



CODE OF BUSINESS CONDUCT

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Message from Christian Henry, President and Chief Executive Officer



Pacific Biosciences has a mission of which its employees can be justly proud. We are committed to ethical standards that should also serve as a source of pride. Pacific Biosciences is committed to maintaining the highest standards of business conduct and ethics.

This Code of Business Conduct reflects the business practices and principles of behavior that support this commitment and is designed to guide people towards the right ethical choices, to deter wrongdoing and promote the standards set forth herein. This Code does not address every issue that may arise in the course of your work, but it sets out basic principles and standards applicable to all Pacific Biosciences employees, officers, directors, and contract personnel on a worldwide basis.

Pacific Biosciences expects you to conduct yourself in accordance with this Code and seek to avoid even the appearance of improper behavior. We expect all Pacific Biosciences employees, officers, directors, and contract personnel to read and understand the Code and its application to the performance of their business responsibilities. We also expect our distributors, agents, and other third parties acting on our behalf to adhere to equally high standards.

As we continue to make progress in driving the adoption by the scientific community of our SMRT® technology and products, it is imperative that we do so in a manner that remains consistent with the high ethical standards to which we hold ourselves and each other.

On behalf of the Board of Directors and our executive management team, I would like to thank you for abiding by our Code and helping fulfill our mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Henry". The signature is written in a cursive, flowing style.

Christian Henry, President and CEO



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INTRODUCTION

PacBio Code of Business Conduct

Pacific Biosciences of California, Inc. and each of its subsidiaries worldwide (also referred to as “PacBio” or the “Company”) are committed to maintaining the highest standards of business conduct and ethics. This Code of Business Conduct reflects the business practices and principles of behavior that support this commitment. PacBio requires that you conduct yourself in accordance with this Code and seek to avoid even the appearance of improper behavior.

Each of our officers, directors and employees is required to read and comply with this Code, and to understand its application to the performance of their business responsibilities. Accordingly, references in this Code to “employees” are intended to also cover officers of PacBio and, to the extent applicable, directors, contract personnel, agents and distributors of PacBio (including those of its subsidiaries located anywhere in the world), as well as any other individual or entity acting on behalf of PacBio. (However, for clarity, nothing herein is intended to create or imply an employment relationship between PacBio and any individual when such relationship does not already exist.)

Failure to adhere to the Code may result in disciplinary action, up to, and including, termination of your employment or other relationship with the Company, as applicable. Failure to report wrongdoing of which you have knowledge may, in itself, be a basis for disciplinary action.

Officers, managers, and other supervisors are expected to develop in employees a sense of commitment to the letter and spirit of the Code. Those who lead or direct the work of employees or contractors, or any distributors, agents or other third parties acting on our behalf, are also expected to ensure that all such employees, contractors and other third parties conform to Code standards, to the extent applicable, when working for or on behalf of PacBio. The compliance environment within each manager’s assigned area of responsibility will be a factor in evaluating the quality of that individual’s performance.

This Code covers a wide range of business practices and procedures and is designed to encourage ethical behavior and promote the standards set forth below. It is intended to advise PacBio employees of situations that could possibly result in non-compliance with applicable laws, rules, or regulations. While strict compliance with applicable legal requirements is not a new policy, this Code is intended to establish a framework for compliance. This Code does not include all of PacBio’s practices that are designed to achieve compliance with legal and ethical requirements, as PacBio maintains and implements other policies and procedures that are intended to supplement this Code.

From time to time, we may adopt additional policies and procedures with which PacBio employees are also expected to comply. However, it is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in the Code. If an employee has a question about a course of action, he or she should consult the Chief Financial Officer or the General Counsel of the Company (each, a “Compliance Officer”), another member of the Company’s Legal Department, or a member of the Company’s HR Department. To the extent that there is any conflict between a national, state, or local law, rule or regulation and a policy in this Code, please immediately bring such conflict to the attention of the Legal Department. If a local custom or local policy, however, conflicts with this Code, you must comply with this Code.



Actions by members of your immediate family, significant others or other persons who live in your household also may expose you to the risks of non-compliance with this Code, if those actions involve PacBio's business. For example, acceptance of inappropriate payments or gifts by a family member from one of our suppliers could create a conflict of interest and result in a Code violation attributable to you; likewise, the purchase or sale of stock by a family member while in possession of material, non-public information could be a violation of insider trading laws and result in a Code violation attributable to you. Consequently, in monitoring your own compliance with the Code, you should consider not only your own conduct, but also that of your immediate family members, significant others and other persons who live in your household.

You should not hesitate to ask questions about whether any conduct may violate the Code, voice concerns, or clarify any ambiguous area. The Legal Department, the Compliance Officers, and the HR Department are resources available to you to answer questions or clarify the policies. To the extent you wish to report a violation or concern, please refer to the Reporting Procedures for Suspected Violations in this Code and to the Issue Resolution Procedures for Legal and Accounting Matters applicable in your location for guidance. Be alert to possible violations of the code by others and report suspected violations, without fear of any form of retaliation.

Obligations to PacBio

Conflicts of Interest

As an employee, you are expected to devote your best efforts and attention to the performance of your job at PacBio. Moreover, you are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between your personal interests and the interests of PacBio. A conflict of interest exists when your loyalties or actions are divided between PacBio's interests and those of another, such as a competitor, supplier, customer, or other business entity outside of PacBio. Both the fact and the appearance of a conflict of interest should be avoided. If you are unsure as to whether a certain transaction, activity or relationship (e.g., serving on a company's board of directors or on an advisory board) constitutes a conflict of interest, discuss it with your immediate manager, a Compliance Officer, another member of the Company's Legal Department, or a member of the Company's HR Department for clarification. Any exceptions to this guideline must be approved in writing by PacBio's HR Department and/or Legal Department. In addition, certain potential conflicts of interest involving officers or directors of the Company must be brought to the attention of the Audit Committee of the Company's Board of Directors pursuant to the Company's Related Party Transactions Policies and Procedures.

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common conflicts that employees should avoid include the following:

1. Revealing confidential information to outsiders or misusing confidential information. Unauthorized divulging of information is a violation of this policy whether or not for personal gain and whether or not harm to the Company is intended.
 - However, neither this Code nor any other Company policy or agreement, including any provision addressing confidentiality obligations, is intended to, or shall, prevent any employee, without prior notice to the Company, from engaging in any activities protected under an applicable whistleblower statute, including lawfully providing (in confidence)



information to a government agency, participating in a government investigation, filing a complaint or testifying in proceedings conducted by a government agency regarding past or future conduct that is the subject of a protected disclosure under such statute.

Moreover, this Code nor any other Company policy or agreement, including any provision addressing confidentiality obligations, is intended to, or shall, prevent any employee, without prior notice to the Company, from communicating about terms or conditions of employment in furtherance of protected concerted activity.

