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## OVERVIEW

### Boundaries

The disclosure control process for periodic disclosures that include financial statements, starts at the point in time which the consolidation package and consolidated financial statements are given to the Vice-President, Finance for review. This process will typically end after the quarterly financial deliverables are filed on SEDAR.

For other disclosures, the process is continuous.

### Deliverables

- (i) The public “deliverables” for quarterly financial reporting include:
  - Consolidated financial statements with notes,
  - Management’s Discussion & Analysis (“MD&A”),
  - Earnings Press Release,
  - Message to Shareholders and Employees,
  - Quarterly shareholder and investor conference call.
  - Dividend notices (when applicable).
  
- (ii) The public “deliverables” for annual financial reporting include the above plus:
  - Proxy Circular,
  - Annual Information Form (“AIF”).
  
- (iii) The “deliverables” to the audit committee with respect to financial reporting include the items listed under (i) and (ii) above (both annual and quarterly) along with the following:
  - Consolidated ageing of receivables,
  - Listing of provisions by company.
  
- (iv) The “deliverables” to the audit committee and/or to the board of directors with respect to financial reporting include the items listed under (i) and (ii) above (both annual and quarterly as applicable) along with the following:
  - Consolidation package - Statements of earnings for each company and consolidated with prior year comparatives for both the year to date and quarterly results. Balance sheets for each company and consolidated with comparatives to the prior year end. Backlog report by company and consolidated,
  - North American (defined as the consolidation of Velan Inc. and Velan Valve Corp.) financial statement package – including results by business unit.
  - Disclosure Meeting minutes and Summary of Reporting Issues for North America.

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(v) The public “deliverables” for disclosures not related to periodic financial reporting include:

- Press Releases (other than Earnings Press Releases),
- Material Change Reports,
- Business Acquisition Reports.

These reports will also be given to the board of directors, as appropriate.

## **DISCLOSURE COMMITTEE**

### **1. Disclosure Committee**

#### **Primary Responsibility – CFO**

Velan Inc. maintains a Disclosure Committee. The membership, responsibilities and activities of the Disclosure Committee are described in Section A.

### **2. Disclosure Coordinators**

**Primary Responsibility – CFO** (Financial Information/Business Acquisition reports/Dividend Notices/Analyst calls if any/ Quarterly shareholder and investor conference call /Earnings Press Release/Annual Information Form)

**Primary Responsibility – President & CEO** (Quarterly shareholder and investor conference call/ Analyst Calls, if any/Message to Shareholders’ and Employees/Press Releases - other than Earnings/Material Change Reports)

**Primary Responsibility – Vice-President, Finance** (Financial Statements/MD&A)

**Primary Responsibility – Executive Vice-President Human Resources, General Counsel and Corporate Secretary** (Proxy Circular)

Velan Inc. maintains Disclosure Coordinators, who are generally responsible for coordinating the company’s public reporting and Disclosure Controls. See Section B for details regarding the Disclosure Coordinators.

### **3. Detailed Time Schedules and Assignment of Responsibilities**

#### **Primary Responsibility – Disclosure Coordinators**

For all quarterly and annual reports, MD&A’s, earnings press releases, message to the shareholders’ and employees as well as proxy circulars and AIF’s filed by the company, the Disclosure

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Coordinators, or their delegates, prepare and circulate a reminder of the detailed time and responsibility schedule.

Guidelines regarding the contents and distribution of this time schedule, as well an example of a time schedule, are included in Section C (i). The company requires specified groups of employees to be aware of the nature and scope of, and affirmatively assist the company in discharging, its public reporting obligations. The company has assigned to various individuals’ specific responsibility for preparing on an initial basis, or reviewing, all or specified portions of the company’s regular public disclosures. Section C (ii) describes these responsibilities and the process for making them known within Velan Inc.

**DISCLOSURE GUIDELINES**

**Primary Responsibility – CFO**

The company maintains written Disclosure Guidelines. See Section D for information regarding the preparation and use of Disclosure Guidelines.

**4. Internal Disclosure Certifications**

**Primary Responsibility – CFO**

The CFO requires financial certifications from specified persons within Velan in connection with the filing of each report that includes financial statements. See Section E for more information.

