

Founders Advantage Capital Corp. Whistleblower Policy

Introduction

Founders Advantage Capital Corp. (“Founders”) is committed to the highest standards of openness, honesty and accountability. In line with that commitment, we expect employees and others that we deal with who have serious concerns about any aspect of Founders’ activities and operations to come forward and voice those concerns.

Employees are often the first to realize that there may be something seriously wrong within an organization. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the organization. They may also fear recrimination, harassment or victimization. In these circumstances, they may feel it would be easier to ignore the concern rather than report what may just be a suspicion of wrongdoing.

1. Purpose

This whistleblowing and reporting mechanism invites all employees and other stakeholders to act responsibly to uphold the reputation of Founders and maintain public confidence. Fostering a culture of openness within Founders also facilitates this process. This Policy aims to ensure that serious concerns are properly raised and addressed within Founders.

This policy makes it clear that employees can report wrongdoings or suspected wrongdoings without fear of victimization, subsequent discrimination or disadvantage. This Whistleblower Policy is intended to encourage and enable employees to raise serious concerns within Founders rather than overlooking a problem or seeking a resolution of the problem outside Founders. This Policy applies to all employees and those stakeholders working for Founders. It is also intended to provide a method for other stakeholders (suppliers, customers, shareholders etc.) to voice business conduct. The Policy is also intended as a clear statement that if any wrongdoing by Founders or any of its employees, or by any of its contractors or suppliers, is identified and reported to Founders, it will be dealt with expeditiously and thoroughly investigated and remedied. Founders will further examine and implement the means of ensuring that such wrongdoing can be prevented in the future.

2. Background

What is whistleblowing? Employees are usually the first to know when something is going seriously wrong. A culture of turning a “blind eye” to such problems means that the alarm is not sounded and those in charge do not get the chance to take action before real damage is done. Whistleblowing can therefore be described as giving information about wrongdoing.

What is wrongdoing? Wrongdoing involves any unlawful, illegal or otherwise improper behaviour and can include:

- An unlawful act whether civil or criminal;
- Breach of or failure to implement or comply with any approved policy of Founders, including the internal financial controls approved by Founders;
- Knowingly breaching federal or provincial laws or regulations;
- Unprofessional conduct or conduct that is not consistent with recognized, established standards of practice;
- Questionable accounting or auditing practices;
- Dangerous practice likely to cause physical harm or damage to any person or property;

- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to Founders;
- Abuse of power or authority for any unauthorized or ulterior purpose; and
- Unfair discrimination in the course of employment or provision of services.

This list is not definitive, but is intended to give an indication of the kind of conduct which might be considered wrongdoing.

3. Who Is Protected?

Any employee or other stakeholder who makes a disclosure or raises a concern under this Policy will be protected if they:

- Discloses the information in good faith;
- Believes it to be substantially true;
- Does not act maliciously or make knowingly false allegations; and
- Does not seek any personal or financial gain.

4. Who Should You Contact?

Anyone with a complaint or concern about Founders should contact the following member of the Audit Committee: Peter McRae, phone: (416) 367-2901 or email: pmcrae@freedom.ca.

5. How Founders Will Respond?

Founders will respond positively to your concerns. Where appropriate, the matters raised may:

- Be investigated by the Audit Committee, management, the Board, the internal auditor or through the disciplinary process;
- Be referred to the police;
- Be referred to the external auditor or external legal counsel;
- Form the subject of an independent inquiry.

In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

The amount of contact between the whistleblower contact considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, Founders will seek further information from you.

Founders will take steps to minimize any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, Founders will arrange for you to receive advice about the procedure.

Founders accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcomes of any investigation.

6. Time Frames

Within ten working days of a concern being raised, the whistleblower contact will write to you:

- Acknowledging that the concern has been received;
- Indicating how he/she proposes to deal with the matter;
- Giving an estimate of how long it will take to provide a response;
- Telling you whether any initial enquiries have been made; and
- Telling you whether further investigations will take place and if not, why not.

Concerns will be investigated as quickly as possible. It should be borne in mind that it may be necessary to refer a matter to an external agency and this may result in an extension of the investigative process. It should also be borne in mind that the seriousness and complexity of any complaint may have an impact on the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time frame for investigating the complaint.

7. Prevention of Recriminations, Victimization or Harassment

Founders will not tolerate an attempt on the part of anyone to apply any sanction or detriment to any person who has reported to Founders a serious and genuine concern they may have about an apparent wrongdoing.

8. Confidentiality and Anonymity

Founders will respect the confidentiality of any whistleblowing complaint received by Founders where the complainant requests confidentiality. However, it must be appreciated that it will be easier to follow up and to verify complaints if the complainant is prepared to give his or her name.

9. False and Malicious Allegations

Founders is proud of its reputation of the highest standards of honesty. It will therefore ensure that substantial and adequate resources are put into investigating any complaint which it receives. However, Founders will regard the making of any deliberately false or malicious allegations by any employee of Founders as a serious disciplinary offence which may result in disciplinary action, up to and including dismissal for cause.

10. Retention of Records of Complaints

Records pertaining to a complaint are the property of Founders and shall be retained:

- In compliance with applicable laws and document retention policies;
- Subject to safeguards that ensure their confidentiality, and, when applicable, the anonymity of the person making the Complaint; and
- In a manner to maximize their usefulness to Founders' overall compliance program.