

Conflict of Interest Policy – Board of Directors

Purpose:

This Policy is intended to preserve and promote the reputation of both Bioindustrial Innovation Canada (“BIC”) and the individual directors. Conflicts of interest will arise from time to time, and the purpose of this Policy is to give directors and BIC a clear road map to follow to identify and track awareness of these inevitable situations, particularly in those instances where the directors rely upon their respective business networks in pursuing opportunities for the benefit of BIC. It can be acknowledged conflicts of interest *per se* are not the problem, as they are unavoidable - it is undeclared or undisclosed conflicts which create a problem to be managed and avoided. Such is the focus of this Policy, disclosure being the key element. For the purposes hereof, “director” shall include any person formally appointed to the Board as a voting member or being granted “observer status”, and which status further applies to any role undertaken within a sub committee of the Board. For corporate governance purposes, a comparable policy relevant to conflict of interest matters affecting management, employees and contractors of BIC shall be introduced based upon this framework.

The directors of BIC have important roles in the selection and funding of commercialization opportunities and exploitation of intellectual property to support the goals, objectives and mission statement of BIC. Judgment as exercised should be fair and impartial and reflect the highest standards of integrity and ethics. As directors and members of committees are integrally involved in competitive and complementary programs, the appearance of, opportunity for and actual conflicts of interest may exist. Board members’ conduct must be seen to be beyond reproach and, when avoidance is not feasible, a director has an obligation to fully disclose the nature of the conflict and seek to minimize its effect if not able to avoid same.

Overview:

Board members of BIC must not have a business, commercial or financial interest in any transaction or initiative which would conflict with the conduct of their duties within BIC, the best interests of BIC or the carrying out of BIC's objectives. Board members are expected to follow the spirit and the intent of first benefiting the organization’s interests, not just avoiding costs or losses, or compromising BIC’s mission and objectives.

Activities involving business, commercial or financial interests, whether real, potential or perceived, which may conflict with the interest of BIC or the duties of the individual, must be promptly disclosed to the Chair of the Board of Directors or the Chair of the Governance Committee, as appropriate.

The matter of the conflict will be addressed within the context of this Policy, by manner of a decision that the disclosed conflict is benign and manageable by BIC, warrants recusing from voting on the matter or from that portion of the meeting in which the conflict arises, or such other sanctions consistent with the nature of the violation of the Policy.

Characterizations:

A conflict of interest arises when the interests of a board member have the potential to be at odds with the best interests of the corporation, even where the conflict results in a benefit to the organization. This generally occurs where an official duty of the director provides an opportunity to further his/her private financial interests or other opportunities, or the financial interests of relatives (broadly defined), friends, work colleagues, business partners or associates, or improperly furthers another's private interests; or the instance where conduct could have or be confused to have the potential to exert an improper influence on the director's professional judgment while engaged in activities of the Board or committee, reflecting either a real or a potential conflict. Financial compensation or other reward for participation in or with entities associated with BIC are also relevant indicia of the potential for conflicts. It is a critical concept that "conflict" is not limited only to financial gains or benefit, nor to the specific director or immediate family.

A conflict of interest does not exist only when respective interests are at odds - such may also exist where circumstances have the appearance of compromising the professional judgment of a director, hence a perceived conflict. Accordingly this Policy reflects 3 characterizations for conflicts of interest - real, potential or perceived:

- **Real:** a direct conflict of interest exists when the individual or a family member/close friend, work colleague, business partner or associate stands to financially gain (or lose) personally because of a decision before BIC – e.g. a family member being considered for employment or a contract for services;
- **Potential:** where the financial gain is removed from the individual director or family member, and provided to a third party such as supplier or a business contact; and
- **Perceived:** where an objective standard of review suggests that because of "appearances" a director may be in a position to influence BIC to make a decision favourable to a third party or someone with whom the member, a related party or close friend has an affinity.

Conflict of Interest Principles:

In carrying out their duties, board members of BIC shall:

- Fully disclose any private interests that could be affected by BIC actions or that could put ethical practice or conduct at risk.
- Conduct performance of the role in a manner that will prevent real, potential or perceived conflicts of interest from arising; where a conflict does arise between the private interests of an individual and the official duties and responsibilities of that individual, the conflict shall be disclosed and resolved in favour of the interests of BIC.
- Not step out of their official roles to assist private entities or persons in their dealings with BIC where such could result in preferential treatment to any person or organization. Board members

of BIC must not be compromised by obligation to anyone who may benefit from the individual's special consideration with respect to BIC matters.

- Not knowingly take personal advantage of or benefit others from material information not generally available to the public or that is obtained in the course of their official duties and responsibilities.

Dealing with/Disclosure of Conflicts of Interest:

All activities involving business, commercial or financial interests, whether potential or apparent, which conflict or may conflict with the interests of BIC or the duties of the individual, must be promptly disclosed to the Chair of the Board of Directors, or as appropriate, the Chair of the Governance Committee.