2. Improperly using or disclosing to the Company any proprietary information or trade secrets of any former or concurrent employer or other person or entity with whom obligations of confidentiality exist, or improperly using or authorizing the use of any inventions that are the subject of patent claims of any other person or entity.
3. Accepting or offering substantial personal gifts or excessive entertainment, favors or payments, to or from competitors, customers, suppliers, or potential suppliers, which may be deemed to constitute undue influence or otherwise be improper or embarrassing to the Company.
4. Providing services to any other business entity, supplier, or customer, or engaging in self-employment, which either interferes with your employment with PacBio, or compromises your ability to act in the interests of PacBio.

In particular, employees are prohibited from participating as a subject-matter expert for any paid research network or providing advisory services to any organization that contracts with individual consultants to provide industry information to investment firms, except with prior written approval from PacBio's HR Department and/or Legal Department.

5. Having a direct or indirect financial interest in, or relationship with, a competitor, customer or supplier, where such interest or relationship might influence in any manner a decision or course of action by the employee that affects PacBio, except that ownership of less than 0.1% of the publicly-traded stock of a corporation will not be considered a conflict.
6. Initiating or approving personnel actions affecting the reward or punishment of employees or applicants with whom there is a family relationship or actual, or the appearance of, personal or social involvement.
7. Initiating or approving any form of unlawful harassment or bullying.
8. Unauthorized personal use of Company assets or labor.
9. Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to PacBio.
10. Unlawfully discussing prices, costs, customers, sales or markets with competing companies or their employees.



11. Making any unlawful agreement with distributors with respect to prices.

You should review any personal gift in excess of US\$100 in value in advance with your supervising vice president or another Company vice president, a Compliance Officer, the HR Department or the Legal Department prior to offering or accepting the gift. Please also refer to the Public Communications and the Bribes and Kickbacks policies in this Code, and be sure to accurately document all business expenses, such as gift, meal, travel, and entertainment expenses.

For gifts and entertainment for U.S. or foreign government officials, please also refer to the Governments as Customers, Gifts and Entertainment for U.S. Officials, and Gifts and Entertainment for Non-U.S. Officials policies in this Code.

If you or someone with whom you have a close relationship (a family member or close companion) has a financial or employment relationship with a competitor, customer, supplier or potential supplier, you should promptly disclose this fact in writing to the HR Department and/or the Legal Department.

You may engage in outside employment or provide services or advice to another business entity provided that such employment or activities do not constitute a conflict of interest with your employment with PacBio. In addition to the examples listed above, a conflict of interest could also arise where such employment or activities will require a substantial time commitment from you or involve any technology that relates to PacBio's current or future business or research and development efforts. Furthermore, PacBio reserves the right to revoke such an approval at any time in its sole discretion, to the extent permitted by applicable law.

PacBio also maintains a financial conflict of interest (FCOI) policy requiring that all PacBio employees, collaborators, and consultants responsible for the design, conduct or reporting of research funded by the U.S. Public Health Service (PHS) (including any research funded by the U.S. National Institutes of Health) periodically disclose certain significant financial interests that could directly and significantly affect the design, conduct, or reporting of PHS/NIH-funded research. Please review PacBio's FCOI policy on the Legal page of the Company's Intranet. FCOI disclosure forms and questions should be referred to the PacBio grants administrator or the Legal Department.

Personal Investments

Many PacBio employees have investments in publicly traded stock or privately held businesses. If you hold shares of a publicly traded stock or have any ownership in a privately held business, a conflict may exist if you are involved in or allowed to influence transactions between PacBio and the business in which you are invested. If a real or apparent conflict exists, disclose the conflict to your manager and the HR Department, who will help determine whether a conflict exists and, if appropriate, the best approach to eliminate the conflict.

Buying and Selling Stock

PacBio maintains an Insider Trading Policy that prohibits all trading activities in PacBio securities as well as the securities of other companies while you are in possession of material, non-public information, and places other restrictions on the manner and timing in which employees may invest in PacBio securities and on the types of PacBio securities in which employees may invest. The Insider Trading Policy also



prohibits the unauthorized dissemination of material non-public information concerning PacBio to others who may benefit by trading on the basis of such information.

Members of PacBio's Board of Directors, officers, and employees are subject to blackout periods during which they are prohibited from trading in PacBio's stock.

Please review PacBio's Insider Trading policy, a copy of which is available on the Company's Intranet. Specific questions on buying and selling stock should be referred to a Compliance Officer or the Legal Department.

Security and Confidentiality

The security of property of PacBio and its employees is important to all of us and can be maintained only with the cooperation of all employees. Report any breach of security promptly to your manager, the Legal Department, or the Facilities Department.

The property of PacBio includes not only items such as computers and desks, but also proprietary and confidential information. Confidential information is of great importance to the future of our business and your duty to maintain confidentiality will remain even if your employment relationship ends.

Confidential information includes, but is not limited to, customer lists, personnel, and benefit files as well as other information about other employees, non-public financial data, details of engagement, process descriptions, non-public technical and business information, research and development, production, manufacturing and engineering processes, marketing and production and future business plans of PacBio. Employees are required, as a condition of employment, to sign a proprietary information and inventions agreement setting forth these duties in detail. Except as otherwise provided below, you are not to disclose any confidential information to any person unless specifically authorized by PacBio.

However, neither this Code nor any other Company policy or agreement, including any provision addressing confidentiality obligations, is intended to, or shall, prevent any employee, without prior notice to the Company, from engaging in any activities protected under an applicable whistleblower statute, including lawfully providing (in confidence) information to a government agency, participating in a government investigation, filing a complaint or testifying in proceedings conducted by a government agency regarding past or future conduct that is the subject of a protected disclosure under such statute. In making any such disclosure or communication, you should take all reasonable precautions, including (without limitation) filing any such complaint or other document under seal, to protect the confidential information of the Company from improper use or disclosure. Moreover, this Code nor any other Company policy or agreement, including any provision addressing confidentiality obligations, is intended to, or shall, prevent any employee, without prior notice to the Company, from communicating about terms or conditions of employment in furtherance of protected concerted activity.

Employment of Relatives

Family members of current PacBio employees may be considered for employment with PacBio on the basis of their qualifications. Family members may not be hired, however, if:

- Family members would be placed in the same direct reporting line; or



- The hiring of the family member could create an actual or a perceived conflict of interest.

For purposes of this policy, “family members” are defined as including spouses, domestic partners, parents, children, siblings, parents-in-law, children-in-law, siblings-in-law, aunts, uncles, nieces, nephews, grandparents, and grandchildren, as well as any other family members not listed above who reside in the same household. This policy also applies to those involved in significant personal relationships, such as dating relationships.

Family members of employees in the HR Department are not eligible for hire at PacBio.

Family members of Company officers (vice president and above) or of members of the Board of Directors may only be hired with the approval of the Audit Committee of the Company’s Board of Directors, to the extent such approval is required pursuant to the Company’s Related Party Transactions Policies and Procedures, following discussion with the relevant members of the executive team. Employees who become family members or establish a significant personal relationship with other Pacific Biosciences employees, officers or directors may continue their employment with PacBio as long as they are not in the same direct reporting line and the relationship does not create an actual or perceived conflict of interest. If one of these conditions should occur, PacBio will attempt to find a suitable position with the Company to transfer one of the employees. If such an accommodation is not feasible, the two employees involved will be permitted to decide which of them will resign. If the employees cannot make this decision, the Company will decide, consistent with applicable law, which of the relevant employees will remain employed by PacBio.

