

**VELAN INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND MANAGEMENT PROXY CIRCULAR
JULY 11, 2024**

This year again Velan Inc.'s annual meeting of shareholders will be held in a virtual-only format, via online live audio webcast. A virtual-only meeting format is being applied in order to enfranchise and give all shareholders an equal opportunity to participate in the meeting regardless of their geographic location. **Shareholders will not be able to attend the meeting in person. Important details about the meeting and how shareholders can participate virtually are set out in this proxy Circular and the accompanying proxy materials.**

NOTICE IS HEREBY GIVEN that the annual meeting (the “Meeting”) of shareholders (the “Shareholders”) of Velan Inc. (the “Corporation” or “Velan”) will be held online via live audio webcast at <https://web.lumiagm.com/457897109> on July 11, 2024, at 4:30 p.m., Montréal time, password is: **velan2024** (case sensitive), for the following purposes:

- (a) to receive and consider the consolidated financial statements of the Corporation and its subsidiary companies for the fiscal year ended February 29, 2024 and the report of the auditors thereon. For details see page 1 of the Circular;
- (b) to elect each of the directors of the Corporation (the “Directors”) for the coming year. For details see page 5 of the Circular;
- (c) to appoint PricewaterhouseCoopers, Partnership of Chartered Professional Accountants, as auditors of the Corporation and to authorize the Directors to fix their remuneration. For details see page 37 of the Circular;
- (d) to ratify and confirm the resolution approving the unallocated options under the option plan of the Corporation, the whole as more fully set forth in Schedule A hereto. For details see page 37 of the Circular; and
- (e) to transact such further and other business as may properly be brought before the Meeting or at any adjournment thereof.

As permitted by Canadian securities regulators and pursuant to exemptions obtained by the Corporation under the Canada Business Corporations Act, you are receiving this notification as the Corporation has decided to use the “notice-and-access” mechanism for delivery to Shareholders of this notice of annual meeting of Shareholders, the management proxy Circular prepared in connection with the Meeting and other proxy-related materials (together, the “Meeting Materials”), as well as the annual audited consolidated financial statements of the Corporation for the financial year ended February 29, 2024, the independent auditor’s report thereon, and related management’s discussion and analysis (together, the “Financial Statements”). The Corporation has adopted notice-and-access for both registered and non-registered Shareholders. Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials online, via SEDAR+ (www.sedarplus.ca) and one other website, rather than mailing paper copies of such materials to Shareholders. Under notice-and-access, Shareholders still receive a proxy form or voting instruction form enabling them to vote at the Meeting. However, instead of paper copies of the Meeting Materials and of the Financial Statements, Shareholders receive this notice which contains information on how they may access the Meeting Materials and the Financial Statements online and how to request paper copies of such documents. The use of notice-and-access will directly benefit the Corporation by substantially reducing its printing and mailing costs and is more environmentally friendly as it reduces paper use.

You can access the Meeting Materials and the Financial Statements electronically by visiting www.velan.com/en/company/investor_relations or the Corporation’s SEDAR+ profile at www.sedarplus.ca. Shareholders are reminded to review the Meeting Materials prior to voting.

The Corporation will provide a paper copy of the Meeting Materials or the Financial Statements to any Shareholder, free of charge, for a period of one (1) year from the date the management proxy Circular is filed on SEDAR+ (www.sedarplus.ca). You may request a paper copy at any time before the Meeting online at tsxt-fulfilment@tmx.com or by contacting TSX Trust Company at **1-888-433-6443** (toll free in **Canada and the United States**) or **1-416-682-3801** (other countries), in which case your request will be processed within three (3) business days and the requested documents will be sent by first class mail, courier or equivalent. Please take shipping time into consideration if you want to be sure to receive the management proxy circular before the Meeting. To ensure receipt of the paper copies in advance of the voting deadline and Meeting date, the Corporation estimates that your request must be received by no later than 5:00 pm (Montréal time) on July 1, 2024. **Please note that you will not receive another form of proxy or voting instruction form,**

so please keep the one you received with this notice. After the Meeting, requests may be made by calling the same numbers, and each request will be processed within ten (10) calendar days.

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, the Corporation has made its Modern Slavery Report for its financial year ended February 29, 2024, available on www.velan.com/en/company/investor_relations and on the Corporation's SEDAR+ profile at www.sedarplus.ca

The Directors have, by resolution, fixed the close of business on May 28, 2024 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting.

This year again, the Corporation will hold a virtual-only Meeting via live audio webcast. Shareholders will have an equal opportunity to participate in the Meeting online, regardless of geographic location, as well as to ask questions and vote on certain topics. Non-registered (or beneficial) shareholders who have not duly appointed themselves as proxyholder will be able to participate in the Meeting as guests, but guests will not be able to vote or speak at the Meeting. Shareholders will not be able to attend the Meeting physically. A summary of the information shareholders and proxyholders will need to attend the Meeting online is provided in the management proxy Circular

Shareholders who are unable to attend the Meeting are entitled to be represented by proxy and are requested to date, sign and return the enclosed form of proxy or voting instruction form in the envelope provided for that purpose or, alternatively, to vote through the virtual online platform in accordance with the enclosed instructions. To be valid, a proxy must be received at the Toronto office of the Corporation's transfer agent, TSX Trust Company at 301 - 100 Adelaide St. West, Toronto, (Ontario) M5H 4H1, no later than 4:30 p.m. (Montréal time), on the second business day prior to the day of the Meeting or any adjournment thereof.

Online participation in the Meeting enables registered shareholders to participate in the Meeting and ask questions in real time. Registered shareholders can vote at the appropriate times by completing a ballot online during the Meeting. Registered shareholders wishing to vote at the Meeting do not need to complete or return the form of proxy. However, even if a shareholder wishes to participate in the Meeting, such shareholder may vote his or her shares in advance, each such vote to be counted if such shareholder later decides not to participate in the Meeting.

If you have any questions regarding this notice, the notice-and-access mechanism or the Meeting, whether you are a registered or non-registered shareholder, please call the Corporation's transfer agent, TSX Trust Company, at 1-800-387-0825.

Dated at Montréal, Québec, this 16th day of May, 2024

By order of the Board of Directors,



Sabine Bruckert,

Executive Vice-President, Human Resources, General Counsel and Corporate Secretary

VELAN INC.

MANAGEMENT PROXY CIRCULAR

This management proxy circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Velan Inc. (the “Corporation” or “Velan”) to be voted at the annual meeting of shareholders of the Corporation (the “Meeting”) called for July 11, 2024 at 4:30 p.m. to be held online via live audio webcast at <https://web.lumiagm.com/457897109> for the purposes set forth in the notice of such Meeting (the “Notice”). The password to access the meeting is: **velan2024** (case sensitive). Unless otherwise specified, the information herein contained is given as of May 16, 2024.

As permitted by Canadian corporate and securities regulators, the Corporation will use the notice-and-access procedures for the delivery of meeting materials to Shareholders. These procedures allow issuers to post meeting materials online rather than mailing paper copies to Shareholders. Notice-and-access gives Shareholders more choice, substantially reduces the Corporation’s printing and mailing costs, and has less environmental impact as it reduces materials, waste and energy consumption. Instead of receiving a paper copy of the Circular and the other proxy-related materials, the annual audited consolidated financial statements of the Corporation for the financial year ended February 29, 2024, the independent auditor’s report thereon, and related management’s discussion and analysis, Shareholders will receive the Notice which contains instructions on how to access these materials online together with a form of proxy or voting instruction form. The aforementioned materials are available on the Corporation’s website at www.velan.com/en/company/investor_relations and on the Corporation’s SEDAR+ profile at www.sedarplus.ca.

SOLICITATION OF PROXIES

The proxy is being solicited by the management of the Corporation and the expenses of solicitation of proxies will be borne by the Corporation. The solicitation will be made primarily by mail; however, officers and regular employees of the Corporation may also solicit proxies by telephone, telecopier or in person.

REVOCAION OF PROXIES

A shareholder giving a proxy pursuant to this solicitation may revoke any such proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law.

APPOINTMENT OF PROXIES

The persons named in the form of proxy are Directors of the Corporation. **Each shareholder is entitled to appoint a person to represent him or her at the Meeting other than the individuals named in the form of proxy or voting instruction form.**

A shareholder desiring to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting may do so either by striking out the names of the management nominees set forth in the form of proxy or voting instruction form and by inserting such person’s name in the blank space provided therein or by completing another proper form of proxy, and, in either case, sending the completed proxy to the Secretary of the Corporation, c/o TSX Trust Company at 301 - 100 Adelaide St. West, Toronto, (Ontario) M5H 4H1. In order to be valid, the proxy must be received by TSX Trust Company no less than forty-eight (48) hours, excluding weekends and holidays, prior to the time of the Meeting, or any adjournment thereof. In addition, the shareholder must register the proxyholder on line or by telephone with TSX Trust Company. Registration of the shareholder’s proxyholder is an important and necessary additional step to complete; if the proxyholder is not registered, he or she will not receive the 13-digit control number required to vote at the Meeting.

More specifically, to register a third party proxyholder, the shareholder must complete the online form at the address www.tsxtrust.com/control-number-request or contact TSX Trust Company at 1-866-751-6315 (toll-free in Canada and the United States) or at 416-682-3860 (in other countries) no less than forty-eight (48) hours, excluding weekends and holidays, prior to the time of the Meeting, or any adjournment thereof. The shareholder will thereby provide TSX Trust Company with the required contact information of the proxyholder in order for TSX Trust Company to be able to send to the proxyholder his or her own 13-digit control number by email. Without his or her 13-digit control number, the proxyholder may not be recognized as such nor vote at the Meeting, but he or she may participate in the Meeting as a guest.

NON-REGISTERED HOLDERS

The information set forth in this section is important to the many shareholders who do not hold shares of the Corporation in their own names (the "Non-Registered Holders"). Non-Registered Holders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. However, in many cases, shares of the Corporation beneficially owned by a Non-Registered Holder are registered either:

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or "CDS") of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, *Communication with Beneficial Owners of Securities of a Reporting Issuer*, and the notice-and-access regime related therewith, the Corporation has distributed copies of the notice of Meeting and the form of proxy (collectively, the "Paper Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Paper Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Paper Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Paper Meeting Materials will either:

- (a) be given a proxy which is signed by the Intermediary (typically by a facsimile, stamped signature) and already sets forth the number of voting shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. The Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with TSX Trust Company as described above; or
- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form received by the Non-Registered Holder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically mails a proxy form to the Non-Registered Holders and asks Non-Registered Holders to return the proxy form to Broadridge (the Broadridge form also allows completion of the voting instructions form by telephone). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a shareholders' meeting. A Non-Registered Holder receiving a proxy form from Broadridge cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

Shares held by brokers or their agents or nominees can be voted for or against resolutions only upon the instructions of the Non-Registered Holder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the voting shares they beneficially own.

Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to participate in and vote at the Meeting (or have another person participate and vote on behalf of the Non-Registered Holder), the Non-Registered

Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided, or, in the case of a voting instruction form, follow the corresponding directions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies and ensure that instructions respecting the voting of their shares are communicated to the appropriate person.

EXERCISE OF DISCRETION OF PROXIES

The persons named in the form of proxy will vote, against or withhold from voting the shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **In the absence of such directions, such shares will be voted:**

- (A) **FOR the election as Directors of each of those persons hereinafter named as Board Recommended Nominees;**
- (B) **FOR the appointment of PricewaterhouseCoopers, Partnership of Chartered Professional Accountants, as auditors of the Corporation and to authorize the Directors to fix their remuneration; and**
- (C) **FOR the ratification and confirmation of the resolution approving the unallocated options under the Option Plan (as defined below), the whole as more fully set forth in Schedule A hereto.**

All matters to be voted on at the Meeting will be decided by a majority of the votes cast.

The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting and with respect to such other matters as may properly come before the Meeting. At the time of printing of this Circular, the management of the Corporation knows of no amendments, variations or other matters, other than the matters referred to in the notice of the Meeting.

RECORD DATE

The Board of Directors of the Corporation (the "Board") has fixed May 28, 2024 as the record date for the Meeting (the "Record Date"). Any holder of shares of record at the close of business on the Record Date is entitled to receive notice of and participate in the Meeting, online or by proxy, and is entitled to vote such shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting, except to the extent that such shareholder has subsequently transferred any such shares, and the transferee of those shares establishes such shareholder's ownership of such shares and demands no later than 10 days before the Meeting that such shareholder's name be included in the list of shareholders prepared for the Meeting. In such case, the transferee is entitled to vote such shares on each matter to be acted upon at the Meeting.

HOW TO ACCESS THE VELAN 2024 VIRTUAL MEETING

Registered shareholders and duly appointed proxyholders will be able to listen to the Meeting, ask questions and vote online, all in real time, provided they are connected to the Internet at all times.

Guests - including non-registered (beneficial) shareholders who did not appoint themselves as proxyholder - will be able to listen to the Meeting but will not be able to vote live nor ask questions.

Shareholders who wish to appoint a person other than the management nominees identified in the form of proxy or voting instruction form - including non-registered (beneficial) shareholders who wish to appoint themselves as proxyholder - must carefully follow the instructions in the management proxy Circular and on their form of proxy or voting instruction form.

Additionally, the shareholder or its duly appointed proxyholder MUST complete the online form at the address www.tsxtrust.com/control-number-request or call TSX Trust Company at 1(866) 751-6315 (toll free in Canada and the United States) or 416-682-3860 (other countries) by 4:30 p.m. (Eastern Time) on July 9, 2024 - voting cut-off - and provide the TSX Trust Company representative with the required information so that TSX Trust Company may provide the proxyholder with his or her own 13-digit Control Number by email. Without their own 13-digit Control Number, proxyholders will not be able to vote nor ask questions at the meeting but will be able to attend as guests.

Shareholders are strongly encouraged to express their vote in advance by completing the form of proxy or voting instruction form that was sent to them. Detailed instructions on how to complete and return proxies and voting instruction forms by mail, fax or email are provided in this Circular.

Alternatively, shareholders may express their vote in advance by voting online or using the toll-free telephone number set out on the form of proxy or voting instruction form.

To be effective, voting instructions must be received by the Corporation's transfer agent and registrar, TSX Trust Company, at any time prior to 4:30 p.m. (Eastern Time) on July 9, 2024.

VIRTUAL MEETING ACCESS INSTRUCTIONS:

In order to access the Meeting, follow the steps described below:

If you are a registered shareholder:

1. Log in online at <https://web.lumiagm.com/457897109>
2. Select the "I have a control number" icon and enter your 13-digit control number as indicated on the form of proxy, followed by the following password: **velan2024** (case sensitive).

Note: In the event that you use your control number to log in to the Meeting, any vote you cast will thereby revoke any proxy you previously submitted. If you do not wish to revoke a proxy that you previously submitted, you should refrain from voting during the Meeting.

If you are a duly appointed proxyholder:

1. Log in online at <https://web.lumiagm.com/457897109>
2. Select the "I have a control number" icon then enter your 13-digit control number and the following password: **velan2024** (case sensitive).

Note: Proxyholders who have been duly appointed and registered with TSX Trust Company in accordance with the instructions provided herein above will receive their own 13-digit control number via e-mail from TSX Trust Company after the proxy voting deadline has passed.

If you are a guest:

1. Log in online at <https://web.lumiagm.com/457897109>
2. Select the "I am a Guest" icon and complete the online form.

People who are participating in the Meeting must be connected to the internet throughout the entire Meeting in order to be able to vote. Participants must ensure that they have a good connection throughout the Meeting and set aside enough time to connect to the Meeting and follow the procedure described in this section.

You will require the most recent version of the browsers Chrome, Safari, Edge or Firefox. Make sure your browser is compatible by connecting in advance. **PLEASE DO NOT USE INTERNET EXPLORER.**

N.B.: Internal networks, firewalls, as well as VPNs (virtual private networks) may block the webcast or access to the Lumi platform. If you experience issues, make sure your VPN is deactivated or that you are not using a computer connected to an enterprise network.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at May 16, 2024, 15,566,567 Multiple Voting Shares ("Multiple Voting Shares") and 6,019,068 Subordinate Voting Shares ("Subordinate Voting Shares") of the Corporation were issued and outstanding. Each of the Multiple Voting Shares carries the right to five votes per share and each of the Subordinate Voting Shares carries the right to one vote per share in respect of all matters scheduled to be voted upon at the Meeting. The holders of the currently outstanding Multiple Voting Shares

and Subordinate Voting Shares will be entitled to exercise at the Meeting approximately 92.8% and 7.2%, respectively, of the voting rights attached to all of the outstanding voting shares of the Corporation in respect of all matters scheduled to be voted on at the Meeting. Velan Holding Co. Ltd (“Velan Holding”) has advised the Corporation that the disposition of such shares by Velan Holding, requires the consent of certain Velan family members and controlled entities. These Velan family members are Ivan Velan, Tom Velan and Peter Velan. Tom Velan, Ivan Velan and Peter Velan are Directors of the Corporation.

The Multiple Voting Shares may, at any time at the option of the holder, be converted into Subordinate Voting Shares on the basis of one Subordinate Voting Share for each Multiple Voting Share.

As at May 16, 2024, to the knowledge of the Directors and officers of the Corporation, the only persons who beneficially owned or exercised control or direction over shares carrying more than 10% of the votes attached to the outstanding voting shares of any class of the Corporation were: (i) Velan Holding, which owns 15,566,567 Multiple Voting Shares and 1 Subordinate Voting Share representing, in the aggregate, approximately 72% of the outstanding voting shares of the Corporation carrying with them approximately 92.8% of the voting rights which are entitled to be exercised in respect of all matters to be voted on at the Meeting; Ivan Velan, Peter Velan and Tom Velan are the only directors and decision makers of Velan Holding and (ii) Kernwood Limited exercises control or direction over 1,405,500 Subordinate Voting Shares (approximately 23.35% of the outstanding Subordinate Voting Shares, representing approximately 6.52% of the outstanding voting shares and approximately 1.7% of the voting rights which are entitled to be exercised in respect of all matters to be voted on at the Meeting).

