



Export Control and Sanctions Policy

Amended and Restated by the Arbutus Board on August 18, 2020

1. **Policy Commitment Statement**

Arbutus Biopharma Corporation and its subsidiaries (collectively “Arbutus”) are committed to conducting business with integrity and in compliance with all applicable global trade laws, including export control, economic sanctions, and anti-boycott laws. This Policy provides the framework for this commitment and is designed to communicate Arbutus’s culture of compliance to all employees and contracted staff (collectively, “Personnel”). Contractors, consultants and temporary employees of Arbutus may become subject to compliance with this Policy through the policies of their own employing agency, or be designated as subject to this Policy by the Company.

Violations of U.S. export control, economic sanctions, and anti-boycott laws can lead to severe financial and criminal penalties. Personnel who violate the spirit or letter of this Policy are subject to disciplinary action, up to and including termination of employment or engagement.

Notification of potential violations of export control, economic sanctions, or anti-boycott laws or suspected non-compliance with the Policy should be made promptly to Legal and the Compliance Team, to help.compliance@arbutus.com or through the Compliance Hotline at 1-866-921-6714 or through our dedicated compliance reporting website at www.integritycounts.ca for investigation. Arbutus will not tolerate retaliation against Personnel for making good faith reports, and disciplinary action may be taken against anyone who retaliates against any employee that has reported a violation or who cooperates with an investigation.

2. **Administration of the Policy**

The Board of Directors has specifically directed issuance and implementation of this Policy and has delegated certain responsibilities for administration of the Policy to Legal and the Compliance Team. As appropriate, Legal and the Compliance Team may delegate the day-to-day administration of this Policy and related Procedures to Personnel and/or third-parties as appropriate. See Appendix A. Any questions concerning this Policy should be directed to Legal and the Compliance Team or to help.compliance@arbutus.com.

3. **Overview of Economic Sanctions Program and Embargoes**

Economic sanctions are financial, trade, and travel-related restrictions targeting individuals, entities, or countries (“Sanctioned Parties”). Countries in particular may be subject to comprehensive sanctions (each, an “Embargoed Country”) or non-comprehensive sanctions (each, a “Restricted Country”). If you have any questions about who qualifies as Sanctioned Parties, Embargoed Countries or Restricted Countries, please contact the Legal and the Compliance Team, which is tasked with updating the relevant lists of such parties as warranted.

Personnel are prohibited from engaging in transactions directly or indirectly related to any Sanctioned Party unless the transaction is preapproved in writing by Legal and the Compliance Team. In addition, Personnel are prohibited from “facilitating” (i.e., assisting, supporting, or approving) activities by a non-U.S. person with Sanctioned Parties. Examples of prohibited facilitation may include the following:

- Approving, financing, or providing transportation or insurance for transactions involving Sanctioned Parties;
- Filling orders through a third party for Sanctioned Parties; and
- Referring business requests from Sanctioned Parties to third parties.

Please consult with the Legal and Compliance Team if you have any questions or concerns about whether a particular action is prohibited.

Please consult **Appendix A** for procedures related to embargoed country and restricted country screening.

4. Restricted Party Screening

Restricted Party Screening (“RPS”) is the process of confirming that an individual or entity is not the target of restrictive measures imposed by governments or international organizations. Targeted individuals or entities are included on “Restricted Parties Lists.” It is imperative that Arbutus, *whether engaged in an export transaction or not*, screen parties to international transactions against relevant Restricted Parties Lists. This is required to ensure that Arbutus does not engage in transactions with any Sanctioned Parties included on a Restricted Parties List. Arbutus is responsible for conducting RPS. Please consult **Appendix A** for procedures related to restricted party screening.

5. Customer/Diversions Risk Red Flag Screening

In addition to the RPS described in Section 4, Arbutus also considers any abnormal circumstances that indicate risk that an item to be exported may be used for, or otherwise diverted to, an inappropriate end use, end user, or destination. Such abnormal circumstances are referred to as “Customer/Diversions Risk Red Flags.” For guidance regarding Customer/Diversions Risk Red Flags, see **Appendix B**. Arbutus is also responsible for monitoring for Customer/Diversions Risk Red Flags. Please consult **Appendix A** for procedures related to Customer/Diversions Risk Red Flag screening.

6. Overview of Export Controls

Arbutus may operate in many countries around the world and is subject to both U.S. export control laws and the export laws of other countries in which Arbutus does business.

