



Instruction

Corporate Anti-Bribery and Anti-Corruption Policy

VEL-CMP-038E

1. Purpose

The purpose of this Corporate Anti-Bribery and Anti-Corruption Policy ("Policy") is to complement Velan's *Code of Business Conduct* and to ensure that all Velan entities globally are aware of, and abide by, anti-corruption and anti-bribery legislation. All relevant stakeholders acting for or on behalf of Velan must also comply with all applicable laws prohibiting improper transactions with domestic and foreign officials and persons.

2. Related Documents

VEL-CMP-036 Corporate Whistleblowing Policy
VEL-CMP-037 Corporate Code of Business Conduct & Ethics
VEL-CMP-041 Corporate Supplier Code of Conduct
VEL-CMP-713 Multiple Policy and Procedure Acknowledgement Form – Individuals With Velan Devices
VEL-CMP-714 Multiple Policy and Procedure Acknowledgement Form – Individuals Without Velan Devices
VEL-CMP-715 Multiple Policy and Procedure Acknowledgement Form – Sales Partners

3. Scope

Velan is generally subject to foreign corruption legislation in each jurisdiction that it operates. The *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* has been adopted by several countries, including Canada. A list of potentially applicable laws (not exhaustive) is in Appendix A.

This Policy applies to sales partners (including Velan's representatives, agents, distributors, consultants, and service providers), and all of Velan and Velan's subsidiaries' employees, directors, officers, and contractors (collectively hereafter "Individuals").

4. Responsibilities

4.1 Individuals

Individuals must comply with the following processes:

- Immediately report any violation described in Sections 5.2, 5.5 and 5.6 of this Policy.
- To enable effective investigations, the submission(s) should include as much background and detailed information as possible about the circumstances.
- Sales partners must annually read Policy and other required policies, acknowledge and sign VEL-CMP-715 and submit to Velan representatives as instructed.
- Individuals with a Velan device (excluding unionized personnel and other non-supervisory production floor personnel) must annually read Policy and other required policies, acknowledge and sign VEL-CMP-713 via DocuSign.
- All other Individuals must attend the annual training and sign VEL-CMP-714 acknowledging Policy and other required policies.

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The Compliance Department performs the following tasks:

- Communicates the Policy to all subsidiaries in their local languages through annual Bill 198 message at the end of every fiscal year and in the annual Code of Conduct on-line / in-person trainings with acknowledgements forms.
- Retains records of annually signed and/or acknowledged forms: VEL-CMP-713, VEL-CMP-714 and VEL-CMP-715.

5. Policy**5.1 Policy Statement**

Velan's Policy requires strict compliance with applicable anti-corruption and anti-bribery legislation. It is imperative that any person or entity acting for or on behalf of Velan read the Policy, recognize what constitutes a violation, avoid breaches and report possible violations.

Accordingly, this Policy sets out what the applicable legislation forbids as well as common "Red Flags".

5.2 What the Laws Generally Forbid

Applicable laws on anti-bribery and anti-corruption generally forbid bribes. A bribe is usually defined as follows:

- (1) any payments in monetary form, or in-kind (gifts, vacation, hospitality, dining, etc.)
- (2) to a public official (including elected officials, employees, consultants and representatives of governments, and judiciary) and their families or allies
- (3) (a) as consideration for an act or omission by the official in connection with the performance of the official's duties or functions; or (b) to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions. While some laws may have a minimum threshold under which payment is not considered as a bribe, Velan adopts a zero-tolerance approach towards payments made for the purpose of influencing decisions of a public official.

Applicable laws also forbid the laundering of properties or proceeds obtained or derived from bribery or corruption of a public official.

Associated acts are also generally forbidden: a conspiracy or an attempt, aiding or abetting, an intention in common, authorizing, counseling or furthering others to commit bribery of a public official, laundering property and proceeds, or possession of property and proceeds.

There are also other criminal acts that are forbidden, and such criminal charges may be applicable depending on the circumstances: frauds on the government, influence peddling, fraud or a breach of trust in connection with duties of office, municipal corruption, selling or purchasing office, influencing or negotiating appointments or dealing in offices, possession of property or proceeds obtained by crime, overspending or overcontributing to an electoral candidate, and secret commissions.

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Ignorance is usually not a valid excuse. Conducting proper due diligence, which includes monitoring the recipients of the funds, is essential.

5.3 Consequences for Breach of Applicable Anti-Corruption Laws

A) For individuals involved:

- prison sentence and general criminal sanctions, not necessarily in the country the individual normally lives (e.g. can be extradited from Canada to the U.S. if the crime has any link with the U.S.);
- massive fines up to the millions, in addition to personally disgorging any gains the person or a group made from the crime (treble/multiplier damages may be applicable on top of that) that cannot be paid by employer;
- loss of employment;
- barred from working in certain employment sectors.

