

MERUS LABS INTERNATIONAL INC.
(the “Company”)



CODE OF CONDUCT

TABLE OF CONTENTS

I. INTRODUCTION.....	3
A. OUR VISION	3
B. OUR STRATEGIC FOCUS	3
C. OUR COMMITMENT	3
D. BUSINESS INTEGRITY	3
E. ABOUT THE MERUS CODE OF CONDUCT	4
F. WAIVERS AND CHANGES	5
II. TAKING ACTION	5
A. OPEN DOOR POLICY	5
B. RAISING CONCERNS AND ASKING QUESTIONS	5
C. ANTI-RETALIATION PROVISIONS.....	5
III. CONFLICT OF INTEREST	6
A. OUTSIDE INTERESTS.....	6
B. PERSONAL FINANCIAL INTERESTS.....	6
C. BOARD PARTICIPATION AND INVOLVEMENT WITH OTHER COMPANIES.....	6
D. GIFTS	7
E. ENTERTAINMENT	7
F. RELATIONSHIPS WITH COMPETITORS	7
G. CUSTOMER, CONTRACTOR AND SUPPLIER RELATIONS.....	8
H. POLITICAL ACTIVITY	8
I. CORPORATE OPPORTUNITIES	8
J. USE OF MERUS PROPERTY	8
IV. INTEGRITY.....	8
A. COMPLIANCE WITH LAW GENERALLY	8
B. DISCLOSURE, CONFIDENTIALITY AND INSIDER TRADING POLICY	9
C. FAIR COMPETITION	9
D. ANTI-BRIBERY AND ANTI-CORRUPTION	9
E. INSIDER TRADING AND TIPPING	10
F. FINANCIAL DISCLOSURE	10
G. PERSONAL DISCLOSURE REQUIREMENTS	11
H. INTERACTION WITH HEALTHCARE PROFESSIONALS	11
I. DEALINGS WITH GOVERNMENT, REGULATORY BODIES AND PUBLIC OFFICIALS.....	11
V. PRODUCT SAFETY	12
A. QUALITY STANDARDS & GOOD PRACTICES	12
B. PHARMACOVIGILANCE – MONITORING SAFETY AND QUALITY OF PRODUCTS.....	12

VI.	PROTECTION OF COMPANY ASSETS	13
A.	DATA INTEGRITY, PROTECTION AND CONFIDENTIALITY	13
B.	PUBLIC REPORTING	13
C.	RETENTION OF RECORDS.....	13
D.	USE OF SOCIAL MEDIA	13
VII.	EMPLOYMENT MATTERS	14
A.	HEALTH, SAFETY AND SECURITY	14
B.	DRUGS AND ALCOHOL	14
C.	DIVERSITY AND HARASSMENT.....	14
VIII.	VIOLATIONS OF THIS CODE	14
A.	REPORTING	14
B.	ACTIONS	15

I. INTRODUCTION

A. Our Vision

The Merus Labs International Inc. (Merus) vision is to be a leading specialty pharmaceutical company with a diverse line of high quality products focused on improving patient lives and meeting patient and customer needs.

B. Our Strategic Focus

The Merus strategy is driven by a highly disciplined approach to acquire established products in selected global markets. We target assets which provide significant value to patients, optimize their return through cost efficiencies, managing opportunities, and/or through promotional efforts to drive volume growth.

C. Our Commitment

We will ensure patient safety and confidentiality of interactions with all healthcare professionals, hospitals and health care agencies. We will comply with all applicable laws and regulatory requirements in the jurisdictions where we operate. We strive to meet high standards of performance and corporate responsibility in all our activities and we apply our Corporate Principles in our dealings with business partners. We strive to provide a positive, open and supportive environment for all employees. We aim to continuously create value for our shareholders and achieve sustainable profitability and growth, cover risks and pay an attractive return on invested capital. We maintain these standards by adhering to local, national and international laws, by cooperating with authorities and by proactively communicating with the public. We are committed to improving our corporate governance, and continuing to review our practices against the best standards in the industry.

