

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 5, 2022

Zymeworks Inc.
(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction
of incorporation)

001-38068
(Commission
File Number)

98-1398788
(IRS Employer
Identification No.)

**Suite 540, 1385 West 8th Avenue, Vancouver, British Columbia,
Canada**
(Address of principal executive offices)

V6H 3V9
(Zip Code)

(604) 678-1388
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value per share	ZYME	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

Appointment of President and Chief Executive Officer

On January 5, 2022, Zymeworks Inc. (the “Company”) announced via press release that the Company’s board of directors (the “Board”) appointed Mr. Kenneth Galbraith, age 59, as President, Chief Executive Officer and Chair of the Board of the Company, effective upon his commencement of employment with the Company, which is anticipated to be on or before February 1, 2022 (the “Start Date”). In connection with Mr. Galbraith’s appointment, Dr. Ali Tehrani resigned from the positions of President and Chief Executive Officer and as a member of the Board, effective as of the Start Date. The Board also appointed Ms. Lota Zoth, the current Chair of the Board, as the Board’s lead independent director, effective as of the Start Date.

Mr. Galbraith is a Managing Director at Five Corners Capital, Inc., which he founded in 2013, and has served as Executive in Residence at Syncona Limited since April 2021. He served as Chief Executive Officer of Liminal BioSciences Inc. (formerly Prometic Life Sciences Inc.), a publicly held company, from April 2019 to November 2020, continuing as an advisor to that company from November 2020 to February 2021. He also served as Chief Executive Officer of Fairhaven Pharmaceuticals Inc. from June 2017 to April 2019. Mr. Galbraith has served as a director of MacroGenics, Inc. since July 2008 and as a director of Profound Medical Corp. since January 2017, both of which are publicly held companies. He has also served as a director of several privately held companies. Previously, he joined Ventures West Capital in 2007 and founded Five Corners Capital Inc. in 2013 to manage the continued operations of the Ventures West Investment Funds. Mr. Galbraith has over 30 years of experience serving as an executive, director, investor and adviser to companies in the biotechnology, medical device, pharmaceutical and healthcare sectors. Based on Mr. Galbraith’s depth of experience in the biotechnology industry, ranging from executive officer to director roles, the Board believes Mr. Galbraith has the appropriate set of skills to serve as a member of our Board.

There are no arrangements or understandings between Mr. Galbraith and any other persons pursuant to which he was appointed President, Chief Executive Officer and Chair of the Board. There are also no family relationships between Mr. Galbraith and any director or executive officer of the Company and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with Mr. Galbraith’s appointment as President and Chief Executive Officer, the Company and Mr. Galbraith entered into an employment agreement (the “Galbraith Employment Agreement”). The Galbraith Employment Agreement does not have a specific term.

Pursuant to the Galbraith Employment Agreement, Mr. Galbraith is entitled to the following compensation and benefits:

- An annual base salary of \$600,000, with eligibility to earn an annual discretionary bonus of up to 60% of his annual base salary, based upon the achievement of certain Company goals determined by the Board.
- Options to purchase 500,000 of the Company’s common shares at an exercise price per share equal to the fair market value on the date of grant (the “Inducement Options”). 25% of the Inducement Options will vest and become exercisable on the one-year anniversary of the date of grant, and thereafter 1/36 of the remaining Inducement Options will vest on the last day of each month, until all of the Inducement Options have vested, subject to Mr. Galbraith’s continued service. The Inducement Options will be granted as an “inducement” grant pursuant to the New York Stock Exchange (“NYSE”) Listed Company Manual Rule 303A.08 and without shareholder approval. The Inducement Option grant will be made under the recently adopted Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan, further described below. The terms and conditions of the Inducement Options are substantially similar to options granted pursuant to the Company’s Amended and Restated Stock Option and Equity Compensation Plan (the “Equity Compensation Plan”), but with such other terms and conditions intended to comply with the NYSE inducement award exception. In accordance with NYSE Listed Company Manual Rule 303A.08, inducement awards may only be made as a material inducement to individuals being hired by the Company (or being rehired after a bona fide period of interruption of employment). A copy of the form of inducement option grant agreement is attached as a schedule to the Inducement Plan (as defined below), which is attached hereto as Exhibit 10.4 and incorporated by reference herein.
- Eligibility to participate in the Company’s employee benefit plans, policies and arrangements that, in the aggregate, are reasonably consistent with other executive officers generally.
- Enrollment in a qualifying pension scheme under the UK Pensions Act 2008.
- Reimbursement of relocation expenses up to a maximum gross amount of \$300,000, grossed up for the impact of any taxable withholding, for reasonable moving expenses incurred by Mr. Galbraith and his immediate family during relocation from Mr. Galbraith’s primary residence to the Vancouver, British Columbia or Seattle, Washington area during the first eighteen months of employment. The total amount reimbursed shall be repaid to the Company if Mr. Galbraith’s employment terminates within two years following the effective date of employment.

- Temporary housing through the earlier of Mr. Galbraith's relocation or the date that is 18 months following the effective date of employment, grossed up for the impact of any tax withholding.
- A tax equalization payment if Mr. Galbraith is subject to income taxation or other taxation outside of the United Kingdom during the period of his employment, grossed up for the impact of any tax withholding, and tax preparation services.
- If the Company terminates Mr. Galbraith's employment, then Mr. Galbraith will be eligible to receive twelve months of notice or the equivalent of twelve months of base salary as of the date notice is given, or any combination thereof that totals twelve months of combined notice and base salary. If such termination of employment or resignation occurs on or after the fourth year of employment, Mr. Galbraith will be eligible to receive an additional one month of notice or the equivalent of one month of base salary as of the date notice is given, or any combination thereof, for each additional completed year of service, up to a total maximum of eighteen months. Mr. Galbraith will also be eligible for continuation of group health and dental benefits through the applicable notice period to the extent permitted by any applicable benefit plan.
- In the event of termination on death or disability, as defined in the Company's long-term disability plan or policy then in effect with respect to him, Mr. Galbraith, or his estate, will receive (x) a lump sum payment equal to the difference between (1) eighteen months of base salary plus target annual cash bonus as of the date of death or disability and (2) the amount that Mr. Galbraith or his estate will receive as a result of death or disability under the Company's applicable insurance policies in effect as of the date of termination, (y) group extended health and dental benefits continuation for his surviving family members for eighteen months (or lump sum payment for the premium costs of such benefits in lieu thereof), and (z) full vesting acceleration of all unvested and outstanding stock options or other equity grants made to Mr. Galbraith as of the date of death or disability.
- If Mr. Galbraith's employment is terminated by the Company without cause within twelve months following, or within three months prior to, a Change of Control (as defined in the Galbraith Employment Agreement), Mr. Galbraith will be eligible to receive (x) a lump sum payment of eighteen months of base salary and 100% of target annual cash bonus as of the date of termination, (y) group extended health and dental benefits continuation as of the date of termination for eighteen months (or lump sum payment for the premium costs of such benefit plans in lieu thereof) and (z) full vesting acceleration of all unvested and outstanding stock options or other equity grants as of the date of termination. Such payments will be subject to Mr. Galbraith entering into a valid settlement agreement with the Company.
- In addition, the Galbraith Employment Agreement requires Mr. Galbraith, among other things, not to compete, either directly or indirectly, with the Company while employed by the Company and for up to six months following the termination of his employment with the Company. The Galbraith Employment Agreement also requires Mr. Galbraith not to solicit the Company's employees or consultants to terminate their relationship with the Company while he is employed by the Company and for up to one year following the termination of his employment with the Company.

In connection with his appointment, Mr. Galbraith will enter into a standard indemnification agreement in the form previously approved by the Board. Mr. Galbraith will not receive any additional compensation pursuant to his service as the Chair of the Board.

The foregoing description of the Galbraith Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Galbraith Employment Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

In connection with Dr. Tehrani's resignation, the Company and Mr. Tehrani entered into a Separation Agreement and Release (the "Separation Agreement") providing for the following benefits:

- A lump sum payment of \$889,638, equivalent to eighteen months of base salary.
- Payment of the annual performance bonus for 2021 that he would have received had he remained employed with the Company through the applicable bonus payment date, calculated based on actual achievement of the applicable performance goals under the bonus plan as determined by the Board. Payment of the bonus, if any, will be made in a lump sum at the same time as the other Company senior executives receive their 2021 bonus.
- Eligibility to participate in the Company's employee benefit plans for the lesser of (a) eighteen months from the date Dr. Tehrani's employment with the Company ends (the "Employment Termination Date") (which is to be Mr. Galbraith's Start Date) or (b) the date of enrollment in the benefit plans of a new employer.
- Entry into a Consulting Services Agreement, whereby he will assist certain transitional matters at the request and direction of the Company on an as needed basis. The Consulting Services agreement will begin on the Employment Termination Date and cease on September 30, 2023. Dr. Tehrani will be entitled to continued vesting and exercise benefits for outstanding stock options and restricted stock units under the Company's equity incentive plans for the duration of the Consulting Services Agreement. Following the termination of the Consulting Services Agreement, and provided that Dr. Tehrani has satisfactorily performed his duties as chief executive officer between the date of the Separation Agreement and the Employment Termination Date and timely executes a supplemental release agreement, he will have 12 months from the termination of the Consulting Services Agreement to exercise any vested Company stock options, subject to any such options' earlier expiration during such period.

- Reimbursement for all reasonable and documented business expenses actually and properly incurred in relation to Company business up to the Employment Termination Date.

The foregoing description of the Separation Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Separation Agreement, which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

A copy of the press release announcing Mr. Galbraith's appointment is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Appointment of Chief Operating Officer

On January 5, 2022, the Company announced via press release that the Board appointed Mr. Neil Klompas, age 50, as Chief Operating Officer, effective January 5, 2022. Mr. Klompas currently serves as the Company's Executive Vice President, Business Operations and Chief Financial Officer, and will continue in the role of Chief Financial Officer following his appointment as Chief Operating Officer.

Mr. Klompas joined Zymeworks in March 2007 and has served as its Chief Financial Officer since December 2007 and also as its Executive Vice President, Business Operations since September 2019. Prior to joining Zymeworks, he worked with KPMG LLP in Canada and the United States, most recently (from 2005 to 2007) with KPMG's Pharmaceuticals, Biotechnology and Medical Device M&A Transaction Services practice in Princeton, New Jersey, where he advised on transactions including mergers, acquisitions, divestitures and strategic alliances. Prior to that, from 2000 to 2005 Mr. Klompas worked with KPMG's Canadian Biotechnology and Pharmaceuticals practice. Mr. Klompas currently serves on the Board of Liminal BioSciences Inc. (NASDAQ: LMNL). Mr. Klompas is a Chartered Professional Accountant and is a member of Chartered Professional Accountants of British Columbia. Mr. Klompas also holds a degree in Microbiology & Immunology from the University of British Columbia. He serves as a member of the board of directors of Ovensa Inc., a private biotechnology company.

There are no arrangements or understandings between Mr. Klompas and any other persons pursuant to which he was appointed Chief Operating Officer. There are also no family relationships between Mr. Klompas and any director or executive officer of the Company and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with Mr. Klompas' appointment as Chief Operating Officer, the Company has provided Mr. Klompas with a promotion letter (the "Klompas Promotion Letter").

Pursuant to the Klompas Promotion Letter, Mr. Klompas is entitled to the following modifications to his existing compensation and benefits:

- An increase to his annual base salary from \$437,124 to \$458,000; and
- An increase to his annual discretionary bonus opportunity from 40% to 45% of his annual base salary, based upon the achievement of certain Company goals determined by the Board.

The foregoing description of the Klompas Promotion Letter does not purport to be complete and is qualified in its entirety by reference to the complete text of the Klompas Promotion Letter, which is filed as Exhibit 10.3 to this Current Report on Form 8-K and is incorporated herein by reference.

Adoption of Inducement Plan

On January 5, 2022, the Board adopted the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the "Inducement Plan") and, subject to the adjustment provisions of the Inducement Plan, reserved 750,000 of the Company's common shares for issuance pursuant to equity awards granted under the Inducement Plan.

The Inducement Plan was adopted without shareholder approval pursuant to Rule 303A.08 of the New York Stock Exchange Listed Company Manual. The Inducement Plan provides for the grant of equity-based awards, including nonstatutory stock options, restricted stock, restricted stock units and other awards payable in shares that the Board may determine to be necessary or appropriate, and its terms are substantially similar to the Company's existing Equity Compensation 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 NYSE inducement award exception or to comply with the NYSE acquisition and merger exception.

In accordance with Rule 303A.08 of the NYSE Listed Company Manual, awards under the Inducement Plan may only be made as an inducement material to the individuals' entry into employment with the Company, or, to the extent permitted by Rule 303A.08 of the NYSE Listed Company Manual, in connection with a merger or acquisition.

A copy of the Inducement Plan and related form agreements under the Inducement Plan are attached as Exhibit 10.4 hereto and incorporated by reference herein. The above description of the Inducement Plan does not purport to be complete and is qualified in its entirety by reference to such exhibit.

ITEM 8.01 OTHER EVENTS.

On January 5, 2022, the Company filed a material change report with Canadian securities regulators regarding the appointment of Mr. Galbraith as Chair, President and Chief Executive Officer of the Company. A copy of this material change report is attached as Exhibit 99.2 hereto.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Employment Agreement by and between the Company and Kenneth Galbraith, dated January 5, 2022.</u>
10.2	<u>Separation Agreement and Release by and between the Company and Ali Tehrani, dated January 5, 2022.</u>
10.3	<u>Promotion Letter from the Company to Neil Klompas, dated January 5, 2022.</u>
10.4	<u>Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan.</u>
99.1	<u>Press Release dated January 5, 2022.</u>
99.2	<u>Material Change Report dated January 5, 2022.</u>
104	Cover Page Interactive Data File (embedded as Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZYMEWORKS INC.

(Registrant)

Date: January 5, 2022

By: /s/ Neil A. Klompas

Name: Neil A. Klompas

Title: Chief Operating Officer and Chief Financial Officer



EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and effective as of the date the Employee commences employment with the Company, which date is expected to be on or before February 1, 2022 (the actual first day of employment with the Company, the “Effective Date”, BETWEEN:

Mr. **Kenneth Galbraith**, having a residence at Corners, Moules Lane, Hadstock, Cambridge, UK CB21 4PD (the “Employee”)

AND:

ZYMEWORKS INC., a corporation registered in the Province of British Columbia and having its principal place of business at 540-1385 West 8th Avenue, Vancouver, BC, V6H 3V9, Canada (the “Company”)

WHEREAS

- A. The Company is a clinical-stage biopharmaceutical company dedicated to the development of next-generation multifunctional biotherapeutics;
- B. The Employee has experience in biopharmaceutical leadership, and/or related skills and expertise and wishes to contribute such experiences to the development and growth of the Company’s business; and
- C. The Company has agreed to offer employment to the Employee, and the employee has agreed to accept employment with the Company on the terms and conditions set out in this Agreement and Appendices hereto.

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the promises and mutual covenants and agreements hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE 1 – GENERAL

1.1 Definitions. Unless otherwise defined, all capitalized terms used in this Agreement will have the meanings given below:

- (a) “Business” means the business of researching, developing and commercializing therapeutic proteins, antibodies, and any other research, development and manufacturing work considered, planned or undertaken by the Company and with which the Employee was materially involved during the last 12 months of the Employee’s employment with the Company;

- (b) “Confidential Information” means trade secrets and other information, in whatever form or media, in the possession or control of the Company, which is owned by the Company or one or more of its affiliates, or by one of its clients or suppliers, or by any third party with whom the Company has a business relationship (collectively, the “Associates”), and which is not generally known to the public and has been specifically identified as confidential or proprietary by the Company, or its nature is such that it would generally be considered confidential in the industry in which the Company or its Associates operate, or which the Company is obligated to treat as confidential or proprietary. Confidential Information includes, without limitation, the following:
- (i) the products and confidential or proprietary facts, data, techniques, materials and other information related to the business of the Company, including all related development or experimental work or research, related documentation owned or marketed by the Company and related formulas, algorithms, patent applications, concepts, designs, flowcharts, ideas, programming techniques, specifications and software programs (including source code listings), methods, processes, inventions, sources, drawings, computer models, prototypes and patterns;
 - (ii) information regarding the Company’s business operations, methods and practices, including corporate strategy, market research, market strategies, marketing plans, public relations strategies, product pricing and strategies, advertising sources, lists and information concerning current and prospective customers, billing information, suppliers, packaging, merchandizing, distribution, methods of production, manufacturing, pending projects or proposals, margins and hourly rates for staff and information regarding the financial, legal and corporate affairs of the Company, including business plans and projections and information regarding the Company’s financial condition, operations, assets and liabilities, financial data, business structures, business ventures, existing or contemplated businesses, products, or services;
 - (iii) employee information, contacts, and wage information (other than Employee’s own); and
 - (iv) technical and business information of, or regarding, the Company’s Associates.

The above list is not exhaustive, and Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used;

- (c) “Developments” means all inventions, ideas, concepts, designs, improvements, discoveries, modifications, computer software, and other results which are or have been conceived of, developed by, written, or reduced to practice by the Employee, alone or jointly with others (including, where applicable, all modifications, derivatives, progeny, models, specifications, source code, design documents, creations, scripts, artwork, text, graphics, photos and pictures) at any time;
- (d) “Excluded Developments” means any Development that meets the following requirements:
an invention for which no equipment, supplies, facility, or Confidential Information of the employer was used and which was developed entirely on the employee’s own time, unless the invention relates (A) directly to the business of the employer, or (B) to the employer’s actual or demonstrably anticipated research or development, or the invention results from any work performed by the employee for the employer.
- (e) “Key Employee” means any person employed, appointed or engaged by the Company or any member of the Company’s group whether as an employee, worker or consultant in any senior, executive, technical, advisory, or sales capacity (excluding clerical and administrative staff) who could materially damage the interests of the Company if they were to work for any business concern engaged in the field of the Business and with whom the Employee dealt or worked during the last 12 months of the Employee’s employment with the Company; and
- (f) “Prior Developments” means any Development that the Employee establishes was developed prior to the Employee performing such services for the Company and precedes the Employee’s initial engagement with the Company.

