

URBANA CORPORATION
(“Urbana” or the “Company”)

Conflicts of Interest & Related Party Transactions Policy

Approved by the Board: August 2, 2017

Purpose of this Policy

This Policy has been adopted by the Urbana board of directors (“Board”) to provide guidance on how to address Conflicts (as defined below).

This Policy has been adopted as a replacement of the Conflicts of Interest & Related Party Transactions Policy that was adopted by the Board on March 28, 2017.

What is a Conflict of Interest?

A conflict of interest is a circumstance where a reasonable person would consider an Urbana director or officer, or the director’s or officer’s immediate family or financial and business associates to have an interest that interferes with, or might reasonably be perceived to interfere with, the ability of the director or officer to act in the best interest of the Company (a “**Conflict**”).

Policy

Urbana follows a practice of identifying, evaluating and regulating Conflicts, including with respect to related party transactions, and bringing them to the attention of Urbana’s audit committee (the “**Audit Committee**”).

Application of this Policy

This Policy applies to all Urbana directors and officers.

Business Corporations Act (Ontario) Requirements

Under the *Business Corporations Act* (Ontario) which applies to Urbana as a corporation, certain procedures apply when a director or officer is in a situation of Conflict because he or she is a party to an existing or proposed material contract or transaction with Urbana, or the director or officer is a director or officer of, or has a material interest in, any person (individual or corporate) who is a party to a material contract or transaction with Urbana.

Before a meeting of the Board or Board Committee, an agenda shall be circulated to each director by the Corporate Secretary, with agenda items described in sufficient detail to allow members of the Board to identify possible Conflicts.

Where an Urbana director is a direct party to an existing or proposed material contract or transaction with the Company, or the director is a director or an officer of, or has a material interest

in, any party to such material contract or transaction with Urbana, then whether or not the contract or transaction requires approval of the Company's directors or shareholders, the director:

(a) must disclose in writing to the Company or request to have entered in the minutes of a Board meeting the nature and extent of his or her interest

(i) at the meeting at which a proposed contract or transaction is first considered;

(ii) if the director was not then interested in a proposed contract or transaction or becomes interested after a contract is made or a transaction is entered into, at the first meeting after he or she becomes so interested;

(iii) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he or she becomes a director; and

(b) after the obligation to disclose arises, must not attend any part of a meeting of directors during which the contract or transaction is discussed or vote on any resolution to approve the contract or transaction unless the contract or transaction is,

(i) one relating primarily to his or her remuneration as a director;

(ii) one for indemnity or insurance under section 136 of the *Business Corporations Act* (Ontario); or

(iii) one with an affiliate¹ of Urbana.

Where an Urbana officer is a direct party to an existing or proposed material contract or transaction with the Company, or the officer is a director or an officer of, or has a material interest in, any party to such material contract or transaction with Urbana, then whether or not the contract or transaction requires approval of the Company's directors or shareholders, the officer must disclose in writing to the Company or request to have entered in the minutes of a Board meeting the nature and extent of his or her interest. In the case of an officer who is not a director, such disclosure must be made

(a) forthwith after the officer becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;

(b) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he or she becomes so interested; or

¹ One body corporate is affiliated with another body corporate if one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person.

A body corporate is controlled by another person or by two or more bodies corporate if (a) voting securities of the first body corporate carrying more than 50 per cent of the votes for the election of directors are held, other than by way of security only, by or for the benefit of such other person or by or for the benefit of such other bodies corporate; and (b) the votes carried by such securities are sufficient, if exercised, to elect a majority of the board of directors of the first-mentioned body corporate.

A body corporate is a subsidiary of another body corporate if

(a) it is controlled by,

(i) that other, or

(ii) that other and one or more bodies corporate each of which is controlled by that other, or

(iii) two or more bodies corporate each of which is controlled by that other; or

(b) it is a subsidiary of a body corporate that is that other's subsidiary.

(c) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he or she becomes an officer.

A general notice to the directors of Urbana by a director or officer of Urbana disclosing that he or she is a director or officer of, or has a material interest in, any person (individual or corporate), or that there has been a material change in the interest in such director or officer's interest in the person, and is to be regarded as interested in any contract made or any transaction entered into with such person, is sufficient disclosure of interest in relation to any such contract or transaction.

What is a "Material" Contract or Transaction for Urbana?