D. Business Integrity

Integrity is a core value for Merus, helping to define how we do business every day, everywhere. We are committed to acting with integrity in all areas of our operation, including but not limited to, interactions with government and customers, manufacturing, distribution, sales promotion and marketing as well as all aspects of business development.

Every employee at Merus is responsible for understanding the legal and ethical issues that impact our business. In addition, everyone is personally responsible for acting with integrity at all times. You must be familiar with the Merus Code of Conduct and learn how it applies to you. It is important for you to think through the possible impact of your actions on everybody involved with the organization, whether it is employees, customers, suppliers, business partners or investors. Merus relies on all colleagues to uphold our company reputation and to act with integrity at all times.

Business integrity is defined as both the actual and the perception of ethical behaviour that is in line with the Merus Code of Conduct and our commitment to run our business in a socially

responsible way. Merus is committed to providing its employees and its business partners the appropriate information, guidance and support they need to comply with Merus' standards of business integrity.

E. About the Merus Code of Conduct

This Code of Conduct is intended to document the principles of conduct and ethics to be followed by employees, officers and Directors of Merus. Its purpose is to:

1. promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
2. promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict
3. promote full, fair, accurate, timely and understandable disclosure in reports and documents that Company files with, or submits to, the securities regulators and in other public communications made by Company
4. promote compliance with applicable governmental laws, rules and regulations
5. promote the prompt internal reporting to an appropriate person of violations of this Code
6. promote accountability for adherence to this Code
7. provide guidance to employees, officers and Directors to help them recognize and deal with ethical issues
8. provide mechanisms to report unethical conduct and
9. help foster the Company's culture of honesty and accountability.

The good reputation of Merus depends on its integrity in business. Understanding and complying with the Merus Code of Conduct and underlying Merus policies is every individual's responsibility. Ensuring trust, honesty and integrity in our work should always be a top priority.

Every employee, officer and Director and all others acting on behalf of Merus must comply with the Merus Code of Conduct, regardless of their location and the nature of their work and are expected to abide by all laws and regulatory requirements in the country/ies in which they operate. The Code provides guidance for some of the more common situations you may face. It is not intended to be all-inclusive. You are also encouraged to consult other Merus documents and policies that may cover specific topics in more detail and/or seek guidance from your manager. This Code may not provide answers to every question you may have and are not a substitute for your individual responsibility to exercise good judgment and common sense. In case of any questions regarding your responsibility, please consult your immediate manager.

A violation of the law, a government regulation or this Code is a serious matter. If you violate a law, government regulation or this Code, you may be subject to appropriate disciplinary action, which may include demotion or immediate termination of employment for cause and possible legal termination.

F. Waivers and Changes

All employees, officers and Directors of Merus are expected to comply with this Code at all times. No waiver of the Code may be granted to officers or Directors of Merus unless unanimously approved by the Merus Board of Directors. Any waiver granted will be disclosed to the public. This Code will be reviewed at least once annually and will be adapted to reflect new business realities or new legislation as needed.

II. TAKING ACTION

A. Open Door Policy

Merus has an Open Door policy which ensures there will be no retaliation for raising a concern in good faith. Should you have any concerns regarding company practices it is important that you know that all leaders are available to you at any time. If you are aware of, or suspect a violation of this code, you should raise it immediately. Prompt action on potential problems will allow us to correct mistakes, will minimize liabilities to others, and will preserve our corporate integrity.

B. Raising Concerns and Asking Questions

If you have any questions about a situation, a policy or you wish to report a potential violation, you should speak with your immediate manager or the Merus CEO. We recognize there may be situations where due to sensitivity you may prefer to raise issues confidentially. For this reason you may also report a concern to the Chairman of the Merus Board or external legal counsel. Refer to Merus' Whistleblower Policy for additional information.

C. Anti-Retaliation Provisions

Retaliation against any employee, who in good faith seeks advice, raises a concern, reports misconduct or provides information in an investigation will not be tolerated and will itself be considered a violation of this Code. Some examples of retaliation include: denial of benefits, termination, demotion, suspension, threats, harassment or discrimination. If any individual retaliates against an employee who has truthfully and in good faith reported a potential violation, Merus will take appropriate action. However, if an individual has intentionally made a false report, the Company will respond accordingly. For more details, please refer to the Merus Whistleblower Policy.

