

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): June 7, 2021**

Aurinia Pharmaceuticals Inc.

(Exact name of registrant as specified in its charter)

Canada
(State or Other Jurisdiction of Incorporation)

001-36421
(Commission File No.)

46-4129078
(IRS Employer Identification No.)

#1203-4464 Markham Street
Victoria, British Columbia
V8Z 7X8
(250) 708-4272
(Address and telephone number of registrant's principal executive offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Shares, without par value	AUPH	The Nasdaq Stock Market LLC
Common Shares, without par value	AUP	Toronto Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

At the annual general and special meeting (the 2021 Meeting), the shareholders of Aurinia Pharmaceuticals Inc. (the Company) approved an amended and restated equity incentive plan and an employee share purchase plan. Copies of the two approved plans are attached as Exhibit 99.1 and 99.2, respectively. Descriptions of the material terms and conditions of our equity incentive plan and our employee share purchase plan are provided in our definitive proxy statement and information circular for the 2021 Meeting, which was filed with the Securities and Exchange Commission on May 10, 2021, and are incorporated by reference herein.

Michael Hayden did not stand for re-election at the 2021 Meeting of shareholders of the Company, and accordingly his term as a director of the Company ended on June 7, 2021.

Item 5.07 Submission of Matters to a Vote of Security Holders.

(a) The Company held the 2021 Meeting virtually on June 7, 2021.

(b) The following proposals were voted upon at the 2021 Meeting and the final voting results with respect to each such proposal are set forth below:

Proposal 1: Based upon the following votes, the shareholders approved setting the number of directors at eight.

For	Against	Abstain	Broker Non-Votes
58,322,192	2,144,118	383,414	31,594,407

Proposal 2: Based upon the following votes, the shareholders elected Dr. George Milne, Mr. Peter Greenleaf, Dr. David R.W. Jayne, Mr. Joseph P. Hagan, Dr. Daniel Billen, Mr. R. Hector MacKay-Dunn, Ms. Jill Leversage and Mr. Timothy P. Walbert to serve as members of the Company's board of directors until the annual general meeting of shareholders to be held in 2022.

Nominee	For	Withheld	Broker Non-Votes
Dr. George Milne	49,234,331	11,615,394	31,594,406
Mr. Peter Greenleaf	56,090,326	4,759,398	31,594,407
Dr. David R.W. Jayne	56,590,607	4,259,117	31,594,407
Mr. Joseph P. Hagan	53,030,638	7,819,087	31,594,406
Dr. Daniel Billen	58,194,796	2,654,929	31,594,406
Mr. R. Hector MacKay-Dunn	56,755,726	4,093,999	31,594,406
Ms. Jill Leversage	57,834,931	3,014,794	31,594,406
Mr. Timothy P. Walbert	54,499,040	6,350,685	31,594,406

Proposal 3: Based upon the following votes, the shareholders approved the appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the Company's independent registered public accounting firm until the annual general meeting of shareholders to be held in 2022 or until a successor is appointed.

For	Withheld	Abstain
88,455,496	2,859,834	1,128,800

Proposal 4: Based upon the following votes, the shareholders approved, on a non-binding advisory basis, a "say on pay" resolution regarding the Company's executive compensation.

For	Against	Abstain	Broker Non-Votes
30,963,547	29,072,414	813,763	31,594,407

Proposal 5: Based upon the following votes, the shareholders approved, on a non-binding advisory basis, the frequency of future advisory votes on "say on pay" as being every year.

One Year	Two Years	Three Years	Abstain	Broker Non-Votes
56,605,305	956,039	2,443,425	1,841,663	31,597,699

Proposal 6: Based upon the following votes, the shareholders approved the Company's amended and restated equity incentive plan.

For	Against	Abstain	Broker Non-Votes
44,512,419	15,642,843	694,461	31,594,408

Proposal 7: Based upon the following votes, the shareholders approved the Company's employee share purchase plan.

For	Against	Abstain	Broker Non-Votes
54,549,082	5,323,572	977,069	31,594,408

Proposal 8: Based upon the following votes, the shareholders confirmed the Company's Amended and Restated By-law No. 2 to increase the quorum for shareholder meetings to 33 1/3%.

For	Against	Abstain	Broker Non-Votes
56,759,539	2,948,025	1,142,159	31,594,408

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
99.1*	Aurinia Pharmaceuticals Inc. Amended and Restated Equity Incentive Plan
99.2*	Aurinia Pharmaceuticals Inc. Employee Share Purchase Plan
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 10, 2021

AURINIA PHARMACEUTICALS INC.

By: /s/ Stephen P. Robertson

Name: Stephen P. Robertson

Title: Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer

AURINIA PHARMACEUTICALS INC.
(the “Company”)

EQUITY INCENTIVE PLAN

AS AMENDED AND RESTATED AS OF JUNE 7, 2021

ARTICLE 1
PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of the Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of any applicable stock exchange on which the securities of the Company are listed or quoted for trading and any inconsistencies between this Plan and the rules and policies of such exchanges, whether due to inadvertence or changes in such rules or policies, will be resolved in favor of the latter.

Definitions

1.2 In this Plan:

“**Actively Engaged**”, in reference to a certain date, means that the Service Provider is engaged by the Company (including being on vacation or being on a statutory or other leave authorized by the Company) on the applicable date. Except to the minimum extent, if any, required by applicable employment standards legislation, “Actively Engaged” does not include:

- (a) any period following the date the Service Provider, if a Director or Officer, ceases to be a Director or Officer upon termination of office or, if an Employee or other Service Provider, ceases to be employed or engaged by the Company upon termination of employment or service, for any reason (whether voluntary or involuntary, and whether with or without just cause, and regardless of whether the termination is lawful or unlawful);
- (b) any period in relation to which the Company provides pay in lieu of notice in respect of such termination of office, employment or service; or

any period in relation to which the Company fails to give notice that ought to have been given pursuant to any agreement between the Company and the Service Provider or pursuant to any applicable law, including the common law or civil law, as applicable, in respect of such termination of office, employment or service, and in relation to which damages may be awarded, including for the failure to provide such notice.

