



PACIFIC  
BIOSCIENCES®

## Code of Business Conduct



PACIFICBIOSCIENCES®

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## Message from Christian Henry, President and Chief Executive Officer

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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,

Christian Henry  
President and CEO

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## **INTRODUCTION**

Pacific Biosciences of California, Inc. and each of its subsidiaries worldwide (also referred to herein as the “Company” or “Pacific Biosciences”) 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. Pacific Biosciences 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 Pacific Biosciences and, to the extent applicable, directors, contract personnel, agents and distributors of Pacific Biosciences (including those of its subsidiaries located anywhere in the world), as well as any other individual or entity acting on behalf of Pacific Biosciences. (However, for clarity, nothing herein is intended to create or imply an employment relationship between Pacific Biosciences 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 Pacific Biosciences. 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 Pacific Biosciences 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 Pacific Biosciences’ practices that are designed to achieve compliance with legal and ethical requirements, as Pacific Biosciences 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 Pacific Biosciences 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 Human Resources 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 Pacific Biosciences' 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 Human Resources 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 PACIFIC BIOSCIENCES**

### **CONFLICTS OF INTEREST**

As an employee, you are expected to devote your best efforts and attention to the performance of your job at Pacific Biosciences. 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 Pacific Biosciences. A conflict of interest exists when your loyalties or actions are divided between Pacific Biosciences' interests and those of another, such as a competitor, supplier, customer or other business entity outside of Pacific Biosciences. 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 Human Resources Department for clarification. Any exceptions to this guideline must be approved in writing by Pacific Biosciences' Human Resources 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.
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 Pacific Biosciences, or compromises your ability to act in the interests of Pacific Biosciences.
  - 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 Pacific Biosciences' Human Resources 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 Pacific Biosciences, 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 Pacific Biosciences.
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 Human Resources 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 Human Resources Department and/or the Legal Department.

You may engage in outside employment or provide services or advice to another business entity provided that you disclose such employment or activities to, and get prior written approval from, Pacific Biosciences' Human Resources Department and/or Legal Department, and provided further that such employment or activities do not constitute a conflict of interest with your employment with Pacific Biosciences. 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 Pacific Biosciences' current or future business or research and development efforts. Furthermore, Pacific Biosciences reserves the right to revoke such an approval at any time in its sole discretion, to the extent permitted by applicable law.

## PERSONAL INVESTMENTS

Many Pacific Biosciences 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 Pacific Biosciences and the business in which you are invested. If a real or apparent conflict exists, disclose the conflict to your manager, who will help determine whether a conflict exists and, if appropriate, the best approach to eliminate the conflict.



## BUYING AND SELLING STOCK

Pacific Biosciences maintains an Insider Trading Policy that prohibits all trading activities in Pacific Biosciences 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 Pacific Biosciences securities and on the types of Pacific Biosciences securities in which employees may invest. The Insider Trading Policy also prohibits the unauthorized dissemination of material non-public information concerning Pacific Biosciences to others who may benefit by trading on the basis of such information.

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

Please review Pacific Biosciences' 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 Pacific Biosciences 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 Pacific Biosciences 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 Pacific Biosciences. 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 Pacific Biosciences.

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.

## EMPLOYMENT OF RELATIVES

Family members of current Pacific Biosciences employees may be considered for employment with Pacific Biosciences 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 Human Resources Department are not eligible for hire at Pacific Biosciences.

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 must notify their immediate managers. These employees may continue their employment with Pacific Biosciences 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, Pacific Biosciences 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 Pacific Biosciences.

If two family members are employed in the same reporting line, the family member holding the more senior position with Pacific Biosciences 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, 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, 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, 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:

- Retains ownership of all Company data and intellectual property stored in or on any computer, network, or other information system, including any type of mobile device or computer storage media, used by an employee;
- 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

Pacific Biosciences 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 Pacific Biosciences' 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 Pacific Biosciences' 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. 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.

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 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, 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 the extent permissible under applicable law), Pacific Biosciences 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 Pacific Biosciences or in your capacity as an employee, officer, director or other representative of Pacific Biosciences, 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 should review any honorarium exceeding US\$100 in value with your supervising vice president or another Company vice president, a Compliance Officer, the Human Resources 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 Pacific Biosciences for business purposes. It is the responsibility of every Pacific Biosciences 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 Human Resources Department.

