

## **POLICY REGARDING WHISTLEBLOWING**

Original approved by the Churchill Board of Directors, November 2, 2005  
Revised policy approved December 13, 2006

As a public company with deep roots in the communities of western Canada, The Churchill Corporation aspires to conduct its affairs with honesty and integrity. As a part of the support for this effort the Corporation will maintain a system to receive, retain and address all confidential submissions by employees and consultants concerning questionable management and corporate practices and the potential violation of any law.

**Your normal channel for reporting misconduct of any nature is through your immediate supervisor. If you have attempted to report through this channel and feel that the response was not adequate, or, if you feel that reporting the situation through the normal channel would prejudice your position or future in the organization, you are encouraged to report through this “Whistleblower” channel.**

### **THE CHURCHILL WHISTLEBLOWER POLICY**

The purpose of this Whistleblower Policy is to provide the Corporation's employees and consultants with a mechanism by which they can raise concerns free of any discrimination, retaliation or harassment.

Employees are usually the first to know when something is going seriously wrong. A culture of turning a "blind eye" to such problems means that the alarm is not sounded and those in charge do not get the chance to take action before real damage is done. As a result, the Corporation supports the disclosure of conduct which constitutes a violation of law, unethical behaviour or substantial mismanagement of company resources.

Events that might trigger the use of this mechanism can cover various types of misconduct, including, but not limited to:

- An unlawful act whether civil or criminal;
- Breach of an existing Code of Business Conduct and Ethics;
- Breach of or failure to implement or comply with any approved policy of the Corporation;
- Knowingly breaching federal or provincial laws or regulations;
- Unprofessional conduct or conduct that is below recognized and established standards of practice;
- Questionable accounting or auditing practices;
- Dangerous practice likely to cause physical harm or damage to any person/property;

- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to the Corporation;
- Abuse of power or authority for any unauthorized or ulterior purpose; and
- Unfair discrimination in the course of employment or provision of services.

Therefore, it is the policy of the Corporation to encourage employees and consultants, when based on their reasonable belief they have concerns, or believe that a potential violation has occurred or is occurring, to report those concerns (on an anonymous basis, if employees or consultants so desire) by e-mailing or otherwise informing the Corporation's Chairman of the Board. All reports will be taken seriously and will be promptly investigated. The specific action taken in any particular case will depend on the nature and gravity of the conduct or circumstances reported. Where the reported concerns are found to be accurate, and where a violation has occurred or is occurring, those matters will be corrected and, if appropriate, the persons responsible will be disciplined.

In addition, the Corporation is committed to providing a work environment in which employees and consultants, when based on their reasonable belief they have concerns, or believe that a potential violation has occurred or is occurring, can raise those concerns free of discrimination, retaliation, threats or harassment. Accordingly, the Corporation strictly prohibits discrimination, retaliation, threats or harassment of any kind against any employee or consultant who, based on the employee's or consultant's reasonable belief that such conduct or practices have occurred or are occurring, reports that information to the Corporation in accordance with this Whistleblower Policy.

In addition, discrimination, retaliation, threats and harassment are strictly prohibited against employees or consultants who file, testify, participate in, or otherwise assist in a proceeding related to an alleged violation of Canadian securities rules or any provision of law relating to fraud against shareholders.

## **REPORTING AND INVESTIGATION**

If you believe that a potential violation has occurred or is occurring, you have an obligation to immediately report those facts to the Chairman of the Board . If you identify yourself, you may then be requested to document your report in writing. You may also report your concerns anonymously. If you have reason to believe that the Chairman is involved in these matters, you should report those facts to the Chairman of the Audit Committee of the Corporation's Board of Directors. Upon receiving such reports or complaints, the Chairman of the Board or the Chairman of the Audit Committee shall promptly forward the same to the Chairman of the appropriate Board Committee who will oversee and provide direction on the investigation and resolution of the matter.

## **FINANCIAL AND ACCOUNTING MATTERS**

Employees with concerns regarding Accounting Matters may report their concerns on a confidential basis via mail, e-mail or telephone to the Chairman of the Board or alternatively to the Chairman of the Audit Committee.

These procedures relate to employee complaints in regards to any questionable accounting or auditing matters including, without limitation, the following:

- fraud or deliberate error in preparation, evaluation, review or audit of any financial statement of the Corporation;
- fraud or deliberate error in the recording and maintaining of financial records of the Corporation;
- deficiencies in, or non-compliance with the Corporation's internal financial controls;
- misrepresentation or false statement to, or by, a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Corporation; or
- deviation from full and fair recording of expenses and liabilities and reporting of the Corporation's financial condition.

In certain situations, it may be the failure to act that gives rise to the concern. Such omissions should also be reported.

## **DISCRIMINATION, RETALIATION OR HARASSMENT**

If you believe that you have been subject to discrimination, retaliation, threats or harassment for having made a report under this Policy, you are encouraged to report through this "Whistleblower" channel.

If you believe that a potential violation has occurred or is occurring, you must immediately report those facts to the Chairman of the Board. If, for any reason, you do not feel comfortable discussing the matter with the Chairman of the Board, you should bring the matter to the attention of the Chairman of the Audit Committee. It is imperative that you bring the matter to the Corporation's attention promptly so that any concern of discrimination, retaliation, threats or harassment can be investigated and addressed promptly and appropriately.

All reports and complaints under this Policy will be promptly and thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. All employees, consultants and supervisors have a duty to cooperate in the investigation of reports of any potential violations, or of discrimination, retaliation, threats or harassment resulting from the reporting or investigation of such matters.

The amount of contact with the officers considering the issues and depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Corporation will seek further information from you.

The Corporation will take steps to minimize any difficulties which you may experience as a result of raising a concern. The Corporation accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcomes of any investigation.

The Corporation strictly prohibits any discrimination, retaliation, threats or harassment against any person who reports or who participates in an investigation of reports or complaints about any potential violation.

Any complaint that any managers, supervisors, employees or consultants are involved in discrimination, retaliation or harassment in contravention of the Policy shall be promptly and thoroughly investigated in accordance with the Corporation's investigation procedures. If a complaint of discrimination, retaliation or harassment is substantiated, appropriate disciplinary action, up to and including discharge, will be taken.

## **RETENTION OF DOCUMENTS**

All documents related to reporting, investigation and enforcement under this Policy or of the discrimination, retaliation or harassment of an employee who made a complaint or report hereunder, shall be retained in a confidential and restricted manner.

## **COMMITTMENT**

The Corporation will ensure that substantial and adequate resources are put into the investigation of any complaint which it receives. However, the Corporation will regard the making of any deliberately false or malicious allegations by any employee of the Corporation as a serious offence which may result in disciplinary action, up to and including dismissal for cause.

## **MODIFICATION**

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

### **Contacts**

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