



FRAUD POLICY

Fraud Policy-001

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Owned by: Fraud Committee

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Management Committee

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1. Purpose

This Corporate Fraud Policy has been established to support NAV CANADA's corporate values and ethical environment and to aid in the detection and prevention of fraud against NAV CANADA. This Corporate Fraud 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 Fraud Committee. Specific responsibilities of the Fraud Committee relating to the program are outlined in the Fraud Committee Charter. The Fraud Committee Charter is set out in Appendix A.

3. Definitions

NAV CANADA 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 NAV CANADA.

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 Fraud 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 VP, General Counsel and Corporate Secretary. Information relating to an ongoing or completed investigation should not be disclosed without approval. 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, or allegations with anyone unless specifically approved by the Fraud Committee or the Legal Department.

Fraud Committee

NAV CANADA has a Fraud Committee in place. For specific roles and responsibilities of the Committee, see Appendix A for the Fraud Committee Charter.

6. Related Documents

[Code of Business Conduct](#)

Whistleblower Policy (coming soon)

Fraud Awareness Training Materials (coming soon)

7. References

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

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

Appendix A

Fraud Committee Charter

This Fraud Committee Charter (the "Charter") has been approved by the EMC.

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

1. Review and recommend any changes for approval, on an annual basis, the Company's Fraud Policy.
2. Ensure that communication of matters affecting fraud risk management efficiently flows across the entire organization, as appropriate.
3. Ensure there is adequate fraud awareness and training within the organization. Sponsor and provide strategic guidance over the content and delivery of training as required.
4. Ensure the fraud risk assessment is performed on a yearly basis¹ considering relevant fraud schemes and scenarios for NAV CANADA and involving appropriate personnel from across the organization. Provide strategic oversight to manage identified fraud risks. Evaluate that risk responses are appropriate and timely to decrease the fraud risk to an acceptable level.
5. Monitor the ongoing effectiveness testing of fraud prevention and detection controls. Provide strategic oversight to remediate identified control weaknesses.
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 Fraud Committee. Determine whether to notify external agencies such as law enforcement and/or regulatory agencies.

6.1 Investigation Sub Committee

The Investigation Sub Committee will be designated by the Fraud Committee.

¹ A fraud risk assessment is performed yearly. For all the identified fraud risks, they are re-assessed biennially.

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

Under the authority of and documented approval from the Fraud 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 Fraud 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 is informed of actions taken by management to manage fraud risks. Reported activities include:
 - a. result of the annual fraud risk assessment;
 - b. status of fraud control testing;
 - c. result of fraud investigations; and
 - d. status of any responses to address unmitigated fraud risks or fraud control weaknesses.
9. Periodically 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 Executive Vice President, Finance & Chief Financial Officer, the Executive Vice President, Human Resources, Communications & Public Affairs, the Vice President, General Counsel and Corporate Security, Executive Vice President, Service Delivery, 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.