

# ONCOLYTICS BIOTECH INC.

## MANDATE OF THE BOARD OF DIRECTORS

### 1. Policy Statement

The Board of Directors (the "Board") of Oncolytics Biotech Inc. (the "Corporation") has the responsibility to oversee the conduct of the business of the Corporation and to oversee the activities of management who are responsible for the day-to-day conduct of the business of the Corporation.

The President and Chief Executive Officer (the "CEO") and senior management of the Corporation ("Management") have responsibility to formulate strategies and plans and present them to the Board for approval. The Board:

- approves the goals of the business;
- approves the objectives and policies within which the business of the Corporation is managed;
- assumes a stewardship role; and
- evaluates Management's performance.

The CEO keeps the Board fully informed of the Corporation's progress towards the achievement of its goals and of all material deviations from the goals and objectives and policies established by the Board.

### 2. Composition and Operation

- (a) The Board will consist of a minimum of 1 and a maximum of 11 directors, in accordance with the Articles of Incorporation of the Corporation.
- (b) The Board is to be constituted of a majority of individuals who qualify as independent directors. An independent director is one who: (i) meets the requirements of NASDAQ Rule 5605 and National Instrument 58-101; (ii) is independent of management; and (iii) is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation other than interests and relationships arising from shareholdings. In determining whether a director is independent of management, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.
- (c) The Board should consist of professional and competent members with an appropriate mix of skills and abilities to ensure that the Board carries out its duties and responsibilities in the most effective manner and that the Corporation meets its legal, financial and operational duties and objectives.
- (d) The Board will review the need for a Board Diversity Policy annually.
- (e) At least  $\frac{1}{4}$  of the members of the Board must be resident Canadians, in accordance with the *Business Corporations Act* (Alberta).
- (f) An individual who has served on the Board for a period of twelve (12) years shall not be eligible to be nominated for re-election to the Board unless an exception to the term limit of twelve (12) years is recommended by the Board.

### ***Chair:***

The members of the Board shall elect an independent Chair from among the independent members of the Board and the Chair shall preside at all meetings of the Board. The Chair of the Board shall be responsible for leadership of the Board, including preparing or approving the agenda, presiding over the meetings, and making board assignments. In addition, the responsibility of the Chair is to ensure the independence of the Board in the discharge of its responsibilities. In this regard, the Chair, individually or with the support of the committees, consults with the CEO on selection of committee members and committee chairs, Board meetings and planning meeting agendas, the format and adequacy of information provided to directors and the effectiveness of Board meetings. The Chair also consults directly with other directors on issues of Board independence or dissent, conflicts of interest of the CEO, or personal liability matters.

### ***Delegation:***

The Board operates by delegating certain of its authorities to Management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the board, constituting committees of the full Board and determining compensation for the directors. Subject to the Articles and By-Laws of the Corporation and the *Business Corporations Act* (Alberta), the Board may establish committees of the Board, delegate powers, duties and responsibilities to such committees and seek the advice of such committees. The Board may establish ongoing committees of the Board with specific mandates and obligations to report to the entire Board, as well as establish *ad hoc* committees to deal with particular issues that might arise from time to time. The Board has presently established the following committees: the Audit Committee, the Governance Committee, the Compensation Committee and the Science and Technology Committee.

### **3. Responsibilities**

The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and to ensure that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders such as employees, customers and communities may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination, communication planning and internal control integrity.

The Board is accountable to shareholders. In pursuing its objectives, the Board recognizes that the Corporation affects and is affected by many stakeholders. The Board will take these relationships into consideration in discharging its responsibilities, but these relationships do not change the nature of the Board's accountability.

### **4. External Advisors**

If, in order to properly discharge its function, duties and responsibilities, it is necessary, in the opinion of the Board that the Board obtains the advice and counsel of external advisors, the Board may engage the necessary advisors.

## 5. Specific Duties

### *Legal Requirements*

- (a) The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
- (b) The Board has the statutory responsibility to:
  - (i) manage the business and affairs of the Corporation;
  - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
  - (iii) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereto, the Articles and By-Laws of the Corporation, and other relevant legislation and regulations.
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to Management or to a committee of the Board:
  - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders, including the adoption, amendment or repeal of by-laws;
  - (ii) the filling of a vacancy among the Directors;
  - (iii) the issuance of securities;
  - (iv) the declaration of dividends;
  - (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
  - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - (vii) the approval of management proxy circulars;
  - (viii) the approval of the audited annual financial statements;
  - (ix) review and approve all securities offering documents (including documents incorporated therein by reference) of the Corporation; and
  - (x) All material significant transactions, including, any take-over bid, proposed merger, amalgamation, arrangement, and acquisition of all or substantially all of the assets of the Corporation or of another entity by the Corporation, or any similar form of business combination and the establishment of any credit facilities and any other long-term debt commitments, including the approval of any agreements, circulars or other documents in connection therewith.