6.1. Definition of Exports and Re-Exports

Export control laws may involve the physical movement of “items,” including products (such as drug products, clinical research samples, vaccines, and equipment used to manufacture such items), software, technology, and technical data. Technical data includes information that can be used in the design, design analysis, integration, or prototype development of a product (*i.e.*, ‘development’); as well as information for the engineering, manufacturing, application, testing and quality control of a product (*i.e.*, ‘production’). Technical data may also include information for the operation, installation, maintenance, repair, overhaul and refurbishing of a product (*i.e.*, ‘use’). As a general matter, technical data about a product is subject to the same export control restrictions as the underlying product.

Accordingly, if a product is controlled, technical data related to the product is likely subject to the same controls.

Exports can also occur in connection with activities that do not involve items physically moving across borders. For example, each of the following situations can involve an export:

- Providing a non-U.S. national Employee with access to controlled technology or software source code within the United States; and
- Providing technical data or personal knowledge regarding technical data to third parties outside the United States.

Export control laws also apply to “re-exports.” A re-export is the transfer of an item from one foreign country to another foreign country. One common re-export is a sale of U.S.- origin products located in one country to a customer located in a second country. As with exports, re-exports can include less obvious transfers, such as the disclosure of U.S.-origin technology to a national of a country other than where the disclosure takes place (for example, the disclosure of U.S.-origin technology to a Chinese citizen during a training session held in Germany).

6.2. Export and Re-Exports of Biotech Products

The U.S. government regulates a collection of microorganisms, toxins, biological equipment, and related technology in order to stem the development of biological and chemical weapons through export control efforts. Most commodities and technology handled by Arbutus have an Export Control Classification Number (“ECCN”) of **EAR99**, and therefore may be exported to all countries other than Embargoed Countries without a license unless the individual end-user or the proposed use of the product is subject to restrictions. Contact Legal and Compliance if you have questions.

Appendix C sets forth a non-exhaustive list of investigational products, components, and other commodities that may be subject to significant export restrictions or licensing requirements. If a prospective transaction would involve a commodity or technology listed in **Appendix C**—or if you have any other reason to believe that a commodity or technology related to such products may be controlled for export—contact Chemistry, Manufacturing, and Controls (“CMC”) and Legal and the Compliance Team for further guidance.

7. Export Classification, Clearance, and Control

To comply with U.S. export control laws, Arbutus must ensure that no exports of controlled items occur without the proper authorization. Arbutus must also ensure that all exports are cleared in accordance with applicable U.S. law. Finally, Arbutus must also ensure that it does not inadvertently transfer controlled technical data or information to foreign persons without licenses that may be required by law.

7.1. Product Classification and Licensing

Arbutus must determine the proper classification and licensing requirements for investigational samples, prototypes, products and technical data, which requires Arbutus to determine three key facts:

- The relevant export control laws that apply to the export or import of Arbutus’s goods, services, or technology;
- The intended country, end-users and end-use of Arbutus’s goods, services or technology; and
- What licenses or other authorizations may be needed to properly transfer items to the intended country or person.

Please consult **Appendix A** for procedures relating to product classification and licensing.

7.2. Export Clearance

For certain foreign shipments, Arbutus, or a third party acting on its behalf, must file Electronic Export Information (“EEI”) through the Automated Export System (“AES”). Shipments that typically require EEI filing include (1) exports that require a license application, regardless of value or destination; and (2) exports of commodities when the value of the commodities is over \$2,500. Please consult **Appendix A** for procedures relating to export clearance.

7.3. Controlling the Release of Technology Outside the United States and to Foreign Nationals in the United States

Under U.S. export control laws, the release or disclosure of controlled U.S. technology or technical data to a foreign national is considered to be an export of such technology to the country of citizenship of the foreign national. “Foreign Persons” are generally defined as anyone that is not a U.S. citizen, U.S. permanent resident (*i.e.*, green card holder), or protected individual (*e.g.*, asylee or refugee).

There are many situations in which Arbutus might be in a position to transfer controlled technical data to “Foreign Persons,” including:

- Foreign customer site visits to any of Arbutus’s facilities;
- Employment of foreign nationals;
- Sharing research results with a sponsor;
- Uploading technical data to a shared drive or the cloud;
- Transfers of information to foreign persons in Arbutus’s non-U.S. offices;
- Interaction with local consultants in foreign countries;
- During procurement, and follow-up maintenance, with foreign vendors; and
- Discussions with foreign regulatory bodies and their personnel.

Arbutus must ensure that it does not release or disclose controlled U.S. technology to (1) foreign national Personnel; or (2) foreign national visitors to Company sites. Please consult **Appendix A** for procedures relating to the inadvertent release or disclosure of controlled U.S. technology or technical data.

