



Ethics and Business Conduct Policy

September 19, 2018
Revised May 11, 2022

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The Ethics and Business Conduct Policy (the “**Policy**”) sets forth the legal and ethical conduct standards for all employees, managers, executive officers (as identified in Section 8 - hereinafter) and members of the Board of Directors (the “**Representatives**”) of H₂O Innovation Inc. and of its affiliates and subsidiaries (“**H₂O Innovation**” or the “**Corporation**”).

Scope of this Policy

This Policy reflects H₂O Innovation’s commitment to adhere to all applicable legal requirements while maintaining the highest standards of conduct and integrity. H₂O Innovation’s reputation is based on honest and fair practices at all levels within its organization and it is expected from all Representatives to conduct business with the utmost integrity.

This Policy summarizes guiding principles in the everyday management of the Corporation and contains guidelines that determine legal, moral and ethical behaviors.

Uncertainties and Questions

Because a written policy cannot answer all the questions raised in the context of business relationships, Representatives must take responsibility for recognizing and responding appropriately to specific situations as they arise. They are responsible for acquainting themselves with the various rules and guidelines that apply to their respective duties. Any questions about the requirements of this Policy or the appropriateness of a relationship or a specific action should be addressed to a direct supervisor or the Chief Financial Officer (the “**CFO**”).

Questions arising from a director or an executive officer, including the President and Chief Executive Officer (the “**CEO**”) and the Chair of the Board of Directors (the “**Board**”), should be addressed to the Chair or any other disinterested member of the Governance, Remuneration and ESG Committee (the “**Governance Committee**”) in charge of enforcing this Policy.

Application to Relatives

Restrictions on conflicts of interest and the receipt of improper benefits also apply to members of Representatives’ family, dependents and affiliated persons. Representatives should be aware that they will be held accountable for any conflicts of interest that may arise due to (i) their conduct, (ii) the consequences of any improper benefits that they may receive, or (iii) the consequences of any improper benefits that any members of their family, dependents and affiliated persons may receive.

SECTION 1 - COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with both the letter and spirit of all laws, rules and regulations applicable to the Corporation's business is critical to its reputation and continued success. Representatives must comply with, and endeavor to ensure H₂O Innovation complies with, all applicable laws and regulations wherever it does business, as well as the listing standards of any securities commission or stock exchange on which H₂O Innovation's securities are traded. Good judgment and common sense should be exercised in seeking guidance to comply or asking for advice when there is a question about compliance or about what action is required. Employees who fail to comply with this Policy and applicable laws will be subject to disciplinary measures, up to and including discharge from the Corporation.

SECTION 2 - CONFLICTS OF INTEREST

2.1 - General

A conflict of interest occurs when individual's private interests interfere, or appear to interfere, in any way, with the interests of the Corporation. A conflict situation may arise when a Representative takes actions or has interests that may make it difficult to perform his/her work in an efficient manner. Conflicts of interest also arise when a Representative, or a member of such Representative's family, receives improper personal benefits as a result of his/her position within the Corporation. Therefore, Representatives should conduct themselves in a manner that avoids even the possible appearance of conflict between their personal interests and those of H₂O Innovation.

Any actual or apparent conflict of interest between a Representative's interests and those of H₂O Innovation must be handled honestly and ethically in accordance with this Policy. Activities that could give rise to conflicts of interest are prohibited, unless specifically approved as per Section 2.3 -of this Policy.

2.2 - Disclosure

Full disclosure of an actual or apparent conflict of interest is the essential first step to remaining in full compliance with this Policy.

Representatives must disclose any actual or reasonably apparent conflict of interest, including any existing or proposed transaction or relationship that reasonably could be expected to give rise to a conflict of interest. An employee must disclose such matters to his/her direct supervisor (or, if that person is involved in the matter, to the CFO), who is responsible for consulting with the CEO, or the Chair of the Governance Committee, as appropriate. Executive officers and directors must disclose such matters to the CEO and to the Chair or any other disinterested member of the Governance Committee charged with reviewing conflicts of interest.