If you believe that you or another employee has been retaliated against for (in good faith) seeking advice, raising a concern, reporting misconduct or providing information in an investigation, please advise your immediate manager, the Merus CEO or the Chairman of the Merus Board. All reports will be handled promptly and confidentially.

III. CONFLICT OF INTEREST

Merus respects your right to manage your own affairs and investments. Any direct conflict of interest or an appearance of conflict of interest between your personal interests and the interests of the Company and its shareholders must be avoided at all times, including but not limited to political, financial, social or other economic benefits.

Conflicts of interest arise where your position or responsibilities with Merus presents an opportunity for personal gain apart from the normal rewards of employment, to the detriment of Merus. They also arise where your personal interests are inconsistent with those of Merus and create conflicting loyalties. Such conflicting loyalties can cause an individual to give preference to personal interests in situations where corporate responsibilities should come first. In order to avoid such conflicts, you must perform the responsibilities of your position on the basis of what is in the best interests of Merus and free from the influence of your personal considerations and relationships. Your obligations regarding conflicts apply equally if the interested party is your spouse, one of your children or one of your close relatives.

Any potential conflict should be disclosed or reported to the CEO. If you are an officer or Director of Merus, you must also disclose or report any potential conflict to the Chair of the Governance and Nominating Committee. You must not take any action where a potential conflict is present until you are authorized to do so in writing by the CEO or the Chair of the Governance Committee.

While it is not possible to detail every situation where conflicts of interest may arise, the following areas have clear potential for conflict.

A. Outside Interests

As an employee, your first business allegiance should be to Merus. It is important that you avoid outside interests that may impact your work performance or your responsibilities to Merus, either due to excessive demands on your time or because the outside commitment could be inconsistent with your obligations to Merus.

B. Personal Financial Interests

You should avoid any outside financial interests which might influence your corporate decisions or actions. If your corporate duties bring you into business dealings with a business in which you or one of your family members has a financial interest or to which you or one of your family members has an indebtedness, or a business employing a relative or close friend, you must immediately notify your immediate supervisor and the Chair of the Audit Committee in writing, and a transaction may not be completed unless properly authorized in writing by both your immediate supervisor and the Chair of the Audit Committee in writing, after full disclosure of your relationship.

C. Board Participation and Involvement With Other Companies

For any employee who wishes to participate on a for-profit, or not-for-profit board, these involvements must be approved by the CEO. All Directors should notify the Chair of the Audit

Committee of all other board engagements and seek approval before assuming additional Board roles. You may not be a Director, officer, partner or consultant of an organization (other than an organization in which Merus holds an interest or in which Merus has the right to nominate a Director, officer, partner or consultant) doing or seeking to do business with Merus, nor may you permit your name to be used in any way indicating a business connection with such an organization, without appropriate prior written approval of the Merus CEO, in the case of an employee, and of the Chair of the Governance and Nominating Committee in the case of an officer or Director of Merus.

D. Gifts

Merus employees (or immediate family members) are not permitted to give or accept gifts, services, discounts, favours, loans personal discounts and similar gratuities offered to you as a result of your position at Merus. This applies to or from individuals or companies who are doing business or would like to do business with Merus. Items of modest value may be permitted if they are not given or received on a regular or frequent basis, provided that the gift is reported to the CEO or the Chair of the Audit Committee and they do not advise that retaining the gift would be inappropriate. This does not apply to officially approved corporate rebates.

E. Entertainment

You must not encourage or solicit entertainment from any individual or company with whom Merus does business. Entertainment includes, but is not limited to, activities such as dining, attending sporting or other special events, and travel. From time to time employees may accept unsolicited entertainment, but only under the following conditions:

1. the entertainment occurs infrequently
2. it arises out of the ordinary course of business
3. it involves reasonable expenditures (the amounts involved should be ones employees, officers and Directors are accustomed to normally spending for their own business or personal entertainment) and
4. the entertainment takes place in settings that also are reasonable, appropriate, and fitting to employees, officers and Directors, their hosts, and their business at hand.