“**Affiliate**” has the meaning assigned by the Securities Act;

“**Award**” means any Option, Restricted Stock, Restricted Stock Unit, Performance Award or Dividend Equivalent Right granted under this Plan;

“**Award Commitment**” means any written agreement, contract or other instrument or document evidencing any Award granted under this Plan. Each Award Commitment shall be subject to the

applicable terms and conditions of this Plan and any other terms and conditions (not inconsistent with this Plan) determined by the Board;

“Award Shares” means Common Shares that may be issued in the future to a Service Provider in connection with the grant, vesting or settlement of or upon the exercise of an Award;

“Black-out Period” means the period during which the relevant Recipient is prohibited from exercising an Award due to trading restrictions imposed by the Company in accordance with its securities trading policies governing trades in the Company’s securities;

“Board” means the board of directors of the Company (the **“Company Board”**) or any committee thereof duly empowered or authorized to grant Awards under this Plan, or any Person to whom the board of directors or empowered or authorized committee thereof delegates such authority;

“Business Day” means a day that the NASDAQ Stock Market LLC (or such other exchange on which the highest volume of the Company’s securities are traded) is open for trading;

“Change in Control” means any of the following transactions, provided, however, that the Board shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

- (i) consummation of a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

 - (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

 - (iii) the complete liquidation or dissolution of the Company;

 - (iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the Common Shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger, but excluding any such transaction or series of related transactions that the Board determines shall not be a Change in Control;
-

- (v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Board determines shall not be a Change in Control;
- (vi) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Continuing Directors who are not Exchange Act Affiliates or Exchange Act Associates of the offeror do not recommend such shareholders accept; or
- (vii) a change in the composition of the Company Board over a period of twelve (12) months or less such that a majority of the Company Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Company Board membership, to be comprised of individuals who are Continuing Directors.

For the purpose of this Plan, "**Continuing Directors**" means members of the Company Board who either (i) have been Company Board members continuously for a period of at least twelve (12) months or (ii) have been Company Board members for less than twelve (12) months and were elected or nominated for election as Board members by at least a majority of the Company Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Company Board. "**Exchange Act**" means the Securities Exchange Act of 1934, as amended. "**Exchange Act Affiliate**" and "**Exchange Act Associate**" shall have the respective meanings ascribed to "Affiliate" and "Associate" in Rule 12b-2 promulgated under the Exchange Act.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" means Aurinia Pharmaceuticals Inc. or any successor thereto, and includes an Affiliate;

"**Consultant**" means an individual or a consultant Company, other than an Employee, Officer or Director who:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company and the individual or the Consultant Company;
-

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company; and
- (iv) has a relationship with the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;

“Consultant Company” means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;

“Continuously Employed” shall mean the absence of any interruption or termination of service. Continuous Employment with the Company shall not be considered interrupted in the case of the sick leave, military leave or any other leave of absence approved by the Company or protected under applicable law or in the case of transfers between location of the Company; provided that the individual continues to be an Employee of the Company;

“Directors” means the directors of the Company as may be elected or appointed from time to time;

“Disability” shall mean any physical, mental or other health condition which results in it being impossible for the Recipient to perform his or her assigned duties for the reasonably foreseeable future, such that his or her employment or engagement has been frustrated. For purposes of Incentive Stock Options, **“Disability”** shall mean a “permanent and total disability” within the meaning of Section 22(e)(3) of the Code. The Board shall determine whether a Recipient has incurred a Disability on the basis of medical evidence acceptable to the Board. Upon making a determination of Disability, the Board shall, for the purposes of the Plan, determine the date of the Recipient’s termination of office, employment or service;

“Distribution” has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

“Dividend Equivalent Right” means a right, granted to a Participant pursuant to this Plan, to receive cash, Common Shares, other Awards or other property equal in value to dividends or other periodic payments paid or made with respect to a specified number of Common Shares.

“Employee” means:

- (i) an individual who is considered an employee of the Company or its Affiliates under the *Income Tax Act (Canada)* (i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source) or the tax legislation of another jurisdiction in which the Company or its Affiliates may do business (including the Code);
 - (ii) an individual who works full-time for the Company (or one of its Affiliates) providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
-

- (iii) an individual who works for the Company on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source,

and may include an Officer;

“Exercise Price” means the amount payable per Common Share on the exercise of an Award, if applicable, as determined in accordance with the terms hereof;

“Expiry Date” means the day on which an Award lapses as specified in the Award Commitment therefor or in accordance with the terms of this Plan;

“Grant Date” for an Award means the date of grant thereof by the Board;

“Incentive Stock Option” or **“ISO”** means a stock option that is intended to be, and qualifies as, an incentive stock option within the meaning of Section 422 of the Code.

“Insider” means an insider as defined in the Securities Act;

“Investor Relations Activities” means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

“Management Company Employee” means an individual employed by another individual or a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a corporation or individual engaged primarily in Investor Relations Activities;

“Market Price” means:

- (i) the closing trading price for the Common Shares on the stock exchange on which the majority of the Company’s common shares traded on the day immediately prior to the date of determination (which may be denominated in either Canadian or US dollars, based on the applicable exchange rate on the day immediately prior to the date of determination) provided however that the determination date in respect of Options granted to Canadian residents shall be the Grant Date of such Options; or
- (ii) if the Common Shares are not listed on a stock exchange, then the trading price determined by the Board using good faith discretion;

“Nonstatutory Stock Option” or **“NSO”** means a stock option does not qualify as an Incentive Stock Option.

“Officer” means a duly appointed senior officer of the Company;

“Option” means an Option granted pursuant to Section 3.1 hereof;

“Performance Award” means a Performance Award granted pursuant to Section 3.4 hereof;

“**Recipient**” means the recipient of an Award hereunder;

“**Outstanding Shares**” means at the relevant time, the number of outstanding Common Shares of the Company from time to time;

“**Participant**” means a Service Provider that becomes a Recipient;

“**Person**” means a company or an individual;

“**Plan**” means this Equity Incentive Plan, the terms of which are set out herein or as may be amended;

“**Plan Shares**” means the total number of Common Shares which may be reserved for issuance as Award Shares under the Plan as provided in Section 2.2;

“**Regulatory Approval**” means the approval of any securities regulatory authority (including, if applicable, any stock exchange on which the securities of the Company may be listed or quoted for trading) that may have lawful jurisdiction over the Plan and any Awards issued hereunder;

“**Restricted Stock**” means Restricted Stock granted pursuant to Section 3.2 hereof;

“**Restricted Stock Unit**” means a Restricted Stock Unit granted pursuant to Section 3.3 hereof; “**Securities Act**” means the *Securities Act*, R.S.A. 2000, c. S-4, as amended from time to time;

“**Service Provider**” means an individual who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company of which 100% of the share capital is beneficially owned by one or more individual Service Providers;

“**Share Compensation Arrangement**” means any Award under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

“**Shareholder Approval**” means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders’ meeting; and

“**U.S. Participant**” means a Participant that is resident in or a citizen of the United States of America.

ARTICLE 2 EQUITY INCENTIVE PLAN

Establishment of Equity Incentive Plan

2.1 There is hereby established an equity incentive plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company.

Maximum Plan Shares

2.2 Subject to the provisions of Section 3.12 below, the maximum aggregate number of Plan Shares which may be issued pursuant to all Awards (including Incentive Stock Options) following the 2021 annual general meeting of Shareholders of the Company is 23,815,115 Common Shares (inclusive of the number of Common Shares subject to outstanding Awards as of the date of the 2021 annual general

meeting of Shareholders of the Company). The Plan Shares may be authorized, but unissued, or reacquired Common Shares.