Under applicable law, holders of Subordinate Voting Shares have no right to participate if a takeover bid is made for the Multiple Voting Shares.

While under applicable law, an offer to purchase Multiple Voting Shares would not necessarily result in an offer to purchase Subordinate Voting Shares, Velan Holding entered into a transfer restriction agreement for the benefit of the holders of Subordinate Voting Shares pursuant to which, among other things, Velan Holding agreed not to sell its Multiple Voting Shares, except in certain circumstances, unless an offer on at least equivalent terms is made to the holders of Subordinate Voting Shares.

ELECTION OF DIRECTORS

Board Size

The Corporate Governance and Human Resources Committee (the “CGHR Committee”), along with the board of directors of the Corporation (the “Board”), have reviewed and discussed optimal Board size. Some of the factors considered by the Board and the CGHR Committee as relevant to such review and discussion of optimal Board size include the scale and complexity of the Corporation’s business, the market in which it operates, the Corporation’s strategic priorities, the need for a diverse range of skills and perspectives, staffing of the committees of the Board, the presence of the Velan family and other factors. Pursuant to the articles of the Corporation, the Board is to consist of a minimum of three and a maximum of 15 directors. The Board presently consists of 9 Directors, four of which are independent. It is proposed that three out of four of the current independent Directors be elected to serve on the Board for the forthcoming year. Eight Directors are to be elected at the Meeting, three of whom are to be independent. The total number of nominees being proposed for election as Directors, between the Board’s proposed nominees and Velan Holding’s proposed nominees, is eight, which each of the CGHR Committee and the Board believes is, for the coming fiscal year, the appropriate size of the Board.

Nominees Independence

Nominee Name	Independent	Non-Independent	Basis for determination
Ivan Velan ⁽¹⁾		✓	Controlling shareholder
Peter Velan ⁽²⁾		✓	Controlling shareholder
Robert Velan ⁽³⁾		✓	Controlling shareholder and management
Tom Velan ⁽⁴⁾		✓	Controlling shareholder
Suzanne Blanchet	✓		No material relationship
Edward Kernaghan	✓		No material relationship

Nominee Name	Independent	Non-Independent	Basis for determination
James A. Mannebach ⁽⁵⁾		✓	Chair and CEO
Daniel Desjardins ⁽⁶⁾	✓		No material relationship

NOTES:

- (1) Mr. Ivan Velan was a member of management of the Corporation until December 27, 2019 and was re-elected in July 2020.
- (2) Mr. Peter Velan was also a Director of the Corporation from 1971 to 2004 and from 2008 to 2018 and was re-elected in July 2022.
- (3) Mr. Robert Velan was appointed Vice-Chair of the Corporation on October 8, 2020.
- (4) Mr. Tom Velan was appointed Chair of the Corporation on March 1, 2017. Prior to that Mr. Tom Velan was Chair and CEO of the Corporation. On October 8, 2020, Mr. Tom Velan was hired as a Consultant.
- (5) Mr. James Mannebach was appointed Chair of the Corporation on October 8, 2020, and was appointed Interim CEO on October 11, 2023 and CEO on February 5, 2024.
- (6) Mr. Daniel Desjardins was appointed to the Board on April 25, 2024.

Director Term

Each Director is elected for a one-year term and will hold office until the close of the next annual meeting of shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated.

Term Limit and Retirement Age

The overall complexity of the Corporation's business, namely the highly engineered products it manufactures, the global market it serves, the complex international projects it is involved in and the very cyclical and changing energy business, requires a long length of time before one can become experienced and knowledgeable. As is the case for the Corporation's management and workforce in general, Directors' strength partially resides in a certain duration of involvement with the Corporation.

In this context, the Board and the CGHR Committee have determined that fixing a mandatory term limit or a retirement age for Directors, at this point in time in the Corporation's history, would not be conducive to maintaining relevant, open, candid and lively debates among the Board. Instead of setting a fixed term limit or retirement age, the CGHR Committee and the Board have placed emphasis on the following: a) monitoring the average years of service and turnover rate of independent Directors; b) providing Directors with appropriate on-boarding and training including the opportunity to do plant visits and meet with executives; c) conducting regular Board, committee and peer assessments; and, d) keeping the number of independent Directors at an appropriate level. To that effect, the Board renewed over 50% of its members over the last eight years by adding one new member every year from 2017 to 2019 inclusively, three new members were appointed in 2021 and one new member was elected in 2022 and one new member appointed in 2024. The Board, committees and peer evaluations process was completed in 2024. The average length of service for non-executive and non-family Directors, assuming the proposed nominees are elected, is 1.9 years (versus 3.15 years the year before).

In addition, the Chair of the Board and the Chair of the CGHR Committee have formalized the Corporation's Board succession planning and taken initiative to ensure Board composition remains relevant to the Corporation's business by developing a Board renewal process that is deliberate, robust and long term in nature.

Board Skills and Expertise

A skills matrix showing the expertise and qualifications of each of the nominees is set forth below. The numbering reflects the level of experience possessed in a particular area (3 being the highest level of experience, and 1 indicating either a low level of experience or Not Applicable).

Skills and experiences	Suzanne Blanchet	Daniel Desjardins	Edward Kernaghan	James Mannebach	Ivan Velan	Peter Velan	Robert Velan	Tom Velan
Succession Planning	2	3	2	3	1	2	2	3
Manufacturing Experience	3	3	1	3	2	3	3	2
Compensation	2	2	3	2	1	1	2	2
Financial Acumen	3	3	3	3	3	2	3	3
International Business Experience	3	3	2	3	2	3	3	3
Health and Safety	3	2	2	2	1	2	2	2
Human Resources	3	3	2	3	2	2	2	2
Operational Experience	3	3	1	3	3	3	3	3
Leadership	3	3	2	3	2	2	3	3
Distribution Channel Knowledge	3	3	1	3	3	2	3	3
Strategic Planning	3	3	2	3	2	2	3	3
Technology/IT	1	2	2	2	1	2	2	2
Audit and Accounting	3	3	3	3	3	2	2	2
Board of Director Experience	3	3	3	3	3	2	2	3
Valve experience	2	2	1	3	3	3	3	3
Governance	2	3	3	3	2	2	2	3
Family Business	3	3	3	3	3	3	2	3
B2B Sales and Marketing	3	3	1	3	3	1	2	2
M&A, Integration	3	3	2	3	2	2	2	2

Qualifications for Service as a Director of the Corporation

It is essential that the Board consist of Directors who represent a diversity of skills, gender, origin, personal experience and backgrounds which will assist the Board in fulfilling its duties. Directors must possess the following attributes: integrity, experience and expertise relevant to the Corporation's business, independence of thoughts, a sound and mature business judgment, commitment, ability to devote the necessary time and effort to effectively conduct their duties as directors, and financial literacy. The CGHR Committee has developed a skills matrix, which is used when recruiting Directors and against which each independent Director nominee is carefully assessed. In addition to the expertise and qualifications captured by the skills matrix, a number of soft skills have been identified as being required for each Director nominee, namely: honesty, integrity, being a team player and team builder, company commitment, mature leadership, strong communication skills, availability, business acumen, strategic perspective, courage to hold and argue for an independent point of view, conflict resolution skills, willingness to dig and debate issues when appropriate while understanding the role of management and the role of directors, and the importance of diversity. Diversity is continuously considered during the Director nominee identification and selection process.

The Corporation's Directors are requested not to sit on more than four other boards of directors of publicly-traded companies. All proposed nominees are in compliance with this request.

2024 Nomination Process

The total number of nominees being proposed for election at the Meeting, as Directors, between the Board's proposed nominees and Velan Holding's proposed nominees, is eight.

Management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason at or prior to the Meeting, the persons named in the form of proxy reserve the right to vote for another nominee at their discretion, unless instructions have been received from a particular shareholder to vote its shares against

the election of all Directors. Each Director elected will hold office until the next annual meeting of shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation. All of the persons named in the tables below are now members of the Board and have been since the years indicated.

The following table, together with the notes thereto, sets forth the name of each of the five persons who are proposed to be nominated by the Board for election as a Director, as well as such person's province and municipality of residence, year first elected or appointed as a Director, principal occupation(s) during the past five years and all other major positions and offices held with the Corporation and Velan Valve Corp., the United States subsidiary of the Corporation, the current principal occupations, as well as the approximate number of shares of each class of shares of the Corporation beneficially owned by such person or over which such person exercises control or direction as at the date hereof.

Name and Residence	Principal Occupation	Director Since	Number and Class of Shares of the Corporation ⁽¹⁾	
			Multiple Voting Shares	Subordinate Voting Shares
Suzanne Blanchet ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ La Prairie, Quebec, Canada	Corporate Director	2021	-	3,000
Edward Kernaghan ⁽⁴⁾⁽⁵⁾⁽⁶⁾ Toronto, Ontario, Canada	Executive Vice President of Kernaghan & Partners Ltd	2021	-	1,407,700 ⁽⁷⁾
Daniel Desjardins ⁽¹¹⁾ Montréal, Québec, Canada	Corporate Director	2024	-	-
James A. Mannebach ⁽⁸⁾ Reno, Nevada, U.S.A.	Chair and CEO of the Corporation	2018		3,000
Robert Velan ⁽⁹⁾⁽¹⁰⁾ Montréal, Québec, Canada	Executive Vice-President, International Operations	2013	refer to note 10	-

NOTES:

- (1) The information as to shares beneficially owned, controlled or directed by each proposed nominee, not being within the knowledge of the Corporation, has been furnished by the respective nominee as of May 16, 2024.
- (2) Chair of the Audit Committee.
- (3) Over the past six years, Ms. Suzanne Blanchet has been a corporate director following retirement from her position of Vice President, Corporate Development for Cascades Inc. (TSX).
- (4) Member of the CGHR Committee.
- (5) Member of the Audit Committee.
- (6) Member of the Special Committee.
- (7) Including 200 Shares owned by Jennifer Kernaghan and 1,405,500 Shares owned by Kernwood of which Edward Kernaghan is the president.
- (8) Mr. Mannebach was appointed Chair of the Corporation on October 8, 2020 and Chair of the Special Committee. Mr. Mannebach is no longer a member of the Special Committee. He was named Interim CEO on October 11, 2023 and named CEO on February 5, 2024. He is also Managing Partner of Blackbird Group LLC and formerly CEO of Power-Sonic Corporation until October 2023.
- (9) Mr. Robert Velan is an executive of the Corporation. Mr. Robert Velan was also appointed Vice-Chair of the Board of the Corporation on October 8, 2020. He was previously Executive Vice-President, General Manager, MRO.
- (10) Velan Holding owns 15,566,567 Multiple Voting Shares of the Corporation. Mr. Robert Velan owns, along with other Velan family members, Velan Holding.
- (11) Daniel Desjardins was Senior Vice-President, General Counsel and Corporate Secretary at Bombardier Inc. until December 2019.

The following table, together with the notes thereto, sets forth the name of each of the three persons proposed by Velan Holding to be nominated for election as a Director, as well as such person's province and municipality of residence, year first elected or appointed as a Director, principal occupation(s) during the past five years and all other major positions and offices with the Corporation, the current principal occupations, and the approximate number of shares of each class of shares of the Corporation beneficially owned by such persons or over which such person exercises control or direction as at the date hereof.

Name and Residence	Principal Occupation	Director Since	Number and Class of Shares of the Corporation (1)	
			Multiple Voting Shares	Subordinate Voting Shares
Ivan Velan ⁽³⁾⁽⁴⁾ Montréal, Québec, Canada	Director, Special advisor to the CEO up until December 2019	2020	refer to note 3	3,333
Peter Velan ⁽³⁾⁽⁵⁾ Montréal, Québec, Canada	Director	2022	refer to note 3	325,634
Tom Velan ⁽²⁾⁽³⁾ Montréal, Québec, Canada	Director, Advisor, and Former Chairman	1976	refer to note 3	7,333

NOTES:

- (1) The information as to shares beneficially owned, controlled or directed by each proposed nominee, not being within the knowledge of the Corporation, has been furnished by the respective nominee as of May 16, 2024.
- (2) Mr. Tom Velan was an executive of the Corporation and of Velan Valve Corp., the US subsidiary of the Corporation until March 1, 2017, Mr. Tom Velan is a Director thereof. On October 8, 2020, Mr. Tom Velan was hired as a consultant.
- (3) Velan Holding owns 15,566,567 Multiple Voting Shares of the Corporation. Messrs. Tom Velan, Peter Velan and Ivan Velan own, along with other Velan family members, Velan Holding.
- (4) Mr. Ivan Velan was also a Director of the Corporation from 1970 to 2013.
- (5) Mr. Peter Velan was also a Director of the Corporation from 1971 to 2004 and from 2008 to 2018.

Biographies of 2024 Nominees

<p>Suzanne Blanchet: La Prairie, Québec, Canada Age: 66 Director since: 2021</p>	<p>Ms. Blanchet, D.h.c., IAS. A, is a Corporate Director, Chair of the Audit Committee and Chair of BCI. She currently serves as a director of GDI Integrated Facility Services Inc. (TSX). She also serves as a director of Solmax and EBI, where she chairs the Audit Committee. She served as a director of Resolute Forest Products (TSX) until March 2023, where she chaired the Environment and Health and Safety Committee. She previously served as Chair of the RFAQ, an NFPO that works for the development of women-owned companies and remained a member of the board until January 2024.</p> <p>Suzanne Blanchet pursued a career with the Cascades group for over 30 years, rising through the ranks to become President and Chief Executive Officer of Cascades Tissue Group from 1997 to 2014. Under her leadership, she grew the Tissue Division both organically and by acquisition to become the fourth largest player in North America in the retail, commercial and industrial sectors. She then held the position of Senior Vice President, Corporate Development for Cascades where she developed and implemented the ESG plan, as well as the entire innovation component for the group. Since 2017, Ms. Blanchet is a Corporate Director.</p> <p>Ms. Blanchet studied Accounting Sciences at the Université du Québec à Trois-Rivières and is an accredited Corporate Director (ICD.A.). She has received prestigious awards including the Golden Stevie Award for the Executive Officer of Canada in 2013. In 2015, the Université du Québec en Outaouais (UQO) awarded her an honorary doctorate for her significant contribution as a pioneer in sustainable development and her innovative approaches in the pulp and paper sector were recognized.</p>
<p>Daniel Desjardins: Montreal, Québec, Canada Age: 68 Director since: 2024</p>	<p>Mr. Daniel Desjardins, Ad.E, is an independent director. He is a member of the Board of Directors of Transat A.T. Inc., the Chair of the Risk Committee and a member of the Audit Committee since 2022. He was a member of the Board of Directors of Noranda Income Fund and a member of its Audit Committee and Independent Committee of the Board until March 2023 following the privatization of the Fund. Mr. Desjardins is an accomplished business lawyer and executive with extensive expertise in business law, compliance and risk management as well as decades of experience in financing and complex mergers and acquisitions. For more than 20 years, until December 2019, Mr. Desjardins was Senior Vice-President, General Counsel and Corporate Secretary at Bombardier Inc. In this role, he was responsible for legal affairs, compliance, internal audit, insurance and risk management for the entire company. From 2018 to January 2021, he</p>

	<p>served as Chair of the Board of Directors of Bombardier Transportation. Prior to joining Bombardier, Mr. Desjardins was a partner at a Quebec law firm for 15 years. He began his career at National Bank of Canada.</p> <p>He has been Chair of the Board of the Legal Leaders for Diversity Trust Fund since 2014 and is Chair of the Board of the Pointe-à-Callière Museum. Mr. Desjardins has received numerous professional awards and has twice been named one of Canada's 25 most influential lawyers. In 2017, the Barreau du Québec awarded him the Advocatus Emeritus distinction in recognition of his exceptional professional career.</p> <p>Mr. Desjardins holds a law degree from the Université de Montréal and a Master of Laws degree from McGill University.</p>
<p>Edward Kernaghan: Toronto, Ontario, Canada Age: 52 Director since: 2021</p>	<p>Mr. Kernaghan has over 20 years of experience in the financial services business. He held the position of Executive Vice President at Kernaghan Securities, a firm he started along with his father, Ted Kernaghan, in 2001. He is currently a partner at Kernaghan & Partners and is President of Kernwood Limited.</p> <p>He also currently serves on the board of three other TSX listed companies, namely Exco Technologies Ltd. (TSX:XTC), Black Diamond Group Ltd. (TSX:BDI) and Obsidian Energy Inc. (TSX:OBE). Mr. Kernaghan is a graduate of the University of Toronto with a Master of Science in Theoretical Physics, and he has a Bachelor of Science, Honors degree from Queens University.</p>
<p>James A. Mannebach: Reno, Nevada, United States of America Age: 64 Director since: 2018</p>	<p>Mr. Mannebach is the Chair and CEO of the Corporation. Mr. Mannebach, BSBA, MBA, CPA, is the Managing Partner of Blackbird Group LLC, a private equity investment and management firm. Mr. Mannebach was the CEO of Power-Sonic Corporation, a leading global provider of power supply and energy storage solutions. Prior to March 2009, he was Group President and CEO of IMI PLC's Precision Engineering business, a global engineering firm focused on motion and fluid control technologies. Prior to September 2004, Mr. Mannebach was Group Vice President of the Industrial Technology group of Roper Technologies, a leading global provider of process control, fluid metering and pump systems. Prior to 2003, Mr. Mannebach was employed by Emerson where he served as a Corporate Officer and in the Company's Process Control business group which focuses on process management, control valves, fluid metering and control solutions including senior leadership positions at Fisher Controls, Rosemont and Micro Motion. Prior to 1988, Mr. Mannebach started his professional career at the global accounting, tax and advisory firm of Deloitte.</p>
<p>Ivan Velan: Montreal, Québec, Canada Age: 79 Director from 1970 to 2013 and reappointed in 2020</p>	<p>Mr. Ivan Velan joined the Corporation in early January 1970 soon after receiving an MBA from University of Michigan. He has had a 50-year business career in the valve business, all at the Corporation, serving in various management positions including Marketing Manager, VP Sales - North American Market, and Executive Vice President reporting to the then-CEO, Tom Velan. Until December 2019, he was Special Advisor to President and CEO, Yves Leduc. During his employment, Mr. Velan implemented the establishment and rework of the USA and Canadian distributor and agent networks as well as the introduction of three Distribution Centers in the United States. He served on the Corporation's Board of Directors from mid 1970 until 2013, including approximately 5 years as Chairman. He was re-elected to the board in 2020. He was the representative to the US/CAN Valve Manufacturers Association from 1980, joining the Board there a few years later and was Chairman in 2013-14. He has also served for many years in the past on Boards at Concordia University, Montreal General Hospital Foundation, and Lower Canada College, all in Montreal.</p>

