



## Corporate Social Responsibility and Sustainability Policy

Quetzal Energy Ltd. as an organisation that is mainly funded by public money, we take our corporate and social responsibility very seriously in accordance with the wider agenda of the Authorities in the countries in which we operate.

This policy sets out Quetzal's approach in respect of Corporate Social Responsibility (CSR) and sustainability,

We value the principles of accountability, honesty and integrity in all aspects of our business. Our policy is to conduct our business in a manner which ensures:

- Fair treatment of all employees and stakeholders
- Commitment to full legal compliance in all that we do.
- Transparency of our business policies and practices
- High standards in all matters relating to health, safety and the environment
- Ethical business practices throughout our operations
- Managing our business with complete integrity
- A safe, fulfilling and rewarding career for all our employees
- We will develop community programmes which support our mission and values and further promote our recognition as an active contributor to local community development.
- We actively assess and manage the environmental impacts of all our operations.
- We will actively benchmark and evaluate what we do in order to improve our CSR performance

We recognise that the involvement of our employees and joint venture partners are key to the future success of the business and we have for many years adopted a policy of keeping employees fully informed on all matters affecting them.

We are also committed to best practice in employment matters, recognising the role this plays in attracting and retaining staff.

To succeed in delivering the best possible results all employees, suppliers, contractors and other stakeholders working at or on behalf of Quetzal share the responsibility and accountability at all time whilst carrying out their duties paying due regard to Quetzal's policies, procedures and practices



## CORPORATE ETHICS POLICY

<b>Policy Number:</b>	
<b>Approval Date:</b>	<b>January 1, 2010</b>
<b>Revised Date:</b>	
<b>Approved By:</b>	<b>Robert Szczuczko CEO, S. Brian Gieni, President</b>

In order to safeguard the reputation and credibility of the Company, all directors, officers and employees must demonstrate a commitment to ethical business practices and behaviour in all business relationships, both within and outside the Company. No such director, officer or employee, which expressly includes the Company's principal executive officer, President, principal financial officer and controller or principal accounting officer or persons performing similar functions, regardless of his or her position, is ever expected to commit an unethical, dishonest or illegal act or to instruct other employees to do so.

We will conduct our business in accordance with all applicable laws and regulations.

Compliance with the law does not comprise our entire ethical responsibility. Rather it is a minimum, absolutely essential condition for the performance of our duties. We are committed to serving our customers, partners, regulatory authorities, fellow employees, stockholders and surrounding communities with the highest degree of ethical and professional conduct. The principles and policies that guide our business practices are summarized in this document. We expect our employees to take appropriate steps to deal only with agents, consultants, contractors, representatives and suppliers who follow these guidelines as well as all other applicable Company policies. Unless otherwise noted, the policies in this document apply across the Company, in all businesses, countries and regions.

This document is not intended to be exhaustive. Compliance with all applicable governmental laws, rules and regulations is essential and the bare minimum required by the Company. If a local law conflicts with a policy in this document, you must comply with the law; however, if a local custom or practice conflicts with a policy in this document, you must comply with the Company policy.

## **PROMOTE A POSITIVE WORK ENVIRONMENT**

All employees want and deserve a work place where they will feel respected, satisfied, and appreciated. To achieve this, harassment or discrimination of any kind is absolutely unacceptable. The Company wants to achieve excellence in the work place by providing an environment that supports the honesty, integrity, respect, trust, responsibility, and citizenship of every employee. While everyone who works for the Company must contribute to the creation and maintenance of such an environment, our executives and management personnel assume special responsibility for fostering a context for work that will bring out the best in all of us.

## **CORRUPTION OF FOREIGN PUBLIC OFFICIALS ACT**

Many countries have laws or rules prohibiting gifts to people who are employed by the government of that country. In addition, a Canadian law, The Corruption of Foreign Public Officials Act, prohibits the Company, or anyone acting on behalf of the Company, from making a payment or giving anything of value to a foreign official or political party for purpose of obtaining or retaining business. This provision also applies to payments or offers of anything of value to intermediaries, sales representatives or agents if the employee knows, or has reason to know, that the payment or offer will be used for a prohibited payment, gift or favour. All Company employees worldwide must adhere to these restrictions.