2.3 Unless otherwise determined in the discretion of the Board, the number of Plan Shares that may be reserved for issuance under the Plan to any one Recipient will not exceed 5% of the Outstanding Shares on a non-diluted basis, less any Common Shares reserved for issuance to such Recipient under Share Compensation Arrangements other than this Plan.

Eligibility

2.4 Awards may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares so as to indirectly transfer the benefits of an Award, as long as such Award remains outstanding, unless the written permission of the Company is obtained.

Awards Granted Under the Plan

2.5 All Awards granted under the Plan will be evidenced by an Award Commitment, showing the number of Award Shares, the term of the Award, a reference to vesting terms, if any, and the Exercise Price, if applicable, or otherwise modified in respect of the terms of the specific Award as necessary.

2.6 Subject to specific variations approved in accordance with this Plan, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Award Commitment made hereunder.

Awards Not Settled

2.7 Except as set out below, any Plan Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Plan Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited or repurchased by the Company, such Shares shall become available for future grant under the Plan. Notwithstanding anything to the contrary in this Plan, the number of Common Shares (i) tendered or withheld or subject to an Award surrendered in connection with the purchase of Common Shares upon exercise of an Option, (ii) deducted or delivered from payment of an Award in connection with the Company's tax withholding obligations, or (iii) purchased by the Company with proceeds from Option exercises will be deemed to have been issued and will not increase the number of Plan Shares available for issuance under the Plan.

Administration of Plan

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder.

2.9 Without limiting the generality of the foregoing, but subject to the provisions of this Plan, the Board has the power to:

- (a) determine the Service Providers to whom Awards are to be granted, to grant such Awards, and, subject to the other terms of this Plan, to determine any terms and conditions, limitations and restrictions in respect of any particular grant of Award;
- (b) allot Common Shares for issuance in connection with the exercise vesting or other settlement of Awards; and
- (c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Regulatory Approval

2.10 This Plan will be subject to the approval of any regulatory authority whose approval is required. Any Awards granted under this Plan prior to such approvals being given will be conditional upon such approvals being given, and no such Awards may be exercised unless and until such approvals are given.

Compliance with Legislation

2.11 The Company will not be required to issue any Common Shares under the Plan unless such issuance is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of any stock exchange upon which Common Shares of the Company are listed. The Company will not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements.

Minimum Vesting

2.12 Notwithstanding any other provision of the Plan to the contrary, any Award granted under the Plan following the 2021 annual general meeting of shareholders of the Company shall vest no earlier than the first anniversary of the Grant Date of such Award; provided, that the following Awards shall not be subject to the foregoing minimum vesting requirement: (a) Common Shares delivered in lieu of fully vested cash obligations, and (b) any additional Awards the Board may grant, up to a maximum of five percent (5%) of the Plan Shares authorized for issuance under the Plan pursuant to Section 2.2 (subject to adjustment pursuant to Section 3.10).

Restrictions on Dividend Equivalent Rights and Dividends

2.13 A Dividend Equivalent Right is an Award entitling the Recipient to receive credits based on cash distributions that would have been paid on the Common Shares specified in such Dividend Equivalent Right (or other Award to which such Dividend Equivalent Right relates) if such Common Shares had been issued to and held by the Recipient of such Dividend Equivalent Right as of the record date. A Dividend Equivalent Right may be granted hereunder; *provided* that no Dividend Equivalent Right may be granted in connection with, or related to, an Award of Options. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Commitment. Dividend equivalents credited to the Recipient of a Dividend Equivalent Right may accrue or may be deemed to be reinvested in additional Common Shares, which may thereafter accrue additional Dividend Equivalent Rights. Any such reinvestment shall be at the Market Price on the date of such reinvestment. Dividend Equivalent

Rights may be settled in cash or Common Shares or a combination thereof, in a single installment or in multiple installments, all as determined in the sole discretion of the Board.

2.14 A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon the exercise, settlement or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award. A Dividend Equivalent Right granted as a component of another Award also may contain terms and conditions which are different from the terms and conditions of such other Award, *provided* that Dividend Equivalent Rights credited pursuant to a Dividend Equivalent Right granted as a component of another Award shall not vest or be paid unless the underlying Award vests, and if the underlying Award does not vest, the Participant holding Dividend Equivalent Rights shall promptly forfeit such unvested Dividend Equivalent Rights. Dividends accruing on Awards shall similarly not vest or be paid until the underlying Award vests. Any Dividend Equivalent Rights are subject to the vesting requirements of the underlying Awards.

ARTICLE 3 TERMS AND CONDITIONS OF AWARDS

3.1 Options: The Board is hereby authorized to grant Options to a Service Provider with the following terms and conditions and with such additional terms and conditions not inconsistent with the provision of this Plan as the Board shall determine:

- 3.1.1 *Exercise Price*. The Exercise Price of an Option will be set by the Board at the time such Option is granted under this Plan, and, subject to the provisions set forth in Section 3.1.4(d), cannot be less than the Market Price.
- 3.1.2 *Term*. Subject to the application of Section 3.11, an Option can be exercisable for a maximum of 10 years from the Grant Date, unless otherwise determined in the discretion of the Board.
- 3.1.3 *Vesting*. No Option shall be exercisable until it is vested. The vesting schedule of each Option will be as determined in the discretion of the Board at the time of the grant of the Option.
- 3.1.4 *For US Residents – Incentive Stock Options*.
- (a) Eligible Recipients of ISOs. Incentive Stock Options may be granted only to employees of the Company or an Affiliate that constitutes a “parent corporation” or “subsidiary corporation” within the meaning of Section 424 of the Code (an “**ISO Affiliate**”).
 - (b) Designation of ISO Status. The Board action approving the grant of an Option to a U.S. Participant, and the Award Commitment, must specify that the Option is intended to be an Incentive Stock Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option.
 - (c) Maximum Shares Issuable On Exercise of ISOs. Subject to the adjustment provisions of this Plan, the maximum aggregate number of Common Shares that may be issued upon the exercise of Incentive Stock Options is the limit on Plan Shares found in Section 2.2.
-

