



TM

convercent
SAMPLE BOARD
REPORT*

Ethics & Compliance
Program Update

*the data and content in this report are samples meant for demonstration purposes only, and not based on actual customer data or compliance program

COMPLIANCE PROGRAM OVERVIEW

COMPLIANCE RISKS

PROGRAM INITIATIVES

PROGRAM PLAN



COMPLIANCE
OBJECTIVES

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AWARENESS: We communicate our commitment to ethics and compliance broadly and frequently to our executives, employees and third parties

COMPETITION: We win business fairly, based on the merits of our products, services and people

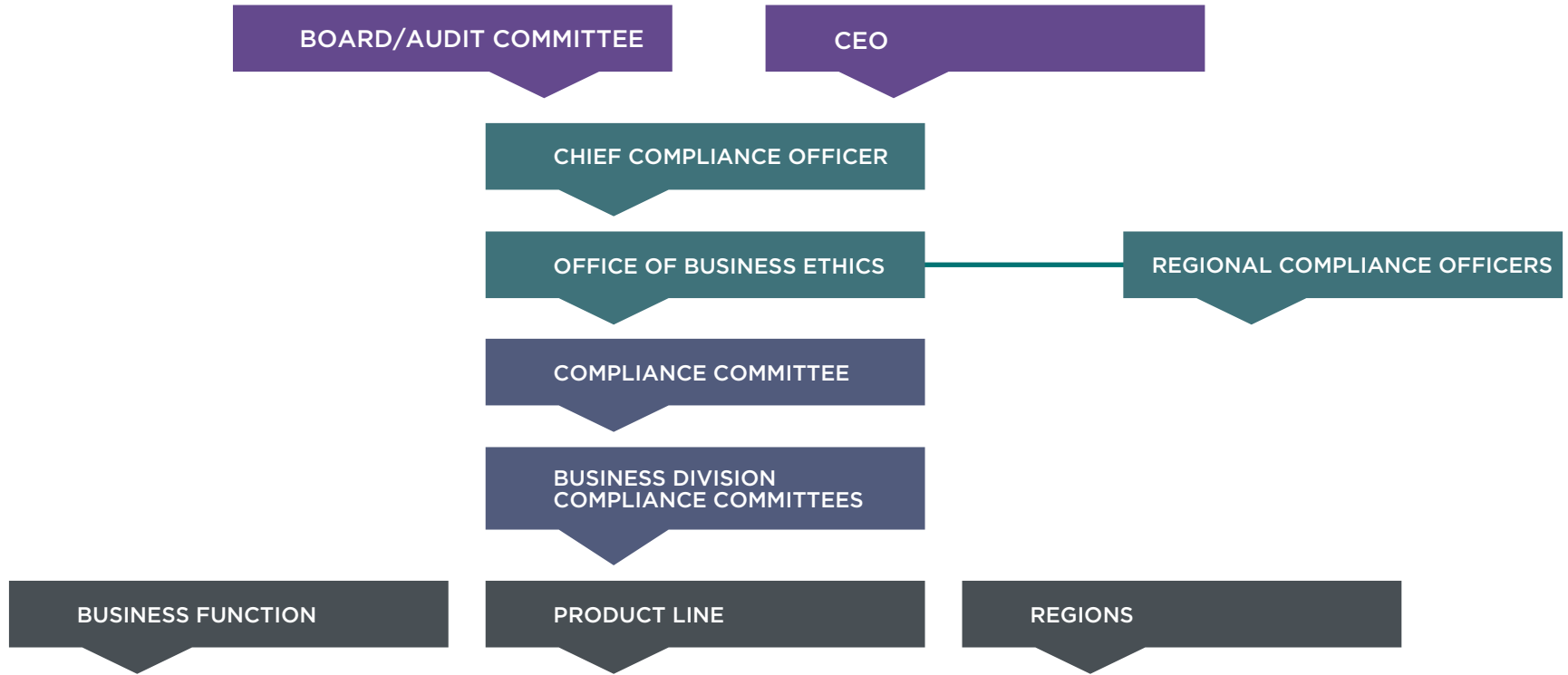
ANTI-CORRUPTION: We don't pay or promise anything of value to earn business or competitive advantage