1.2 Sections and Headings. The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

ARTICLE 2 – EMPLOYMENT

2.1 Services

On the Effective Date, the Employee will commence employment with the Company in the position of Chair, President, and Chief Executive Officer, reporting to the Company’s Board of Directors (the “Board of Directors”), on the terms and conditions set out in this Agreement. On the Effective Date, the Employee will be appointed to serve as a member of the Board of Directors.

The Employee's period of continuous employment for the purposes of the Employment Rights Act 1996 and any other applicable statutory requirements began on the Effective Date.

The Employee's principal place of employment initially will be at his home in the United Kingdom, although the Employee understands and agrees that he may be required to travel to Vancouver, BC, Seattle, WA, or otherwise from time to time for business reasons (not to exceed 182 days per calendar year). It is expected that on or before the date that is eighteen (18) months following the Effective Date, the Employee will permanently relocate to Vancouver, BC or Seattle, WA, and his principal place of employment following his relocation will be the Company's offices in such applicable city to which he relocates. Upon such relocation occurring, the Company and Employee may execute amendments to this Agreement to reflect any legally required changes to the terms of Employee's employment that are related to Employee's relocation.

2.2 The Employee warrants that by entering into this Agreement he will not be in breach of any express or implied terms of any contract with or any other obligations to any third party.

2.3 Qualifications.

- (a) The Employee's employment is conditional on him having, and at all times during his employment continuing to have, the right to live and work for the Company in the country in which the Employee is residing (for clarity, within the United Kingdom prior to relocation and within Canada or the United States, as applicable, after relocation). The Employee undertakes to notify the Company immediately if any such right to work ceases, or is reasonably expected to cease during his employment with the Company and to immediately provide the Company with written details of changes to his personal circumstances or immigration status that might affect his immigration permission or the right to work evidence that the Employee has provided previously to the Company.
- (b) The Employee acknowledges that the falsification or misrepresentation of qualifications, including but not limited to education, skills, prior experience, depth and/or breadth of knowledge, references or similar matters, used to secure the position of Chair, President, and Chief Executive Officer, represents a breach of this Agreement.
- (c) Subject to the direction and control of the Board of Directors, the Employee will perform the duties and responsibilities typically associated with such title and such other duties and responsibilities that may be reasonably assigned to him by the Board of Directors from time to time.

2.4 Throughout the term of this Agreement, the Employee will:

- (a) diligently, honestly and faithfully serve the Company and will use all reasonable efforts to promote and advance the interests and goodwill of the Company;
- (b) devote himself in a full-time capacity to the business and affairs of the Company;
- (c) adhere to all applicable policies and procedures of the Company as in effect and as amended from time to time, including but not limited to the Company's Code of Business Conduct and Ethics;
- (d) exercise the degree, diligence and skill that a reasonably prudent chief executive officer would exercise in comparable circumstances;
- (e) refrain from engaging in any activity which will in any manner, directly or indirectly, compete with the trade or business of the Company except in accordance with Sections 2.8 and 2.9 herein and as outlined under the Conflict of Interest guidelines in the Company's corporate policies and procedures as in effect and as amended from time to time; and
- (f) not acquire, directly or indirectly, any interest that constitutes 5% or more of the voting rights attached to the outstanding shares of any corporation or 5% or more of the equity or assets in any firm, partnership or association, the business and operations of which in any manner, directly or indirectly, compete with the trade or business of the Company.

2.5 The Employee acknowledges that he holds a senior executive position with certain autonomous decision taking powers and therefore is not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that the Employee accepts that by signing this Agreement he has agreed that, insofar as it would apply to his employment, regulation 4(1) of the Working Time Regulations 1998 shall not apply unless the Employee withdraws such agreement by giving to the Company not less than three months prior notice in writing.

2.6 The Company takes a zero-tolerance approach to tax evasion. The Employee must not engage in any form of facilitating tax evasion, whether under UK, Canadian, or US law or under the law of any other country. The Employee must immediately report to the Board of Directors any request or demand from a third party to facilitate the evasion of tax or any concerns that such a request or demand may have been made.

- 2.7 The Employee will disclose to the Board of Directors all potential conflicts of interest and activities which could reasonably be seen to compete, indirectly or directly, with the trade or business of the Company. The Board of Directors will determine, in its sole discretion, whether the activity in question constitutes a conflict of interest or competition with the Company. To the extent that the Board of Directors, acting reasonably, determines a conflict of interest or competition exists, the Employee will discontinue such activity forthwith or within such longer period as the Board of Directors agrees. The Employee will immediately certify in writing to the Board of Directors that he has discontinued such activity and that he has, as required by the Board of Directors, cancelled any contracts or sold or otherwise disposed of any interest or assets over the 5% threshold described in Section 2.4(f) herein acquired by the Employee by virtue of engaging in the impugned activity, or where no market exists to enable such sale or disposition, by transfer of the Employee's beneficial interest into blind trust or other fiduciary arrangements over which the Employee has no control or direction, or other action that is acceptable to the Board of Directors.
- 2.8 The Employee will not be employed by another company or provide consulting or other services to other companies or commercial entities while employed by the Company, without the expressed written permission of the Board of Directors. By seeking and accepting employment with the Company, the Employee recognizes that the Employee is employed by the Company for the expressed benefit of advancing the scientific, development and business objectives of the Company and that concurrent employment outside the Company may detract from those objectives. As of the Effective Date, the Board of Directors acknowledges and provides express permission that the Employee will continue to be permitted to engage in the activities described in Schedule 1 on the terms set forth on Schedule 1, for so long as such activities do not materially conflict with the Employee duties and responsibilities to the Company.
- 2.9 Notwithstanding Sections 2.4, 2.6, 2.7, and 6.6, the Employee is not restricted from nor is required to obtain the consent of the Company to make passive investments constituting an ownership interest of 5% or less in any company which is involved in pharmaceuticals or biotechnology with securities listed for trading on any U.K., Canadian or U.S. stock exchange, quotation system or the over-the-counter market.
- 2.10 For the purposes of Sections 2.4, 2.6, and 2.9 herein, "Employee" includes any entity or company owned or controlled by the Employee.

ARTICLE 3 – COMPENSATION

- 3.1 Base Salary. As compensation for all services rendered for the position described under this Agreement, the Company will pay to the Employee and the Employee will accept from the Company a base salary at the rate of \$600,000 (USD) per annum. The base salary will be paid semi-monthly, in equal instalments and shall be subject to such deduction of tax and National Insurance or other applicable contributions as is required by law in the United Kingdom, Canada or the United States, as applicable.
- 3.2 Stock Options. As a material inducement to the Employee joining the Company, on the Effective Date, the Employee shall be granted 500,000 options to acquire common shares of the Company (the "Shares"), provided the Employee is employed by the Company on the grant date (the "Options"). The exercise price of the Options will be set in accordance with the terms of the Company's Amended and Restated Stock Option and Equity Compensation Plan, or such other relevant plan as may be in effect on the grant date (including the Company's Inducement Stock Option and Equity Compensation Plan) (the "Equity Compensation Plan"), and the Options will vest and become exercisable in accordance with the terms of such Equity Compensation Plan. A copy of the Company's Amended and Restated Stock Option and Equity Compensation Plan is attached hereto as Appendix "A".

For the avoidance of doubt, the rights and obligations of the Employee under the terms of his office or employment with the Company (or any other member of the Company's group) shall not be affected by their participation in any Equity Compensation Plan or Incentive Plan, or any right which they may have to participate in it. By participating in an Equity Compensation Plan or Incentive Plan, as applicable, the Employee waives any and all rights to compensation or damages in consequence of the termination of their office or employment for any reason whatsoever insofar as those rights arise or may arise from them ceasing to have rights granted under such a plan as a result of such termination. Participation in an Equity Compensation Plan or Incentive Plan, as applicable, shall not confer a right to continued employment upon any individual who participates in it. The grant of any option or award under an Equity Compensation Plan or Incentive Plan, as applicable, does not imply that any further option or award will be granted nor that the Employee has any right to receive any further option or award.

- 3.3 Incentive Plans. The Employee shall be entitled to participate in certain incentive programs for the Company's Employees, including, without limiting the generality of the foregoing, share option plans, share purchase plans, profit-sharing or bonus plans (including target annual bonus as described in Section 3.4) (collectively, the "Incentive Plans"). Such participation shall be on the terms and conditions of such Incentive Plans as at the date hereof or as may from time to time be amended or implemented by the Company in its sole discretion. A copy of the Company's Amended and Restated Employee Stock Purchase Plan is attached hereto as Appendix "B".
- 3.4 Target Annual Bonus. Subject to the discretion of the Board of Directors based on factors it determines appropriate, including Company performance, the Employee will be eligible to earn an annual cash bonus, with an initial target amount of 60% of base salary. The achieved portion (if any) of the annual cash bonus will be payable in USD, less applicable tax withholdings, and subject to the Employee's continued employment through the calendar year for which the annual cash bonus relates. For 2022, the Employee will be eligible to receive up to a full (non-prorated) bonus based on achievement of the applicable performance objectives.
- 3.5 Performance and Salary Review. The Board of Directors will review the Employee's performance, base salary, and equity participation level under the terms of any Incentive Plans annually beginning in January 2023, or as otherwise approved by the Compensation Committee, with interim reviews, coaching and feedback throughout the year to support the Employee in his career development objectives and the achievement of personal, departmental and corporate goals. The timing of performance and salary reviews may from time to time be amended by the Board of Directors in its sole discretion and the Board of Directors will be under no obligation to increase the Employee's salary.

- 3.6 Expenses. The Company will reimburse the Employee for all ordinary and necessary expenses incurred by the Employee in the performance of the Employee's duties under this Agreement, including reasonable travel and living expenses when Employee travels from his existing home to Vancouver, BC or Seattle, WA, as applicable, to fulfill his duties. In addition, the Company will reimburse or otherwise pay for the reasonable airfare and lodging expenses incurred by the Employee and his immediate family for one trip per calendar year to Vancouver, BC or Seattle, WA as applicable, that occurs prior to the end of 2023. Reimbursement or payment of such expenses will be made in accordance with the Company's policies.
- 3.7 Professional Fees. The Company will reimburse the Employee for annual registration and/or licensing fees required to maintain the Employee's status as a member in good standing with the appropriate professional bodies required to continue effective employment, and which were held by the Employee as of the Effective Date. The Company will reimburse reasonable costs incurred by the Employee to complete the minimum annual continuing professional development requirements required to maintain such status.
- 3.8 Vacation. In addition to the normal public holidays in the country and regional jurisdiction in which the Employee is resident, the Employee will be eligible for 20 days' paid vacation per calendar year, and pro rata for any shorter period. In accordance with the Company's People policies, vacation time in excess of ten (10) days not taken during the year in which it is earned may not be carried forward into the subsequent year without the written pre-approval of the Board of Directors. Unused vacation time will not be paid out at the end of the fiscal year. Upon termination, vacation not taken in the calendar year will be paid out according to the Employees' annual salary rate prorated to the number of days' vacation not taken.
- 3.9 Benefits. The Employee will be eligible to participate in benefit plans generally available to Employees of the Company, subject to the terms and conditions of such plans from time to time in force. Prior to the Relocation Date, the Company will provide the Employee and his immediate family with employee benefits in the United Kingdom that, in the aggregate, are reasonably consistent with those offered to the Employees of the Company, not taking into account any legal required benefits.
- 3.10 Pension. The Company will comply with its obligations under the Pensions Act 2008. It will automatically enrol the Employee into a qualifying pension scheme, but may postpone the Employee's enrolment by up to three months. Once the Employee has been enrolled he may choose to opt out of membership of the pension scheme but may be re-enrolled from time to time, as required under and in accordance with the automatic enrolment laws. If the Employee has been automatically enrolled into the pension scheme, then while the Employee is a member of that scheme:
- (a) the Company will make at least the minimum contributions it is required to make; and

(b) the Employee will contribute at least the amount required, when added to any Company contribution, to make up the total contribution required,

in accordance with automatic enrolment laws in force from time to time. Subject to these minimum contribution levels for the Employee and the Company, the Employee will be informed of the contribution options (if any) available on joining the pension scheme

- 3.11 Sick Leave. The Employee will be entitled to accrue and take sick leave in accordance with the Company's policies and procedures. Payments made to the Employee during any period of sick leave shall be inclusive of any statutory sick pay due in accordance with applicable legislation in force at the time of absence. Unused sick days will not be paid out or carried forward into the subsequent year.
- 3.12 Other Paid Leave. Apart from vacation, the Employee may be entitled to the following other paid leave: paternity leave, adoption leave, shared parental leave, parental bereavement leave, time off for trade union duties and such other statutory leave as may be available from time to time in accordance with the Company's policies and governing laws of the country and region in which the Employee is resident. Any leave will be subject to statutory eligibility requirements which are available from the Board of Directors.
- 3.13 Training. There are no particulars in relation to training.
- 3.14 Relocation Expenses. If, during the first eighteen (18) months following the Effective Date, the Employee relocates to Vancouver, BC or Seattle, WA (the date of such relocation, the "Relocation Date"), the Company will pay or otherwise reimburse the Employee up to a maximum gross amount of \$300,000 (USD) for the reasonable moving expenses incurred by the Employee and his immediate family for their relocation from the Employee's primary residence to the Vancouver, BC or Seattle, WA area. All reimbursement requests made pursuant to this section must be submitted in accordance with the Company's reimbursement policy, including appropriate substantiation for any such requests, and will be grossed-up for the impact of any taxable withholding related to such reimbursement. The total amount reimbursed shall be repayable, in full, to the Company if the Employee's employment with the Company terminates for any reason, including by resignation, within two (2) years following the Effective Date.
- 3.15 Temporary Housing. During the term of Employee's employment with the Company through the earlier of (i) the Relocation Date or (ii) the date that is eighteen (18) months following the Effective Date, the Company will secure temporary housing for the Employee in Vancouver, BC, and pay directly the rental costs for such temporary housing, grossed up for applicable tax withholding.

3.16 Tax Equalization. If the Employee is subject to income taxation or other taxation outside of United Kingdom (“Foreign Tax”) in a given tax year, the Company shall provide the Employee with a tax equalization payment (the “TEP”). The TEP shall equal the difference between the amount of (i) the sum of the total of any Foreign Tax and any United Kingdom federal, state, local, or social taxes that the Employee is or will be obligated to pay for the applicable tax year (after giving effect to any and all foreign tax credits for United Kingdom tax) and (ii) the amount of United Kingdom tax and national insurance contributions that Employee will be or would have been liable for had he worked in the United Kingdom for the entire tax year. The TEP shall be fully “grossed-up” for tax purposes such that after taking into account the gross-up, the amount of the payment pursuant to this Section shall include the full amount of the TEP and related taxes attributable to the payment of the TEP and any taxes on the gross-up amount. If the Company, in consultation with its outside tax advisors, determines it is necessary or appropriate for tax optimization, the Company will pay or otherwise remit the TEP in advance of the applicable date in which the compensation is earned. If the Employee will receive a TEP for a given tax year, the Company shall arrange for tax preparation assistance for the Employee for such tax year and shall either pay the tax preparation provider directly or shall reimburse the Employee for the reasonable costs of such tax preparation service (any such reimbursements shall be made in the same manner, and subject to the same receipt and documentation requirements, as the reimbursement of business expenses pursuant to Section 3.6).

ARTICLE 4 – TERM AND TERMINATION

4.1 Term. This Agreement will commence on the Effective Date and will terminate on the effective date of termination of Employee’s employment with the Company by either the Employee or the Company in accordance with Section 4.2 of this Agreement.

4.2 Termination.

- (a) The Company may terminate the employment of the Employee at any time by providing the Employee with:
 - (i) written notice or payment in lieu of notice to the Employee as follows:
 - A. twelve (12) months of notice or the equivalent of twelve (12) months of base salary as of the date notice is given, or any combination thereof that totals twelve (12) months of combined notice and base salary, if termination of employment occurs during the first three years of employment measured from the Effective Date (with any base salary equivalent payable over twelve (12) months, or sooner, at the sole discretion of the Company, subject to the requirements to pay termination under applicable employment standards legislation); and
 - B. commencing in the fourth year of employment measured from the Effective Date, an additional one (1) month of notice or the equivalent of one (1) month of base salary as of the date notice is given, or any combination thereof, for each additional completed year of service, up to a total maximum of eighteen (18) months (payable over eighteen (18) months, or sooner, at the sole discretion of the Company, subject to the requirements to pay termination pay under applicable employment standards legislation); and

- (ii) to the extent permitted by the applicable benefit plan, continuation of group extended health and dental benefits through the applicable notice period stated in Section 4.2(a) herein (where all other benefits terminate on the last day worked by the Employee). The Company's rights to terminate the Employee's employment apply even where such termination would or might cause the Employee to forfeit any entitlement to sick pay, permanent health insurance or other benefits.
 - (iii) The Company may in its sole and absolute discretion terminate the Employee's employment forthwith at any time and with immediate effect (whether or not notice to terminate has already been given) by notifying the Employee that it is exercising its right to do so and thereafter will pay a lump sum equal to his basic salary only in accordance with clause 4.2(a) in lieu of any required notice or balance of such notice, tax and National Insurance contributions or similar statutory deductions if the Employee is resident outside the United Kingdom ("Payment in Lieu"). The Employee shall have no right to receive a payment under this clause unless the Company has exercised its discretion to do so.
- (b) *Termination on Death or Disability.* In the event of the death or "Disability" of the Employee during the course of employment, the Employee, or his estate, shall receive (x) a lump sum payment equal to the difference between (1) eighteen (18) months of base salary plus target annual cash bonus as of the date of death or Disability and (2) the amount that the Employee or his estate will receive as a result of death or Disability under the Company's applicable insurance policies in effect as of the date of termination, (y) group extended health and dental benefits continuation for his surviving family members for 18 months (or lump sum payment for the premium costs of such benefits in lieu thereof), subject to the requirements to pay termination pay under applicable employment standards legislation), and (z) full vesting acceleration of all unvested and outstanding stock options or other equity grants made to the Employee as of the date of death or Disability. "Disability" means "Disability" as defined in the Company's long-term disability plan or policy then in effect with respect to that the Employee.
- (c) *Resignation.* The Employee may terminate his employment with the Company by giving prior written notice to the Board of Directors of not less than thirty (30) days or such shorter period as the Employee and the Board of Directors may agree. The Board of Directors may choose to waive all or part of the notice period and pay to the Employee the base salary to be earned during the balance of the notice period instead.