- (d) Limits for 10% Stockholders. A person who owns (or is deemed to own pursuant to Section 424(d) of the Code) Common Shares possessing more than ten percent (10%) of the total combined voting power of all classes of securities of the Company or any ISO Affiliate, will not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Market Price on the date of grant and the Option is not exercisable after the expiration of five (5) years from the Grant Date.
 - (e) No Transfer. As provided by Section 422(b)(5) of the Code, an Incentive Stock Option will not be transferable except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the U.S. Participant only by the U.S. Participant. If the Board elects to allow the transfer of an Option by a U.S. Participant that is designated as an Incentive Stock Option, such transferred Option will automatically become a Nonstatutory Stock Option.
 - (f) US \$100,000 Limit. As provided by Section 422(d) of the Code and applicable regulations thereunder, to the extent that the aggregate Market Price (determined at the time of grant) of Common Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under all plans of the Company and any ISO Affiliate) exceeds US\$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Award Commitment(s).
 - (g) Post-Termination Exercise Period. To obtain the United States federal income tax advantages associated with an Incentive Stock Option, the United States Internal Revenue Code requires that at all times beginning on the date of grant and ending on the day three (3) months before the date of exercise of the Option, the U.S. Participant must be an employee of the Company or an ISO Affiliate (except in the event of the U.S. Participant's death or Disability, in which case a 12-month period applies). The Company cannot guarantee that the Option will be treated as an Incentive Stock Option if the U.S. Participant continues to provide services to the Company or an Affiliate after such U.S. Participant's employment terminates or if the U.S. Participant otherwise exercises the Option more than three (3) months (or twelve (12) months, as the case may be) after the date his or her employment terminates, or the Option otherwise fails to qualify as an Incentive Stock Option.
 - (h) Maximum Grant Period. No ISOs may be granted after the tenth (10th) anniversary of the Board's approval of the 2021 amendment and restatement of the Plan.
- 3.1.5 *No Repricing.* Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, Common Shares, other securities or other property), stock split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Shares or other securities or similar transaction), the Company may not, without obtaining shareholder approval: (a) amend the terms of outstanding Options to reduce the Exercise Price of such outstanding Options; (b)
-

cancel outstanding Options in exchange for Options with an Exercise Price that is less than the Exercise Price of the original Options; or (c) cancel outstanding Options with an Exercise Price above the current Market Price in exchange for cash or other securities.

- 3.2 **Restricted Stock:** The Board is hereby authorized to grant Restricted Stock to a Service Provider with the following terms and conditions and with such additional terms and conditions not inconsistent with the provision of this Plan as the Board shall determine:
- 3.2.1 *Restriction.* Restricted Stock shall be subject to such restrictions (if any) as the Board may impose (including, without limitation, a restriction on or prohibition against the right to receive any dividend or other right or property with respect thereto), which restrictions lapse separately or in combination at such time or times, in such instalments or otherwise as the Board may deem appropriate.
- 3.2.2 *Restricted Stock Certificates.* Any Restricted Stock granted under this Plan may be evidenced by the issuance of a share certificate or certificates. If any share certificate is issued, such certificate shall be held by the Company and such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the applicable Award Commitment and possible forfeiture of such shares of Restricted Stock.
- 3.2.3 Except as otherwise determined by the Board, upon a Participant's termination of office, employment or service (as determined under criteria established by the Board) during the applicable restriction period, all applicable Common Shares of Restricted Stock at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Board may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Common Shares of Restricted Stock.
- 3.2.4 Dividends accruing on Restricted Stock shall not vest or become payable to the holder before the underlying Common Shares have vested and the risk of forfeiture with respect to such Common Shares has lapsed.
- 3.3 **Restricted Stock Unit Awards:** The Board is hereby authorized to grant Restricted Stock Unit Awards to a Service Provider evidencing the right for such Service Provider to receive a Common Share (or cash payment equal to the Market Price of a Common Share) at some future date.
- 3.3.1 *Restrictions.* A Restricted Stock Unit Award will be subject to an Award Commitment containing such terms and conditions, not inconsistent with the provisions of this Plan, as the Board shall determine.
- 3.3.2 *Forfeiture.* Except as otherwise determined by the Board and as set forth in the applicable Award Commitment, upon a Participant's termination of office, employment or service (as determined under criteria established by the Board) during the applicable restriction period, all applicable Restricted Stock Units at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Board may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Restricted Stock Units.
-

3.3.3 *For Canadian Residents.* For Canadian resident Service Providers, Restricted Stock Unit Awards shall be settled in Common Shares, unless the Company offers the Participant the right to receive cash in lieu of Common Shares and the Participant, in its sole discretion, so elects.

3.3.4 *Voting and Dividend Rights.* A Restricted Stock Unit does not entitle the holder thereof to any rights with respect to voting and dividends. A Restricted Stock Unit may provide the holder with Dividend Equivalent Rights. Dividend Equivalent Rights are subject to the vesting requirements of the related Restricted Stock Unit.

3.4 Performance Awards:

3.4.1 The Board is hereby authorized to grant Performance Awards to a Service Provider subject to the terms of this Plan. A Performance Award granted under this Plan (i) may be denominated or payable in cash, Common Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property, and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Board shall establish. Subject to the terms of this Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of the Performance Award shall be determined by the Board. For Canadian resident Service Providers, Performance Awards shall be settled in Common Shares, unless the Company offers the Participant the right to receive cash in lieu of Common Shares and the Participant, in its sole discretion, so elects.

Recipient Ceasing to be Director, Officer, Employee or Service Provider

3.5 No Award may be exercised after the Recipient, if a Director or Officer, has ceased to be a Director or Officer or, if an Employee or other Service Provider has left the employ or service of the Company, except as follows:

- (a) in the case of the death of a Recipient, any vested Award held by him at the date of death will become exercisable by the Recipient's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Recipient and the Expiry Date of such Award;
- (b) in the case of the Disability of a Recipient, any vested Award held by him at the date of Disability will become exercisable until the earlier of one year from the date of cessation of the Recipient's employment or other office and the Expiry Date of such Award; and
- (c) subject to the other provisions of this Section 3.5, vested Awards will expire 90 days after the date the Recipient ceases for any reason whatsoever to be employed by, provide services to, or be a Director or Officer of, the Company and all unvested Awards will immediately terminate without right to exercise same;

but provided that in no event may the term of the Award exceed 10 years, unless determined in the discretion of the Board.

Additional Vesting; Dividend Equivalent Rights

3.6 Subject to Sections 3.7 and 3.8, in addition to meeting any other eligibility requirements for receiving an Award, or for an Award to vest (if applicable), the Service Provider must be Actively Engaged by the Company through to, and including on, the established Grant Date or vesting date for such Award, as applicable. For clarity, except to the minimum extent, if any, required by applicable employment standards legislation:

- (a) if the Service Provider is not Actively Engaged by the Company on the established Grant Date for an Award for any reason, the Service Provider will not have earned the Award, the Service Provider is deemed to have waived and forfeited any right to earn the Award, and the Service Provider will not be eligible to receive the Award or a pro-rated share of the Award;
- (b) if the Service Provider is not Actively Engaged by the Company on the established vesting date for an Award to vest, for any reason, the Award will not vest;
- (c) Awards will not be included in the calculation of, or form any part of, contractual or common law pay in lieu of notice, and Awards will not form part of any damages for wrongful dismissal or otherwise; and
- (d) this provision is intended to limit or remove the Service Provider's rights to any damages relating to Awards, including during any period in relation to which the Company provides pay in lieu of notice, and including during any period in relation to which the Company fails to give notice that should have been given pursuant to any agreement between the Service Provider and the Company, or pursuant to any applicable law, including the common law or civil law, as applicable.