**5. Outside Advisor Review**

**Primary Responsibility –President & CEO, and CFO**

In cases where the President & CEO and/or CFO consider it necessary, each filing document is reviewed by the independent auditors and legal securities counsel. The audit committee and the board of directors have the opportunity to specifically discuss with these advisors any significant matters affecting the company's periodic reports. Guidelines regarding the outside advisor review process are included in Section F.

**6. Management Team Review of Disclosure Issues**

**Primary Responsibility – CFO**

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Prior to the quarterly and annual earnings releases, the Disclosure Committee may meet and specifically address the company’s reporting obligations and invite discussion regarding any potential disclosure issues.

**7. Quarterly Review of Disclosure Controls**

**Primary Responsibility –President & CEO and CFO**

In order to complete the quarterly and annual certifications to be made in connection with the company’s earnings reports, the President & CEO and the CFO, assisted by those under their supervision as determined by them to be necessary or appropriate, will engage in a quarterly review of the Disclosure Controls. Guidelines regarding the review process are included in Section G.

**SECTION A: DISCLOSURE COMMITTEE**

**Membership**

The Disclosure Committee consists of:

- The President & CEO
- The CFO
- The Executive Vice-President Global Supply Chain and Manufacturing Operations
- The Executive Vice-President, Human Resources, General Counsel/Corporate Secretary
- The Vice-President of Quality Assurance
- The Executive Vice-President, General Manager, MRO & Aftermarket
- The Executive Vice-President, Project SBU
- The Vice-President, Finance
- The Vice-President, Engineering
- The Director of Legal Services and Export Compliance
- The Vice-President, Project Management
- The Executive Vice-President, General Manager, Severe Service
- The Executive Vice-President, General Manager, Projects
- The Vice-President, Treasury

**Permanent Invitee**

- The Internal Audit Director

The composition of the Disclosure Committee may be changed from time to time as the President & CEO and/or the CFO determines is necessary or desirable.

**Responsibilities**

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The Disclosure Committee (or selected members thereof) is responsible for:

- reviewing in advance the company’s quarterly and annual earnings press release and related materials (such as message to shareholders and employees, analyst conference call scripts) to determine the adequacy and accuracy of the disclosures included therein,
- reviewing in advance each set of financial statements, MD&A, proxy circulars and AIF’s filed by the company to determine the adequacy and accuracy of the disclosures, and
- otherwise considering and determining, on a periodic basis, the materiality of information to, and the scope of disclosure obligations for, Velan Inc.
- serving as a “point person” for personnel to communicate issues or information that could impact the company’s public disclosures (all information which may potentially impact the company’s disclosures is to be documented and maintained in a separate file).

**Process**

*Meetings and/or other communications.* In connection with the preparation and review of the company’s earnings press release, financial statements, MD&A, proxy circular, AIF and related materials, selected members of the Disclosure Committee will review, discuss and comment on drafts of such materials (which may take the form of participation in general preparatory meetings, where non-Disclosure Committee members also participate if necessary). Those reviewing members will be selected by the President & CEO and/or the CFO based on their assessment of the particular needs for a given release.

Any member of the Disclosure Committee may call a meeting of its members at any time as such person determines is necessary or appropriate. Examples of circumstances that might warrant a supplemental Disclosure Committee meeting include the filing of new, material litigation against the company or the occurrence of an unusual or significant event that could require the filing of a press release or material change report by the company.

A secretary of the meeting is to be appointed who will keep the minutes of the meeting. As a minimum the minutes should include the issues discussed and the reasons for either disclosing or not disclosing.

*Press Release, Material Change Report and Business Acquisition Report Review.* All information of a material nature is considered by the disclosure committee members in conjunction with the legal counsel in order to determine if an immediate (no later than 10 days after becoming aware) release is necessary. Other members of the disclosure committee and the Board of directors will also be informed. All company press releases (other than earnings releases; see above), material change reports and business acquisition reports will be reviewed by at least two members of the Disclosure Committee and the internal or external legal counsel. Where practicable the Board members should review and approve the releases as well.

*Disputes.* Whenever disputes occur with the Disclosure Committee members as to the whether or not an item should be disclosed or as to the type of disclosure given, the audit committee will have the

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final say with respect to the financial information otherwise it the board of directors will have the final say.

When such disputes arise, the Disclosure Coordinators should first seek assistance from outside advisors.