If an exception is approved to allow two family members in the same direct reporting line, or if two family members are employed in the same indirect reporting line, the family member holding the more senior position with PacBio shall not be involved in any compensation decisions regarding the family member holding the more junior position.

No employee may initiate or approve personnel actions affecting the reward or punishment of employees or applicants with whom there is a family relationship or actual, or the appearance of, personal or social involvement.

Computer Network and Internet Use Policy

The use of Company automation systems, including computers, phones, networks, fax machines and all forms of Internet/Intranet access, is for Company business and is to be used for authorized purposes only.

Please refer to the applicable information technology (“IT”) policies maintained by the Company, including the Company’s Mobile Device Policy (see below), for rules on non-business use. Excessive non-business use is never permitted. Use is defined as “excessive” if it interferes with normal job functions, responsiveness, excessive cost, or the ability to perform daily job activities. Company automation systems are Company resources and are provided as business communications tools. Electronic communication should not be used to solicit or sell products not related to the Company’s business, distract coworkers, or disrupt the workplace.



Use of Company automation systems is a privilege granted by management and may be revoked at any time for inappropriate conduct including but not limited to:

- Sending chain letters;
- Engaging in private or personal business activities;
- Misrepresenting oneself or the Company;
- Engaging in unlawful or malicious activities;
- Using profane, threatening, harassing, racist or sexist language, or language otherwise inappropriate for the workplace, in electronic communications;
- Sending, receiving, or accessing pornographic materials;
- Causing congestion, disruption, disablement, alteration, or impairment of Company networks or systems;
- Infringing in any way on the copyrights or trademark rights of others;
- Using recreational games; and/or
- Defeating or attempting to defeat security restrictions on Company systems and applications.

Furthermore, and subject to applicable law, the Company:

- Owns the rights to all data and files in any computer, network, or other information system used in the Company;
- Reserves the right to monitor computer, Internet/Intranet usage, and electronic mail usage, both as it occurs and in the form of account histories and their content;
- Has the right to inspect any and all files stored in any areas of the Company's computer network or on any types of computer storage media in order to assure compliance with Company policies and applicable laws; and
- Reserves the right to monitor electronic mail messages and their content.

Employees must be aware that the electronic mail messages sent or received using Company equipment are not private and are subject to viewing, downloading, inspection, release, and archiving by Company officials at all times, subject to applicable law. No employee may access another employee's computer, computer files, or electronic mail messages without prior authorization from either the employee or an appropriate Company official.

The Company has licensed the use of certain commercial software application programs for business purposes. No employee may create, use, or distribute copies of such software that are not in compliance with the license agreements for the software, nor without the involvement of the IT Department, nor may any employee install, copy, distribute or use any unlicensed third party commercial software on any



Company computer system. Violation of this policy can lead to disciplinary action, up to and including termination, and employees will be individually liable for any and all damages incurred as a result of violating Company security policy, copyright, and licensing agreements.

Except for bona fide investigations conducted by, or with prior authorization from, an appropriate Company official, it is a violation of Company policy for any employee, including system administrators and supervisors, to access electronic mail and computer systems files to satisfy curiosity about the affairs of others. Employees found to have engaged in such activities may be subject to disciplinary action.

Existing rules, policies, and procedures governing the sharing of work-related or other confidential information also apply to the sharing of information via the Internet/Intranet. Please refer to the proprietary information and inventions agreement between you and the Company, and to the Security and Confidentiality policy in this Code, regarding the release of confidential information.

Mobile Device Policy

PacBio maintains a Mobile Device Policy which provides that data or intellectual property owned by the Company on personal devices remain the property of the Company and must be deleted upon termination of your employment with the Company, unless you are otherwise instructed by the Legal Department. Each employee has the responsibility to ensure that Company information in the employee's possession is managed and protected. Subject to applicable law, all Company policies apply to an employee's conduct when using a personal device for work.

Please review PacBio's Mobile Device Policy, a copy of which is available on the Company's Intranet. Specific questions should be referred to the IT Department.

Accuracy of Records and Reports

Accurate records are critical to meeting PacBio's legal, financial and management obligations. All records must truly reflect the transactions they record. All assets and liabilities shall be recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established for any purpose.

All employees are expected to ensure that all records and reports, including business expenses, customer information, technical and product information, correspondence, and public communications are full, fair, accurate, timely and understandable. Intentional misrepresentation of the Company's financial performance or otherwise intentionally compromising the integrity of the Company's reports, records, policies, and procedures is prohibited and may result in legal liability. Never misstate facts, omit critical information, or modify records or reports in any way to mislead others, or assist others in doing so. Anyone involved in preparing the Company's financial or accounting records or reports, including financial statements and schedules, must be diligent in assuring that those records and reports are complete, accurate and timely. Anyone representing or certifying as to the accuracy of such records and reports should make an inquiry or review that is adequate to establish a good faith belief in their accuracy.

Even those who are not directly involved in financial reporting or accounting for the Company are likely involved with Company financial records or reports of some kind—a voucher, time sheet, invoice, or expense report. In addition, most employees have involvement with product, marketing or administrative activities, or performance evaluations, which could directly or indirectly affect our reported financial condition or results. Therefore, the Company expects such persons, regardless of whether they are



otherwise required to be familiar with finance or accounting matters, to use all reasonable efforts to ensure that every business record or report with which they deal is accurate, complete and reliable.

Financial Reporting

It is important that all transactions are properly recorded, classified and summarized in the Company's financial statements, books and records in accordance with our policies, controls and procedures, as well as all generally accepted accounting principles, standards, laws, rules and regulations for accounting and financial reporting. Anyone who has responsibility for or any involvement in the Company's financial reporting or accounting should have an appropriate understanding of, and should seek in good faith to adhere to, relevant accounting and financial reporting principles, standards, laws, rules and regulations and the Company's financial and accounting policies, controls and procedures. This includes ensuring that all bookkeeping and records comply with the U.S. Foreign Corrupt Practices Act where applicable, as explained in greater detail in the Company's Anti-Corruption Policy. Any director level employee or higher should seek to ensure that the internal controls and procedures in his or her business area are in place, understood and followed.

Each director, officer and employee involved in the Company's public disclosure process, including the Chief Executive Officer and all senior financial and legal officers, is responsible for full, fair, accurate, timely and understandable disclosure in all filings made by the Company with the U.S. Securities and Exchange Commission and in other public communications made by the Company. No such person may intentionally misrepresent the Company's financial performance or otherwise intentionally compromise the integrity of the Company's reports, records, policies, and procedures. For example, no officer or employee may: (i) report information or enter information in the Company's books, records or reports that fraudulently or intentionally hides, misrepresents or disguises the true nature of any financial or non-financial transaction or result; (ii) establish any undisclosed or unrecorded fund, account, asset or liability for any improper purpose; (iii) enter into any transaction or agreement that accelerates, postpones or otherwise manipulates the accurate and timely recording of revenues or expenses; (iv) intentionally misclassify transactions as to accounts, business units or accounting periods; or (v) knowingly assist others in any of the above.