The Board has adopted rules to properly assess what activities constitute conflicts of interest or potential conflicts of interests, as well as procedures for determining whether a relationship or transaction

constitutes a conflict of interest. These rules and procedures are described in Section 6 - and Section 7 - of this Policy.

2.3 - Determination

Following disclosure, Representatives must avoid or terminate any activity that involves an actual or reasonably apparent conflict of interest, unless it is determined at the appropriate level that the activity is not a conflict of interest or is otherwise not improper or harmful to H₂O Innovation's interests, activities and reputation. Any such determination shall be made by the CEO in the case of an employee, and by the disinterested members of the Governance Committee in the case of an executive officer or director.

2.4 - Business Relations

No Representative or director nominee may, directly or indirectly, enter into, approve, or represent H₂O Innovation in, any transaction or relationship that is disclosable by such person pursuant to the *Canada Business Corporation Act* or by H₂O Innovation pursuant to, and as required by the laws and regulations of the securities commissions and stock exchanges governing H₂O Innovation. All transactions between H₂O Innovation and a party with which a Representative has such a relationship shall be on an arm's-length basis and shall be approved by the disinterested members of the Governance Committee.

Representatives shall refrain from doing business with Corporation's business partners (suppliers, clients, agents, etc.) if such business relation is outside the normal course of business or if there is a risk that such relation might influence their behavior and decisions. In addition, such relationship shall not, in any way, interfere with H₂O Innovation's activities or interests.

2.5 - Non-Competition

Representatives shall abstain, on their own or with others, from competing with H₂O Innovation. They shall not have employment that could be a nuisance, to the sole opinion of the CEO, to the execution of their functions with the Corporation. Representatives shall not work nor render services for companies that are competing with H₂O Innovation, nor make important investments in such companies without prior consent from the CEO, in case of an employee, or from the disinterested members of the Governance Committee, in case of an executive officer or a director.

2.6 - Confidentiality

Confidential information includes all non-public information that may be of use to competitors, or harmful to H₂O Innovation or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to provide to the Corporation or any information obtained after executing non-disclosure agreement with third parties. Employees and executive officers are bound by confidentiality obligations, as those are set forth in the agreement signed when their employment with the Corporation begins. The

said agreement contains clauses stating obligations related to exclusivity, confidentiality, assignment of work product, non-competition and non-solicitation, as the case may be, all of which form an integral part of this Policy.

Representatives shall maintain in strict confidence the confidential information entrusted to them by H₂O Innovation, its customers, its suppliers or other business partners and shall use all reasonable efforts to maintain the security and confidentiality of such confidential information. Any use or public disclosure of any confidential information is prohibited, except as expressly authorized in the conduct of Corporation's business.

Representatives should also take appropriate precautions to ensure that such confidential information is not communicated within H₂O Innovation or to third parties, except to other Representatives who have a need to know such information in order to perform their duties for H₂O Innovation.

H₂O Innovation's information, which has not been publicly disclosed, is potentially confidential information and the public disclosure of such information, whether to other Representatives or to third parties, by oral, electronic or written materials, could have serious consequences on H₂O Innovation's business.

SECTION 3 - LEGAL ASPECTS

3.1 - Gifts, Gratuities and Business Entertainment

Representatives must conduct their affairs in such a manner as to avoid adversely affecting their judgment or H₂O Innovation's reputation. No one shall accept any (exclusive) benefit that reasonably appears to be given in exchange, or as a reward, for any accommodation in connection with soliciting, negotiating or maintaining a business relationship for H₂O Innovation.

Any exceptions to this rule must be pre-approved by the CEO for the employees and by the Governance Committee for the executive officers.

3.2 - Bribery

Bribery is a criminal act. No Representatives of H₂O Innovation may offer or give any form of bribe or kickback to any government official or other person, organization or company in order to secure preferential treatment in connection with H₂O Innovation's business. Modest, conventional business entertainment or promotional materials complying with H₂O Innovation's guidelines that are not intended to secure preferential treatment are generally acceptable.

