
CORPORATE PROCEDURES MANUAL

FRAUD PREVENTION POLICY

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CORPORATE PROCEDURES MANUAL**FRAUD PREVENTION POLICY****1.0 PURPOSE**

AFSC understands, supports and is committed to maintaining a culture of high legal, ethical and moral standards. AFSC employees, board members, contractors, vendors and other parties who act on behalf of AFSC are also required to share this commitment.

AFSC will take appropriate disciplinary actions with regard to people who put the corporation at risk by engaging in fraud. AFSC will maintain procedures that reduce the likelihood of fraud occurring and will increase the likelihood of detection including internal controls and risk assessments. In addition, the Corporation is committed to ensuring that a risk aware culture exists throughout AFSC.

2.0 APPLICATION AND SCOPE

The policy applies to all AFSC employees, board members, contractors, vendors and other parties who act on behalf of AFSC (collectively referred to herein as "Employees/Directors").

Fraud is defined as any dishonest, irregular or illegal acts, characterized by a deliberate intent at concealment or false representation, resulting in the diversion of AFSC resources whether or not for personal gain.

3.0 POLICY STATEMENT

- 3.1. **Fraud, in any form, will not be tolerated.** Employees/Directors shall not engage in Fraud (as defined by this policy or other fraudulent activities). AFSC will investigate any reported alleged fraudulent activities and those related to the misuse of AFSC resources or property.
- 3.2. Risk Awareness must be embedded in AFSC culture and Employees/Directors throughout the organization. Employees/Directors have a role in preventing and identifying fraud, and incorporating risk management into AFSC business practices. This will help ensure that AFSC Employees/Directors maintains the core values of Respect, Trust, Integrity, Accountability and Excellence.
- 3.3. Any Employee/Director who knowingly observes or suspects dishonest or fraudulent activity must report it immediately in accordance with the Investigation Responsibilities section of this policy and Whistleblower Procedures. All reasonable steps will be taken to protect the confidentiality of a person who in good faith advises of or reports possible misconduct and ensure the employment status or business relationship of such person and affiliated parties will not be affected by so advising and reporting.

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- 3.4. AFSC is committed to investigating all cases of suspected fraud and taking the appropriate action following such investigations. Where it is justified, disciplinary action, including termination with cause, criminal prosecution or legal action will be taken against any individual or group who perpetrates any act constituting fraud against AFSC and all necessary steps will be taken to recovery any losses.
- 3.5. Any investigative activity required will be conducted without regard to the alleged wrongdoer's length of service, position, title or relationship to the Corporation.

4.0 ACTIONS CONSTITUTING FRAUD

- 4.1. Examples of fraud include, but are not limited to:
 - 4.1.1. Forgery or alteration of any company document including physical and electronic records.
 - 4.1.2. Fraudulent financial reporting (e.g. improper recognition of revenue, expenses, assets or liabilities).
 - 4.1.3. Revenue or assets gained by fraudulent activities (e.g. inappropriate billing of contractors or vendors, misrepresenting timesheet hours for personal gain, or misrepresenting business vs. personal use of AFSC resources including vehicles).
 - 4.1.4. Authorizing or receiving payments for goods not received or services not performed.
 - 4.1.5. Theft, disappearance or destruction of AFSC property.
 - 4.1.6. Intentional misrepresentation of company information.
 - 4.1.7. Any similar or related irregularity.
- 4.2. Any questions as to whether an action constitutes fraud should be referred to the CFO for guidance. If in doubt, it is encouraged that the event should be reported in accordance with the Investigation Responsibilities section of this policy.

5.0 INVESTIGATION RESPONSIBILITIES

- 5.1. Reported cases of suspected fraud will be managed seriously at AFSC. To ensure that the suspected fraud is triaged appropriately and that the

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Employee/Director retains anonymity with the appropriate availability of follow-up and non-retaliation, all investigations of suspected fraudulent acts will follow AFSC's Whistleblower Protection Procedures., with the exception that there will be a committee consisting of the Manager, Internal Audit, CFO, and Vice-President, Legal & Compliance, General Counsel, acting as the "Designated" Officer as set out therein.

- 5.1.1. Section 6 of the Whistleblower Protection Procedures details the appropriate procedures for Making a Disclosure under the Whistleblower Protection Policy. The same process may be used to report Fraud. These channels include disclosing to Management, the Whistleblower Designated Officer, the Chief Officer or through the External Confidential Reporting and Disclosure Service (ClearView Connects™ can be contacted by dialing 1-877-685-9317).
- 5.1.2. Not all fraudulent activities are defined as a Wrongdoing under the Public Interest Disclosure (Whistleblower Protection) Act. Where the fraudulent activities are not determined to be a "Gross Mismanagement", the incident will still be taken seriously by AFSC and will be triaged accordingly. The Whistleblower reporting procedures guarantees that employees are granted with the same level of protection that is granted through the Public Interest Disclosure (Whistleblower Protection) Act.
- 5.2. For the purposes of investigating suspected fraud, Internal Audit or parties authorized through the triage procedures will have:
 - 5.2.1. Free and unrestricted access to all AFSC records and premises, whether owned or rented; and
 - 5.2.2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, computer hardware, electronic data storage systems 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 investigations. This access is only permitted in relation to an investigation and must be in accordance with privacy legislation and in accordance with employment contracts.
- 5.3. Employees, directors, contractors, vendors and other parties who act for or on behalf of AFSC should not attempt to personally conduct investigations or interviews or interrogations related to any suspected fraudulent acts.