For the purposes of this Policy, a contract or transaction is considered material to Urbana if:

- the contract or transaction is for an amount of \$1 million or greater;
- its disclosure is likely to affect a reasonable investor's decision to buy, sell or hold Urbana securities;
- its disclosure is likely to have a significant effect on the market price or value of Urbana securities; or
- the review and/or recommendation of the Audit Committee are otherwise sought or required in respect of the contract or transaction.

What is a "Material Interest" for a Director or Officer?

A director or officer's interest in a person who is a party to the contract or transaction is considered to be material if:

- a) they have a close personal relationship with a person who is a party to the contract or transaction; or
- b) the disclosure of the interest would be important to Urbana's decision-making process as to:
 - whether to enter into, or the terms of, the contract or transaction; or
 - the due diligence process undertaken in respect the contract or transaction.

Annual Questionnaire for Directors and Officers

Urbana directors and officers are required to complete annually the Questionnaire attached at Appendix A to this Policy. The Questionnaire, among other things, asks directors and officers to disclose directorships and other material interests or relationships that are, or could reasonably be perceived to be, a conflict of interest with their obligation as a director and/or officer of Urbana, and the mitigating factors or actions that allow them to continue to exercise independent judgment.

The responses to the annual Questionnaire are to be reviewed by Urbana's Corporate Secretary against the provisions of the *Business Corporations Act* (Ontario) and applicable regulatory requirements. If necessary, additional information may be requested from directors or officers to

supplement responses provided in the annual Questionnaire. The results of the Corporate Secretary's review are submitted to the Audit Committee to confirm that there are no Conflicts, or, if Conflicts are disclosed, to evaluate the surrounding circumstances and determine an appropriate course of action, including identifying any mitigating factors or actions that might allow the director or officer to continue to exercise independent judgment. The Chair of the Audit Committee will report the conclusions of the Audit Committee promptly to the officers, and to the directors at the next Board meeting. A record will be kept in the minutes of the meeting. The disclosures are to be retained by the Corporate Secretary in Urbana's minute book for future reference, to determine when information on any material contracts, transactions or relationships disclosed by directors or officers is scheduled to come before the Urbana Board and, in the case of directors, should be excluded from a director's Board package.

Supplementary Disclosures Following Submission of Annual Questionnaire

After submitting their annual Questionnaire, directors and officers have an obligation to disclose any new Conflicts once they become aware of them.

This following supplementary procedure applies only if a director's, officer's or Urbana's situation changes, or a director or officer becomes aware of a Conflict, after delivering their annual Questionnaire disclosure, and if at all possible before accepting an appointment or becoming involved in a situation that may create a Conflict. This supplementary procedure is similar to the procedure employed by the Audit Committee with respect to the annual Questionnaire, with some discretion by the Board Chair to resolve actual or potential conflicts:

- As soon as a director's/officer's situation changes or he/she become aware of an actual or potential Conflict, the director/officer will disclose in writing (e-mail is acceptable) to the Audit Committee Chair the facts of the actual or potential Conflict and, if applicable, the mitigating factors or actions that will allow them to continue to exercise independent judgment.
- The Audit Committee Chair may make an immediate determination regarding the director's/officer's disclosure, or seek additional advice if he/she believes it is necessary in order to be able to respond.
- The Audit Committee Chair will respond in writing (email is acceptable) to the director/officer regarding the actual or potential conflict, and mitigating factors or actions if any is required. Urbana's Corporate Secretary will retain a copy of the director's/officer's disclosure and the Audit Committee Chair's response in Urbana's minute book.

Policies on Specific Types of Conflicts

Investments in Private Companies and Start-Ups

When Urbana first makes investments in private companies and start-ups, the investee companies are generally at arm's length from Urbana. Following the investment, Urbana may become a major or even the sole shareholder of the investee private company, may be represented on the company's board and may be consulted frequently with respect to ongoing operational matters. For this reason, independent directors or the full Audit Committee must be consulted before a follow-on private investment is made.

Audit Committee approval is required in respect of all transactions where a private investment is over \$5 million. Any investment over \$1 million in a start-up private investee, or investment over \$5 million in an established private investee must be approved by the Board.

Outside Activities

A Conflict may arise if a director/officer engages in any other business activity, directly or indirectly, which affects the activities of Urbana or which is in competition with Urbana, and which may be construed as being in conflict with Urbana's interests. In such cases, the director/officer must provide both the annual Questionnaire and the supplementary disclosures described above in accordance with this Policy.