This Act also requires that the Company maintain a system of internal accounting controls and keep accurate records of transactions and assets. The following activities are prohibited:

- Maintaining secret or unrecorded funds or assets,
- Falsifying records and
- Providing misleading or incomplete financial information to an auditor.

All employees who have any management, accounting, operational or sales responsibilities for activities outside of Canada must be aware of The Corruption of Foreign Public Officials Act, and its impact upon operations and of the 1976 US Securities and Exchange Commission and Federal Trade Commission consent decrees resulting from past issues under similar US legislation. These decrees require the company to provide stockholders with both reasonable assurances that the business is adequately controlled and that reliable financial information is maintained on a timely basis.

## **MAINTAIN ACCURATE AND COMPLETE BOOKS**

Every employee has a duty to maintain accurate and complete records. No false, misleading or artificial entries may be made on the Company's books and records and no documents should be signed without the proper authority. No funds or assets may be used or maintained by the

company for any illegal or improper purpose. All transactions must be fully and completely documented and recorded in the Company's accounting records.

All labour, travel, material and other expenses should be recorded truthfully.

### **PAYMENTS TO EMPLOYEES; GIFTS**

Employees may not solicit or accept gifts, payments, entertainment or gratuities from suppliers, competitors, customers, vendors or any other entity that the Company does business with unless (1) the gift is of nominal or token value and (2) the gift or payment cannot be construed as a bribe, payoff or improper inducement. Employees must **never** accept gifts in cash or cash equivalents.

### **PURCHASING**

The Company will only make purchases based on attractive (1) price; (2) service; (3) quality; and (4) delivery proficiency. The acceptance of payments in return for a purchase order is grounds for immediate discharge or other disciplinary action.

### **POLITICAL CONTRIBUTIONS**

The Company will not contribute, directly or indirectly, to any candidate for political office, political parties or other political organizations.

### **CONFLICTS OF INTEREST**

Employees are expected to devote their best efforts to the interests of the Company and the conduct of its affairs. The Company recognizes the right of employees to engage in activities outside of their employment, which are of a private nature and unrelated to our business.

However, employees **shall not** engage in any activity related to the Company where the employee, as opposed to the Company itself, is the primary beneficiary. Describing all such scenarios is impossible so a policy of full and complete disclosure will be followed to assess and prevent potential conflicts of interest from arising. However, some situations that could cause a conflict of interest include: doing business with a family member, having a financial interest in a company that is competitive with the Company, taking a second job, managing your own business or serving as a director of another business.

### **FAIR EMPLOYMENT PRACTICES**

The Company does not discriminate and will not allow its employees to discriminate on the basis of sex, race, religion, national origin, age, disability or veteran status.

## **UNAUTHORIZED USE OF COMPANY PROPERTY AND RESOURCES**

Protection of the company's assets is essential to the company's success. For this reason, all employees are individually responsible for protecting company assets.

- Misuse, misappropriation or theft of company property is absolutely prohibited. This includes any company funds or company assets, such as software, telephones, computers, copy machines, facsimile machines, supplies, and any other property owned by the company
- Use of company property must be limited to company-related work. Occasional, reasonable personal use is permitted. Reasonable use depends upon the circumstances and is subject to review by management.
- E-Mail. The company's E-Mail system should be used by employees for business purposes.
- **NOTE:** Employees should not expect that any message put into the E-Mail system is a private communication. Furthermore, any use of the E-Mail system to exchange messages of a derogatory, discriminatory, harassing, threatening or otherwise improper manner is absolutely prohibited.

## **TRADE SECRETS POLICY**

Another Company asset that must be diligently protected is the Company's proprietary information – otherwise known as trade secrets. Almost any notion that qualifies as a

“Good idea” which is not widely known in the industry – i.e. an idea that which gives the Company a competitive advantage – can qualify as a trade secret. Some examples of a

trade secret are exploration, exploitation, research and development information, including engineering reports, geological and geophysical information (including geological or geophysical leads) prospects, prospect data, prospect summary sheets, prospect maps, cross-sections and seismic information (both raw and processed), well information, and any interpretations, analyses compilations, studies or other documents containing or based upon any of the foregoing plus oil and gas, financial and marketing strategies including existing and prospective concepts and coventures plus all customer, shareholder and supplier information of any kind plus financial information, plans, accounts, statements, estimates, budgets and records that aren't already in the public domain.

