



## Reporting of Inappropriate Activity Policy

### ***Purpose***

The integrity of the financial and other information of Valverde Power Solutions (Valverde and/or the Corporation) is paramount. The Corporation's financial information guides the decisions of the Board of Directors of the Corporation (the "Board of Directors"), and is relied upon by our securityholders. For these reasons, the Corporation must maintain a workplace where employees and contractors can raise concerns or report questionable accounting, internal accounting controls, or auditing matters (collectively "Accounting/Audit Matters Concerns"), or the reporting of fraudulent financial information to our securityholders, regulatory agencies or the financial markets free of any discrimination, retaliation or harassment.

The Corporation recognises the value of transparency and accountability in its administrative and management practices, and therefore also supports the disclosure that reveals conduct which results in a violation of law by the Corporation or in a substantial mismanagement of the Corporation's resources and if proven constitutes a criminal offence or reasonable grounds for dismissal of the person engaging in such conduct (referred to herein as "Grave Misconduct").

### ***Policy***

Therefore, it is the policy of the Corporation to encourage employees or contractors (collectively "Employees" or individually an "Employee" as the context requires), when they reasonably believe that Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information to our securityholders, regulatory authorities or the financial markets and/or Grave Misconduct have occurred or are occurring, to report those concerns to the Corporate Secretary (on an anonymous basis, if an Employee so desires). All reports will be taken seriously and will be promptly investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported, and the quality of the information provided. Where Accounting/Audit Matters Concerns have occurred, or fraudulent financial information has been reported to our securityholders, regulatory agencies or the financial markets, or Grave Misconduct has occurred, those matters will be corrected and, if appropriate, the persons responsible will be disciplined.

In addition, the Corporation is committed to providing a work environment in which employees or contractors, when they reasonably believe that Accounting/Audit Matters Concerns have occurred, or that fraudulent financial information has been reported to our

securityholders, regulatory agencies or the financial markets, or that Grave Misconduct has occurred, can raise those concerns free of discrimination, retaliation or harassment. Accordingly, the Corporation strictly prohibits discrimination, retaliation or harassment of any kind against any Employee who, based on the Employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information.

### **Reporting and Investigation**

If an Employee has reason to believe that he/she has become aware of Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information to our securityholders, regulatory agencies or the financial markets, or of Grave Misconduct, the Employee must immediately report those facts to the Corporate Secretary. The Employee may then be requested to document their report in writing. An Employee may also report their concerns anonymously by sending an anonymous letter to the Corporate Secretary. If an Employee has reason to believe that this individual is involved in these matters, the Employee should report those facts to the Chairman of the Board of Directors.

If an Employee later believes that he/she has been subject to discrimination, retaliation or harassment for having made a report under this Policy, the Employee must immediately report those facts to the Corporate Secretary. If, for any reason, the Employee does not feel comfortable discussing the matter with the Corporate Secretary, the Employee should bring the matter to the attention of the Chairman of the Board of Directors. It is imperative that an Employee bring the matter to the Corporation's attention promptly so that any concern of discrimination, retaliation or harassment can be investigated and addressed promptly and appropriately.

All complaints under this Policy will be promptly and thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. All employees, contractors and supervisors have a duty to cooperate in the investigation of reports of Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information, or of Grave Misconduct, or of discrimination, retaliation or harassment resulting from the reporting or investigation of such matters. In addition, an Employee shall be subject to disciplinary action, including the termination of their employment, if the Employee fails to cooperate in an investigation, or deliberately provides false information during an investigation. If, at the conclusion of its investigation, the Corporation determines that a violation of policy has occurred, the Corporation will take effective remedial action commensurate with the severity of the offence. This action may include disciplinary action against the accused party, up to and including termination. Reasonable and necessary steps will also be taken to prevent any further violations of policy.

## **Discrimination, Retaliation or Harassment**

The Corporation strictly prohibits any discrimination, retaliation or harassment against any person who reports incidents of Accounting/Auditing Matters Concerns, or the reporting of fraudulent financial information, or of Grave Misconduct, based on the person's reasonable belief that such misconduct occurred. The Corporation also strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of complaints about Accounting/Auditing Matters Concerns, or of the reporting of fraudulent financial information, or of Grave Misconduct.

Any complaint that any managers, supervisors, employees or contractors are involved in discrimination, retaliation or harassment related to the reporting or investigation of Accounting/Auditing Matters Concerns, or the reporting of fraudulent financial information, or of Grave Misconduct, shall be promptly and thoroughly investigated in accordance with the Corporation's investigation procedures. If a complaint of discrimination, retaliation or harassment is substantiated, appropriate disciplinary action, up to and including termination, will be taken.

## **Retention**

All documents related to the reporting, investigation and enforcement of this policy, as a result of a report of Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information to our securityholders, regulatory agencies or the financial markets or of Grave Misconduct, or of the discrimination, retaliation or harassment of an employee or contractor that made such a report, shall be kept in accordance with the Corporation's record retention policy and applicable law.

## **Additional Enforcement Information**

In addition to the Corporation's internal complaint procedure, Employees should also be aware that certain federal and provincial law enforcement agencies are authorized to review Accounting/Audit Matters Concerns, or potentially fraudulent reports of financial information. The Corporation's policies and practices have been developed as a guide to our legal and ethical responsibilities to achieve and maintain the highest business standards. Conduct that violates the Corporation's policies will be viewed as unacceptable under the terms of employment at the Corporation. Certain violations of the Corporation's policies and practices could even subject the Corporation and any individual Employee involved to civil and criminal penalties. Before issues or behaviour can rise to that level, Employees are encouraged to report Accounting/Audit Matters Concerns, suspicion of fraudulent financial information, or Grave Misconduct, or discrimination, retaliation or harassment related to such reports. Nothing in this Policy is intended to prevent an Employee from reporting information to the appropriate agency when the Employee has reasonable cause to believe that the violation of a federal or provincial statute or regulation has occurred.

## **Modification**

The Board of Directors of the Corporation can modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with federal and provincial regulations and/or accommodate organizational changes within the Corporation.