F. Relationships With Competitors

Access and collection of competitor information is permitted, provided it is collected from public sources such as websites, articles, brochures, news articles and other publicly available presentations. Information may also be collected by a third party such as data management companies if the collection process meets Merus integrity guidelines. No competitive information or pricing data should ever be discussed with a competitor.

G. Customer, Contractor and Supplier Relations

You should never assist companies or individuals to obtain preferential treatment in their dealings with Merus. You must be fair and impartial in all dealings with customers, suppliers and partners. It is important to avoid or fully disclose any outside activities that may impact your objectivity. An employee, officer or Director may not perform work or services for an organization doing or seeking to do business with the Company without appropriate prior written approval of the Merus CEO in the case of an employee, or the Chair of the Audit Committee, in the case of an officer or Director of the Company. You must not accept for yourself, or for the benefit of any relative or friend, any payments, loans, services, favours involving more than ordinary social amenity, or gifts of more than nominal value from any organization doing or seeking to do business with Merus, except in accordance with this Code and within normal business practices.

H. Political Activity

Merus encourages colleagues to participate in electoral politics in those countries where appropriate; however any activity must occur only on an individual and private capacity and not on behalf of Merus.

I. Corporate Opportunities

While you are employed by Merus you should never take advantage of any corporate opportunity that is available through the use of Merus property and/or information that is not generally available to the public. Specifically, you will not (a) take for yourself personally, opportunities that are discovered through the use of corporate property, information or position; (b) use corporate property, information, or position for personal gain; or (c) compete with the Company, unless authorized in writing by CEO or by Chair of the Audit Committee. If you are an officer or Director, you must not compete with Merus in a manner which conflicts with fiduciary and other duties under the British Columbia Business Corporations Act and other applicable law.

J. Use Of Merus Property

You should not use or allow the use of Merus property of any kind (facilities, equipment, material and resources, etc.) for any other purposes than officially approved activities. Incidental use of laptops and cellphones is exempted.

IV. INTEGRITY

A. Compliance With Law Generally

You must at all times comply fully with applicable laws and avoid any situation that could be perceived as improper, unethical or indicate a casual attitude towards compliance with the law. In addition, you must not condone an illegal act or instruct another employee to do so. You are expected to be sufficiently familiar with any legislation that applies to your circumstances and to recognize potential liabilities, seeking advice where appropriate. When in doubt as to your legal obligations or the laws that apply to your circumstances, you are expected to seek clarification from your immediate supervisor or the Chair of the Audit Committee.

Corporate employees, officers and Directors operating outside of Canada have a special responsibility to know and obey the laws and regulations of countries where they act for Merus. Customs vary throughout the world, but all employees, officers and Directors must diligently uphold the integrity of the Company in other nations.

B. Disclosure, Confidentiality and Insider Trading Policy

You are required to comply with the Disclosure, Confidentiality and Insider Trading Policy of the Company (the “Policy”). You should review and become thoroughly familiar with the Policy and are encouraged to review the Policy throughout the year. The Policy addresses in greater detail the disclosure, confidentiality and insider trading matters that are addressed in this Code.

C. Fair Competition

Merus believes that fair competition is fundamental to continuation of the free enterprise system. Merus complies with and supports laws of all countries which prohibit restraints of trade, unfair practices, or abuse of economic power. Merus will not enter into arrangements which unlawfully restrict its ability to compete with other businesses, or the ability of any other business organization to compete freely with Merus. Merus corporate policy also prohibits employees, officers and Directors from entering into, or even discussing, any unlawful arrangement or understanding.

As a Merus employee you should always comply with all laws designed to protect the ability of companies to compete freely. In particular, you should never engage in any activities that are intended to, or that are likely to have the effect of, reducing competition. You must avoid collusion and be vigilant when dealing with competitors and suppliers to ensure that you are not intentionally or unintentionally reducing competition. Competition and antitrust laws must also be kept in mind when you are involved in joint agreements/arrangements, when negotiating acquisitions or divestitures, and the like.