<p>Peter Velan: Montréal, Québec, Canada Age: 77 Director from 1971- 2004, 2008-2018 and 2022- current</p>	<p>Mr. Peter Velan is a corporate Director after working at Velan from 1968 to 2003 as an EVP of Manufacturing, Engineering and IT. Peter Velan served on the Velan board starting from 1971 for 45 years and is a Director of Velan Holding. Peter Velan graduated with a Mechanical Engineering degree from McGill.</p>
<p>Robert Velan: Montréal, Québec, Canada Age: 53 Director since: 2013</p>	<p>Mr. Robert Velan was employed by the Corporation from February 2004 to August 2012 successively as Director, Strategic, Planning and Business Development, President of the Corporation's subsidiaries in UK and Germany and Vice President, Marketing. From August 2012 to October 2013 he was President & Owner of Emergia Aerospace. On February 10, 2014 he was rehired as Vice President, Distribution for the Corporation and was thereafter appointed VP, Customer Service and Distribution. He was appointed Executive Vice President, International Operations on March 1, 2022 and was previously the Executive Vice President, General Manager, MRO & Aftermarket business unit. He holds an MBA from Cornell University and a professional director certification from Canada's Institute of Corporate Directors (ICD.D).</p>
<p>Tom Velan: Montréal, Québec, Canada Age: 72 Director since: 1976</p>	<p>Mr. Tom Velan is Director, Advisor, and Former Chairman of the Corporation. He joined the Corporation in 1973 and held various positions with increasing levels of responsibility mainly in international sales and developing and managing foreign subsidiaries. Prior to being appointed President in 2003, he was Executive Vice-President, Export Sales and Overseas Operations. In 2011 he was appointed President & CEO. In 2015, he was appointed Chairman & CEO and on March 1st, 2017, he was appointed Chairman of the Corporation according to the Corporation's succession plan. He has been a director of the Corporation since 1976. Mr. Velan graduated with a B. Comm. from McGill in 1972. Mr. Velan holds a professional director certification by Canada's Institute of Corporate Directors (ICD.D).</p>

Recommendation

The Board recommends that shareholders vote for the election of each of Suzanne Blanchet, Edward Kernaghan, Daniel Desjardins, James A. Mannebach, Ivan Velan, Peter Velan, Robert Velan and Tom Velan, (collectively, the "Board Nominees"). **Unless otherwise directed by the shareholders appointing them, the persons named in the form of proxy intend to cast the votes to which the shares represented by such proxy are entitled FOR the election of each of the Board Nominees.**

Majority Voting and Disclosure of Voting Results

The Board believes that each Director should carry the confidence and support of shareholders. To this end, the Board has adopted an amended and restated majority voting policy and the nominees for election to the Board have been asked to subscribe to this policy.

The forms of proxy for the election of Directors now only enables the shareholder to vote in favour of or against, each nominee, separately. It is no longer possible to withhold from voting on the election of a Director. At the Meeting, the Chair will call for a vote by ballot and the scrutineers will record with respect to each nominee the number of shares voted in his or her favour and the number of shares voted against him or her. Prior to receiving the scrutineer's report on the ballot, the Chair may announce the vote result based on the number of proxies received. At the conclusion of the Meeting, the final scrutineer's report on the ballot will be filed on SEDAR+ www.sedarplus.ca.

If, with respect to any particular nominee, the number of votes against exceeds the number of votes in favour of the nominee, then pursuant to the amended and restated majority voting policy and in accordance with the *Canadian Business Corporation Act* when it comes to uncontested elections, the nominee shall be considered not to have received the support of the shareholders. The nominee, if an incumbent director, will still be permitted to continue in office until the earlier of (a)

the 90th day after the day of the Meeting and (b) the day on which its successor is appointed or elected, the whole as more fully set forth in the amended and restated majority voting policy of the Corporation, a copy of which is posted on the Corporation's website at www.velan.com.

Subject to any corporate law restrictions, the Board may leave the resultant vacancy unfilled until the next annual meeting. Alternatively it may fill the vacancy through the appointment of a new Director or may call a special meeting of shareholders at which there will be presented management nominee(s) to fill the vacant position or positions.

Detailed voting results are promptly disclosed after shareholder meetings, so that shareholders can easily understand the level of support for each nominee.

The 9 nominees who were elected at the Corporation's 2023 annual meeting of shareholders received a substantial majority of votes "for" his or her election, as set forth in the table below.

	Votes FOR (%)	Votes AGAINST (%)
Suzanne Blanchet	99.93	0.07
Dahra Granovsky	99.56	0.44
Edward Kernaghan	99.94	0.06
James A. Mannebach	99.94	0.06
Bruno Carbonaro	99.49	0.51
Ivan Velan	99.50	0.50
Robert Velan	99.46	0.54
Tom Velan	99.46	0.54
Peter Velan	99.46	0.54

Attendance Record for Board and Committees Meetings

During the year ended February 29, 2024, the Board consisted of 9 Directors, including two members of senior management. During the fiscal year ended February 29, 2024, (i) the Board held 11 meetings, (ii) the Audit Committee of the Board held four meetings, (iii) the CGHR Committee of the Board held five meetings and (iv) the Special Committee of the Board held several meetings. Attendance to Board and committee meetings for which the respective members were not excused, during fiscal year March 1, 2023 to February 29, 2024, is listed below.

Attendance at such meetings by the Directors was as follows:

Name of Board Member	Board	Audit Committee	CGHR Committee	Special Committee	Total
Suzanne Blanchet ⁽¹⁾	100%	100%	100%	n/a	100%
Bruno Carbonaro ⁽²⁾	100%	n/a	n/a	n/a	100%
Dahra Granovsky ⁽³⁾	100%	100%	100%	100%	100%
Edward Kernaghan	100%	n/a	100%	100%	100%
James A. Mannebach ⁽⁴⁾	100%	100%	100%	100%	100%
Tom Velan	100%	n/a	n/a	n/a	100%
Robert Velan ⁽⁵⁾	100%	n/a	n/a	n/a	100%
Ivan Velan	100%	n/a	n/a	n/a	100%
Peter Velan	91%	n/a	n/a	n/a	91%

NOTES:

- (1) Ms. Suzanne Blanchet was appointed Chair of the Audit Committee on January 12, 2022.
- (2) Mr. Bruno Carbonaro resigned as President and CEO on October 10, 2023.
- (3) Ms. Dahra Granovsky's directorship will end on July 11, 2024.
- (4) Mr. James A. Mannebach was appointed Chair of the Board on October 8, 2020. Mr. Mannebach is no longer a member of the Audit Committee, CGHR Committee and Special Committee. He was appointed Interim CEO on October 11, 2023 and named CEO on February 5, 2024.
- (5) Mr. Robert Velan was appointed Vice-Chair of the Board on October 8, 2020.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

To the knowledge of the Directors and officers of the Corporation, no proposed Director of the Corporation except Suzanne Blanchet:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, chief executive officer or chief financial officer of any company, that,
 - (i) was the subject of a cease trading order, an order similar to a cease trading order or an order that denied the relevant company access to any exemption under securities legislation that was issued while the proposed Director was acting in the capacity as Director, chief executive officer or chief financial officer that was in effect for a period of more than 30 consecutive days; or
 - (ii) was subject to a cease trading order, an order similar to a cease trading order or an order that denied the relevant company access to any exemption under securities legislation that was issued after the proposed Director ceased to be a Director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as Director, chief executive officer or chief financial officer that was in effect for a period of more than 30 consecutive days; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a Director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Suzanne Blanchet was on the board of directors of the Atis group until February 3, 2021. On February 19, 2021, the Atis Group obtained court protection against its creditors under the Companies' Creditors Arrangement Act, in order to resolve short-term liquidity problems.

COMPENSATION OF DIRECTORS

The Corporation's Director compensation program is designed to provide appropriate compensation given the responsibilities and risks related to being effective Directors. The compensation program for Directors is intended to be reviewed every two years. On October 8, 2020, the compensation of Directors was reviewed and effective on that date, the attendance fees were cancelled. Unless indicated otherwise, all amounts in this Circular are expressed in Canadian dollars. Compensation to the non-executive Chair of the Board is set at \$175,000 per year. For other non-executive Directors, Directors' fees are set at \$75,000 per year and 1,000 Deferred Share Units ("DSUs"). The Chair of the CGHR Committee and the Chair of the Audit Committee each receive \$15,000 per year and committee members receive \$5,000 per year. The Chair of the Special Committee receives \$72,000 per year and Special Committee members receive \$60,000 per year. The Special Committee suspended its work upon the Corporation receiving the refusal from the French authorities regarding the Flowserve transaction on October 5, 2023.

The Corporation compensates the independent members of the Board, not members of management or officers of the Corporation, through a combination of:

- ✓ **Annual Board Retainer.** The full annual Board retainer is paid in cash.
- ✓ **Chair of the Board.** A yearly cash amount is paid to the non-executive Chair of the Board.
- ✓ **Committee Chair Retainer.** In recognition of the additional workload of the CGHR , the Special and Audit Committees' Chairs additional retainers are paid to each Director acting in such capacity. The committee chair retainer is paid in cash.
- ✓ **Committee Member Retainer.** In recognition of the additional workload of committee members, additional retainers are paid to each Director acting in such capacity. The committee member retainer is paid in cash.
- ✓ **Deferred Share Units.** Each non-executive Director is granted annually 1,000 DSUs as soon as possible after his or her election.

Type of Compensation	Annual Compensation
Chair of the Board (for non-executive Chair)	\$175,000
Board Retainer	\$75,000
Deferred Share Units for non-executive Directors only	1,000 units
Committee Chair Retainer:	
- Audit	\$15,000
- CGHR	\$15,000
- Special	\$72,000
Committee Member Retainer:	
- Audit	\$5,000
- CGHR	\$5,000
- Special	\$60,000
Reimbursement of educational, training expenses and/or forum participation	Up to \$2,500

Directors are reimbursed for travel and other out-of-pocket expenses actually incurred for the benefit of the Corporation. Directors are members of the Institute of Corporate Directors and such membership is paid for by the Corporation.

Director compensation also includes appropriate director indemnity and insurance coverage. See "Directors' Liability Insurance".

James Mannebach, Chair of the Board & CEO and Robert Velan, Vice-Chair of the Board and Executive Vice President, International Operations are executive Directors and are not compensated in their capacity as Directors or Vice-Chair of the Board.

All independent Directors are required to own 3,000 shares in the capital of the Corporation unless this requirement is waived by the Board. New Directors have 24 months from the date of their appointment to comply with shareholding requirements. As at February 29, 2024, all non-executive Directors of the Corporation were in compliance with such shareholding requirement.

Deferred Share Unit Plan

The Corporation has adopted a deferred share unit plan ("DSUP") for non-executive Directors to further align their economic interest with those of the Corporation's shareholders. The DSUP became effective July 13, 2017. The DSUP provides that non-executive Directors will be credited with additional DSUs whenever cash dividends are paid. The DSUs shall vest on the date of grant and shall be payable no later than December 1st of the first year following the year in which the Director ceased to sit on the Board. The value of the DSU is determined, on a given date, based on the value of the Shares at that particular date, being the volume weighted average price of the Sales on the Toronto Stock Exchange ("TSX") for the 20 trading days preceding that date.

Total Compensation of Directors

The following table reflects the total compensation earned by each non-executive Director during the fiscal year ended February 29, 2024 in their capacity as directors:

Name	Fees Earned (\$)	Share Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Suzanne Blanchet ⁽³⁾	95,090	nil	nil	nil	nil	nil	95,090
Dahra Granovsky ⁽³⁾	155,147	nil	nil	nil	nil	nil	155,147
Edward Karnaghan ⁽³⁾	140,875	nil	nil	nil	nil	nil	140,875
James A. Mannebach ⁽³⁾⁽⁴⁾	157,615	nil	nil	nil	nil	nil	157,615
Ivan Velan ⁽³⁾	75,071	nil	nil	nil	nil	nil	75,071
Tom Velan ^{(1) (3)}	115,840	nil	nil	nil	nil	26,194 ⁽²⁾	142,034
Peter Velan ⁽³⁾	75,071	nil	nil	nil	nil	nil	75,071

NOTES:

- (1) Tom Velan received \$40,769 for consulting services provided to the Corporation.
- (2) Car benefits valued at \$26,194 in compensation for consulting.
- (3) In July 2023, no DSUs were granted in accordance with applicable rules and regulation and considering the pending transaction with Flowserve which did not materialize.
- (4) Starting October 11, 2023, James Mannebach was no longer being compensated for his directorship considering his position as an executive.

Trading Black-out Periods and Restriction on Hedging the Corporation's Securities

Trading Black-out Periods. Directors are subject to the terms of the Corporation's trading policy, disclosure policy and Code of Business Conduct and Ethics. They are restricted from trading the Corporation's securities while they have knowledge of material, non-public information. One way in which the trading restrictions are enforced is by imposing trading "black-out periods" on Directors for specified periods prior to the release of the Corporation's financial statements and as required in connection with material transactions, such as the transaction with Flowserve. The regular quarterly trading black-out period stated in the trading policy provides that Directors may not trade in or with respect to the Corporation's securities or related financial instruments, other than during the period commencing on the 5th day following the press release summarizing the quarterly financial statements and terminating on the 35th day following such press release.

Prohibition on Hedging. Directors are not permitted to engage in activities which would enable them to improperly profit from changes in the Corporation's stock price or reduce their economic exposure to a decrease in the Corporation's stock price.

COMPENSATION OF EXECUTIVES

Determining Compensation

Corporate Governance and Human Resources Committee

Compensation of executive officers of the Corporation and its subsidiaries is reviewed by the CGHR Committee. During the fiscal year ended on February 29, 2024, the Committee was composed of independent Directors, Ms. Dahra Granovsky, Mr. James A. Mannebach up until October 10, 2023, Ms. Suzanne Blanchet and Mr. Edward Kernaghan. All the members of the CGHR Committee have competencies in human resources, compensation and risk management due to the experience they acquired through their current positions or directorships, or those they have held in the past, or due to their training. More specifically, Ms. Dahra Granovsky gained relevant experience in all aspects of human resources and compensation through her experience working in companies where her responsibilities included the human resources function and in leading teams of employees. Mr. James A. Mannebach and Ms. Suzanne Blanchet have worked for companies and have lengthy experience managing teams of employees and gained relevant experience in the areas of human resources and compensation. Mr. Edward Kernaghan gained relevant experience in human resources and compensation through his experiences leading teams of employees and participating on other boards.

The Board believes that the CGHR Committee collectively has the knowledge, experience and background required to fulfill its mandate.

The Board has adopted a formal charter for the CGHR Committee. The CGHR Committee is responsible for reviewing and/or making recommendations with respect to the performance of executives; reviewing, analysing and/or making recommendations to the CEO with respect to the compensation of the executives and any incentive and bonus programs on an annual basis. The CGHR Committee also reviews the annual incentives granted to the heads of the Corporation's subsidiaries. The CGHR Committee may retain the services of its own independent external counsel with regard to the compensation of the Chair of the Board, the CEO, the Chief Financial and Administrative Officer and the other most highly compensated executive officers of the Corporation and its subsidiaries (collectively, the "Named Executive Officers" or "NEOs"). As at February 29, 2024 and as provided for in its mandate, the CGHR Committee approved such counsel's retention and compensation. The CGHR Committee uses discretion and judgment in making decisions and recommendations, and its decisions may consider factors other than the information and recommendations provided by an independent external advisor.

The Short Term Incentive Plan: In 2021, the CGHR Committee under the guidance of its independent advisor, Hexarem, reviewed and amended the short term incentive plan ("STIP"). The STIP defines target bonus opportunity as percentage of salaries. It applies to all staff employees. The CEO's target bonus opportunity is fixed at 67% of his base salary for the period and the Chief Financial and Administrative Officer's target bonus opportunity is fixed at 40% of his base salary for the period. For the other NEOs' target bonus opportunity is fixed at 30% of their respective base salary for the period. The STIP is based on the performance of annual financial and operational goals. For the year ended February 29, 2024, the bonus payout is based on the performance of financial and operational goals. The financial and operational components of the bonus plan are the consolidated adjusted EBITDA, the North America adjusted EBITDA and consolidated working capital

reduction as a percentage of sales for the Corporation's business. The STIP payout can range from 0 to 200% of the targets. For the year ended February 29, 2024, the STIP payout was set at 25%.