### *Managing the Affairs of the Board*

- (a) The Board manages the affairs of the Board including:
  - (i) appointing committees and advisory bodies, including those listed in Section 2;

- (ii) establishing the terms of reference of, delegating responsibilities to and seeking advice of the committees;
- (iii) approving terms of reference for the Chair and individual directors;
- (iv) implementing processes to evaluate the performance of the Board, the Committees and individual directors in fulfilling their respective responsibilities;
- (v) implementing processes for new director orientation and ongoing director development;
- (vi) appointing the Corporate Secretary;
- (vii) implementing effective governance processes to fulfill its responsibility for oversight; and
- (viii) making recommendations to the shareholders in the following areas:
  - (A) director nominees;
  - (B) appointment of the external auditors; and
  - (C) any special business items to be addressed by shareholders that may be brought forward to the Board from time to time.

### ***Independence***

- (b) The Board has the responsibility to:
  - (i) implement appropriate structures and procedures to permit the Board to function independently of Management;
  - (ii) schedule meetings of the independent board members separately from Management and Management directors as part of each regularly scheduled board meeting;
  - (iii) implement appropriate procedures to enable an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances, while ensuring there is no conflict of interest and that at least the independent directors are aware of and approve the engagement.

### ***Strategy Determination***

- (a) The Board shall:
  - (i) participate with Management in developing and adopting the Corporation's strategic planning process, including:
    - (A) providing input to Management on emerging trends and issues;
    - (B) reviewing and approving on an annual basis Management's strategic plan, which takes into account, among other things, the opportunities and risks of the business of the Corporation; and
    - (C) reviewing and approving on an annual basis the Corporation's financial objectives, plans and actions;
  - (ii) approve annual capital and operating budgets which support the Corporation's ability to meet the objectives established in the strategic plan; and

- (iii) annually review operating and financial performance results relative to established strategy, budgets and objectives.

### ***Managing Risk***

- (a) The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.
- (b) The Board has the responsibility to:
  - (i) with the assistance of the Audit Committee, monitors corporate financial performance against operating and capital plans;
  - (ii) receive, at least annually, reports from Management and, where applicable, from Committees, on matters relating to, among others, ethical conduct, environmental management, employee health and safety, human rights and related party transactions.

### ***Management and Human Resources***

- (a) With the assistance of the Compensation Committee, the Board is responsible for:
  - (i) appointment, termination and succession of the Chief Executive Officer ("CEO");
  - (ii) approving CEO compensation;
  - (iii) approving terms of reference for the CEO;
  - (iv) monitoring CEO performance and reviewing CEO performance at least annually against agreed upon written objectives;
  - (v) providing advice and counsel to the CEO on the execution of the CEO's duties;
  - (vi) approving material decisions relating to Management, including:
    - (A) appointment and termination of executive officers; and
    - (B) compensation and benefits to executive officers;
  - (vii) satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation;
  - (viii) ensuring succession planning programs are in place, including programs to train, develop and monitor continuity in Management;
  - (ix) implement and monitor an appropriate Code of Ethics for all directors, officers and employees of the Corporation addressing:
    - (A) conflicts of interest and the procedures to identify and manage with conflicts of interest;
    - (B) protection and proper use of corporate assets and opportunities;
    - (C) confidentiality of corporate information;
    - (D) compliance with applicable laws, rules and regulations; and
    - (E) reporting of any illegal or unethical behavior.

- (x) ensure that the Corporation has a high regard for the environment and has in place appropriate programs and policies;
- (xi) ensure that the Corporation has a high regard for the health and safety of its employees in the workplace and has in place appropriate programs and policies.

### ***Reporting and Communication***

- (a) The Board has the responsibility to :
  - (i) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
  - (ii) verify that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
  - (iii) verify that the financial results are reported fairly and in accordance with generally accepted accounting standards;
  - (iv) verify the timely reporting of any other developments that could have a significant and material impact on the value of the Corporation; and
  - (v) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year.

### ***Monitoring and Acting***

- (a) The Board has the responsibility to:
  - (i) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
  - (ii) verify that the Corporation operates at all time within applicable laws and regulations to the highest ethical and moral standards;
  - (iii) approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
  - (iv) monitor the Corporation's progress towards its goals and objectives and revise and alter its direction through management in response to changing circumstances;
  - (v) take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant;
  - (vi) receive reports from management related to significant changes in the intellectual property portfolio of the Corporation and to monitor disposition and abandonment of any significant parts of the intellectual property portfolio of the Corporation; and
  - (vii) verify that the Corporation has implemented adequate internal control and information systems which ensure the effective discharge of its responsibilities.

## **6. Other Activities**

- (a) The Board shall prepare and distribute the schedule of Board meetings for each upcoming year.

- (b) The Board may perform any other activities consistent with this Mandate, the By-Laws of the Corporation and any other governing laws as the Board determines necessary or appropriate.
- (c) The Board shall annually review the corporate structure, consider the recommendations of the Audit Committee and elect or appoint the officers and directors of each subsidiary of the Corporation.
- (d) The Board shall assess on an annual basis, the adequacy of this Mandate and the performance of the Board.

**7. Date of Mandate**

This Mandate was last reviewed and approved by the Board on March 4, 2021.