- (d) *Garden Leave.* If written notice is given by either party to terminate the Employee's employment or in circumstances where the Employee has purported to resign without giving due notice the Company may:
- (i) require the Employee to perform such duties as the Board of Directors may direct at such location as the Board of Directors may decide;
 - (ii) require the Employee to perform no duties;
 - (iii) require the Employee not to contact or have any communication with any employee, officer, director, agent or consultant of the Company or of Associates; and
 - (iv) require that the Employee does not access or seek to use, access, download, save or otherwise retain copies of any of the Company's materials, records and other information, databases, electronic communications or storage systems,
- and in each case the Company will continue to pay the Employee salary and provide all other benefits arising under this agreement during the period of notice. During such period of notice, the Employee shall remain an employee of the Company and bound by the terms of this agreement including any implied duties of good faith and fidelity.
- (e) *Termination following Change of Control.* Notwithstanding any other provision in this Agreement, if on or within twelve (12) months following a Change of Control (as defined below) or within three months prior to a Change of Control, the Employee's employment is terminated by the Company without cause, subject to the Employee entering into a valid and enforceable settlement agreement with the Company on terms satisfactory to the Company and under which the Employee waives all contractual and statutory rights and claims against the Company and each member of its group in accordance with section 203(3)(c) of the Employment Rights Act 1996 or any other applicable laws, having sought independent legal advice on the terms of the agreement, the Employee shall receive as severance (x) a lump sum payment of eighteen (18) months of base salary and 100% of target annual cash bonus as of the date of termination, and (y) group extended health and dental benefits continuation as of the date of termination for 18 months (or lump sum payment for the premium costs of such benefits in lieu thereof), subject to the requirements to pay termination pay under applicable employment standards legislation), and (z) full vesting acceleration of all unvested and outstanding stock options or other equity grants made to the Employee as of the date of termination. For all purposes of this Agreement, "Change of Control" means:

- (i) the acquisition, directly or indirectly, by any person or group of persons acting jointly or in concert, as such terms are defined in the Securities Act, British Columbia, of common shares of the Company which, when added to all other common shares of the Company at the time held directly or indirectly by such person or persons acting jointly or in concert constitutes for the first time in the aggregate 40% of more of the outstanding common shares of the Company and such shareholding exceeds the collective shareholding of the current directors of the Company, excluding any directors acting in concert with the acquiring party; or
- (ii) the removal, by extraordinary resolution of the shareholders of the Company, of more than 51% of the then incumbent Board of the Company, or the election of a majority of Board members to the Company's board who were not nominees of the Company's incumbent board at the time immediately preceding such election; or
- (iii) consummation of a sale of all or substantially all of the assets of the Company; or
- (iv) the consummation of a reorganization, plan of arrangement, merger, or other transaction which has substantially the same effect as to above.

Payment under Section 4.2(e) herein will be in lieu of and not in addition to payment under Section 4.2(a) or Section 4.2(b), as applicable.

- (f) *Compliance with Employment Standards.* Regardless of the reasons for termination of employment the Company shall pay to the Employee any wages earned to the date of termination, any accrued but unused vacation pay, any unpaid expenses properly incurred in the performance of the Employee's duties or any other amounts required to be paid by applicable employment standards legislation.

4.3 *Termination without notice:* Notwithstanding clause 4.2, the Company shall be entitled to terminate the Employee's employment summarily by written notice (but without prejudice to the rights and remedies of the Company for any breach of this Agreement and to the Employee's continuing obligations under this Agreement):

- (a) if the Employee commits by act or omission any serious or wilful or (after warning) persistent breach or breaches of any express or implied term of this Agreement or refuses or neglects to comply with any reasonable direction of the Company;
- (b) if the Board of Directors has reason to believe that the Employee has committed any criminal offence or been guilty of any dishonesty or serious misconduct in each case whether during the performance of his duties or otherwise which in the opinion of the Board of Directors renders the Employee unfit to continue as an executive of the Company;

- (c) if the Board of Directors has reason to believe the Employee has done anything which would be likely adversely to prejudice the reputation or interests of the Company for which the Employee has performed duties during his employment;
 - (d) if the Employee shall petition for a bankruptcy order or have a bankruptcy order made against him or take the benefit of any legislation for the relief of insolvent debtors or make any composition with his creditors or shall become prohibited by law from being a director or taking part in the management of the Company whether under the Company Directors Disqualification Act 1986 or any other applicable laws, or any statutory modification or re-enactment thereof for the time being in force or otherwise;
 - (e) if any information relating to the Employee's suitability for employment by the Company and provided in the course of applying for employment is found to be untrue or misleading or if the Employee ceases to be eligible to work in the United Kingdom, Canada or the United States, as applicable; or
 - (f) the Employee engages in any act or omission that would amount to a fundamental breach of this Agreement and justify summary dismissal of employment.
- 4.4 Stock Options on Termination. Except as provided by Sections 4.2(a) and (e), the vesting and exercise of any stock options granted to the Employee in the event the Employee's employment with the Company or this Agreement is terminated, for any reason, shall be governed by the terms of the Equity Compensation Plan and any applicable stock option agreement in effect between the Company and the Employee at the time of termination.
- 4.5 Benefits Continuation and No Mitigation. The Employee shall not be required to mitigate the amount of any payments provided for in this Section by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section be reduced by any compensation earned by the Employee as the result of employment by another employer after the date of termination, or otherwise. Notwithstanding the forgoing, the Employee is required to report to the Company if he obtains replacement benefits coverage through new employment during any period of group extended health and dental benefits continuation contemplated by this Article 4, and such benefits coverage by the Company will cease effective the date the Employee receives such new coverage and the Employee will not be entitled to any payment in respect of such benefits coverage from the Company in respect of any notice period or severance payment contemplated in this Article 4.
- 4.6 No Additional Payments. Payment of severance, in accordance with Section 4.2(a), Section 4.2(c), or Section 4.2(e) above, to the Employee (or his estate) by the Company will be full and adequate compensation to the Employee (or his estate) with respect to any claim relating to the Employee's employment or termination or manner of termination of the Employee's employment, and the Employee (or his estate) waives any right that he may have to claim further payment, compensation or damages from the Company.

- 4.7 Duties on Termination. Upon the termination of the Employee's employment for whatever reason or after notice having been served the Employee shall forthwith, if so required by the Company:
- (a) hand over to the Company all documents, books, materials, records, correspondence, papers, passwords, login details and information (on whatever media and wherever located) relating to the business of the Company or any group member, any magnetic discs on which information relating to the business is stored and any keys, credit cards and other property of the Company or any group member which may be in the Employee's possession, custody, care or control;
 - (b) irretrievably delete any information relating to the business of the Company or any group member stored on any magnetic or optical disc or memory and all matter derived therefrom which is in the Employee's possession, custody, care or control outside the premises of the Company and shall produce such evidence of compliance with this sub-clause as the Company may require; and
 - (c) resign without any claim for compensation or damages from any office or appointment held by the Employee in the Company or in any group member.
- 4.8 Survival. Upon a termination of this Agreement for any reason, the Employee will continue to be bound by the provisions of Article 4, Article 5, Article 6, Article 7, and Article 8.

ARTICLE 5 – CONFIDENTIALITY

5.1 Confidential Information.

- (a) *Ownership of Confidential Information* - The Employee acknowledges that the Confidential Information is and will be the sole and exclusive property of the Company. The Company has a legitimate business interest in protecting its Confidential Information, including its trade secrets, as well as its substantial and ongoing customer, industry, and employee relationships. The Employee acknowledges that the Employee has not, and will not, acquire any right, title or interest in or to any of the Confidential Information.
- (b) *Non-Disclosure, Use and Reproduction of Confidential Information* - The Company and its related entities, parents, subsidiaries, predecessors, successors, and affiliates, may provide and make available to the Employee certain Confidential Information regarding its business. This Confidential Information is of substantial value and highly confidential, is not known to the general public, is the subject of the Company's reasonable efforts to maintain its secrecy, includes professional and trade secrets, and is being provided and disclosed to the Employee solely for use in connection with and during the Employee's employment with the Company. The Employee will keep all the Confidential Information strictly confidential, and will not, either directly or indirectly, either during or subsequent to employment with the Company, disclose, allow access to, transmit, transfer, use or reproduce any of the Confidential Information in any manner except as required to perform the duties of the Employee for the Company and in accordance with all procedures established by the Company for the protection of the Confidential Information. Without limiting the foregoing, the Employee:

- (i) will ensure that all the Confidential Information and all copies thereof, are clearly marked, or otherwise identified as confidential to the Company and proprietary to the person or entity that first provided the Confidential Information, and are stored in a secure place while in the Employee's possession, custody, charge or control;
 - (ii) will not, either directly or indirectly, disclose, allow access to, transmit or transfer any of the Confidential Information to any person other than to an employee, officer, or director of the Company but only upon a "need to know" basis for the benefit of the Company, without the prior written authorization of the Board of Directors; and
 - (iii) will not, except as required by the Employee's position, use any of the Confidential Information to create, maintain or market any product or service which is competitive with any product or service produced, marketed, licensed, sold or otherwise dealt in by the Company, or assist any other person to do so.
- (c) *Legally Required Disclosure - Notwithstanding the foregoing, to the extent the Employee is required by law to disclose any Confidential Information, the Employee will be permitted to do so, provided that notice of this requirement is delivered to the Company in a timely manner, so that the Company may contest such potential disclosure.*
- (d) *Return of Materials, Equipment and Confidential Information - Upon request by the Company, and in any event when the Employee leaves the employ of the Company, the Employee will immediately return to the Company all the Confidential Information and all other materials, computer programs, documents, memoranda, notes, papers, reports, lists, manuals, specifications, designs, devices, drawings, notebooks, correspondence, equipment, keys, pass cards, and property, and all copies thereof, in any medium, in the Employee's possession, charge, control or custody, which are owned by, or relate in any way to the Business or affairs of the Company.*
- (e) *Exceptions - The non-disclosure obligations of Employee under this Agreement shall not apply to Confidential Information which the Employee can establish:*
- (i) was known to the Employee prior to the Effective Date;

- (ii) is, or becomes, readily available to the public other than through a breach of this Agreement;
- (iii) is disclosed, lawfully and not in breach of any contractual or other legal obligation or regulatory body of a competent jurisdiction, to Employee by a third party;
- (iv) through written records, was known to Employee, prior to the date of first disclosure of the Confidential Information to Employee by the Company; or
- (v) The non-disclosure obligations of Employee under this Agreement shall not prevent him from making a protected disclosure within the meaning of section 43A of the Employment Rights Act 1996 and/or a relevant pay disclosure made in compliance with section 77 of the Equality Act 2010.

5.2 Ownership of Developments

- (a) *Acknowledgment of Company Ownership* - The Employee acknowledges that the Company will be the exclusive owner of all the Developments made during the term of the Employee's employment by the Company, except Excluded Developments, and to all intellectual property rights in and to such Developments. The Employee hereby assigns all right, title and interest in and to such Developments and their associated intellectual property rights throughout the world and universe to the Company, including without limitation, all trade secrets, patent rights, copyrights, mask works, industrial designs and any other intellectual property rights in and to each such Development, effective at the time each is created. Further, the Employee irrevocably waives all moral rights the Employee may have in such Developments.
- (b) *Excluded Developments and Prior Developments* - The Company acknowledges that it will not own any Excluded Developments or Prior Developments.
- (c) *Disclosure of Developments* - To avoid any disputes over the ownership of Developments, the Employee will provide the Company with a general written description of any of the Developments the Employee believes the Company does not own because they are Excluded Developments or Prior Developments. Thereafter, the Employee agrees to make full and prompt disclosure to the Company of all Developments, including, without limitation, Excluded Developments, made during the term of the Employee's employment with the Company. The Company will hold any information it receives regarding Excluded Developments and Prior Developments in confidence.

- (d) *Further Acts* - The Employee agrees to cooperate fully with the Company both during and after the Employee's employment by the Company, with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm the Company's ownership of the Developments other than Excluded Developments and Prior Developments, the transfer of ownership of such Developments to the Company, and the waiver of the Employee's moral rights therein, and (ii) obtaining or enforcing patent, copyright, trade secret or other protection for such Developments; provided that the Company pays all the Employee's expenses in doing so, and reasonable compensation if such acts are required after the Employee leaves the employment by the Company.
- (e) *Employee-owned Inventions* - The Employee hereby covenants and agrees with the Company that, unless the Company agrees in writing otherwise, the Employee will not use or incorporate any Excluded Development or Prior Development in any work product, services, or other deliverables the Employee provides to the Company. If the Employee uses or incorporates any Excluded Development or Prior Development with the Company's permission, as provided above, the Employee (i) represents and warrants that he or she owns all proprietary interest in such Excluded Development or Prior Development and grants to the Company, at no charge, a non-exclusive, irrevocable, perpetual, worldwide license to use, distribute, transmit, broadcast, sub-license, produce, reproduce, perform, publish, practice, make, and modify such Excluded Development or Prior Development.
- (f) *Prior Employer Information* - The Employee hereby covenants and agrees with the Company that during the Employee's employment by the Company, the Employee will not improperly use or disclose any confidential or proprietary information of any former employer, partner, principal, co-venturer, customer, or independent contractor of the Employee and that the Employee will not bring onto the Company's premises any unpublished documents or any property belonging to any such persons or entities unless such persons or entities have given their consent. In addition, the Employee will not violate any nondisclosure, non-compete or proprietary rights agreement the Employee has signed with any person or entity prior to the Employee's execution of this Agreement, or knowingly infringe the intellectual property rights of any third party while employed by the Company.
- (g) *Protection of Computer Systems and Software* - The Employee agrees to take all necessary precautions to protect the computer systems and software of the Company, including, without limitation, complying with the obligations set out in the Company's policies.

5.3 Defend Trade Secrets Act. Pursuant to the *Defend Trade Secrets Act* of 2016, the Employee understands that:

- (a) an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that:
 - (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or

- (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.
- (b) Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual:
 - (i) files any document containing the trade secret under seal; and
 - (ii) does not disclose the trade secret, except pursuant to court order.

ARTICLE 6 – RESTRICTIVE COVENANTS

- 6.1 Non-solicitation by the Employee. The Employee agrees that at any time while employed by the Company and for a period of one (1) year thereafter, the Employee will not, without the prior written consent of the Company induce or attempt to influence or otherwise endeavor to entice away, directly or indirectly, a Key Employee of the Company to leave the employ or engagement of the Company.
- 6.2 Non-competition. The Employee agrees that while employed by the Company and for a period of six (6) months thereafter, the Employee will not, without the prior written consent of the Company, directly or indirectly, anywhere in Canada or the United States or the UK or any other jurisdiction in which the Company is materially active in relation to the Business, be employed by or provide any professional services to any person or entity or business that is engaged or intends to be engaged in the field of the Business which would have the necessary or probable result of the Employee, in competition with the Company or any member of its group, being engaged in the Business.
- 6.3 Reduction of Period of Restrictions. The periods for which the restrictions in clause 6.1 and 6.2 apply shall be reduced by any period that the Employee has been excluded pursuant to clause 4.2(d) of this Agreement.
- 6.4 Group Companies. The Employee hereby agrees that the Employee will at the request and cost of the Company enter into a direct agreement or undertaking with any associated company of the Company whereby the Employee will accept restrictions and provisions corresponding to the restrictions and provisions in this clause 6 (or such of them as may be appropriate in the circumstances) in relation to such activities and such areas and/or such periods as any such associated company may require for the protection of its legitimate interests.

- 6.5 Reasonableness of Non-competition and Non-solicitation Obligations. The Employee confirms that the obligations in Sections 6.1 and 6.2 are fair and reasonable and are no greater than are reasonably necessary to give the Company protection of its legitimate interests given that, among other reasons:
- (a) the sustained contact the Employee will have with the clients of the Company will expose the Employee to the Confidential Information regarding the particular requirements of these clients and the Company's unique methods of satisfying the needs of these clients, all of which the Employee agrees not to act upon to the detriment of the Company; and/or
 - (b) the Employee will be performing important development work on the products or services owned, developed or marketed by the Company; and the Employee agrees that the obligations in Sections 6.1 and 6.2, together with the Employee's other obligations under this Agreement, are reasonably necessary for the protection of the Company's good will, trade secrets and proprietary interests and that given the Employee's general knowledge and experience they would not prevent the Employee from being gainfully employed if the employment relationship between the Employee and the Company were to end. The Employee further confirms that the geographic scope of the obligation in Section 6.2 is reasonable given the nature of the market for the products and business of the Company. The Employee also agrees that the obligations in Sections 6.1 and 6.2 are in addition to the confidentiality and non-disclosure obligations provided for in this Agreement.
- 6.6 Conflict of Interest. The Employee recognizes that the Employee is employed by the Company in a position of responsibility and trust and agrees that during the Employee's employment with the Company, the Employee will not engage in any activity or otherwise put the Employee in a position which conflicts with the Company's interests. Without limiting this general statement, the Employee agrees that during the Employee's employment with the Company, the Employee will not knowingly lend money to, guarantee the debts or obligations of or permit the name of the Employee or any part thereof to be used or employed by any corporation or firm which directly or indirectly is engaged in or concerned with or interested in any business in competition with the Business unless the Employee receives prior written authorization from the Company.
- 6.7 Acknowledgments. The Employee acknowledges that as of the date of this Agreement:
- (a) a breach of this Agreement would cause the Company irreparable harm and as a result the Employee consents to the issuance of an injunction or other appropriate remedy required to enforce the covenants contained herein; and
 - (b) in the event it is necessary for the either party to retain legal counsel to enforce any of the terms and conditions of this Agreement, the prevailing party will pay the other parties' reasonable legal fees, court costs and other related expenses.