A Conflict may also arise if a director/officer engages in, or accepts an appointment or election to office in any organization or association engaged in, or expected to become engaged in, any activity which is, or is likely to be, in conflict with any activity of Urbana. In such cases, the director/officer must provide both the annual Questionnaire and the supplementary disclosures described above in accordance with this Policy prior to accepting the appointment.

From time to time, individual directors/officers may be in positions of leadership in non-profit associations where they may be viewed as a spokesperson for such groups. In such situations, the individuals should ensure that they are seen as speaking for that organization or as individuals, and not as a spokesperson or representative of Urbana. If a director/officer is concerned that he/she has been or may be perceived to have acted or be acting as a spokesperson or representative of Urbana, the director/officer shall advise the Audit Committee Chair either verbally or in writing (email is acceptable) and the Audit Committee Chair shall determine if any steps should be taken to respond to the situation. A record of the Audit Committee Chair's conclusions shall be maintained in Urbana's minute book.

Vendors & Suppliers

It is a conflict of interest if a director/officer is a director, officer, employee, lobbyist, consultant (including being on a retainer, although not presently active) of a vendor or supplier (a "**Supplier**") who is bidding to perform work or provide services to Urbana if:

- the director/officer has more than a 10% financial interest in the subject Supplier;
- the director/officer has an investment in the Supplier representing more than 5% of the director/officer's financial worth; or
- a director/officer has an associate² or a member of the director/officer's household who is a director, officer or employee of the Supplier.

In such cases, the director/officer must provide both the annual Questionnaire and the supplementary disclosures described above in accordance with this Policy. A director must refrain

² "associate", where used to indicate a relationship with any person, means,

(a) any body corporate of which the person beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the body corporate for the time being outstanding,

(b) any partner of that person,

(c) any trust or estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar capacity,

(d) any relative of the person, including the person's spouse, where the relative has the same home as the person, or

(e) any relative of the spouse of the person where the relative has the same home as the person;

from voting on a resolution to approve the subject Supplier and must be absent from the meeting during any discussion regarding the Supplier (as per the *Business Corporations Act (Ontario)*). Where a director was a director of the subject Supplier, the foregoing requirements shall continue to apply for six months after the director ceased to be a director of the subject Supplier. Directors who have acted as a lobbyist or consultant to, or have been on a retainer with, the subject Supplier and do not expect to be engaged by the subject Supplier, may participate in such discussions but shall refrain from voting for a three month period following termination of the consultancy relationship or the retainer.

Caldwell Investment Management Ltd. and Caldwell Securities Ltd. provide services to Urbana and they and other Caldwell entities may, from time to time, enter into material contracts or transactions with Urbana. If a director and/or officer of Urbana who is also a significant shareholder of Urbana discloses a material interest in these or other Caldwell entities, then, in circumstances where Caldwell entities are Suppliers or party to existing or proposed material contracts or transactions with Urbana, such person shall not attend any part of a meeting of the Board and shall not vote on any resolution to approve the subject contract, transaction or Supplier. The person shall be invited to attend meetings of the Audit Committee for the exclusive purpose of being briefed by the Audit Committee on its views or answering its questions regarding the subject contract, transaction or Supplier, and shall have an opportunity to provide comments to the Audit Committee in connection therewith.

Gifts, Hospitality, Bribes and Kickbacks

Accepting gifts and/or hospitality may compromise a director's/officer's ability to make fair, impartial and objective business decisions. On occasion, it may be acceptable to give or receive a business-related gift or hospitality when there is a business benefit to Urbana. It is inappropriate to ever offer, ask for, give or receive any form of bribe or kickback. Directors/officers shall consult with the Chair of the Audit Committee for advice if they are unsure about the appropriateness of accepting or offering gifts and/or hospitality.

Transactions Involving Significant Urbana Shareholders

The Audit Committee must evaluate and approve any Urbana material contract or transaction in which any of the following have a material interest: (i) any significant Urbana shareholders³, (ii) any companies controlled by any one or more significant Urbana shareholders (iii) any companies in which one or more significant Urbana shareholders have a material interest.

Board Packages

Based on disclosures made by directors/officers pursuant to this Policy and in the annual Questionnaire, management or the Board Chair may make the determination not to provide certain information to any particular director on the basis that such director may have an interest in the matter with respect to which the information pertains. The director shall be advised by the Board Chair or management that certain information has been withheld and the reason that such information has been withheld.

³ A "significant Urbana shareholder" means a person or company who beneficially owns or directly or indirectly controls or directs, 10 per cent or more of Urbana's voting shares.

