
AURINIA PHARMACEUTICALS INC.

INSIDER TRADING POLICY

(Approved February 23, 2021)

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A. BACKGROUND

One of the primary goals of securities regulatory authorities in the United States and Canada is that all Persons investing in public corporations have equal access to information that may affect their investment decisions. Public confidence in the securities' regulatory system is essential in order to maintain the integrity of the system. Unusual trading during significant changes in the price or trading volume of any of the Company's securities prior to the announcement of material information is damaging to the integrity of the system and is embarrassing to Company's management since the investing public will assume that certain Persons benefitted from the access to material information which was not yet generally disclosed to the investing public.

Insider trading rules are part of the securities regulatory system. These rules are complex and their application is not always straight-forward. Simply stated, those rules prohibit a Person or company from trading in the securities of an issuer where that Person or company is in a Special Relationship with the issuer and has knowledge of a Material Fact or Material Change with respect to the issuer that has not been generally disclosed to the investing public.

This insider trading policy (this "**Policy**") is being adopted in light of the applicable legal requirements, and with the goal of helping to:

- prevent inadvertent violations of the insider trading laws;
- avoid even the appearance of impropriety on the part of those employed by, or associated with, the Company;
- protect the Company from controlling person liability; and
- protect the reputation of the Company, its Directors, its officers and its employees.

B. WHO IS AN INSIDER?

Insider or **Insider of a Reporting Issuer** pursuant to the Act, means

1. every Director or Officer of a reporting issuer;
2. every Director or Officer of a Person or company that is itself an Insider or subsidiary of a reporting issuer;
3. every subsidiary of a reporting issuer;
4. every Person or company that

¹ All capitalized terms herein are defined in the Glossary.

- (i) beneficially owns, directly or indirectly, voting securities of a reporting issuer,
- (ii) exercises control or direction over voting securities of a reporting issuer, or
- (iii) beneficially owns, directly or indirectly, certain voting securities of a reporting issuer and exercises control or direction over certain other voting securities of a reporting issuer,

carrying more than 10% of the voting rights attached to all voting securities of the reporting issuer for the time being outstanding other than voting securities held by the Person or company as underwriter in the course of a distribution (each, a “**10% Shareholder**”); or

- 5. a reporting issuer if it has purchased, redeemed or otherwise acquired any of its securities for so long as it holds any of its securities.

Under the ABCA, an Insider means

- 6. the Company, in respect of the purchase or other acquisition by it of shares issued by it or any of its Affiliates;
- 7. a Director or Officer of the Company;
- 8. a Person who, with respect to at least 10% of the voting rights attached to the voting shares of the Company,
 - (i) beneficially owns, directly or indirectly, voting shares carrying those voting rights,
 - (ii) exercises control or direction over those rights, or
 - (iii) beneficially owns, directly or indirectly, voting shares carrying some of those voting rights and exercises control or direction over the remainder of those voting rights;
- 9. a Person employed by the Company or retained by it on a professional or consulting basis;
- 10. an Affiliate of the Company;
- 11. a Person who receives specific confidential information from the first mentioned Person in subclause (d) and who has knowledge that that Person received that knowledge in the manner described in that clause.

In addition to the definition of “Insider” above, the following are deemed Insiders of the Company:

- 12. a Director or Officer of a body corporate that is an Insider of the Company is deemed to be an Insider of the Company;
- 13. a Director or Officer of a body corporate that is a Subsidiary is deemed to be an Insider of its holding Company;
- 14. a Person is deemed to beneficially own shares beneficially owned by a body corporate controlled by him directly or indirectly;

15. a body corporate is deemed to beneficially own shares beneficially owned by its Affiliate;
16. if a body corporate becomes an Insider of the Company or enters into a business combination with the Company, a Director or Officer of the body corporate is deemed to have been an Insider of the Company for the previous 6 months or for any shorter period during which he or she was a Director or Officer of the body corporate; and
17. if the Company becomes an Insider of a body corporate or enters into a business combination with a body corporate, a Director or Officer of the body corporate is deemed to have been an Insider of the Company for the previous 6 months or for any shorter period during which he or she was a Director or Officer of the body corporate.

C. POLICY

The legal obligations of the Company and the Insiders are set out under those respective headings below.

