

# LAB Research Inc.

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## Whistle-Blowing Policy (the “**Policy**”)

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Approved by the Board of Directors on July 5, 2006

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**LAB RESEARCH INC.**  
**(the “Corporation”)**

**WHISTLE-BLOWING POLICY**

**1. INTRODUCTION**

LAB Research (the “Corporation”) and its subsidiaries aims to develop a culture of openness, honesty and accountability.

The purpose of this Policy is to provide a means by which all staff is enabled to raise, with the Chairman of the Audit Committee, concerns relating mainly to potential fraud, serious wrongdoing and/or professional malpractice, as more fully detailed in the section entitled “Scope of the Policy”.

The Corporation and its subsidiaries encourages staff to raise matters of concern responsibly through the procedures laid out in this Policy.

All Employees should feel free, without fear of retaliation, to make known allegations of alleged misconduct existing within the Corporation and its subsidiaries. The person reporting a matter pursuant to this Policy must have reasonable grounds for believing there is potential fraud, serious wrongdoing and/or professional malpractice within the organization regarding accounting, internal accounting controls, or auditing matters as defined in this Policy.

This Policy does not release employees from their duty of confidentiality in the course of their work.

**2. SCOPE OF THE POLICY**

2.1 This Policy concerns all employees of the Corporation and consultants acting as employees by working on-site at the Corporation (“Employee(s)”).

2.2 This Policy is designed to deal with concerns, which are in the public interest, such as:

- (i) A criminal offence, violation of law;
- (ii) Failure to comply with legal obligations;
- (iii) Financial or other misconduct or wrongdoing;
- (iv) Fraud;
- (v) Professional malpractice; and
- (vi) Attempts to suppress or conceal any information relating to any of the above.

2.3 This Policy is not designed to address personal grievances concerning an individual’s terms and conditions of employment, or other aspects of such individual’s working

relationship, complaints of bullying harassment, or disciplinary matters. Such complaints will be dealt with by the relevant Human Resources officer.

- 2.4 Concerns must be raised without malice and in good faith, and the individual must reasonably believe that the information reported or disclosed is substantially true. An individual that makes untrue allegations known to be untrue or not in good faith, or who makes such allegations for purposes of personal gain or maliciously may be subject to in house disciplinary proceedings.

### **3. PROTECTION AND CONFIDENTIALITY**

- 3.1 The Corporation will ensure that any member of staff who reports a matter or makes a disclosure in good faith will not be penalized or suffer, on the short or long term, any adverse treatment for doing so.
- 3.2 If an Employee believes that he or she has been retaliated against in the form of an adverse personnel action for having reported or disclosed information, then he/she may file a written complaint to the Chairman of the Audit Committee requesting an appropriate remedy.
- 3.3 For the purposes of this Policy, an adverse personnel action shall be defined as actions such as: a disciplinary suspension; a decision not to promote; a decision not to grant a salary increase; a decision not to hire; a termination; an involuntary demotion; rejection during probation; an involuntary resignation; or an unfavourable change in the general terms and conditions of employment.
- 3.4 The Corporation will treat all matters and information reported or disclosed in accordance with this Policy in a confidential and sensitive manner. The identity of the individual making the allegation will be kept confidential by the Chairman of the Audit committee unless the investigation process needs to reveal the source of the information and a statement is required as part of the necessary process to gather evidence.

### **4. PROCEDURE**

- 4.1 Any complaint will be addressed directly to one of the Members of the Audit Committee.
- 4.2 This Policy encourages individuals to reveal their name when they make disclosures under the Policy. Concerns expressed anonymously may, depending on the circumstances, be considered to be less credible, but they will nonetheless be considered by the Audit Committee.
- 4.3 The Chairman of the Audit Committee may investigate himself or may name an Investigating Person, who will be responsible for inquiring into any matter reported to him under this Policy.

## **5. INVESTIGATION**

5.1 The Chairman of the Audit Committee shall be responsible for the following in connection with this Policy:

- (i) All disclosures will be treated in a confidential and sensitive manner.
- (ii) Any investigation will be conducted as sensitively and speedily as possible.
- (iii) The Employee will be notified of the intended timetable for the investigation.
- (iv) The Chairman of the Audit Committee will initiate the investigation to establish the relevant facts. He may hire an external auditor or another person to help him look into the matter. He may mandate another officer of the Corporation, or any other person he may choose.
- (v) The person or persons in respect of whom a matter is reported under this Policy will be told at an early stage of it and of the evidence supporting it, and they will be allowed to respond.
- (vi) If there is sufficient evidence to support the misconduct reported under this Policy, and according to the degree of misconduct practiced, the person having committed such misconduct may, in addition to any civil or criminal proceedings, be subject to disciplinary action in accordance with the appropriate disciplinary procedures.
- (vii) An official written record will be kept of each stage of all investigations under this Policy.

5.2 The Chairman of the Audit Committee will make a report to the Audit Committee, at least on a quarterly basis, of all disclosures and subsequent actions taken, if any. This record should be signed by him or by the Investigating Person and the person who made the disclosure, and it should also be dated. This information is strictly confidential. Such reports will normally be retained for at least five years from the date thereof.

## **6. AMENDMENTS TO THIS POLICY**

6.1 The Board of Directors of the Corporation may update or otherwise amend this Policy. When there are material changes, we will provide each of its Employees with an updated copy of this Policy.

Approved by the Board of Directors of the Corporation on July 5, 2006,

This Policy will be distributed to all Employees on a regular basis.