Corporate Responsibility Statement

April 2021

Our Responsibility and ESG Program

We believe it is our responsibility and duty to patients to utilize and expand our protein engineering capabilities and to create a broad portfolio of drug candidates, which we advance, partner or terminate based on the data we generate. Our capabilities are enabled by our expanding global intellectual property portfolio and exceptional human talent.

We acknowledge and support calls from stakeholders for the business community to review their operations and governance practices through frameworks that are standardizing environmental, social and governance (ESG) disclosures. In 2021, we are examining our approach to ESG and formalizing a program to be led by senior management with significant cross-functional contributions by investor relations/corporate communications, human resources and legal department personnel, which will be overseen by the Board of Directors.

Code of Business Conduct and Ethics

We are committed to our Code of Business Conduct and Ethics (the "Code") in order to maintain a culture that promotes the highest standards of conduct. It is our comprehensive statement of essential ethical and compliance principles that guide our daily operations. Additionally, it reinforces our fundamental principles and framework for action within our organization and is a reflection of our commitment to conducting business with respect and integrity. The Board of Directors established the Code to provide a foundation for the way we expect all employees to perform on Xencor's behalf. If an employee witnesses a violation of the Code, or any law or regulation, it is his or her responsibility to report it immediately.

All employees are required to read the Code when hired and are expected to comply as a condition of employment. Annually, we conduct training sessions to refresh employees' familiarity with the Code, and the Code is distributed to each employee, after which the employee must acknowledge their responsibility to read, understand and comply with the Code.

Our Business

We are a clinical-stage biopharmaceutical company developing engineered monoclonal antibodies and cytokines for the treatment of cancer and autoimmune diseases. Our XmAb® protein engineering technologies enable small changes to the structure of proteins resulting in new mechanisms of therapeutic action.

As a clinical-stage biopharmaceutical company, our drug candidates have not achieved marketing authorizations in any global geography. We do not control the pricing or drug access for any authorized product from which we receive an economic benefit, and we have not experienced any product recalls. In 2020, we spent $169.8 million on research and development activities—a 43% increase over 2019.

Clinical Trials

Clinical trials are research studies that are designed to determine if a potential medicine is safe and effective for patients, and they are a fundamental step in the development of our drug candidates.

Our clinical trial protocols and procedures are designed to ensure that we and our study investigators abide by the current guidelines on good clinical practice (GCP) and the Declaration of Helsinki. We carry out all clinical trials in keeping with applicable national and local legal requirements and regulations. Our policies on clinical research extend to third-party clinical research organizations (CROs).

Written informed consent is required before participants enroll in our clinical trials. Participants are given full and adequate oral and written information about the nature, purpose, possible risk and benefit of the study, and they are informed that they are free to discontinue from the study at any time. They receive the opportunity to ask questions and are allowed time to consider the information provided.

We are currently conducting or supporting Phase 1 clinical trials to evaluate eight wholly owned or co-developed investigational drug candidates. Patients may participate in these trials if they meet certain enrollment criteria. We have also adopted an Expanded Access Policy for evaluating and responding to requests for individual patient access to investigational drugs.

Preclinical Testing

Before entering clinical-stage development, drug candidates are subjected to preclinical testing to evaluate their potential for therapeutic benefit in humans. Preclinical tests include laboratory evaluations of product chemistry, stability, and formulation, as well as animal studies to assess the potential toxicity and biological activity.

We are committed to the ethical use of animals in preclinical testing. Animal studies are carefully reviewed by an Institutional Animal Care and Use Committee (IACUC), which is charged with ensuring that a proposed study is essential. IACUC review is required by U.S. federal and state laws. Additionally, we comply with the "Three Rs"—Replacement, Reduction and Refinement—the ethical principles that are embedded in the conduct of animal-based science.

Our People

Metrics as of December 31, 2020

Our ability to develop XmAb technologies, advance our programs into late-stage development, position our programs for commercialization and identify successful business partnerships is dependent on attracting, retaining, and developing our employees.

We employ 202 full-time employees, a 22% increase in our workforce over the prior year. Of these, 156 are engaged in research and development activities, and 46 are engaged in business development, information systems, facilities, human resources or administrative support. Of our employees, 42 hold Ph.D. degrees, and 6 hold M.D. degrees.

Oversight

Our Human Capital Management & Compensation Committee has been established by our Board of Directors to oversee and review our strategies, initiatives and programs with respect to our culture, talent recruitment, employee development, compensation, retention and engagement, and succession planning.

Commitment to Diversity, Equity and Inclusion

We strive to build and nurture a culture where all employees feel empowered to be their authentic selves. It is our belief that the diversity of viewpoints, backgrounds, professional experiences, education and personal characteristics, including gender, race, ethnicity, national origin, age, sexual orientation, gender identity and other similar demographics perpetuate a cohesive and productive work environment.

We are proud to employ a diverse workforce that is 53% non-white and 55% women. In addition, women comprise 22% of our senior management team and 25% of the Board of Directors.