3.7 Notwithstanding the provisions of Section 3.5(a), Section 3.5(b) and Section 3.6, if, in the case of a Recipient who is an Employee, that Recipient's employment terminates by reason of death or Disability, subject to the terms of the Award set out in an Award Commitment, any Award held by such Employee who has been Continuously Employed by the Company for a minimum of three (3) years shall become fully vested and exercisable and may thereafter be exercised during the term of the Award set forth in Section 3.5(a) and Section 3.5 (b).

3.8 Notwithstanding the provisions of Section 3.5(c) and Section 3.6, if, in the case of a Recipient who is an Employee, that Recipient's employment is terminated by the Company without cause then, provided that the Recipient has been Continuously Employed by the Company for a minimum of three (3) years, then, subject to the terms of the Award set out in an Award Commitment, all Awards shall become fully vested and exercisable and may thereafter be exercised during the term of the Option set forth in Section 3.5(c).

Change in Control

3.9 The provisions of this Section 3.8 shall apply in the case of a Change in Control, unless otherwise provided in the Award Commitment or any separate agreement with a Participant. In the event of a Change in Control, all Awards will terminate upon the Change in Control unless they are assumed by the surviving entity or otherwise equitably converted, substituted or continued. In that event, Recipients will have a reasonable period prior to the effectiveness of the Change in Control to exercise the vested portion of any Award prior to its termination.

- (a) *Awards Not Assumed or Substituted by Surviving Entity*. Upon the occurrence of a Change in Control, and except with respect to any Awards assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control in a manner approved by the Board:
- (i) all outstanding Awards that are subject to time-based vesting requirements shall become vested and fully exercisable immediately prior to, and contingent on, the effectiveness of, the Change in Control;
 - (ii) all outstanding Awards that are subject to time-based vesting restrictions shall become vested and such restrictions shall lapse immediately prior to, and contingent on, the effectiveness of, the Change in Control; and
 - (iii) the payout level under all outstanding Awards that are subject to performance-based vesting requirements shall be deemed to have been earned immediately prior to, and contingent on, the effectiveness of, the Change in Control based upon an assumed achievement of all relevant performance goals at the 100% level (or such higher threshold as may have been actually achieved by the effective date of the Change in Control). To the extent that this provision causes Incentive Stock Options to exceed the dollar limitation set forth in Section 422(d) of the Code, the excess Options shall be deemed to be Nonstatutory Stock Options.
- (b) *Awards Proposed to be Assumed or Substituted by Surviving Entity*. Upon the occurrence of a Change in Control, and except with respect to any Awards that are not proposed to be assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control in a manner approved by the Board:
- (i) all outstanding Awards that are subject to time-based vesting requirements shall become vested and fully exercisable immediately prior to, and contingent on, the effectiveness of, the Change in Control;
 - (ii) all outstanding Awards that are subject to time-based vesting restrictions shall become vested and such restrictions shall lapse immediately prior to, and contingent on, the effectiveness of, the Change in Control; and
 - (iii) the payout level under all outstanding Awards that are subject to performance-based vesting requirements shall be deemed to have been earned immediately prior to, and contingent on, the effectiveness of, the Change in Control based upon an assumed achievement of all relevant performance goals at the 100% level (or such higher threshold as may have been actually achieved by the effective date of the Change in Control). To the extent that this provision causes Incentive Stock Options to exceed the dollar limitation set forth in Section 422(d) of the Code, the excess Options shall be deemed to be Nonstatutory Stock Options.
-

Non Assignable

3.10 Subject to Section 3.5(a), all Awards will be exercisable only by the Recipient to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Award Shares

3.11 If there is a change in the outstanding Common Shares by reason of any share consolidation, or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board will make, as it deems advisable and subject to requisite Regulatory Approval, appropriate substitution and/or adjustment in:

- (a) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
- (b) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Awards, and in the exercise price for such shares or other securities or property; and/or
- (c) the vesting of any Awards, including the accelerated vesting thereof on conditions the Board deems advisable,

and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board will make such provision for the protection of the rights of Participants as it deems advisable.

Adjustment of Awards Expiring During Black-out Period

3.12 Should the Expiry date for an Award fall within a Black-out Period, or within the period that is nine Business Days immediately following the expiration of a Black-out Period, such Expiry Date will be automatically adjusted without any further act or formality to that day which is the tenth Business Day after the end of the Black-out Period, such tenth Business Day to be considered the Expiry Date for such Award for all purposes under the Plan. Notwithstanding any other provision of this Plan, the tenth Business Day period referred to in this Section 3.12 may not be extended by the Board.

Compliance with Section 409A of the Code

3.13 Unless otherwise expressly provided for in an Award Commitment, the terms applicable to Options granted to U.S. Participants will be interpreted to the greatest extent possible in a manner that makes those Options exempt from Section 409A of the Code, and, to the extent not so exempt, that brings the Options into compliance with Section 409A of the Code. Notwithstanding anything to the contrary in the Plan (and unless the Award Commitment or other written contract with the U.S. Participant specifically provides otherwise), if the Common Shares are publicly traded, and if a U.S. Participant of an Option that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" under Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such U.S. Participant's "separation from service" or, if earlier, the date of the U.S. Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the

Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule.

Award Commitments

3.14 Each Award will be evidenced by an Award Commitment which incorporates such terms and conditions as the Board in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Company of an Award Commitment with a Participant shall be conclusive evidence that such Award Commitment incorporates terms and conditions determined by the Board and is consistent with the provisions of this Plan). Each Award Commitment will be executed on behalf of the Company by any member of the Board or any Officer or such other Person as the Board may designate for such purpose.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

Award Commitment

4.1 Upon grant of an Award hereunder, an authorized officer of the Company will deliver to the Recipient an Award Commitment detailing the terms of such Awards and upon such delivery the Recipient will be subject to the Plan and have the right to the Awards on the terms set out therein, subject to the terms and conditions hereof.

Manner of Exercise

4.2 A Recipient who wishes to exercise his Award may do so:

4.2.1 by delivering:

- (a) a written notice to the Company specifying the number of Award Shares being acquired pursuant to the Award; and
- (b) cash, certified cheque or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired and the aggregate of any amounts required by law to be withheld by the Company on the exercise of such Award, or separate certified cheques or bank drafts for such Exercise Price and such amounts to be withheld;

4.2.2 in such other manner as may be specified in the Award Commitment or as may be agreed to by the Company.

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such other procedures and conditions as it determines appropriate with respect to the payment, funding or withholding of amounts required by law to be withheld on the exercise of Awards under this Plan.

Delivery of Certificate and Hold Periods

4.3 As soon as practicable after receipt of the notice of exercise described in Section 4.2 and payment in full for the Awards Shares being acquired (if applicable), the Company will direct its transfer agent to issue to the Recipient the appropriate number of Award Shares. The transfer agent will either

issue a certificate representing the Award Shares or a written notice in the case of uncertificated Common Shares. Such issued certificate or written notice, as the case may be, will bear a legend stipulating any resale restrictions required under applicable securities laws.

