

VELAN INC. - WHISTLE BLOWING

Policy and Procedures for the Reporting and Treatment of Complaints and Employee Concerns Regarding Fraudulent Activities, Accounting, Internal Controls and Auditing Matters

Velan Inc. is committed to maintaining compliance with all applicable securities laws and regulations, accounting principles, internal controls and auditing standards. Any Velan Inc. employee (for clarity this includes employees of any Velan Inc. group company included in appendix A) may submit a good faith complaint or concern regarding fraudulent activities and accounting or auditing matters, including without limitation matters as to financial presentation and communications with internal and external auditors, to company management without fear of dismissal or retaliation of any kind for filing the complaint, if filed in good faith. Employees, and other individuals with knowledge of Velan Inc. accounting, internal control or audit practices, are strongly encouraged to report good faith complaints or concerns regarding such matters.

In this policy, any references to the masculine gender shall include the feminine gender and vice versa.

Scope

“Fraud” is an intentional act that results in a material misstatement of financial statements. Two types of misstatements are particularly relevant to our consideration of fraud.

- Fraudulent Financial Reporting – intentional misstatements of financial statements or footnotes (including omissions) with the intention to deceive.
- Misappropriation of Assets – the theft or defalcation of the company’s assets (for example, embezzling cash receipts, stealing assets, receiving kickbacks from suppliers or agents).

The procedures in this policy cover complaints or concerns relating to any:

- fraudulent activities;
- bypassing internal controls; and
- inaccurate or misleading replies related to the financial accounts made to members of the Finance Division, internal or external auditors.

The following are examples, but they are not meant to limit the types of issues that could be communicated:

- Any fraud or deliberate error in preparing, evaluating, reviewing or auditing any financial statement;
- Any fraud or deliberate error in recording or maintaining of financial records;
- Any deliberate overriding or disregarding of established internal controls;
- Any misrepresentation or false statement regarding a matter contained in or affecting any financial record, financial report or audit report;
- Any deviation from full and fair reporting of the company's financial condition or results.

Submission

These good faith complaints can be brought to the attention of Velan Inc.’s Chairperson of the Audit Committee, Chairman of the Board & Chief Executive Officer, Chief Financial & Administrative Officer, Executive Vice Presidents, Vice-President, Human Resources & HSE or Vice-President, Legal Services & Compliance at the following e-mail addresses:

Chairperson of the Audit Committee: Suzanne Blanchet - suzanne_blanchet@outlook.com
Chairman and Chief Executive Officer: James Mannebach jim.mannebach@velan.com
Chief Financial and Administrative Officer: Rishi Sharma rishi.sharma@velan.com
Vice-President, Human Resources & HSE: Colin Robertson colin.robertson@velan.com Vice-President,
Legal Services & Compliance: liam.turner@velan.com

To enable effective investigations of specific claims, submissions should include as much background and detailed information as possible in the circumstances.

For situations where the individual desires to remain anonymous, the Velan Inc. Audit Committee has established the following procedures for receiving and treating such complaints, and providing employees with a confidential, anonymous means of submitting concerns through a world wide web-based reporting system. The web-based reporting system submits the complaints via e-mail directly to the Chairperson. The web address is:

www.velan.com

Employees and non-employees may also submit complaints on a confidential basis (anonymous if desired) to the following address:

Velan Inc.
1155 Rene-Levesque West Suite 2500
Montreal, Quebec
H3B 2K4

The address is that of an independent mail service company who will forward the complaint directly to the Chairperson of the Audit Committee.

If an employee submits information on a confidential, anonymous basis the company will not normally attempt to discover the employee's identity except if required under applicable law or stock exchange rules.

Follow up and Resolution

All complaints (whether from a company employee or otherwise) received regarding matters covered by this policy shall be referred to the Audit Committee Chairperson. The Chairperson will oversee the investigation and resolution of reported complaints and concerns and has overall authority for the implementation of this policy.

The Chairperson shall:

- conduct such investigation of any complaint as the Chairperson considers appropriate in the circumstances;
- retain any documentation received or created in connection with any complaint; and
- recommend to the Audit Committee the action which the Chairperson considers appropriate with respect to any complaint.

The Audit Committee shall:

- review any aspects of the complaint;
- oversee the process contemplated by the Secure Reporting Process;
- consider recommendations by the Chairperson with respect to any action to be taken with respect to a complaint; and
- determine what action should be taken with respect to any complaint.

Acknowledgement

I have read and agree to comply with the terms of this policy regarding Whistle Blowing. I understand that a violation of the policy may result in disciplinary action, including possible termination of employment as well as civil and criminal liability.

Date: _____ Name: _____ Signature: _____
(Please print)

Please note that the company has other significant policies with which you should be familiar, each of which has its own reporting mechanism. These include:

- Code of Business Conduct & Ethics
- Anti-Bribery & Anti-Corruption Policy
- Disclosure Controls and Procedures Policy
- Trading Policy

APPENDIX A

VELAN GROUP COMPANIES INCLUDE:

Velan Inc.

Velan Italy S.r.l.

Velan ABV S.r.l. Velan Gulf

Manufacturing Company Velan

China Holdings Inc.

Velan Valve United States OpCo Inc

Velan Luxembourg Sarl

Velan Valves Limited

Velan GmbH

Velan Ltd.

Velan Válvulas Industriais, Lda.

Velan Valvac Manufacturing Co. Ltd.

Velan SAS

Ségault SAS

Velan Valves India Private Limited Velan

Valve (Suzhou) Co. Ltd.