

## **Oncothyreon Inc.**

### **CORPORATE GOVERNANCE PRINCIPLES**

*Adopted by the Board of Directors on March 13, 2008*

These principles have been adopted by the Board of Directors (the “**Board**”) of Oncothyreon Inc. (the “**Company**”) for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities.

#### **1. Role of the Board**

The role of the Board of Directors at the Company is to oversee the performance of the chief executive officer (CEO) and other senior management and to assure that the best interests of stockholders are being served. To satisfy this responsibility, the directors are expected to take a proactive approach to their duties and function as active monitors of corporate management. Accordingly, directors provide oversight in the formulation of the long term strategic, financial and organizational goals of the Company and of the plans designed to achieve those goals. In addition, the Board reviews and approves standards and policies to ensure that the Company is committed to achieving its objectives through the maintenance of the highest standards of responsible conduct and ethics and to assure that management carries out their day-to-day operational duties in a competent and ethical manner.

The day-to-day business of the Company is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long term value of the Company for the benefit of stockholders. The Board and management also recognize that creating long term enterprise value is advanced by considering the interests and concerns of other stakeholders, including the Company’s employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The directors know their position requires them to ask probing questions of management and outside advisors. The directors also rely on the advice, reports and opinions of management, counsel and expert advisors. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations. In addition, the Board has the authority to hire outside advisors at the Company’s expense if they feel it is appropriate.

#### **2. Selection of Non-Executive Chairman and CEO**

The Board shall fill the positions of Non-Executive Chairman and CEO positions based upon the Board’s view of what is in the best interests of the Company at any point in time. The responsibilities of the Non-Executive Chairman shall be as set forth in the Company’s Bylaws and

the statement of duties and responsibilities of the Non-Executive Chairman to be approved by the Board, each as may be amended from time to time.

### **3. Lead Independent Director**

In order, in part, to facilitate communication between management and the outside directors, the Board has established the position of Non-Executive Chairman with the duties and responsibilities assigned by the Board and set forth in the Company's Bylaws. The Board has determined that the Non-Executive Chairman shall have many of the duties and responsibilities comparable to a "Lead Independent Director" and has therefore determined at this time not to designate a separate director as "Lead Independent Director."

### **4. Committees**

The Board has three committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee ("**Governance Committee**"). In addition, the Audit Committee has been designated to serve as the Qualified Legal Compliance Committee ("**QLCC**"), which operates under a separate charter designating the QLCC as a "qualified legal compliance committee" within the meaning of applicable laws. The Board will continue to delegate substantial responsibilities to each committee, and each committee should consist solely of independent directors, as defined by the applicable rules of the Nasdaq Global Market or New York Stock Exchange, if the Company's Common Stock is listed for trading on either of such exchanges ("**Exchange Rules**"), and in the case of the Audit Committee as defined by the rules and regulations of the Securities and Exchange Commission ("**SEC Rules**"). The Board should appoint a member of each committee as committee chairman. The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. New committees may be formed as determined from time to time by the Board.

### **5. Assignment and Rotation of Committee Members**

Committees should be appointed (or re-appointed), and chairs of each committee designated, by the full Board, upon recommendation by the Governance Committee, annually. While composition of the committees of the Board should be looked at each year in making certain that these committees are not stagnant or without fair representation, it is the Board's belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management.

### **6. Frequency and Length of Committee Meetings**

Each committee chairman, in consultation with committee members, will determine the frequency and length of meetings of his or her committee, considering all relevant factors such as the committee's mandate, nature of current committee business to be discussed and the like. Moreover, the committee chairmen should feel free to call additional committee meetings at times other than the scheduled meetings of the full Board.

## **7. Committee Charters and Agendas**

Each committee shall have its own charter, which will set forth the purpose, membership requirements, authority and responsibilities of the committee. Annually, the Governance Committee should review each of the three existing committee charters (in addition to the Charter of the QLCC) and deliver to the applicable committee recommendations with respect to amendments. Each committee will review and assess the Governance Committee's recommended changes (if any) and, in such committee's discretion, make recommendations to the Board for consideration. Committee charters should be within the scope of authority granted by the Board and should be approved by the Board. The chairman of the committee, in consultation with appropriate members of management and staff, should develop the overall annual agenda to the extent it can be foreseen. In addition, each committee chairman should prepare an agenda prior to each committee meeting and should consult with appropriate members of management for additional items which should be included in the agenda. Any committee of the Board is authorized to engage its own outside advisors at the Company's expense, including legal counsel or other consultants, as required, provided that the committee shall promptly advise the full Board of such engagement.

## **8. Code of Conduct, Conflicts of Interests, Related Party Transactions and Complaints Process**

The Governance Committee shall review and approve the Company's code of business ethics and conduct which is applicable to directors, officers and employees; consider questions of possible conflicts of interest of Board members and corporate officers; review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers; and approve or prohibit any involvement of such persons in matters that may involve a conflict of interest or corporate opportunity. Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization in which the director is a director or officer) has a financial or other interest.

The Audit Committee shall review and approve in advance any proposed related party transactions in compliance with Exchange Rules and must present material related party transactions to the full Board for approval; review and approve the financial code of ethics for its senior financial officers; monitor compliance with the Company's financial code of ethics; and review and approve the Company's procedures for handling complaints regarding accounting or auditing matters.

## **9. Board Meetings and Agenda Items**

The Board of Directors shall have no less than four regularly scheduled meetings each year at which it reviews and discusses leadership continuity, management development, management reports on the performance of the Company, its plans and prospects, as well as more immediate issues facing the company. The Chief Executive Officer will set the agenda for each Board meeting in consultation with the Non-Executive Chairman. Each Board member is free to suggest inclusion of items on the agenda to the Non-Executive Chairman and/or Chief Executive Officer. The Board will review the Company's long-term strategic plans during at least one Board meeting per year.