8. Anti-Boycott Laws

U.S. anti-boycott laws limit the extent to which U.S. companies (and their foreign subsidiaries) may participate in—or cooperate with—an international boycott that is not supported by the United States. In some circumstances, U.S. anti-boycott laws require companies to report the receipt of unsanctioned boycott requests separately to the Departments of Treasury and Commerce, even if the recipient company does not comply with the request.

Although primarily directed at the Arab League’s boycott of Israel, U.S. anti-boycott laws apply to any international boycott that has not been sanctioned by the United States. Importantly, U.S. anti-boycott laws may apply to activities outside of the United States including, in some cases, to the activities of non-U.S. individuals and companies.

The current list of boycotting countries includes **Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen**. Legal and the Compliance Team is tasked with updating and posting the relevant list as warranted. Personnel must exercise particular care when reviewing or negotiating documents involving activities or parties within these jurisdictions. Please consult Appendix A for procedures relating to anti-boycott compliance.

9. Recordkeeping Responsibilities

It is Arbutus’s policy to abide by all recordkeeping requirements established under

U.S. export control, sanctions, and anti-boycott laws. Please consult **Appendix A** for procedures relating to recordkeeping.

Appendix A

Procedures

Procedures for Embargoed or Restricted Countries

Personnel must contact Legal and the Compliance Team before proceeding with a transaction if:

- The shipment starts from, ends in, or passes through an Embargoed Country or Restricted Country;
- The shipment involves any individual ordinarily resident in, entity located or organized in, or government entity of an Embargoed Country or Restricted Country; or
- The counterparty refuses to provide its location, country of organization, or the country of origin or ultimate destination of goods.

Procedures for Performing Restricted Party Screening

RPS will be performed on all known parties prior to entering into business arrangements or transactions, with results appropriately documented pursuant to procedures approved by Legal and the Compliance Team.

Parties that will be screened include, but are not limited to, distributors, vendors, Contract Research Organizations (“CROs”), customers, end users, shipping companies, freight forwarders, agents, intermediate consignees, banks, and Personnel (1) before they begin working for, or on behalf of, Arbutus; and (2) every twelve months thereafter.

Parties that will not be screened include (1) any U.S.-based parties involved in a transaction occurring entirely within the United States (e.g., U.S.-based suppliers (where owners and principal operations are based in the United States) providing goods or services to Arbutus in the United States); and (2) professional service providers, including law firms, accounting firms, and tax planners. The professional service screening exemption does not apply to parties located in, organized under the laws of, or ordinarily resident in an Embargoed Country or a Restricted Country.

Procedures for Conducting Customer/Diversion Risk Red Flag Screening

Personnel should carefully evaluate information regarding orders that come to Arbutus to determine if any red flags are present. In some instances, it may be possible to obtain such information from published sources. For example, if there is a question as to whether an end-user is owned or controlled by a Sanctioned Party, it may be possible to determine ownership interests through publicly available sources. If there is a question surrounding the proposed use of the product, the end-user can provide Arbutus with documentation to certify the use of the item.

However, if Customer/Diversion Risk Red Flag cannot be resolved, Personnel must submit the transaction to Legal and the Compliance Team for guidance before proceeding with the transaction. Do not hesitate to report abnormal situations or circumstances to the Legal and Compliance Department.

Procedures for Product Classification

CMC will maintain a Product and Technology Matrix for products, technology, and technical data, along with the relevant ECCN. CMC will update this Matrix whenever there is a change to an existing product, a new product is developed, or there is a change to the ECCN.

Procedures for Export License Determinations

For any export or re-export, Personnel should consult the Product and Technology Matrix maintained by CMC in order to determine the proper ECCN for each item to be shipped or released.

Personnel should then determine whether a license is required. Personnel should consult the Commerce Control List¹ to determine the reason why a controlled product is subject to enhanced restrictions. Personnel should then consult the Commerce Country Chart² to determine whether an item controlled for that particular reason requires a license for export to the country of destination.

If Personnel are unable to determine the ECCN for a product or whether a license is required, they should consult Legal and the Compliance Team for assistance. If a license is required, Legal and the Compliance Team will handle the application process for Arbutus.

Procedures for Export Clearance

When an order has been cleared for export from the United States, Personnel will determine whether an AES record must be completed by Arbutus, an authorized freight forwarder, or a CRO. In cases where an authorized freight forwarder or CRO is involved, this determination may be made by that freight forwarder or CRO. If there is a question as to who should be shipping an item outside the United States, please contact Legal and the Compliance Team.

