



FRAUD POLICY

Fraud Policy-002

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Owned by: Ethics Committee

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Approved By: Executive Management Committee

Revision History

Revisions to Policy documents follow a whole number revision standard. Each time a document is published (signed off and approved), the whole number increments by one number.

Rev	Date	Comment	Author	Reviewer	Approver	Approval Date
1	Aug 25, 2019	Change of Committee name from Fraud Committee to Ethics Committee Minor editorial changes	Michelle Gibson Paul McDonald Jenny Xi Saira Kanani	Ethics Committee	Executive Management Committee	October 21, 2019
2	September 18, 2020	Change to Titles of Committee members due to Executive Management Committee (EMC) structure change that became effective on September 1, 2020	Jenny Xi	Ethics Committee	Executive Management Committee	October 27, 2020

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1. Purpose

This Corporate Fraud Policy (Policy) has been established to support NAV CANADA's corporate values and ethical environment and to aid in the prevention and detection of fraud against NAV CANADA. This Policy is designed to ensure employees, as well as persons and organizations working at or on behalf of NAV CANADA, understand that NAV CANADA has a zero-tolerance approach to fraud.

2. Scope

This Policy applies to any fraud, or suspected fraud perpetrated by any individual or group against NAV CANADA.

A fraud risk management program is in place at NAV CANADA, under the guidance of the Ethics Committee. Specific responsibilities of the Ethics Committee relating to the program are outlined in the Ethics Committee Charter which is set out in Appendix A.

3. Definitions

NAV CANADA (the Company) defines fraud as any intentional act to deceive the Company resulting in the Company suffering a loss and/or the perpetrator achieving a gain.

4. Policy

Fraudulent actions are strictly prohibited. Disciplinary or legal action, which may include involvement of external agencies such as law enforcement and/or regulatory agencies, may be taken against an individual or group who commits a fraud against the Company.

All reported cases of fraud or suspected fraud will be investigated.

Any investigative activity required to substantiate fraud will be conducted without regard to the suspected wrongdoer's position/title, length of service, or relationship to the Company.

Employees should not attempt to personally conduct investigations, interviews or interrogations related to any suspected fraud.

Any inquiries regarding whether an action constitutes fraud can be directed to a member of the Ethics Committee or the Internal Audit department.

5. Responsibilities

All NAV CANADA personnel have a duty to report fraud or suspected fraud as soon as possible once they become aware of it to their manager or as per the procedures outlined in the "Reporting Violations" section in the [Code of Business Conduct](#).

Managers

Every Manager is responsible for understanding the types of fraudulent activities that may occur within their respective area of responsibility and be alert for any indication of fraud. Managers are accountable for ensuring that appropriate activities to prevent and detect fraud are implemented.

Reporting Individual

All inquiries from either internal or external parties concerning the activity under investigation should be directed to the Vice President, Chief Legal Officer and Corporate Secretary. Information relating to an ongoing or completed investigation should not be disclosed without approval of the Vice President, Chief Legal Officer and Corporate Secretary. The proper response to any inquiries is: "I am not at liberty to discuss this matter."

The reporting individual:

- Will not contact the suspected individual(s) in any effort to determine facts or demand restitution.
- Will not discuss the investigation, facts, suspicions, and/or allegations with anyone unless specifically approved by the Ethics Committee or the Legal Department.

Ethics Committee

NAV CANADA has an Ethics Committee in place. For specific roles and responsibilities, see Appendix A for the Ethics Committee Charter.

6. Related Documents

[Code of Business Conduct](#)

[Whistleblower Policy](#)

7. References

[Association of Certified Examiners \(ACFE\)](#)

[The Institute of Internal Auditors \(IIA\)](#)

Appendix A

Ethics Committee Charter

This Ethics Committee Charter (the Charter) has been approved by the Company's Executive Management Committee (EMC).

The Ethics Committee (the Committee) was instituted to provide oversight for NAV CANADA's fraud risk management program and to provide oversight of investigations of fraud or suspected fraud by performing the following tasks:

1. Review the Company's Fraud Policy on a biennial basis and recommend any changes for approval by the EMC.
2. Ensure that communication of matters affecting fraud risk management efficiently flows across the entire Company, as appropriate.
3. Ensure there is adequate fraud awareness and training within the Company. Sponsor and provide strategic guidance over the content and delivery of training as required.
4. Complete a fraud risk assessment on an annual basis considering relevant fraud schemes and scenarios.. Evaluate that risk responses are appropriate and timely to decrease fraud risk to an acceptable level.
5. Provide strategic oversight to remediate identified control weaknesses brought to the attention of the Committee.
6. Review and coordinate investigations of fraud or suspected fraud with affected areas and under the direction of the Legal Department. Appoint a Sub-Committee to conduct the investigation and report back to the Committee. Determine the need to notify external agencies such as law enforcement and/or regulatory agencies.

6.1 Investigation Sub-Committee

The Investigation Sub-Committee (Sub-Committee) will be designated by the Ethics Committee.

Membership to this Sub-Committee will include at least two members of the Ethics Committee and internal or external subject matter experts as required, depending on the nature of the suspected fraud.

Under the authority of and documented approval from the Ethics Committee, Members of the Sub-Committee will have:

- Free and unrestricted access to all relevant Company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

The Sub-Committee will report its findings and recommendations throughout the investigation to the Ethics Committee.

7. Upon completion of any investigation of suspected or actual fraud, assess whether any control weaknesses existed that provided the opportunity to perpetrate the fraud and oversee the remediation of these identified control weaknesses.
8. Ensure that the Audit & Finance Committee of the Board of Directors is informed of actions taken by Management to manage fraud risks. Reported activities include:
 - a. result of the annual fraud risk assessment;
 - b. result of fraud investigations; and
 - c. status of any responses to address identified fraud control weaknesses.
9. Periodically and with the Committee's approval obtain independent evaluation on the effectiveness of the fraud risk management program to make continuous improvements to the program.

The membership of the Committee shall consist of the Vice President and Chief Financial Officer, the Vice President and Chief Human Resources Officer, the Vice President, Chief Legal Officer and Corporate Secretary, the Vice President and Chief of Operations, and the Director, Internal Audit (non-voting member).

One member shall be appointed by the Committee as the Chair. The Chair shall be responsible for scheduling and managing meetings.

The Committee shall meet at least quarterly or as frequently as circumstances require in order to fulfill its responsibilities.

Any questions on the interpretation of this Charter should be forwarded to a member of the Committee.