Without the conflict being resolved, the board member shall refrain from participating in the matter further, by not voting on the consideration or approval of the matter and preferably recusing himself/herself from that part of the meeting.

The Process:

A director is required to disclose any conflict of interest, whether a real, potential or perceived conflict, as soon as he or she is aware of the conflict or the possibility of a conflict. The formal, periodic disclosures outlined relate primarily with real and potential conflicts of interest, as perceived conflicts are generally not anticipated, but should be discussed at the earliest opportunity and adjudicated. Where a conflict is not declared or disclosed because of oversight in good faith, such should be addressed as soon as the director becomes aware of the oversight.

- At the time of election, appointment or re-appointment, a director shall disclose his/her assessment of his/her individual conflicts of interest, if any, on a Conflict of Interest Disclosure Form (Appendix A), and file the statement with the Chair, and with the Secretary of BIC.
- At the start of each Board meeting, the Chair will canvass if any conflicts are to be declared by any director present at the meeting. This will be recorded in the register and the Chair will make an appropriate decision on how to proceed with the meeting with respect to the disclosed conflict. Such decision may include a decision that the disclosed conflict can be managed without further action; the director shall withdraw or be recused from either voting on the matter or from remaining in attendance during that part of the meeting; or the director will exit the meeting pending further determination by the Chair.
- Upon a director identifying a conflict, he or she may declare such conflict at a time other than the board meeting, complete the disclosure form (template in Appendix A) and submit it to the Chair for consideration.
- Where the Chair deems the conflict to be insignificant or to not violate the spirit and intent of this Policy, he/she shall issue a written waiver to ensure that all parties' interests are protected. Should the Chair find a Director to be in a conflict of interest, he/she shall make a report of the matter to the entire Board and the CEO, and recommend an appropriate course of action.

- Where the matter is unclear or a difficult determination as to the nature and impact of the conflict, the Chair may at his/her discretion seek a legal opinion from counsel on disclosure statements that might be a violation or a potential violation of the Policy, and for legal review and support in exercising the protocols set out herein.
- A Conflicts Register (“Register”) will be maintained to record all declared conflicts. This will be in the form of a spreadsheet that is updated at each board meeting by the Secretary of BIC. The spreadsheet will be stored where available to each director and BIC senior management, and shall be considered as proprietary information of BIC.

Decision of the Chair/Appeal Process:

The Chair’s determination and recommended action will depend on the unique elements of the conflict generally and may include:

- Nature and significance of the risk to BIC and its members.
- Counselling on how the director should act in the future, and for which the Chair may seek legal assistance to support such counselling efforts.
- Confirming that the director will refrain from any further conduct in the matter.
- Accepting or requiring the director’s resignation, or just cause for dismissal; and/or
- Remedial action as may be necessary or appropriate.

The affected director may appeal the Chair’s ruling or disciplinary action within 30 days by notice to the Secretary of BIC, to be heard by Board as a whole (excluding the director whose disclosure is under review), with a 2/3 supermajority vote of the residual members required for a successful determination of the director’s appeal. The Chair shall not participate in the supermajority vote.

If it is decided that the conflict is so significant that it cannot be managed with remedial action, the director would be expected to resign from the Board or be dismissed with just cause.

If it is decided that the conflict is manageable, the Director may remain on the Board, but may be required to withdraw from participating in any discussions, deliberations or votes concerning the matter. This may include not being involved in the decision-making process at any point, and not using influence with other board members, management or others to give an advantage over non-board member parties seeking to contract with BIC. This also includes any other management or board discussions, briefings, reports or agenda items on the subject matter of the conflict.

Where the Chair is the party in conflict, the Chair of the Governance Committee shall assume the role of Chair solely for the purposes of dealing with such conflict of interest, in accordance with the foregoing.

Policy Oversight

The Chair is responsible for implementing and enforcing this Policy, with the support and assistance of the Secretary of BIC, who shall maintain all records in this regard and prompt consideration of reviews.

ACKNOWLEDGED AND AGREED by the undersigned, as at this ____ day of June, 2021, by:

Name: _____

Signature: _____

Appendix A: Conflict of Interest Disclosure Form

This form is to be completed by any board member who has a real, potential or perceived conflict of interest in undertaking his or her obligations on behalf of Bioindustrial Innovation Canada:

Disclosure

I, (Insert Name), hereby declare a:

- Real
- Potential
- Perceived

conflict of interest.

(Note: Check all applicable boxes)

I request that it be recorded in the minutes of the Meeting of the Directors to be held [Insert Date] that the nature and extent of my interest is: (provide a brief outline of the nature of the conflict - attach separately if appropriate.)

Please detail the arrangements proposed to resolve/manage the conflict (attach separately if appropriate).

Signed: _____

Date: _____