B) For corporations involved:

- massive fines up to the millions, in addition to disgorging any gains the corporation or group made from the crime (treble/multiplier damages may be applicable on top of that);
- frozen bank accounts and dissolution of the corporation;
- ineligibility to receive certain licenses such as export licenses;
- barred from doing business with the Federal government. Indictment alone can lead to suspension of the right to do business with the government;
- suspension from doing business with securities.

5.4 What is Permitted?

Reasonable *bona fide* expenditures are permitted, commensurate with national standards for the particular industry, if such expenditures are related to promoting or demonstrating products or services or for the performance or execution of a contract.

Generally, the more lavish (i.e. the provision of a vacation at a five (5) star resort) the greater the perception that the advantage was intended to influence the public official. In no case should any payment in money or in-kind be made to a public official to influence decisions, or to curry favour. All hospitality, that because of their nature or amount gives the perception that the advantage is intended to influence a government official, must be approved by an Executive Vice-President, along with Velan's Legal Department.

Facilitation payments are payments in money or in kind made to government officials with the intention of expediting an administrative process. While some exceptions to facilitation payments may exist, you are required to contact Velan's Legal Department before making any such payments.

5.5 Potential Indications and "RED FLAGS"

Potential "red flags" (violations) include the following but are not limited to:

- Payments to a company associated with a foreign public official, such as one with a similar name as the foreign public official;
- Company lacks required certifications and/or qualified personnel;
- Open-ended consulting service agreements with imprecise scopes of work;

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- Payments made through third-party countries;
- Indirect payments through third party entities;
- Payments made via known tax havens;
- Excessive or unusually high compensation or commission structures;
- Unusual payment patterns or financial arrangements;
- Payments to or from bank accounts with insufficient detail as to the bank account holder;
- Company/designated Official contact details are difficult to validate or cannot be validated.
- Cash exchanges (“brown envelope”)
- Lavish entertainment and/or gifts
- Excessive hospitality or travel expenses
- Vacations disguised as business trips
- Benefits, perks, education, training and/or employment for relatives of public officials
- Political and charitable donations, unless otherwise authorized

5.6 More “RED FLAGS” – Recognizing Common Excuses

COMPLACENCY:

“We’ve always done it...”

OUTSOURCING BRIBERY:

“We had no clue our agent was paying...”

SIEGE MENTALITY:

“We can only compete if...”

“If we don’t do it someone else will...”

CITING CUSTOM:

“That’s the way things work here – it’s different...”

INADEQUACY:

“We thought our anti-bribery systems were up to the job...” “We don’t obtain receipts for...”

IGNORANCE:

“If only we’d known that is would be regarded as a bribe / corrupt act...”

PRETENDING IT’S NOT A BRIBE:

“It was only a helicopter ride and a five-course banquet for him and his partner...” “No one gets hurt, it’s actually a win-win...”

5.7 Due Diligence Process

Since ignorance is typically not a valid excuse, it is essential to conduct due diligence on the recipients of the payment (whether monetary or in-kind).

To ensure that sales partners, representatives, agents, distributors, and service centers do not facilitate corruption, it is essential to screen them. Appendix B outlines the screening process and the necessary precautions to follow. While an initial screening must be performed by individuals involved upon the onboarding of sales partners, representatives, agents, distributors, and service centers, all individuals must be sensitive to different Red Flags that may arise and ask more questions if certain transactions appear suspicious.

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Any employee or Sales Partners acting on behalf of Velan who become aware of a “Red Flag” and/or a violation of this Policy, or any other corporate policy has a duty to promptly report such violations or suspected violations to anyone below:

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

Velan Legal Counsel, Legal Services: Kai Long Qin – kailong.qin@velan.com

Reports can also be made anonymously via Velan’s Whistleblowing hotline and link:

SOFIA:

- Telephone line: 1-855-603-0474
- Email address: velan@mysofia.ca
- Online reporting form: <https://app.mysofia.ca/public/velan-inc/whistle-blower-report?locale=en>

AUDIT COMMITTEE CHAIRPERSON:

- Online reporting: <https://velan.com/anonymous-and-confidential-whistle-blowing-reporting/>

To enable effective investigations, the submission(s) should include as much background and detailed information as possible about the circumstances.

Any suspected violation could be investigated. Please see the Corporate Whistleblowing Policy for additional details for reporting channels.

Remediation, corrective and disciplinary actions in the case of an employee will be taken as required. If an investigation reveals potential criminal activity, this will be reported to the proper authorities. Pending the outcome of any investigation or hearing, whether internal or external, if it is determined that this Policy has been violated, an employee may be subject to disciplinary action up to and including termination of employment and or other corrective action.

7. Annual Acknowledgments Notification

All Individuals are required to read, agree and comply with all terms of this Policy on an annual basis.

8. Communication

This Policy is expressly communicated to all Individuals (employees of Velan and sales partners).

9. Other

In this Policy, any references to the masculine gender shall include the feminine gender as well as the neutral gender and vice versa.