The Company's auditors have a duty to review the Company's records in a fair and accurate manner. The Company's directors, officers and employees are expected to cooperate with the Company's independent auditors and internal auditors in good faith and in accordance with law. In addition, no such individual may fraudulently induce or influence, coerce, manipulate, or mislead the Company's independent or internal auditors regarding financial records, processes, controls or procedures or other matters relevant to their engagement. Furthermore, no such individual may engage, directly or indirectly, the Company's independent auditors to perform any audit, audit-related, tax or other services for the Company, including consulting, without written approval from the Audit Committee of the Board of Directors of the Company, to the extent such approval is required by the Audit Committee's Charter.

Dishonest or inaccurate reporting can lead to civil or even criminal liability for the directors, officers or employees involved and for the Company, and can lead to a loss of public faith in the Company. All persons should promptly report any case of suspected financial or operational misrepresentation or impropriety. Please refer to the Reporting Procedures for Suspected Violations section in this Code and to the Issue Resolution Procedures for Legal and Accounting Matters applicable in your location for guidance, a copy of which is available on the Company's Intranet.



Without limiting the foregoing, and subject to applicable law, it is the responsibility of each person to promptly bring to the attention of the Company's internal Disclosure Committee or the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or that involves questionable accounting or auditing conduct or practices that have occurred or are occurring and to otherwise assist the Disclosure Committee and Audit Committee in fulfilling their respective financial reporting oversight responsibilities. Such information may include, for example: (i) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls, (iii) financial results that seem inconsistent with underlying business performance; (iv) inaccurate financial records, including travel and expense reports, time sheets or invoices; (v) the circumventing of mandated review and approval procedures; (vi) the absence or weakness of processes or controls; or (vii) persons within the Company seeking to improperly influence the work of our financial or accounting personnel, or our external or internal auditors.

Please refer to the Reporting Procedures for Suspected Violations section of this Code or to the Issue Resolution Procedures for Legal and Accounting Matters applicable in your location, a copy of which is available on the Company's Intranet, for the process of reporting other types of violations or concerns.

Business Expenses

All employees must observe policies and procedures regarding business expenses, such as gift, meal, travel, and entertainment expenses that can be found on the Company's Intranet, and submit accurate expense reimbursement requests.

Loans, Advances, and Guarantees

Other than through established corporate programs, such as programs for employee relocation (and then solely to the extent permissible under applicable law), PacBio does not provide loans or advances of corporate funds to its officers, Board members or their families and does not guarantee their obligations.

Public Communications

All public communications and inquiries from the press or the financial analyst community must be cleared with the Chief Executive Officer, Chief Financial Officer or Vice President of Finance.

If you receive approval to make a public presentation at a business meeting or conference on behalf of PacBio or in your capacity as an employee, officer, director or other representative of PacBio, you may not request or accept any form of personal compensation from the organization that requested the presentation. This does not prohibit you from accepting, if approved by your manager, reimbursement for your reasonable and customary expenses (such as meal and travel expenses) and/or an honorarium that is not excessive in value, from the organization that requested the presentation. Consistent with the Conflicts of Interest policy in this Code, you must review any honorarium exceeding US\$100 in value with your supervising vice president or another Company vice president, a Compliance Officer, the HR Department or the Legal Department prior to accepting the honorarium.



Obligations to Customers and Business Partners

Customer and Third-Party Information

Customers, suppliers, and others, including employees, disclose confidential information and provide personal data to PacBio for business purposes. It is the responsibility of every PacBio employee to protect and maintain the confidentiality of this information. Failure to protect customer and third-party information may damage relations with customers, suppliers, or others, and may result in legal liability.

Employees must also handle such information in accordance with all relevant Company policies and applicable data protection and privacy laws. Personal data, in particular, requires special attention. This can include any information that alone or in combination with other information identifies an individual and can include business contact details and other seemingly not confidential information. Personal data must only be shared in accordance with established Company procedures. If you have questions about personal data handling, please contact the Legal Department or the HR Department.

Bribes and Kickbacks

PacBio maintains an Anti-Corruption Policy which prohibits directly or indirectly offering, promising or giving bribes, kickbacks or anything of value for the purpose of inducing any individual to improperly perform a relevant function or activity, or rewarding such improper performance, or with the knowledge or belief that the acceptance of the advantage offered, promised or given in itself constitutes the improper performance of a relevant function or activity. A bribe is any offer or payment of anything of value, made to an individual to induce that individual to violate an expectation that the individual will act in good faith, impartially, or in accordance with a position of trust. Kickbacks are payments or items of value given to individuals in connection with the purchase or sale of products or services, typically for providing a discount in a sales agreement. PacBio employees are prohibited from giving or receiving bribes or kickbacks.

Please review PacBio's Anti-Corruption Policy, a copy of which is available on the Company's Intranet. Specific questions should be referred to the Legal Department.

Side Deals or Side Letters

All of the terms and conditions of agreements entered into by PacBio must be formally documented. Contract terms and conditions define the key attributes of PacBio's rights, obligations, and liabilities and can also dictate the accounting treatment given to a transaction. Making business commitments outside of the formal contracting process, through side deals, side letters or otherwise, is not permitted. You should not make any oral or written commitments that create a new agreement or modify an existing agreement without approval through the formal contracting process. In particular, all commitments must have visibility to the Accounting Department so PacBio can ensure it is properly accounting for each transaction. If you have knowledge of any side deal, side letter or agreement made outside of the formal contracting process, you must report it immediately to your manager, the Accounting Department, the HR Department, the Legal Department, or a Compliance Officer.

Competition and Trade Practices



Laws regulating competition and trade practices vary around the world, but certain activities, such as price fixing and agreeing with a competitor to allocate customers, are almost always illegal.

You should not:

- Agree with competitors or exchange information with competitors on prices, policies, contract terms, costs, inventories, marketing plans, or capacity plans.
- Agree with a competitor that the competitor will sell goods and services to Customer A (and you will not) and that you will sell goods and services to Customer B (and they will not).
- Describe the products or services of competitors inaccurately to promote PacBio products or services.
- Engage in any pricing or other practices that could defraud a supplier or others.
- Violate fair bidding practices, including bidding quiet periods.
- Make any unlawful agreement with distributors with respect to prices.

You may not improperly use or disclose to the Company any proprietary information or trade secrets of any former or concurrent employer or other person or entity with whom obligations of confidentiality exist, or improperly use or authorize the use of any inventions that are the subject of patent claims of any other person or entity.

Obligations to Governments

Compliance with Applicable Laws

All directors, officers, and employees of the Company are required to follow the highest ethical standards and comply fully with both the spirit and the letter of all applicable laws, rules, and regulations. Distributors, agents, and other third parties acting on the Company's behalf are required to adhere to equally high standards. Whenever an applicable law, rule or regulation is unclear or seems to conflict with either another law or any policy in this Code, you should seek clarification from your manager, a Compliance Officer, or the Legal Department.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject you, as well as PacBio, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

Governments as Customers

Governments are unique customers for PacBio. Governments often place special bidding, pricing, disclosure, and certification requirements on firms with which they do business. Discuss those requirements with the Legal Department before bidding for government business.