The Company has established this Insider Trading Policy so that there is no question as to a breach of the legal obligations of Insiders and so that the public confidence in the integrity of the system can be maintained and embarrassment to the Company can be avoided. Accordingly, the Company will not support any strategy or vehicle that seeks, or reasonably appears to seek, to circumvent any portion of this Insider Trading Policy.

The policy of the Company with respect to its Insiders contains two general guidelines:

1. An Insider should not deal in securities of the Company or any subsidiary at any time if he or she is in possession of information which would reasonably be expected to have a significant or material effect on the market price or value of such securities and the public does not have the same information; and
2. Information which would reasonably be expected to have a significant or material effect on the market price or value which such Insider has by reason of his or her position with the Company and which has not been generally disclosed, should not be communicated to any other Person or used for any other purpose than to carry out such Person's duties to the Company.

In addition to the two general guidelines above, with respect to the Company's financial results, an Insider may engage in transactions involving the securities of the Company at all times during the year, except during a period starting on December 15, March 15, June 15 and September 15 of a year, respectively, and ending two (2) full trading days following the date of public disclosure by the Company of its annual and quarterly results, respectively.

If other financial information of the Company is circulated to certain Insiders, each such Insider will have to determine the materiality of such information in light of the first general guideline above, and the legal obligations of Insiders (see Section D "Obligations of Insiders" below).

- (i) If an Insider knows that the Company is about to make a news release of material information, at any time, the Insider should not trade from the time of such knowledge of the release until after two (2) full trading days have elapsed from the date of issue of the release.

- (ii) The chief executive officer of the Company (“CEO”), the chief financial officer (“CFO”) or General Counsel (“GC”) may from time to time provide a bulletin to Insiders informing them of the existence of an imminent material event and impose a trading ban on the Company’s securities. In such instance, the Insider shall refrain from trading in the Company’s securities until the trading ban has been removed by the CEO, CFO or GC or two (2) full trading days have elapsed from the date of issuance of a news release announcing such material event.
- (iii) It is intended that this policy apply, so far as a Director, Officer, manager or employee is able to ensure, to the members of his or her family. A member of the family of a Person means a spouse, son or daughter of such Person, or any other relative of such Person or of his or her spouse, who has the same home as such Person.
- (iv) Officers and managers of the Company are to bring this policy to the attention of employees of the Company and any subsidiary and affiliated corporations who have or may have access to annual or interim reports of earnings of the Company prior to their announcements or to information with regard to any material developments, changes or occurrences in the affairs of the Company prior to the disclosure to the public.
- (v) Subject to section C(v)(a), no Insider may, at any time, sell short the securities of the Company.
 - (a) Despite section C(v), an insider may sell short the securities of the Company:
 - (1) if they own another security convertible into the security sold or an option or right to acquire the security sold and, within ten days after the sale, they:
 - (i) exercise the conversion privilege, option or right and deliver the security so acquired to the purchaser; or
 - (ii) transfer the convertible security, option or right to the purchaser; or
 - (2) in furtherance of the sale of a security of the Company owned by them that includes a legend or legends restricting the sale or transfer of such security.
- (vi) No Insider may at any time, buy or sell a call or put in respect of a security of the Company.
- (vii) In order to avoid possible inadvertent conflict with these guidelines, standing sell orders or standing purchase orders should not be left with a broker.
- (viii) In case of uncertainty as to the compliance of this policy, the general counsel or corporate secretary of the Company must be consulted.

In order to avoid possible inadvertent conflict with this Policy, an Insider must notify the Chief Financial Officer of the Company (or in their absence, the Chief Executive Officer of the Company), at least 1 day prior to conducting any transaction relating to the purchase or sale of securities of the Company (including the exercise of stock options).

D. OBLIGATIONS OF INSIDERS

Jurisdictions

Insiders of the Company have to comply with reporting obligations set out in the ABCA, the Act, and United States securities laws.

Filing Requirements

Reports must be filed via both the Systems for Electronic Disclosure by Insiders (Canada) (for all Insiders, as defined in the Act) and the U.S. Securities and Exchange Commission (the “SEC”) (for all Section 16 Insiders, as defined below); and any successor reporting systems in those jurisdictions.