If an AES record must be completed, Personnel will ensure that it or the applicable third party has all of the information necessary to complete the document, including the ECCN, export license number (if relevant), license exception (if relevant), commercial invoice (containing the appropriate destination control statement, and packing list). If a freight forwarder or CRO handles this process on behalf of Arbutus, that party must provide Arbutus with a copy of the completed AES record. Any questions concerning export clearance procedures should be directed to Legal and the Compliance Team.

Procedures for Control of Technology or Technical Data

It is the responsibility of Legal and the Compliance Team, in coordination with Human Resources, to ensure that Arbutus tracks the hiring of foreign national Personnel and ensures

¹ The Commerce Control List is available online at <https://www.bis.doc.gov/index.php/regulations/commerce-control-list-ccl>.

² The Commerce Country Chart is available online at <https://www.bis.doc.gov/index.php/forms-documents/regulations-docs/14-commerce-country-chart/file>.

that these Personnel are not assigned duties that require the release or disclosure of controlled technical data until Arbutus has obtained all required license approvals.

Where a foreign national engages in a “site visit” (e.g., a tour, meeting, negotiations) at a Company facility, the Personnel responsible for initiating the site visit must provide notice to Legal and the Compliance Team if the potential visitor will have access to controlled technology or materials while on-site. In that case, Legal and the Compliance Team will assist with developing a plan to ensure that all export compliance requirements are fulfilled in connection with the visit.

Procedures for Anti-Boycott Compliance

Personnel are responsible for screening all orders, contracts, letters of credit, and related documents involving international business from these countries for boycott-related language or requests. Examples of problematic language include:

- "Goods of Israeli origin not acceptable."
- "The Contractor shall comply in all respects with the requirements of the laws of the Saudi Arabia relating to the boycott of Israel."
- "The Contract will comply with the laws of the UAE."
- "All shipments under this order shall comply with Israel Boycott Office Rules and Regulations."

If such language appears in an order, letter of credit, or contract, Legal and the Compliance Team must be notified. Personnel may not respond to an export order, letter of credit, or contract with any boycott-related language or requests without authorization from Legal and the Compliance Team.

Procedures for Recordkeeping

The following records must be retained according to Arbutus’s recordkeeping procedures:

- Applications, Licenses, and Reports
 - Multipurpose Application Form;
 - Reports of Restrictive Trade Practices;
 - Any license approval, denial, return without action, or suspension of any of the above, with all attachments, riders, and conditions; and
 - Any report required by U.S. government agencies.
- Transaction-Related Documents
 - Commercial Invoices (with destination control statement);
 - AES Records/Internal Transaction Numbers;
 - Air Waybills or Bills of Lading (with destination control statement);
 - Parcel Post Receipts;
 - Purchase Orders;
 - Contracts;
 - Letters of Credit;
 - Red Flag Checklists;

- Shippers' Letters of Instruction;
- Certificates of Origin;
- Proof of Insurance;
- Other correspondence or certifications relating to a specific transaction;
- Powers of Attorney;
- Intra-company correspondence concerning export regulatory matters (i.e., interpretations, restrictions, responsibilities);
- Notices to customers, agents, distributors, or affiliates concerning export restrictions; and
- Other correspondence to or from U.S. government agencies.

Export-related records, including those listed above, are to be retained for either (1) five years after the date of export or termination of the transaction; or (2) five years after the expiration date of the relevant export license, whichever is longer.

All records related to boycott requests must be retained for a minimum of six years from the date the boycott request was received. It is the responsibility of each Personnel who receives a boycott request—or possible boycott request—to retain all documentation and correspondence related to such request in accordance with this Policy.

Appendix B

Customer/Diversion Risk Red Flag Checklist

This checklist is designed to assist Company personnel in determining whether a transaction may involve potential Customer/Diversion Risk Red Flags that may indicate that a U.S. item may be diverted to a prohibited party, end user, end use, or country.