In addition but not linked to the STIP payout, individual goals and objectives and performance for each of the NEOs including for the President & CEO and the CEO (after October 10, 2023) are reviewed by the CGHR Committee.

The Long Term Incentive Plan: A few years ago, the CGHR Committee had also engaged Hexarem to review the executive long term incentive plan ("LTIP"). The current LTIP became effective for the fiscal year ended on February 28, 2018. Selected participants approved by the CGHR Committee are eligible to participate to the LTIP. The primary purpose of the LTIP is to attract, retain, motivate and reward eligible participants to increase the performance of the Corporation and its share price. The LTIP is designed to align the interests of the participants with the interests of shareholders of the Corporation over the long term. It reinforces the long-term accountability culture within the Corporation and fosters a common sense of purpose and direction. The LTIP defines a target LTIP opportunity as percentage of salary. The President & CEO's target LTIP was fixed at 30% of his base salary up until his resignation and the CEO was not eligible for the LTIP for the year ended February 29, 2024. The other NEOs' target LTIP opportunities vary between 20% and 30% of their respective base salaries for the period. 75% of the LTIP opportunity is provided as Performance Share Units ("PSUs") and 25% as DSUs.

The Corporation has adopted a DSUP and a performance share unit plan ("PSUP") for selected participants. Under the DSUP, eligible executives received a number of DSUs set by the CGHR Committee. Each DSU vests at the earlier of the sixth anniversary of its date of grant and the date the DSU holder reaches retirement age, as defined by the DSUP. The PSUs vest based on corporate performance over a three-year period. The PSU payout can range from zero to twice the target. The PSU performance indicators are three-year average consolidated return on assets and three-year average consolidated gross margin, as defined for PSU purposes.

For the fiscal year ended on February 29, 2024, no DSUs were granted according to the LTIP and the PSU portion of the LTIP remained suspended and no PSUs were granted.

Both DSUs and PSUs are cash settled based on the value of the Corporation's shares as defined by the respective plans.

Special Cash Program: To better support the Corporation's transformation, as indicated above, regular PSU awards have been suspended temporarily but a special cash-based plan designed specifically to support and reward the transformation deployment was implemented. The program is designed to generate cash awards upon achievement of strategic milestones and key financial goals, including Earning Per Share ("EPS") and other non-GAAP profitability indicators, aligned with a proven and sustainable return to improved profitability. Most goals are only achievable over at least three years. Detailed goals are not disclosed at this time because their disclosure could be detrimental to the Corporation's shareholders since they would reveal strategic objectives to the Corporation's competitors. No awards have been paid or earned under the plan from its inception to this date. On April 23, 2024 the Special Cash program was terminated.

The Retention Bonus Plan: As the Corporation was reviewing its strategic alternatives including without limitation the sale of the Corporation and recognizing the uncertainty and insecurity that this process can create for key employees, the Corporation adopted a Retention Bonus Plan to be able to rely on the services of its key employees and executives during the strategic alternatives review process. The Retention Bonus Plan provides for a fixed amount to be paid to selected participants in three equal tranches, one during the fiscal year ended in February 28, 2023, the second on closing of the transaction with Flowserve and the third one six months after closing of said transaction. The second and third tranches were not paid considering that the transaction with Flowserve did not materialize.

Non-executive Directors are not eligible for either STIP, LTIP, the Special Cash Program nor the Retention Bonus Plan but are eligible to DSUs grants.

The Special one time DSU grant: During fiscal year ended February 29, 2024, the CEO and the CFAO benefited from this Special one time DSU grant.

The total fees paid to Hugessen during the fiscal year ended on February 29, 2024 was \$62,076.25 all in relation with executive compensation.

Compensation Policy Objectives

The Corporation's compensation policy is designed to attract, retain and motivate high-calibre officers, recognize their contribution and expertise, and motivate them to achieve individual and collective short term and long term objectives to ensure the Corporation's success.

The various components of executive officers' compensation are designed to:

- appropriately remunerate the NEOs;
- support a performance culture;
- link the NEOs' remuneration to corporate financial and operational performance;
- encourage the NEOs to achieve the objectives of the current Corporation's transformation project , implement short-term and long-term strategies in order to achieve results with integrity and fairness and to create a sustainable growth strategy;
- balance the mix of fixed compensation and variable compensation to appropriately reflect the value and responsibility of the role performed day to day and to influence appropriate behaviors and actions;
- attract and retain talent and encourage succession planning and knowledge transfer to potential successors;
- foster teamwork and collaboration across the Corporation;
- align NEOs' interests with those of the Corporation's shareholders; and
- retain executives during the interim period between signing and closing of the transaction with Flowserve US Inc. or its subsidiary (hereinafter referred to as "Flowserve").

The CGHR Committee relied on market data provided by Hexarem, which was last formally updated six years ago and is updated and refreshed on an as-needed basis, such as in cases of hiring or promotion. Upon hiring of the new CEO and promoting the CFO to CFAO, Hugessen provided the CGHR Committee with updated market data for these two positions. The CGHR Committee also relies on the market intelligence developed around recruitment, on management intelligence as well as on the CGHR Committee's discretion and judgement when reviewing and evaluating the individual NEOs' compensation levels. Criteria that the CGHR Committee may deem important and appropriate are also used to evaluate individual NEOs' compensation levels, such as such as:

- experience;
- level of responsibility in relation to other positions within the Corporation;
- in-depth technology expertise;
- financial and strategic impact of the position;
- knowledge of remote and emerging geographic markets and the international job responsibilities;
- mobility;
- internal equity;
- leadership and management skills;
- adherence to the Corporation's values; and
- the Corporation's need to attract, retain and plan for succession and orderly transition.

Compensation Discussion and Analysis

The compensation discussion and analysis focuses on the compensation of the NEOs as at February 29, 2024. For the purpose of this Circular and for the fiscal year ended February 29, 2024, the NEOs are:

- the former President & CEO, Bruno Carbonaro
- the Chair of the Board and CEO, James A. Mannebach,
- the Chief Financial and Administrative Officer, Rishi Sharma,
- the three other highest paid executive officers of the Corporation and its subsidiaries, being Mr. Duke Tran, Executive Vice-President, Product Innovation and Technology, Mr. Bryant Holt, Vice-President Sales, Global MRO and Sabine Bruckert, Executive Vice-President, Human Resources, General Counsel and Corporate Secretary and

the individuals who would be NEOs but for the fact that these individuals were not executives of the Corporation or its subsidiaries at the end of the Fiscal Year, being the former CEO, Yves Leduc The Corporation's executive compensation is intended to attract, motivate and retain high performing senior executives. It is also designed to encourage and reward

performance and align the executives' interests with those of the Corporation and the Corporation's shareholders based on the principles set by the above Compensation policy (refer to the above paragraph: Compensation Policy objectives)

The Board is responsible for the overall oversight of risk management plans, policies and practices. The role of the CGHR Committee is to monitor the Corporation's compensation policies and practices to ensure that they do not encourage executives to take risks that would reasonably be likely to have a significant unfavorable impact on the Corporation.

The CGHR Committee is satisfied that the compensation policies and practices do not encourage any NEO to take inappropriate or excessive business risks and that there were not any identified risks arising from the Corporation's compensation policies and practices that would be likely to have a material adverse effect on the Corporation.

Comparator Group

Since 2017, the Corporation has not done any formal compensation benchmark study but has consulted Hugessen to establish the CEO and CFAO's compensation.

As discussed previously, several factors other than market data are considered to determine the total compensation of an NEO.

Compensation Elements

The following table sets out the various components of total compensation that executives, including NEOs, received during the fiscal year ended February 29, 2024:

Executive Compensation Components	
Base Salary	Salary is based on the executive's level and scope of responsibility, skills and experience. Adjustments to base salary are generally considered annually, taking into account competitive market data, the Consumer Price Index, the Corporation's performance and the executive's role, responsibilities and overall performance.
Annual Incentive	Eligible executives based in Canada or in the U.S.A. may receive, depending on the Corporation's financial results and operational performance, an annual bonus as approved by the CGHR Committee and according to the STIP. The CEO's bonus is reviewed and approved by the CGHR Committee and by the Board. During the fiscal year ended February 29, 2024, short term incentive was earned by the NEOs and an award equal to 25% of their target bonus opportunity will be paid according to the STIP.
Stock Option Plan	The Corporation has a Stock Option Plan (the "Option Plan"). The options to acquire Subordinated Voting Shares can be granted to full-time executives. The expiration date of the options are subject to a maximum term of 10 years. The other terms and conditions relating to each option are determined by the Board at the time of the grant upon recommendation of the CGHR Committee. All options previously granted have expired or have been exercised.
Long Term Incentive Plan (LTIP) 25% Deferred Share Units (DSUs) and 75% Performance Share Units (PSUs)	Eligible executives based in Canada and in the U.S.A. participate in a LTIP. The target LTIP opportunity is fixed at a percentage of base salary. 75% of the target is provided as PSUs and 25% as DSUs. The Corporation has adopted a DSUP and a PSUP. Under the DSUP, each DSU vests at the earlier of the sixth anniversary of its date of grant and the date the DSU holder reaches retirement age, as defined by the DSUP. The PSUs vest, based on two performance indicators, over a three-year period. The PSU payout can range from zero to twice the target. The performance indicators are three-year average consolidated return on assets and three-year average consolidated gross margin. Both the DSUs and the PSUs are cash settled based on the value of the Corporation's shares as defined by the respective plans. For the fiscal year ended February 28, 2023, no PSUs were granted.
Special Cash Program	To support the Corporation's transformation plan, regular PSU awards have been suspended but a special cash-based plan designed specifically to support and reward the transformation deployment has been implemented. The plan is designed to generate cash awards upon achievement of strategic milestones and key financial goals, including EPS and other non-GAAP profitability indicators, aligned with a proven and sustainable return to improved profitability. Most goals are only achievable over at least three years. No awards have been paid or earned under the plan to this date. The Special Cash Program was terminated on April 23, 2024.

Special grant of DSUs	In some instances for attraction, retention or promotion of top talents the Corporation may give a one time special DSU grant. In fiscal year ended February 29, 2024, the CEO and the CFAO benefited from this one time special grant.
Retirement	The Corporation contributes to individual retirement plans (RRSP in Canada and to 401K in the United States of America and equivalent local plans in other countries).
Benefit Plans	Benefit plans which are paid by the Corporation and the executives, provide for health, dental, disability and life insurance coverages.
Perquisites	Limited perquisites are provided, including a car or car allowance. Annual medical examination and a payment of 50% of a sport club membership or equipment, up to a maximum gross amount of \$350 per year, are provided for North American based executives.
Burn Rate	In fiscal year ended on February 29, 2024, no stock options were granted under the Option Plan which resulted in a burn rate of 0%. In 2023, no stock options were granted under the Option Plan which resulted in a burn rate of 0%. In 2022, no stock options were granted under the Option Plan which resulted in a burn rate of 0%.

Base Salary

In determining or evaluating individual base salaries, the CGHR Committee takes into consideration individual circumstances that may include the scope and level of the responsibilities associated with an executive's position, the executive's relevant competencies or experience, the executive's expectations and other criteria listed in the above paragraph under "compensation policy objectives".

Short Term Incentive – Annual incentive

The short term incentive is the primary vehicle the Corporation uses to reward executives and to enhance the link between pay and annual performance by aligning the financial interests and motivations of the Corporation's management team and employees with the annual financial returns of the Corporation and by motivating management to work towards annual objectives.

The CCGHR Committee reviews NEOs' annual goals, objectives, performance and bonuses. The CGHR Committee approves the total bonus pool and recommends for Board approval the bonus of the CEO, unless it is, like for all other participants, strictly calculated according to the STIP and based on a formula set at the beginning of the fiscal year.

For the fiscal year ended February 29, 2024 the STIP was entirely based on financial and operational performance. The STIP provides participants with the opportunity to earn cash incentives. To be eligible, an executive, like all other non-unionized employees, must be a holder of an eligible job.

Final awards are based on how the Corporation performs relative to corporate-wide targets, subject to a discretionary review by the CGHR Committee and the Board to take into consideration exceptional circumstances.

The STIP awards are calculated with reference to each individual's target bonus opportunity ("TBO"), expressed as a percent of base salary.

For eligible participants based in Canada or in the U.S.A., for the fiscal year ended February 29, 2024, the criteria to determine the corporate financial component of the STIP were the consolidated adjusted EBITDA, the North America adjusted EBITDA and consolidated working capital reduction as a percentage of sales for the Corporation's business. Each performance indicator for the STIP payout had the following respective weight: (i) Consolidated adjusted EBITDA: 40%; (ii) North America adjusted EBITDA: 40% and (iii) Consolidated working capital reduction: 20%, for a total of 100%.

The term "EBITDA" is defined as net income or loss attributable to Subordinate and Multiple Voting Shares plus depreciation of property, plant & equipment, plus amortization of intangible assets, plus net finance costs plus income tax provision,

adjusted for extraordinary items. Refer to the “Reconciliations of Non-IFRS Measures” section in the Corporation’s Management Discussion and Analysis for the fiscal year ended February 29, 2024 for a detailed calculation of this measure.

Because the STIP performance goals are derived directly from the Corporation’s strategic plan and the annual budget, the CGHR Committee has assessed that the disclosure of the Corporation’s quantitative STIP targets could, if made publicly available to the Corporation’s competitors, harm the Corporation’s competitive position and be detrimental to its shareholders. However, the Governance Committee wishes to confirm that STIP goals are challenging for participants.

The adjusted Consolidated EBITDA was calculated as follows: Consolidated Net income for the year adjusted by: the income tax provision, the net interest expense, depreciation and amortization, the legal cost incurred in relation with the Corporation’s asbestos litigation matters and the bonus accrual.

Based on the financial results and operational performance of the Corporation, and the discretion exercised by the CGHR Committee, STIP awards to all participants are equal to 25% of their TBO for the fiscal year ended on February 29, 2024.

The CGHR Committee has some discretion relative to the STIP. Namely, the CGHR Committee can decide to pay out in excess of 200% and to make adjustments resulting from abnormal or unusual performance conditions. For the fiscal year ended February 29, 2024 the CGHR Committee used its discretion to provide the CEO a discretionary envelope to be distributed to employees for retention purposes or to reward them for work beyond the call of duty. The total amount of the envelope was set at a maximum of US\$350,000. None of the NEOs were awarded an amount from this discretionary envelope.

Stock Option Plan

The Corporation has an Option Plan to which NEOs are eligible. See “Equity Compensation Plan”. Individual awards are from time to time recommended by the CGHR Committee and approved by the Board. Pursuant to the Option Plan, the Board determines the term of each option, the vesting period, as well as the other terms and conditions. As of February 29, 2024, all stock options granted under the Option Plan have expired. In determining new grants, the Board does not necessarily take into consideration previous grant(s) of option-based awards, if any.

Long Term Incentive Plan

The Corporation adopted a LTIP, which became effective for the fiscal year ended on February 28, 2018 to replace the previous plan. Executives approved by the CGHR Committee are eligible to participate in the LTIP. The LTIP defines target opportunity as percentage of salaries ranging from up to 30% of base salary for the period. 75% of the target LTIP opportunity is provided as PSUs and 25% as DSUs.

The Corporation has adopted a DSUP. Under the DSUP, eligible executives received a number of DSUs set by the CGHR Committee. Each DSU vests at the earlier of the sixth anniversary of its date of grant and the date the DSU holder reaches retirement age, as defined by the DSUP.

The Corporation has adopted a PSUP. The PSUs vest, based on two performance indicators, over a three-year period. The PSU payout can range from zero to twice the target. There are two performance adjustment factors, each of them with a weight of 50%. The performance adjustment factors are three-year average consolidated return on assets and three-year average consolidated gross margin.

Both the DSUs and the PSUs are only cash settled based on the value of the Corporation’s shares as defined by the respective plans.

Because the PSU performance goals are derived directly from the Corporation’s strategic plan, the CGHR Committee has assessed that the disclosure of the Corporation’s quantitative PSU targets could, if made publicly available to the Corporation’s competitors, harm the Corporation’s competitive position and be detrimental to its shareholders.

For the year ended February 29, 2024, the grant of DSUs and PSUs were suspended because of the pending transaction with Flowserve which did not materialize.

In accordance with the provisions of the STIP, the PSU Plan and the DSU Plan, the Board may enforce a clawback on payments (or grants) made to a participant when there is a need for the correction or restatement of financial results, and the participant received a payment (or grant) calculated on the achievement of those financial results, and the payment (or grant) received would have been lower had the financial results been properly reported. The Board may also enforce a clawback on a participant who has committed a material breach to the Corporation's Code of Business Conduct and Ethics.

Special Cash-Based Plan

The Corporation adopted a special cash-based plan effective for the fiscal year ended on February 29, 2020 to support the Corporation's transformation deployment. Executives approved by the CGHR Committee are eligible to participate in this plan. The plan is designed to generate cash awards upon achievement of strategic milestones and key financial goals, including EPS and other non-GAAP profitability indicators, aligned with a proven and sustainable return to improved profitability. Most goals are only achievable over at least three years. Detailed goals are not disclosed at this time because their disclosure could be detrimental to the Corporation's shareholders since they would reveal strategic objectives of the Corporation to the Corporation's competitors. No awards have been paid or earned under the plan to this date and the Special Cash Plan was terminated on April 23, 2024.

Special grant of DSUs

In some instances for attraction, retention or promotion of top talents the Corporation may give a one time special DSU grant. In fiscal year ended February 29, 2024, the CEO and the CFAO benefited from this one time special grant.