A Person or company who becomes an Insider of the Company shall file a report within 10 days of becoming an Insider. This is done via Form 3s for the SEC, and also via SEDI.

Thereafter, any time the direct or indirect beneficial ownership of, or control or direction over securities the Insider holds in the Company changes, they must file another report within 2 business days from the date of the change. This is done via Form 4s with the SEC, and also via SEDI.

If Form 4s are not filed for any transaction by a Section 16 Insider, then a Form 5 must be filed within 45 days of the Company’s financial year end outlining the non-reported transactions.

All reports with the SEC must be filed by 10:00 pm Eastern Time on the applicable day. **Trading Restrictions**

Under the Act, no Person or company in a Special Relationship with the Company shall purchase or sell securities of the Company with the knowledge of a Material Fact or Material Change with respect to the Company that has not been generally disclosed to the public.

No Person or company in a Special Relationship with the Company shall, other than when it is necessary in the course of business, inform another Person or company of a Material Fact or Material Change with respect to the Company before the Material Fact or Material Change has been generally disclosed.

An Insider cannot trade in a security of the Company or any of its Affiliates if he or she uses in connection therewith any specific confidential information for his own benefit or advantage that, if generally known, might reasonably be expected to affect materially the value of the security.

Insiders may consider implementing an automatic disposition plan or “Rule 10b5-1 Plan” to mitigate these trading restrictions.

E. NON-COMPLIANCE

Obligations to File

Pursuant to the Act, in the event an Insider fails to file a report in compliance with the Act, that Person or company is liable to a fine of not more than \$5,000,000, or imprisonment for a term of not more than 5 years less one day, or both.

The Alberta Securities Commission is also granted authority pursuant to section 33.1(1) of the Act to order that a Person or company cease trading in securities.

The SEC has the authority to fine directors and executive officers for violations of their reporting obligations, up to US\$150,000 for individuals and US\$725,000 for entities.

Restrictions on Trading

Under the Act, if an Insider has traded in a security:

1. with knowledge of a Material Fact or Material Change with respect to the Company that has not generally been disclosed; or
2. if an Insider informs another Person of a Material Fact or Material Change with respect to the Company before the Material Fact or Material Change has generally been disclosed; and
3. has made a profit by reason of that contravention of the Act,

the fine to which that Person or company is liable shall be:

4. not less than the profit made by the Person or company, and
5. not more than
 - (i) \$5,000,000, or
 - (ii) an amount equal to three (3) times the profit made by the Person or company by reason of the contravention,

whichever is the greater amount.

That Insider is also liable to imprisonment for a term of not more than 5 years less one day, or both the fine and imprisonment.

Under the ABCA, an Insider who sells to or purchases from a shareholder of the Company or any of its Affiliates a security of the Company or any of its Affiliates and in connection with such sale or purchase makes use of any specific confidential information for his own benefit or advantage that, if generally known, might reasonably be expected to affect materially the value of the security,

6. is liable to compensate any Person for any direct loss suffered by that Person as a result of the transaction, unless the information was known or in the exercise of reasonable diligence should have been known to that Person at the time of the transaction; and

7. is accountable to the Company for any direct benefit or advantage received or receivable by the Insider as a result of the transaction.

Subject to limited exception, the purchase and sale, or sale and purchase, of equity securities of the Company by directors, executive officers and 10% Shareholders (“**Section 16 Insiders**”), within a period of less than six (6) months will result in matchable transactions under Section 16 of the U.S. Exchange Act of 1934. The highest sale price will be matched against the lowest purchase price within that period to determine if the Section 16 Insider has received “short-swing profits.” This formula can result in deemed profits, even if the Section 16 Insider lost money on the transactions. The Section 16 Insider must disgorge any such deemed short-swing profits to the Company.

F. SUMMARY AND CONCLUSION

In implementing this Insider Trading Policy, the Company wishes to eliminate any transaction by an Insider which would not be in full compliance with the law or which, by implication, might suggest that such rules may not have been strictly followed. This Insider Trading Policy is established to ensure that Insiders are following these basic guidelines:

1. no one may trade in the securities of the Company when in possession of material information and everyone may trade when in possession of information which is of public knowledge;
2. no one in possession of material information may communicate such information to others unless such information needs to be disclosed in the course of business and there is no ground to believe it would be used or further disclosed contrary to the law; and
3. all employees and Insiders are banned from engaging in derivative securities such as shorts, puts, calls, etc. (excluding stock options) related to the Company’s stock regardless of Insider status.