3.3 - Bona Fide Inducements

In the form of business terms, inducements must be reasonably related to the value to be received by H₂O Innovation, competitively justified, authorized in accordance with H₂O Innovation's guidelines and properly documented. They may be provided only to the party with which H₂O Innovation has the business relationship and not directly or indirectly to any individual officer, employee or other agent of such party.

3.4 - Foreign Corrupt Practices Act

All Representatives, agents and distributors acting on behalf of H₂O Innovation must comply with the applicable laws and regulations with respect to export control and anti-corruption pertaining to bribery, extortion, kickbacks, money laundering or other unlawful or improper means of obtaining business whether directly or indirectly, such as the anti-bribery, accounting and recordkeeping provisions of the *Canadian Corruption of Foreign Public Officials Act* ("CFPOA") and the *US Foreign Corrupt Practices Act* (the "FCPA"). The CFPOA and the FCPA prohibit H₂O Innovation and anyone acting on its behalf from directly or indirectly making, offering to make, promising to make or approving a payment of money or anything else of value to a foreign official or a foreign political party with the intention of somehow influencing that official to assist H₂O Innovation in obtaining or retaining business. The civil and criminal penalties that the CFPOA and the FCPA impose on individual and corporate violators are severe. When in doubt as to whether a contemplated payment or gift may violate any applicable laws and regulations with respect to export control or anti-corruption, consult with the CFO before taking any action.

3.5 - Fair and Lawful Dealings

Each Representative should endeavour to deal honestly, ethically and fairly with H₂O Innovation's suppliers, customers, competitors and employees. Statements about H₂O Innovation's products and services should not be untrue or misleading. Representatives should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice. Each Representative must follow the Corporation's Procurement Code of Conduct.

3.6 - Protection of H₂O Innovation's Assets and Opportunities

All Representatives should seek to protect H₂O Innovation's assets. Thefts, careless or negligent use and waste of the assets have a direct impact on H₂O Innovation's profitability. Representatives may not take personal advantage of opportunities that are discovered through their position with H₂O Innovation. All transactions on behalf of H₂O Innovation and all uses of H₂O Innovation's funds, facilities or other assets shall be solely for business purposes of H₂O Innovation, pursuant to due authorization, and properly documented. Corporation's assets shall never be used for illegal purposes.

3.7 - Accuracy of Books Records and Reports

All H₂O Innovation's books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. Representatives are responsible for the accuracy of their records and reports. No undisclosed or unrecorded account or fund shall be established for any purpose.

In order to being able to make informed decisions and meet its financial and legal obligations, H₂O Innovation must be able to rely on accurate, reliable books, records and accounts. For this reason, the Corporation ensures that all of its books, records and accounts are prepared with integrity and does not authorize input of false or misleading data in its books, records and accounts.

3.8 - Health and Safety

H₂O Innovation is committed to maintaining a safe and clean workplace environment for its Representatives. It is important that each Representative follow the established safety procedures and practices and observe all applicable safety laws and regulations.

3.9 - Human Rights

Everyone is entitled to equal treatment in terms of employment, without discrimination based on race, heritage, place of origin, colour, ethnicity, citizenship, beliefs, gender, sexual orientation, age, pregnancy, legal history, marital status, social conditions, political affiliation, language spoken, family status, disability or use of a means to overcome this disability. All employees must follow H₂O Innovation's Diversity, Equity and Inclusion Policy.

3.10 - Environment

The Corporation is engaged in protecting and improving the quality of the environment by focusing on responsible, environmentally friendly operating practices.

3.11 - Political Activities

H₂O Innovation respects the right of its Representatives to participate in political activities. However, these activities should not be conducted during business hours, while the Representatives are performing their duties. The use of any Corporation's resources, such as telephones, computers or supplies, is not authorized for these activities.

Representatives will not be reimbursed for their political contributions. No Representative may make or commit to political contributions on behalf of H₂O Innovation without the prior approval of the CEO.