Summary Compensation Table

The following table sets forth compensation information in Canadian dollars, for the fiscal years ended February 29, 2024, February 28, 2023 and February 28, 2022 for the NEOs.

Name and Principal Position	Fiscal Year ⁽¹⁾	Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation ⁽⁵⁾ (\$)
					Annual Incentive Plans ⁽²⁾	Long-term Incentive Plans ⁽²⁾			
James A. Mannebach Chair of the Board and CEO	2024	291,746	480,000	nil	nil	nil	nil	157,615	929,361
Bruno Carbonaro ⁽⁴⁾ Former President & CEO	2024	352,055	nil	nil	nil	nil	nil	208,882	560,937
	2023	515,240	nil	nil	183,999	37,500	nil	141,781	878,520
	2022	451,994	29,521	nil	163,200	nil	nil	224,416	869,131
Rishi Sharma Chief Financial and Administrative Officer	2024	442,184	70,000	nil	35,770	nil	nil	223,514	771,468
	2023	308,873	nil	nil	111,509	21,875	nil	76,620	518,877
Duke Tran ⁽⁴⁾ Executive Vice-President, Product Innovation and Technology	2024	407,868	nil	nil	28,924	nil	nil	59,341	496,134
	2023	368,166	nil	nil	100,838	18,267	nil	94,606	581,877
	2022	345,713	12,239	nil	102,764	nil	nil	92,433	553,149
Sabine Bruckert Executive Vice-President, Human Resources, General Counsel and Corporate Secretary	2024	302,596	nil	nil	20,546	nil	nil	120,370	443,512
	2023	273,354	nil	nil	72,843	13,196	nil	90,034	449,427
	2022	269,896	12,297	nil	76,499	nil	nil	70,079	428,771
Bryant Holt Vice-President Sales, Global MRO	2024	382,326	nil	nil	27,012	nil	nil	38,088	447,426
	2023	349,118	nil	nil	87,330	17,060	nil	86,623	540,131
Yves Leduc Former CEO	2024	448,883	nil	nil	nil	nil	nil	nil	448,883
	2023	598,438	nil	nil	nil	nil	nil	910	599,348
	2022	596,278	nil	nil	219,937	nil	nil	114,427	930,642

NOTES:

- (1) For the fiscal years that are reported, Mr. Bruno Carbonaro was appointed President on November 11, 2019 and President & CEO on December 1, 2021. Mr. Carbonaro resigned on October 10, 2023. Mr. James Mannebach was appointed Chair of the Corporation on October 8, 2020, and was appointed Interim CEO on October 11, 2023 and CEO on February 5, 2024. Mr. Rishi Sharma, was appointed Chief Financial Officer on May 23, 2023 and Chief Financial and Administrative Officer on October 11, 2023. Prior to that date he was Executive Vice-President Finance. Mr. Duke Tran is Executive Vice-President, Product Innovation and Technology. He was Executive Vice-President, General Manager Severe Service Strategic Business and previously, he was appointed Executive Vice-President, General Manager Severe Service Strategic Business Unit and Head of Corporate Engineering, Research & Development on December 3, 2018. Prior to such date, Mr. Duke Tran held the position of Vice-President Engineering. Mr. Bryant Holt was appointed Vice-President Sales, Global MRO on March 4, 2024 and previously Executive Vice-President, MRO on March 4, 2022. Prior to that he was Vice-President, MRO. Ms. Sabine Bruckert was appointed Executive Vice-President, Human Resources, General Counsel and Corporate Secretary on July 9, 2018. Prior to that date she held the position of Vice-President, Human Resources, General Counsel and Corporate Secretary. Mr. Yves Leduc held the positions of President & CEO and then CEO until November 30, 2021 and Special advisor to the Chair of the Board from December 1, 2021 to February 28, 2022.
- (2) The annual incentive amount is calculated as follows: base salary multiplied by the target bonus opportunity multiplied by the percentage of achievement of the targets set for STIP payout. The percentages of achievement used in the above calculation are, 100% for 2022, 92% for 2023 and 25% for 2024.
- (3) For each of Mr. Rishi Sharma and Ms. Sabine Bruckert the Corporation paid an amount of \$31,560 to their individual RRSPs and for Messrs. Bruno Carbonaro the amount paid is \$17,853 and for Mr. Duke Tran, an amount of \$13,886.

The amounts of \$25,493 for Mr. Rishi Sharma, \$24,794 for Mr. Duke Tran, \$19,461 for Mr. Bryant Holt and \$26,194 for Ms. Sabine Bruckert, are included as car benefit or car allowances.

- (4) A travel and lodging allowance for Mr. Duke Tran amounting to \$15,288 and \$13,000 for Mr. Bruno Carbonaro is included.
- (5) Messrs. James A. Mannebach and Duke Tran are US residents and are compensated in US\$. Any amounts in US\$ have been converted at US\$1 for CND\$1.3514 for the 2024 fiscal year.

Share-Based Awards and Option Based Awards Outstanding

The following table indicates for each NEO the number of all option awards outstanding to purchase Subordinate Voting Shares as at the fiscal year ended February 29, 2024.

Name and Principal Position	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that Have Not Yet Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested ⁽²⁾ (\$)
James A. Mannebach ⁽³⁾ Chair of the Board and CEO	nil	nil	nil	nil	90,558	467,279
Bruno Carbonaro ⁽²⁾ Former President & CEO	nil	nil	nil	nil	nil	nil
Rishi Sharma Chief Financial and Administrative Officer	nil	nil	nil	nil	13,206	68,143
Duke Tran ⁽²⁾⁽³⁾ Executive Vice-President, Product Innovation and Technology	nil	nil	nil	nil	7,468	38,535
Bryant Holt Vice -President Sales, Global MRO	nil	nil	nil	nil	nil	nil
Sabine Bruckert ⁽³⁾ Executive Vice-President, Human Resources, General Counsel and Corporate Secretary	nil	nil	nil	nil	nil	nil
Yves Leduc ⁽¹⁾⁽²⁾⁽³⁾ Former CEO	nil	nil	nil	nil	nil	nil

NOTES:

- (1) As of the financial year-end, all the options granted were exercised or had expired.
- (2) The value of share-based awards is based on DSUs target payment on the closing price of the Subordinate Voting Shares on February 29, 2024 on the TSX (\$5.16) for DSUs. This value has not been and may never be realized by the NEO. The actual gains, if any, on the settlement date will depend on the several factors, including the reason for which and the date on which a participant would leave the Corporation, as well as time based vesting requirements, and on the value of the Subordinate Voting Shares on the settlement date of the DSUs. The number and value of units shown includes notionally reinvested dividends since the grant date.
- (3) For Ms. Bruckert, all the DSUs vested in accordance with the DSUP. At year-end, the total number of Ms. Bruckert's DSUs that are vested is 6,263. For Mr. Duke Tran, 725 DSUs have vested at year-end in accordance with the DSUP. Mr. Mannebach has 4060 DSUs which vested as part of his directorship.

Value Vested or Earned on Incentive Plan Awards During the Most Recently Completed Fiscal Year

The following table indicates for each NEO, the value vested or earned on incentive plan awards for the fiscal year ended February 29, 2024.

Name and Principal Position	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)⁽²⁾
James A. Mannebach Chair of the Board and CEO	nil	nil	nil
Bruno Carbonaro⁽¹⁾ Former President & CEO	nil	nil	nil
Rishi Sharma Chief Financial and Administrative Officer	nil	nil	nil
Duke Tran Executive Vice-President, Product Innovation and Technology	nil	725	3,741
Bryant Holt Vice -President Sales, Global MRO	nil	nil	nil
Sabine Bruckert Executive Vice-President, Human Resources, General Counsel and Corporate Secretary.	nil	nil	nil
Yves Leduc⁽¹⁾ Former CEO	nil	nil	nil

NOTES:

(1) Options and DSUs previously granted to Mr. Yves Leduc and Mr. Bruno Carbonaro have expired.

Employment Contracts

Messrs. James A. Mannebach, Rishi Sharma, Sabine Bruckert, Bryant Holt, and Duke Tran have employment contracts with the Corporation in force as at February 29, 2024. Mr. Yves Leduc's transition and succession contract ended on November 30th, 2023. Mr. Bruno Carbonaro's employment agreement ended with his resignation on October 10, 2023.

James A. Mannebach

Mr. James Mannebach's employment agreement dated February 6, 2024, as may be amended, provides for (i) a base salary of \$600,000 per year as adjusted from time to time; (ii) an annual contribution to his retirement fund equivalent to 4% of his base salary; (iii) group insurance benefits; (iv) a one time special grant of DSUs for an amount of \$480,000; (v) eligibility to the STIP calculated as a percentage on his base salary; and (vi) a reimbursement by the Corporation to Mr. Mannebach for the fees incurred by him for tax services related to the filing of his income tax reports up to \$25,000.

In case of termination of the employment of Mr. Mannebach without cause, as of February 29, 2024, Mr. Mannebach would be entitled to a payment of \$300,000 plus any accrued and unpaid benefits and vacation.

Rishi Sharma

Mr. Sharma's employment agreement dated February 18, 2022, as amended, provides for (i) a base salary of \$440,000 per year as adjusted from time to time; (ii) the annual maximum contribution to his RRSP; (iii) group insurance benefits; (iv) a car allowance valued at approximately \$26,000 (v) eligibility to the STIP, LTIP with incentive performance bonuses, if any, calculated as a percentage on his base salary and (vi) \$8,000 per calendar year as training expenses and a one time special grant of \$70,000 in DSUs.

In case of termination of the employment of Mr. Sharma without cause or by the employee in connection with or within twelve (12) months after change of control, as of February 29, 2024, Mr. Sharma would be entitled to a payment of eighteen

(18) months of base salary \$660,000 plus the average of the last two-year STIP payout amounting to \$73,639.49 for a total payment of \$733,639.49, plus any accrued and unpaid benefits and vacation.

Duke Tran

Mr. Tran's employment agreement dated July 17, 2017, as amended, provides for (i) a base salary of US\$297,278 per year; (ii) a performance bonus, if any, calculated as a percentage on his base salary (STIP); (iii) an annual contribution to his 401K up to a maximum amount of US\$17,500; (iv) group insurance benefits; (v) a car allowance valued at US\$18,346; (vi) eligibility to the LTIP and special cash-based plan; (vii) a severance payment equal to (A) three years of base salary if Mr. Tran is terminated for reasons other than just cause within 12 months following a change of control of the Corporation or (B) two years of base salary if Mr. Tran resigns within two months following a change of control of the Corporation.

Mr. Tran's employment agreement was amended by an addendum agreement dated May 31, 2021 which provides for a travel and lodging allowance of US\$15,288 per year.

In case of termination of the employment of Mr. Tran for any reason other than cause, as of February 29, 2024 Mr. Tran would be entitled to the payment of twelve months of base salary (\$297,278) plus medical group insurance coverage for six month or US\$9,000 for a total payment of US\$306,277.54, plus any accrued and unpaid benefits and vacation.

Bryant Holt

Mr. Holt's employment agreement dated January 24, 2017 amended on March 21, 2022, provides for (i) a base salary of US\$277,621 per year; (ii) a performance bonus, if any, calculated as a percentage on his base salary (STIP); (iii) an annual matching contribution to his 401K up to a maximum of 4% of the base salary; (iv) group insurance benefits; (v) a car allowance at US\$950 per month plus reimbursement of car expenses for a total amount of \$14,400; (vi) eligibility to the LTIP; (In case of termination of the employment of Mr. Holt for any reason other than cause, as of February 29, 2024 Mr. Holt would receive an amount calculated according to applicable rules and regulations.

Sabine Bruckert

Ms. Bruckert's employment agreement dated October 27, 2005, as amended, provides for (i) a base salary of \$285,385 per year; (ii) a performance bonus, if any, calculated as a percentage on his base salary; (iii) the annual contribution to her RRSP (iv) a car allowance valued at approximately \$26,000 per year; (v) group insurance benefits and (vi) eligibility to the STIP and LTIP (vii) professional memberships.

In case of termination of the employment of Ms. Bruckert without cause, as of February 29, 2024, Ms. Bruckert would be entitled to a payment of one month of base salary per year of service (\$414,283) plus the average of the last two-year STIP payout time 1.5 (\$70,041.75) and the yearly RRSP maximum 1.5 (\$47,340) the whole amounting to \$531,664.75, plus any accrued and unpaid benefits and vacation and payment of the vested DSUs according to the DSUP.

Yves Leduc

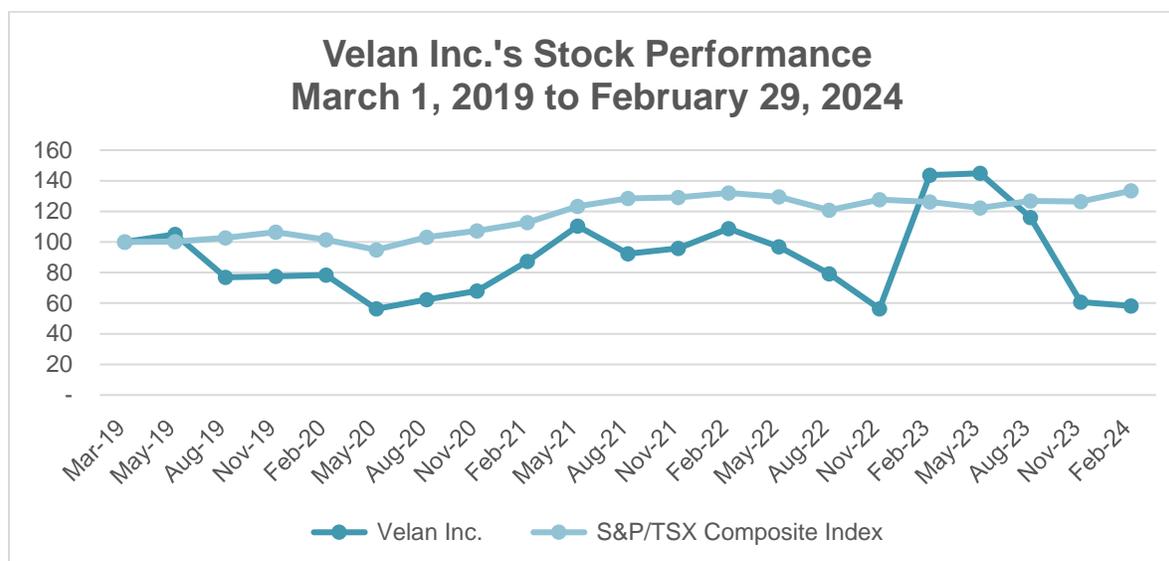
Mr. Leduc's succession and transition agreement dated October 20, 2021 provided for the termination of Mr. Leduc's employment with the Corporation effective November 30, 2021 and a transition period from December 1, 2021 to February 28, 2022 during which Mr. Leduc acted as Special advisor to the Chair of the Board. The succession and transition agreement also provided for a compensation package including (i) a transition payment of \$1,170,000 payable to Mr. Leduc in weekly installments from December 1, 2021 to November 30, 2023; (ii) a performance bonus, calculated as a percentage on his base salary (STIP) for the fiscal year ended on February 28, 2022 and prorated to November 30, 2021; (iii) cash rewards corresponding to the financial performance of the Corporation expressed in EPS during the period of his employment as well as for a period of two years following November 30, 2021, (iv) a contribution to his RRSP equivalent to the amount permitted under the law up to a maximum of \$30,000 a year for the fiscal year ended on February 28, 2022 only; (v) group insurance benefits; (vi) a car allowance valued at \$23,660 for the fiscal year ended on February 28, 2022 only; (vii) no eligibility of Mr. Leduc to the LTIP; (viii) a reimbursement by the Corporation to Mr. Leduc for the fees incurred by him for financial services related to the filing of his income tax reports, up to a limit of \$5,000 for the fiscal year ended on February 28, 2022 only; and (ix) a medical checkup for the fiscal year ended on February 28, 2022 only. The succession and transition agreement terminated on November 30, 2023.

Purchase of Financial Instruments

The trading policy in force for the fiscal year ended February 29, 2024, prohibits NEOs and Directors from purchasing financial instruments, including for greater certainty, prepaid-variable forward contracts, equity swaps, collars or units of exchanged funds, that are designed to hedge or off-set a decrease in market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by the NEO or Director.

PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return on \$100 invested on March 1, 2019 in Subordinate Voting Shares with the cumulative total shareholder return on the S&P/TSX Composite Index, assuming reinvestment of all dividends.



The cumulative total shareholder return assumes reinvestment of dividends in Canadian dollars.

The CGHR Committee integrated the Corporation's share price as a criteria in establishing the payout of the long term incentive.

	February 2019	February 2020	February 2021	February 2022	February 2023	February 2024
Velan Inc.	\$100.00	\$78.45	\$87.41	\$108.64	\$143.61	\$58.17
S&P/TSX Composite	\$100.00	\$101.56	\$112.78	\$131.93	\$126.28	\$133.41

The trend shown by the performance graph set forth above represents an increase in the cumulative total shareholder return from February 2019 until the period ended February 2023 and a decrease in the period ended February 2024. Over the same five-year period ended February 29, 2024, total compensation amounts including salary, perks and incentives received by the Named Executive Officers, in the aggregate, increased by approximately 28,92% compared to a decrease of 42.98 % in cumulative shareholder return. The increase in the NEOs total compensation is mainly due to succession and transition programs between CEOs and CFOs which required that the Corporation double fill these two respective positions for a certain period of time.