## **SECTION B: DISCLOSURE COORDINATORS**

### **Selection**

The President & CEO, the CFO and the Vice-President, Finance act as Disclosure Coordinators on the basis of their familiarity with particular aspects of the company’s public disclosures and reporting matters and/or on their ability to effectively monitor and coordinate such disclosures and reporting based on their positions within the company.

### **Responsibilities**

The Disclosure Coordinators are responsible for:

- monitoring the status of the company’s Disclosure Controls generally,
- updating these Disclosure Controls from time to time as necessary or appropriate,
- with respect to each quarterly and annual financial statement, MD&A, Message to Shareholders and Employees, Earnings Press Releases, Proxy Circulars and AIF’s,
- preparing and circulating a detailed time schedule or reminders thereof,
- circulating the applicable Disclosure Guidelines to those reviewing the document,
- soliciting input from senior management on the assignment of tasks/responsibilities in connection with the preparation of the filing (and periodically updating and informing employees about those assignments), and
- following up with others to make sure that assigned tasks have been completed on a timely basis and making sure that the document is filed on a timely basis,
- keeping informed regarding all of the company’s public disclosures, and
- documenting the company’s disclosure processes generally (e.g., records of Disclosure Committee meetings, maintenance of reporting checklists as appropriate),
- identifying, updating and understanding the applicable OSC rules as well as changes in significant accounting policies and informing other disclosure committee members as well as Board and Audit committee members of any changes (review, assessment and communication, if necessary is to be documented and maintained in a separate file).

### **Coordination with Investor Relations**

The President & CEO, and the CFO are the company’s Investor Relations contacts and are responsible for consulting with each other and keeping each other informed with the goal of ensuring that there is consistency and accuracy regarding information being provided by the company to the public,

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securities professionals, employees and others and that the company is properly discharging its public disclosure obligations.

They are also responsible for keeping other Disclosure Committee, Board and Audit Committee members informed of any analyst reports.

It is company policy that no guidance is given.

### **SECTION C (i): DETAILED TIME SCHEDULES**

#### **Contents**

The schedule for each quarterly and annual financial statements, MD&A, Message to Shareholders and Employees, Proxy Circular and AIF should be a reasonably detailed timetable of the tasks required in connection with the preparation, review and filing or submission of the applicable document. Each schedule should provide for the circulation of drafts well in advance of filing/submission deadlines and allow a reasonable period of time for review, comment and redrafting, taking into account all of the people who will be involved.

The schedule should also incorporate and allow sufficient time for review by, and/or meetings of or with (as appropriate):

- (a) the Disclosure Committee,
- (b) outside advisors,
- (c) the Audit Committee, and
- (d) the Board of Directors

The schedule should clearly identify which people within the organization will be responsible for preparing and reviewing the filing or specific portions thereof. The schedule should also make it incumbent upon those with specific reporting responsibilities to, in turn, make sure that people on whom they are relying on understand what will be required of them. See Section C (ii).

#### **Dissemination**

A time schedule has been established and communicated (via e-mail). The Vice-President, Finance is required to maintain, update and circulate reminders of the time schedule.

#### **Dates and Responsible Parties**

**See attached timetable.**

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**SECTION C (ii): ASSIGNMENT OF RESPONSIBILITIES**

**Assignment of General Responsibility to Make Information Known**

Specified employees of the company, as selected by the President & CEO and the CFO from time to time, are specifically responsible for bringing information to the attention of an appropriate person within Velan Inc. as quickly as possible regarding any event, matter or issue that is likely to impact the company’s public disclosures. This includes information regarding matters that have actually happened and those that are just likely to happen. These employees are instructed to raise any such information with a disclosure committee member. The employees designated to have the responsibilities described above are selected to represent a broad range of responsibilities within the company and to reflect those who are most likely to possess information that might impact the company’s public disclosures.

Currently, the designated employees are:

- All North American senior management team members, including SBU leaders,
- All North American Plant General Managers,
- All North American senior human resource personnel,
- All North American Vice Presidents and Directors,
- All presidents and senior financial persons of subsidiary and joint venture companies (this is included in the same letter as described above).