3.12 - Information Technologies Policy

H₂O Innovation has developed the Policy on the Use of Information Technologies and Telecommunications (the “IT Policy”). The IT Policy is available for consultation on H₂O Innovation’s intranet and forms an integral part of this Policy.

SECTION 4 - REPORTING WRONGFUL CONDUCT

4.1 - Reporting and Compliance Procedures

Every Representative has the responsibility to ask questions, seek guidance, report suspected violations and express concerns regarding compliance with this Policy, or any of H₂O Innovation’s other policies. Anyone who believes that any other Representative has engaged or is engaging in a conduct that violates applicable laws or the provisions of this Policy should promptly report such information or suspected violations to the CFO or the Chair of the Audit Committee.

Representatives may also report such conduct anonymously; *provided however* that there may be circumstances when H₂O Innovation may be required to divulge Representative’s identity. H₂O Innovation will not discipline, discriminate against or retaliate against any person who reports such conduct in good faith or who cooperates in any investigation or inquiry regarding such conduct.

For more details on how to report a wrongdoing, please consult the Whistleblower Policy.

The Governance Committee shall monitor and periodically evaluate compliance with this Policy and its application to H₂O Innovation’s business. The Board may amend this Policy either upon recommendation of the Governance Committee or on its own motion.

4.2 - Availability to the Public

H₂O Innovation shall make this Policy publicly available on its website and in print to any shareholder who requests a copy, and shall so state to the extent required under the *Canada Business Corporation Act* and as required by the laws and regulations of the securities commissions and stock exchanges governing H₂O Innovation.

4.3 - Accountability for Violations

Failure to comply with the legal and ethical conduct standards required under this Policy or any other H₂O Innovation’s policies will result in disciplinary action that may include, without limitation, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge or removal, and restitution. Certain violations may be referred to public authorities for investigation or prosecution. Moreover, any supervisor who directs or approves any conduct in violation of this Policy or other H₂O

Innovation's policy, or who has knowledge of such conduct and does not promptly report it, will also be subject to disciplinary action, up to and including discharge.

SECTION 5 - WAIVERS OF THIS POLICY

The provisions contained in this Policy must be strictly adhered to and no exceptions can be allowed, except as provided below.

Any employee who believes that an exception to this Policy is appropriate in his/her case should first contact his/her immediate supervisor. If the supervisor agrees that an exception is appropriate, the approval of the CEO must be obtained. The CEO may, at his sole discretion, consult with the CFO or the Governance Committee before granting an exception.

Any executive officer or director who seeks an exception to any provisions of this Policy should contact the CEO or the Chair or a disinterested member of the Governance Committee. Any waiver of this Policy for an executive officer or a director may be made only by the Board upon recommendation of the disinterested members of the Governance Committee and shall be publicly disclosed, if required, by applicable law or otherwise.

SECTION 6 - CONFLICTS OF INTEREST RULES APPROVED BY THE BOARD OF DIRECTORS

6.1 - Improper Conflicts of Interest

The Board has adopted the following rules and guidelines to assist in determining whether a relationship or a transaction constitutes a conflict of interest. The Board has determined what involve an improper conflict of interest under this Policy. The list contained herein is not exhaustive and is subject to review and revision by the Board from time to time.

6.2 - Employees and Executive Officers

An employee or executive officer must not:

- perform services as an employee, officer, director, advisor, consultant (directly or indirectly) or in any other capacity for a significant customer¹, significant supplier² or direct competitor of H₂O Innovation, other than at the request, or with the prior approval, of H₂O Innovation;

¹ A "significant customer" is a customer that has made during H₂O Innovation's last full fiscal year, or proposes to make during H₂O Innovation's current fiscal year, payments to H₂O Innovation for property or services in excess of 5% of (i) H₂O Innovation's consolidated gross revenues for its last full fiscal year or (ii) the customer's consolidated gross revenues for its last full fiscal year.