## BRIBES AND KICKBACKS

Pacific Biosciences 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. Pacific Biosciences employees are prohibited from giving or receiving bribes or kickbacks.

Please review Pacific Biosciences' 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 Pacific Biosciences must be formally documented. Contract terms and conditions define the key attributes of Pacific Biosciences' 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 Pacific Biosciences 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 should report it immediately to your manager, the Accounting Department, the Human Resources 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 Pacific Biosciences 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 Pacific Biosciences, 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 Pacific Biosciences. 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 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 Pacific Biosciences 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 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 Pacific Biosciences has a pending application, proposal, or other business.

Please also review Pacific Biosciences' 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 Pacific Biosciences. In the U.S., employment negotiations with government employees are prohibited while the employees are participating in a matter involving Pacific Biosciences' 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 Pacific Biosciences, advise the Legal Department. Excuse yourself from involvement in any decisions that might create or appear to create a conflict of interest.

## **OBLIGATIONS TO EACH OTHER**

### EQUAL EMPLOYMENT OPPORTUNITY

It is our belief that all people are entitled to equal employment opportunities. Pacific Biosciences requires that its employees, agents and consultants comply with all applicable discrimination, harassment and retaliation laws. Pacific Biosciences also makes reasonable accommodations for disabled employees and for pregnant employees who, with the advice of their health care provider, request an accommodation.

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 applicable Issue Resolution Procedures for Legal and Accounting Matters in your location. Appropriate confidential action will be taken.

**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.

Because bystander support can encourage bullying, Pacific Biosciences also prohibits both active and passive support for acts of bullying. Employees should report incidents using the process set out in the Reporting Procedures for Suspected Violations 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.

## RESPECTFUL WORKPLACE

Pacific Biosciences 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.

## VIOLENCE PREVENTION

Pacific Biosciences is committed to providing a safe, violence-free workplace and strictly prohibits employees, consultants, customers, visitors, or anyone else on Pacific Biosciences premises from behaving in a violent or threatening manner. Workplace violence can include, but is not limited to threats, violent behavior, bringing weapons onto Pacific Biosciences premises (except to the extent such an employer ban on weapons in the workplace would violate applicable law), or causing physical damage. Pacific Biosciences encourages reports of potential or actual violence, and will take appropriate corrective action, which may include warnings, probation, or termination.

## SAFETY

Pacific Biosciences desires to maintain safe working conditions for all employees. All employees must be safety conscious and will be required to attend mandatory safety training courses during the first month of employment. Report any potential safety hazards at any site where you may be conducting work on behalf of Pacific Biosciences immediately to management.

Any injury, no matter how minor, during the course of employment must be reported promptly to your manager. If you or another employee is injured on the job, you should seek medical treatment immediately. If necessary, call an ambulance. If the injury is less serious, contact management and make arrangements to get medical help. If you are injured, you may be sent to one of Pacific Biosciences' designated physicians for medical treatment, dependent upon circumstances.

Employees must adhere to all traffic laws while conducting Company business or attending

Company functions. All persons should refrain from texting while driving and use a hands-free device while driving. If you have consumed alcohol at a Company function and your ability to drive is impaired, use a cab or other approved ride service.

## **SUBSTANCE ABUSE**

We seek 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 Pacific Biosciences. All employees must abide by the following policy as a condition of continued employment.

Pacific Biosciences 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.

Pacific Biosciences 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.

## **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 Human Resources 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.

Pacific Biosciences 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. 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**

Pacific Biosciences values an atmosphere of open communication for all Company employees. Pacific Biosciences 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.

## **ACKNOWLEDGEMENT FORM**

I have received and read the Pacific Biosciences 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 that I should promptly report any suspected violations of the Code that I am aware of in accordance with the Reporting Procedures for Suspected Violations section of the Code and subject to the Issue Resolution Procedures for Legal and Accounting Matters applicable in my location, which will govern when it comes to reporting issues.

ACKNOWLEDGED: \_\_\_\_\_ Dated: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_