Potential Customer/Diversion Risk Red Flags

- Approach from previously unknown customers (including those who require technical assistance) whose identity is not clear.
- Transaction involving an intermediary agent and/or final consignee that is unusual in light of their usual business.
- Customer's reluctance to give sufficient explanation of the end use of the item or customer's use of evasive responses.
- Customer's reluctance to provide information on the location of the place or country where the item is to be used or stored.
- Customer's reluctance to provide clear answers to routine commercial or technical questions.
- Customer is known to have or suspected of having unauthorized dealing with sanctioned or embargoed countries or parties identified on a U.S. Restricted Parties List.
- Customer's reason for needing the item is unlikely in view of the customer's usual business or technological level.
- Item to be used in a location that is unusual in light of the character of the item.
- Unusual customer request concerning the shipment or labeling of items, such as vague delivery dates, deliveries requested to out-of-the-way destinations, listing of a freight forwarding firm as the final destination, or abnormal shipping route.
- Unusually favorable payment terms, such as a higher price or better interest rate than in the prevailing market, or willingness to pay cash for a very expensive item when the terms of sale call for financing.
- Unusual customer request for excessive confidentiality regarding final destination or details of the items.
- Requests for normally unnecessary items (*e.g.*, excessive quantity of spares) or no request for usually necessary items.
- No request for a performance guarantee, warranty, or service contract.
- No request for usually necessary assistance or training from technical experts for the operation or use.
- Contract for the construction or revamping of a plant is divided by customer without adequate information about the complete scope of work or final destination.
- Packaging or packaging components are inconsistent with the shipping mode or stated destination.
- Customer is unfamiliar with item's performance characteristics.
- Item is incompatible with the technical level of the country to which the product is being shipped.

- Customer has little or no business background. For example, financial information is not available from normal commercial sources and corporate principals are unknown by trade sources.
- Customer uses only Post Office Box or has facilities that appear inappropriate for ordered items.

Appendix C

Export Control Classifications for Biotechnology Products

The following table sets forth a non-exhaustive list of investigational products, components, and other commodities that may be subject to export restrictions or licensing requirements.³

| <u>ECCN</u> | Description | Information |
|--------------|--|---|
| <u>1A004</u> | Protective and detection equipment and “components,” not “specially designed” for military use | Includes (i) full face masks, filter canisters, and decontamination equipment; (ii) protective suits, gloves, and shoes; (iii) detection systems; and (iv) electronic equipment used in connection with certain biological agents, radioactive materials, and chemical warfare agents |
| <u>1A995</u> | Protective and detection equipment not “specially designed” for military use and not controlled by ECCN 1A004 or ECCN 25351 | Includes (i) personal radiation monitoring dosimeters; and (ii) equipment limited by design or function to protect against hazards specific to civil industries, such as mining, quarrying, agriculture, pharmaceuticals, medical, veterinary, environmental, waste management, or food |
| <u>1B117</u> | Certain batch mixers with provision for mixing under vacuum in the range from zero to 13.326 kPa and with temperature control capability of the mixing chamber | Includes any batch mixers with (i) a total volumetric capacity of 110 liters or more; and (ii) at least one “mixing/kneading shaft” |
| <u>1C350</u> | Chemicals that may be used as precursors for toxic chemical agents | Includes over fifty restricted chemicals (but does not apply to certain sample shipments or mixtures) |
| <u>1C353</u> | Genetic elements and genetically modified organisms | Includes a number of genetic elements (e.g., chromosomes, genomes, plasmids, transposons, vectors, etc.) containing nucleic acid sequences associated with pathogenicity or certain toxins |

³ The complete text of Category 1 of the Commerce Control List is available online at <https://www.bis.doc.gov/index.php/documents/federal-register-notices-1/937-ccl1-3/file>. The complete text of Category 2 of the Commerce Control List is available online at <https://www.bis.doc.gov/index.php/documents/regulations-docs/federal-register-notices/federal-register-2013/734-ccl2/file>.

| <u>ECCN</u> | Description | Information |
|---------------------|---|---|
| <u>1C395</u> | Mixtures and medical, analytical, diagnostic, and food testing kits not controlled by ECCN 1C350 | Mixtures and medical, analytical, diagnostic, and food testing kits containing a specified amount of controlled chemicals |
| <u>1C990</u> | Fibrous and filamentary materials not otherwise controlled for use in “composite” structures and with a specific modulus and tensile strength | As specified in the heading |
| <u>1C991</u> | Certain vaccines, immunotoxins, medical products, diagnostic and food testing kits | Certain vaccines against controlled toxins, medical products containing specified toxins, and diagnostic and food testing kits containing controlled human and animal pathogens and toxins |
| <u>1C995</u> | Mixtures and medical, analytical, diagnostic, and food testing kits not controlled by ECCN 1C350, ECCN 1C355, or ECCN 1C395 | Mixtures and medical, analytical, diagnostic, and food testing kits containing a specified amount of controlled chemicals |
| <u>2B352</u> | Certain equipment capable of use in handling biological materials | Certain (i) containment facilities and related equipment; (ii) fermenters and components; (iii) centrifugal separators capable of the continuous separation of pathogenic microorganisms; (iv) flow filtration equipment; (v) steam, gas, or vapor sterilizable freeze- drying equipment; (vi) spray-drying equipment; (vii) certain protective and containment equipment; (viii) certain aerosol inhalation equipment; and (ix) certain spraying or fogging systems and related parts and components |