² A "significant supplier" is a supplier to which H₂O Innovation has made during H₂O Innovation's last full fiscal year, or proposes to make during H₂O Innovation's current fiscal year, payments for property or services in excess of 5% of (i) H₂O Innovation's consolidated gross revenues for its last full fiscal year or (ii) the supplier's consolidated gross revenues for its last full fiscal year.

- have a financial interest in a significant supplier or significant customer of H₂O Innovation, other than a direct investment representing less than one percent (1%) of the voting power of a publicly-held company or less than five percent (5%) of the voting power of a privately-held company; or
- have a financial interest in a direct competitor of H₂O Innovation, other than a direct investment representing less than one percent (1%) of the voting power of a publicly-held company.

6.3 - High Management and Executive Officers

A member of the high management or an executive officer of H₂O Innovation must not:

- perform material services as an employee, officer, director, advisor, and consultant (directly or indirectly) for other companies or organizations without the disclosure, and prior approval of H₂O Innovation. Generally, this will require disclosure to, and approval by the Chair of the Governance Committee and by the Board.

6.4 - A Non-Employee Director

A non-employee director must not:

- perform services as an employee, officer, director, advisor, consultant (directly or indirectly) or in any other capacity for a direct competitor of H₂O Innovation;
- have, or permit any close relative³, to have a financial interest in a direct competitor of H₂O Innovation, other than an investment representing less than one percent (1%) of the outstanding shares of a publicly-held company;
- use his or her position of H₂O Innovation to influence any decision of H₂O Innovation relating to a contract or transaction with a supplier or customer of H₂O Innovation; or
- induce or otherwise assist or participate, directly or indirectly, in a close relative's involvement with or investment in a significant supplier, significant customer or direct competitor of H₂O Innovation in a manner that would be prohibited for an employee or officer under any of the prohibited activities listed above, if such director or a close relative of such director performs services as an employee, officer, director, advisor, consultant (directly or through an entity) or in any other capacity for such supplier or customer; or has a financial interest in such supplier or customer, other than an investment representing less than one percent (1%) of the outstanding shares of a publicly-held company.

³ A "close relative" of a person includes a spouse, parent, sibling, child, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law, and any other relative living in the same home with the person.

6.5 - Potential Conflicts of Interest Requiring Disclosure

The Board has determined that the following involve potential conflicts of interest that must be disclosed under this Policy and then addressed in any manner determined in accordance with the procedures thereunder:

- A Representative has a close relative who serves as an officer or director of a significant supplier, significant customer or direct competitor of H₂O Innovation and such service would have been prohibited if the Representative was serving in that role under Section 6.2 - of this Policy; or
- Any other material financial interest of a Representative in connection with any business relationship with H₂O Innovation or any similar interest of a close relative of any of them that is known to the related Representative.

SECTION 7 - PROCEDURES FOR DETERMINING CONFLICTS OF INTEREST AND WAIVERS

In determining whether a conflict of interest exists and whether to waive a provision of this Policy in a particular circumstance, the CEO, the Governance Committee or the Board, as the case may be, should also consider several factors, as such are described below.

7.1 - The Person Involved in the Potential Conflict

The CEO, the Governance Committee or the Board, as the case may be, shall assess whether the person is an employee, an executive officer or a director of the Corporation and, if a director of H₂O Innovation, whether the person is an independent director or not.

The more peripheral the person's relationship to H₂O Innovation is, the less likely that person is to influence H₂O Innovation's day-to-day operations and therefore, the less likely the circumstance is to be disadvantageous to H₂O Innovation.

7.2 - The Nature of the Relationship or Situation Creating the Potential Conflict of Interest

The CEO, the Governance Committee or the Board, as the case may be, shall assess the nature of the relationship or situation creating a potential conflict of interest.

- Does the issue arise because the person serves as an officer or a director of a contracting party with H₂O Innovation?
- Is the person a director of H₂O Innovation and an officer of a contracting party with H₂O Innovation?