ARTICLE 7 – ENFORCEMENT

- 7.1 Severability and Limitation. All agreements and covenants contained herein are severable and, in the event any of them will be held to be invalid by any competent court, this Agreement will be interpreted as if such invalid agreements or covenants were not contained herein. Should any court or other legally constituted authority determine that for any such agreement or covenant to be effective that it must be modified to limit its duration or scope, the parties hereto will consider such agreement or covenant to be amended or modified with respect to duration and scope so as to comply with the orders of any such court or other legally constituted authority or to be enforceable under the laws of the Province of British Columbia, and as to all other portions of such agreement or covenants they will remain in full force and effect as originally written.

ARTICLE 8 – GENERAL

- 8.1 Notices. Any notices to be given hereunder by either party to the other party may be effected in writing, either by personal delivery or by mail if sent certified, postage prepaid, with return receipt requested. Mailed notices will be addressed to the parties at the address set out on the first page of this Agreement, or as otherwise specified from time to time. Notice will be effective upon delivery.
- 8.2 Data Protection. The Company may collect, hold, process or transfer personal and sensitive personal data relating to the Employee as set out in, and for the purposes set out in, the privacy notice provided to the Employee and the Company's data privacy policy. The Employee shall comply with the Company's policies when handling personal data in the course of employment including personal data relating to any employee, worker, contractor, customer, client, supplier or agent of the Company. The Company may, from time to time, monitor the Employee's use of the internet and of email communications received, created, stored, sent or forwarded by the Employee on systems and equipment provided by the Company to the Employee for the performance of his duties, as set out in, and for the purposes set out in, the privacy notice. In limited cases where the Employee's consent is appropriate to and sought for specific processing, a separate consent notice will apply. The privacy notice, privacy policy and any separate consent notices where relevant or required do not form part of this Agreement.
- 8.3 Grievance, disciplinary and dismissal procedure. A copy of the disciplinary rules and procedures of the Company can be obtained from the Board of Directors. They do not form part of this Agreement.
- 8.4 Independent Legal Advice. The Employee specifically confirms that he has been advised to retain his/her own independent legal advice prior to entering into this Agreement.
- 8.5 Construction. The parties acknowledge that each party and its respective counsel have had the opportunity to independently review and negotiate the terms and conditions of this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting party will not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

- 8.6 Assignment and New Agreement. The Employee cannot assign his interest in this Agreement. The Employee agrees that the Company may assign its interests in this Agreement to any group member of the Company including any English subsidiary or branch that may exist from time to time. The Employee agrees that the Employee will execute a similar agreement to this Agreement should the Company merge with another company or should the shares in the Company be transferred, or where the group of companies of which the Company is part is subject to restructuring, or should the Employee's employment be transferred to any entity pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (or such replacement legislation having the same or similar effect).
- 8.7 Benefit of Agreement. This Agreement will inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.
- 8.8 Entire Agreement. The Appendices to this Agreement, together with the terms and conditions contained within this Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior employment agreements, understandings and arrangements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.
- 8.9 Amendments and Waivers. No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Employee and a representative of the Company duly authorized by the Board of Director to executive such amendment. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.
- 8.10 Governing Law. This Agreement will be governed by and construed, enforced and interpreted non-exclusively in accordance with the laws of England and Wales, except as specified in Article 5.3 above.



IN WITNESS WHEREOF the parties have executed this Agreement as of the last date written below.

ZYMEWORKS INC.

By: /s/ Lota Zoth

Lota Zoth

January 5, 2022

Date

SIGNED AND DELIVERED

by **Employee:**

/s/ Kenneth Galbraith

Signature

January 5, 2022

Date

SCHEDULE 1

OUTSIDE ACTIVITIES

1. Director and Chair of the AC for MGX which the Employee will resign from concurrent upon signing this Agreement.
2. Board Chair for Kalium Health, for which the Employee will remain on the Board until his term expires in June 2023.
3. Director and Chair of the Audit Committee for Profound Medical to whom the Employee will provide notice concurrent with signing this Agreement and Employee will resign as Chair of the Audit Committee no later than Profound Medical's 2022 annual stockholders meeting (expected May 2022) and resign as Director no later than Profound Medical's 2023 annual stockholders meeting (expected May 2023).
4. EIR at Syncona Investment Management Limited in London to whom the Employee will provide notice of his resignation concurrent with signing this Agreement.

APPENDIX A

ZYMEWORKS INC. AMENDED AND RESTATED STOCK OPTION AND EQUITY COMPENSATION PLAN

Please find enclosed a copy of the Zymeworks Inc. Amended and Restated Stock Option and Equity Compensation Plan.

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APPENDIX B

**ZYMEWORKS INC. AMENDED AND RESTATED
EMPLOYEE STOCK PURCHASE PLAN**

Please find enclosed a copy of the Zymeworks Inc. Amended and Restated Employee Stock Purchase Plan.

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SEPARATION AGREEMENT AND RELEASE

THIS SEPARATION AGREEMENT AND RELEASE is made on January 5, 2022.

BETWEEN:

ZYMEWORKS INC.

("Zymeworks" or the "Company")

AND:

DR. ALI TEHRANI

(the "Executive")

WHEREAS:

- A. The Executive was employed by Zymeworks since September 8, 2003, pursuant to an amended and restated employment agreement dated January 17, 2017 (the "Employment Agreement");
- B. The Executive and Zymeworks have mutually agreed that the Executive's employment will terminate on the date the Company's new Chief Executive Officer commences employment with the Company (the "Termination Date"), which is expected to occur on or about February 1, 2022, or sooner; and
- C. The Executive and Zymeworks have reached an agreement to fully and finally settle any matters in relation to the Executive's employment and the termination of that employment on the terms and conditions set out in this Separation Agreement and Release.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS CONTAINED HEREIN:

1. The Parties acknowledge, agree and confirm as follows:

- (a) The Executive will submit his resignation as President and Chief Executive Officer of Zymeworks and any positions held at affiliated companies, in all cases, effective as of the Termination Date and Zymeworks shall accept that resignation effective as of the Termination Date.
- (b) The Executive shall resign as a director of Zymeworks and any affiliated company, in all cases, effective as of the Termination Date.
- (c) Zymeworks shall pay to the Executive any unpaid salary and any accrued but unused vacation pay up through the Termination Date.
- (d) In accordance with past precedent set by the Company, the Company agrees to provide the Executive with a laptop comparable to the one he has been using in discharge of his duties as an employee of the Company following the Termination Date.

- (e) Subject to Executive satisfactorily performing his duties as Chief Executive Officer of the Company through the Termination Date, Zymeworks shall, following the Termination Date, pay to the Executive an amount of US\$889,638, which is the equivalent of eighteen (18) months of the Executive's current salary. Zymeworks is agreeable to paying this amount in a lump sum in a tax-favourable manner as may be directed by the Executive, subject to applicable income tax requirements.
- (f) Zymeworks shall, subject to the terms and conditions of the applicable Zymeworks bonus plan governing Executive's annual performance bonus for the 2021 calendar year, pay Executive an amount equal to the cash bonus Executive would have received had Executive remained employed with Zymeworks through the bonus payment date, with such bonus calculated based on actual achievement of the applicable performance goals under this bonus plan as determined by the Board. This bonus, if any, shall be paid in a lump sum at the same time as the Zymeworks other senior executives receive their 2021 bonus, if any, and subject to applicable income tax requirements.
- (g) Zymeworks shall, subject to the terms and conditions of the applicable benefit plan, maintain all employee benefit plans for the lesser of (i) an eighteen (18) month period from the Termination Date or (ii) the date the Executive enrolls in the benefit plans of a new employer.
- (h) Concurrently with the execution of this Agreement (and, for the avoidance of doubt, no later than the Termination Date), Zymeworks and the Executive shall enter into the Consulting Services Agreement attached hereto as Exhibit A (the "Consulting Services Agreement") whereby the Executive shall assist with certain transitional matters at the request and direction of Zymeworks on an as needed basis. The Consulting Services Agreement shall commence on the Termination Date and shall cease on September 30, 2023 (subject to earlier termination as described in the Consulting Services Agreement). The Executive shall remain an "Option Holder" under the terms of Zymeworks' Second Amended and Restated Employee Stock Option Plan (the "Pre-IPO Plan") and a "Participant" under the terms of Zymeworks' Amended and Restated Stock Option and Equity Compensation Plan (this plan or the Pre-IPO Plan, an "Equity Plan") for the duration of the term of the Consulting Services Agreement, and accordingly will be afforded the vesting and exercise benefits as set forth in clause (i) below.

- (i) As of the date hereof, the Executive has 1,129,991 vested and unexercised Zymeworks stock options and 294,323 unvested Zymeworks stock options. Vesting of the Executive's Zymeworks stock options shall continue to vest and become exercisable through the Termination Date and over the term of the Consulting Services Agreement in accordance with the terms of the applicable Equity Plan and applicable award agreement, and cease on termination of the Consulting Services Agreement. Any remaining unvested Zymeworks stock options shall be forfeited on the termination of the Consulting Services Agreement. Pursuant to the applicable Equity Plan, the Executive shall have ninety (90) days from the termination of the Consulting Services Agreement to exercise any vested Zymeworks stock options unless such options expire by their terms before the end of such ninety (90) day period.
- (j) As of the date hereof, the Executive has 40,417 of unvested Zymeworks restricted stock units, which will continue to vest through the Termination Date and over the term of the Consulting Services Agreement in accordance with the terms of the Equity Plan and applicable award agreement. Any remaining unvested Zymeworks restricted stock units shall be forfeited on the termination of the Consulting Services Agreement.
- (k) Following the termination of the Consulting Services Agreement and provided that the Executive (i) had satisfactorily performed his duties as Chief Executive Officer between the date of this Agreement and the Termination Date and (ii) timely executes the Supplemental Release Agreement attached hereto as Exhibit B (the "Supplemental Release"), then the Company agrees to extend the period of time in which the Executive has to exercise each of his outstanding and vested Company stock options as of the date of the termination of the Consulting Services Agreement for an additional twelve (12) months from the date of such termination (but, in no case, later than the original maximum term of such Company stock option), subject to earlier termination upon a "change of control," "substantial sale," or other similar provision in the applicable Company stock plan governing such stock option grant.
- (l) Zymeworks shall reimburse the Executive for all reasonable and documented business expenses actually and properly incurred by the Executive in relation to Zymeworks' business up to the Termination Date.
- (m) The Executive shall as of the Termination Date return all books of account, records, reports and other documents, materials and property belonging to Zymeworks that are in the Executive's possession or control.
- (n) All payments provided hereunder will be made in a timely manner, subject to the execution of this Separation Agreement and Release, and shall be subject to applicable statutory withholdings.
- (o) The Executive reaffirms that he remains bound by the terms of Article 5 – Confidentiality – and Article 6 – Restrictive Covenants – of the Employment Agreement and that those provisions survive the termination of the Employment Agreement and the Executive's employment with Zymeworks. The Company agrees that the Employment Agreement shall be amended by inserting the following sentence to the end of Section 6.2 thereof: "Notwithstanding the foregoing, the Employee shall not be restricted from being employed or engaged by a venture capital firm that invests in any business that competes with the Business of the Company, so long as the Employee does not participate in, advise with respect to, or otherwise have responsibilities associated with the conduct or operations of any competing business that is engaged in the research and development of bispecific antibodies targeting HER2 in which the venture capital firm invests."

(p) The Executive reaffirms that he remains bound by the terms of all Company policies and procedures applicable to the Executive following his Termination Date, including, but not limited, to the Company's insider trading policy.

2. The Executive acknowledges that without this Separation Agreement and Release, the Executive is otherwise not entitled to the consideration listed in paragraphs (d) through (k) of Section 1, which is inclusive of, and exceeds, any and all common law, statutory, and contractual entitlements the Executive may have. The Executive further acknowledges and agrees that the Executive's separation from employment with Zymeworks is the result of a mutually agreed-upon voluntary resignation and, as a result, the Executive has not experienced a termination without "Cause" as that term is defined in the Employment Agreement, that all consideration described in this Separation Agreement and Release is in lieu of any severance payments or benefits under Article 4 of the Employment Agreement, and that the Executive is not entitled to any severance or other benefits under the Employment Agreement. In consideration of Zymeworks entering into this Separation Agreement and Release and the Consulting Services Agreement, and other good and valuable consideration, the Executive hereby remises, releases and forever discharges Zymeworks, its affiliated companies, and as applicable all of their respective officers, directors, partners, shareholders, executives, agents, successors, administrators, executors, heirs and assigns of and from any and all actions, causes of action, suits, debts, dues, accounts, costs, legal costs, contracts, claims and demands of every nature or kind, statutory or otherwise, including any claims made pursuant to the *Employment Standards Act* (BC), the *Human Rights Code* (BC) and any similar applicable legislation, which the Executive, and, as applicable, the Executive's agents, Executives, successors, administrators, executors, heirs and assigns now have or at any time hereafter can, shall or may have in any way arising or resulting from any cause, matter, or anything whatsoever existing up to and including the present time with respect to the Executive's employment by Zymeworks, the termination of that employment, and the termination of any benefits. The foregoing release does not extend to any rights of indemnification the Executive may have (a) pursuant to that certain December 5, 2014 Indemnification Agreement between the Company and the Executive, or (b) under any applicable D&O insurance policy with the Company, in either case subject to the respective terms, conditions, and limitations of such indemnification agreement or D&O insurance policy as may be applicable.

3. The Executive agrees that the terms of this Separation Agreement and Release shall not constitute nor be deemed to be an admission of liability by Zymeworks in respect of any claim which the Executive hereto presently has or hereafter can, shall or may have and any such liability by Zymeworks is in fact expressly denied. The terms of this Separation Agreement are contractual and not merely a recital.

4. Except as necessary to enforce the terms of this Separation Agreement, the Executive further agrees that he will not make any claim or take any proceedings against any other person or corporation who might claim contribution or indemnity from Zymeworks hereto in respect of the subject matter of this Separation Agreement and Release.

5. The Executive agrees that he shall provide reasonable cooperation and assistance to the Company in the transition of his role and in the resolution of any matters in which the Executive was involved during the course of the Executive's employment, or about which the Executive has knowledge, and in the defense or prosecution of any investigations, audits, claims or actions now in existence or which may be brought or threatened in the future against or on behalf of the Company, including any investigations, audits, claims or actions involving or against its officers, directors and employees. The Executive's cooperation with such matters shall include, without limitation, being available to consult with the Company regarding matters in which the Executive has been involved or has knowledge; to reasonably assist the Company in preparing for any proceeding (including, without limitation, depositions, mediations, hearings, settlement negotiations, discovery conferences, arbitration, or trial); to provide affidavits reflecting truthful written testimony; to assist with any audit, inspection, proceeding or other inquiry; and to act as a witness to provide truthful testimony in connection with any investigation, audit, mediation, litigation or other legal proceeding affecting the Company. The Executive agrees to keep the Company's Human Resource department apprised of his current contact information, including telephone numbers, work address, home address, and email address(es), and to promptly respond to communications from the Company in connection with this Section 5. The Executive understands and agrees that this Section 5 requires his cooperation with the Company, but is not intended to have any influence whatsoever on any specific outcome in any matter and he is expected at all times to provide truthful testimony and responses in connection with any matter.

6. This Separation Agreement and Release shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and personal representatives, the Company's subsidiaries, affiliates and assigns and the Executive's permitted assigns. It is further understood and agreed that the Executive will not make any adverse or unfavorable statements concerning Zymeworks, its affiliates or any of their respective officers, directors, shareholders or Executives in the context of such relationships of the Executive and such persons related to his employment by Zymeworks or concerning any relationship the Executive had with Zymeworks or any of its subsidiaries, or any of their respective officers, directors, shareholders or Executives.

7. It is further understood and agreed that the Executive hereby represents and declares that the Executive executes this Separation Agreement and Release as the Executive's own free act for the consideration set forth herein (and has not been influenced to any extent whatsoever in executing this Separation Agreement and Release by any representations or statements made by Zymeworks, or by any person on behalf of Zymeworks) and that the Executive has read this Separation Agreement and Release and has had the opportunity to take independent legal advice as to its terms and the Executive acknowledges that Zymeworks relies on this representation and declaration.

8. All dispute arising out of or in connection with this Separation Agreement and Release, or in respect of any legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration administered by the Vancouver International Arbitration Centre (VanIAC) pursuant to its applicable Rules. The place of arbitration shall be Vancouver, British Columbia, Canada.

9. This Separation Agreement and Release may be executed in counterparts, each of which shall be deemed to be an original and all such counterparts shall constitute one document.

10. The Parties hereto agree that this Separation Agreement and Release contain the entire agreement between the Parties concerning the subject matter of this Agreement and the Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and the Executive's relationship with the Company (including, for example, the Employment Agreement), but with the exception of Articles 2 and 3 of the Employment Agreement (which shall survive only through the Termination Date) and Sections 1.1 and Articles 5, 6, 7, 8 and 9 of the Employment Agreement (which shall survive through and following the Termination Date).

11. This Separation Agreement and Release is conditional upon the approval of the Board of Directors of Zymeworks.

IN WITNESS WHEREOF the Parties have hereunto set their hands as of the date first above written.

ZYMEWORKS INC.

Per: /s/ Lota Zoth
Authorized Signatory

SIGNED, SEALED AND DELIVERED in)
the presence of:)
)
/s/ Daniel Dex)
Witness)
Daniel Dex)
Name)
1385 West 8th Ave)
Address)
Vancouver, BC)
)
Attorney)
Occupation)

/s/ Dr. Ali Tehrani
DR. ALI TEHRANI

EXHIBIT A

CONSULTING SERVICES AGREEMENT

This AGREEMENT dated January 5, 2022.

BETWEEN:

ZYMEWORKS INC.
540 – 1385 West 8th Avenue,
Vancouver, BC V6H 3V9

(the “Company”)

AND:

DR. ALI TEHRANI
1847 West 14th Avenue
Vancouver, BC V6J 2J8

(the “Consultant”)

WITNESSES THAT WHEREAS:

- A. The Consultant is the former President and Chief Executive Officer of the Company, and the Company now wishes to retain the Consultant to perform certain consulting services;
- B. The Consultant agrees to provide such services to the Company on the terms and conditions set out herein; and
- C. The Consultant may have access to the confidential information of the Company and may receive confidential information regarding the Company.