Bribery of any person is strictly prohibited. No payment shall be made, directly or indirectly, to, or for the benefit of, public officials or government employees (which may include employees of state-owned enterprises) for the purpose of, or otherwise in connection with, securing sales to, or obtaining favorable action by, a U.S. or non-U.S. government agency. Gifts of substantial value – or any gift in certain circumstances - or lavish entertainment for government employees are prohibited since they can be construed as attempts to improperly influence government decisions in matters affecting the Company's operations. Any entertaining of public officials or government employees, or the furnishing of assistance in the form of transportation or other services, should be of such nature that the integrity or reputation of the public official or government employee would not be compromised. Please also refer to the Gifts and Entertainment for U.S. Officials and Gifts and Entertainment for Non-U.S. Officials policies below.

Gifts and Entertainment for U.S. Officials

What is acceptable in the commercial business environment may be entirely unacceptable in dealings with the United States government. For example, it may be illegal to give even an inexpensive gift or meal to a U.S. government employee or official. The rules vary depending on the location of and the position held by the government employee or official. To prevent violations, review planned gifts (which includes, for purposes of this policy, honoraria), meals or entertainment for U.S. government employees or officials with the Legal Department in advance, and be sure to accurately document all such business expenses.

Gifts and Entertainment for Non-U.S. Officials

Offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business for PacBio is illegal under the laws of the United States, and may also be illegal under the laws of the foreign official's country or any other applicable laws prohibiting bribery and corrupt payments.

For purposes hereof, a "foreign official" includes any officer or employee of a foreign (non-U.S.) government or any department, agency, or instrumentality of a foreign government. Members of a royal family are included. In addition, anyone acting on behalf of a foreign government, such as a consultant or negotiator representing a state-owned business, or a political party or candidate, is covered by this definition, as are family members of "foreign officials".

The offer, payment or promise to transfer in the future Company funds or assets, or the delivery of gifts or anything else of value, directly or indirectly, to foreign officials (which may include employees of state-owned enterprises), foreign political parties or officials or candidates of foreign political parties is strictly prohibited for the purpose of influencing any act or decision of any such person in his or her official capacity, including the decision to fail to perform his or her official functions or to use such person's or party's influence with a foreign government or instrumentality in order to affect or to influence any act or decision of such government or instrumentality in order to assist the Company in obtaining or retaining business or any other improper business advantage.

In many countries it is considered common courtesy to provide token/ceremonial gifts to government officials on certain occasions to help build relationships. Check local requirements and review any such gifts in advance with the Legal Department. For meals with non-U.S. government officials or employees, check applicable Company policies and guidelines that are available on the Company's Intranet for value limits by country in advance and review any meals in excess of such value limits in advance with the



Legal Department. Be sure to accurately document all such business expenses. Meals at any value should be avoided with officials from government agencies where PacBio has a pending application, proposal, or other business.

Please also review PacBio's Anti-Corruption Policy, a copy of which is available on the Company's Intranet. Specific questions should be referred to the Legal Department.

Hiring Government Employees

U.S. laws limit the duties and types of services that former U.S. government and military employees may perform as employees or consultants of PacBio. In the U.S., employment negotiations with government employees are prohibited while the employees are participating in a matter involving PacBio's interests.

Trade Restrictions and Export Controls

Many countries periodically impose restrictions on exports and other dealings with certain other countries, persons, or groups. Export laws may control trading of commodities or technologies that are considered to be strategically important because they have the potential to be used for military purposes. Laws may cover travel to or from a sanctioned country, imports or exports, new investments, and other related topics. Certain laws also prohibit support of boycott activities. If your work involves the sale or shipment of products, technologies or services across international borders, check with the Legal Department to ensure compliance with any laws or restrictions that apply.

Holding Public Office

If you hold an elected or appointed public office while employed at PacBio, advise the Legal Department. Excuse yourself from involvement in any decisions that might create or appear to create a conflict of interest.

Combating Trafficking in Persons

The United States federal government has adopted a policy prohibiting trafficking in persons (as further described below) and has placed a requirement on U.S. government contractors such as PacBio that requires the Company to notify its directors, officers, employees and independent contractors authorized to act on behalf of the Company about this policy and to take appropriate action, up to and including termination, for any violations of this policy.

More specifically, it is a violation of this policy to:

1. Engage in trafficking in persons during the period of performance of a U.S. government contract or subcontract;
2. Procure commercial sex acts during the period of performance of the contract or subcontract;
3. Use forced labor in the performance of the contract or subcontract;



4. Destroy, conceal, confiscate, or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or drivers' licenses, regardless of issuing authority;
5. Use misleading or fraudulent practices during the recruitment of employees or offering of employment, such as failing to disclose, in a format and language accessible to the worker, basic information or making material misrepresentations during the recruitment of employees regarding the key terms and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing and associated costs (if employer or agent provided or arranged), any significant cost to be charged to the employee, and, if applicable, the hazardous nature of the work;
6. Use recruiters that do not comply with local labor laws of the country in which the recruiting takes place;
7. Charge employees recruitment fees;
8. Fail to provide return transportation or pay for the cost of return transportation upon the end of employment-
 - a. For an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working on a U.S. government contract or subcontract (for portions of contracts performed outside the United States); or
 - b. For an employee who is not a United States national and who was brought into the United States for the purpose of working on a U.S. government contract or subcontract, if the payment of such costs is required under existing temporary worker programs or pursuant to a written agreement with the employee (for portions of contracts performed inside the United States).
 - c. The requirements of this section are modified for a victim of trafficking in persons who is seeking victim services or legal redress in the country of employment, or for a witness in an enforcement action related to trafficking in persons. The Company shall provide the return transportation or pay the cost of return transportation in a way that does not obstruct the victim services, legal redress, or witness activity. For example, the Company shall offer return transportation to a witness at a time when the witness is still needed to testify.
 - d. The requirements of this section shall not apply to an employee who is-
 - i. Legally permitted to remain in the country of employment and who chooses to do so; or
 - ii. Exempted by an authorized official of the contracting government agency from the requirement to provide return transportation or pay for the cost of return transportation.
9. Provide or arrange housing that fails to meet the host country housing and safety standards; or



10. If required by law or contract, fail to provide an employment contract, recruitment agreement, or other required work document in writing. Such written work document shall be in a language the employee understands. If the employee must relocate to perform the work, the work document shall be provided to the employee at least five days prior to the employee relocating. The employee's work document shall include, but is not limited to, details about work description, wages, prohibition on charging recruitment fees, work location(s), living accommodations and associated costs, time off, roundtrip transportation arrangements, grievance process, and the content of applicable laws and regulations that prohibit trafficking in persons.