- Is the person a director of H₂O Innovation and a director of a contracting party with H₂O Innovation?
- Or is the director or officer of H₂O Innovation related to a person that is a director or officer of the contracting party with H₂O Innovation?

The more peripheral the relationship of the person to either of the companies involved, the less likely that person is able to influence either Corporation's day-to-day decisions and therefore, the less likely the relationship or activity is to be disadvantageous to H₂O Innovation.

7.3 - The Nature of the Entity with which the Representative is Affiliated

The CEO, the Governance Committee or the Board, as the case may be, shall determine if the entity with which the Representative is affiliated is a competitor, collaborator, supplier, or customer of H₂O Innovation, and how significant this relationship is for H₂O Innovation.

In order to properly determine the significance of the relationship, the following items shall be considered:

- the size of the transaction;
- whether H₂O Innovation has engaged in this type of transaction before, either with this party or others;
- leverage of the other party;
- whether there were unusual terms associated with the transaction;
- whether the terms offered are those that the Board believes would be offered or could be obtained absent the relationship;
- the level of involvement of the officer or director involving questions in any proposed transaction, including whether the waiver candidate will receive any compensation or other benefit tied to the transaction;
- whether the individual usurped a corporate opportunity;
- whether the proposed transaction or relationship would cause a director to lose his status as an independent director; and
- how any related disclosure would appear in, for example, newspapers or other public forum.

7.4 - Determination

After reviewing these considerations and any others it considers appropriate, the CEO, the Governance Committee or the Board, as the case may be, should then consider whether the relationship or activity

- (i) will adversely affect H₂O Innovation;
- (ii) was undertaken by the individual in good faith;
- (iii) constitutes a breach of loyalty to H₂O Innovation and its shareholders;

- (iv) constitutes a violation of the laws governing H₂O Innovation; and
- (v) confers an improper personal benefit on the individual.

The CEO, the Governance Committee or the Board, as the case may be, should then be in a position to determine if a conflict of interest exists and, if so, whether to waive the conflict if the relationship or activity is in the best interests of H₂O Innovation or not opposed to those interests.

SECTION 8 - SPECIAL OBLIGATIONS OF THE EXECUTIVE OFFICERS

It is H₂O Innovation's policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws, rules and regulations in all reports and documents that H₂O Innovation files with, or submits to, regulatory authorities and in all other public communications made by H₂O Innovation.

H₂O Innovation's executive officers, being the CEO, the CFO, the Chief Operating Officer (the "COO") and the Chief Strategy Officer (the "CSO") are each required to abide by this Policy and to promote compliance with this Policy by all Representatives. Each of the CEO, CFO, COO and CSO also has the following specific responsibilities:

- Ensure that H₂O Innovation maintains
 - (i) adequate controls over its assets and financial reporting; and
 - (ii) adequate controls and procedures to provide full, fair, accurate, timely and understandable disclosure in reports and documents that H₂O Innovation files with, or submits to, regulatory authorities and in other public communications.
- Exercise leadership in creating a culture of high ethical standards and commitment to compliance, maintain a work environment that encourages Representatives to raise concerns, promptly address compliance concerns, and act in an honest and ethical manner.
- Promptly bring to the attention of H₂O Innovation's Audit Committee any material information of which he becomes aware that affects the disclosures made by H₂O Innovation in its public filings and communications.
- Promptly bring to the attention of H₂O Innovation's Audit Committee any information he may have concerning
 - (i) significant deficiencies in the design or operation of internal controls that could adversely affect H₂O Innovation's ability to record, process, summarize and report financial data; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in H₂O Innovation's financial reporting, disclosures or internal controls.

- Promptly bring to the attention of the Chairs of the Governance Committee and Audit Committee any information he may have concerning any violation of this Policy by a Representative who have a significant role in H₂O Innovation's financial reporting, disclosures or internal controls.
- Promptly bring to the attention of the Chair of the Audit Committee any information he may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to H₂O Innovation and the operation of its business, by H₂O Innovation or any agent thereof.