THEREFORE, in consideration of the sum of \$10.00 and the covenants and agreements herein, and for other good and valuable consideration given by each party hereto to the other, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

1. SERVICES

1.1 **Services.** The Consultant agrees to perform the services set out in Schedule “A” to this Agreement. The Consultant agrees that all services set out in Schedule “A” to this Agreement will be performed by the Consultant personally unless otherwise authorized in writing by the Company.

1.2 **Independent Contractor.** It is acknowledged and agreed that:

- (a) The Consultant shall at all times be an independent contractor. The Consultant is not an employee or agent of the Company, and no partnership, joint venture or agency will be created by this Agreement or by any action of the parties under this Agreement and the Consultant shall not represent himself to be in any such relationship with the Company.

- (b) The Consultant acknowledges and agrees that he shall be responsible for payment to the proper authorities of any and all income taxes, Workers Compensation Act premiums and any other applicable statutory withholdings in respect of the remuneration paid hereunder.
- (c) If at any time the Canada Revenue Agency or any other competent authority determines that the Consultant, or any employee of the Consultant, is an employee of the Company, then the Company will immediately begin making all statutorily required withholdings and remittances in respect of payments to the Consultant.

2. REMUNERATION

During the term of this Agreement, the Company shall pay to the Consultant the remuneration set out in Schedule "B", which sets out completely the remuneration payable to the Consultant.

3. EXPENSES

3.1 **Business Expenses.** The Consultant shall be reimbursed by the Company for all reasonable, pre-approved expenses incurred in connection with the performance of services, including business travel, in accordance with the Company's policies as established from time to time. The reimbursement of all expenses, pursuant to this Agreement, must be supported with appropriate receipts, invoices or similar documentation.

4. TERM AND TERMINATION

4.1 This Agreement shall commence on the Termination Date (as defined in the Separation Agreement and Release to which this Agreement was attached as an exhibit) and shall continue until September 30, 2023 (the "Term") unless terminated in accordance with this Section 4 of the Agreement.

4.2 Either party may terminate this Agreement during the Term immediately upon a fundamental breach of a material term of this Agreement.

4.3 The Consultant may terminate this Agreement other than for a fundamental breach during the Term by providing the Company with fourteen (14) days' written notice.

4.4 The Consultant shall not be entitled to any further compensation or remuneration arising out of the early termination or the expiration of this Agreement other than as set out in this Section 4.

5. CONFIDENTIALITY

5.1 Except as required by law or in the normal and proper course of the Consultant providing services to the Company hereunder or with the written consent of the Company, the Consultant will not use for the Consultant's own account or disclose to anyone else, during or after the term of this Agreement, any confidential or proprietary information or material relating to the operations or business of the Company and its subsidiaries which the Consultant obtains by virtue of the Consultant's engagement by the Company. Confidential or proprietary information or material includes, without limitation, the following types of information or material, both existing and contemplated, regarding the Company or its subsidiaries except to the extent otherwise in the public domain: corporate information, including plans, strategies, tactics, policies, resolutions, and any litigation or negotiations; financial information, including cost and performance data, debt arrangements, equity structure, investors and holdings; operational and scientific information, including trade secrets; technical information, technical drawings and designs; and personnel information, including personnel lists, resumes, personnel data, organizational structure and performance evaluations (collectively, the "Confidential Information").

5.2 The Consultant agrees that all files, documents and equipment issued to the Consultant of any nature pertaining to business of the Company are and shall be the property of the Company, and that all such documents and all copies of them and any equipment shall be returned to the Company up on the termination of the Consultant's engagement by the company for any reason.

6. **INVENTIONS**

6.1 **Acknowledgment of Company Ownership.** The Consultant acknowledges that the Company will be the exclusive owner of all the Developments made during the term of the Consultant's engagement by the Company, except Excluded Developments, and to all intellectual property rights in and to such Developments. The Consultant hereby assigns all right, title and interest in and to such Developments and their associated intellectual property rights throughout the world and universe to the Company, including without limitation, all trade secrets, patent rights, copyrights, mask works, industrial designs and any other intellectual property rights in and to each such Development, effective at the time each is created. Further, the Consultant irrevocably waives all moral rights the Consultant may have in such Developments.

6.2 **Excluded Developments and Prior Developments.** The Company acknowledges that it will not own any Excluded Developments or Prior Developments. For the purposes of this Agreement:

- (a) "Excluded Developments" means any Development that the Consultant establishes:
 - (i) was developed entirely on the Consultant's own time;
 - (ii) was developed without the use of any equipment, supplies, facilities, services or trade secret information of the Company;
 - (iii) does not relate directly to the business or affairs of the Company or to the actual or anticipated research or development of the Company known to the Consultant; and
 - (iv) does not result from any work performed by the Consultant for the Company.
- (b) "Prior Developments" means any Development that the Consultant establishes was developed prior to the Consultant performing such services for the Company and precedes the Consultant's initial engagement with the Company.

6.3 **Disclosure of Developments.** To avoid any disputes over the ownership of Developments, the Consultant will provide the Company with a general written description of any of the Developments the Consultant believes the Company does not own because they are Excluded Developments or Prior Developments. Thereafter, the Consultant agrees to make full and prompt disclosure to the Company of all Developments, including, without limitation, Excluded Developments, made during the term of the Consultant's engagement with the Company. The Company will hold any information it receives regarding Excluded Developments and Prior Developments in confidence.

6.4 **Further Acts.** The Consultant agrees to cooperate fully with the Company both during and after the Consultant's engagement with the Company, with respect to (i) signing further documents and doing such acts and other things reasonably requested by the Company to confirm the Company's ownership of the Developments other than Excluded Developments and Prior Developments, the transfer of ownership of such Developments to the Company, and the waiver of the Employee's moral rights therein, and (ii) obtaining or enforcing patent, copyright, trade secret or other protection for such Developments; provided that the Company pays all the Consultant's expenses in doing so, and reasonable compensation if such acts are required after the Consultant ceases providing services to the Company.

6.5 **Consultant-owned Inventions.** The Consultant hereby covenants and agrees with the Company that, unless the Company agrees in writing otherwise, the Consultant will not use or incorporate any Excluded Development in any work product, services, or other deliverables the Consultant provides to the Company. If the Consultant uses or incorporates any Excluded Development with the Company's permission, as provided above, the Consultant (i) represents and warrants that he owns all proprietary interest in such Excluded Development and (ii) grants to the Company, at no charge, a non-exclusive, irrevocable, perpetual, worldwide license to use, distribute, transmit, broadcast, sub-license, produce, reproduce, perform, publish, practice, make, and modify such Excluded Development.

6.6 **Protection of Computer Systems and Software.** The Consultant agrees to take all necessary precautions to protect the computer systems and software of the Company, including, without limitation, complying with the obligations set out in the Company's policies.

7. **EQUITABLE RELIEF**

7.1 The Consultant agrees that, in the event he or any of his employees violates any of the restrictions referred to in Section 5, the Company shall suffer irreparable harm and shall be entitled to preliminary and permanent injunctive relief and any other remedies in law or in equity which the court deems fit.

8. **SEVERABILITY**

Should any part of this Agreement be declared or held to be invalid for any reason, the invalidity shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid portion, and it is hereby declared the intention of the parties that this Agreement would have been executed without reference to any portion that may, for any reason, be hereafter declared or held invalid.

9. SURVIVAL

The Company and the Consultant expressly acknowledge and agree that the provisions of this Agreement, which by their express or implied terms extend beyond the termination of the Consultant's services hereunder, or beyond the termination of this Agreement, shall continue in full force and effect notwithstanding the termination of the Consultant's services or the termination of this Agreement for any reason.

10. ENTIRE AGREEMENT AND AMENDMENTS

The provisions herein constitute the entire agreement between the parties in relation to providing consulting services to the Company and supercedes all previous communications, representations and agreements, whether oral or written, between the Company and the Consultant with respect to the subject matter hereof. This Agreement may not be amended or modified except by written instrument signed by the Company and the Consultant.

11. GOVERNING LAW

This Agreement shall be governed by and interpreted exclusively in accordance with the laws of British Columbia, and the courts of British Columbia shall have the exclusive jurisdiction over this Agreement and any claim or dispute arising under it.

12. ENUREMENT

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, personal representatives and permitted assigns.

13. ASSIGNMENT OF RIGHTS

The Company shall have the right to assign this Agreement to another party, including, without limitation, any successor company that acquires all or substantially all of the Company's assets. The Consultant shall not assign his rights under this Agreement or delegate to others any of his functions and duties under this Agreement without the express written consent of the Company which may be withheld in its sole discretion.

14. NOTICE

Any notice relating to this Agreement or required or permitted to be given in accordance with this Agreement shall be in writing and shall be personally delivered or mailed by registered mail, postage prepaid to the parties at their respective addresses set out on the first page of this Agreement.

15. ARBITRATION

All disputes arising out of or in connection with this Agreement, or in respect of any legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration administered by the Vancouver International Arbitration Centre (VanIAC) pursuant to its applicable Rules. The place of arbitration shall be Vancouver, British Columbia, Canada.

16. CURRENCY

All monetary amounts set out in this Agreement refer to Canadian dollars.

17. **LEGAL ADVICE**

The Consultant acknowledges that it has obtained independent legal advice before executing this Agreement.

IN WITNESS WHEREOF the parties have hereto have duly executed this agreement as of the day and year first above written.

ZYMEWORKS INC.

Per: /s/ Lota Zoth

/s/ Dr. Ali Tehrani

DR. ALI TEHRANI

SCHEDULE A

The Consultant agrees to provide the following services:

1. The Consultant shall perform the following services:
 - Be available to respond to reasonable inquiries from representatives of the Company to address matters related to transitioning the Consultant's former responsibilities as President and Chief Executive Officer up to a maximum of 10 hours per week unless otherwise agreed upon by the parties.

SCHEDULE B

A. Remuneration

1. The Consultant shall remain an "Option Holder" under the terms of Zymeworks' Second Amended and Restated Employee Stock Option Plan (the "Pre-IPO Plan") and a "Participant" under the terms of Zymeworks' Amended and Restated Stock Option an Equity Compensation Plan (this plan and the Pre-IPO Plan, an "Equity Plan") for the duration of this Agreement. The vesting and exercisability of the Consultant's Zymeworks stock options and the vesting of the Consultant's Zymeworks restricted stock units, in all cases, shall continue to vest over the term of this Agreement in accordance with the terms of the applicable equity plan and applicable award agreement, and cease upon the termination of this Agreement. Any remaining unvested Zymeworks stock options and restricted stock units held by Consultant shall be forfeited on the termination of this Agreement. Pursuant to the applicable Equity Plan, the Consultant shall have ninety (90) days from the termination of this Agreement to exercise any vested and outstanding Zymeworks stock options unless such options expire by their terms before the end of such ninety (90) day period.
2. At a future date, the Company may determine, in its sole discretion, that Consultant may be eligible for additional remuneration in exchange for some or all of the services rendered by Consultant under this Agreement, which may include, for example, cash compensation paid on an hourly, monthly, or other basis. Further remuneration, if any, will be determined by the Company in its sole discretion following execution of this Agreement, and will be effective only upon the Company's written delivery to Consultant of an amended and restated version of this Schedule B and Consultant's written acceptance of such amended and restated Schedule B.

EXHIBIT B

SUPPLEMENTAL RELEASE AGREEMENT

THIS SUPPLEMENTAL RELEASE AGREEMENT is made on _____.

BETWEEN:

ZYMEWORKS INC.

("Zymeworks")

AND:

DR. ALI TEHRANI

(the "Executive")

WHEREAS:

- A. In connection with the Executive's mutually agreed-upon resignation from employment with Zymeworks, the parties entered into that certain Separation Agreement and Release dated _____ (the "Separation Agreement"); and
- B. In exchange for the consideration described in the Separation Agreement, including, without limitation, the consideration described in paragraph 1(k) thereof (the "Post-Consulting Consideration"), the Executive agreed to execute this Supplemental Release Agreement, without which Executive would not be entitled to the Post-Consulting Consideration.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS CONTAINED HEREIN:

1. In consideration of the benefits described in paragraph 1(k) of the Separation Agreement, which will be provided to the Executive in accordance with the terms thereof following the execution and effectiveness of this Supplemental Release Agreement, the Executive hereby extends his release and waiver of claims in Section 2 of the Separation Agreement to any claims that may have arisen between the date the Executive signed the Separation Agreement and the date the Executive signs this Supplemental Release Agreement. The Executive agrees that the Executive will not file any legal action asserting any such claims released herein.
2. The parties acknowledge and agree that the terms of Sections 2 through 11 of the Separation Agreement shall apply to this Supplemental Release Agreement and are incorporated herein, *mutatis mutandis*, to the extent that they are not inconsistent with the express terms of this Supplemental Release Agreement.

IN WITNESS WHEREOF the Parties have hereunto set their hands as of the date first above written.

ZYMEWORKS INC.

Per: _____
Authorized Signatory

SIGNED, SEALED AND DELIVERED in)
the presence of:)
)
)
_____)
Witness)
)
_____)
Name)
)
_____)
Address)
)
_____)
)
_____)
Occupation)

DR. ALI TEHRANI



5 January 2022
 Mr. Neil Klompas
 Executive Vice President, Business Operations and Chief Financial Officer

Promotion to Chief Operating Officer

Dear Neil,

On behalf of the Board of Directors of Zymeworks Inc. ("Zymeworks"), I am pleased to confirm your promotion to the position of **Chief Operating Officer**, effective 5 January 2022 (you will remain as Chief Financial Officer as well), and the following changes to your compensation:

	<u>Current</u>	<u>New</u>
Base Salary (USD):	\$437,124	\$458,000
Bonus Target:	40%	45%
Title:	Executive Vice President, Business Operations and Chief Financial Officer	Chief Operating Officer and Chief Financial Officer

Your revised compensation is based on a market assessment of Zymeworks' compensation practices and your contributions to Zymeworks' goals and ongoing efforts to make Zymeworks a world leader in antibody and protein therapeutics.

All other terms and conditions of your employment agreement remain unchanged.

Neil, I want to personally thank you for all your contributions and commitment to Zymeworks' success. This promotion is well-earned and well-deserved.

Sincerely,

Kathryn O'Driscoll
 Chief People Officer

Zymeworks Inc. | 540 - 1385 West 8th Avenue, Vancouver, BC, Canada, V6H 3V9 | zymeworks.com

ZYMEWORKS INC.

INDUCEMENT STOCK OPTION AND EQUITY COMPENSATION PLAN

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ARTICLE I

INTERPRETATION

Section 1.1 Definitions

For the purposes of this Plan, the following terms shall have the following meanings:

(a) “**Affiliate**” or “**Affiliated**” means, with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise);

(b) “**Authorized Leave**” means any leave of absence (paid or unpaid) approved in writing by the Corporation for a period of more than four (4) weeks that occurs while the Participant continues to be employed as an employee by the Corporation and includes any parental leave, short term disability or other bona fide paid or unpaid leave of absence or sabbatical period;

(c) “**Award**” means a grant of an Option or of an Other Award hereunder. Each Award under the Plan is intended to qualify as an employment inducement award under Rule 303A.08.

(d) “**Board**” means the board of directors of the Corporation as constituted from time to time, or a committee thereof to which authority has been delegated by the board of directors with respect to any particular functions of the board of directors, as set forth in Section 2.1(c) herein;

(e) “**Business Day**” means a day, other than a Saturday or Sunday, on which banking institutions in Vancouver, British Columbia are not authorized or obligated by law to close;

(f) “**Change of Control**” means the happening, in a single transaction or in a series of related transactions, of any of the following events:

(i) any transaction (other than a transaction described in clause (ii) below) pursuant to which any person or group of persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation’s then issued and outstanding securities entitled to vote in the election of directors of the Corporation;

(ii) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Corporation and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such transaction;

(iii) the sale, lease, exchange, license or other disposition of all or substantially all of the Corporation's assets to a person other than (A) a disposition to a Person that was an Affiliate of the Corporation at the time of such sale, lease, exchange, license or other disposition or (B) a sale, lease, exchange, license or other disposition to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are beneficially owned by Shareholders of the Corporation in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such sale, lease, exchange, license or other disposition;

(iv) the passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or

(v) individuals who, on the Effective Time, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

(g) "**Code**" has the meaning given to that term in Appendix 1;

(h) "**Corporation**" means Zymeworks Inc. and its respective successors and assigns;

(i) "**Date of Grant**" means the date on which a particular Award is granted by the Board as evidenced by the Grant Agreement pursuant to which the particular Award was granted;

(j) "**Effective Time**" has the meaning given to that term in Section 2.5;

(k) "**Eligible Person**" means any employee of the Corporation or any of its direct or indirect subsidiaries to whom the grant of the Award or Awards to the Employee is a material inducement to the Employee's entering into employment with the Company (or any of its Parent or Subsidiaries, as applicable) in accordance with Rule 303A.08, including grants to new employees in connection with a merger or acquisition;

(l) “**Exercise Notice**” means an election to exercise Options granted to a Participant under this Plan, in the case of Options substantially in the form attached as Exhibit “B” to the Grant Agreement, as may be amended from time to time by the Corporation;

(m) “**Exercise Period**” means the period from the Vesting Date to the close of business on the Expiry Date during which a particular Option may be exercised in the manner described in Section 4.1 in the case of Options;

(n) “**Exercise Price**” has the meaning given to that term in Section 3.2;

(o) “**Expire**” means, with respect to an Option, the termination of such Option, on the occurrence of which such Option is void, incapable of exercise and of no value whatsoever; and Expires, Expired and Expiry have a similar meaning;

(p) “**Expiry Date**” means the date on which an Option Expires;

(q) “**Fair Market Value**” means, on any particular day, the Market Price of a Share, but if the Shares are not listed and posted for trading on an applicable stock exchange at the relevant time, it shall be the fair market value of the Share, as determined by the Board acting in good faith;

(r) “**Grant Agreement**” means an agreement between the Corporation and a Participant under which an Award is granted, in the case of Options substantially in the form attached hereto as Schedule “A”, as may be amended from time to time by the Corporation;

(s) “**Incapacity**” has the meaning given to that term in Section 4.3(c);

(t) “**Incumbent Board**” has the meaning given to that term in Section 1.1(f);

(u) “**Market Price**” means, on any particular day, closing sale price of a Share on the Primary Stock Exchange for such day (or, if such day is not a trading day), the closing sale price reported for the immediately preceding trading day. Notwithstanding the foregoing, the Corporation may convert a Market Price denominated in United States currency to Canadian currency, or vice-versa, at the Bank of Canada daily average exchange rate on the day prior to the particular day, and the converted amount shall be the Market Price;

(v) “**Non-Executive Director**” means any director of the Corporation who is not an employee or officer of the Corporation or any

Affiliate;

(w) “**NYSE**” means the New York Stock Exchange;

(x) “**Option**” means an option to purchase a Share that is granted to an Eligible Person pursuant to the terms of this Plan;

(y) “**Other Award**” means an Award granted under Article 5 hereof.

