

BioBAT, Inc.
Fraud and Whistleblower Policy

June 10, 2015

ARTICLE I

Purpose

The Fraud and Whistleblower Policy has the following primary purposes:

1. To encourage all individuals doing work on behalf of BioBAT to raise or report good faith concerns regarding suspected or actual Fraudulent or Dishonest Conduct;
2. To facilitate cooperation in any inquiry or investigation;
3. To prohibit Retaliation against any employee making a Good Faith Disclosure or participating in good faith in a BioBAT investigation under this policy; and
4. To facilitate the development of controls aiding the detection and prevention of Fraudulent or Dishonest Conduct against BioBAT.

ARTICLE II

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity or with willful ignorance of their truth or falsity.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit or misleading a BioBAT representative, government official, vendor or other entity doing business with the BioBAT . Examples of such conduct include, but are not limited to:

- commission of any crime or offense, including forgery or alteration of documents;
- unauthorized alteration or manipulation of computer files;
- fraudulent or otherwise deceptive financial reporting;
- pursuit of a benefit or advantage in violation of BioBAT's Conflict of Interest Policy;
- unauthorized disclosure of confidential or proprietary information;
- misappropriation, unauthorized destruction, removal, or inappropriate use of the of the resources of BioBAT, it's sponsors, or business partners. Resources includes supplies, equipment or other assets;
- authorizing or receiving compensation for goods not received or services not performed;
- any intentional or deliberate activity which results in violation of sponsor terms involving sponsor funds or sponsor reporting;
- authorizing or receiving compensation for hours not worked; and
- intentional violations of BioBAT policy.

Good Faith Disclosure: Disclosure of BioBAT related misconduct to an individual listed in the reporting section below, made with a belief in the truth of the disclosure that a reasonable person in the whistleblower's situation could have believed based upon the facts. A disclosure is not in good faith if

made with reckless disregard, or willful ignorance of facts that would disprove the disclosure. A report does not have to be proven true to be made in good faith.

Retaliation: Any adverse action or credible threat of an adverse action taken by BioBAT or any individual doing work for or on behalf of BioBAT, in response to a Whistleblower's good faith disclosure of BioBAT related Fraudulent or of Dishonest Conduct or in response to any employee's good faith participation in a BioBAT investigation under this policy.

Whistleblower: An individual doing work for or on behalf of BioBAT who, in good faith, reports BioBAT related Fraudulent or Dishonest Conduct.

ARTICLE III

Statement of Policy

Management is responsible for the detection and prevention of Fraud and Dishonest Conduct involving anyone representing or acting on behalf of BioBAT or those doing business with BioBAT. Management must implement appropriate risk based internal controls and procedures to protect corporate interests. Allegations must be reviewed by management without regard to the suspected wrongdoers length of service, position, title, or relationship to BioBAT.

No Director, Officer, employee, or agent of BioBAT may take any harmful or adverse action with the intent to retaliate against any person, including interference with employment or livelihood, for providing to a law enforcement officer or appropriate BioBAT management official any truthful information relating to the commission or possible commission of any offense, suspected misuse, misallocation, or theft of any organization resources, violation of policy, or other unethical conduct.

BioBAT expects its employees and representatives to maintain the highest standards of conduct and ethics. All individuals doing work on behalf of BioBAT shall act with honesty, integrity, and openness in all their dealings as representatives of BioBAT.

BioBAT management will investigate any reported Fraudulent or Dishonest Conduct by individuals doing business on behalf of BioBAT. Commission of Fraudulent or Dishonest Conduct may result in disciplinary action including possible termination of employment, dismissal from one's board or volunteer duties, and possible civil or criminal prosecution.

Individuals are encouraged to report suspected fraudulent or dishonest conduct pursuant to the procedures set forth below.

ARTICLE IV

Reporting

Individuals should report actual or suspected Fraudulent or Dishonest Conduct. You may report suspected or actual violations to:

- Your supervisor;

- the President;
- the Chair of the Board of Directors; or
- the Chair of the Audit Committee.

Reports should provide sufficient, precise and relevant information concerning dates, places, persons, numbers, etc. to allow a reasonable investigation to take place. Individuals should not report suspected or actual violations of conduct to any individual suspected of engaging in that conduct, even if that person is identified as an avenue for complaint. For example, an employee who suspects their supervisor has engaged in a violation of this policy should not report their suspicions to their supervisor, but should instead report to another individual identified above.

Whistleblowers may file a complaint or concern anonymously. BioBAT will explore all allegations, anonymous or not, to the extent possible and will weigh the prudence of continuing such investigations against the likelihood of confirming the alleged facts or circumstances from attributable sources. BioBAT will protect anonymous sources to the extent possible or practical.

Individuals that make a Baseless Allegation may be subject to disciplinary action and/or legal claims by individuals accused of such conduct.

ARTICLE V

Whistleblower Protection

BioBAT prohibits Retaliation against Whistleblowers or those who participate in a BioBAT investigation of violations under this Policy. Whistleblower complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Whistleblower complaints will only be shared with those who have a need to know so that BioBAT can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, may be shared with law enforcement personnel. Should disciplinary or legal action be taken against a person(s) as a result of a whistleblower complaint, such person(s) may also have right to know the identity of the whistleblower.

BioBAT and BioBAT employees and representatives may not retaliate against a Whistleblower with the intent or effect of adversely affecting the terms or conditions of the Whistleblower's employment, because the Whistleblower made a good faith allegation or informing management of activity which that person believes to be fraudulent. Similarly, BioBAT employees and representatives may not retaliate against individuals who, in good faith, participate in a BioBAT investigation of violations under this Policy.

Prohibited Retaliation includes, but is not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees. Individuals who believe that they have been retaliated against may file a written complaint with their supervisor, the BioBAT President, the Chair of the Board of Directors or the Chair of the Audit Committee. Any complaint of Retaliation will be promptly investigated and appropriate corrective measures taken if allegations of Retaliation are substantiated. This protection from Retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related or other non-retaliatory factors.

BioBAT will not tolerate the harassment or victimization of any employee who, in good faith, raises concerns or participates in a BioBAT investigation of violations of this policy.

ARTICLE VI

Investigation

All relevant matters, including suspected but unproved matters, will be reviewed and analyzed, with documentation of the receipt, retention, investigation and treatment of the complaint or allegation consistent with the procedures outlined in this policy. Appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her supervisor.

Investigations will be conducted as quickly as possible, based on the nature and complexity of the report and the issues raised.

The Audit Committee has the primary responsibility for managing and monitoring whistleblower complaints. Investigations will be coordinated and supervised by the Chair of the Audit Committee in consultation with BioBAT Officers and management. If the investigation substantiates that fraudulent activities have occurred the Audit Committee will issue reports to appropriate designated personnel and to the Board of Directors.

Decisions to prosecute or refer the examination results to appropriate law enforcement and/or regulatory agencies for independent investigation will be made in consultation with the Board of Directors.

BioBAT management will consult with the BioBAT Board regarding any potential sponsor notification following review of relevant legal requirements.

End of Document

Document Revision History

Revision: 0

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