At least annually, the company circulates to the persons identified above a memorandum describing their responsibility for the company’s public disclosures generally, a list of those individuals within the company who are designated as disclosure committee members coordinators with whom Velan Inc. personnel may raise disclosure issues, and a copy of the company’s then-current General Disclosure Guidelines (see Section D).

A sample memorandum is included as Exhibit C(ii)-1.

**Assignment of Specific Responsibility for Periodic Disclosures**

Attached as Exhibit C (ii)-2 is a detailed list of those individuals within the company who are responsible for preparing on an initial basis, or reviewing, all or specified portions of the company’s regular, periodic public disclosures (the “Filing Responsibility List”). The list is organized primarily by job function. The Filing Responsibility List for each applicable filing/report will be circulated to those who appear on the list at the same time as the time schedule for that filing/report.

**Updating**

The Disclosure Coordinators will, from time to time as they determine necessary or appropriate, review with members of the senior management team the assignment of responsibilities for public disclosure issues within Velan Inc. to determine whether any additions, deletions or other modifications would be advisable (whether due to personnel changes or changes in the nature of the company’s business, operations or processes).

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**Exhibit C (ii)-1 – Disclosure Coordinators/Memorandum**

TO: [\_\_\_\_\_]  
FROM: [\_\_\_\_\_]  
RE: Responsibility for Velan Inc.’s Public Disclosures

As many of you know, corporate scandals have greatly enhanced public focus on the accuracy and completeness of disclosures by public companies and the internal policies and processes that are necessary to ensure this.

The purpose of this memorandum is to enhance our ability to discharge our public reporting obligations by making sure that our *employees are actively involved in, and know their responsibility for, the disclosure process by requiring that they make important information known to disclosure committee members* within the organization. You are receiving this memorandum as someone who is likely to possess information which may affect the company’s public disclosures.

**Duty to Raise Possible Disclosure Issues**

In the course of your employment, you receive a vast amount of information about our business, assets, customers, suppliers, customer and supplier relationships, operations and industry conditions. You should, on a regular basis, consider this information in light of our public reporting obligations. The written General Disclosure Guidelines we have prepared (that accompany this memorandum) should help you understand these obligations and apply them to the information you possess about our company.

If you have any information about an event, matter or issue of the type described in the General Disclosure Guidelines – whether it has already actually happened or is just likely to happen – it is your obligation to bring that information to the attention of one of the Disclosure Committee Members, **if a member is not already aware**, as quickly as possible. Obviously, disclosure obligations and standards are complicated (entire professions are built around them), and we do not expect you to be experts on these matters. But we do expect you to err on the side of caution – it is always better to raise a matter that ultimately turns out to be a “non -issue” than to let a real problem remain hidden. If you are unsure about whether something could or should impact our public disclosures, it is also better to err on the side of caution and let a Disclosure Committee Member know about it. Under no circumstances, however, should you take our company’s public disclosure obligations into your own hands by improperly disclosing information outside of our organization in a manner contrary to Velan Inc.’s policies and requirements regarding confidentiality.

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### Disclosure Committee Members

- Bruno Carbonaro: President & CEO
- Benoit Alain: CFO
- Paul Poirier: Executive Vice-President Global Supply Chain and Manufacturing Operations
- Sabine Bruckert: Executive Vice-President, Human Resources, General Counsel/Corporate Secretary
- Victor Apostolescu: Vice-President of Quality Assurance
- Rob Velan: Executive Vice-President & GM, MRO & Aftermarket, Vice-Chairman of the Corporation
- Laurent Pefferkorn, Executive Vice-President, Project SBU
- Emanuel Nataf: Vice-President, Finance
- Yves Lauzé: Vice-President, Engineering
- Liam Turner: Director of Legal Services and Export Compliance
- Pierre Sabbagh: Vice-President, Project Management
- Duke Tran: Executive Vice-President, General Manager, Severe Services Business Unit
- Raffi Sossoyan: Vice-President, Treasury

### Permanent Invitee

- Andrew Lee (Internal Audit Director)

### Disclosure Coordinators

The following is a list of those persons within Velan Inc. who are assigned direct responsibility for various aspects of our public reporting obligations, and who are available to consult with you regarding any information that may impact our public disclosures. If you are unsure of whom to report any information to or if that person is unavailable, then you may report it to one of the Coordinators.

