Policy:	FRAUD	Policy #:	PB-20020
Effective:	05-Dec-2005	Supercedes:	PB-20006
Last Updated:	02-Feb-2019	Author:	Premium Brands

Policy Summary

The Company fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against, and/or for the benefit of, the Company. It is the intent of the Company to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

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1. OVERVIEW

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2. FRAUD

This policy applies to any irregularity, or suspected irregularity, involving employees as well as unitholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies and/or any other parties with a business relationship with the Company.

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

3. DEFINITIONS

a. General Background

Management is responsible for the detection and prevention of fraud, misappropriations and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any non unionized employee who is aware of any irregularity (detected, confirmed or suspected) must report the irregularity immediately to either the Chairman of the Audit Committee of the Company's Board, or the Company's Director of Internal Audit who has a direct reporting line to the Audit Committee of the Board. Any unionized employee can speak to their union representative for further guidance.

The Chairman of the Audit Committee can be contacted through johnny@maxamcapitalcorp.com, at (604) 685-0201 or to 902 510 Burrard Street, Vancouver, BC V6C 3A8.

The Director of Internal Audit can be contacted through concerns@premiumbrandsgroup.com, through the Company at (604) 656-3100 or to 100 10991 Shellbridge Way, Richmond, BC V6X 3C6.

See PB30150 "Incident Reporting" for further information.

Should the detection or suspicion involve any member of Internal Audit directly, advice should be sought directly from the Company's General Counsel:

Doug Goss, Q.C.
Bryan and Company
Phone: 780.420.4713
Email: dogoss@bryanco.com

b. Actions Constituting Fraud

Fraud is intentional deception to secure unfair or unlawful gain and can either be a violation of civil or criminal law including but are not limited to:

- Any dishonest or fraudulent act, whether against and/or for the benefit of the Company.
- Misappropriation of the Company's securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of the Company's activities.
- Disclosing confidential or proprietary information to outside parties amounting to a deprivation.
- Disclosing to other persons securities activities engaged in or contemplated by the Company for personal gain.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company. Exception: gifts with a nominal value.
- Destruction, removal or inappropriate use of records, furniture, fixtures and/or equipment.
- Inappropriate entries to the Company's books and records.
- Unauthorized use of any Company's information, data, or materials intended for personal gain or advantage.
- Omission of material financial information or disclosures intended to deceive users of financial information or manipulation of financial results.
- Fictitious, overstated and/or unjustified items claimed on employee expense reports or reported employee worked hours.
- Establishing a fictitious customer, employee or vendor in the Company's records.
- Making or engaging in facilitation payments or bribes to government agents / agencies / associated parties.
- Altering time records to trigger payment for hours not worked.
- Any similar or related irregularity.

c. Other Irregularities

If there is any question as to whether an action constitutes fraud, contact the Director of Internal Audit for guidance.

4. Investigation Responsibilities

The Director of Internal Audit has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, the Director of Internal Audit will issue reports to appropriate Company's Senior Management and, if appropriate, to the Board of Directors through the Audit Committee.

5. Confidentiality

The Director of Internal Audit treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity should notify the Director of Internal Audit immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. See "7. Reporting Procedures" below.

6. Authorization for Investigating Suspected Fraud

The Director of Internal Audit will have:

- Free and unrestricted access to all Company records, computer assets, and premises (owned or rented) and
- The authority to examine, copy and/or remove all or any portion of the contents of files (electronic or hardcopy), 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 the investigation (personal items excluded; e.g. purses/wallets).

7. Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

Any non unionized employee who discovers, confirms or suspects fraudulent activity will contact the Director of Internal Audit immediately. Any unionized employee can speak to their union representative for further guidance. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her legal representative or any other inquirer should be directed to the Director of Internal Audit who will consult Corporate Counsel as appropriate.

No information concerning the status of an investigation will be given out. The proper response to any inquiry is **"I am not at liberty to discuss this matter."** Under no circumstances should any reference be made to the:

- Allegation
- Crime
- Fraud
- Forgery
- Misappropriation or

any other similar specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual(s) in an effort to determine facts or demand restitution, unless directed by the Director of Internal Audit, appropriate Company's Senior Management, or the Secretary / General Counsel.
- Do not discuss the case, facts, suspicions or allegations with anyone, unless directed by the Director of Internal Audit, appropriate Company's Senior Management, or the Secretary / General Counsel.

8. Remedial and Disciplinary Actions

The Director of Internal Audit does not have any authority to determine the method of remedial and disciplinary action for any individual engaging in fraudulent activities. Any remedial and disciplinary action decision is to be made by the individual's management. Should the Director of Internal Audit believe that the management decision is inappropriate for the facts presented, the facts will be presented to Company's Senior Management for review.

Any individual who engages in fraudulent activity may be subject to any combination of the following remedial and disciplinary actions:

a. Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representative(s) of the Human Resources Department (or equivalent) of the affected business, and if necessary, by the Secretary / General Counsel, before any action is taken.

b. Criminal Investigation and Further Legal Action

All individuals that are proven to have engaged in fraudulent activity will be pursued to the full extent of the law initiated with the filing of a formal police file. Exceptions would be for de minimis incidents where there is reasonable justification for non-pursuit.

c. Requirement to Make Full Restitution and Recovery

Management will require that individuals engaging in fraudulent activity make full restitution and recovery of any misappropriations made in the conduct of, or as a result of, the fraudulent activity.

9. Related Policies for Additional Reference

- PB20060 – Whistleblower Policy and Ethics Hotline
- PB30150 – Incident Reporting

10. Interpretation and Review

Any questions regarding the application of this policy should be directed to the Director of Internal Audit or senior management of the business or the Company. However, the Company's Chief Financial Officer has final authority to interpret and resolve any questions regarding the application of the contents, and spirit, of this policy.

The Company's Chief Financial Officer, or delegate, will review this policy on an annual basis and implement any changes as necessary.