



## **Anti-Fraud Compliance Policy**

*Approved by the Arbutus Board on March 13, 2019*

1. **ANTI-FRAUD POLICY STATEMENT**

It is the policy of Arbutus Biopharma, Corp. and its subsidiary Arbutus Biopharma, Inc. (collectively “**Arbutus**”) to comply with all applicable anti-fraud and tax evasion laws and regulations in all countries in which Arbutus does business. This Policy addresses what we must do in order to comply with those laws and regulations. Any questions concerning this Policy should be referred to the General Counsel of Arbutus or the Chief Compliance Officer, or his or her delegate (“**Compliance Officer**”), or a member of the Compliance Team at: [help.compliance@arbutusbio.com](mailto:help.compliance@arbutusbio.com).

Violations of this Policy may constitute violations of applicable fraud and tax evasion laws and may subject Arbutus and Covered Persons (as defined below) to serious penalties, including fines and even imprisonment.

2. **SCOPE**

This Policy is mandatory and applies to all directors, officers and employees of Arbutus, all contractors and consultants who devote all or substantially all of their time to Arbutus, and all Business Associates (as defined below) (collectively, “**Covered Persons**”). A “**Business Associate**” is a reseller, distributor, broker, agent, referral partner, finder, advisor, contractor, subcontractor or any other third-party that performs services for or on behalf of Arbutus.

Covered Persons shall be provided with a copy of this Policy. Any Covered Person who violates this Policy may be subject to disciplinary action. Any Business Associate that violates this Policy must be referred to the Compliance Officer for appropriate action, including possible termination of the engagement.

3. **WHAT IS FRAUD?**

Fraud is the intentional misrepresentation, failure to disclose or concealment of a material fact, or abuse of position, in order to gain a dishonest advantage (which is usually financial). It is a deliberate and dishonest act. This definition encompasses a variety of conduct, including but not limited to: (1) false invoices or reimbursement requests; (2) payments for goods or services which are not supplied; (3) unauthorized financial transactions; and (4) false accounting.

Market manipulation is a type of fraud. Covered Persons may not attempt to interfere with the free and fair operation of a market and create an artificial, false or misleading appearance regarding the price of, or market for, a product, security, commodity or currency.

#### 4. **WHAT IS TAX EVASION?**

Unlike tax avoidance, which is the legitimate minimization of tax payable by a taxpayer using methods available under relevant laws (such as by claiming appropriate deductions, reliefs and credits), tax evasion, or tax fraud, is the unlawful practice of not paying taxes. It generally involves deliberate and dishonest criminal behavior, such as deliberately providing false information to a taxation authority. This false information could be in the form of false statements or false documents.

- For example, Alpha Ltd., a company taxable in the U.K., is performing services for Bravo Ltd. Alpha Ltd. requests that Bravo Ltd. send payments for these services to an account in Latvia. Alpha Ltd. makes this request in order to evade the payment of U.K. tax on those payments and also conceals these payments from the U.K. taxation authority. Alpha Ltd. has engaged in tax evasion in the U.K.

Facilitation of tax evasion occurs when a person deliberately and dishonestly takes action to facilitate the tax evasion of another person. The facilitation of tax evasion is a type of fraud.

- For example and further to the above example, an employee of Bravo Ltd., Ben, is aware that Alpha Ltd. is using the Latvian account to evade U.K. taxes. Ben deliberately and dishonestly conceals this from his colleagues at Bravo Ltd. and approves the payment to the Latvian account. Ben has facilitated the tax evasion of Alpha Ltd.

Criminal liability for tax evasion can attach to Covered Persons and also to Arbutus, including via the facilitation of tax evasion by Covered Persons.

#### 5. **POLICY ON FRAUD AND TAX EVASION**

Arbutus has a zero-tolerance approach to fraud, the facilitation of tax evasion, and tax evasion. Local standards and practices may vary with respect to tax evasion offenses, but Arbutus does not tolerate tax evasion, or the facilitation of tax evasion, regardless of jurisdiction. Each Covered Person has a

responsibility to guard against the facilitation of tax evasion and to comply with all related legal obligations.

## 6. “RED FLAGS”

Covered Persons are required to monitor for potential “red flags”. A “red flag” is a fact pattern, situation, request, or other circumstance that indicates a possible compliance risk in terms of fraud or tax evasion. In some circumstances, further inquiries may confirm why there was a potential red flag. In these circumstances, the situation should be documented and the information provided to the Compliance Officer. In other circumstances, concerns may still exist or a Covered Person may be unsure what steps to take. In case of doubt whether a certain fact or information known to a Covered Person constitutes a “red flag,” please inquire with the Compliance Officer.