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**Corporate Anti-Bribery and
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Date	Rev. #	Changes
June 01, 2012	Rev. 01	Original Issue (President's Office)
March 02, 2015	Rev. 02	Update (Compliance Manager)
April 26, 2016	Rev. 03	Update (Legal Assistant)
December 13, 2018	Rev. 04	Section IV: Added Organization for Economic Co-Operation and Development: OECD Section VI: f) Added more "red flags" (violations) g) Added More RED FLAGS -- Recognizing Common Excuses (Coordinator, Document Management, HSE & Compliance)
February 01, 2024	Rev. 05	Section I. Purpose: Issued correction. Section III. Scope: Removed information on Velan UK (Senior Director, Legal Services and Export Compliance)
August 06, 2024	Rev. 06	Section 1. Purpose: Added gender- inclusive language clause. Sections V. Policy and VII. Policy Compliance: Replaced title President of Velan to Chairman of the Board & Chief Executive Officer. (Specialist, Documentation and Compliance)

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June 09, 2025	Rev.07	Policy text integrated into the Velan procedure format, sectioned, dated, names of Velan employees that update / approve text and codified from a Human Resources department policy (VEL-HR-021) to the current Compliance department instruction. Added Section 1. Purpose and updated text. Added Section 2. Related Documents, other previous HR documents to be codified as Compliance department instructions. Added Section 3. Scope Added Section 4. Responsibilities – 4.1 Individuals. Added Section 5. Definitions, List of Laws and Abbreviations Added Section 6. Policy Added Section 7. Policy Compliance and contact information for Whistleblowing hotline. Added Section 8. Annual Acknowledgements Notification. Added Section 9. Communication. Added Section 10. Other Added Section 11. Revision History and updated. Updated Appendix A, Velan Group Companies Retitled all Appendices. Added Attachment A – “Acknowledgement Form - Sales Partners” for digital and/or manual signatures to submit to Legal and Global Sales departments. Added Attachment B – “Acknowledgement Form – Individuals with Velan Devices” for digital acknowledgement through I.T. department’s EPC. Added Attachment C – “Acknowledgement Form – Individuals without Velan Devices” for digital and manual signatures to submit to Legal department. (Specialist, Documentation and Compliance)
October 07, 2025	Rev. 08	Updated footer Section 3. Updated Scope. Section 4. Updated 4.1 Individuals’ responsibilities and added Compliance Department responsibilities. Removed former Section 5. entitled “Definitions, List of Laws and Abbreviations”

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Removed former Section 6 Policy and removed Canadian, U.S., U.K., India and China legislation.

Section 7. Changed Vice-President, Legal Services contact information to Legal Counsel

Updated References listed in Appendix A

Updated Appendix B Duie Diligence Procedures for Sales Partners, Agents, Representatives, Distributors, and Service Centers.

Removed former Appendix C – Summary of Jurisdiction Defenses – Sanctions.

Removed former Appendix D Certifications Form (Clients and Partners) [NOTE: Amalgamated into VEL-CMP-715 form for Sales Partners].

Removed for Appendix E Anti-Bribery Questionnaire [NOTE: Represented in Procurement and Quality Assurance supplier questionnaires].

(Specialist, Documentation and Compliance)

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APPENDIX A

REFERENCES (Non-Exhaustive)

Corruption of Foreign Public Officials Act S.C 1988, c.34 Bribery Act 2010 (c.23)

Criminal Code, RSC 1985, c C-46

Foreign Corrupt practices Act of 1977 (15 U.S.C. §§ 78dd-1, et seq.)

Bribery Act 2010, UKPGA 2010 c 23

Criminal Finances Act, UKPGA 2017 c 22

Treaty of the Functioning of the European Union (TFEU)

Directive (EU) 2017/1371

Regulation (EU, Euratom) 2020/2092

German Criminal Code (Strafgesetzbuch)

Portuguese Criminal Code Law no. 20/2008, of April 21

Italian Criminal Code

Korean Criminal Act

Korean Improper Solicitation and Graft Act

The Prevention of Corruption Act 1988, Act No 49 of 1988 (9 September 1988)

Criminal Law of the People's Republic of China, promulgated by Order No 83 on March 14, 1997

Law Against Unfair Competition of the People's Republic of China, promulgated by Order No 10 on September 2, 1993

Supervision Law of the People's Republic of China, promulgated by Order No 3 on March 20, 2018

Republic of China Anti-Corruption Act

Republic of China Criminal Code

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APPENDIX B

DUE DILIGENCE PROCEDURES FOR SALES PARTNERS, AGENTS, REPRESENTATIVES, DISTRIBUTORS, SERVICE CENTERS, AND SERVICE PROVIDERS

The Due Diligence process is based on a four-phase approach, and all Sales Partners must be screened in accordance with this approach:



Sales Management and/or subsidiary management are responsible for gathering the information, obtaining analysis from other departments such as Finance for credit validation (Dun & Bradstreet) and Compliance for export restrictions and denial lists screening and keeping the results in files for Internal Audit.

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