ARTICLE 5 AMENDMENTS TO PLAN OR AWARDS

Amendments Generally

5.1 The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any Common Shares as to which Awards have not been made and such action will not constitute a breach of the terms of any agreement between the Service Provider and the Company. The effectiveness of any amendment to the Plan shall be contingent on approval of such amendment by the Company's shareholders to the extent provided by the Board or required by applicable laws (including the rules of any stock exchange on which the Common Shares are then listed), provided that no amendment shall be made to the no-repricing provisions of Section 3.1.5 or the Option pricing provisions of Section 3.1.1 without the approval of the Company's shareholders. No amendment, suspension or termination of the Plan shall materially impair rights or obligations under any Award theretofore made under the Plan without the consent of the Participant.

5.2 With the consent of the affected Participants for any amendment or modification that materially impairs the rights or obligations of a Participant, the Board may amend or modify any outstanding Award in any manner to the extent that the Board would have the authority to initially grant such award as so modified or amended.

Amendment Subject to Approval

5.3 If the amendment of an Award requires Regulatory Approval or Shareholder Approval, such amendment may be made prior to such approvals being given, but no amended Awards may be exercised unless and until such approvals are given.

ARTICLE 6 GENERAL

Employment and Services

6.1 Nothing contained in the Plan will confer upon or imply in favor of any Recipient any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to terminate the Recipient's office, employment or service at any time. Participation in the Plan by a Service Provider will be voluntary. A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the Award was granted to such Participant will not result in the termination of the Award granted to such Participant provided that such Participant remains a Service Provider.

Taxes

6.2 The Company may make such provisions as it may deem appropriate for the withholding of any taxes which it determines is required in connection with any Awards granted under the Plan.

No Representation or Warranty

6.3 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Awards or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such participant and not the Company.

Interpretation

6.4 The Plan will be governed and construed in accordance with the laws of the Province of Alberta.

Effective Date of Plan

6.5 This Plan will be effective from and after the date upon which the Company first receives Shareholder Approval for the Plan, and will remain effective provided that the Plan, or, if applicable, any amended version thereof receives Shareholder Approval, on or before each third annual general meeting of shareholders of the Company.

Adoption of Plan

6.6 This Plan was adopted by the Board on May 25, 2012 and approved by the Shareholders of the Company on June 28, 2012 and re-approved by the Shareholders of the Company on May 7, 2014. This Plan was amended as to Section 2.2 by the Shareholders of the Company on June 8, 2016. This Plan was further amended and approved by the Shareholders of the Company on June 2, 2020. This Plan was further amended and approved by the Shareholders of the Company on June 7, 2021.

/s/ Stephen P. Robertson
CORPORATE SECRETARY

AURINIA PHARMACEUTICALS INC.
2021 EMPLOYEE SHARE PURCHASE PLAN

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and certain designated Related Corporations may be given an opportunity to purchase Shares. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Share Purchase Plan. In addition, the Plan permits the Company to grant a series of Purchase Rights to Eligible Employees that do not meet the requirements of an Employee Share Purchase Plan.

(b) The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Share Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Committee, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

(c) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Committee will administer the Plan pursuant to the delegation of authority to the Committee as set forth in the Committee's charter, unless otherwise determined by the Board. The Board retains concurrent authority to administer the Plan. To the extent the Board administers the Plan, references herein to the Committee shall be deemed to refer to the Board except where context dictates otherwise.

(b) The Committee will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time (A) which Related Corporations of the Company will be eligible to participate in the Plan, (B) whether such Related Corporations will participate in the 423 Component or the Non-423 Component, and (C) to the extent that the Company makes separate Offerings under the 423 Component, in which Offering the Related Corporations in the 423 Component will participate.

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Share Purchase Plan with respect to the 423 Component.

(viii) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals for United States tax purposes or employed outside the United States. Without limiting the generality of, and consistent with, the foregoing, the Committee specifically is authorized to adopt rules, procedures, and sub-plans regarding, without limitation, eligibility to participate in the Plan, the definition of eligible "earnings," handling and

making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements, and which, if applicable to a Related Corporation designated for participation in the Non-423 Component, do not have to comply with the requirements of Section 423 of the Code.

(c) The Committee will have the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references to the Committee in this Plan and in any applicable Offering Document will thereafter be to such subcommittee, as applicable, except where context dictates otherwise), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time. The Committee retains the authority to concurrently administer the Plan with any subcommittee. The Committee will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of Shares that may be issued under the Plan will not exceed 2,500,000. For the avoidance of doubt, up to the maximum number of Shares reserved under this Section 3(a) may be used to satisfy purchases of Shares under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Shares under the Non-423 Component.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the Shares not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The shares purchasable under the Plan will be authorized but unissued or reacquired Shares, including Shares repurchased by the Company on the open market or otherwise, in accordance with Applicable Law.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Committee may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Committee, provided that no grant shall be made to a person who is a resident of Canada for the purposes of the Income Tax Act (Canada) if that person is not an "employee" of the Company or a Related Corporation for purposes of the Income Tax Act (Canada). Each Offering will be in such form and will contain such terms and conditions as the Committee will deem appropriate, and, with respect to the 423 Component, will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company: (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Committee will have the discretion to structure an Offering so that if the Fair Market Value of a Share on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a Share on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) This Plan is a voluntary program on the part of the Company and Participants. Purchase Rights may be granted only to Employees of the Company or, as the Committee may designate in accordance with Section 2(b), to Employees of a Related Corporation or persons employed outside the United States, provided that no grant shall be made to a person who is a resident of Canada for the purposes of the Income Tax Act (Canada) if that person is not an “employee” of the Company or a Related Corporation for purposes of the Income Tax Act (Canada). Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation, as the case may be, for such continuous period preceding such Offering Date as the Committee may require, but in no event will the required period of continuous employment be equal to or greater than two years. Subject to applicable law, the Committee may provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee’s customary employment with the Company or the Related Corporation is more than 20 hours per week and more than five months per calendar year or such other criteria as the Committee may determine consistent with Section 423 of the Code with respect to the 423 Component.

(b) An Employee will not be eligible to participate in an Offering, or to be granted Purchase Rights thereunder, unless the Employee is Actively Employed by the Company or a Related Corporation through to, and including on, the applicable Offering Date. For clarity, except to the minimum extent, if any, required by Applicable Law (including, but not limited to, applicable employment standards legislation):

(i) If the Employee is not Actively Employed by the Company or a Related Corporation on the applicable Offering Date for any reason, the Employee will not have earned the associated Purchase Rights, the Employee is deemed to have waived and forfeited any right to earn the associated Purchase Rights, and the Employee will not be eligible to receive the associated Purchase Rights or a pro-rated share of the associated Purchase Rights;

(ii) Purchase Rights will not be included in the calculation of, or form any part of, contractual or common law pay in lieu of notice, and Purchase Rights will not form part of any damages for wrongful dismissal or otherwise; and

(iii) This provision is intended to limit or remove the Employee’s rights to any damages relating to Purchase Rights, including during any period in relation to which the Company or a Related Corporation provides pay in lieu of notice, and including during any period in relation to which the Company or a Related Corporation fails to give notice that should have been given pursuant to any agreement between the Employee and the Company or a Related Corporation, or pursuant to any applicable law, including the common law or civil law, as applicable.