Any violation of these requirements may result in the U.S. government terminating funding to PacBio or requiring the Company to remove the employee from the performance of the contract or subcontract. Actions taken by the Company against employees for violations of this policy may include, but are not limited to, removal from the contract, demotion, reduction in benefits or termination of employment.

If you have any questions regarding this policy, please contact the HR Department or the Legal Department.

Obligations to Each Other

Equal Employment Opportunity

It is our belief that all people are entitled to equal employment opportunities. PacBio requires that its employees, agents, and consultants comply with all applicable discrimination, harassment, and retaliation laws. Without limiting the foregoing, the Company assures equal treatment in the administration of all personnel matters including recruitment, selection, hiring, advancement, training and transfer, without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, legally protected medical condition, genetic information, marital status, sex (including gender/gender identity/gender expression, or pregnancy, childbirth, or related medical conditions), sexual orientation, transgender status, age, veteran and military status, or any other characteristic protected by law (collectively referred to as "protected characteristics"). PacBio also makes reasonable accommodations for disabled employees and for pregnant employees who, with the advice of their health care provider, request an accommodation.

The Company's Affirmative Action Program is available for inspection by any applicant or employee by contacting HR, Monday through Friday, 8:00am to 5:00pm Pacific Time.

PacBio prohibits harassment, discrimination, or retaliation by supervisors, managers, co-workers, and third parties such as suppliers or customers in any of the areas listed above. Any employee who violates this policy is subject to discipline up to and including discharge, consistent with applicable law. Any incident of harassment by any person should be reported promptly to management, as set out in the Reporting Procedures subsection below. Additionally, all supervisors and managers must immediately report any incident of harassment to HR. Appropriate confidential action will be taken.

Diversity, Equity, and Inclusion

PacBio is committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion.



Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, sex, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran and military status, and all other protected characteristics that make our employees unique.

Our diversity initiatives are applicable—but not limited—to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and equity based on the diversity of all other protected characteristics that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity.

As a PacBio employee, you must:

- Treat others with dignity and respect at all times.
- Exhibit conduct that reflects inclusion during work, at work function on or off the work site, and at all other company-sponsored and participative events.
- Attend and complete diversity awareness training to enhance knowledge in fulfilling your responsibilities.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the Company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative.

No Harassment

Harassment in employment on the basis of any protected characteristic, including, but not limited to, race, religious creed, color, national origin, ancestry, physical disability, mental disability, legally protected medical condition, genetic information, marital status, sex (including gender/gender identity/gender expression, or pregnancy, childbirth, or related medical conditions), sexual orientation, transgender



status, age, veteran and military status, is unlawful under federal, state and local law. PacBio does not tolerate harassment of employees or independent contractors in the workplace or in a work-related situation, and harassment is a violation of PacBio's rules of conduct. All employees will be required to complete a mandatory harassment training course upon hire.

This policy applies to all persons involved in our operations, including coworkers, supervisors, managers, temporary or seasonal workers, agents, clients, vendors, customers, or any other third party interacting with the Company ("third parties") and prohibits proscribed harassing conduct by any employee or third party of the Company, including nonsupervisory employees, supervisors and managers. If such harassment occurs on the Company's premises or is directed toward an employee or a third party interacting with the Company, the procedures in this policy should be followed.

Unlawful harassment in employment may take many different forms. Some examples are:

- Verbal conduct such as epithets, derogatory comments, slurs, or unwanted comments and jokes;
- Visual conduct such as derogatory posters, cartoons, drawings, or gestures;
- Physical conduct such as blocking normal movement, restraining, touching, or otherwise physically interfering with the work of another individual;
- Threatening or demanding that an individual submit to certain conduct or perform certain actions in order to keep or get a job, to avoid some other loss, or as a condition of job benefits, security, or promotion; and
- Retaliation by any of the above means for having reported harassment or discrimination, or having assisted another employee to report harassment or discrimination.

Sexual harassment under these laws includes unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Sexual harassment also includes various forms of offensive behavior based on sex and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list:

Unwanted sexual advances.

Offering employment benefits in exchange for sexual favors.

Making or threatening reprisals after a negative response to sexual advances.



Visual conduct: leering; making sexual gestures; displaying sexually suggestive objects or pictures, cartoons, posters, websites, emails or text messages.

Verbal conduct: making or using derogatory comments, epithets, slurs, sexually explicit jokes, or comments about an employee's body or dress.

Verbal sexual advances or propositions.

Verbal abuse of a sexual nature; graphic verbal commentary about an individual's body; sexually degrading words to describe an individual; suggestive or obscene letters, notes or invitations.

Physical conduct: touching, assault, impeding or blocking movements.

Retaliation for reporting harassment or threatening to report sexual harassment.

An employee may be liable for harassment based on sex even if the alleged harassing conduct was not motivated by sexual desire. An employee who engages in unlawful harassment may be personally liable for harassment even if the Company had no knowledge of such conduct.

Bullying Prohibited. A safe and civil environment is necessary for employees to achieve the high standards we expect. Demonstration of appropriate behavior, treating others with civility and respect, and refusing to tolerate harassment and bullying are expected of all employees, officers, directors, contract personnel and others acting on our behalf.

Bullying is repeated, health-harming mistreatment of another individual. Examples of prohibited bullying include, but are not limited to: screaming; swearing; name calling; stealing; giving dangerous work assignments; using threatening, intimidating, or cruel behaviors with malicious intent; and deliberately humiliating a person. Generally, bullying:

- Is committed by written, verbal, graphic, or physical acts (including using the Internet, e-mail, or cell phone).
- Substantially interferes with work, opportunities, and benefits of one or more employees, sometimes through actual sabotaging of work.
- Adversely affects an employee's ability to function at work by placing the employee in reasonable fear of physical harm or by causing emotional distress.

Because bystander support can encourage bullying, PacBio also prohibits both active and passive support for acts of bullying. Employees should report incidents using the process set out in the Reporting Procedures section below. Reprisal or retaliation against any person who reports in good faith an act of bullying is prohibited. Employees who engage in bullying will be subject to appropriate discipline, up to and including termination, consistent with applicable law.

Reporting Procedures.

Internal Complaint Procedure. Both as a matter of law and of common decency, each employee of PacBio is entitled to pursue his or her employment free of discrimination and harassment based on any protected characteristics, including, but not limited to, race, religious creed, color, national origin,



ancestry, physical disability, mental disability, legally protected medical condition, genetic information, marital status, sex (including gender/gender identity/gender expression, or pregnancy, childbirth, or related medical conditions), sexual orientation, transgender status, age, veteran and military status. Accordingly, discrimination and harassment of any employee by a co-worker, member of management or third party interacting with the Company will not be tolerated. Violation of this policy will result in disciplinary action up to and including immediate discharge.