EQUITY COMPENSATION PLAN

The Corporation's Option Plan provides that the maximum number of Subordinate Voting Shares issuable from time to time under outstanding options granted under the Option Plan shall be equal to 5% of the aggregate number of the Multiple Voting Shares and the Subordinate Voting Shares issued and outstanding from time to time, when combined with all other share compensation arrangements. The options to acquire Subordinate Voting Shares can be granted to full time employees, officers, Directors and consultants of the Corporation or any affiliate thereof. Pursuant to the Option Plan, the

number of Subordinate Voting Shares subject to each option, the expiration date of each option (subject to the maximum term of 10 years for any option), the extent to which each option is exercisable from time to time during its term and other terms and conditions relating to each such option is determined by the Board at the time of the option grant, upon the recommendation of the CGHR Committee. The Option Plan was last approved and ratified by the shareholders at the annual meeting in July 2020.

The exercise price for Subordinate Voting Shares granted under options shall not be lower than the greater of (i) the weighted average trading price for such Subordinate Voting Shares for the five days preceding the date of grant during which the Subordinate Voting Shares were traded on the TSX and (ii) the trading price for the Subordinate Voting Shares on the last day the Subordinate Voting Shares were traded on the TSX immediately preceding the date of grant (the "Market Price").

As of the date of this Circular, the total number of Subordinate Voting Shares issued under the Option Plan and issuable under outstanding options granted under the Option Plan and the percentage of the Corporation's issued and outstanding Subordinate Voting Shares and Multiple Voting Shares represented by such amounts is as follows:

Subordinate Voting Shares issued pursuant to the Option Plan	Subordinate Voting Shares issuable under outstanding options
14,267 (0.066%)	0 (0.%)

The options granted under the Option Plan are not assignable.

The Corporation grants options in certain circumstances in order to attract, motivate and maintain key employees. In making the decision to recommend the amendment and restatement of the Option Plan, the Board considered a number of factors, including the number of options currently outstanding under the Plan, the Corporation's existing and future human resource requirements and competitive benchmarks. In the past, the Corporation's practice has been to have a fixed maximum number of Subordinate Voting Shares available for the grant of options.

The Option plan provides for the following limitations on the number of Subordinate Voting Shares issuable thereunder:

- (a) the aggregate number of Subordinate Voting Shares issuable at any time to any one optionee shall not exceed 5% of the aggregate number of Multiple Voting Shares and Subordinate Voting Shares from time to time combined with all other share compensation arrangements of the Corporation outstanding on a non-diluted basis at such time, less the total of all shares reserved for issuance to such optionee pursuant to any other share compensation arrangement of the Corporation and its affiliates;
- (b) the aggregate number of Subordinate Voting Shares issuable (or reserved for issuance) to insiders of the Corporation and its affiliates under the Option Plan or any other share compensation arrangement of the Corporation and its affiliates, cannot at any time exceed 10% of the aggregate of the issued and outstanding Multiple Voting Shares and Subordinate Voting Shares; and
- (c) the aggregate number of Subordinate Voting Shares issued to insiders under the Option Plan or any other share compensation arrangement of the Corporation and its affiliates, within a one-year period, cannot exceed 10% of the aggregate of the issued and outstanding Multiple Voting Shares and Subordinate Voting Shares.

Subject to any express resolution passed by the Board (or the CGHR Committee with respect to an option), an option and all rights to purchase Subordinate Voting Shares pursuant thereto, shall expire and terminate upon an optionee ceasing to be a Director, full-time employee, or consultant of the Corporation or its affiliates, subject to the right of the optionee to exercise options, vested on the date of the termination of his employment, within the following three months, unless the optionee's employment has been terminated for cause.

The Board may amend or discontinue the Option Plan at any time without notice or approval from the shareholders of the Corporation or any optionee, for any purpose whatsoever. As an example, the amendments that the Board could make are of a "housekeeping nature", a change to the vesting provisions of an option, a change to the termination provision of an

option or the Option Plan which does not entail an extension beyond the original expiry date; the addition of a cashless exercise feature payable in cash or securities which the Board adopted in the year ended February 28, 2015; the addition of any form of financial assistance under the Option Plan; under certain conditions, the addition of a deferred or restricted share unit or any other provision. However, no such amendment may increase the maximum number of Subordinate Voting Shares that may be optioned under the Option Plan, change the manner of determining the minimum option price or, without the consent of the optionee, alter or impair any option previously granted to an optionee under the Option Plan. The Option Plan further provides that (a) a reduction in the option price or (b) an extension of the expiration date of an outstanding option granted to an insider may not be made without the approval of the shareholders of the Corporation (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment).

During the year ended on February 28, 2015, the Option Plan was amended to add a cashless exercise feature to the Option Plan. Such feature provides that an optionee may elect, to surrender all or a portion of the optionee's then vested and exercisable options (the "Surrendered Options") to the Corporation in consideration for a number of Subordinate Voting Shares determined in accordance with the following formula:

$$A = B (C - D)/C,$$

where:

A = the number of Subordinate Voting Shares to be issued to the optionee in consideration for the surrender of the Surrendered Options;

B = the number of Subordinate Voting Shares otherwise issuable upon the exercise of the Surrendered Options (or portion thereof) being exercised;

C = the Market Price of one Subordinate Voting Share determined as of the date of delivery; and

D = the exercise price of the Surrendered Options.

Upon the surrender of the Surrendered Options, the Surrendered Options shall be cancelled.

During the years ended on February 28, 2022, February 28, 2023 and February 29, 2024, there was no amendment made to the Option Plan.

The Option Plan provides that if the term of an option expires during or within 10 business days of the expiration of a Blackout Period (as defined in the Option Plan), then the term of the option or the unexercised portion thereof, shall be extended 10 business days after the expiration of the Blackout Period, provided that this extension will be reduced by the number of days between the expiration of the term of the option and the end of the Blackout Period.

In the event that more than 50% of the votes attaching to shares of the Corporation are proposed to be acquired by another entity then, notwithstanding any stipulated vesting period in respect of any option granted to an optionee at any time, the Board may, upon written notice to all the optionees, provide that all or a portion of the then vested or unvested options held by such optionees will become exercisable in full as of a specified time prior to the consummation of acquisition and that all or a portion of the options (whether or not vested) will terminate immediately prior to the consummation of such acquisition, except to the extent exercised by the optionees before the consummation of such acquisition. However, if a cash payment is made for each Subordinate Voting Share surrendered pursuant to such acquisition, then the Board may instead provide in such notice that all or a portion of the outstanding vested or unvested (or both) options shall terminate upon consummation of such acquisition event and that each optionee shall receive, in exchange therefore, a cash payment equal to the amount (if any) by which (A) the cash payment per Subordinate Voting Share multiplied by the number of Subordinate Voting Share subject to such outstanding Options (whether or not then vested), exceeds (B) the aggregate exercise price of such options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below summarizes information in relation to the Subordinate Voting Shares reserved for issuance under the Option Plan as of February 29, 2024.

Plan Category	Number of Securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in initial column)
Equity compensation plans approved by security holders	0	n/a	1,079,281
Equity compensation plans not approved by security holders	-	-	-
Total	0	n/a	1,079,281

In fiscal year ended on February 29, 2024, no stock options were granted under the Option Plan which resulted in a burn rate of 0%.

In 2023, no stock options were granted under the Option Plan which resulted in a burn rate of 0%.

In 2022, no stock options were granted under the Option Plan which resulted in a burn rate of 0%.

REPORT ON CORPORATE GOVERNANCE

Overview

The Corporation believes that strong and appropriate corporate governance practices are essential to fostering stakeholder trust and confidence, efficient management and long-term shareholder value. Since 2010, the Board has embarked on a program of effective corporate governance renewal and continuous improvements and has established parameters to ensure that it meets or exceeds the applicable regulatory corporate governance requirements. Starting two years ago, there is an *in camera* session scheduled and held with the independent Directors only at each Board meeting. The CGHR Committee of the Board ensures that policies and mandates previously established are updated as required and adhered to. The CGHR Committee has formalized the Board mandate and reviewed the committee charters and the Code of Business Conduct and Ethics. A copy of the Board Mandate is attached in Schedule C to this Circular.

The Corporation's response to the Canadian Securities Administrators ("CSA") guidelines are summarized in Schedule B to this Circular.

Board Mandate

The principal responsibility of the Board is to provide stewardship to the Corporation, as contemplated by the TSX and the CSA's governance standards. The Board mandate describes, among other things, the selection process for Directors, their duties and how the Board is to function and delegate authority to its committees. The Board mandate also sets forth certain parameters as to the integrity of management, succession planning, executive compensation policy or organizational responsibilities and the general oversight of the operation of the business of the Corporation. A copy of the Board mandate is posted on the Corporation's website at www.velan.com.

Role and Responsibilities of the Chair of the Corporation

The CGHR Committee and the Board have developed a position description for the Chair. A copy of the Chair position description is posted on the Corporation's website at www.velan.com.

The Chair of the Board is responsible for the management, the development and the effective performance of the Board and provides leadership to the Board for all aspects of the Board's work.

The Chair acts in an oversight capacity to the officers in all matters concerning the interest and management of the Corporation. In performing this role, the Chair must work with the Board and promote effective relations with shareholders, other stakeholders and the public.

In addition to his/her duties as director, the Chair responsibilities include:

- Facilitating the effective operation and management of, and providing strong leadership to, the Board;
- Chairing Board meetings, ensuring the preparation of a relevant agenda and that meetings are conducted in an efficient and effective manner;
- Mentoring the Vice Chair and the President, if any;
- facilitating the Board's interaction with the minority and majority shareholders, key management as appropriate and communicating with the officers concerns of the Board, shareholders and other stakeholders;
- integration of committees' activities with the work of the Board;
- together with the Chair of the CGHR Committee, the Chair is responsible for long term succession planning and renewal of the Board in line with the future skill requirements and with the diversity policy, and
- chairing shareholders meetings.

If the CEO and the Chair of the Corporation positions are held by the same individual or when a Velan family member holds the Chair position, it is an option of the Board to assign some of these duties to be shared with an independent Director who would be the Lead Director or a committee Chair. There is currently no Lead Director appointed. Mr. James A. Mannebach, Chair of the Board, is not an independent director as he is the CEO of the Corporation. At this time, the Board believes that there are substantial benefits to the Corporation, the Board and the Shareholders with Mr. Mannebach serving in both his capacities that presently outweigh having an independent Chair or Lead Director. The Board and the CGHR Committee will continue to monitor the Board's composition and the role of the Chair on an ongoing basis and make changes as appropriate including, if deemed necessary, the appointment of a Lead Director from the independent directors of the Corporation.

Role and Responsibilities of the Vice-Chair

The Vice-Chair of the Board is responsible to support the Chair for the management, the development, and the effective performance of the Board. A copy of the Vice-Chair position description is posted on the Corporation's website at www.velan.com.

In addition to the responsibilities of a Director, the Vice-Chair responsibilities include:

- understanding the role of the Board, the Chair and Committees;
- performing Chair duties and responsibilities when the Chair cannot be available (see Chair description above);
- reporting to the Board's Chair;
- working closely with the Board's Chair, the CEO and other Directors, when required;
- being knowledgeable about of the Corporation's recent actions to provide support to the Chair in his other function;
- actively participating in the mentoring that is provided from time to time by the Chair; and
- connecting and developing family business network.

Performing other responsibilities as assigned by the Chair, the CEO or by the Board, being understood that the identification of more specific responsibilities is postponed to a later date, in acknowledgement of the current mandate and responsibilities of the Vice-Chair in his other role as member of the corporate executive management team.

Role and Responsibilities of the Lead Director

The CGHR Committee and the Board have developed a position description for the Lead Director. A copy of the Lead Director position description is posted on the Corporation's website at www.velan.com.

The Lead Director responsibilities include, namely:

- providing leadership to ensure that the Board functions independently of management of the Corporation and other non-independent Directors;
- providing leadership to foster the effectiveness of the Board;
- working with the Chair to ensure that the appropriate committee structure is in place;

- recommending to the Chair items for consideration on the agenda for each meeting of the Board;
- commenting to the Chair on the quality, quantity and timeliness of information provided by management to the independent Directors;
- calling, where necessary, the holding of special meetings of the Board, outside Directors or independent Directors, with appropriate notice, and establishing agenda for such meetings in consultation with the other outside or independent Directors, as applicable;
- in the absence, or at the request of the Chair, chairing Board meetings, including, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual Directors and confirming that clarity regarding decision-making is reached and accurately recorded; in addition, chairing each Board meeting at which only outside Directors or independent Directors are present;
- consulting and meeting with any or all of the independent Directors, at the discretion of either party and with or without the attendance of the Chair, and representing such Directors, where necessary, in discussions with management of the Corporation on corporate governance issues and other matters;
- working with the Chair to ensure that the Board is provided with the resources, including external advisers and consultants to the Board as considered appropriate, to permit it to carry out its responsibilities and bringing to the attention of the Chair any issues that are preventing the Board from being able to carry out its responsibilities; and
- together with the Chair be responsible for long term succession planning and renewal of the Board in line with the future skill requirements and with the diversity policy.

There is currently no Lead Director appointed.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics which applies to all employees, officers, customers and suppliers. The Board has also adopted a Code of Business Conduct and Ethics specifically for Directors. Collectively, these codes are referred to as the "Code". The Code requires that employees, officers and Directors comply with the following non-limitative obligations:

- Avoiding any situation in which their personal interest would negatively conflict with the best interest of the Corporation;
- taking all reasonable measures in order to safeguard the Corporation's confidential information; respect confidentiality and protect the confidentiality of information;
- disclosing any behaviour or acts that are contrary to the ethical requirements set out in the Code, or that are contrary to applicable law; illegal or unethical;
- promoting an environment in which all employees and business partners are treated in a fair and respectful manner; and
- strictly complying with all applicable laws, respect and adhere to health and safety norms and other regulations.

The Code also provides for guiding principles to ensure that all employees have promoted and encouraged respectful, transparent and ethical business relationships. Any violation of to the Code must be promptly disclosed, and the person who wants to disclose can do so in an anonymous manner, at the discloser's discretion. The process for disclosure is described in the Code and in the whistle blowing policy. The whistle blower disclosures are directly transmitted to the Chair of the Audit Committee for investigation. A copy of the Code is posted on the Corporation's website at www.velan.com and on SEDAR+ at www.sedarplus.ca.

The Code is distributed to all employees and new employees. The employees can access the document at any time. In addition, the Code is re-distributed to employees on an annual basis. The CGHR Committee oversees the compliance with the Code, and receives a quarterly report in this regard. This subject is on the work plan of the regularly scheduled CGHR Committee meetings. The Chair of the Committee presents to the Board a quarterly report on contraventions to all of the Corporation's policies, including the Code.

In addition, the Corporation has adopted a whistle blowing policy and a disclosure policy which apply to all employees. The aforementioned documents describe the applicable processes which must be adhered to by all employees, and provides guidance in the event that questions or issues arise as to which types of business practices are ethical and legal.

Finally, the Corporation's Internal Audit Department (which reports to the Board of Directors, the Audit Committee and to the Chief Financial Officer of the Corporation) regularly proceeds with internal audits relating to the application of the Code and other corporate policies. The annual internal audit work plan is approved by the Audit Committee. The Internal Audit director provides quarterly updates on these matters to the Audit Committee. The Chair of the Audit Committee subsequently prepares a quarterly report to the Board.

Sustainability

The Corporation delivers innovative solutions and products, providing essential global infrastructure with high performing products that are safe, reliable and lasting. The Corporation works with the highest integrity, a compliance culture with respect for human rights while also improving the impact of its product, technology and environmental footprint.

Governance

The CGHR Committee together with the CEO, oversees the Corporation's Sustainability initiatives.

Climate

The Corporation believes it contributes to efforts to reduce greenhouse gas emissions through its innovative products and technologies. As a reflection of the importance of the matter, the Corporation's research and development group constantly work at reducing the fugitive gas emission of its valves and provide its customers with world class and efficient products. For further information, please see the paragraph below under "Sustainability update".

Environment, Health & Safety (EHS)

EHS excellence is fundamental to the Corporation, and the Corporation are committed to protecting its people, communities and brand. In the recent past, the Corporation undertook outstanding initiatives to protect its employees against COVID-19 while continuing to honour its commitment as an essential service to the community. The CGHR Committee reviews an EHS report on a quarterly basis and reports to the Board.

Compliance & Integrity

Effective compliance depends on culture and leadership. The Corporation views its reputation for integrity and compliance as a competitive and recruiting advantage and the Corporation expects its leaders from the top down to create a culture of integrity and compliance. The Corporation is committed to an open reporting environment in which employees are encouraged to promptly raised concerns without fear of retaliation. The committees of the Board regularly oversee the compliance with the Corporation's Code of Conduct, the whistle blowing policy and the Compliance Program. These policies set expectations of high ethical standards of everyone who works for the Corporation in areas such as improper payments, working with governments, gifts, competition law, international trade compliance, cybersecurity and privacy and fair employment practices. Stakeholders have access to a direct line with the Chair of the Audit Committee to report any noncompliance and the Audit Committee reviews the report on a quarterly basis.

Sustainability update

As the significance of running sustainable businesses intensifies worldwide, the Corporation would like to share an update on its efforts to build upon the strong foundation that it has in driving responsible and sustainable practices across its operations.

The Corporation's current business practices are aligned to work towards a cleaner environment and philanthropy and diversity is a way of life at Velan. In a significant step towards greater alignment with the current Sustainability frameworks, the Corporation is partnering with domain experts to conduct a comprehensive materiality analysis that incorporates the perspectives of its many stakeholder groups. Driven by a collaborative approach and the participation of investors,

employees, customers, suppliers, and communities, the materiality analysis will help to identify sustainability concerns that are most relevant for its stakeholders as well as its business.