(c) The Committee may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee, or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the “Offering Date” of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Committee may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(d) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns shares possessing five percent or more of the total combined voting power or value of all classes of all shares of the Company or of any Related Corporation. For purposes of this Section 5(d), the rules of Section 424(d) of the Code will apply in determining the share ownership of any Employee, and shares which such Employee may purchase under all outstanding Purchase Rights and options will be treated as shares owned by such Employee.

(e) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Share Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee's rights to purchase shares of the Company or any Related Corporation to accrue at a rate which, when aggregated, exceeds U.S. \$25,000 of Fair Market Value of such shares (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(f) Officers of the Company and any designated Related Corporation, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Committee may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

(g) Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Committee has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason.

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of Shares purchasable either with a percentage or with a maximum dollar amount, as designated by the Committee, but in either case not exceeding 15% of such Employee's earnings (as defined by the Committee in each Offering) during the period that begins on the Offering Date (or such later date as the Committee determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Committee will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and Shares will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Committee may specify (i) a maximum number of Shares that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of Shares that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of Shares that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of Shares issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Committee action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the Shares available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of Shares acquired pursuant to Purchase Rights will be not less than the lesser of:

- (i) an amount equal to 85% of the Fair Market Value of the Shares on the Offering Date; or
- (ii) an amount equal to 85% of the Fair Market Value of the Shares on the applicable Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may elect to participate in an Offering and authorize payroll deductions as the means of making Contributions by completing and delivering to the Company, within the time specified in the Offering, an enrollment form provided by the Company. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Committee. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Law requires that Contributions be deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first practicable payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero) or increase his or her Contributions. If specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through the payment by cash or check prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Unless otherwise required by Applicable Law, Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant is no longer Actively Employed by the Company or a Related Corporation (subject to any post-employment participation period required by Applicable Law). For clarity, except to the minimum extent, if any, required by Applicable Law (including, but not limited to, applicable employment standards legislation):

(i) In order to be eligible to exercise a Purchase Right and to purchase Shares, the Participant must be Actively Employed by the Company or a Related Corporation on the applicable Purchase Date;

(ii) If the Participant is not Actively Employed by the Company or a Related Corporation on the applicable Purchase Date for any reason, the Participant is deemed to have waived and forfeited any right to exercise the Purchase Right and to purchase Shares, and the Participant will not be eligible to exercise the Purchase Right or to purchase Shares or a pro-rated portion of Shares;

(iii) Shares will not be included in the calculation of, or form any part of, contractual or common law pay in lieu of notice, and Shares will not form part of any damages for wrongful dismissal or otherwise; and

(iv) This provision is intended to limit or remove the Participant's rights to any damages relating to Shares, including during any period in relation to which the Company or a Related Corporation provides pay in lieu of notice, and including during any period in relation to which the Company or a Related Corporation fails to give notice that should have been given pursuant to any agreement between the Participant and the Company or a Related Corporation, or pursuant to any applicable law, including the common law or civil law, as applicable.

(d) Unless otherwise required by Applicable Law, Purchase Rights granted pursuant to any Offering under the Plan will also terminate immediately if the Participant is otherwise no longer eligible to participate.

(e) The Company will distribute to such individual as soon as practicable all of his or her accumulated but unused Contributions.

(f) Unless otherwise determined by the Committee, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Related Corporation that has been designated for participation in the Plan will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component. The Committee may establish different and additional rules governing transfers between separate Offerings within the 423 Component and between Offerings under the 423 Component and Offerings under the Non 423 Component.

(g) During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(h) Unless otherwise specified in the Offering or required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of Shares, up to the maximum number of Shares permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of Shares and such remaining amount is less than the amount required to purchase one Share on the final Purchase Date of an Offering, then such remaining amount will be held in such Participant's account for the purchase of Shares under the next Offering under the Plan, unless such Participant withdraws from or is not eligible to participate in such next Offering, in which case such amount will be distributed to such Participant after the final Purchase Date without interest (unless the payment of interest is otherwise required by Applicable Law). If the amount of Contributions remaining in a Participant's account after the purchase of Shares is at least equal to the amount required to purchase one (1) whole Share on the final Purchase Date of an Offering, then such remaining amount will be distributed in full to such Participant after the final Purchase Date of such Offering without interest (unless the payment of interest is otherwise required by Applicable Law).

(c) No Purchase Rights may be exercised to any extent unless the Shares to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. federal and state, foreign and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the Shares are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the Shares are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 6 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the Shares are not registered and the Plan is not in material compliance with all Applicable Laws, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed as soon as practicable to the Participants without interest (unless the payment of interest is otherwise required by Applicable Law).

9. AUTHORIZATIONS.

(a) With respect to U.S. Participants the Company will seek to obtain from each Governing Entity such authority as may be required to grant Purchase Rights and issue and sell Shares thereunder to such Participants unless the Company determines, in its sole discretion, that doing so would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Shares under the Plan to U.S. Participants, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Shares upon exercise of such Purchase Rights to such Participants.

(b) With respect to Non-U.S. Participants the Company may, but is not obligated to, seek to obtain from each Governing Entity such authority as may be required to grant Purchase Rights and issue and sell Shares thereunder to such Participants. If the Company does not obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Shares under the Plan to Non-U.S. Participants, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Shares upon exercise of such Purchase Rights to such Participants.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any Shares and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any Shares and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such Shares and/or Contributions without interest (unless the payment of interest is otherwise required by Applicable Law), to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN SHARES; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Committee will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iii) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Committee will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the shareholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase Shares within ten business days prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Committee may amend the Plan at any time in any respect the Committee deems necessary or advisable, and any such amendments will not constitute a breach of the terms of employment or constructive dismissal. However, except as

provided in Section 11(a) relating to Capitalization Adjustments, shareholder approval will be required for any amendment of the Plan for which shareholder approval is required by Applicable Law.

(b) The Committee may suspend or terminate the Plan at any time, and any such suspension or termination will not constitute a breach of the terms of employment or constructive dismissal. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(c) Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to comply with any Applicable Laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Share Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Committee, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Committee may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code with respect to the 423 Component or with respect to other Applicable Laws.

Notwithstanding anything in the Plan or any Offering Document to the contrary, the Committee will be entitled to: (i) establish the exchange rate applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code with respect to the 423 Component; and (v) establish other limitations or procedures as the Committee determines in its sole discretion advisable that are consistent with the Plan. The actions of the Committee pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. TAX QUALIFICATION; TAX WITHHOLDING.

(a) Although the Company may endeavor to (i) qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan. The Company will be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants.