If you believe that you are the target of harassment or discrimination based on any protected characteristic, or if you have observed such harassment or discrimination, or you find conduct in the workplace to be unwelcome or offensive, you should report the incident using the process set out in the Reporting Procedures for Suspected Violations section below. You are welcome to report the incident to your supervisor, any other member of management, the HR Department or the Legal Department. The Company expects all employees to fully cooperate with any investigation conducted by the Company into a complaint of proscribed harassment, discrimination or retaliation, or regarding the alleged violation of any other Company policies. Supervisors and managers who receive complaints of misconduct must immediately report such complaints to the HR Department. The Company will handle the matter confidentially, to the extent possible (consistent with applicable law and the need to conduct an adequate review), and conduct a fair, timely and thorough investigation that provides all parties appropriate due process and reaches reasonable conclusions based on the evidence collected, and if misconduct is found, appropriate remedial actions will be taken, consistent with applicable law. Appropriate action will also be taken to deter any such conduct in the future.

Agency Complaint Procedure. Both the state and federal governments have agencies whose purpose is to address unlawful discrimination in the workplace. If you believe you have been harmed by an unlawful practice, and are not satisfied with the Company's response to the problem, you may file a complaint with these agencies. For the State of California, the agency is called the Department of Fair Employment and Housing ("DFEH"); the United States Equal Employment Opportunity Commission ("EEOC") also processes administrative charges of discrimination and harassment. **Information may be located by visiting the agency website at www.dfeh.ca.gov or www.eeoc.gov.** If you work for the Company outside the State of California, please check the white pages of your local telephone directory or the Internet for the contact information of the comparable state agency or your state's addendum to this handbook, if applicable.

If, after an investigation and hearing, any of these agencies finds that unlawful discrimination has occurred, depending on the circumstances, you may be entitled to reinstatement or promotion, with or without back pay. Similarly, contractors, interns and volunteers are also protected by law from retaliation by the company to whom they provide services for opposing unlawful discriminatory practices, for filing a complaint with the DFEH, comparable state agency or EEOC (to the extent contractors, interns and volunteers can bring such claims before these agencies), or for otherwise participating in any proceedings conducted by any of these agencies.

No Retaliation. Employees are protected by law from retaliation by their employer for opposing unlawful discriminatory practices, for filing a complaint with the DFEH or EEOC, or for otherwise participating in any proceedings conducted by either of these agencies. Employees who feel that they are being discriminated against or harassed for any reason should immediately report such conduct to their immediate supervisor or to any member of management or to the HR Department.

PacBio values an atmosphere of open communication for all Company employees; employees who report harassment and/or discrimination will not be retaliated against by PacBio's management or employees.



The making of a report of harassment or discrimination will never, under any circumstances, be considered in any decision regarding hiring, firing, promotion, or any other term or condition of employment. Any employee who takes adverse action or otherwise retaliates against a subordinate or coworker because that person lodged a harassment or discrimination complaint will be subject to appropriate discipline, up to and including termination.

Respectful Workplace

PacBio is committed to a non-violent, harassment-free workplace where everyone is treated with courtesy and respect. Our people are one of our greatest assets, and we value the diversity of our people as one of our strengths. Employees are expected to treat each other and others with whom they interact in the course of their work with dignity and respect at all times.

The content of e-mail, texts and voicemail messages may not contain anything that would reasonably be considered offensive or disruptive. Offensive content can include, but is not limited to, sexual comments or images, racial slurs, gender specific comments or any comments that would offend someone on the basis of their protected characteristics, including, but not limited to, age, sex, sexual orientation, religious or political beliefs, national origin, or disability.

Workplace Violence Prevention

PacBio is committed to providing a safe, violence-free workplace and strictly prohibits employees, consultants, customers, visitors, or anyone else on PacBio premises from behaving in a violent or threatening manner. Workplace violence can include, but is not limited to bullying, threats, aggressive or intimidating behavior toward others, violent behavior, intentionally causing property damage, and, bringing weapons onto PacBio premises (except to the extent such an employer ban on weapons in the workplace would violate applicable law).

PacBio encourages reports of potential or actual violence, and will take appropriate corrective action, which may include warnings, probation, termination, or other appropriate legal action. If you observe or feel subject to potential or actual violence, notify Security or HR. Additionally, PacBio has adopted the following practices to deal with any violence that may occur, and to ensure the safety of its employees.

- Report all threats of violence, to yourself or others, as soon as possible. Be as specific as possible.
- Report all suspicious individuals or activities, including potential intruders to Security, as soon as possible. Never put yourself in harm's way or peril.
- If you observe a crime in progress, call 911 to request police, then notify Security.
- All individuals entering PacBio facilities must wear an access badge that clearly identifies them as an employee, contractor, or visitor.
- Cooperate fully with security, law enforcement and medical personnel that respond to a call for help.



- Do not respond to inquiries from the media about any violence on PacBio's premises. This responsibility is reserved exclusively for the officers of the Company.

Safety

PacBio is committed to providing our employees with a safe work environment. To fulfill this commitment, we provide employees with training and resources necessary to conduct work safely. We also encourage employees to speak up and take proactive steps to minimize risk to themselves and their co-workers.

All employees are expected to be safety conscious and complete assigned safety training in a timely manner. In addition, employees are urged to report potentially unsafe working conditions they encounter at any site where they may be conducting work on behalf of PacBio. Reports should be made to your manager or Environment, Health & Safety ("EHS").

If you have a work-related injury or illness, no matter how minor, PacBio wants you to get evaluated and get proper care. For medical emergencies, call 911. For injuries or illnesses that are not medical emergencies, notify your manager and EHS right away. EHS can help you identify appropriate medical providers and assist with opening a worker's compensation claim. If you don't report your injury in a timely manner, you may lose your rights to some worker's compensation benefits.

Employees that need to drive a vehicle as part of their job are expected to adhere to all traffic laws. Employees shall never drive for work while under the influence of drugs or alcohol or get into a vehicle, as part of their work, where the driver is impaired. Drivers shall take steps to stay focused and eliminate distractions while driving. Texting when driving is not allowed. While driving for Company business, employees are expected to follow all local traffic laws and driving rules in effect. PacBio retains the right to request your driving record to verify eligibility to drive.

Substance Abuse / Drug-Free Workplace Policy Statement

PacBio seeks to maintain safe and efficient working conditions for our employees in an environment free of alcohol and drugs. Substance abuse is incompatible with health, safety, and success at PacBio. Employees who are under the influence of a drug or alcohol on the job compromise PacBio's interests and endanger their own health and safety and the health and safety of others. Substance abuse in the workplace also can cause a number of other work-related problems, including absenteeism and tardiness, substandard job performance, increased workloads for co-workers, behavior that disrupts other employees, and inferior quality in products or service. Applicants for initial employment, or for transfer or promotion, who have a past history of substance abuse and who have demonstrated an ability to abstain from the substance, or who can provide medical assurance of acceptable control, may be considered for employment, transfer, or promotion as long as they are otherwise qualified for the position they are seeking. The individual's previous participation in a drug or alcohol treatment program will not be considered as a factor in any hiring, transfer, or promotion decision. All employees must abide by the following policy as a condition of continued employment. Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

PacBio prohibits the unauthorized use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of alcohol or being under the influence of alcohol while performing Company business or while on Company premises during normal working hours, with the exception of reasonable consumption of alcohol when served at Company-sponsored events.