D. Anti-Bribery and Anti-Corruption

Merus employees must always act in a legal and ethical manner. Part of behaving ethically means that you should never participate in any corrupt activities and that you comply with all applicable Anti-Bribery and Anti-Corruption laws and regulations of each jurisdiction in which Merus conducts business. Merus does not permit providing payments, kickbacks, gifts, or anything else of significant value for the purpose of improperly influencing third parties. In addition, purchases of goods and services by Merus must not lead to employees, officers or Directors, or their families, receiving any type of personal kickbacks or rebates. Even if the intent is not to influence, you should not provide a payment or benefit to any third party, if it could appear to be improper.

Merus can be held responsible for improper payments and benefits provided by agents, contractors, suppliers and other third parties acting on its behalf. You must ensure that you only deal with legitimate, reputable parties, and that they understand their obligation not to provide such improper payments or benefits in connection with the business they conduct for Merus. It is important that you accurately report any expenses and their nature to avoid running into potential questions about their legitimacy in the future.

E. Insider Trading and Tipping

At times you may find that you are in possession of material non-public information regarding Merus and/or a competitor or supplier. Material non-public information is any information that could reasonably be expected to alter the value of a company's security (ies) if it were made public. Securities laws in both Canada and the United States provide that it is illegal to trade on such information or disclose it to others. These laws are extensive and complex and violation of these laws may lead to civil and criminal actions against you.

If you find yourself in possession of such information, you and your immediate family members are prohibited from trading in those securities until such time as the information becomes public or you are notified by your manager that restrictions are no longer in place.

The purchase and sale of Merus' securities may only be done in accordance with the Merus Disclosure, Confidentiality and Insider Trading Policy. The Policy also addresses legal prohibitions against trading with knowledge of undisclosed material information, tipping, market manipulation or fraud and insider trade reporting requirements. Violations of such requirements may also have severe consequences, including fines, imprisonment and civil liability and may subject the individual to disciplinary action by the Corporation, up to and including termination. Employees, officers and Directors who engage in insider trading may also be accountable to Merus for any benefit or advantage received as a result.

Please refer to the Merus Disclosure, Confidentiality and Insider Trading Policy for more detailed information on this subject.

F. Financial Disclosure

Merus is committed to providing all its stakeholders with a true, fair and transparent representation of its financial position, operational performance and cash flow on a timely basis. Merus has internal controls in place that it relies upon to deliver appropriate disclosure and to ensure it is in compliance with all applicable laws and regulations. If you become aware of any control failures or believe that the controls are not being properly followed, you should immediately report it to your manager or the CFO. You must also ensure that all transactions you engage in, or approve are reported accurately, completely and in compliance with all applicable accounting and legal requirements as well as all corporate policies.

You must not subvert the systems of internal management and accounting controls maintained by Merus, maintain funds or assets for any illegal or improper purposes or make false or misleading statements in any Merus document, report or record. You are forbidden to use, authorize, or condone the use of "off-the-books" bookkeeping, secret accounts, unrecorded bank accounts, "slush" funds, falsified books, or any other devices that could be utilized to distort records or reports of the true operating results and financial condition of Merus or could otherwise result in the improper recording of funds or transactions.

G. Personal Disclosure Requirements

There may be certain situations outside of your employment with Merus that could directly or indirectly impact the company. If you are under investigation for a criminal offense you must disclose this to your manager or the CEO as soon as possible.

H. Interaction With Healthcare Professionals

The marketing of pharmaceutical products and all interactions with healthcare professionals and healthcare organizations are highly regulated. Merus is committed to complying with all applicable laws, regulations, industry codes and internal Merus processes and standards relating to good marketing practices. All our promotional activities will meet regulatory guidelines in the jurisdictions in which we operate. Our stakeholders have a legitimate interest in being informed about our products and services, including scientifically available results. We provide this information in a transparent, accurate and timely manner. We focus on providing information to support the optimal use of Merus' products.