Related Party Transactions

Urbana's practice is to identify related parties in its continuous disclosure filings, and to evaluate and approve related party transactions in accordance with this Policy.

Urbana is subject to the rules applicable to a "related party" and "related party transaction" set out in Multilateral Instrument 61-101 – *Protection Of Minority Security Holders In Special Transactions* ("MI 61-101"), which mandate disinterested Board and shareholder approval for certain transactions.

Under MI 61-101, and for the purpose of this Policy, a "related party" of Urbana means a person (individual or corporate), other than a person that is solely a *bona fide* lender, that, at the relevant time and after reasonable inquiry, is known by Urbana or a director or senior officer of Urbana to be:

- (a) a control person of Urbana,
- (b) a person of which a person referred to in paragraph (a) is a control person,
- (c) a person of which Urbana is a control person,
- (d) a person that has
 - (i) beneficial ownership of, or control or direction over, directly or indirectly, or
 - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of Urbana carrying more than 10% of the voting rights attached to all Urbana's outstanding voting securities,
- (e) a director or senior officer of
 - (i) Urbana, or
 - (ii) a person described in any other paragraph of this definition,
- (f) a person that manages or directs, to any substantial degree, the affairs or operations of Urbana under an agreement, arrangement or understanding between the person and Urbana, excluding a person acting under bankruptcy or insolvency law,
- (g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50% of the securities of any outstanding class of equity securities, or
- (h) an affiliated entity of any person described in any other paragraph of this definition.

Under MI 61-101, and for the purpose of this Policy, "related party transaction" means, for Urbana, a transaction between Urbana and a person (individual or corporate) that is a related party of Urbana at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, Urbana directly or indirectly:

- (a) purchases or acquires an asset from the related party for valuable consideration,
- (b) purchases or acquires, as a joint actor with the related party, an asset from a third party if the proportion of the asset acquired by Urbana is less than the proportion of the consideration paid by Urbana,
- (c) sells, transfers or disposes of an asset to the related party,
- (d) sells, transfers or disposes of, as a joint actor with the related party, an asset to a third party if the proportion of the consideration received by Urbana is less than the proportion of the asset sold, transferred or disposed of by Urbana,
- (e) leases property to or from the related party,

- (f) acquires the related party, or combines with the related party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,
- (g) issues a security to the related party or subscribes for a security of the related party,
- (h) amends the terms of a security of Urbana if the security is beneficially owned, or is one over which control or direction is exercised, by the related party, or agrees to the amendment of the terms of a security of the related party if the security is beneficially owned by the issuer or is one over which Urbana exercises control or direction,
- (i) assumes or otherwise becomes subject to a liability of the related party,
- (j) borrows money from or lends money to the related party, or enters into a credit facility with the related party,
- (k) releases, cancels or forgives a debt or liability owed by the related party,
- (l) materially amends the terms of an outstanding debt or liability owed by or to the related party, or the terms of an outstanding credit facility with the related party, or
- (m) provides a guarantee or collateral security for a debt or liability of the related party, or materially amends the terms of the guarantee or security;

Urbana's management team must discuss all related party transactions⁴. In considering related party transactions, management shall assess the materiality of related party transactions on a case-by-case basis with respect to both the qualitative and quantitative aspects of the proposed related party transaction. Related party transactions that are in the normal course are subject to standard approval procedures and management oversight, but will also be considered by management for reasonability against fair value.

Related party transactions that are found to be material are subject to review and approval by the Company's Audit Committee. As part of its review and approval process, the Audit Committee may solicit independent financial and legal advice, including from Urbana's legal counsel. A record of the conclusions and analysis of the Audit Committee shall be maintained in Urbana's minute books.

Urbana may only conclude a related party transaction with the approval of the minority shareholders and if a formal valuation by a qualified independent valuator has been obtained in respect of the "subject matter" of the transaction unless an exemption from these requirements has been obtained or is available under MI 61-101.

Exemptions from the formal valuation and minority approval requirements are available when, at the time the related party transaction is agreed to, neither the fair market value of the subject matter of the transaction, nor the fair market value of the consideration for the subject matter of the transaction, insofar as it involves interested parties, exceeds 25% of Urbana's market capitalization.

If the relevant fair market values are readily determinable, the Audit Committee shall determine whether exemptions from the formal valuation and minority approval requirements are available and communicate its conclusions to the Board.