Diversity Metric	All Employees	Senior Management	Board of Directors
Gender (% Women)	55%	22%	25%
Race (% Non-white)	53%	22%	13%
Ethnicity*	N/A	33%	38%

* % Non-white, plus Hispanic and Middle Eastern/North African (MENA)

We are an equal opportunity employer and maintain policies that prohibit unlawful discrimination based on race, religion or religious creed, color, sex, sexual orientation, gender, gender identity, gender expression, gender transition, national origin, country of origin ancestry, citizenship, age, marital status, pregnancy, family care status, domestic partner status, mental or physical disability, medical condition (including genetic characteristics), military caregiver status, veteran or military status (including reserve status, National Guard status, and military service or obligation), or any basis protected under federal, state or local law. We also prohibit discrimination based on the perception that someone has, is related to or associates with a person who has or is perceived to have any of these characteristics. We are committed to maintaining a respectful, courteous work environment that respects the dignity and worth of each employee.

Comprehensive and Competitive Benefits

We provide compensation packages designed to attract and retain high-quality employees, and all our employees are eligible for cash bonuses and grants of equity awards. We regularly evaluate our compensation programs with an independent compensation consultant and utilize industry benchmarking in an effort to ensure they are competitive compared to similar biotechnology and biopharmaceutical companies with which we compete for talent and that they are fair and equitable across our workforce with respect to gender, race, and other personal characteristics.

In addition, we provide a variety of programs and services to help employees meet and balance their needs at work, at home and in life, including an attractive mix of healthcare, insurance, and other benefit plans. Our benefits program is designed to keep our employees and their families healthy, which includes not only medical, dental and vision benefits, but also dependent care, mental health, and other wellness benefits.

Employees regularly working a minimum of 30 hours per week are eligible for:

- Medical, dental, vision plans, 75-90% company-paid
- Flexible spending accounts (health care and dependent care)
- Basic life/AD&D and long-term disability insurance plans, 100% company-paid
- Voluntary life/AD&D and short-term disability insurance plan options
- Supplemental health plan options: critical illness coverage and accident insurance plans
- 401(k) with company matching and Roth option
- Employee stock purchase plan
- Telecommuting and flexible work schedule eligibility
- Travel assistance program for company business or vacation
- Personal paid leave and holidays
- Employee referral bonuses
- Employee assistance program
- Pet insurance plan

Investments in Training, Development and Engagement

We value career development for all employees, and we provide reimbursement and time for employees to attend professional development courses including technical training, competency-based workshops and leadership development programs facilitated by external partners who are experts in their respective fields. Additionally, all employees may access skill-improvement courses through LinkedIn Learning, and we provide executive coaching for employees as warranted. Supervisory managers also take an active role in identifying individualized development plans to assist their employees in realizing their full potential and creating opportunities for promotions and added responsibilities that enhance the engagement and retention of our workforce.

In 2020, we held 27 townhall-style meetings available to all employees, who could directly ask our chief executive officer questions, anonymously if desired. We established an internal website to be a news, resource and engagement platform for all employees, and we conducted two surveys as an additional measure to monitor employee satisfaction and engagement.

Our Community

In 2020, we partnered with the Los Angeles Chapter of the Leukemia & Lymphoma Society (LLS). The mission of the LLS, to cure leukemia, lymphoma, Hodgkin's disease and myeloma and improve the quality of life for patients and their families, is highly aligned with our own. The LLS supports pioneering research and provides patients, caregivers and families with community and financial support, personalized disease and treatment information, and clinical trial searches.

We supported the LLS' signature community event in Los Angeles, Light the Night, with a $40,000 corporate sponsorship, and our chief executive officer served as the local Corporate Walk Chair. Even with the challenges of fundraising in a virtual environment for a virtual event in 2020, we observed strong participation across our organization, and our employees raised over $149,000. Team Xencor ranked as the second highest fundraising corporate team in Greater Los Angeles and the tenth highest fundraising corporate team in the United States.

Our Environment

It is our policy to conduct our business in an environmentally responsible way that minimizes environmental impacts. We are committed to minimizing and, if practicable, eliminating the use of any substance or material that may cause environmental damage, reducing waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

Forward-Looking Statements

Certain statements contained in this communication may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements that are not purely statements of historical fact, and can generally be identified by our use of words such as “potential,” “can,” “will,” “plan,” “may,” “could,” “would,” “expect,” “anticipate,” “seek,” “look forward,” “believe,” “committed,” “investigational,” and similar terms. These forward-looking statements, including express or implied statements relating to our creation of a broad portfolio of drug candidates, the expansion of our intellectual property portfolio, the capabilities of our XmAb protein engineering technologies, our ESG program and other statements that are not purely statements of historical fact are made on the basis of the current beliefs, expectations, and assumptions of the management of Xencor and are subject to significant known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements and the timing of events to be materially different from those implied by such statements, and therefore these statements should not be read as guarantees of future performance or results. Such risks include, without limitation, the risks associated with the process of discovering, developing, manufacturing and commercializing drugs that are safe and effective for use as human therapeutics and other risks described in Xencor's public securities filings. For a discussion of these and other factors, please refer to Xencor's annual report on Form 10-K for the year ended December 31, 2020 as well as Xencor's subsequent filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended to date. All forward-looking statements are qualified in their entirety by this cautionary statement and Xencor undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof, except as required by law.