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
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-RETAILIATION: 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.
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”
### Risks and Mitigation Strategies

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood</th>
<th>Severity</th>
<th>Velocity</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribery</td>
<td>Medium</td>
<td>Critical</td>
<td>Rapid</td>
<td>• Gifts &amp; entertainment policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• New hire training and annual refresher courses</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Dedicated session in annual manager training</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Semi-annual communication to entire workforce</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Quarterly communication to high-risk employee population</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Third-party FCPA compliance program assessment and benchmarking</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Location</th>
<th>Policy Attestation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>68%</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>21%</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>77%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>70%</td>
</tr>
<tr>
<td>Tokyo</td>
<td>91%</td>
</tr>
<tr>
<td>Dubai</td>
<td>52%</td>
</tr>
<tr>
<td>Dublin</td>
<td>64%</td>
</tr>
</tbody>
</table>
INCIDENT REPORTS

HIGH RISK AREAS

• Theft
• Discrimination – also critical area in policy*

* Discrimination training needs to be a focus area in Q3
INCIDENT REPORTS

**Location Hotspots**

- **Total**
  - Closed: 3%
  - In Review: 44%
  - New: 53%

**CRITICAL AREAS**
- Sales organization
- Oklahoma City

**INCIDENT REPORTS AND INVESTIGATIONS**

- **Boston**: 6
- **Oklahoma City**: 14
- **Salt Lake City**: 5
- **San Francisco**: 5

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INCIDENT REPORTS BY SOURCE

- International Phone Hotline: 14%
- Mobile App: 36%
- Web Portal: 48%
- Open Door: 2%
INCIDENT DISPOSITION

![Bar chart showing incident disposition trends from 2013 to 2015. The chart compares different types of actions taken: Closed with no action, Disciplinary action, Termination, Prosecution, and Other. The bars for each category are color-coded for each year, with purple for 2013, dark blue for 2014, and light blue for 2015.]
QUARTER OVER QUARTER: POLICY

Policy Attestation Rate

<table>
<thead>
<tr>
<th>City</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>70%</td>
<td>68%</td>
</tr>
<tr>
<td>Oklahoma City</td>
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<td>57%</td>
<td>64%</td>
</tr>
</tbody>
</table>
# Quarter Over Quarter: Incidents

## Benchmarking: Internal

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q2 Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption or Bribery</td>
<td>5</td>
<td>5</td>
<td>0%</td>
</tr>
<tr>
<td>Discrimination</td>
<td>10</td>
<td>8</td>
<td>20%</td>
</tr>
<tr>
<td>Harassment</td>
<td>4</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>Theft</td>
<td>4</td>
<td>12</td>
<td>200%</td>
</tr>
</tbody>
</table>

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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
<table>
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<tr>
<th>QUARTER</th>
<th>KEY INITIATIVES*</th>
</tr>
</thead>
</table>
| Q1      | • 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      | • 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      | • Regional ethical leadership training: non-manager employees  
          • Intranet/newsletter spotlight: social media, information security |
| Q4      | • 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

<table>
<thead>
<tr>
<th>HOTLINE</th>
<th>INVESTIGATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Now fully implemented and compliant</td>
<td>• All investigation materials digitized and in central location accessible by appropriate parties</td>
</tr>
<tr>
<td>• Reporting options: Web portal, anonymous hotline accessible in 7 countries, email, open-door reports still encouraged</td>
<td>• Implemented escalation and security permissions system based on report type</td>
</tr>
<tr>
<td>• Reports automatically create case for follow-up</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POLICIES</th>
<th>TRAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All available in central online library</td>
<td>• Mobile training option being rolled out</td>
</tr>
<tr>
<td>• Attestations now tracked digitally in one location</td>
<td>• Working to link policies to training modules</td>
</tr>
<tr>
<td>• 4 policies updated this quarter</td>
<td>• Acknowledgements tracked alongside policy attestations and incident reports</td>
</tr>
<tr>
<td>• 5 policies due for review in Q3</td>
<td></td>
</tr>
<tr>
<td>YEAR</td>
<td>KEY INITIATIVES</td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| 2016 | • Third-party compliance program assessment and benchmarking  
      • Refresher courses  
      • Supplier screening  
      • Review/refresh risk assessment framework |
| 2017 | • Employee culture survey rollout  
      • Refresh code of conduct and code training course  
      • Risk assessment rollout  
      • “Tone in the middle” management training and communications |
| 2018 | • Supplier code of conduct drafting and rollout  
      • Expand auditing and monitoring of third parties  
      • Tie compliance to performance measures and incentives |
THANK YOU