Concurrently, the Corporation is committed to crafting a holistic sustainability framework aligned with globally recognized sustainability standards. This will include setting goals and targets aligned with material issues, as well as creating roadmaps that will enable long term value creation for the Corporation and its stakeholders. Further, a reinforcement of the governance structure will be established, with dedicated functional committees and executive leadership to oversee the effective integration of sustainability considerations into organizational processes and decision-making. By institutionalizing the Corporation's commitment to sustainability through effective governance, the Corporation aims to drive continuous improvement and accountability in its sustainability performance.

The Corporation's installed base in the nuclear sector is a testament to its commitment to energy transition. The Corporation will continue to innovate and provide Industry leading solutions to the Nuclear Industry, while also ensuring the current mid and downstream customers in sectors like refining are supported with low emission products to reduce their carbon footprint. In keeping with the increasing attention to climate change globally, the Corporation understands the criticality of conducting thorough climate risk assessments and recognizes its role in identifying and mitigating climate risks to its operations, stakeholders, and the environment. In the coming years, the Corporation will evaluate physical and transitional risks and create strategies to enhance the resilience of the business to climate risks.

Some of the ongoing efforts in the Corporation's global operations to support a cleaner environment and promoting a culture of safety are:

- Implemented a solar energy Plant to support Velan's China operations
- Final stages of setting up a 750KWp solar plant in India
- The Corporation's manufacturing facilities in North America, Italy, France and India are certified to ISO14001.
- The Corporation's manufacturing facilities in North America, Italy, France and India are certified to ISO45000.

The practice of giving back to society is deeply ingrained in the Corporation's corporate ethos. The Corporation has supported various initiatives ranging from funding shelters and camps for children with special needs to organizing annual employee-led charity campaigns. The Corporation's initiative to enable access to quality education for girls in Coimbatore, India, has empowered children and transformed their lives notably. The Corporation's commitment to philanthropy reflects its belief in the importance of supporting the communities in which it operates.

Cyber security is among the topmost priorities at Velan. Accordingly, the Corporation is intensifying efforts to enhance cyber security measures to safeguard its digital assets. By investing in state-of-the-art technologies, implementing robust protocols, delivering comprehensive training programs, and establishing a governance structure for cyber security, the Corporation aims to provide the highest levels of security to protect the privacy of the business as well as its stakeholders.

Diversity Policy

The Corporation is committed to respecting diversity in all its aspects and to offer equal opportunities based on an individual's qualifications and performance, free from illegal discrimination. Over the years, the Corporation has strongly promoted diversity based on origins and as a result over 70 countries of origin are represented within the Corporation's workforce.

Board Diversity Policy

The CGHR Committee and the Board consider that diversity among its members enriches discussion and each acknowledges the importance of diverse representation amongst its Directors. The CGHR Committee and the Board have set a gender diversity independent Director target of one-third (1/3). As at February 29, 2024, the set target was met and it is expected to be met for the next fiscal year. No gender target was or is anticipated to be set for the Directors who are members of the Velan family. All Velan family members involved in the business of the Corporation either as Directors or executives are male.

In addition, as at the date of this Circular, the Board does not comprise any persons with disabilities, indigenous persons or members of visible minorities (together with women, collectively, the “Designated Groups”). No members of Designated Groups, other than Ms. Suzanne Blanchet, are nominated for election at the Meeting. The Board has not adopted a written diversity policy or targets for the representation of Designated Groups.

The Corporation’s Diversity Policy

In light of the principles underlying the Corporation’s fair enterprise culture, the business in which it operates, the Corporation has not yet adopted targets regarding the representation of Designated Groups within its workforce generally.

The CGHR Committee and the Board have adopted a Corporation’s diversity policy. The Corporation is committed to the following guiding principles:

- ☑ Creating a supportive and understanding workplace environment in which all individuals feel welcome, respected, and heard, and where they can realise their full potential regardless of their race, colour, gender, age, religion, national origin, or disability;
- ☑ Providing awareness on the responsibilities and benefits of diversity and inclusion to promote understanding of differences and similarities, decrease judgmental behaviour, and increase acceptance and flexibility.
- ☑ Proactively identifying, analysing and addressing diversity challenges within the Corporation;
- ☑ Ensuring that all departments comply with legal and regulatory obligations as well as the Code;
- ☑ Including a commitment to diversity in the selection process and criteria for all employees and appointments to Boards, committees, and working groups.
- ☑ Reviewing and adapting internal processes, policies, procedures, practices, physical structures, communications, and operational activities to support diversity and inclusion; and
- ☑ Avoiding or preventing discriminatory behaviour, such as harassment, name-calling, and disparaging jokes.

Further to the implementation of its policy, management took a series of initiatives to promote diversity, including gender diversity, which include, amongst other things, the following:

- informing employees about the Corporation’s philosophy regarding gender diversity;
- directing some of its charitable activities to Women’s support;
- sharing successes about integration of people of all origins and genders; and
- improve its flexible work hours policy and further reviewing its work from distance policy to improve work/family balance.

The action plan to help the Corporation achieve gender diversity includes the following:

- including gender diversity as an objectives for the CEO;
- increasing the number of women in the high potential talent pool;
- basing promotions on performance and achieved results and objectives and not merely on years of services; and
- while recruiting, integrating diversity as a factor for consideration.

The Corporation's Diversity 2024 Target

To achieve gender diversity, the Corporation has set the following targets (% of women) which are being monitored and progress against these targets will be regularly reported:

Categories (% of Women)	Results as of February 28, 2022	Results as of February 28, 2023	Results as of February 29, 2024	2024 Targets
Corporate officers	10.5% (2/19)	15% (2/13)	12.5% (2/16)	8%
Independent Board members	1/3	2/4	2/3	1/3

In addition, as at the date of this Circular, the senior management team does not comprise any persons with disabilities, indigenous persons or members of visible minorities (together with women, collectively, the "Designated Groups"), other than two members. The Board has not adopted a written diversity policy or targets for the representation of Designated Groups.

Committees of the Board***Audit Committee***

The principal duties of the Audit Committee include assisting the Board in its oversight of (i) the integrity of the Corporation's financial statements, financial reporting process, system of internal controls over financial reporting, and audit process, (ii) compliance with, and process for monitoring compliance with, legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, (iv) the performance of the independent auditors, and (v) pre-approval of all significant non-audit services provided by the independent auditors. The Audit Committee also oversees the application of some corporate policies such as the disclosure policy and the whistle blowing policy. The current members of the Audit Committee are Suzanne Blanchet (Chair), Dahra Granovsky and Edward Kernaghan. Please also refer to the Corporation's Annual Information Form for the year ended February 29, 2024, which provides detailed information concerning the Audit Committee. A copy of the Audit Committee mandate is posted on the Corporation's website at www.velan.com.

Corporate Governance and Human Resources Committee

The principal duties of the CGHR Committee are to develop the Corporation's approach to corporate governance, including the elaboration, review and updating of a set of governance principles and guidelines applicable to the Corporation. The CGHR Committee also assesses the performance and effectiveness of the Board, the committees of the Board and the contribution of Directors, as well as reviews the performance of senior management. The CGHR Committee also makes recommendations to the Board with respect to the Chair of the Board's compensation and the CEO's compensation, as well as with respect to incentive programs. The CGHR Committee also approves and monitors insider trading and share ownership policies. The CGHR Committee makes recommendations to the Board with respect to succession planning for the executives of the Corporation and is responsible, so long as the Corporation is controlled by a single *de jure* shareholder, for proposing for nomination 50% of the members of the Board, all of which should qualify as independent Director nominees for election to the Board. The current members of the CGHR Committee are Dahra Granovsky (Chair), Edward Kernaghan and Suzanne Blanchet. A copy of the CGHR Committee mandate is posted on the Corporation's website at www.velan.com.

Special Committee

The principal duties of the Special Committee are to consider and evaluate certain strategic initiatives relevant to the Corporation and from time to time, to make recommendations to the Board concerning such strategic initiatives. The current members of the Special Committee are Dahra Granovsky and Edward Kernaghan. The Special Committee suspended its work upon the Corporation receiving the refusal from the French authorities regarding the Flowserve transaction on October 5, 2023.

Communications, Insider Trading, Confidential Information and Disclosure Policies

The Board is committed to an effective communications policy with all stakeholders including shareholders, suppliers, advertisers, employees, agents and members of the investment community. The Corporation is committed to complying with all laws, regulations and policies which are applicable to it.

The Board and the Audit Committee of the Board review all financial data appearing in press releases.

Other statutory documents or documents required to be prepared, filed and delivered including, without limitation, the proxy materials and annual information form are reviewed by members of the Board and, where required, these documents are approved by the Board.

As indicated above and in accordance with the recommendations of the TSX and the CSA, the Corporation has also established policies on whistle blowing procedures, insider trading and the confidential treatment of information.

DIRECTORS' LIABILITY INSURANCE

The Corporation provides insurance for the benefit of the Directors and officers of the Corporation and its subsidiaries, against liability incurred by them in these capacities. The current policy aggregate limit is US\$10,000,000. Protection is provided to Directors and officers for wrongful acts or omissions done or committed during the course of their duties as such. Under the insurance coverage, the Corporation is reimbursed for payments where they are required or permitted to indemnify its Directors and officers, subject to a retention of US\$1,000,000 per loss. The annual premium is US\$411,900 (exclusive of premiums for locally admitted policies). The Corporation also provides additional limits for a Side A only coverage at an annual premium of US\$480,590. Subject to exclusions provided for in the insurance policy, Side-A provides coverage to individual Directors and officers when not indemnified by the Corporation. These annual premiums, which have not been specifically allocated between Directors as a group and officers as a group, were paid entirely by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Should the Corporation deal with certain parties related to management and others, they are disclosed herein. There are none to disclose for this fiscal year. The CGHR Committee charter provides that the CGHR Committee shall approve (or make recommendations to the Board with respect to) related party transactions which the Corporation proposes to enter into. The review of the fees and other payments made to or from the Corporation with respect to ongoing related party transactions is within the mandate of the Audit Committee. Both the CGHR Committee and the Audit Committee are exclusively composed of independent Directors.

APPOINTMENT OF AUDITORS

PricewaterhouseCoopers, Partnership of Chartered Professional Accountants ("PricewaterhouseCoopers"), have been the auditors of the Corporation for more than 25 years. The Audit Committee performed a review of PricewaterhouseCoopers to assess whether or not the Corporation should be seeking requests for proposals from other external audit firms. The Audit Committee agreed that such a process was not in the best interest of the Corporation for the time being. The performance of the external auditors is assessed on an annual basis by the Audit Committee. The Board recommends that shareholders vote for the appointment of PricewaterhouseCoopers, as auditors of the Corporation, at such remuneration as may be fixed by the Board.

Unless such authorization is withheld, the persons named in the form of proxy intend to vote at the Meeting for the reappointment of PricewaterhouseCoopers, as auditors of the Corporation, to hold office until the next annual meeting of shareholders, at such remuneration as may be fixed by the Board.

APPROVAL OF UNALLOCATED OPTIONS UNDER THE OPTION PLAN

Under the Option Plan, the Corporation may grant options to purchase Subordinate Voting Shares representing up to 5% of the issued and outstanding Multiple Voting Shares and Subordinate Voting Shares from time to time. The rules of the TSX provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which do not have a fixed number of maximum securities issuable be re-approved every three (3) years. Accordingly, at the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve, with or without amendment, the

resolution set forth in Schedule A. In the event that the foregoing resolution is not approved by shareholders at the Meeting, no further options will be granted pursuant to the Option Plan.

2024 SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than March 31, 2025 for inclusion in the management proxy circular for the purposes of the Corporation's annual meeting of shareholders for the fiscal year ending February 28, 2025.

ADDITIONAL INFORMATION

Additional financial information regarding the Corporation's business is contained in the audited consolidated financial statements (the "Financial Statements") and Management Discussion and Analysis ("MD&A") for the year ended February 29, 2024. The Financial Statements, MD&A and all the continuous disclosure documents relating to the Corporation can be found on SEDAR+ at www.sedarplus.ca. Shareholders may request a copy of the Financial Statements and MD&A without charge from the Secretary of the Corporation at 7007 Côte de Liesse Road, Montréal, Québec, H4T 1G2, telephone: (514) 748-7743.

The contents and the sending of this Circular have been approved by resolution of the Board.

Dated at Montréal, Québec, this 16th day of May, 2024.



SABINE BRUCKERT

Executive Vice-President, Human Resources, General Counsel and Corporate Secretary

SCHEDULE A

RESOLUTION RELATED TO UNALLOCATED STOCK OPTIONS

WHEREAS the capitalized terms herein shall have the same meaning as the one ascribe to them in the management proxy circular dated May 16, 2024.

WHEREAS the Option Plan provides that the maximum number of Common Shares issuable thereunder represents 5% of the aggregate Multiple Voting Shares and Subordinate Voting Shares issued and outstanding, from time to time;

WHEREAS the shareholders of the Corporation last approved on July 9, 2020 the unallocated options under the Option Plan;

WHEREAS the rules of Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which do not have a fixed number of maximum securities issuable be re-approved every three (3) years;

WHEREAS the Corporation omitted to require the approval of unallocated options at its August 25, 2023 annual meeting of shareholders but no options were granted after such date;

NOW THEREFORE BE IT RESOLVED THAT:

1. all unallocated options under the Option Plan be and are hereby approved;
2. the Corporation have the ability to continue granting options under the Option Plan until July 11, 2027; and
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

SCHEDULE B

FORM 58-101F1

CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors

- a) **Disclose the identity of directors who are independent.** Messrs. Daniel Desjardins and Edward Kernaghan and Ms. Suzanne Blanchet and Ms. Dahra Granovsky are considered independent Directors within the parameters of National Instrument 58-101.
- b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.** Messrs. Tom Velan, James A. Mannebach, Ivan Velan, Peter Velan and Robert Velan are not independent Directors within the parameters of National Instrument 58-101. Tom, Ivan, Peter and Robert are part of the controlling shareholder group. Tom Velan received consulting fees for advising the Corporation on various subjects. James A. Mannebach and Robert Velan are senior officers of the Corporation.
- c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.** The Board as currently composed, is not comprised of a majority of independent Directors. Four out of 9 Directors are independent. To facilitate the Board's exercise of independent judgment in carrying out its responsibilities, the independent Directors conduct *in camera* sessions, independent of management and also independently from non-independent Directors. The independent Directors conducted several *in camera* sessions, independent of management and non-independent Directors, during the past fiscal year. During the fiscal year, an *in camera* session of the independent Directors only has been systematically scheduled at each Board meeting. None of the independent Directors work in the day-to-day operations of the Corporation or any of its subsidiaries, or are party to any material contract with the Corporation or any of its subsidiaries or receive any fees from the Corporation or its subsidiaries other than Directors' fees, expenses and dividends when applicable.
- d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.** Mr. Daniel Desjardins is a member of the Board of Transat A.T. Inc. (TSX: TRZ.TO). Ms. Dahra Granovsky sits on the board of directors of Hammond Power Solutions (TSX: HPS). Mr. Edward Kernaghan is a member of the Board of Directors of Exco Technologies Ltd. (TSX: XTC), Black Diamond Group Ltd. (TSX: BDI) and Obsidian Energy Inc. (TSX: OBE). Ms. Suzanne Blanchet sits on the board of GDI Integrated

Facility Services Inc. There are no interlocking board relationships on the Board.

- e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.**
- The independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. During the fiscal year, independent Directors held 10 meetings without the presence of non-independent Directors and members of management (in addition to committees' meetings). Each of the CGHR Committee, the Special Committee and the Audit Committee consist entirely of independent Directors. The Board considers that there is both open and candid discussion on all issues.
- f) **Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.**
- Mr. James A. Mannebach, Chair of the Board, is not an independent director as he is the CEO of the Corporation. Each of the CGHR Committee, the Special Committee and the Audit Committee are entirely composed of independent Directors. The Board actively seeks the views of the independent Directors. This provides leadership for the independent Directors, who also meet in private, as often as they deem necessary. The Board believes that this structure allows it to act independently from the management of the Corporation.
- At this time, the Board believes that there are substantial benefits to the Corporation, the Board and the Shareholders with Mr. Mannebach serving in both his capacities that presently outweigh having an independent Chair or lead director. The Board and the CGHR Committee will continue to monitor the Board's composition and the role of the Chair on an ongoing basis and make changes as appropriate including, if deemed necessary, the appointment of a lead director from the independent directors of the Corporation.
- For more information on the roles of the Chair and of the Lead Director, please see "Report on Corporate Governance".
- g) **Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.**
- Please see "Attendance Record for Board Meetings".

2. Board Mandate

Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The principal responsibility of the Board is to provide stewardship to the Corporation. This includes overseeing the operation of the business and supervising management of the Corporation. The Board's mandate describes the process and

guidelines relating to the appointment and functioning of the Board. The Board's mandate is reviewed and updated when appropriate under the initiative of the CGHR Committee. A copy of the Board's written mandate is attached in Schedule C.

3. Position Descriptions

- a) **Disclose whether or not the Board has developed written position descriptions for the Chair and the Chair of each Board committee. If the Board has not developed written position descriptions for the Chair and/or the Chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.** The Board has established a position description for its Chair of the Board, a Lead Director and for its Chair of the Audit and the CGHR Committees. Essentially, the primary responsibility of the Chair is to conduct the various meetings and ensure that the Board or relevant committee operates effectively and meets the objectives set forth in their respective charters. When the Chair is independent, the Corporation does not appoint a Lead Director. Currently, there is no Lead Director appointed.
- b) **Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.** The CEO is the senior executive of the Corporation and reports to the Board. There is a Delegation of Authority that identifies the power of the CEO and when the Board must be involved.