(b) Each Participant will make arrangements, satisfactory to the Company and any applicable Related Corporation, to enable the Company or the Related Corporation to fulfill any withholding obligation for Tax-Related Items. Without limitation to the foregoing, the amount necessary to satisfy such withholding obligation may be withheld (i) from the Participant's salary or any other cash payment due to the Participant from the Company or a Related Corporation or (ii) from the proceeds of the sale of Shares acquired under the Plan.

14. EFFECTIVE DATE OF PLAN.

The Plan will become effective upon the Effective Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the shareholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Committee.

15. MISCELLANEOUS PROVISIONS.

- (a) Proceeds from the sale of Shares pursuant to Purchase Rights will constitute general funds of the Company.
- (b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, Shares subject to Purchase Rights unless and until the Participant's Shares acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).
- (c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the nature of a Participant's employment or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation, or on the part of the Company or a Related Corporation to continue the employment of a Participant.
- (d) The provisions of the Plan will be governed by the laws of the Province of Alberta without resort to that province's conflict of laws rules.

16. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

- (a) "423 Component" means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Share Purchase Plan may be granted to Eligible Employees.
- (b) "Actively Employed", in reference to a certain date, means that the Employee is employed by the Company or a Related Corporation (including being on vacation or being on a statutory or other leave authorized by the Company or a Related Corporation) on the applicable date. Except to the minimum extent, if any, required by Applicable Law (including, but not limited to, applicable employment standards legislation), "Actively Employed" does not include:
 - (i) Any period following the date the Employee ceases to be employed by the Company or a Related Corporation upon termination of employment for any reason (whether voluntary or involuntary, and whether with or without just cause, and regardless of whether the termination is lawful or unlawful);
 - (ii) Any period in relation to which the Company or a Related Corporation provides pay in lieu of notice in respect of such termination of employment; or
 - (iii) Any period in relation to which the Company or a Related Corporation fails to give notice that ought to have been given pursuant to any agreement between the Company or a Related Corporation and the Employee or pursuant to any applicable law, including the common law or civil law, as applicable, in respect of such termination of employment, and in relation to which damages may be awarded, including for the failure to provide such notice.
- (c) "Applicable Law" means any applicable U.S. or non-U.S. federal, state, provincial, material local or municipal or other law, statute, constitution, principle of common law or civil law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of the NASDAQ Stock Market, the Toronto Stock Exchange or the Financial Industry Regulatory Authority).
- (d) "Board" means the Board of Directors of the Company.

- (e) “Capitalization Adjustment” means any change that is made in, or other events that occur with respect to, the Shares subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Committee without the receipt of consideration by the Company through merger, consolidation, reorganization, amalgamation, arrangement, recapitalization, reincorporation, share dividend, dividend in property other than cash, large nonrecurring cash dividend, share split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.
- (f) “Code” means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.
- (g) “Committee” means the Compensation Committee of the Board.
- (h) “Company” means Aurinia Pharmaceuticals Inc., a Province of Alberta corporation.
- (i) “Contributions” means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.
- (j) “Corporate Transaction” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:
- (i) a sale or other disposition of all or substantially all, as determined by the Committee in its sole discretion, of the consolidated assets of the Company and its subsidiaries;
 - (ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;
 - (iii) a merger, consolidation, amalgamation, arrangement or similar transaction following which the Company is not the surviving corporation; or
 - (iv) a merger, consolidation, amalgamation, arrangement or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.
- (k) “Director” means a member of the Board.
- (l) “Effective Date” means the date of the annual meeting of shareholders of the Company held in 2021, provided that this Plan is approved by the general Company’s shareholders at such meeting.
- (m) “Eligible Employee” means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.
- (n) “Employee” means any person, including an Officer or Director, who is “employed” for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation or an “employee” of the Company or a Related Corporation for purposes of the Income Tax Act (Canada). However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

- (o) “Employee Share Purchase Plan” means a plan that grants Purchase Rights intended to be options issued under an “Employee Stock Purchase Plan,” as that term is defined in Section 423(b) of the Code.
- (p) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.
- (q) “Fair Market Value” means, as of any date, the value of the Shares determined as follows:
- (i) If the Shares are listed on any established exchange or traded on any established market, the Fair Market Value of a Share will be, unless otherwise determined by the Committee, the closing sales price for such Share as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Shares) on the date of determination, as reported in such source as the Committee deems reliable. Unless otherwise provided by the Committee, if there is no closing sales price for the Shares on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.
 - (ii) In the absence of such markets for the Shares, the Fair Market Value will be determined by the Committee in good faith in compliance with Applicable Laws and in a manner that complies with Section 409A of the Code.
- (r) “Governmental Body” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, provincial, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or body exercising similar powers or authority; or (d) self-regulatory organization (including the NASDAQ Stock Market, the Toronto Stock Exchange and the Financial Industry Regulatory Authority).
- (s) “Governing Entity” means each U.S. federal or state, non-U.S. or other regulatory commission or agency having jurisdiction over the Plan.
- (t) “Non-423 Component” means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Share Purchase Plan may be granted to Eligible Employees.
- (u) “Non-U.S. Participants” means Participants employed by the Company or any Related Corporation that is not incorporated or organized in the United States.
- (v) “Offering” means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the “Offering Document” approved by the Committee for that Offering.
- (w) “Offering Date” means a date selected by the Committee for an Offering to commence.
- (x) “Officer” means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act or a duly appointed senior officer of the Company or a Related Corporation.
- (y) “Participant” means an Eligible Employee who holds an outstanding Purchase Right.
- (z) “Plan” means this Aurinia Pharmaceuticals Inc. 2021 Employee Share Purchase Plan, as amended from time to time, including both the 423 Component and the Non-423 Component.

- (aa) "Purchase Date" means one or more dates during an Offering selected by the Committee on which Purchase Rights will be exercised and on which purchases of Shares will be carried out in accordance with such Offering.
- (bb) "Purchase Period" means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.
- (cc) "Purchase Right" means an option to purchase Shares granted pursuant to the Plan.
- (dd) "Related Corporation" means any "parent corporation" or "subsidiary corporation" of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.
- (ee) "Securities Act" means the U.S. Securities Act of 1933, as amended.
- (ff) "Shares" means the common shares in the capital of the Company.
- (gg) "Subsidiary" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding share capital having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, shares of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%). For purposes of the foregoing clause (i), the Company will be deemed to "Own" or have "Owned" such securities if the Company, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.
- (hh) "Tax-Related Items" means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising out of or in relation to a Participant's participation in the Plan, including, but not limited to, the exercise of a Purchase Right and the receipt of Shares or the sale or other disposition of Shares acquired under the Plan.
- (ii) "Trading Day" means any day on which the exchange(s) or market(s) on which Shares are listed, including but not limited to the NYSE, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, the Toronto Stock Exchange, or any successors thereto, is open for trading.
- (jj) "U.S. Participants" means Participants employed by any Related Corporation that is incorporated or organized in the United States.