Merus employees are prohibited from making payments of any kind to a healthcare professional that could influence prescribing or purchasing practices related to Merus products. This includes any third party agency (eg contract sales force) contracted on behalf of Merus.

I. Dealings With Government, Regulatory Bodies and Public Officials

Government officials play a key role in our business and it is important to ensure that we have appropriate relationships with all government officials. All interactions with Government and Regulatory Bodies must be in keeping with this Code.

Domestic and foreign laws and regulations require Merus to be in contact with public officials on a wide variety of matters. Employees, officers and Directors who regularly make these contacts have special responsibilities for upholding the Company's good name.

You must not make any form of payment, direct or indirect, to any public official as inducement to procuring or keeping business or having a law or regulation enacted, defeated, or violated. You may not make any gift to any public official. Entertainment of public officials should be limited to senior management and is only permitted under the following conditions:

1. the entertainment is legal and permitted by the entity represented by the official
2. the entertainment is not solicited by the public official
3. the entertainment occurs infrequently
4. it arises out of the ordinary course of business
5. it does not involve unreasonable expenditures, considering the circumstances and
6. the settings and types of entertainment are reasonable, appropriate and fitting to Merus' employees, officers or Directors, their guests, and the business at hand.

V. PRODUCT SAFETY

A. Quality Standards & Good Practices

Adhering to quality standards and good practices is a precondition for our license to operate. Maintaining high-quality standards is an important part of regulatory compliance and a prerequisite for our business. Merus is committed to complying with legal and regulatory requirements, internationally acknowledged good practices, e.g. Good Clinical Practice (GCP), Good Pharmacovigilance Practice (GVP), Good Laboratory Practice (GLP) and Good Manufacturing Practice (GMP), and to meeting the high expectations of its stakeholders regarding the quality, safety and efficacy of its products and services. Merus expects that its business partners will also adhere to the above referenced practices.

B. Pharmacovigilance – Monitoring Safety and Quality Of Products

Merus products help to improve the health and quality of life of patients. It is therefore important to ensure that patients and healthcare providers who rely on our products can also rely on Merus to deliver quality products and to prevent any disruptions in supply whenever possible.

Patient safety and timely reporting of any adverse events and customer complaints is of utmost importance. All Merus employees will have access to training on Adverse Event Reporting and it is your responsibility to complete this training. You have an obligation, upon awareness, to immediately report any adverse event or customer complaint (regardless of whether you became aware of it during or outside of work and regardless of the communication channel e.g. in person, via social media) to the CEO who will take responsibility for ensuring the matter is reported to the appropriate regulatory authority. This reporting may be delegated in selected countries or jurisdictions.

An adverse event is defined as any untoward medical occurrence in a patient or clinical investigation subject who has taken or administered a Merus pharmaceutical product. It is not necessary for an event to have a causal relationship with this treatment to be considered an adverse event. An adverse event may include, but is not limited to drug overdose, (accidental or intentional), death, drug abuse, pregnancy, lack of efficacy or withdrawal symptoms.

A customer complaint is defined as any written, electronic or oral communication that alleges deficiencies related to the identity, quality, durability, reliability, safety, effectiveness or performance of a Merus product after it is released for distribution.

Product safety and quality are critical and a top priority for Merus. We are committed to ensuring our products and our quality systems meet the highest standards. Our contracted facilities will at a minimum meet all safety and efficacy standards and will at all times be compliant with applicable regulatory requirements under Good Manufacturing Practices (GMP). We expect our suppliers and partners to meet the highest standards and the Merus commitment to quality.

VI. PROTECTION OF COMPANY ASSETS

A. Data Integrity, Protection and Confidentiality

The products, services, marketing plans, sales data, clinical data, customer and colleague information as well as pricing and business development opportunities must be kept confidential and protected from inappropriate or unauthorized use at all times. As an employee of Merus you are expected to do this by securing any information you have access to as well as all electronic devices and documents.

