VECTOR INSTITUTE | INSTITUT VECTEUR

Board Conflict of Interest Policy

1. Application

This Policy applies to all Directors, Officers and non-Director Board committee members (collectively, "Decision-Makers"). "Officers" means officers appointed by the Board of Directors (the "Board") and others who perform functions for the Vector Institute similar to those normally performed by such officers.

2. Purpose

All Decision-Makers have a duty to ensure that the integrity of the decision-making processes of the Board are maintained by ensuring that they and other Decision-Makers are free from actual, potential or perceived conflicts of interest in their decision making (collectively, "conflict of interest").

The *Canada Not-for-profit Corporations Act* (the "Act"), which governs Vector Institute, requires that no person shall accept an appointment as a Director if there is an actual material conflict of interest between their role as a Director and their role in any other capacity. Further, the Act requires a Director, within 90 days after becoming aware that an actual material conflict of interest exists, to eliminate the conflict of interest or to resign.

It is important that all Decision-Makers understand their obligations when a conflict of interest arises. This policy establishes a framework within which the Vector Institute requires its Decision-Makers to act. The purpose of this Policy is to provide general direction so that conflicts of interest are managed appropriately and in a timely manner.

3. Conflicts of Interest

Decision-Makers shall not engage in any activities that constitute a conflict of interest, as may be determined by the Company in its sole discretion. Unless otherwise permitted by this Policy, Decision-Makers shall not earn income or accept payments, directly or indirectly, from any customer, supplier, competitor, finance company, or similar party without the Company's prior knowledge and written consent, and shall not, directly or indirectly, be employed or engaged in any capacity in promoting, undertaking, or carrying on any other business, without the Company's prior knowledge and written consent, it being understood that such consent may not be unreasonably withheld where your participation would not detract from your responsibilities to the Company.

A conflict of interest may arise in any situation where a Decision-Maker's duty to act in the best interests of Vector Institute is or may be compromised by any other interest, relationship, or duty of the Decision-Maker. The situations in which conflicts of interest may arise cannot be set out exhaustively. However, examples of situations in which a conflict of interest may arise include but are not limited to the following:

Transacting with Vector Institute

When a Decision-Maker, or a relative or member of the household of a Decision-Maker, transacts with Vector Institute directly or indirectly, or when a Decision-Maker, or a relative, or member of the household of a Decision-Maker, has a direct or indirect interest in a transaction or contract with Vector Institute.

Interest of a Relative

When Vector Institute conducts business with suppliers of goods or services, or any other party of which a Decision-Maker, or a relative or member of the household of a Decision-Maker, is a principal, officer, or representative.

Gifts

When a Decision-Maker, or a relative or a member of the Decision-Maker's household, or any other person or entity designated by the Decision-Maker, accepts gifts, payments, services, or anything else of more than a token or nominal value from a party with whom Vector Institute may transact business (including a supplier of goods or services).

Acting for an Improper Purpose

When a Decision-Maker exercises their powers motivated by self-interest or other improper purposes.

Appropriation of Corporate Opportunity

When a Decision-Maker diverts to their own use an opportunity or advantage that belongs to Vector Institute.

Duty to Disclose Information of Value to Vector Institute

When a Decision-Maker fails to disclose information that is relevant to a vital aspect of Vector Institute's affairs.

Serving on Other Corporations

Where the Decision-Maker serves as a director of two corporations that are competing or transacting with one another. It may also arise where a Decision-Maker has an association or relationship with another entity.

3. Process for Resolution of Conflicts and Addressing Breaches of Duty

The process set out in this Policy must be followed when a conflict of interest arises.

Disclosure of Conflicts

A Decision-Maker who has a conflict of interest shall immediately disclose it to the Board by notification to the Board Chair or the Chief Executive Officer. A Decision-Maker may make a general declaration of their relationships and interests in entities or persons that give rise to conflicts. If a Decision-Maker is uncertain whether a conflict of interest exists, the Decision-Maker must err on the side of disclosure.

Where the Board Chair or Chief Executive Officer has a conflict of interest, notice shall be given to COO/CFO, and every subsequent reference to Board Chair in this policy shall be deemed to be a reference to the COO/CFO. The disclosure shall be sufficient to disclose the nature and extent of the conflict of interest. Disclosure shall be made at the earliest possible time and, where possible, before any discussion and vote on the matter.

Where (i) a Decision-Maker is not present at a meeting where a matter in which the Decision-Maker has a conflict of interest is first discussed and/or voted upon, (ii) a conflict of interest arises for a Decision-Maker after a matter has been discussed but not yet voted upon, or (iii) a Decision-Maker becomes conflicted after a matter has been approved, the Decision-Maker shall disclose the conflict of interest to the Board Chair (or other responsible party) in accordance with this Policy as soon as possible thereafter and at the next Board and/or Board committee meeting. If a Decision-Maker becomes interested in a contract or transaction after it is made or entered into, the disclosure shall be made as soon as possible after the Decision-Maker becomes so interested.

Managing Conflict of Interest

Where a Decision-Maker discloses a conflict of interest in accordance with this Policy, the Board Chair (or other responsible Director) may take whatever action they deem appropriate to manage the conflict of interest in the circumstances and report back to the Board on the action taken.

At a minimum, the conflicted Decision-Maker shall not be present during the discussion, be counted in the quorum concerning the vote, or vote in respect of the matter in which they have a conflict of interest, and shall not attempt in any way to influence the voting. A specific notation that the Decision-Maker left and returned to the meeting shall be recorded in the minutes.

If there is any question, dispute or doubt concerning if there is a conflict of interest, the Board Chair (or other responsible Director in accordance with this Policy) will determine whether a conflict of interest exists and will inform the Board of their decision. The disclosure and decision as to whether a conflict of interest exists shall be recorded in the minutes of the Board meeting.

Where any Decision-Maker believes that another Decision-Maker has a conflict of interest that has not been disclosed, the following process applies:

(a) Refer matter to Board Chair or (or other responsible Director in accordance with this Policy), with notice to the Chief Executive Officer.
(b) Board Chair may either (i) attempt to resolve the matter informally, or (ii) refer the matter to either a governance committee or to an ad hoc Board committee established by the Board Chair which the committee shall report to the Board.
(c) If the Board Chair elects to attempt to resolve the matter informally and the matter cannot be informally resolved to the satisfaction of the Board Chair, the Decision-Maker referring the matter, the Decision-Maker involved, the Board Chair shall refer the matter to the process in (b) (ii) above.
(d) A decision of the Board by resolution shall be determinative of the matter.

4. Amendment

This Policy will be reviewed as often as necessary, or as otherwise may be required by law, and may be amended by the Board.