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Great care must be taken in the investigations to protect the interest of AFSC and associated persons.

6.0 CONFIDENTIALITY

All parties involved in the investigation of a suspected fraudulent act will treat all information received in the strictest of confidence and all reasonable steps will be taken to protect the confidentiality of a person who in good faith advises of or reports possible misconduct. Investigation results will not be disclosed or discussed with anyone other than those with 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 AFSC and Associated Parties from potential legal liability.

7.0 AUTHORITY

The Fraud Prevention Policy complements and reinforces rather than replaces other AFSC policies concerning appropriate conduct, including, but not limited to:

- Code of Conduct and Ethics
- Whistleblower Policy

8.0 ROLES AND RESPONSIBILITIES**8.1. Board of Directors and Audit Committee**

Role: The Board, through the Chair of the Audit Committee, provides oversight of fraud risk management, and will be notified of violations of this policy. The Audit Committee chair will receive regular reports regarding fraud management through the Chief Financial Officer and will respond to incidents where applicable.

8.2. Chief Financial Officer

Role: Responsible to ensure that the appropriate resources are allocated to support the provisions of this policy, to ensure that annual fraud risk awareness training is delivered, to set the appropriate tone of intolerance of fraud and to ensure that this policy is updated. The Chief Financial Officer will own the risk of Fraud on the AFSC Strategic Risk Register and ensure that the appropriate steps are taken to manage risks. The CFO will also be part of the Fraud Committee. Primary responsibility, along with Internal Auditor and General Counsel for the impartial, confidential and prudent investigations of alleged fraudulent misconduct.

8.3. Chief Executive Officer

Role: Responsible to set the appropriate tone of intolerance of fraud, to issue instructions as necessary for implementation and promotion of this

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policy as required, and to ensure that all AFSC Employees and Associated Parties are aware of their obligations.

8.4. Vice-President, Legal & Compliance, General Counsel

Role: Responsible for ensuring that implemented controls are followed. In conjunction with management, the Vice-President, Legal & Compliance, General Counsel will make recommendations to the Chief Financial Officer regarding process improvement to ensure that fraud risk is managed appropriately. The Vice-President, Legal & Compliance, General Counsel will be informed of any violations to this policy. The Vice-President, Legal & Compliance, General Counsel, along with the Manager, Internal Auditor and the Chief Financial Officer will be responsible for the impartial, confidential and prudent investigations of alleged fraudulent misconduct.

8.5. Human Resources

Role: Primary responsibility to determine appropriate disciplinary actions for AFSC Employees/Directors who have committed fraud or retaliated against another AFSC employee/director. Appropriate individuals from management will be consulted, as deemed necessary.

8.6. Sr. Manager, Enterprise Risk

Role: The Sr. Manager, Enterprise Risk, contributes to the active management of Fraud Risk Management through ongoing risk assessment of fraud at AFSC. The Risk Management Office will retain fraud as a risk on AFSC's corporate risk register and review the inherent and residual fraud risk with Executive Leadership Team (ELT) and the Board. Through this process, the evaluation of current controls including prevention, detection and responses will be reviewed.

8.7. AFSC Management

Role: Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Management has a duty to familiarize themselves with the types of improprieties that could occur within their areas of responsibility and to be alert for any indications of irregularities. This includes identifying the risks to which systems and procedures are exposed, developing and maintaining effective controls to prevent and detect fraud; ensuring that controls are being complied with and to set the appropriate tone of intolerance of fraud.

Management is defined in this policy as any individual who manages or supervises AFSC controlled assets including managing or supervising staff, funds or other resources.

CORPORATE PROCEDURES MANUAL**FRAUD PREVENTION POLICY****8.8. Manager, Internal Audit**

Role: Primary responsibility, along with CFO and General Counsel for the impartial, confidential and prudent investigations of alleged fraudulent misconduct and reporting to management and the Audit Committee as appropriate. An investigation may involve both internal and external sources to assist in determining whether an improper activity has occurred and what corrective action may be appropriate. Internal Audit is also responsible for planning and conducting the evaluation of design and operating effectiveness of antifraud controls as required.

8.9. AFSC Employees/Directors

Role: All AFSC Employees/Directors are responsible to comply with this policy, to participate in training sessions and to set the appropriate tone of intolerance for fraud by complying with all laws, rules, regulations, professional codes of conduct and policies and being vigilant for fraud incidents or risks. All Employees/Directors are also responsible for reporting any act or situation that occurs that may be covered by the spirit or intent of this policy.

9.0 EXCEPTIONS TO THE POLICY

No exceptions are permitted to this Policy.

10.0 REVIEW

The Chief Financial Officer is responsible to review this Policy, at minimum, every 12 months.

[Original Signed]

Audit Committee Chair

[Original Signed]

Interim Chief Financial Officer

<End of Policy>