## **10. Board Materials Distributed in Advance**

To the extent possible, information and data which is important to the Board's understanding of matters to be discussed at the meeting and the current status of the Company's business should be distributed in writing to the Board a sufficient number of days before the meeting to enable the directors to read and prepare for the meeting.

## **11. Board Presentations and Discussions**

As a general rule, preparation material on specific subjects should be sent to the Board members in advance so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions when the subject matter is too sensitive to be distributed, the related materials will have to be introduced at the meeting. Directors are expected to prepare for, attend, and actively participate in all Board and applicable Committee meetings. The Company encourages, but does not require, directors to attend the annual meeting of stockholders.

## **12. Regular Attendance of Non-Directors at Board Meetings**

It is anticipated that certain members of management (*e.g.*, the CFO and such other members of the executive staff as the CEO may from time to time designate) and representatives of the Company's outside counsel will attend Board meetings on a regular basis. Other members of management and staff will attend meetings and present reports from time to time. Specifically, the Board encourages management to schedule managers to be present at Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas. It is understood that Company personnel and others attending Board meetings may be asked to leave the meeting in order for the Board to meet in executive session.

## **13. Meetings of Independent Directors and with Outside Auditors**

It is the policy of the Board to have separate meeting times for independent directors without management. Such meetings should be held as a part of every scheduled Board meeting and at such other times as requested by an independent director. In addition, the Audit Committee of the Board should meet periodically with the Company's outside auditors without management present at such times as it deems appropriate.

## **14. Board Access to Company Employees**

Board members should have full access to members of senior management, either as a group or individually, and to Company information that they believe is necessary to fulfill their obligations as Board members. The directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company.

## **15. Board Compensation Review**

The Governance Committee should conduct an annual review of director compensation. This review will include input from the Company's Human Resources department and such other

sources as the Governance Committee may be deem appropriate in order to evaluate director compensation compared to other companies of like size in the industry. Any change in Board compensation should be approved by the full Board.

## **16. Size of the Board**

The size of the Board is determined by the Board in accordance with the Company's Bylaws. The size of the Board may vary based upon the size of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members. The Board will review from time to time the appropriateness of its size.

## **17. Composition of Board**

The Board believes that as a matter of policy there should be a majority of independent Directors on the Board. Within that policy, the mix of Board members should provide a range of expertise and perspective in areas relevant to the Company's business.

## **18. Board Definition of "Independence" for Directors**

A director shall be considered "independent" for purposes of serving on the Board if he or she meets the criteria for independence established by Exchange Rules. A director shall be considered "independent" for purposes of serving on a Board committee based on the definition of independence used in that committee's charter, which shall conform to any requirements established for such a committee by Exchange Rules and any applicable SEC Rules.

## **19. Board Membership Criteria and Selection**

The Governance Committee should review on an annual basis, in the context of recommending a slate of directors for stockholder approval, the composition of the Board, including issues of character, judgment, diversity, age, expertise, corporate experience, and length of service, independence, other commitments and the like. Selection of new directors requires recommendation of a candidate by the Governance Committee to the full Board, which has responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders.

## **20. Extending the Invitation to Join the Board to a New Director**

An invitation to join the Board should be extended by the Non-Executive Chairman, on behalf of the entire Board.

## **21. Assessing the Board's Performance**

The Non-Executive Chairman and the Governance Committee should annually review the Board's performance during the prior year. This assessment should focus on areas in which the Board or management believes contributions can be made going forward to increase the effectiveness of the Board. As part of this process directors will conduct an evaluation to review the progress and effectiveness of the Board and its committees, and will submit comments to the Non-

Executive Chairman and the Governance Committee. The Governance Committee will then report back to the Board, and the full Board will consider and discuss the committee's report.

## **22. Term Limits**

The Board believes that Directors should not have "unlimited tenure."

## **23. Director Orientation and Continuing Education**

Meetings of the Board shall be designed to provide orientation for new directors to assist them in understanding the Company's business as well as an introduction to the Company's senior management. Further, the Company encourages directors to participate in continuing education programs focused on the business, Company's industry, and legal and ethical responsibilities of board members.

## **24. Formal Evaluation and Compensation of the Chief Executive Officer and Other Executive Officers**

The formal evaluation of the Chief Executive Officer and the other executive officers should be made in the context of annual compensation review by the Compensation Committee, with appropriate input from other Board members, and should be communicated to the CEO by the chairman of the Compensation Committee. The evaluation should be based on objective criteria, including performance of the business and accomplishment of long-term strategic objectives in accordance with the principles established by the Compensation Committee. Ownership of stock by the CEO and other executive officers is encouraged and will be reviewed by the Board.

## **25. Succession Planning**

The Governance Committee shall be primarily responsible for CEO succession planning in consultation with the full Board. In addition, the Governance Committee and Board shall monitor management's succession plans for other key executives. Succession planning can be critical in the event the CEO or other key executives should cease to serve for any reason, including resignation or unexpected disability. In addition, however, the Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

## **26. Management Development**

In addition to its responsibilities related to executive succession planning, the Governance Committee shall confer with the CEO to encourage management's employee development programs.

## **27. Board Interaction with Investors, the Press, Customers, etc.**

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with knowledge of management and, in most instances, only at the request of management.

The Company's directors should not accept any gift of value that indicates an intent to influence improperly the normal business relationship between the Company and any supplier, customer or competitor.

**28. Formulation of Strategy**

The Board should provide oversight to management in formulating corporate strategy.

**29. Periodic Review of Guidelines**

The Governance Committee and the Board should review these guidelines no less frequently than annually.