It is the responsibility of all employees, Officers, Directors and other Insiders to ensure that they are at all times, fully aware of the law and with the guidelines set out herein, and that they are in full compliance with the same.

GLOSSARY

1. **ABCA** means the Business Corporations Act (Alberta)
2. **Act** means the Securities Act (Alberta)
3. **Affiliate** – A Person or company is affiliated with another Person or company if one of them is the subsidiary of the other or if each of them is controlled by the same Person or company.
4. **Associate** - When used to indicate a relationship with a Person or company, means
 - (a) an issuer of which that Person beneficially owns or controls, directly or indirectly, shares or securities currently convertible into shares carrying more than 10% of the voting rights under all circumstances or under any circumstances that have occurred and are continuing, or a currently exercisable option or right to purchase those shares or those convertible securities,
 - (b) a partner of that Person acting on behalf of the partnership of which they are partners,
 - (c) a trust or estate in which that Person has a substantial interest, or in respect of which he or she serves as a trustee, or in a similar capacity,
 - (d) a spouse or adult interdependent partner of that Person,
 - (e) a relative of that Person, his spouse or adult interdependent partner if that relative has the same residence as that Person, or
 - (f) another Person who has the same home as, and is in a conjugal relationship with, that Person.
5. **Company** means Aurinia Pharmaceuticals Inc.
6. **Director**, when used in relation to a Person, means a director of a company and includes a Person acting in a capacity similar to that of a director of a company.
7. **Insider** or **Insider of a Reporting Issuer** - for a definition, please see “Who is an Insider?” on page 2.
8. **Material Change**, when used in relation to the affairs of an issuer other than an investment fund, means a change in the business operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or a decision to implement a change made by the board of directors of the issuer or by senior management of the issuer if confirmation of the decision by the board of directors is probable.
9. **Material Fact**, when used in relation to securities issued or proposed to be issued, means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities.
10. **Officer** means

- (a) a chair or vice-chair of the board of directors, a chief executive officer, chief operating officer, chief financial officer, president, vice-president, secretary, assistant secretary, treasurer, assistant treasurer or general manager,
 - (b) an individual who is designated as an officer under a bylaw or similar authority of the issuer or registrant, or
 - (c) an individual who performs functions for a Person or company similar to those normally performed by an individual referred to in subclause (a) or (b).
11. **Person** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative.
12. **Special Relationship** - a Person or company is in a special relationship with a reporting issuer if
- (a) the Person or company is an Insider, Affiliate or Associate of
 - (i) the reporting issuer,
 - (ii) a Person or company that is considering or proposing to make a takeover bid, as defined in Part 14 of the Act, for the securities of a reporting issuer, or
 - (iii) a Person or company that is considering or proposing
 - a. to become a party to a reorganization, amalgamation, merger or arrangement, or a similar business combination with the reporting issuer, or
 - b. to acquire a substantial portion of the property of the reporting issuer;
 - (b) the Person or company has engaged, is engaging, considering or proposing to engage in any business or professional activity with or on behalf of
 - (i) the reporting issuer, or
 - (ii) a Person or company described in clause (a)(ii) or (iii);
 - (c) the Person is a Director, Officer or employee of
 - (i) the reporting issuer,
 - (ii) a subsidiary of the issuer,
 - (iii) a Person or company that controls the issuer, directly or indirectly, or
 - (iv) a Person or company described in clause (a)(ii) or (iii) or (b);
 - (d) the Person or company learned of a Material Fact or Material Change with respect to a reporting issuer while the Person or company was a Person or company described in clause (a), (b) or (c);

- (e) the Person or company
 - (i) learns of a Material Fact or Material Change with respect to the reporting issuer from any other Person or company described in this section, including a Person or company described in this clause, and
 - (ii) knows or ought reasonably to know that the other Person or company is a Person or company in a Special Relationship with the reporting issuer.