- Bruno Carbonaro (President & CEO)
- Benoit Alain (CFO)
- Emanuel Nataf (Vice-President, Finance)

### Exhibit C (ii)-2 – Filing Responsibility List

Below is a list of those persons within Velan Inc. who are the primary persons responsible for preparing and for reviewing, all or specified portions of the company’s key periodic disclosures.

### Document Primary Preparer/Reviewers

**Financial statements** (quarterly and annual) and auditor reports (annual only) – Budget & Finance Manager (primary preparer of consolidation and providing financial information for the notes), Vice-

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President, Finance (reviewer of consolidation and primary reviewer of financial statement note disclosures) and CFO (primary reviewer of financial statements and notes),

**MD&A** – Vice-President, Finance (primary preparer) / the President & CEO and CFO (primary reviewers)

**Earnings press release** - CFO (primary preparer) / President & CEO, and Vice-President, Finance (primary reviewers)

**Message to Shareholders and Employees** –President & CEO (primary preparers) / CFO and Vice-President, Finance (primary reviewers)

**Executive officer information** – CFO (primary preparer) / President & CEO, and Vice-President, Finance (primary reviewers)

**Stock data** – CFO (primary preparer) / President & CEO and Vice-President Finance (primary reviewers)

**Director information** – CFO (primary preparer) / Budget & Finance Manager, President & CEO and Executive Vice President Human Resources, Legal Counsel, Corporate Secretary (primary reviewers)

**Annual meeting information** – CFO (primary preparer) / President & CEO, (primary reviewers)

**Proxy Circular** – Executive Vice-President Human Resources, General Counsel and Corporate Secretary (primary preparer)/ External Legal Counsel, External Auditor, President & CEO and CFO (primary reviewers)

**Annual Information Form** – CFO (primary preparer) / President & CEO and Executive Vice-President Human Resources, General Counsel and Corporate Secretary (primary reviewers). The CFO prepares the AIF, with appropriate input from Company management, and it is reviewed by legal counsel (internal and external) and directors.

**Certification letters** – CFO (primary preparer) / Vice-President, Finance (primary reviewer)

**Other press releases** –the President & CEO (primary preparer) / CFO and Executive Vice-President Human Resources, General Counsel and Corporate Secretary (primary reviewers)

**Material change reports** –President & CEO (primary preparer) / Executive Vice-President Human Resources, General Counsel and Corporate Secretary (primary reviewers)

**Business acquisitions reports** - CFO (primary preparer) / President & CEO and the Vice-President, Finance (primary reviewers)

## SECTION D: DISCLOSURE GUIDELINES

### Forms of Disclosure Guidelines

The company will maintain several types of Disclosure Guidelines:

- General Disclosure Guidelines designed to apprise a wide audience within the organization of the company’s disclosure obligations (as relevant to the wide group of company employees) and the types of matters and issues that should be identified and raised with company personnel designated as Disclosure Committee Members for the company’s public disclosures,

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- Quarterly and annual financial filings and related information Disclosure Guidelines, designed to provide those within the organization responsible for reviewing these filings regarding the basic disclosure requirements for those documents, and
- Proxy Circular and AIF Disclosure Guidelines designed to provide those within the organization responsible for reviewing our proxy circular and AIF information regarding the basic disclosure requirements for those documents.

**Preparation of Disclosure Guidelines**

The Disclosure coordinators are responsible for the preparation and periodic updating of the Disclosure Guidelines.

**Use of Disclosure Guidelines**

The Disclosure Guidelines are intended to be used as follows:

- General Disclosure Guidelines – should be disseminated (1) to the persons identified in Section C (ii) periodically, and at least once every year, to remind a wide group of employees of the company’s disclosure obligations and those employees’ role in meeting those obligations, and (2) to those responsible for reviewing each financial filing, along with the time/responsibility schedule for that document, and
- Proxy Circular and AIF Disclosure Guidelines - should be disseminated with the time/responsibility schedule for the applicable document.

**Disclosure Guidelines**

Exhibit D includes the company’s current Disclosure Guidelines.

