship of the Company, including:

- to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and the Company's other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- adopting a strategic planning process and approving, at least annually, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- the identification of the principal risks of the Company's business, and ensuring the implementation of appropriate systems to manage these risks;
- overseeing succession planning (including appointing, training and monitoring senior management);
- adopting a communication and disclosure policy for the Company;
- overseeing the Company's internal control and management information systems;
- developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company; and
- reviewing and disclosing, at least annually, measures for receiving feedback from stakeholders.

In addition to the above, the Board shall:

- with the assistance of the Compensation Committee, review and ratify the employment, appointment, grade levels and compensation of the executive employees of the Company, or any additional employees directly reporting to the CEO, and approve all senior officer appointments;

- with the assistance of the Compensation Committee, develop a position description for the CEO, which together with other board approved policies and practices, should provide for a definition of the limits to management's responsibilities, and approve the objectives of the Company to be met by the CEO;
- with the assistance of the Compensation Committee, ensure the performance of the CEO is evaluated at least annually;
- with the assistance of the Governance & Nomination Committee, develop a process to evaluate the effectiveness of each director and the Board as a whole, at least annually;
- review and approve the strategic plan, the annual business plan and accompanying capital plan and financial operations budget, including all material capital expenditures;
- approve material divestitures, acquisition and financial commitments;
- with the assistance of the Audit Committee, approve the annual audited financial statements and management's discussion on such financial statements, report on Form 10-K, management information circular/proxy statement and other annual public documents of the Company required by applicable securities laws;
- with the assistance of the Audit Committee (such assistance including the delegated authority to perform this function itself), approve the quarterly reports to the shareholders, including the unaudited interim quarterly statements and management's discussion on such financial statements;
- determine the content and frequency of management reports;
- review any recommendations from regulators or the external auditors respecting their assessment of the effectiveness of the internal controls that come to their attention in the conduct of their work; and
- ensure an independent audit/inspection function is in place to monitor the effectiveness of organizational and procedural controls.

Further the Board will also consider periodically or annually as the case may be:

1. In respect of operations of the Board, with the assistance of the Governance & Nomination Committee:
  - (i) assess the needs of the Board with respect to the conduct of the affairs of the Board, including
    - (a) the size of the Board;
    - (b) the frequency and location of Board and committee meetings;
    - (c) procedures for establishing meeting agendas and the conduct of meetings; and

- (d) the availability, relevance and timeliness of discussion papers, reports and other information required by the Board;
  - (ii) recommend at the first meeting of the Board following each annual meeting, the allocation of directors to each of the Board committees and thereafter, where a vacancy occurs at any time in the membership of any Board committee, recommend a particular director to the Board to fill such vacancy;
  - (iii) oversee continuing education for all directors in respect to the Company; and
  - (iv) oversee the relationship between the Board on the one hand and officers of the Company on the other hand and, if appropriate, make recommendations with a view to ensuring that the Board is able to function independently of management.
- 2. In respect of governance of the Board, with the assistance of the Governance & Nomination Committee:
  - (i) review periodically the Company's approach to governance issues;
  - (ii) review periodically the mandate for the Board and the positions description for the Chair, the President and CEO, and the Chief Financial Officer (the “CFO”) of the Company;
  - (iii) review periodically the charters of the committees of the Board and, where appropriate, make recommendations thereon including changes in the role, size, composition and structure of the committees;
  - (iv) conduct periodic surveys of directors with respect to their views on the effectiveness of the Board, the Chair, each committee of the Board and its chair and individual directors;
  - (v) evaluate periodically the performance of the Chair and the chair of each committee and the performance and contribution of individual directors, having regard for the mandate for the Board and position description for the Chair and the results of surveys of the directors, attendance at Board and Board committee meetings and overall contribution;
  - (vi) assess the effectiveness and review the performance of the Board as a whole and each committee of the Board;
  - (vii) review the Company's director qualification criteria including the number of boards on which directors may sit, director tenure, retirement and succession;
  - (viii) review the procedure to enable an individual director to engage an outside advisor at the expense of the Company; and
  - (ix) recommend policies regarding succession in the event of an emergency or the retirement of the Chair, the CEO, and/or the CFO.
- 3. In respect of Board composition and director nominations, with the assistance of the Governance & Nomination Committee:

- (i) review periodically the competencies, skills and personal qualities required of directors to add value to the Company, in light of
    - (a) the activities of the Company and the nature of its investments;
    - (b) the need to ensure that a majority of the Board is comprised of independent directors within the meaning of applicable laws;
    - (c) the constating documents of the Company; and
    - (d) the Company's governance guidelines;
  - (ii) review the competencies, skills and personal qualities of each existing director, and the contributions made by the director to the effective operation of the Board and any significant change in the primary occupation of the director;
  - (iii) ensure candidates understand the demands and expectations of a director of the Company and the role of the Board and its committees; and
  - (iv) oversee an orientation program to familiarise new directors with the business and operations of the Company, including the reporting structure, strategic plans, significant financial, accounting and risk issues and compliance policies, management and the external auditors.
- 4. In respect of reporting and disclosure requirements of the Board, with the assistance of the Governance & Nomination Committee:
  - (i) review and approve the annual corporate governance report to be made in the proxy circular prepared in connection with the Company's annual meeting describing the corporate governance practices of the Company with reference to the reporting requirements of applicable securities laws;
  - (ii) review and approve the statement of executive compensation to be made in the proxy circular prepared in connection with the Company's annual meeting;
  - (iii) review at least annually the "Corporate Disclosure Policy" of the Company;
  - (iv) review at least annually the "Code of Ethics & Conduct" of the Company;
  - (v) review at least annually the "Whistleblower Policy" of the Company;
  - (vi) review at least annually the "Anti-Fraud Policy" of the Company;
  - (vii) review at least annually the "Diversity Policy" of the Company;
  - (viii) review at least annually the "Indemnity Policy" of the Company;
  - (ix) review at least annually the "Terms of Reference for the Chairman of the Board";
  - (x) review at least annually the "Mandate of the Board of Directors";
  - (xi) review at least annually the position description for the CEO;

- (xii) review at least annually the position description for the CFO;
- (xiii) review at least annually the "Audit Committee Charter";
- (xiv) review at least annually the "Compensation Committee Charter";
- (xv) review at least annually the "Governance & Nomination Committee Charter";
- (xvi) review at least annually the "Disclosure Committee Charter";
- (xvii) review at least annually the "Insider Trading Policy";
- (xviii) review at least annually the "Clawback Policy";
- (xix) review at least annually the "Share Ownership Policy"; and
- (xx) review at least annually the "Majority Voting Policy."