(z) “**Participant**” means an Eligible Person to whom an Award has been granted;

(aa) “**Person**” means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division or any government, governmental department or agency or political subdivision thereof;

(bb) “**Plan**” means this Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan, effective January 5, 2022 and as it may be further amended from time to time;

(cc) “**Primary Stock Exchange**” means a Stock Exchange where the majority of the trading volume and value of the Shares has occurred for the five (5) trading days immediately preceding the relevant date;

(dd) “**Rule 303A.08**” means the NYSE Listed Company Manual Rule 303A.08. Reference to Rule 303A.08 will include the terms and conditions of Rule 303A.08 and any applicable interpretive material and other guidance issued under Rule 303A.08.

(ee) “**Share**” means a common share in the capital of the Corporation;

(ff) “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of securities of the Corporation from treasury, including without limitation a Share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise, but does not include any such arrangement which does not involve the issuance from treasury or potential issuance from treasury of securities of the Corporation;

(gg) “**Shareholders**” means holders of Shares;

(hh) “**Stock Exchange**” means the NYSE and, if the Shares are listed and posted for trading on another stock exchange, the stock exchange(s) on which the Shares are listed or posted for trading;

(ii) “**Surrender**” has the meaning given to that term in Section 4.1(c);

(jj) “**Surrender Notice**” has the meaning given to that term in Section 4.1(c);

(kk) “**Termination Date**” has the meaning given to that term in Section 4.3(c); and

(ll) “**Vesting Date**” means the date or dates determined in accordance with the terms of the Grant Agreement entered into in respect of such Award (with respect to Options as described in Section 3.3), on and after which a particular Award, or any part thereof, becomes non-forfeitable and/or may be exercised (as the case may be), subject to amendment or acceleration from time to time in accordance with the terms hereof or the terms of the Grant Agreement.

Section 1.2 Interpretation

- (a) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term “discretion” or “authority” means the sole and absolute discretion of the Board.
- (b) In the Plan, words importing the singular shall include the plural and vice versa and words importing any gender include any other gender.
- (c) Unless otherwise specified in the Participant’s Grant Agreement, all references to money amounts are to Canadian currency.
- (d) As used herein, the terms “Article” and “Section” mean and refer to the specified Article and Section of this Plan, respectively.
- (e) The words “including” and “includes” mean “including (or includes) without limitation”.

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Administration

- (a) The Board shall administer this Plan. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements.
- (b) Subject to the terms and conditions set forth herein, the Board has the authority: (i) to grant Awards to Eligible Persons (which Awards will be intended as a material inducement to the individual becoming an Eligible Person, including grants to new employees); (ii) to determine the terms, including the limitations, restrictions, vesting period and conditions, if any, of such grants; (iii) to interpret this Plan and all agreements entered into hereunder; (iv) to adopt, amend and rescind such administrative guidelines and other rules relating to this Plan as it may from time to time deem advisable; and (v) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board’s guidelines, rules, interpretations and determinations shall be conclusive and binding upon the Corporation, its subsidiaries and all Participants, Eligible Persons and their legal, personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee thereof. For greater certainty, any such delegation by the Board may be revoked or amended at any time at the Board’s sole discretion.
- (d) No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification by the Corporation with respect to any such action or determination.

(e) The Board may adopt such rules or regulations and vary the terms of this Plan and any grant hereunder as it considers necessary to address tax or other requirements of any applicable non-Canadian jurisdiction, including without limitation Sections 422 and 409A of the Code (with respect to Participants who are subject to taxation in the United States).

(f) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Shares or any other securities in the capital of the Corporation other than as specifically provided for in the Plan.

Section 2.2 Shares Reserved

(a) Subject to the other provisions of this Section 2.2, the maximum number of Shares that may be delivered pursuant to Awards granted under the Plan shall be 750,000.

(b) For the purposes of calculating the maximum aggregate number of Shares which may be delivered under this Plan pursuant to Section 2.2(a), following the Expiry, cancellation or other termination of any Awards under this Plan, a number of Shares equal to the number of shares subject to such Awards, cancelled or terminated shall immediately and automatically become available for issuance in respect of Awards that may be subsequently granted under this Plan.

(c) The Corporation shall at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of this Plan.

(d) If there is a change in the outstanding Shares by reason of any stock dividend or split, or in connection with a reclassification, reorganization or other change of Shares, consolidation, distribution (other than an ordinary course dividend in cash or Shares, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Corporation or one of its subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit), merger or amalgamation or similar corporate transaction, the Board shall make, subject to any required approval of the Stock Exchange, the appropriate substitution or adjustment in order to maintain the Participants' economic rights in respect of their Awards in connection with such change, including without limitation:

(i) adjustments to the Exercise Price without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share covered by the Option;

(ii) adjustments to the number of Shares to which a Participant is entitled upon exercise or vesting of an Award;

(iii) adjustments permitting the immediate exercise of any outstanding Options that are not otherwise exercisable or the immediate vesting of Other Awards; and

(iv) adjustments to the number or kind of Shares or other securities reserved for issuance pursuant to the Plan and to the number or kind of Shares or other securities or other property issuable upon the exercise or vesting of Awards.

Section 2.3 Amendment and Termination

(a) The Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or of any Award granted under the Plan and any Grant Agreement relating thereto, provided that such suspension, termination, amendment or revision shall:

- (i) not adversely alter or impair any Award previously granted except as permitted by the terms of this Plan;
- (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the Stock Exchange; or
- (iii) be subject to Shareholder approval, where required by law, the requirements of the Stock Exchange or this Plan.

(b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force with respect to outstanding Awards will continue in effect as long as any such Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such interpretations and amendments to the Plan or the Awards as they would have been entitled to make if the Plan were still in effect.

(c) Subject to Section 2.3(a), the Board may from time to time, in its discretion, make changes to the Plan or any Award, which may include but are not limited to:

- (i) any amendment of a “housekeeping” nature, including without limitation those made to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
- (ii) a change to the vesting provisions of the Plan or any Award;
- (iii) a change to the provisions governing assignability and the effect of termination of a Participant’s employment, contract or office;
- (iv) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
- (v) a change to advance the date on which any Option may be exercised under the Plan; and

(vi) an amendment of the Plan or an Award as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan, the Participants or the Shareholders.

(d) Shareholder approval is required for any reduction in the Exercise Price of an Option after the Option has been granted or any cancellation of such Option and the substitution of that Option with a new Option with a reduced Exercise Price, except in the case of an adjustment pursuant to Section 2.2(d).

Section 2.4 Compliance with Legislation

(a) The Plan (including any amendments thereto), the terms of the grant of any Award under the Plan, the grant and exercise of any Award and the Corporation's obligation to sell and deliver Shares upon the vesting or exercise of any Award, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and any other stock exchange on which the Shares are listed or posted for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue or sell Shares in violation of such laws, rules and regulations or any condition of such approvals.

(b) No Award shall be granted, and no Shares shall be issued or sold hereunder, where such grant, issue or sale would require registration of the Plan or of Shares under the securities laws of any foreign jurisdiction (other than the United States), and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.

(c) The Corporation shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with the Stock Exchange (and any other stock exchange on which the Shares are listed or posted for trading). Shares issued and sold to Participants pursuant to the exercise or vesting of Awards may be subject to limitations on sale or resale under applicable securities laws.

(d) If Shares cannot be issued to a Participant upon the exercise or vesting of an Award due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of an Option will be returned to the applicable Participant as soon as practicable.

Section 2.5 Effective Time and Termination

The Plan shall be effective at the time (the "**Effective Time**") it is approved by the Board. No Awards may be issued under the Plan from and after the tenth anniversary of the Effective Time, provided that Awards issued prior to such date shall remain in effect following such date in accordance with their terms.

Section 2.6 Tax Withholdings and Deductions

The Corporation shall have the authority and the right to deduct or withhold from any amount otherwise payable to a Participant, or require a Participant to remit to the Company, an amount sufficient for the Corporation to be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions ("Tax Obligations") arising as a result of any Award. Notwithstanding any other provision contained herein, the delivery of Shares with respect to any Award granted under this Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of the Tax Obligations is necessary or desirable in respect of such delivery, such delivery is not required unless provision for the Tax Obligation has been made to the satisfaction of the Corporation. In such circumstances, the Corporation may require that a Participant pay to the Corporation, in addition to the Exercise Price for the Shares (if applicable), such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the Award. Any such additional payment is due no later than the date as of which any amount with respect to the Award first becomes includable in the gross income of the Participant for tax purposes. To the extent permitted by the Board, a Participant may direct a portion of the Shares acquired to be sold by a broker to satisfy the Tax Obligations and the funds from such sale to be paid to the Corporation to be remitted to the relevant taxing authority.

Section 2.7 Non-Transferability

Except as set forth herein, Awards are not transferable. Options may be exercised only by:

- (a) the Participant to whom the Options were granted;
- (b) with the Board's prior written approval and subject to such conditions as the Corporation may stipulate (which may include conditions with respect to compliance with applicable securities law), such Participant's family or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant;
- (c) upon the Participant's death, by the legal representative of the Participant's estate; or
- (d) upon the Participant's Incapacity, the legal representative having authority to deal with the property of the Participant;

provided that any such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise any Option. A person exercising an Option may subscribe for Shares only in the person's own name or in the person's capacity as a legal representative.

Section 2.8 Participation in this Plan

(a) No Participant has any claim or right to be granted an Award (including, without limitation, an Award granted in substitution for any Award that has expired pursuant to the terms of this Plan), and the granting of any Award does not and is not to be construed as giving a Participant a right to continued employment or to remain an employee of the Corporation or an Affiliate of the Corporation. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Corporation or an Affiliate of the Corporation in connection with the employment, retention or termination of any such person.

(b) No Participant has any rights or privileges as a shareholder of the Corporation in respect of Shares with respect to any Award until the allotment and issuance to the Participant of certificates representing such Shares or the entry of such Participant's name on the share register of the Corporation as the holder of Shares and that person becomes the holder of record of those Shares. The Participant or the Participant's legal representative shall not, by reason of the grant of any Award (other than an Award of Restricted Stock as set forth in Article 5), be considered to be a shareholder of the Corporation until shares have been issued in respect thereof.

(c) The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant, vesting or delivery of an Award or transactions in the Shares. With respect to any fluctuations in the market price of Shares, neither the Corporation, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Corporation does not assume responsibility for the income or other tax consequences resulting to the Participant and they are advised to consult with their own tax advisors.

Section 2.9 Notice

Each notice relating to an Award, including the exercise of an Option, must be in writing. All notices to the Corporation must be delivered personally, by prepaid registered mail or by email and must be addressed to the secretary of the Corporation. All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received: (i) if delivered personally, on the date of delivery; (ii) if sent by prepaid, registered mail, on the fifth Business Day following the date of mailing; or (iii) if sent by email, when the sender receives an email from the recipient acknowledging receipt, provided that an automatic "read receipt" does not constitute acknowledgment of an email for purposes hereof. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

Section 2.10 Right to Issue Other Shares

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Shares, repurchasing Shares or varying or amending its share capital or corporate structure.

Section 2.11 Quotation of Shares

So long as the Shares are listed on a Stock Exchange, the Corporation must apply to the Stock Exchange for the listing or quotation, as applicable, of the Shares issued upon the exercise or delivery of all Awards granted under the Plan, however, the Corporation cannot guarantee that such Shares will be listed or quoted on the Stock Exchange or any other stock exchange.

Section 2.12 No Fractional Shares

No fractional Shares shall be issued upon the exercise or delivery of any Award granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise or delivery of an Award, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase or receive the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 2.13 Governing Law

The Plan shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE III

OPTIONS

Section 3.1 Grant

(a) Subject to the provisions of this Plan, the Board may grant Options to any Eligible Person upon the terms, conditions and limitations set forth herein or such other terms, conditions and limitations as the Board may determine and set forth in the Grant Agreement; provided each Option granted under the Plan shall be a Non-Qualified Option.

(b) An Option shall be evidenced by a Grant Agreement, signed on behalf of the Corporation.

(c) The grant of an Option to, or the exercise of an Option by, a Participant under the Plan shall neither entitle such Participant to receive nor preclude such Participant from receiving subsequently granted Options.

Section 3.2 Exercise Price

An Option may be exercised at a price that shall be fixed by the Board at the time that the Option is granted, but in no event shall it be less than the Fair Market Value of the Shares on the Date of Grant (the "**Exercise Price**"). The Exercise Price shall be subject to adjustment in accordance with the provisions of Section 2.2(d) hereof.

Section 3.3 Vesting

(a) All Options granted hereunder shall vest in accordance with the terms of the Grant Agreement entered into in respect of such Options. The Board has the right to accelerate the date upon which any Option becomes exercisable notwithstanding the vesting schedule set forth for such Option, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration.

(b) The vesting of any Options granted hereunder shall continue to vest during any period of Authorized Leave.

ARTICLE IV

EXERCISE & EXPIRY & CHANGE OF CONTROL

Section 4.1 Conditions of Exercise

(a) Vested Options may only be exercised during the Exercise Period by the Participant or upon the Participant's death or Incapacity, his or her legal representative (provided that such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise such vested Options). Subject to the restrictions set out in this Plan and to any alternative exercise procedure which may be established from time to time by the Board, Options to acquire Shares may be exercised by delivering to the Corporation an Exercise Notice, together with a bank draft, certified cheque or other form of payment acceptable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Options and, if required by Section 2.6, the amount necessary to satisfy any source deductions or withholding taxes.

(b) Pursuant to the Exercise Notice, a Participant may choose to undertake a "cashless exercise" with the assistance of a broker in order to facilitate the exercise of such Participant's Options. The "cashless exercise" procedure may include a sale of such number of Shares as is necessary to raise an amount equal to the aggregate Exercise Price for all Options being exercised by that Participant under an Exercise Notice. The Participant shall also comply with Section 2.6 of this Plan with regards to any applicable withholding tax and shall comply with all such other procedures and policies as the Corporation may prescribe or determine to be necessary or advisable from time to time in connection with such "cashless exercise."

(c) In addition, in lieu of exercising any vested Option in the manner described in this Article 4, and pursuant to the terms of this Article 4, a Participant may provide a properly endorsed notice of surrender to the Secretary of the Corporation, substantially in the form of Exhibit "C" to the Grant Agreement (a "**Surrender Notice**") pursuant to which the Participant agrees to transfer, dispose and surrender an Option ("**Surrender**") to the Corporation and elects to receive that number of Shares calculated using the following formula, after deduction of any income tax and other amounts required by law to be withheld pursuant to Section 2.6:

$$X = Y * (A-B) / A$$

Where:

X = the number of Shares to be issued to the Participant

Y = the number of Shares underlying the Options to be Surrendered

A = the Fair Market Value of the Shares as at the date of the Surrender

B = the Exercise Price of such Options

The decision of whether or not to permit Surrender for any Option is at the sole discretion of the Corporation and will be made on a case by case basis.

(d) Where Shares are to be issued to the Participant pursuant to the terms of this Section 4.1, as soon as practicable following the receipt of the Exercise Notice and, if Options are exercised only in accordance with the terms of Section 4.1(a), the required bank draft, certified cheque or other acceptable form of payment, the Corporation shall duly issue such Shares to the Participant as fully paid and non-assessable.

Section 4.2 Exercise Period

(a) The Exercise Period shall be determined by the Board in its sole and absolute discretion at the time the Option is granted and:

(i) each Option shall Expire not later than ten (10) years after the Date of Grant; and

(ii) unless otherwise provided in the Participant's Grant Agreement, the Exercise Period shall be automatically reduced or the Expiry Date postponed in accordance with this Article 4 upon the occurrence of any of the events referred to herein.

(b) Notwithstanding any other provision of the Plan, if the Expiry Date of an Option falls on a date upon which such Participant is prohibited from exercising such Option due to a blackout period or other trading restriction imposed by the Corporation, then the Expiry Date of such Option shall be automatically extended to the tenth (10th) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed; provided, however, that notwithstanding the foregoing, the Expiry Date of an Option shall in no case extend beyond the tenth (10th) anniversary of the date on which it is granted.