PRIVACY & DATA PROTECTION: We protect personal information from unauthorized access, use, storage or disclosure

COMMITMENT TO OPEN DOOR/NON-RETALIATION: We want employees to raise concerns, questions or reports of misconduct without fear of retaliation

SUPPLY CHAIN COMPLIANCE: We ensure our third-party suppliers are conducting business responsibly and sustainably

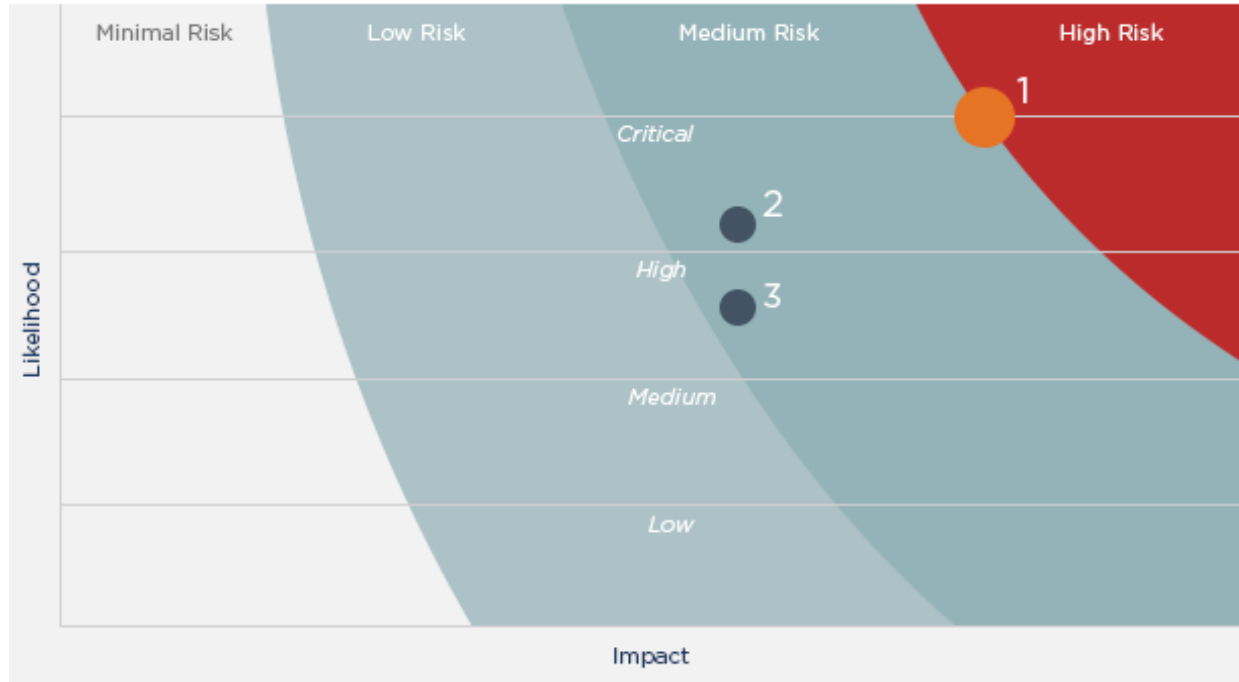
ZERO TOLERANCE: We have a zero tolerance policy for compliance violations; and we identify, investigate and address violations rapidly and appropriately





COMPLIANCE
RISKS

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TOP RISK AREAS

1. Gifts/entertainment/kickbacks/bribery
2. Privacy & data protection
3. Conflicts of interest
4. Information security
5. Fraud
6. Harassment
7. Misuse of company assets
8. Antitrust
9. Retaliation/whistleblowing
10. Social Media