PacBio also prohibits the unlawful use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of any illegal drug or other controlled substance or being under the influence of illegal drugs or other controlled substances, including the abuse of a legal drug or working while impaired by the use of a legal drug, while performing Company business or being on Company premises.

PacBio has established a drug-free awareness program that is designed to inform employees about the dangers of drug abuse in the workplace and to help ensure that employees are familiar with this policy and with the disciplinary actions that can result from a violation of this policy. Employees who believe they have a drug or substance abuse problem should be aware of the counseling that is available through PacBio's Employee Assistance Program (EAP). The EAP advisor can provide employees with a list of counselors in the area. Employees who have a problem with alcohol or drugs and who decide to enroll voluntarily in a rehabilitation program will be given unpaid time off to participate in the program unless it would result in an undue hardship to PacBio to provide the time off. Employees should be aware that participation in the Employee Assistance Program or in a rehabilitation program will not necessarily shield them from disciplinary action for a violation of this policy, particularly if the discipline is imposed for a violation occurring before the employee seeks assistance.

Employees must notify PacBio of any conviction under a criminal drug statute for a violation occurring in the workplace or during any Company-related activity or event. Employees must notify PacBio within five days after any such conviction. Failure to timely notify PacBio of any such conviction will result in disciplinary action, up to and including termination of employment. When required by federal law, PacBio will notify any federal agency with which it has a contract of any employee who has been convicted under a criminal drug statute for a violation occurring in the workplace.

To the extent permitted by applicable law, PacBio may require current or new employees or contractors to submit to, and pass, a drug test if such testing is required by a PacBio customer in order for that individual to provide goods or services to the customer.

Accountability for Adherence to this Code

The Board of Directors of the Company shall determine, or designate one or more appropriate persons to determine, appropriate actions to be taken in the event of violations of this Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code, and depending on the circumstance may include written notices to the individual involved that there has been a violation, censure, demotion or re-assignment of the individual involved, suspension with or without pay or benefits and termination of the individual's employment or services. with the Company.

In determining what action is appropriate in a particular case, all relevant information may be taken into account, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

Reporting Procedures for Suspected Violations

Seeking Guidance and Reporting Concerns. Employees are responsible for conducting all business legally and ethically. This may mean that, from time to time, employees will have a question about the



law, the Code or Company policy, or suspect in good faith that a violation of law, the Code, or Company policy has occurred. The Company has multiple resources in place to help respond to both questions and concerns.

Asking Questions. Employees may encounter situations where they have a question or are unsure of the best course of action. Employees should always seek guidance if they are uncertain about a particular situation. When employees have a specific question, they may reach out to the appropriate resource listed below:

- Your immediate supervisor
- Your operational vice president
- The HR Department
- A Compliance Officer
- The Legal Department
- The Finance Department

These contacts are familiar with the laws, regulations, policies, and procedures that relate to our work, and they will be able to address employee questions.

Reporting Concerns. In contrast to a question, we recognize that there are times when employees may become aware or in good faith suspect that a violation has occurred. If an employee suspects a violation, he or she should report it, using the appropriate channel described in the Issue Resolution Procedures for Legal and Accounting Matters applicable in the employee's location.

PacBio maintains Issue Resolution Procedures for Legal and Accounting Matters, which set forth the standards and procedures for reporting questionable conduct regarding legal, accounting, internal control or auditing matters, and address confidentiality concerns and protection for persons reporting such questionable conduct. To report any suspected violations of this Code (or other questionable conduct) falling within the scope of such policy, you should follow the Issue Resolution Procedures for Legal and Accounting Matters applicable in your location, a copy of which is available on the Company's Intranet. The Company will keep your identity confidential to the fullest extent possible, consistent with applicable law and the need to conduct an adequate review.

Confidentiality and Self-Identification. Information that employees report will be treated as confidentially as possible. You are encouraged to share your identity when you report because this permits the Company to conduct the most thorough investigation possible and because it may be more difficult to thoroughly investigate anonymous reports. If, however, employees are uncomfortable identifying themselves, they may report anonymously, subject to local law restrictions, if any, as set out in the applicable Issue Resolution Procedures for Legal and Accounting Matters.

After You Make a Report. Regardless of how you choose to report, all reports of actual or suspected misconduct will be taken seriously and addressed promptly. The appropriate personnel will carefully investigate the reports and the Company will take appropriate and necessary action.



Please review the Issue Resolution Procedures for Legal and Accounting Matters applicable in your location, a copy of which is available on the Company's Intranet. Specific questions should be referred to the Legal Department.

No Retaliation

PacBio values an atmosphere of open communication for all Company employees. PacBio does not and will not permit retaliation of any kind by or on behalf of the Company, or its directors, officers or employees, against good faith reports or complaints of suspected violations of this Code or other illegal or unethical conduct. Retaliation by a manager, supervisor, or any other employee will be grounds for disciplinary action for that manager, supervisor, or employee, up to and including termination.

Certain laws in the U.S., such as 10 U.S.C. 2409, 41 U.S.C. 4712, and the American Recovery and Reinvestment Act (ARRA) of 2009, also provide rights and protections for certain employees of non-federal employers who make specified disclosures of information that the employee reasonably believes is evidence of: gross mismanagement of a federal government contract or grant; gross waste of federal government funds; an abuse of authority relating to a federal government contract or grant or to the implementation or use of ARRA recovery funds; or a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation, related to a federal government contract (including the competition for or negotiation of a contract) or grant.

Employee Acknowledgment

This is to acknowledge that I have received a copy of the PacBio U.S. Employee Handbook and I understand that it contains important information on PacBio's general personnel policies and on my privileges and obligations as an employee. I will read the handbook and I understand that I am governed by its contents.

I acknowledge that I have received, read, and understand the PacBio No Harassment Policy set forth in the handbook. I agree to abide by and be bound by the rules, provisions and standards set forth in the Company's policy.

I have also received and read the Pacific Biosciences of California, Inc. (PacBio) Code of Business Conduct, and I understand its contents. I agree to fully comply with the standards, policies and procedures contained in the Code and the Company's related policies and procedures. I understand I have an obligation to promptly report to a Company Compliance Officer or the Legal Department any suspected violations of the Code that I am aware of. I acknowledge that the Code is a statement of policies for business conduct and does not, in any way, constitute an employment contract or an assurance of continued employment.

At this point in time, I am aware of the following circumstances that may constitute conflicts of interest or potential conflicts of interest. (Identify or, if none, state "none"):



I agree and understand that PacBio and I have the right to terminate my employment at any time, with or without advance notice and with or without cause. This at-will employment relationship can be modified only in writing signed by the CEO of PacBio and myself.

I understand that, other than the at-will employment relationship, PacBio may change, rescind, or add to any policies, benefits, or practices described in the handbook from time to time in its sole discretion, with or without notice. I understand that the statements in the handbook are not intended to create any contractual or other legal obligations. I understand that a master copy of this handbook including all of the latest updates will be kept either in the HR Department or on the Company's Intranet.

Acknowledged and Agreed: Dated: _____

Print Name: _____

Signature: _____