Section 4.3 Termination Date

(a) Subject to Section 4.2, unless otherwise provided in the Participant's Grant Agreement, employment agreement:

(i) if, at any time, a Participant ceases to be an employee of the Corporation or a subsidiary as a result of the Participant's retirement with the concurrence of the Board, any Options granted to such Participant and vested as of the Termination Date (as defined below) shall remain exercisable by such Participant until the earlier of: (i) 90 days following the Termination Date; and (ii) the Expiry Date. As of the Termination Date, all unvested Options of such Participant shall Expire and such Participant shall no longer be eligible for a grant of Options;

(ii) if, at any time, a Participant ceases to be an employee of the Corporation or a subsidiary as a result of the Participant's death or Incapacity, any Options granted to such Participant and vested as of the Termination Date shall remain exercisable by such Participant (or, in accordance with Section 2.7, the Participant's legal representative) until the earlier of: (i) one year following the date of death or the date on which the Board determines that the Incapacity will prevent the employee from fulfilling his or her duties with the Corporation; and (ii) the Expiry Date. As of the Termination Date, all unvested Options of such Participant shall Expire;

(iii) if, at any time, a Participant ceases to be an employee of the Corporation or a subsidiary as a result of the Participant's termination for cause, as determined by the Board, in its discretion, then, as of the Termination Date, the vested and unvested Options granted to such Participant shall Expire and be of no further force or effect whatsoever and such Participant shall no longer be eligible for a grant of Options;

(iv) if, at any time, a Participant ceases to be an employee of the Corporation or a subsidiary as a result of the Participant's resignation, then any Options granted to such Participant and vested as of the Termination Date shall remain exercisable by such Participant until the earlier of: (i) 90 days following the Termination Date; and (ii) the Expiry Date. As of the Termination Date, all unvested Options granted to such Participant shall Expire and be of no further force or effect whatsoever and such Participant shall no longer be eligible for a grant of Options; and

(v) if, at any time, a Participant ceases to be an employee of the Corporation or a subsidiary as a result of the Participant's dismissal without cause, any Options granted to such Participant and vested as of the Termination Date shall remain exercisable by such Participant until the earlier of: (i) ninety (90) days following the Termination Date; and (ii) the Expiry Date. As of the Termination Date, all unvested Options of such Participant shall Expire (for certainty, without regard to any period of reasonable notice that the Corporation or a subsidiary, as the case may be, may be required at law to provide to the Participant) and such Participant shall no longer be eligible for a grant of Options.

(b) Notwithstanding any other provisions of this Section 4.3, the Board may extend the expiration date of vested and unvested Options of a Participant beyond the Expiry Dates set out above, provided that such extended dates are not later than the initial assigned maximum Expiry Date of any such Option.

(c) For purposes of the foregoing:

"Incapacity" means the permanent and total incapacity of a Participant as determined in accordance with procedures established by the Board for purposes of this Plan; and

“**Termination Date**” means in the case of a Participant whose employment or term of office with the Corporation or a subsidiary terminates in the circumstances set out in Section 4.3, the date that is designated by the Corporation or a subsidiary, as the case may be, as the last day of the Participant’s employment or term of office with the Corporation or a subsidiary, as the case may be, provided that in the case of termination of employment by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and, in the case of a termination by the Corporation without cause, “Termination Date” specifically does not mean the date on which any period of reasonable notice that the Corporation or a subsidiary, as the case may be, may be required at law to provide to the Participant, would expire.

Section 4.4 Change of Control

(a) Notwithstanding anything else in this Plan or any Grant Agreement, the Board has the right to provide for the conversion or exchange of any outstanding Awards into or for options, rights or other securities in any entity participating in or resulting from a Change of Control, cash or other property.

(b) Upon the Corporation entering into an agreement relating to a transaction which, if completed, would result in a Change of Control, or otherwise becoming aware of a pending Change of Control, the Corporation shall give written notice of the proposed Change of Control to the Award holders, together with a description of the effect of such Change of Control on outstanding Awards, not less than seven (7) days prior to the closing of the transaction resulting in the Change of Control.

(c) The Board may, in its sole discretion, accelerate the vesting and/or the Expiry Date of any or all outstanding Awards to provide that, notwithstanding the vesting provisions of such Awards or any Grant Agreement, such designated outstanding Awards shall be fully vested and conditionally exercisable (in the case of Options) upon (or prior to) the completion of the Change of Control provided that the Board shall not, in any case, authorize the exercise of Options pursuant to this Section 4.4(c) beyond the Expiry Date of the Options. If the Board elects to accelerate the vesting and/or the Expiry Date of the Options, then if any of such Options are not exercised within seven (7) days after the applicable holders are given the notice contemplated in Section 4.4(b) (or such later Expiry Date as the Board may prescribe), such unexercised Options shall, unless the Board otherwise determines, terminate and Expire following the completion of the proposed Change of Control. If, for any reason, the Change of Control does not occur within the contemplated time period, the acceleration of the vesting and the Expiry Date of the Awards shall be retracted and vesting shall instead revert to the manner provided in the Grant Agreement.

(d) To the extent that the Change of Control would also result in a capital reorganization, arrangement, amalgamation or reclassification of the share capital of the Corporation (and the Board does not accelerate the vesting and/or the Expiry Date of Awards pursuant to Section 4.4(c)), the Corporation shall make adequate provisions to ensure that, upon completion of the proposed Change of Control, the number and kind of shares subject to outstanding Awards and, if applicable, the Exercise Price per share of Options shall be appropriately adjusted (including by substituting the Awards for awards with respect to securities in any successor entity to the Corporation) in such manner as the Board considers equitable to prevent substantial dilution or enlargement of the rights granted to Award holders. The Board may make changes to the terms of the Awards or the Plan to the extent necessary or desirable to comply with any rules, regulations or policies of any stock exchange on which any securities of the Corporation may be listed, provided that the value of previously granted Awards and the rights of Award holders are not materially adversely affected by any such changes.

(e) Notwithstanding anything else to the contrary herein, in the event of a potential Change of Control, the Board shall have the power, in its sole discretion, to modify the terms of this Plan and/or the Awards (including, for greater certainty, to cause the vesting of all unvested Awards) to assist the Participants to tender into a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board shall have the power, in its sole discretion, to permit Participants to conditionally exercise their Options, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of such take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 4.4(e) is not completed within the time specified therein (as the same may be extended), then notwithstanding this Section 4.4(e) or the definition of "Change of Control": (i) any conditional exercise of vested Options shall be deemed to be null, void and of no effect, and such conditionally exercised Options shall for all purposes be deemed not to have been exercised; (ii) Shares which were issued pursuant to exercise of Options which vested pursuant to this Section 4.4 shall be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares; and (iii) the original terms applicable to Options which vested pursuant to this Section 4.4 shall be reinstated.

ARTICLE V

OTHER AWARDS

Section 5.1 General

In addition to Awards of Options hereunder, the Board may grant the types of Awards described in this Article 5 ("**Other Awards**"), in accordance with the terms of this Article and the Plan.

The Board has the right to accelerate the date upon which any Other Award vests notwithstanding the vesting schedule set forth for such Other Award, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration.

Section 5.2 Restricted Stock

The Board may grant or award Shares to Eligible Persons that are subject to transfer, vesting and forfeiture restrictions (“**Restricted Stock**”) in respect of such number of Shares, and subject to such terms or conditions, as it shall determine and specify in a Grant Agreement, and may provide in a Grant Agreement for an Option to be exercisable for Restricted Stock. A holder of Restricted Stock shall have all of the rights of a shareholder of the Corporation, including the right to vote the shares, unless the Board shall otherwise determine at the time of grant; provided that unless the Board determines otherwise any dividends paid on Restricted Stock will be held in escrow until all restrictions on such Shares have lapsed. Unless a Participant’s Grant Agreement provides to the contrary, unvested Restricted Stock shall not be transferred without the written consent of the Board. In addition, at the time of termination for any reason of a Participant’s employment or other service relationship with the Corporation or a subsidiary, unvested Restricted Stock shall be forfeited to the Corporation for no consideration, unless otherwise determined by the Board. Share certificates, if any, representing Awards of Restricted Stock (which may also be held in book entry or similar form) shall be imprinted with a legend to the effect that the Shares represented may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with the terms of the Grant Agreement and, if the Board so determines, the holder may be required to deposit the share certificates or other evidence of legal and beneficial ownership with the President, Chief Financial Officer, Secretary or other officer of the Corporation or with an escrow agent designated by the Board, together with a stock power or other instrument of transfer appropriately endorsed in blank. In the event that the Restricted Stock is not represented by a share certificate, the Corporation shall direct the Corporation’s registrar and transfer agent to make an appropriate notation of the restrictions on transfer to which the Restricted Stock is subject in the stock books and records of the Corporation.

Section 5.3 Restricted Stock Units

The Board may grant Awards payable in Shares upon vesting (“**Restricted Stock Units**”) to Eligible Persons hereunder, in respect of such number of Shares, and subject to such terms or conditions, as it shall determine and specify in a Grant Agreement. A Restricted Stock Unit represents the right to receive, without payment to the Corporation, a Share. Restricted Stock Units shall become vested as determined by the Board as set forth in the applicable Grant Agreement, unless otherwise described in the Plan. Amounts payable in connection with a Restricted Stock Unit shall be paid to the holder thereof as set forth in the applicable Grant Agreement, but in no event later than two and one-half months following the end of the calendar year in which the applicable vesting condition is met (unless receipt is deferred in accordance with procedures adopted by the Board, any of which shall comply with the requirements of Section 409A of the Code if the Participant is a United States taxpayer). Restricted Stock Units shall not constitute or be treated as property or as a trust fund of any kind. All amounts at any time attributable to the Restricted Stock Units shall be and remain the sole property of the Corporation and all holders’ rights thereunder are limited to the rights to receive Shares as provided in the Plan and the applicable Grant Agreement.

Section 5.4 Other Share-Based Awards; Performance Vesting

The Board may grant such Other Awards payable in Shares as the Board may determine to be necessary or appropriate, including awards of Shares that are not subject to vesting or forfeiture restrictions. The vesting of Other Awards hereunder may be made subject to the attainment of performance goals, as the Board may determine in its discretion.

APPENDIX 1

US RESIDENT EMPLOYEES

The terms of the Plan are hereby modified with respect to those Participants who are U.S. Participants:

SPECIAL APPENDIX
to the
Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan

Special Provisions Applicable to Participants Subject to
the United States Internal Revenue Code

This Appendix sets forth special provisions of the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the “**Plan**”) that apply to U.S. Participants. All Options issued under the Plan to U.S. Participants are intended to be exempt from Section 409A of the Code, or any successor thereto, and all provisions hereunder shall be read, interpreted, and applied with that purpose in mind. Terms used herein that are defined in the Plan shall have the meanings set forth in the Plan, as amended from time to time.

1. Interpretation

- (a) For the purposes of this Appendix, the following terms have the following meanings:
- (i) “**Code**” means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder;
 - (ii) “**Incentive Stock Option**” means any Option that qualifies as an incentive stock option within the meaning of Section 422 of the Code or any successor thereto and which also satisfies the requirements of such section (including, without limitation, the requirement that the Participant is employed by the Corporation or a “parent corporation” or “subsidiary corporation” of the Corporation (as such terms are defined in Section 424 of the Code));
 - (iii) “**Non-Qualified Option**” means any Option granted under the Plan to a U.S. Participant which is not an Incentive Stock Option;
 - (iv) “**Option**” means an option to purchase a Share that is granted to an Eligible Person pursuant to the terms of this Plan, provided that all Options granted under the Plan and this Appendix will be Non-Qualified Options.
 - (v) “**Separation From Service**” shall have the meaning as set forth in United States Treasury Regulation Section 1.409A-1(h) (after giving effect to the presumptions contained therein); and
 - (vi) “**U.S. Participant**” shall have the meaning set forth in Section 2(a), below.

- (b) The Plan and this Appendix are complementary to each other and shall, with respect to Options granted to U.S. Participants, be read and deemed as one. In the event of any contradiction, whether explicit or implied, between the provisions of this Appendix and the Plan, the provisions of this Appendix shall prevail with respect to Options granted to U.S. Participants. All Options granted under the Plan and this Appendix will be Non-Qualified Options.

2. Application

- (a) The following special rules and limitations are applicable to Options issued under the Plan to Participants subject to taxation in the United States (referred to hereunder as “**U.S. Participants**”) at the time of grant.
- (b) Each U.S. Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Participant in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Affiliate of the Corporation shall have any obligation to pay, indemnify or otherwise hold such U.S. Participant (or any beneficiary) harmless from any or all of such taxes or penalties.
- (c) The Corporation and its Affiliates, if applicable, shall withhold taxes according to the requirements of applicable laws, rules and regulations, including the withholding of taxes at source to satisfy any applicable federal, provincial, state or local tax withholding obligation and employment taxes.
- (d) Each recipient of an Option hereunder who is or who becomes a U.S. Participant is advised to consult with his or her personal tax advisor with respect to the tax consequences under federal, state, local and other tax laws of the receipt and/or exercise of an Option hereunder.
- (e) Without derogating from the powers and authorities of the Board detailed in the Plan, and unless specifically required under applicable law, the Board shall also have the sole and full discretion and authority to administer the provisions of this Appendix and all actions related thereto including, in addition to any powers and authorities specified in the Plan, the performance, from time to time and at any time, of adopting standard forms of Grant Agreements to be applied with respect to U.S. Participants, incorporating and reflecting, inter alia, relevant provisions regarding the grant of Options in accordance with this Appendix and amending or modifying the terms of such standard forms from time to time.

3. Exercise Price

The Exercise Price of each Option granted under the Plan to a U.S. Participant shall not be less than the Fair Market Value of a Share on the date such Option is granted. Notwithstanding any other provision of the Plan, in determining the Fair Market Value of a Share under the Plan in connection with the grant of an Option to a U.S. Participant, the Board will make the determination of Fair Market Value in good faith consistent with the rules of Section 409A of the Code and the rules of the NYSE, to the extent applicable.

4. Expiry of Option

Notwithstanding any other provision of the Plan and any provisions of the Grant Agreement to the contrary, Options granted to U.S. Participants may not be exercised under any circumstance following the ten (10) year anniversary of the date of grant.

5. Adjustments to Options

In the event of a corporate transaction requiring the adjustment of an Option held by a U.S. Participant, the number of Shares deliverable on the exercise of an Option held by a U.S. Participant and the Exercise Price of an Option held by a U.S. Participant shall be adjusted in a manner intended to keep the Options exempt from Section 409A of the Code.

6. Amendment of Appendix

The Board shall retain the power and authority to amend or modify this Appendix and any Option issued hereunder to the extent the Board in its sole discretion deems necessary or advisable to comply with law or regulation, including to comply with any guidance issued under Section 409A of the Code. Such amendments may be made without the approval of any U.S. Participant.

SCHEDULE "A"

ZYMEWORKS INC. STOCK OPTION GRANT AGREEMENT

This agreement (the "**Grant Agreement**") evidences the Options granted by Zymeworks Inc. (the "**Corporation**") to the undersigned (the "**Participant**"), pursuant to and subject to the terms of the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the "**Plan**"), which is incorporated herein by reference. The Schedules attached to this Stock Option Grant Agreement shall form an integral part of this Stock Option Grant Agreement.

The Corporation hereby grants to the Participant on the Date of Grant such number of Options as set forth in the attached Schedule "A", as may be amended from time to time, with each Option representing the right to purchase, on the terms provided herein and in the Plan (including, without limitations, the applicable exercise provisions), a Share with an Exercise Price per Share as set forth in the attached Schedule "A", as may be amended from time to time, in each case subject to adjustment in accordance with the provisions of the Plan.

**ARTICLE 1
INTERPRETATION**

- (a) Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.
- (b) Words importing the singular shall include the plural and vice versa and words importing any gender include any other gender.
- (c) Unless otherwise specified herein, all references to money amounts are to Canadian currency.
- (d) The words "including" and "includes" mean "including (or includes) without limitation".

**ARTICLE 2
VESTING**

Section 2.1 Options

Unless earlier terminated, relinquished or expired, Options granted pursuant to this Grant Agreement shall vest in accordance with the provisions set forth in the attached Schedule "A" as may be amended from time to time.

**ARTICLE 3
GENERAL PROVISIONS**

Section 3.1 Participation in the Plan

No Participant has any claim or right to be granted an Option (including, without limitation, an Option granted in substitution for any Option that has expired pursuant to the terms of this Plan), and the granting of any Option is not to be construed as giving a Participant a right to continued employment or to remain an employee of the Corporation or an Affiliate of the Corporation. Nothing contained in this Grant Agreement or the Plan shall interfere in any way with the rights of the Corporation or an Affiliate of the Corporation in connection with the employment or termination of any such person. Upon any such termination, a Participant's rights to exercise Options will be subject to restrictions and time limits for the exercise of Options. Complete details of such restrictions are set out in the Plan, and in particular in Article 4 thereof (except to the extent that such provisions are varied in accordance with Schedule "A" hereto). The Participant hereby agrees that any rule, regulation or determination, including the interpretation by the Board of the Plan, the Option granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Corporation and the Participant.

Section 3.2 Binding Agreement

The exercise of the Options granted hereby, issuance of Shares and ownership of the Shares are subject to the terms and conditions of the Plan (all of which are incorporated into and form part of this Grant Agreement) and this Grant Agreement. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party) and permitted assigns.

Section 3.3 Governing Law

This Grant Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

[The remainder of this page is intentionally left blank]

By acceptance of these Options, the undersigned acknowledges receipt of the Plan text and agrees hereby to be subject and bound to the terms of the Plan. The undersigned further acknowledges and agrees that the Participant's abovementioned participation is voluntary and has not been induced by expectation of engagement, appointment, employment, continued engagement or continued employment, as the case may be.

Accepted and agreed to this ___ day of _____, _____.

Corporation:

ZYMEWORKS INC.

By:

Name:

Title:

Participant:

Signature of Option Holder

Name of Option Holder (Please Print)

Address:

A-3

EXHIBIT "A" OPTION GRANT

Participant:

Number of Options

Exercise Price:

Date of Grant:

Vesting Schedule

Expiry Date¹

[1] Include here any provisions with respect to the expiry of vested/unvested options that would depart from Section 4.3 of the Plan (i.e., the impact of certain events on the vesting/exercise period, including termination for cause, voluntary resignation, termination other than for cause, termination upon a change of control, and retirement, death or disability).

EXHIBIT "B" ELECTION TO EXERCISE STOCK OPTIONS

TO: ZYMEWORKS INC. (the "**Corporation**")

The undersigned option holder hereby elects to exercise Options granted by the Corporation to the undersigned pursuant to a Grant Agreement dated _____, 20____ under the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired:	
Option Exercise Price (per Share):	\$ _____
Aggregate Purchase Price:	\$ _____

Amount enclosed that is payable on account of any Source Deductions relating to this Option exercise (contact the Corporation for details of such amount):

Or check here if alternative arrangements have been made with the Corporation;

and hereby tenders a certified cheque, bank draft or other form of payment confirmed as acceptable by the Corporation for such aggregate purchase price, and, if applicable, all Source Deductions, and directs such Shares to be registered in the name of

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ___ day of _____, _____

Signature of Option Holder

Name of Option Holder (Please Print)

EXHIBIT "C" SURRENDER NOTICE

TO: ZYMEWORKS INC. (the "**Corporation**")

The undersigned option holder hereby elects to transfer, dispose and surrender Options granted by the Corporation to the undersigned pursuant to a Grant Agreement dated _____, 20__ under the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the "**Plan**") to the Corporation in exchange for Shares as calculated in accordance with Section 4.1(c) of the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Please issue a certificate or certificates representing the Shares in the name of: _____

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ___ day of _____, _____.