BUSINESS CHANGES THAT IMPACT RISK

Opened new offices in Mexico and London

Acquired call center in Sioux Falls

Expanded into new consumer market with product launch

ENVIRONMENT CHANGES THAT IMPACT RISK

Supreme Court ruling on whistleblowers

Competitor settlement for antitrust

DOJ anti-corruption enforcement focus in China

Dodd-Frank conflict minerals disclosure mandate

Brazil's new "Law to Combat Corruption"

RISK	LIKELIHOOD	SEVERITY	VELOCITY	INITIATIVES
Bribery	Medium	Critical	Rapid	<ul style="list-style-type: none"> • Gifts & entertainment policy • New hire training and annual refresher courses • Dedicated session in annual manager training • Semi-annual communication to entire workforce • Quarterly communication to high-risk employee population • Third-party FCPA compliance program assessment and benchmarking

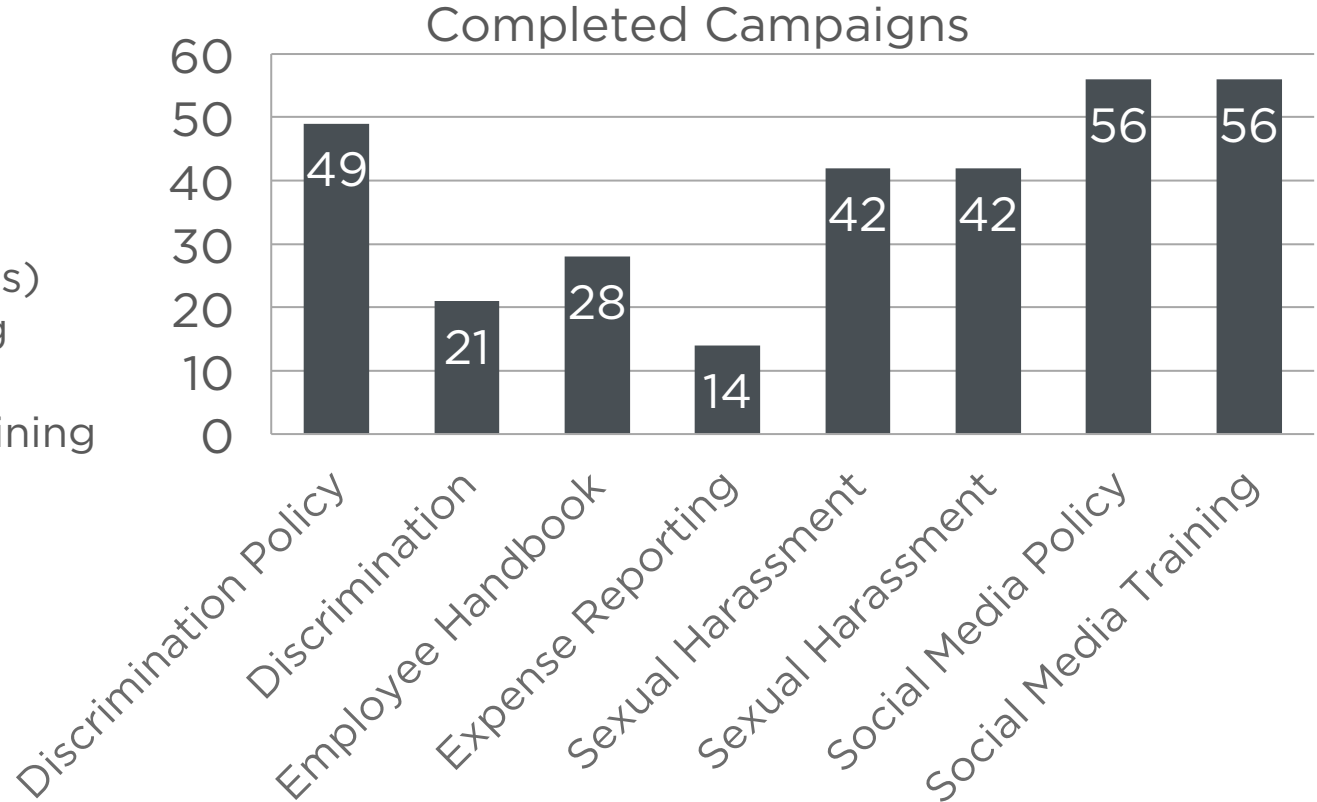


COMPLIANCE
INITIATIVES

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CRITICAL AREAS

- FCPA training (rollout in progress)
- Expense reporting training
- Discrimination training