You are expected to be vigilant in what information you share with business partners, vendors, contractors and any third parties. If in doubt about what you can share, consult your manager prior to authorizing the release of any information. Don't discuss company business or any confidential information in places where you can be overheard. Confidential patient information must be protected at all times.

B. Public Reporting

As a public company, it is of critical importance that Merus' filings with the appropriate regulatory authorities be accurate and timely. Depending on your position with Merus, you may be called upon to provide necessary information to ensure that the Company's public reports are complete, fair and understandable. Merus expects you to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to Merus' public disclosure requirements

C. Retention of Records

Records Management is an important function necessary to meet regulatory and financial requirements and relates to the creation, retention and discarding of records. All of Merus records must be accurate and complete and fully reflect the company's business transactions. Any record can be used as evidence in a legal procedure or regulatory investigation against Merus and any misleading statements may trigger an investigation that can have a negative impact on Merus.

Employees are required to ensure that all records are kept confidential and meet regulatory and legal requirements in the jurisdiction in which they are created and/or maintained. Destruction of records can only take place if they are not required for any pending legal matters. If you are unclear on what documents may be discarded, contact company legal counsel or speak to your manager.

D. Use of Social Media

"Social media" is defined as any digital technology that allows people to create and share information such as twitter, instagram, facebook etc. When using social media employees must follow Merus disclosure policy. It is important to obtain permission from your manager or the CFO prior to posting Merus company information. Any personal posts on external social media that include reference to Merus are prohibited. Any media inquiries should be referred to the Merus CFO.

VII. EMPLOYMENT MATTERS

A. Health, Safety and Security

Safety, security, health and environmental protection are an integral part of our operations. You should therefore approach them with the same level of commitment as we do with any business activities. Protecting the health and safety of our employees is a top priority for Merus. All employees are responsible for complying with Employee Health Standards (EHS) and for reporting any issues or concerns to your immediate manager or the CFO.

B. Drugs and Alcohol

Alcohol and substance abuse can result in serious health risks and can also create other issues impairing judgement in the workplace. It is important that you work in a healthy and safe environment. All employees should be mindful of alcohol consumption while at business related functions or dinners and must refrain from the use of recreational drugs at all times while working. The use, possession, distribution, sale or consumption of illegal drugs while on duty, on or off Merus premises, is prohibited. The misuse of alcohol and other substances, including over-the-counter or prescription drugs, is not allowed in the workplace (workplace includes anywhere that a colleague is conducting Merus business).

C. Diversity and Harassment

Merus is committed to ensuring that all employees and job applicants have equal opportunities in the workplace, to treating all employees with integrity and respect and prevent discrimination and harassment under any circumstances. There will be no discrimination related to gender, race, color, creed, ethnicity, ancestry, religion, sex, sexual orientation, age, marital status, pregnancy, childbirth, medical condition or physical disability. Employees are required to treat each other fairly, openly and with respect.

Harassment is considered employee misconduct and will not be tolerated. Harassment is defined as unwelcome conduct, comments, gestures or contact that causes offense or humiliation and can occur at or away from the workplace and during or outside working hours. Any employee who believes that they have been subjected to harassment should immediately advise the Chair of the Audit Committee.

VIII. VIOLATIONS OF THIS CODE

A. Reporting

Employees, officers and Directors must immediately report any violations of this Code. Failure to do so can have serious consequences for the employees, officers or Directors and Merus. Reports of violations should be made by employees to their immediate supervisor and to the CEO and by officers and Directors to both the CEO and the Chair of the Audit Committee.

B. Actions

After a violation is investigated, appropriate action will be taken. Management has the right to determine the appropriate disciplinary action for a violation up to and including termination of employment. All proposed disciplinary action is subject to review by senior management. Employees, officers and Directors should be aware that in addition to any disciplinary action taken by Merus, violations of some of this Code may require restitution and may lead to civil or criminal action against individual employees, officers and Directors and any company involved.

RECEIPT AND ACKNOWLEDGEMENT

I, _____, hereby acknowledge that I have received and read a copy of the Code of Conduct and agree to comply with its terms. I understand that violation of the Code may subject me to discipline by the Company up to and including termination.

Signature

Date