4. Orientation and Continuing Education

- a) **Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.** Prior to their nomination, proposed new Directors meet with the members of the CGHR Committee to discuss corporate governance issues and meet with members of senior management, members of the Velan family and existing Directors to familiarize themselves with the history, business and strategic direction of the Corporation.
- b) **Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.** The Board does not itself provide directors with a formal continuing education program, but encourages its Directors to participate in seminars and conferences relating to the role and responsibilities of corporate Directors. Board members are encouraged to visit the Corporation's manufacturing facilities. Board members who are not employees of the Corporation are entitled to a reimbursement of educational expenses of up to \$2,500 per year. The Corporation pays membership in the Institute of Corporate Directors and three members of the current Board have obtained the ICD.D designation.

5. Ethical Business Conduct

- a) **Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:**
- The Board has adopted a Code of Business Conduct and Ethics and a separate whistle blowing policy.
- (i) **disclose how a person or Corporation may obtain a copy of the code;**
- A copy of the Corporation's Code of Business Conduct and Ethics is published on the Corporation's website at www.velan.com and on SEDAR+ www.sedarplus.ca
- (ii) **Describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and**
- Please see "Report on Corporate CGHR". The CGHR Committee monitors compliance with the Code of Business Conduct and Ethics.
- The Audit Committee reports to the Board on receipt of whistle blowing information. The CGHR Committee reports to the Board on compliance with the Code of Business Conduct and Ethics. These documents are redistributed to the employees on an annual basis.
- (iii) **Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**
- None.
- b) **Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**
- Directors are required to disclose any actual or potential conflict of interest situation and refrain from voting on any such issues.
- c) **Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.**
- The Board has adopted a trading policy providing guidelines to Directors and officers and all other relevant parties on trading of the Corporation's shares and options.

The Corporation also has a disclosure policy which requires consistent and timely dissemination of material information to the public, in accordance with applicable securities legislation. In addition, Directors review and provide commentary on press releases containing financial information prior to their issuance.

6. Nomination of directors

- a) **Describe the process by which the Board identifies new candidates for Board nomination.**
- Potential candidates for election to the Board are identified by the CGHR Committee and by the controlling shareholder (see Section 6(c) hereof).

Members of the Board are also invited to recommend potential candidates.

Both the controlling shareholder and the CGHR Committee take into account the range of experience and background of the current Directors and assure complementary skill sets with respect to the proposed Directors.

- b) **Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.**
- The CGHR Committee, serves as the Nominating Committee, and is composed of independent Directors.
- c) **If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**
- The CGHR Committee serves as the Nominating Committee, provided that so long as the Corporation is controlled by a single shareholder (currently Velan Holding), the CGHR Committee proposes for nomination 50% of the members of the Board, all of whom shall qualify as independent. In the event that the controlling shareholder does not propose nominees with respect to the other 50%, the CGHR Committee makes such additional nominations as is appropriate. In the event of an odd number of directors, the CGHR Committee and the controlling shareholder would be entitled to jointly propose one director.

7. Compensation

- a) **Describe the process by which the Board determines the compensation for the issuer's directors and officers.**
- The CGHR Committee recommends and the Board approves the compensation for Directors, taking into account market surveys that are available relative to the compensation levels of other Canadian corporations.
- The CGHR Committee recommends and the Board determines the compensation of the Chair and of the CEO. The CGHR Committee reviews and approves the other senior executives' compensation, taking into account roles, responsibilities, performance and market conditions. The Corporation has established a STIP, a long term incentive plan LTIP and a special cash-based plan. During the 2024 fiscal year, Hexarem was not mandated for any work on these programs. (see paragraph d) below).

- b) **Disclose whether or not the Board has a compensation committee composed entirely or independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.** All members of the CGHR Committee are independent directors pursuant to National Instrument 58-101.
- c) **If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.** The principal responsibilities of the CGHR Committee pertaining to executive compensation relate to the recommendations of the compensation of the Chair of the Board and of the CEO, as well as the approval of the compensation of other senior executives of the Corporation, monitoring succession planning and developing and assessing incentive plans for senior management. The CGHR Committee may, at its discretion, utilize compensation and/or human resource consultants to assist it in carrying out its duties.
- d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.** Hugessen was retained by the Chair of the CGHR Committee to advise on the competitiveness and effectiveness of compensation programs for the Corporation's CEO and CFAO.

8. Assessments

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

The CGHR Committee has established a program issuing questionnaires to the Directors to assess the Board's, its committees' and Directors' effectiveness regularly. The assessment has been conducted from January 2024 to May 2024. The results are compiled for presentation to the CGHR and to the Board for discussion and action, as required.

9. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the Corporation has adopted Term Limits for the directors on its Board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the Corporation has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Corporation has not adopted a term limit for its Directors due mainly to the complexity of the Corporation's business. To ensure board renewal, the Board has adopted other mechanisms such as putting emphasis on monitoring the average years of service and turnover rate of its independent Directors, providing Directors with training and conducting regular Board, committee and peer evaluation. Please also refer to "Term Limit and Retirement Age".

10. Policies regarding the Representation of Women on the Board

The Corporation has adopted a policy relating to the identification and nomination of women directors. Please also refer "Diversity Policy".

a) Disclose whether or not the Corporation has adopted a written policy relating to the identification and nomination of women directors. If the Corporation has not adopted such a policy, disclose why it has not done so.

The objective is to ensure diversity within the group of independent Directors. A key feature of the policy is the establishment of a gender diversity independent Director target of at least one third (1/3) of independent Directors.

b) If the Corporation has adopted a policy referred to in a) disclose the following in respect of the policy:

The implementation of the policy is monitored by the CGHR Committee which also fulfills the role of the Nominating Committee. The Corporation has achieved the set target for the year ended February 28, 2024. The CGHR Committee and the Board measure the effectiveness of the policy through Board evaluations.

- short summary of its objectives and key provisions; - the measures taken to ensure that the policy has been effectively implemented - annual and cumulative progress by the Corporation in achieving the objectives of the policy, and - whether and, if so, how the board or its nominating committee measures the effectiveness of the policy

11. Consideration of the representation of women in the director identification and selection process.

Disclose whether and, if so, how the board of nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the Corporation does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the Corporation's reasons for not doing so.

The CGHR Committee considers the level of representation of women on the board in identifying and nominating candidates for election to the Board, by monitoring the achievement of the target set in the Corporation's policy and by selecting a sufficient number of qualified potential candidates.

12. Consideration given to the representation of women in Executive officer appointments.

Disclose whether and, if so, how the Corporation considers the level of representation of women in executive officer

The Corporation considers, amongst other criteria, the level of representation of women in executive officer positions. Considering the Corporation's

positions when making executive officer appointments. If the Corporation does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the Corporation's reasons for not doing so.

business field, being valves manufacturing in Canada, it is reasonable to believe that it will take several years to develop a minimum pool of women ready to take on executive positions.

13. Issuer's targets regarding the representation of Women on the Board and in Executive Officer Positions.

For the Board, the gender diversity independent Director target is at least one-third (1/3) of independent Directors. This target is achieved for the year ended February 28, 2024. If the nominee Directors are elected at the Meeting, the percentage of female independent Directors will meet the target of one-third (1/3).

For the executive officer positions, the target has been set for the year 2024 considering, amongst other things, the implementation of a diversity policy, the turnover rate, the lack of a mandatory retirement age, and the relatively small size of the group. All Velan family members involved in the business of the Corporation, either as Directors or executives, are male.

14. Number of women on the Board and in Executive Officer positions

On the Board, there are two women out of four independent Directors or half (1/2).

In executive officer positions, there are two women out of 13 or 16% as at May 16, 2024.

SCHEDULE C

VELAN INC. - BOARD OF DIRECTORS MANDATE

1. MANDATE

1.1 Mandate – In adopting this Mandate,

- (a) the Board acknowledges that the mandate prescribed for it by the *Canada Business Corporations Act* (the "**CBCA**") is to manage or supervise the management of, the business and affairs of Velan Inc. (the "**Corporation**") and that this mandate includes responsibility for stewardship of the Corporation; and
- (b) the Board explicitly assumes responsibility for the stewardship of the Corporation, as contemplated by the Toronto Stock Exchange and the Canadian securities regulators' governance standards.

2. DEFINITIONS

2.1 Definitions – In this Mandate:

- (a) "Board" means the Board of Directors of the Corporation;
- (b) "CEO" means the Chief Executive Officer of the Corporation;
- (c) "Chair" means the chairperson of the Board;
- (d) "Director" means a member of the Board; and
- (e) "Mandate" means this mandate, as amended from time to time.

3. BOARD MEMBERSHIP

3.1 Number of Members – The Board shall consist of such number of Directors as the Board may determine from time to time, provided that such number shall be within the minimum and maximum number of Directors set out in the Corporation's articles.

3.2 Canadian Residence –

- (a) At least one quarter of the directors shall be resident Canadians.

3.3 Nomination and Appointment of Directors –

(a) The Corporate Governance and Human Resources Committee shall, unless a separate Nominating Committee be established by the Board, make recommendations to the Board with respect to the nomination of individuals for election as directors.

- (b) In selecting candidates for nomination as Directors, the Board shall:
 - (i) consider what competencies and skills the Board, as a whole, should possess; and

(ii) assess what competencies and skills each existing Director possesses.

(c) The Board shall consider recommendations made to it by the Corporate Governance and Human Resources Committee with respect to the size and composition of the Board.

3.4 Election and Appointment of Directors – Directors shall be elected by the shareholders at each annual meeting of shareholders or at such times, in such manner and for such term as the articles or by-law of the Corporation may prescribe, provided that notwithstanding the expiry of his or her term, each Director shall remain in office until he or she is re-elected, replaced or removed.

3.5 Vacancy – The Board may appoint a Director to fill a vacancy which occurs in the Board between annual elections of Directors to the extent permitted by the CBCA.

3.6 Removal of Members – Any Director may be removed from office by an ordinary resolution of the shareholders at a special meeting of shareholders.

3.7 Additional Directors – In addition to filling vacancies on the board, the Directors may at any time, without exceeding the number of Directors provided by the articles of the Corporation, appoint one or more additional Directors who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of Directors so appointed may not exceed one-third (1/3) of the number of Directors elected at the previous annual meeting of shareholders. If a new CEO is appointed, he or she will be appointed by the Board as an additional Director for a term up to the next annual meeting of shareholders.

4. **BOARD CHAIR**

4.1 Chair to be Appointed Annually – The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the members at which Directors are elected. If the Board does not so appoint a Chair, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. **MEETINGS OF THE BOARD**

5.1 Time and Place of Meetings – Meetings of the Board shall be held from time to time and at such place as the Board, the Chair, the chairperson of the executive committee of the Board (if such a committee is constituted), the president or any two Directors may determine.

5.2 Frequency of Board Meetings – Subject to the Corporation's by-laws, the Board shall meet at least four times per year on a quarterly basis.

5.3 Quorum – Unless otherwise fixed in the by-laws of the Corporation, a quorum of the Board shall be a majority of Directors.

5.4 Secretary – The Board shall appoint a person who may, but need not, be a member of the Board, to be secretary and who shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board.

5.5 Right to Vote – Each Director shall have the right to vote on matters that come before the Board unless precluded by the CBCA.

5.6 Invitees – The Board may invite officers and employees of the Corporation or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

5.7 Meeting of Independent Directors – The independent Directors shall have regularly scheduled meetings at which members of management are not present.

6. **OUTSIDE ADVISORS**

6.1 Retaining and Compensating Advisors – Each Director shall have the authority to retain outside counsel and any other external advisors as appropriate with the approval of the Audit Committee.

7. **REMUNERATION OF BOARD MEMBERS**

7.1 Remuneration – Members of the board and the chairperson shall receive such remuneration for their service on the board as the board may determine from time to time.

8. **DELEGATION OF DUTIES**

8.1 Delegation to Committees – The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind the Corporation, except to the extent that such authority has been specifically delegated to such committee by the Board.

8.2 Delegation to Committees –

- (a) The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate:
 - (i) Audit Committee; and
 - (ii) Corporate Governance and Human Resources Committee.
- (b) Subject to the Corporation's articles and by-laws, the Board may appoint any other committee of Directors and delegate to such committee any of the powers of the Board, except to the extent that such delegation is prohibited under the CBCA.

8.3 Composition of Committees – The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate and shall require the Corporate Governance Committee to make recommendations to it with respect to such matters.

8.4 Review of Charters – The Board will review the charters and the composition of each of its committees on a regular basis and will revise those charters or amend the composition of its committees as it considers appropriate and shall require the Corporate Governance and Human Resources Committee to make recommendations to it with respect to such matters.

8.5 Delegation to Management – Subject to the Corporation's articles and by-laws, the Board may appoint officers, specify their duties and delegate to them powers to manage the business and affairs of the Corporation, except to the extent that such delegation is prohibited under the CBCA.

8.6 Oversight – The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

8.7 Residual Authority – The Board retains responsibility for any matter that has not been delegated to management or to a committee of the Directors.

9. DUTIES AND RESPONSIBILITIES OF THE BOARD

Responsibility for Specific Matters

9.1 Responsibility for Specific Matters – The Board explicitly assumes responsibility for the matters set out in this Mandate, and specifically those matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the stock exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage the affairs of the Corporation.

9.2 Delegation to Committees – Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

Corporate Governance Generally

9.3 Corporate Governance Matters –

- (a) Corporate Governance Guidelines. The Board shall adopt and maintain corporate governance guidelines recommended to it by the Corporate Governance Committee and which comply with all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate.
- (b) Corporate Governance Disclosure. The Board shall review all material disclosure with respect to the Corporation's system of corporate governance and the operation of its system of governance required by the Toronto Stock Exchange and the Canadian securities regulators, as submitted to it by its Corporate Governance Committee.

Responsibilities Relating to Management

9.4 Integrity of Management – The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO and other senior officers; and
- (b) that the CEO and other senior officers create a culture of integrity throughout the organization.

9.5 Succession Planning – The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

9.6 Executive Compensation Policy –

- (a) Executive Compensation Policy. The Board shall review the executive compensation policy submitted to it by the Corporate Governance and Human Resources Committee as well as the overall structure of the Corporation's strategy, including the elements of the Corporation's annual and long-term

incentive plans, including plan design, performance targets, administration and total funds/shares reserved for payments;

- (b) Board Approval. The Board shall approve the compensation of the CEO in light of the performance assessment by the Corporate Governance and Human Resources Committee and shall consider and, if appropriate, approve the recommendations of the CEO with respect to the compensation of other members of senior management.
- (c) Delegation to Corporate Governance and Human Resources Committee. The Board may direct the Corporate Governance and Human Resources Committee to consider the matters contemplated in Sections 9.4, 9.5 and 9.6 of this Mandate and to report and make recommendations to the Board with respect to these matters.

9.7 Organizational Responsibilities – The Board shall review and approve as appropriate:

- (a) appointments for all mission critical positions (as such positions are defined by the Corporate Governance and Human Resources Committee from time to time) and compensation packages for such appointments;
- (b) the report on executive compensation that is required to be included in the Corporation's Circular;

and shall require the Corporate Governance and Human Resources Committee to make recommendations to it with respect to such matters.

Oversight of Operation of Business

9.8 Risk Management – Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of the Corporation's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

9.9 Strategic Planning Process – The Board shall adopt a strategic planning process and shall approve a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business.

9.10 Internal Control and Management Information Systems – The Board shall review the reports of management and the Audit Committee concerning the integrity of the Corporation's internal control and management information systems. Where appropriate, the Board shall require management and the Audit Committee to implement changes to such systems to ensure integrity of such systems.

9.11 Communications Policy – The Board shall review and, if determined appropriate, approve a communication policy for the Corporation for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Corporate Governance Committee with respect to this policy.

9.12 Disclosure and Share Trading Policy – The Board shall review and, if determined appropriate, approve a disclosure and share trading policy for the Corporation which will deal with the disclosure by the Corporation to the public of material information and set standards for share trading by Corporation insiders. The Board shall consider, among other things, the recommendations of management and the Corporate Governance Committee with respect to this policy.

9.13 Financial Statements – The Board shall review the recommendation of the Audit Committee with respect to the annual and interim financial statements of the Corporation to be delivered to shareholders. The Board shall approve such financial statements.

9.14 Pension Plan Matters – Should the Corporation put in place any pension plans, the Board shall receive and review reports from management and from the Corporate Governance and Human Resources Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters regarding any such plans.

9.15 Code of Business Conduct and Ethics - The Board will review and approve a Code of Business Conduct and Ethics for the Corporation. In adopting this code, the Board will consider the recommendations of the Corporate Governance Committee concerning its compliance with applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate.

9.16 Compliance and Disclosure – The Board will direct the Corporate Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Corporate Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics and of any waiver granted to a Director or senior officer of the Corporation from complying with the Code of Business Conduct and Ethics.

9.17 Significant Decisions – The Board shall require management to obtain its approval for all significant decisions, including major financings, acquisitions, dispositions, budgets and capital expenditures.

9.18 Information Flow from Management – The Board shall require management to keep it aware of the Corporation's performance and events affecting the Corporation's business, including opportunities in the marketplace and adverse or positive developments.

10. **EVALUATION OF BOARD PERFORMANCE**

10.1 Establish Process – The Board shall establish a process to be carried out by the Corporate Governance and Human Resources Committee for assessing the performance of the Board.

10.2 Amendments to Mandate – The Board will review and reassess the adequacy of its mandate on a regular basis.

11. **INTERPRETATION**

11.1 Interpretation – The provisions of this mandate shall at all times be subject to the provisions of the CBCA as well as the articles and the by-laws of the Corporation.