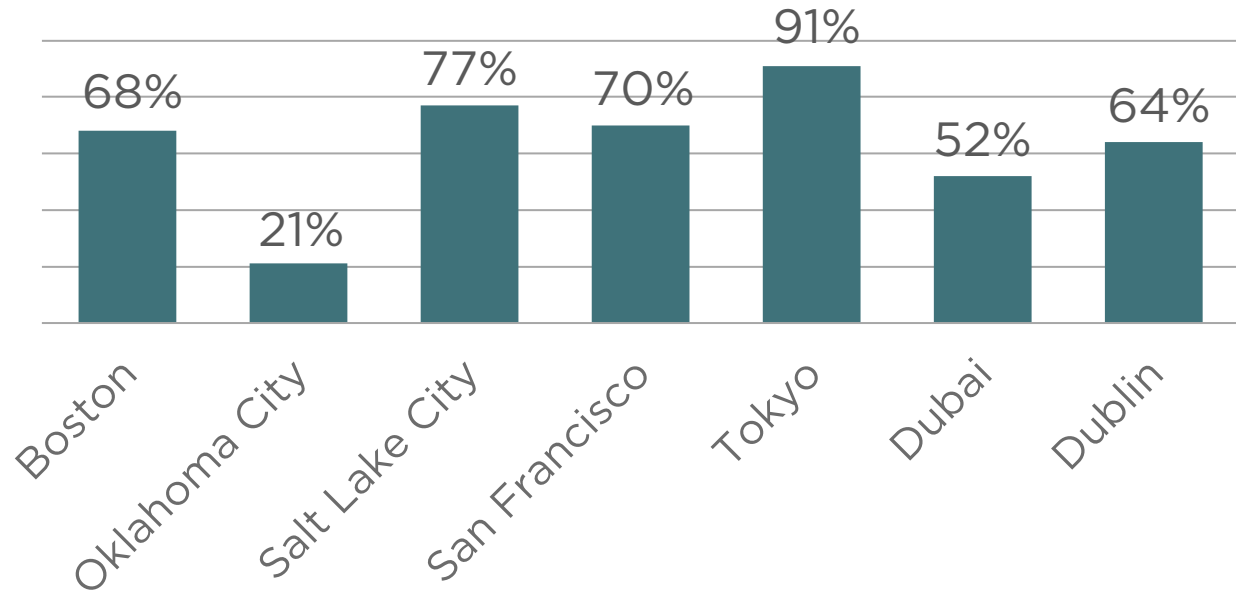


COMPLETION BY LOCATION

CRITICAL AREAS

- Oklahoma City - leading location of cases and incidents

Policy Attestation Rate

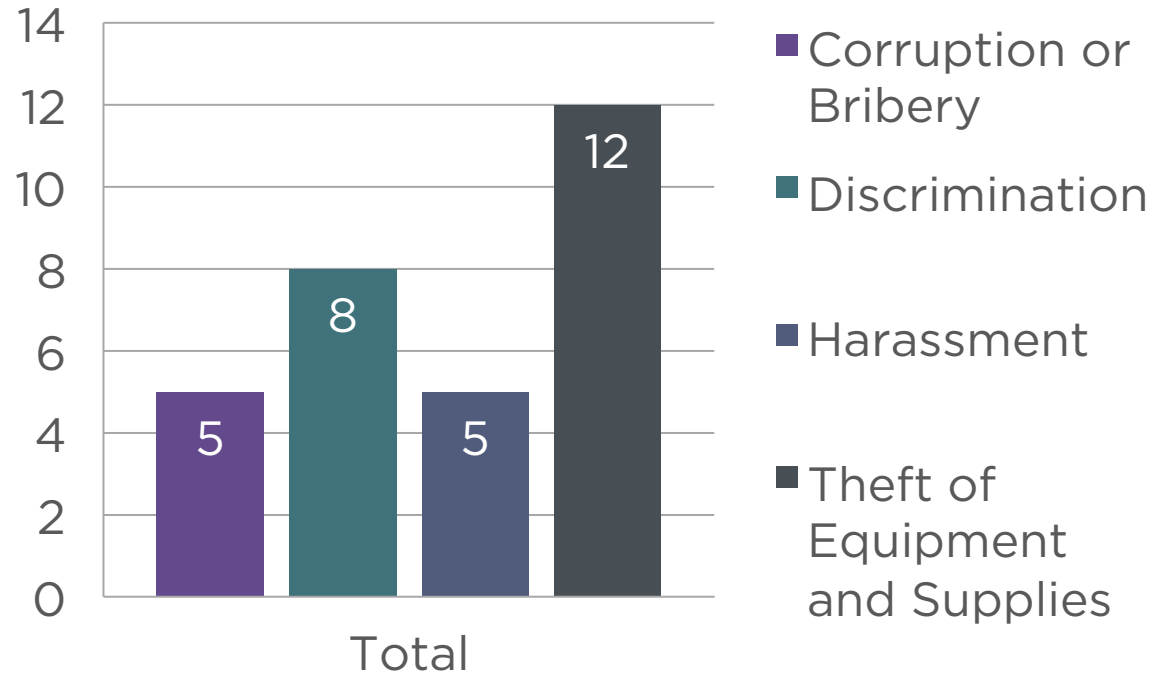


INCIDENT REPORTS

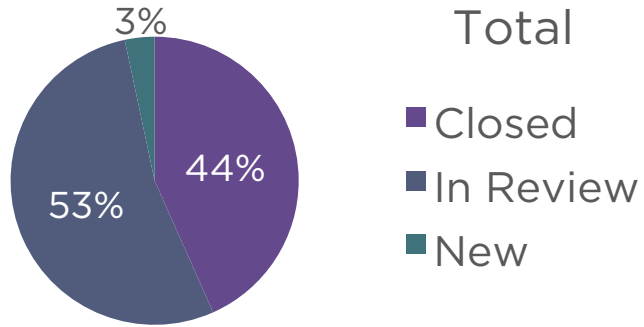
HIGH RISK AREAS

- Theft
- Discrimination - also critical area in policy*

* Discrimination training needs to be a focus area in Q3



INCIDENT REPORTS



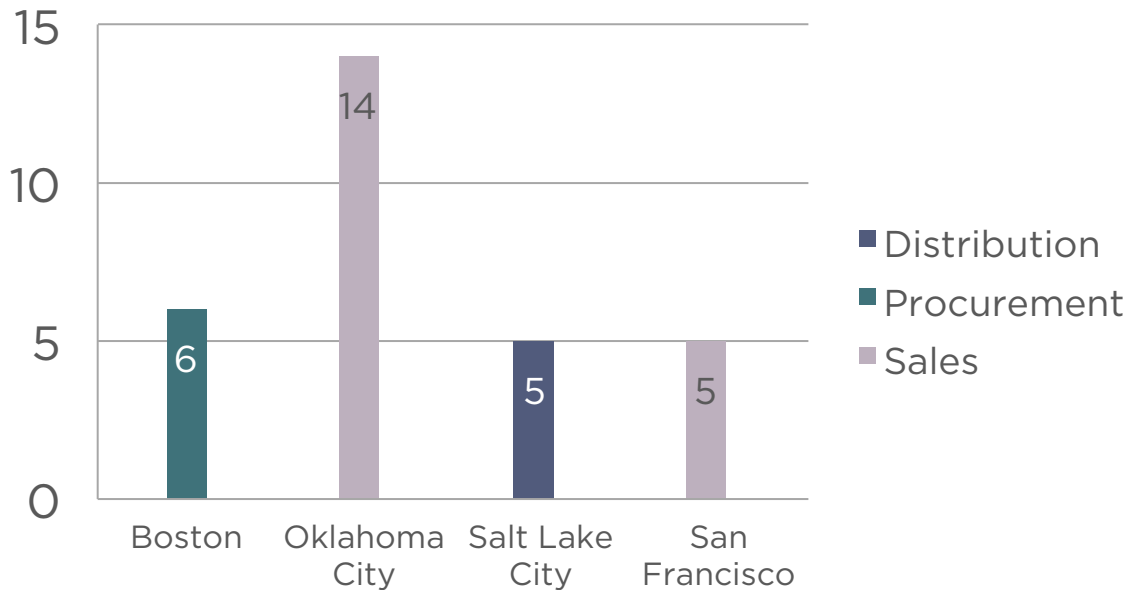
Total

- Closed
- In Review
- New

CRITICAL AREAS

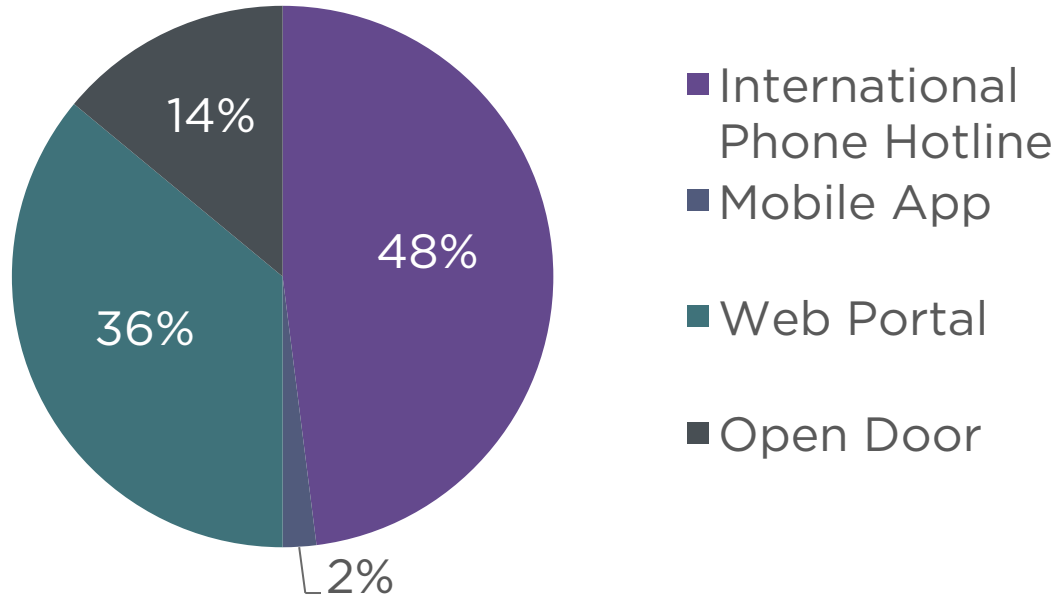
- Sales organization
- Oklahoma City

Location Hotspots

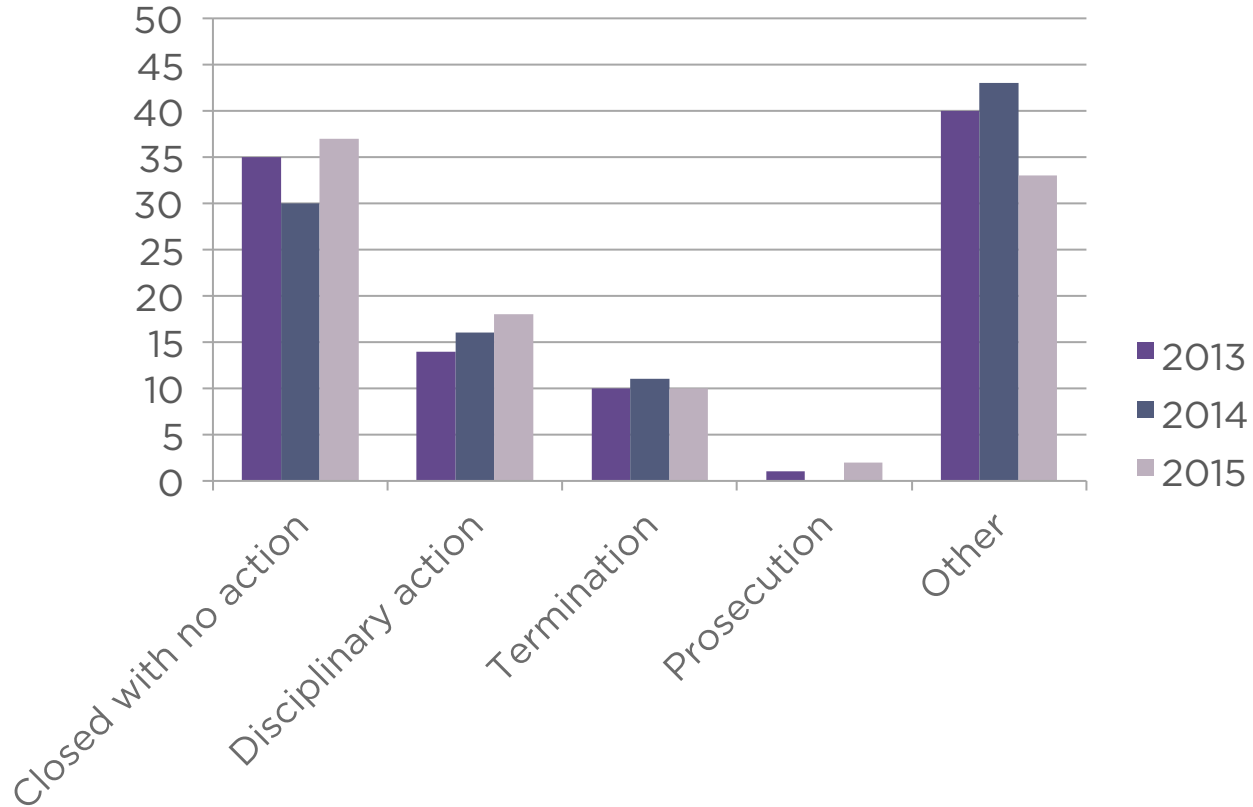


- Distribution
- Procurement
- Sales

INCIDENT REPORTS BY SOURCE

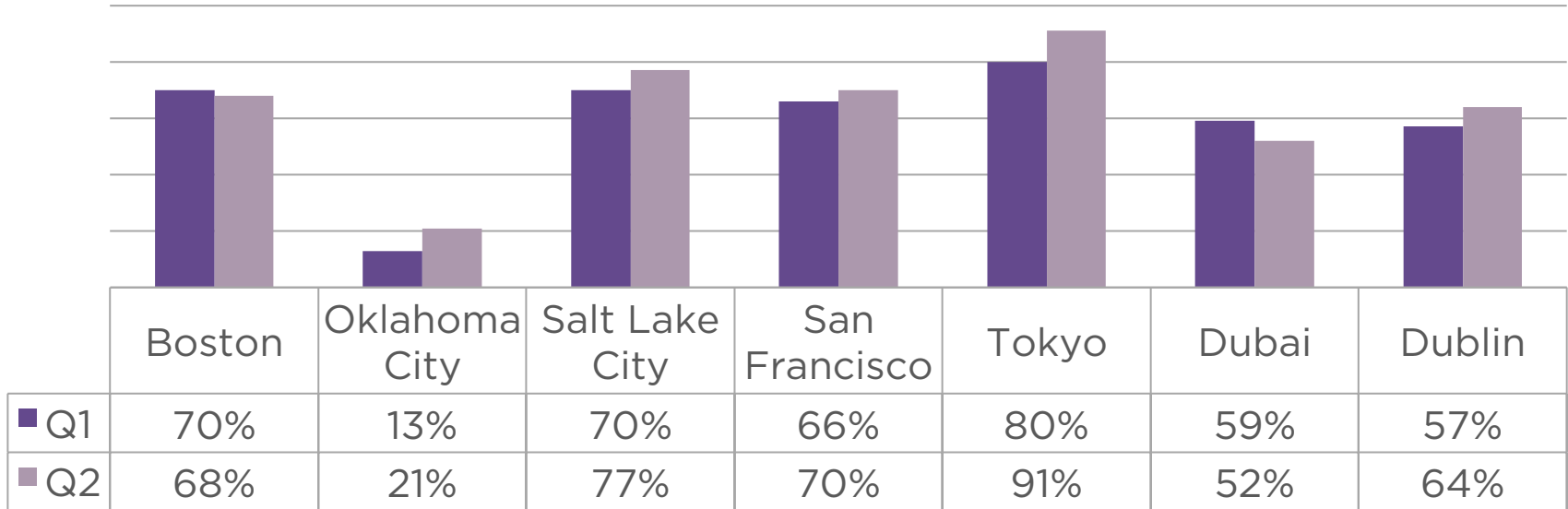


INCIDENT DISPOSITION



QUARTER OVER QUARTER: POLICY

Policy Attestation Rate



QUARTER OVER QUARTER: INCIDENTS