Examples of potential “red flags,” which are illustrative and not exhaustive are:

- A counterparty makes a request that a transaction be documented in a way which is not accurate.
- A counterparty requests to be paid in an account located in a tax haven jurisdiction, when they are providing services or are based in a different jurisdiction.
- Arbutus is involved in an asset transaction with a counterparty that requests the deal to be structured in such a way as to evade tax owed by the counterparty.
- A counterparty has nominee shareholders or shares in bearer form.
- A counterparty has a cash-intensive business model that is unusual for its industry.

## 7. MANDATORY REPORTING; SAFEGUARDS AGAINST RETALIATION

The success of this Policy in preventing fraud and tax-evasion relies on the diligence and commitment of all Covered Persons, who have a responsibility to report any suspected or actual violations and who should do so without fear of any form of retaliation.

Covered Persons who encounter a situation or are considering a course of action where the appropriateness is unclear, should discuss the matter promptly with the Compliance Officer. Even the appearance of impropriety can be very damaging and should be avoided.

Covered Persons who are aware of a suspected or actual violation of this Policy (or any other applicable Company policies) by others, have a responsibility to report it. Covered Persons are expected to promptly provide the Compliance Officer with a specific description of the violation that is believed to have occurred, including any information about the persons involved and the time of the violation. Covered Persons should do so without fear of any form of retaliation. Arbutus will take prompt disciplinary action against any director, officer, employee, consultant or contractor who retaliates against a Covered Person, which may include termination of services.

After making a report, the Covered Person should take no further action (such as paying a questionable invoice, filling a suspicious order etc.) without further instruction.

The Compliance Officer will investigate all reported possible Policy violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances and by reference to any relevant or applicable tax advice received by Arbutus. No Covered Person may conduct any preliminary investigation, unless authorized to do so by the Compliance Officer. Cooperation by Covered Persons in the investigation will be expected. As needed, the Compliance Officer will consult with the Legal Department, the Human Resources Department, and/or the appropriate committee of the Board of Directors. It is Arbutus's policy to employ a fair process by which to determine violations of the Policy.

If any investigation indicates that a violation of the Policy has probably occurred, Arbutus will take such action as it believes to be appropriate under the circumstances. If Arbutus determines that any director, officer, employee, consultant or contractor is responsible for a Policy violation, they may be subject to disciplinary action. Any Business Associate that violates this Policy must be referred to the Compliance Officer for appropriate action, including possible termination of the engagement.

With respect to any complaints or observations of violations that may involve accounting, internal accounting controls, or auditing matters ("Accounting Matters"), the Compliance Officer is responsible for receiving and reviewing and then investigating complaints relating to Accounting Matters. If the suspected violation involves the Compliance Officer, the director, officer, employee, consultant or contractor should instead report the suspected violation to a member of the board. It is Arbutus's policy to comply with all applicable laws that protect against unlawful discrimination or retaliation by us or our agents as a result of lawfully reporting information regarding, or participation in, investigations involving Accounting

Matters. If any director, officer, employee, consultant or contractor believes he or she has been subjected to any harassment, threat, demotion, discharge, discrimination or retaliation by Arbutus or its agents for reporting complaints regarding Accounting Matters in accordance with this Policy, he or she may file a complaint with the Compliance Officer or Human Resources Manager. If it is determined that an employee has experienced any improper employment action in violation of this Policy, Arbutus will endeavor to promptly take appropriate corrective action.

Arbutus has also established a procedure under which complaints regarding Accounting Matters, fraud or tax evasion matters and any other compliance concern may be reported anonymously. Covered Persons may anonymously report these concerns via Arbutus's whistleblower hotline on: 1-866-921-6714 or through our dedicated Compliance reporting website at [www.integritycounts.ca](http://www.integritycounts.ca). Covered Persons should make every effort to report their concerns using one or more of the methods specified above. The complaint procedure is specifically designed so that employees have a mechanism that allows the employee to bypass a supervisor he or she believes is engaged in prohibited conduct under this Policy. Anonymous reports should be factual, instead of speculative or conclusory, and should contain as much specific information as possible to allow the persons investigating the report to adequately assess the nature, extent and urgency of the investigation.

**8. QUESTIONS ABOUT THIS POLICY**

Please contact a member of the Compliance Team if you have any questions regarding the scope and reach of anti-tax laws and regulations and/or this Policy. The Compliance Team can be reached by email at [help.compliance@arbutusbio.com](mailto:help.compliance@arbutusbio.com).