



Fraud Policy

Introduction

This corporate fraud policy has been established as part of the Company's network of controls that will aid in the detection and prevention of fraud. It is the philosophy of NAV CANADA that we have zero tolerance for fraud both inside and outside of the company. It is the intent of NAV CANADA to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and the conduct of investigations.

We value the integrity of our staff and recognise that they have a key role to play in the prevention, detection and reporting of fraud. We therefore ask them to be vigilant at all times and to report any concerns they may have at the earliest opportunity.

We are committed to creating and maintaining an honest, open and well-intentioned working environment where people are confident to raise their concerns without fear of reprisal.

All reported cases of fraud will be investigated. Where it is justified, disciplinary or legal action will be taken against any individual or group who perpetrates any act constituting fraud against the Company, its stakeholders, customers or vendors and all necessary steps will be taken to recover any losses incurred.

Scope of Policy

This policy applies to all forms of fraudulent behaviour, or suspected fraudulent behaviour, involving employees and/or any other parties with a business relationship with NAV CANADA.

It is intended to provide direction and help to NAV CANADA employees who find themselves having to deal with suspected cases of impropriety. It provides a framework for responding to such cases and advice and information on various aspects and implications of an investigation. It is not intended to provide a comprehensive approach to preventing and detecting fraud. Its overall aims are to:

1. improve the knowledge and understanding of everyone in the Company, irrespective of his/her position, to the potential risks of fraud;
2. set out responsibilities regarding the prevention, detection and investigation of fraud; and

Title: Fraud Policy	
Document No.: n/a	Page: 1
Prepared by : Director, Corporate Services & Asst. Corp. Secretary	
Approved by : EVP, Administration & General Counsel	Revision/Effective Date: December 1, 2012
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3. assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly.

Actions Constituting Fraud

Within NAV CANADA, “fraud” is defined as the use by an employee of his or her position for personal enrichment through the misuse or misapplication of NAV CANADA’s resources or assets. In this context, actions constituting fraudulent behaviour include, but are not limited to:

- Removal, misuse or destruction of Company assets;
- The offering or taking of inducements, gifts or favours which may influence the action of any persons;
- False accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose; or furnishing information which may be misleading, false or deceptive;
- Unauthorized disclosure or manipulation of sensitive information;
- Forgery or alteration of any document belonging to the Company;
- Profiteering as a result of insider knowledge of Company and customer activities; for the purpose of personal gain, gain for another or with intent to cause loss to another.

Areas of NAV CANADA’s business where risks may be particularly high include:

- letting or managing of external contracts
- handling cash, invoices, receipts or accounts
- expense claims
- payroll including the reporting of flexible hours
- handling sensitive information
- overseeing high-volume, high-value or high-risk assets

If you have any questions as to whether an action constitutes fraud, contact a member of the Fraud Committee or Internal Audit for guidance.

Responsibilities

NAV CANADA

NAV CANADA has a duty to develop and maintain effective controls to prevent fraud and to ensure that if it does occur it will be detected promptly. If fraud occurs, NAV CANADA is obliged to carry out a vigorous and prompt investigation, taking appropriate legal and/or disciplinary action in all cases where that would be justified, and to ensure that any necessary changes to systems and procedures take place immediately to prevent similar frauds from happening again. Depending on the nature of the problem, NAV CANADA may inform the police.

NAV CANADA also has a duty to ensure that its environment is a secure place in which to work and one where people are confident to raise concerns without worrying that it will reflect badly on them. This extends to ensuring that employees feel protected when carrying out their official duties and are not placed in a vulnerable position. Where employees have concerns about any procedures or processes that they are asked to be involved in, NAV CANADA has a duty to ensure

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that those concerns are listened to and addressed. Further details are set out in the Company's *Code of Business Conduct*.

Fraud Committee

A Fraud Committee has been established and consists of the following individuals:

- Vice President and Human Resources Officer;
- Executive Vice President, Administration & General Counsel; and
- Executive Vice President, Finance & Chief Financial Officer

The Fraud Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, it will issue reports to appropriate designated personnel and to the Audit & Finance Committee of the Board of Directors.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Fraud Committee in conjunction with legal counsel and senior management, as will final decisions on disposition of the case. Violators may be terminated and referred to the appropriate authorities.

The Fraud Committee is responsible for the administration, revision, interpretation and application of this policy.

Line Managers

Line managers, at all levels, have a responsibility to:

- Ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- Be aware of NAV CANADA's rules and guidance covering fraud in general and the areas of higher risk of fraud; and
- Ensure that the Company's *Code of Business Conduct* and *Fraud Policy* are well communicated to all staff within their areas of responsibility.

All Employees

All employees have a responsibility to:

- ensure that they are familiar with, and comply with NAV CANADA's *Code of Business Conduct*;
- ensure they are familiar with, and comply with controls and procedures in their areas of responsibility; and
- report any suspected fraudulent acts in accordance with NAV CANADA's *Code of Business Conduct* and *Fraud Policy*.

Through our day to day work employees are in the best position to recognise any specific risks within our own area of responsibility. All employees also have a duty to ensure that those risks are identified and eliminated. Where you believe the opportunity for fraud exists, whether because of poor procedures or oversight, you should discuss it with your line manager, other

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member of your immediate management chain and/or a member of Internal Audit.

Investigative and Reporting Procedures

Great care must be taken in the investigation of suspected fraud or wrongdoing so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An employee who discovers or suspects fraudulent activity should follow the instructions for reporting violations as outlined in NAV CANADA's *Code of Business Conduct*. A member of the Fraud Committee should be informed immediately about any suspected fraud or wrongdoing. However, in instances where an employee does not believe that their issues can or should be addressed using the above reporting procedures, alternatives for reporting are provided within the whistleblowing mechanism as outlined in the Company's *Code of Business Conduct*. The employee or other complainant may remain anonymous.

Employees should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

The Fraud Committee treats all information received as confidential. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

The Company is committed to investigating all reported cases of fraud in order that appropriate action can be taken.

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

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