COMPLIANCE
PLAN

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PROGRAM:

- Finalize implementation of compliance program management solution
- Undergo third-party compliance program assessment and benchmarking
- Present full findings to audit committee and summary to board
- Review/refresh risk assessment framework

POLICIES:

- Distribute “expired” policies to internal stakeholders for review/edits/approval
- Identify potential policy gaps and weaknesses based on incident reports

TRAINING:

- Refresh anti-corruption training course
- Engage third party provider for refresher courses for top three risk areas

THIRD PARTIES

- Initiate supplier surveys and screening protocol

QUARTER	KEY INITIATIVES*
Q1	<ul style="list-style-type: none"> Intranet home page: CEO 2014 kickoff, restatement of compliance commitment, link to critical policies/hotline Regional ethical leadership training: front-line managers Joint email from CCO and Chief Supply Chain Officer to suppliers on survey requirements Internal code campaign kick-off: rotating space on signs, screensavers, intranet banner ads and employee newsletters Intranet/newsletter spotlight topics: expense reports, conflicts of interest (quick hit training video)
Q2	<ul style="list-style-type: none"> Internal code campaign: Middle managers make final push for 100% completion Regional ethical leadership training: executives and board Intranet/newsletter spotlight topics: fraud, harassment
Q3	<ul style="list-style-type: none"> Regional ethical leadership training: non-manager employees Intranet/newsletter spotlight: social media, information security
Q4	<ul style="list-style-type: none"> Intranet/newsletter spotlight: gifts & entertainment (with quick hit training video) Issue supplier survey findings/reports