**Exhibit D – Disclosure Guidelines**

Velan Inc. (includes all group companies) employees may be called upon to provide information necessary to assure that our public reports are complete, fair and understandable. We expect all employees to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to our public disclosure requirements. In addition, it is our policy that, if any employee becomes aware of a matter that may require public disclosure as described in these Disclosure Guidelines, that employee **must report the matter** to a Disclosure Committee Member. You should inform the Committee Member whose area of responsibility is most closely related to the matter in question. If you are unsure who to report the matter to or if the person is unavailable, then contact a Disclosure Coordinator directly. The following are guidelines regarding the types of events, matters and issues – whether they have already actually happened or are just likely to happen - that may impact our public disclosures – whether by requiring new disclosure or causing us to change prior disclosure. If you have any information about such an event, matter or issue, you must bring it to the attention of a Disclosure Committee Member as quickly as possible.

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Please review these Guidelines carefully, as *they require that certain types of matters be reported immediately*.

### **General Obligation – Disclose “Material” Events, Matters and Issues**

- We generally must disclose any “material” information about the company in periodic public reports. Sometimes, the disclosure requirement is immediate, so this type of information should be reported as quickly as possible.
- Information is “material” if there is a substantial likelihood that a reasonable investor would attach importance to the information in determining whether to buy or sell Velan Inc. shares.
  - For internal purposes, any incident of fraud or accounting/record keeping irregularity is automatically material and should be reported.
  - For internal purposes, any transaction between the company and one of its directors, officers or other management employees which is outside the normal course of business is automatically material and should be reported. This includes “indirect” transactions, such as a customer or supply relationship between Velan Inc. and another company that one of our executives or their relatives invests in.
  - Even if the event or effect is just likely – or a “contingency” – it should be reported internally if, should the event or effect actually happen, it would be material.

### **Disclose Forward-Looking Information - “Material” Trends and Uncertainties**

- We must disclose “material” known demands, commitments, events, trends or uncertainties that could impact (favorably or unfavorably) the company’s liquidity, capital resources, assets, revenues, costs or net income.
- Part one of ensuring management is fully aware of these matters is to make sure all sales, returns, leasing, borrowing, credit extension and other transactions are properly reported and accounted for.
- Part two is for employees to keep their eyes open for possible areas that could likely impact our condition or results and to report them to the appropriate persons.

Examples include (but are not limited to):

- Obsolete inventory,
- Upcoming significant sales price increases or decreases or other material customer issues,
- Upcoming significant raw material price increases or decreases,
- A significant change in our business or operations,
- Changes in general business or industry conditions, such as decreases in new projects and in distributor demand (possibility of stuffed channels),
- New litigation or claims, including late delivery penalties, involving the company,

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- Environmental issues such as spills, leaching, regulatory investigations or reviews, etc.,
- Significant warranty claims,
- Revenue recognition issues (including bill and hold transactions),
- Significant production issues, and
- Significant engineering issues.

***Items That Must be Disclosed Immediately Within Velan Inc.***

The following types of matters should ***always be reported immediately*** in accordance with these Guidelines, ***regardless of amount or apparent significance*** (except as otherwise indicated), as they are the types of matters that could be of particular importance to Velan Inc. or could require an immediate public filing:

- any actual or likely warranty or similar claim or cost, other than ordinary course aftermarket service,
- any engineering issue that is reasonably likely to result in a significant warranty or similar claim or cost,
- any litigation, arbitration or similar judicial or administrative proceeding that involves the company (other than ordinary course wage garnishments),
- any claim or potential claim that the company is violating any third party’s intellectual property rights, or that any third party is violating the company’s intellectual property rights,
- any occurrence – accidental or otherwise – that results in the death, dismemberment or disability of an employee or a third party,
- any investigation, audit or review by a governmental entity,
- any incident of fraud or accounting/record keeping irregularity,
- any transaction between the company and one of its directors, officers or other management employees which is outside the normal course of business,
- any breach of contract – either by the company or the other party to a contract with the company – that could result in a material loss or gain to the company,
- any impairment or potential write-off of an asset or assets (such as inventory, receivables, property, plant and equipment, etc.) that could result in a material loss to the company,
- entry into a material agreement not made in the ordinary course of business\*,
- termination of a material agreement not made in the ordinary course of business\*,
- termination or reduction of a business relationship with a customer that generally accounts for 5% or more of the company's total revenues,
- major labor dispute,
- material change in accounting policy,
- significant changes in (or problems with) credit facilities or debt obligations,
- imposition or creation of a direct or contingent financial obligation that could be\* material to the company, and

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- events triggering a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation\*.