Signature of Option Holder

Name of Option Holder (Please Print)

Type of Option² **Non-Qualified Option**

² Add for U.S. Participants

SCHEDULE "B"

ZYMEWORKS INC. RESTRICTED STOCK UNIT GRANT AGREEMENT

This agreement (the "**Grant Agreement**") evidences the Restricted Stock Units granted by Zymeworks Inc. (the "**Corporation**") to the undersigned (the "**Participant**"), pursuant to and subject to the terms of the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the "**Plan**"), which is incorporated herein by reference. The Exhibit attached to this Restricted Stock Unit Grant Agreement shall form an integral part of this Restricted Stock Unit Agreement.

The Corporation hereby grants to the Participant on the Date of Grant such number of Restricted Stock Units as set forth in the attached Exhibit "A", as may be amended from time to time, with each Restricted Stock Unit representing the right to receive, on the terms provided herein and in the Plan, a Share as set forth in the attached Exhibit "A", as may be amended from time to time, in each case subject to adjustment in accordance with the provisions of the Plan.

**ARTICLE 1
INTERPRETATION**

- (a) Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.
- (b) Words importing the singular shall include the plural and vice versa and words importing any gender include any other gender.

**ARTICLE 2
VESTING**

Section 2.1 Restricted Stock Units

Unless earlier terminated, relinquished or expired, Restricted Stock Units granted pursuant to this Grant Agreement shall vest in accordance with the provisions set forth in the attached Schedule "A" as may be amended from time to time.

**ARTICLE 3
GENERAL PROVISIONS**

Section 3.1 Participation in the Plan

No Participant has any claim or right to be granted a Restricted Stock Unit, and the granting of any Restricted Stock Unit is not to be construed as giving a Participant a right to continued employment or to remain an employee of the Corporation or an Affiliate of the Corporation. Nothing contained in this Grant Agreement or the Plan shall interfere in any way with the rights of the Corporation or an Affiliate of the Corporation in connection with the employment or termination of any such person. Upon any such termination, a Participant's rights with respect to unvested Restricted Stock Units shall be terminated, unless otherwise determined by the Board. The Participant hereby agrees that any rule, regulation or determination, including the interpretation by the Board of the Plan, the Restricted Stock Units granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Corporation and the Participant.

Section 3.2 Issuance; Binding Agreement

Any issuance of Shares and ownership of the Shares are subject to the terms and conditions of the Plan (all of which are incorporated into and form part of this Grant Agreement) and this Grant Agreement. The Participant's record of Share ownership shall be recorded in the books of the Corporation only when the Restricted Stock Units vest and the Shares are issued. Shares shall be delivered to the Participant as soon as practicable following the applicable vest date, subject to the Participant's employment or service on such date. This Grant Agreement shall inure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party) and permitted assigns.

Section 3.3. Miscellaneous

- (a) The Participant hereby acknowledges and agrees that any sums required to satisfy the federal, state, provincial, local and foreign tax withholding obligations of the Corporation that arise in connection with the Award or the transactions contemplated by this Grant Agreement (the "Tax Obligations") are the sole responsibility of the Participant. By accepting this Grant Agreement, the Participant hereby elects, effective on the Date of Grant, to sell Shares held by the Participant in an amount and at such time as is determined in accordance with this Section 3.3(a), and to allow the Agent, as defined below, to remit the cash proceeds of such sales to the Corporation as more specifically set forth below (a "Sell to Cover") to permit the Participant to satisfy the Tax Obligations and further acknowledges and agrees to the following provisions:
- (i) The Participant hereby irrevocably appoints the Corporation's designated broker Solium Capital Inc., or such other broker as the Corporation may select, as the Participant's agent (the "Agent"), and authorizes and directs the Agent to:
1. Sell on the open market at the then prevailing market price(s), on the Participant's behalf, as soon as practicable on or after the delivery of Shares underlying the Restricted Stock Units, the number (rounded up to the next whole number) of Shares sufficient to generate proceeds to cover (A) the satisfaction of the Tax Obligations arising from the settlement of the associated vested Restricted Stock Units and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;
 2. Remit directly to the Corporation the proceeds necessary to satisfy the Tax Obligations arising from the settlement of the associated vested Restricted Stock Units
 3. Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale; and

4. Deposit any remaining funds in the Participant's account.
- (ii) The Participant acknowledges that the Participant's election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth herein is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (the Participant's election to Sell to Cover and the provisions of this Section 3.3(a), collectively, the "10b5-1 Plan"). The Participant acknowledges that by accepting this Award, he or she is adopting the 10b5-1 Plan to permit the Participant to satisfy the Tax Obligations. The Participant authorizes the Corporation and the Agent to cooperate and communicate with one another to determine the number of Shares that must be sold pursuant to this Section 3.3(a) to satisfy the Tax Obligations.
- (iii) The Participant acknowledges that the Agent is under no obligation to arrange for the sale of Shares at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to the Participant's account. In addition, the Participant acknowledges that it may not be possible to sell Shares as provided for in this 10b5-1 Plan and in the event of the Agent's inability to sell Shares, the Participant will continue to be responsible for the Tax Obligations.
- (iv) The Participant hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 3.3(a) and the terms of this 10b5-1 Plan.
- (v) The Participant's election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. This 10b5-1 Plan shall terminate not later than the date on which the Tax Obligations arising from the Award or the transactions contemplated by this Grant Agreement are satisfied.
- (vi) The Participant further represents that:
1. The Participant is not in possession, and is not aware, of any material nonpublic information about the Shares or the Corporation as of the date of his or her signature below;
 2. Unless this 10b5-1 Plan is modified or terminated in accordance with the terms hereof, the Participant agrees not to alter, deviate from or suspend the terms of this 10b5-1 Plan;
 3. The Participant is entering into this 10b5-1 Plan in good faith and not as part of a plan or scheme to evade any law, including, without limitation, any securities laws or any law governing insider trading; and

4. The Participant will not disclose to the Agent any information concerning the Corporation that might influence the execution of this 10b5-1 Plan.
- (b) To the extent that the Corporation declares a cash dividend while all or a portion of the Restricted Stock Units are unvested, the Participant shall be credited with dividend equivalent rights (as determined by the Board in its discretion) with respect to each Share subject to the unvested portion of the Restricted Stock Units. Such dividend equivalent right will entitle the Participant to payment of such dividend only upon vesting of the corresponding portion of the Restricted Stock Unit; and such right will be forfeited to the extent the corresponding portion of the Restricted Stock Unit is forfeited.
- (c) No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Restricted Stock Units by any holder thereof shall be valid (other than pursuant to the laws of descent and distribution).
- (d) This Grant Agreement, together with the Plan, constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Grant Agreement shall affect or be used to interpret, change or restrict the express terms and provisions of this Grant Agreement provided, however, in any event, this Grant Agreement shall be subject to and governed by the Plan.
- (e) The award of Restricted Stock Units evidenced by this Grant Agreement to any Participant who is a United States taxpayer is intended to be exempt from the nonqualified deferred compensation rules of Section 409A of the Code as a “short term deferral” (as that term is used in the final regulations and other guidance issued under Section 409A of the Code, including Treasury Regulation Section 1.409A-1(b)(4)(i)), and shall be construed and administered accordingly.
- (f) This Grant Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

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By acceptance of these Restricted Stock Units, the undersigned acknowledges receipt of the Plan text and agrees hereby to be subject and bound to the terms of the Plan. The undersigned further acknowledges and agrees that the Participant's abovementioned participation is voluntary and has not been induced by expectation of engagement, appointment, employment, continued engagement or continued employment, as the case may be.

Accepted and agreed to this ____ day of _____, ____.

Corporation:

ZYMEWORKS INC.

By:

Name:

Title:

Participant:

Signature of Restricted Stock Unit Holder

Name of Restricted Stock Unit Holder (Please Print)

Address:

EXHIBIT "A" RESTRICTED STOCK UNIT GRANT

Participant:

Number of Restricted Stock Units

Date of Grant:

Vesting Schedule There shall be no proportionate or partial vesting between the foregoing vesting dates. All vesting shall be subject to the Participant's continued employment or service on the applicable vesting date.

Sell to Cover Election By accepting this Award, Participant hereby: (1) elects, effective on the Date of Grant, to sell Shares issued in respect of the Award in an amount determined in accordance with Section 3.3(a) of the Grant Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Corporation as more specifically set forth in Section 3.3(a) of the Grant Agreement (a "Sell to Cover"); (2) directs the Corporation to make a cash payment to satisfy the Tax Obligations from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) represents and warrants that (i) the Participant has carefully reviewed Section 3.3(a) of the Grant Agreement, (ii) on the date Participant accepts this Award he or she is not in possession, and is not aware, of any material nonpublic information about the Shares or the Corporation and is entering into the Grant Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1(c) under the Exchange Act, and (iii) it is the Participant's intent that this election to Sell to Cover and Section 3.3(a) of the Grant Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act, and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act. The Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 3.3(a) of the Grant Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Tax Obligations as more specifically set forth in Section 3.3(a) of the Grant Agreement.



Zymeworks Names Biotechnology Industry Leader Kenneth Galbraith as Chair and CEO to Succeed Dr. Ali Tehrani

- *Co-founder Dr. Ali Tehrani to remain as an advisor to the Company to assist in the transition expected to occur on or before February 1, 2022*
- *Chief Financial Officer (CFO) Neil Klompas also promoted to the dual position of Chief Operating Officer (COO) and CFO effective immediately*

Vancouver, Canada and Seattle, Washington (January 5, 2022) – Zymeworks Inc. (NYSE: ZYME), a clinical-stage biopharmaceutical company developing multifunctional biotherapeutics, today announced the appointment of Mr. Kenneth Galbraith as Chair and Chief Executive Officer (CEO) of Zymeworks, effective on or before February 1, 2022. Mr. Galbraith will succeed Zymeworks co-founder Ali Tehrani, Ph.D., who has served as President and CEO since 2003. Dr. Tehrani will remain as an advisor to the Company to assist with the transition.

“Ken Galbraith is an outstanding global leader who brings more than 30 years of life science industry, venture capital and commercialization experience to Zymeworks, along with a proven track record of strong leadership and operational skills,” said Lota Zoth, Zymeworks’ current Board Chair. “The Board unanimously believes that Ken is the ideal leader to implement our next phase of development as we continue late-stage clinical trials for zanidatamab and expand our R&D pipeline. We thank and recognize Ali for his outstanding service in creating a solid foundation and advancing Zymeworks to a late-stage clinical company with valuable R&D programs, numerous productive pharmaceutical partnerships, and a high-quality management team.”

A former Zymeworks Board member from 2009 to 2013, Ken Galbraith has been working since 1987 as a life sciences executive, director, investor and advisor in the growth of both private and public companies from early-stage through regulatory approval and commercialization. Most recently, he served as executive-in-residence with Syncona (LSE:SYNC), a large British closed-ended healthcare investment trust dedicated to life science investments. He began his biotechnology career in Vancouver as CFO at QLT, where he was instrumental in growing the company to over 500 employees while gaining market approvals for several new medicines prior to his departure in 2000. During his lengthy career, Ken has played a pivotal role in the development of several successful biotechnology companies throughout North America, including AnorMED, MacroGenics, Alder Pharmaceuticals, Celator Pharmaceuticals, Novadaq and Angiotech, among others. He holds a Bachelor of Commerce degree with honors from the University of British Columbia.

“I have long believed in the potential of innovative technology platforms to generate novel multispecific antibodies and antibody-drug conjugates and transform the treatment of cancer. Zymeworks’ innovative approach, technology platforms and emerging product pipeline represent a tremendous opportunity, and I look forward to leading the Company during this exciting period of innovation in cancer therapies,” said Ken Galbraith. “This year, we expect to progress our two ongoing pivotal clinical studies for zanidatamab, present important new data for zanidatamab and ZW49 to inform additional clinical development opportunities, further advance our preclinical product pipeline and gain insights from our pharmaceutical partners’ programs as they advance into and through clinical development.”

The Company also announced that CFO Neil Klompas was promoted to the dual position of COO and CFO, effective immediately.

Ken Galbraith added, “Neil has been instrumental to the growth and financing of Zymeworks for 15 years, and I look forward to working closely with him, our employees, our partners and our Board of Directors to develop the next generation of biotherapeutics with the potential to improve outcomes for patients around the world with difficult-to-treat cancers.”

About Zymeworks Inc.

Zymeworks is a clinical-stage biopharmaceutical company dedicated to the development of next-generation multifunctional biotherapeutics. Zymeworks’ suite of therapeutic platforms and its fully integrated drug development engine enable precise engineering of highly differentiated product candidates. Zymeworks’ lead clinical candidate, zanidatamab, is a novel Azymetric™ HER2-targeted bispecific antibody currently being evaluated in multiple Phase 1, Phase 2, and pivotal clinical trials globally as a targeted treatment option for patients with solid tumors that express HER2. Zymeworks’ second clinical candidate, ZW49, is a novel bispecific HER2-targeted antibody-drug conjugate currently in Phase 1 clinical development and combines the unique design and antibody framework of zanidatamab with Zymeworks’ proprietary ZymeLink™ linker and cytotoxin. Zymeworks is also advancing a deep preclinical pipeline in oncology (including immuno-oncology agents) and other therapeutic areas. In addition, its therapeutic platforms are being leveraged through strategic partnerships with nine biopharmaceutical companies. For more information on our ongoing clinical trials visit www.zymeworksclinicaltrials.com. For additional information about Zymeworks, visit www.zymeworks.com and follow [@ZymeworksInc](https://twitter.com/ZymeworksInc) on Twitter.

Cautionary Note Regarding Forward-Looking Statements

This press release includes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of Canadian securities laws, or collectively, forward-looking statements. Forward-looking statements in this press release include, but are not limited to, statements that relate to Zymeworks’ expectations regarding the continued development of zanidatamab, expansion of its R&D pipeline, upcoming data presentations, clinical development opportunities, the advancement of its pharmaceutical partners’ programs, and other information that is not historical information. When used herein, words such as “expect”, “will”, “continue”, and similar expressions are intended to identify forward-looking statements. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. All forward-looking statements are based upon Zymeworks’ current expectations and various assumptions. Zymeworks believes there is a reasonable basis for its expectations and beliefs, but they are inherently uncertain. Zymeworks may not realize its expectations, and its beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements as a result of various factors, including, without limitation: the impact of the COVID-19 pandemic on Zymeworks’ business, research and clinical development plans and timelines and results of operations, including impact on its clinical trial sites, collaborators, and contractors who act for or on Zymeworks’ behalf, may be more severe and more prolonged than currently anticipated; clinical trials may not demonstrate safety and efficacy of any of Zymeworks’ or its collaborators’ product candidates; any of Zymeworks’ or its partners’ product candidates may fail in development, may not receive required regulatory approvals, or may be delayed to a point where they are not commercially viable; regulatory agencies may impose additional requirements or delay the initiation of clinical trials; the impact of new or changing laws and regulations; market conditions; and the other risks described under “Risk Factors” in Zymeworks’ Quarterly Report on Form 10-Q for its quarter ended September 30, 2021 (a copy of which may be obtained at www.sec.gov and www.sedar.com). Consequently, forward-looking statements should be regarded solely as Zymeworks’ current plans, estimates and beliefs. Investors should not place undue reliance on forward-looking statements. Zymeworks cannot guarantee future results, events, levels of activity, performance or achievements. Zymeworks does not undertake and specifically declines any obligation to update, republish or revise any forward-looking statements to reflect new information, future events or circumstances, or to reflect the occurrences of unanticipated events, except as may be required by law.

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FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Zymeworks Inc. (“Zymeworks” or the “Company”)
1385 West 8th Avenue, Suite 540
Vancouver, BC, Canada
V6H 3V9

Item 2: Date of Material Change

January 5, 2022

Item 3: News Release

A news release announcing the material change was disseminated through the facilities of Business Wire on January 5, 2022 and a copy was filed on the Company’s profile at www.sedar.com.

Item 4: Summary of Material Change

On January 5, 2022, Zymeworks announced the appointment of Mr. Kenneth Galbraith as Chair and Chief Executive Officer (CEO) of Zymeworks effective on or before February 1, 2022.

Item 5: Full Description of Material Change

5.1 Full Description of Material Change

On January 5, 2022, Zymeworks announced the appointment of Mr. Kenneth Galbraith as Chair and CEO of Zymeworks effective on or before February 1, 2022. Mr. Galbraith will succeed Zymeworks co-founder Ali Tehrani, Ph.D., who has served as President and CEO since 2003. Dr. Tehrani will remain as an advisor to the Company to assist with the transition.

A former Zymeworks Board member from 2009 to 2013, Ken Galbraith has been working since 1987 as a life sciences executive, director, investor and advisor in the growth of both private and public companies from early-stage through regulatory approval and commercialization. Most recently, he served as executive-in-residence with Syncona (LSE: SYNC), a large British closed-ended healthcare investment trust dedicated to life science investments. He began his biotechnology career in Vancouver as CFO at QLT, where he was instrumental in growing the company to over 500 employees while gaining market approvals for several new medicines prior to his departure in 2000. During his lengthy career, Ken has played a pivotal role in the development of several successful biotechnology companies throughout North America, including AnorMED, MacroGenics, Alder Pharmaceuticals, Celator Pharmaceuticals, Novadaq and Angiotech, among others. He holds a Bachelor of Commerce degree with honors from the University of British Columbia.

The Company also announced that CFO Neil Klompas was promoted to the dual position of COO and CFO, effective immediately.

5.2 Disclosure of Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

For further information, please contact Neil Klompas, Chief Operating Officer and Chief Financial Officer of the Company at (604) 678-1388.

Item 9: Date of Report

January 5, 2021