Any information which confers on the Company a competitive advantage, which is unknown to the Company's competitors and which the Company reasonably tries to keep secret, constitutes a trade secret. Unlike a patent (which must be fully disclosed to be granted), a trade secret receives protection only if the Company makes reasonable efforts to guard its secrecy. Thus, all employees should be vigilant in protecting the Company's trade secrets by utilizing Non-Disclosure Agreements (NDAs) prior to sharing trade secrets with individuals outside the

company, and clearly labelling confidential information as such and physically protecting any confidential information.

## **PROCEDURES**

Employees are to report instances of conduct that may constitute a violation of law or any corporate policy. All reports will be taken seriously. A prompt investigation will be undertaken and, if warranted, disciplinary action up to and including termination will be taken. All employees must:

- comply with the laws of all countries in which the Company does business.
- not make any corrupt payment, regardless of amount, to foreign government officials or representatives directly or through an intermediary.
- not use company funds for any unlawful or improper purpose.
- disclose and record any use of company funds.
- not falsify, inflate or disguise any accounting record.
- report any suspected violation of this Ethics Policy (which includes the additional policies enumerated above).
- report any suspected violation of the law.
- report any suspected substantial and specific danger to an employee's or the public's health and safety.

All questions of interpretation as to whether a particular past or proposed action is in violation of this Policy should be directed to the Chief Executive Officer, who will consult with the Chairman of the board or the Chairman of the Audit Committee as deemed appropriate or required by law.

The Company has two (2) methods of reporting questionable ethical practices (the direct complaint process and to a board member), as well as specific procedures for accounting related issues.

### **Direct Complaint Process**

Employees having concerns regarding questionable ethical practices are encouraged to submit such concerns (the "Complaint") to his/her supervisor or to the Chief Executive Officer. If it is the supervisor who is contacted, the Complaint shall, thereafter, be reported to the Chief Executive Officer to handle coordination, investigation and resolution of the Complaint as deemed appropriate by the Chief Executive Officer, including appointment of an investigator.

The Complaint will be investigated and resolved in a prompt, fair and unbiased manner. The investigation may proceed through an informal meeting with the complainant and any person(s) who may be responsible for the matter giving rise to the Complaint, whereby each person will be given a full and fair opportunity to speak to the matter. If the Complaint cannot be resolved

informally or if such a meeting is inappropriate, the complainant will be asked to sign a written Complaint detailing the nature of the Complaint, which will be made available to the said other person(s). Thereafter, the investigator will thoroughly and promptly investigate the matter in the manner directed by the Chief Executive Officer.

Upon completion of the investigation, the Chief Executive Officer will communicate the findings and intended actions to the complainant and the other person(s):

a. Corrective Action Measures – if it is found that improper conduct has taken place, any person responsible for such conduct will be subject to appropriate measures.

b. Unsubstantiated Complaints – if it is determined that no questionable conduct occurred, this finding will be communicated to the complainant and any person(s) implicated in the alleged questionable conduct. All record of the Complaint shall be removed from the personnel file of any such person(s).

c. Protection Against Retaliation – there will be no retaliation against an individual who makes a Complaint.

d. Confidentiality – to protect the interests of the complainant and any person(s) complained against, confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances.

e. Other Avenues of Recourse – if any regulatory body becomes involved in a Complaint, the Chief Executive Officer must be contacted immediately. The Chief Executive Officer shall ensure that there is a record of the nature and treatment of the Complaint and that the Board is provided a summary of such Complaints, at least quarterly.

### **Complaint to Committee Chairman**

If an employee with concerns regarding questionable ethical practices doesn't choose the direct complaint process, the employee may contact any board member.

### **Procedures for Addressing Accounting Related Complaints**

Pursuant to Multilateral Instrument 52-110, the Company's Audit and Reserve Committee (the "Committee") is required to establish procedures for:

(a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

This procedure is designed to achieve this purpose.

Employees having concerns regarding questionable accounting or auditing matters must submit such concerns (the “Accounting Related Complaint”) in any of the following manners:

1. Direct Complaint Process - Refer the Accounting Related Complaint to his/her supervisor or the Chief Executive Officer as set forth above.
2. Report to the Chair of the Committee.