\* This is not intended to change our delegation of authority regarding who is authorized to make decisions regarding material agreements and financial obligations, but only to clarify that information regarding any such authorized or unauthorized arrangements must be made known to the proper persons.

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## SECTION E: INTERNAL CERTIFICATIONS

In connection with the filing of reports that include financial statements, each subsidiary and joint venture company (President/General Manager and Senior Financial person) must certify in writing as to the adequacy and accuracy of their reporting package (prepared in accordance with Canadian Generally Accepted Accounting Principles) and quarterly analysis.

Certifications related to their responsibility for internal controls and disclosure controls (including the reporting of any of the events described Exhibit D above) in their area of responsibility are also submitted quarterly by:

- All North American senior management team members, including SBU leaders,
- All North American plant General Managers,
- All North American senior human resource personnel,
- All North American Vice Presidents and Directors,
- All presidents and senior financial persons of subsidiary and joint venture companies (this is included in the same letter as described above).

## SECTION F: OUTSIDE ADVISOR REVIEW

### **Process**

Before filing, each annual financial statement, MD&A, and AIF will be reviewed by the company's outside auditors and the Proxy Circular and AIF will be reviewed by the company's outside counsel. In addition, the outside counsel responsible for the review will consider whether specified portions of the document(s) should be reviewed by other counsel (who needs to be approved by the Vice-President Human Resources, General Counsel and Corporate secretary) – such as environmental or litigation disclosure, securities disclosure, etc. – based on the nature of the matters being handled. In connection with each such filing, the representatives of the company charged with obtaining outside advisor review of the document will specifically discuss with the advisors any significant matters affecting the company's periodic reports.

### **Possible Topics to be addressed**

Topics that could be addressed with the outside auditors include, among others,

- off-balance sheet arrangements,
- critical accounting policies,
- the effect of new accounting pronouncements and disclosure requirements,
- quantitative and qualitative disclosures regarding market risk,

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- significant accounting estimates (particularly those requiring management to make assumptions or judgments),
- income recognition and expense issues,
- derivative transactions,
- any unresolved matters raised in management letters received from the auditors,
- areas of particular focus at the OSC/QSC,
- any accounting policies of the company that may differ from industry standards or which have been the subject of public focus.

Topics that could be addressed with outside counsel include, among others,

- new disclosure requirements,
- areas of particular focus at the OSC/QSC,
- regulatory matters,
- recent developments in corporate governance, disclosure practices and the general legal environment.

The above topics for discussion may be discussed with the outside auditors and legal counsel on a quarterly basis. Such discussions will be at the discretion of the Disclosure Committee.

## **SECTION G: QUARTERLY REVIEW OF DISCLOSURE CONTROLS**

### **Process**

At least once per quarter, an evaluation of the effectiveness of the design and operation of the company’s “disclosure controls and procedures” will be conducted by the President & CEO and CFO (with the assistance of other company employees under their supervision, to the extent determined by either of them to be necessary or appropriate). If possible, the review will be conducted a reasonably short period of time prior to the quarterly filings.

### **Scope**

The evaluation should normally include the following (subject to modification in the discretion of the person or persons completing the evaluation based on the particular facts and circumstances then existing):

- confirming that the agreed upon steps for preparing the most recently filed periodic report (or report to be filed) were completed in a timely manner consistent with the disclosure procedures that the company has developed,
- confirming that all of the participants in the disclosure preparation process performed their responsibilities in a thorough manner,

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- confirming that nothing came to light after the last periodic report was filed that should have been discussed in the most recent periodic report, or should have been included as an exhibit to that report, and was not,
- confirming that there has not been any employee fraud or accounting/record keeping irregularities,
- as necessary or appropriate, consulting with outside advisors involved in the process, such as outside counsel and the company's independent auditors, as to whether they have any concerns or suggestions regarding the disclosure process,
- making similar inquiry of the internal persons responsible for coordinating the process (including, for example, as to whether they encountered any resistance from participants in the process), and
- confirming that work papers supporting the financial statements and other financial information included in the reports were prepared and checked against the final report.

Significant weaknesses, if any, are reported to the audit committee along with a plan for remediation.