*these are in addition to policy and training campaigns auto-delivered by our compliance management solution (e.g., California Sexual Harassment training delivered on biennial hire anniversary dates)

IMPLEMENTATION STATUS

HOTLINE

- Now fully implemented and compliant
- Reporting options: Web portal, anonymous hotline accessible in 7 countries, email, open-door reports still encouraged
- Reports automatically create case for follow-up

INVESTIGATIONS

- All investigation materials digitized and in central location accessible by appropriate parties
- Implemented escalation and security permissions system based on report type

POLICIES

- All available in central online library
- Attestations now tracked digitally in one location
- 4 policies updated this quarter
- 5 policies due for review in Q3

TRAINING

- Mobile training option being rolled out
- Working to link policies to training modules
- Acknowledgements tracked alongside policy attestations and incident reports

YEAR	KEY INITIATIVES
2016	<ul style="list-style-type: none"> • Third-party compliance program assessment and benchmarking • Refresher courses • Supplier screening • Review/refresh risk assessment framework
2017	<ul style="list-style-type: none"> • Employee culture survey rollout • Refresh code of conduct and code training course • Risk assessment rollout • “Tone in the middle” management training and communications
2018	<ul style="list-style-type: none"> • Supplier code of conduct drafting and rollout • Expand auditing and monitoring of third parties • Tie compliance to performance measures and incentives



THANK
YOU

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