

TERRESTRIAL ENERGY

TERRESTRIAL ENERGY INC. RELATED PERSON TRANSACTION POLICY

I. Policy Statement

Terrestrial Energy Inc. (the “Company”) recognizes that Related Person Transactions (as defined below) may raise questions among stockholders as to whether those transactions are consistent with the best interests of the Company and its stockholders. It is the Company’s policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through the Audit Committee (the “Committee”) or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Parties (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review and approval of Related Person Transactions.

This Policy has been approved by the Committee. The Committee will review this Policy annually and may amend this Policy from time to time.

II. Related Person Transactions

For the purposes of this Policy, a “Related Person Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and in which any Related Person had, has or will have a direct or indirect material interest.

For purposes of this Policy, a “Related Person” means:

- any person who is, or at any time since the beginning of the Company’s last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
- any person who is known to be the beneficial owner of more than 5% of any class of the Company’s voting securities;
- any “immediate family member” of any of the foregoing persons; and
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

For purposes of this Policy, an “immediate family member” of a person is any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5%

stockholder, and any person (other than a tenant or employee) sharing the household of such person.

Each of the Company's directors and executive officers shall provide the Committee with a list of any firm, corporation or other entity in which such director or executive officer is an officer, director or has a controlling interest, which information requirement may be satisfied in connection with such director or executive officer's responses to the Company's annual Directors & Officers Questionnaire.

III. Approval Procedures

Related Person Transactions, including material amendments thereto, shall be reviewed in advance and if appropriate approved in accordance with the following procedures:

A. Prior to entering into the Related Person Transaction (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person, or (c) the Company personnel overseeing the Company's entry into the potential Related Person Transaction, shall provide written notice to the Chief Financial Officer and the General Counsel of the facts and circumstances of the proposed Related Person Transaction, including:

- (i) the Related Person's relationship to the Company and interest in the transaction;
- (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved;
- (iii) the benefits to the Company of the proposed Related Person Transaction;
- (iv) if applicable, the availability of other sources of comparable products or services; and
- (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

In the event such notice is provided by someone other than the Company personnel overseeing the Company's entry into the potential Related Person Transaction, the Chief Financial Officer and/or the General Counsel shall meet with the relevant Company personnel to confirm and supplement the information provided in the original notice. The Chief Financial Officer and the General Counsel will assess whether the proposed transaction is a Related Person Transaction for purposes of this Policy. To the extent possible, the Chief Financial Officer and the General Counsel shall be advised of any potential Related Person Transaction well in advance in order to provide adequate time to obtain and review information about the proposed transaction and determine whether it would, if entered into, constitute a Related Person Transaction, and if so, to follow the procedures set forth herein for review and approval of such transaction.

B. If the Chief Financial Officer and the General Counsel determine that the proposed transaction is a Related Person Transaction, the proposed Related Person Transaction shall be

submitted to the Committee for consideration at the next Committee meeting or, in those instances in which it is determined that it is not practicable or desirable for the Company to wait until the next Committee meeting to evaluate the transaction, to the Audit Committee Chair (who will possess delegated authority to act between Committee meetings). Notwithstanding the foregoing, if the Related Person is the Chief Financial Officer or the General Counsel, or an immediate family member of such officer, or an entity in which such officer is a partner, stockholder or executive officer, then such determination shall be made by Audit Committee Chair.

C. The Committee, or where submitted to the Audit Committee Chair, the Chair, shall consider the relevant facts and circumstances available to the Committee or the Chair, including (if applicable), but not limited to: (i) the benefits to the Company; (ii) the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in the consideration or approval of any Related Person Transaction with respect to which such member or any of such member's family members is the Related Person. The Committee (or the Audit Committee Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee (or the Chair) determines in good faith. The Committee or Audit Committee Chair, as applicable, shall convey the decision to the Chief Financial Officer and the General Counsel, who shall convey the decision to the appropriate persons within the Company. The Committee or Audit Committee Chair, as applicable, may also impose such conditions as it deems appropriate on the Company or the Related Person in connection with the approval of the Related Person Transaction.

IV. Ratification Procedures

In the event the Company's Chief Financial Officer or the General Counsel become aware of a Related Person Transaction after the initiation of such transaction, and the Related Person Transaction has not been previously reviewed and approved in accordance with this Policy, then:

A. If the transaction is pending or ongoing, it will be submitted to the Committee or Audit Committee Chair promptly, and the Committee or the Chair shall consider all of the relevant facts and circumstances available to the Committee or the Chair, including (if applicable) but not limited to: (i) the benefits to the Company; (ii) the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to unrelated third parties or to employees generally. Based on the conclusions reached, the Committee or the Audit Committee Chair shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and

B. If the transaction is completed, the Committee or the Audit Committee Chair shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction is appropriate, and shall request that the Chief Financial Officer and the General Counsel evaluate the Company's controls and procedures to ascertain the reason the

transaction was not submitted to the Committee or Audit Committee Chair for prior review and approval and whether any changes to such procedures are appropriate.

V. Annual Review of Ongoing Transactions

At least annually, the Committee shall review any previously approved or ratified Related Person Transactions that remain ongoing. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Committee shall determine if it is in the best interests of the Company and its stockholders to continue, modify or terminate the Related Person Transaction.

VI. Standing Pre-Approval for Certain Related Person Transactions

The Committee shall have the authority to determine certain transactions or categories of transactions with Related Persons that are not considered Related Person Transactions for purposes of this Policy given their nature, size and degree of significance the immateriality of such transaction to the relevant Related Person, and that are not required to be individually reported to, reviewed by, and/or approved or ratified by the Committee, including, but not limited to, any standalone indemnification agreements and compensatory agreements required to be reported in the Company's proxy statement.

VII. Nepotism

A family relationship among employees can create an actual or at least a potential conflict of interest in the employment setting. Accordingly, the Company does not permit the hiring or engagement of immediate family members of current directors or employees with the exception of (a) high school or college students who are engaged on a project basis and/or for a limited period of time, and (b) other individuals who are engaged as hourly employees or independent contractors on a project basis and/or for a limited period of time. In addition, the hiring or engagement of an immediate family member of a director, executive officer or 5% beneficial owner that would constitute a Related Person Transaction as defined in Part A. above also requires prior review and approval as set forth in Parts C. or D. above.

If two employees marry or become related, they may not remain in a reporting relationship or in positions where one individual may affect the compensation or other terms or conditions of employment of the other individual. The Company generally will attempt to identify other available positions, but if no alternate position is available, the Company retains the right to decide which employee will remain with the Company. In the event a person becomes a director or executive officer of the Company and an immediate family member of such person is already an employee of the Company, no material change in the terms of employment, including compensation, may be made without the prior approval of the Committee (except, if the immediate family member is himself or herself an executive officer of the Company, any proposed change in the terms of employment shall be reviewed and approved in the same manner as other executive officer compensatory arrangements).

Any exceptions to this Policy must be approved by the Committee at the next Committee meeting or, in those instances in which the Chief Financial Officer, in consultation with the Chief

Executive Officer, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, by the Chair of the Committee.

VIII. Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the SEC, as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this Policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.

IX. Application

The requirements and procedures set forth in this Policy are intended to supplement, and not replace or supersede, any other policies or procedures of the Company that require any governing body or an officer of the Company to review and/or approve transactions or that may apply to Related Person Transactions, including without limitation, policies for determining director independence, and the Code of Business Conduct and Ethics. Directors and all employees shall continue to adhere to their obligations and responsibilities under any other policies and procedures.

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, such law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to such law, rule, regulation or standard.