

# ONCOLYTICS BIOTECH INC.

## COMPENSATION COMMITTEE MANDATE

### 1. **Policy Statement**

It is the policy of Oncolytics Biotech Inc. (the "Corporation") to establish and maintain a Compensation Committee (the "Committee"), composed entirely of independent directors, to assist the Board of Directors of the Corporation (the "Board") in carrying out its responsibility for the Corporation's human resources and compensation policies and processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board, including administrative support. If determined necessary by the Committee, it will have the discretion to investigate and conduct reviews of any human resource or compensation matter including the standing authority to retain experts and, with approval of the Board, special counsel.

### 2. **Composition of Committee**

- (a) The Committee shall consist of a minimum of two (2) directors, at least half of whom shall be resident Canadians. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Corporate Governance and Nominating Committee in identifying qualified candidates. The Board shall appoint one member of the Committee to be the Chair of the Committee, or delegate such authority to appoint the Chair of the Committee to the Committee.
- (b) The Chair of the Committee shall be responsible for the leadership of the Committee, including preparing or approving the agenda, presiding over the meetings, and making committee assignments.
- (c) Each director appointed to the Committee by the Board shall be an outside director who is unrelated. An outside, unrelated director is a director who meets the requirements of NASDAQ Rule 5605 and National Instrument 58-101 who is independent of management and is free from any interest, 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 shareholding. 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.
- (d) Each member shall be appointed by the Board annually at the next scheduled meeting of the Board following the AGM.
- (e) The Lead Director shall be an ex officio member of the committee.

### 3. **Meetings of the Committee**

- (a) The Committee shall convene a minimum of once per year at such time and place as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, or the Chief Executive Officer of the Corporation (the "CEO").

- (b) Notice of each meeting of the Committee shall be given to each member of the Committee and the CEO, who shall each be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.
- (c) Notice of a meeting of the Committee shall:
  - (i) be in writing, including by electronic communication facilities;
  - (ii) state the nature of the business to be transacted at the meeting in reasonable detail;
  - (iii) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
  - (iv) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
- (d) A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee.
- (e) A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
- (f) In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the Secretary of the meeting.
- (g) Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.

#### 4. **Duties and Responsibilities of the Committee**

- (a) The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
- (b) The Committee's primary duties and responsibilities are to review and make recommendations to the Board in respect of:
  - (i) human resource policies, practices and structures (to monitor consistency with the Corporation's goals and near and long-term strategies, support of operational effectiveness and efficiency, and maximization of human resources potential);
  - (ii) compensation policies and guidelines;
  - (iii) management incentive and perquisite plans and any non-standard remuneration plans;
  - (iv) senior management, executive and officer appointments and their compensation;

- (v) management succession plans, management training and development plans, termination policies and termination arrangements; and
  - (vi) Board compensation matters.
- (c) In carrying out its duties and responsibilities, the Committee shall:
- (i) annually assess and make a recommendation to the Board with regard to the competitiveness and appropriateness of the compensation package of the CEO, all other officers of the Corporation and such other key employees of the Corporation or any subsidiary of the Corporation as may be identified by the CEO and approved by the Committee (collectively, the "Designated Employees");
  - (ii) annually review the performance goals and criteria for the CEO and evaluate the performance of the CEO against such goals and criteria and recommend to the Board the amount of regular and incentive compensation to be paid to the CEO;
  - (iii) annually, review and make a recommendation to the Board regarding the CEO's performance evaluation of Designated Employees and his recommendations with respect to the amount of regular and incentive compensation to be paid to such Designated Employees;
  - (iv) review and make a recommendation to the Board regarding any employment contracts or arrangements with each of the Designated Employees, including any retiring allowance arrangements or any similar arrangements to take effect in the event of a termination of employment;
  - (v) periodically, review the compensation philosophy statement of the Corporation and make recommendations for change to the Board as considered necessary;
  - (vi) from time to time, review and make recommendations to the Board in respect of the design, benefit provisions, investment options and text of applicable pension, retirement and savings plans or related matters;
  - (vii) annually, in conjunction with the Corporation's general and administrative budget, review and make recommendations to the Board regarding compensation guidelines for the forthcoming budget period;
  - (viii) when requested by the CEO, review and make recommendations to the Board regarding short term incentive or reward plans and, to the extent delegated by the Board, approve awards to eligible participants;
  - (ix) review and make recommendations to the Board regarding incentive stock option plans or any other long term incentive plans and to the extent delegated by the Board, approve grants to participants and the magnitude and terms of their participation;
  - (x) as required, fulfill the obligations assigned to the Committee pursuant to any other employee benefit plans approved by the Board;

- (xi) annually, prepare or review the report on executive compensation required to be disclosed in the Corporation's information circular or any other human resource or compensation matter required to be publicly disclosed by the Corporation;
  - (xii) periodically, but at least every third year, review and make a recommendation to the Board regarding the compensation of the Board of Directors;
  - (xiii) as required, retain independent advice in respect of human resources and compensation matters and, if deemed necessary by the Committee, meet separately with such advisors;
  - (xiv) review and consider the implications of the risks associated with the company's compensation policies and practices, specifically, situations that could potentially encourage an insider to expose the company to inappropriate or excessive risks; and
  - (xv) assess, on an annual basis, the adequacy of this Mandate and the performance of the Committee.
- (d) In addition to the foregoing, the Committee shall undertake on behalf of the Board such other initiatives as may be necessary or desirable to assist the Board in discharging its responsibility to ensure that appropriate human resources development, performance evaluation, compensation and succession planning programs are in place and operating effectively.

#### **5. Date of Mandate**

This Mandate was last reviewed, amended and approved by the Board on March 14, 2012