If the Audit Committee concludes that the fair market values are not readily determinable, it must communicate this conclusion to the Board and any determination as to whether fair market value exceeds the 25% threshold for the exemption must then be made by Urbana's Board acting in

⁴ The definition of "related party" in IFRS (IAS 24, paragraph 9) may also extend to certain private company investments while they are being held by Urbana, by virtue of the status of such an entity as an "associate" of Urbana (as such term is defined in IAS 28). Similarly, the IFRS "related party" definition extends to certain private holding entities used by Urbana as holding vehicles for underlying investments.

good faith. A record of the conclusions and analysis of the Audit Committee and the Board shall be maintained in Urbana's minute books.

Situations Not Specifically Addressed/Anticipated in this Policy

This Policy does not contemplate all situations or circumstances that may from time to time arise. Directors are expected to use their best judgment to ensure that they deal with Conflicts appropriately. If a director is not certain if a situation requires disclosure under this Policy, the director should seek clarification from the Chair of the Audit Committee.

Issues or questions arising in connection with this Policy should be raised with the Chair of the Audit Committee. A record of their conclusions will be maintained in Urbana's minute book. If the Audit Committee Chair considers it appropriate, he/she shall also advise the Board of the situation and the conclusion at the next meeting of the Board.

Responsibility

Each director and officer shall abide by the standards described in this Policy, and other applicable policies, guidelines or legislation, and ensure enquiries are made if he/she knows or suspects that another director or officer is or may be involved in a situation that creates a Conflict. If a director or officer knows of or suspects the existence of a Conflict in relation to any other director or officer, he/she has the responsibility to report it to the Chair of the Audit Committee.

Annual Assessment of this Policy

The Audit Committee shall conduct an annual assessment of this Policy in order to evaluate its continued appropriateness and effectiveness. The conclusions of the Audit Committee shall be reported to the Board by the Chair of the Committee at the next meeting of the Board, together with any proposed revisions to this Policy. Any changes to this Policy must be reviewed and approved by the Board, on the recommendation of the Audit Committee.

APPENDIX A

**Form of Annual Director & Officer Questionnaire
Pursuant to Urbana Corporation's Conflicts of Interest & Related Party Transactions Policy**

1. Date: _____
2. Name: _____
3. Title with Urbana: _____
4. List all directorships currently held with every organization other than with Urbana
5. List all officer positions currently held with every organization other than with Urbana
6. List the names of all members of your household that share your home address
7. Do you beneficially own or directly or indirectly control or direct, 10 per cent or more of Urbana's voting shares? If yes, please provide complete details.
8. Are you an "insider"⁵ of any entity? If yes, please provide complete details.
9. Describe all other material interests or relationships, if any, that are, or could reasonably be perceived to be, an actual or potential conflict of interest with your obligations as an Urbana director and/or officer. Specifically:
 - a. Are you a party to an existing or proposed material contract or transaction with Urbana? If yes, please provide complete details.
 - b. Are you a director or officer of any person (individual or corporate) who is a party to an existing or proposed material contract or transaction with Urbana? If yes, please provide complete details.
 - c. Do you have a material interest in any person (individual or corporate) who is a party to an existing or proposed material contract or transaction with Urbana? If yes, please provide complete details.
 - d. Do you have a close personal relationship with a person who is a party to an existing or proposed material contract or transaction with Urbana? If yes, please provide complete details.
10. If any material interests or relationships are disclosed in 9 above, describe any mitigating factors or actions that might allow you to continue to exercise independent judgment as an Urbana director or officer

Director / Officer Acknowledgment

The undersigned confirms that it has reviewed and understood the Policy and that the responses to this Questionnaire are complete and accurate. The undersigned acknowledges that these responses will be reviewed and relied on by Urbana and the Urbana Audit Committee whose responsibility includes deciding whether conflicts of interest exist and how the conflict is to be addressed. The undersigned further agrees to promptly notify Urbana's Corporate Secretary and the Chair of the Audit Committee of any subsequent material changes in the information provided in this Questionnaire in accordance with the Policy.

Signed: _____

⁵ "insider" means,

- (a) a director or officer of an entity,
- (b) a director or officer of a person or company that is itself an insider or subsidiary of an entity,
- (c) a person or company that has,
 - (i) beneficial ownership of, or control or direction over, directly or indirectly, securities of an entity carrying more than 10 percent of the voting rights attached to all the entity's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution, or
 - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an entity carrying more than 10 per cent of the voting rights attached to all the entity's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution,
- (d) an entity that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security,
- (e) a person or company designated, or that is in a class of persons or companies designated, as an insider pursuant to applicable securities laws.