Any employee who wishes to make an Accounting Related Complaint anonymously or in confidence may do so by directing such Accounting Related Complaint in writing directly to the Chair of the Committee, in an envelope labelled with a legend such as: “To be opened by the Audit Committee Chair only. Being submitted pursuant to the Ethics Policy.”

Any other persons with similar concerns should also direct them to the attention of the Chair of the Audit Committee at the address of the Company’s head office.

Upon receiving an Accounting Related Complaint, the Chair of the Committee will, depending upon the apparent urgency of the matter, call a meeting of the Committee or add the Accounting Related Complaint to the agenda for consideration at the next regularly scheduled meeting of the Committee.

The Committee shall review and discuss, on a preliminary basis, the nature of the Accounting Related Complaint and the accounting, internal accounting controls or auditing matters that are called into question. In conducting this review, the Committee will hold an *in camera* session, and then require the attendance, at its discretion, of the Chief Executive Officer and the Chief Financial Officer, the independent auditor, and/or the person making the Accounting Related Complaint (if known) and/or such other persons as it deems necessary. The purpose of the meeting and the nature of the Accounting Related Complaint shall have been communicated to all such attendees by notice prior to the meeting.

If the Committee is satisfied upon a preliminary review that the Accounting Related Complaint has merit, the Committee shall authorise the Chair of the Committee to retain and consult with the following experts in order to review the Accounting Related Complaint:

- (1) an appropriately qualified law firm; and (2) a registered public accounting firm, within the meaning of applicable securities legislation, other than the independent auditor.

Following the conclusion of its inquiries, the Committee shall meet to determine the merit of the Accounting Related Complaint. Minutes of such meeting shall be kept in the normal course in order to ensure a record of the nature and treatment of the Accounting Related Complaint.

Upon reaching such determination, the Committee will communicate its findings and recommendations to the board. The board shall consider and implement such recommendations, as it deems advisable, to rectify any deficiencies identified in the Accounting Related Complaint and shall communicate same to management.

The Committee shall ensure that confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances; and the person who makes the Accounting Related Complaint (if known) shall receive a written summary of the final determination.

The Committee shall retain all documentation regarding the Accounting Related Complaint, its preliminary review, any investigation, determination and implementation of recommendations for a period of no less than ten (10) years.

### **Suppliers and Customers**

No employee shall participate in the aiding and abetting of a supplier or customer with illegally booking revenue or expenses to enhance their financial reports.

### **Administration**

The Company, through the Chief Executive Officer shall be responsible for the dissemination of this Policy to all Employees. The Chief Executive Officer shall provide annual reminders about the scope and requirements of the Policy.

### **No Retaliation**

The Company will not allow or pursue retaliation of any kind for such reports, or for assistance or information provided to applicable authorities in connection with an investigation of breaches of applicable securities law, where such are made or provided in good faith. In addition, no employee may be adversely affected because the employee refused to carry out a directive which, in fact, constitutes corporate fraud, is a violation of this Ethics Policy, a violation of the law or presents a substantial and specific danger to the public's health and safety. Any retaliatory action should immediately be reported to the Chairman or any other board member.

### **Changes or Waivers**

Any waivers, including implicit waivers by non-action, of this Policy for executive officers or directors may be made only by the board. Additionally, any changes to or waivers of this Policy shall be disclosed as required by applicable securities legislation and regulations.

## **Other Company Contacts**

Chief Executive Officer:

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T2P 2X6

Phone: 1(403) 606-1317

Board member or Audit Committee Chair:

C/o Quetzal Energy Ltd.

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Calgary, Alberta

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(403 266-8646 Attention President

## ***POLICY VIOLATION***

***The Company will vigorously enforce its corporate policies. All Company employees, agents, consultants, representatives, suppliers, distributors and independent contractors must understand and comply with the Company's Corporate Ethics Policy and the Company will require all existing and new employees and consultants to read and agree to abide by the terms of this ethics policy. A violation of this policy will not be tolerated and will result in disciplinary action, up to and including termination for employees and other appropriate consequences for non-employees. In addition, knowledge of a violation, and failure to report such a violation to the proper Company officials, may subject an employee to disciplinary action.***