



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

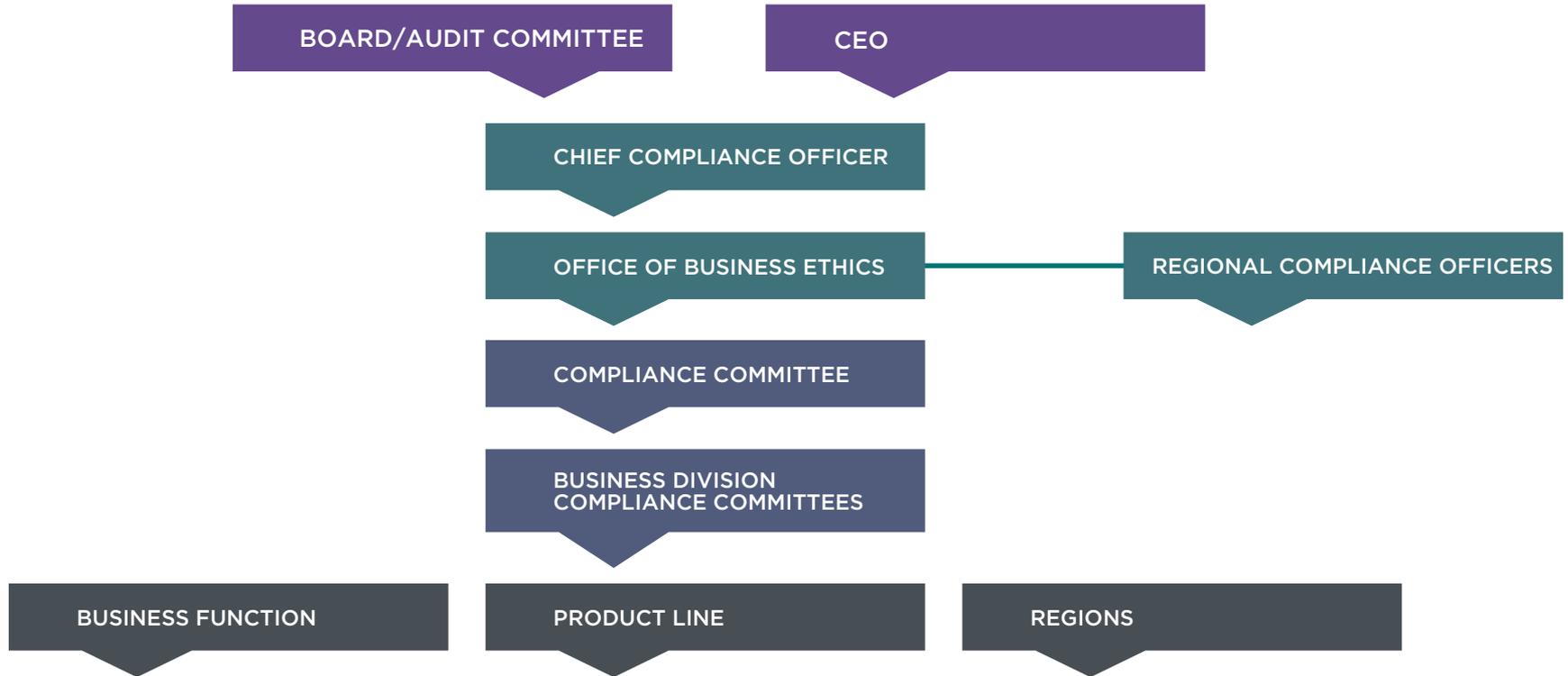
**ANTI-CORRUPTION:** We don't pay or promise anything of value to earn business or competitive advantage

**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

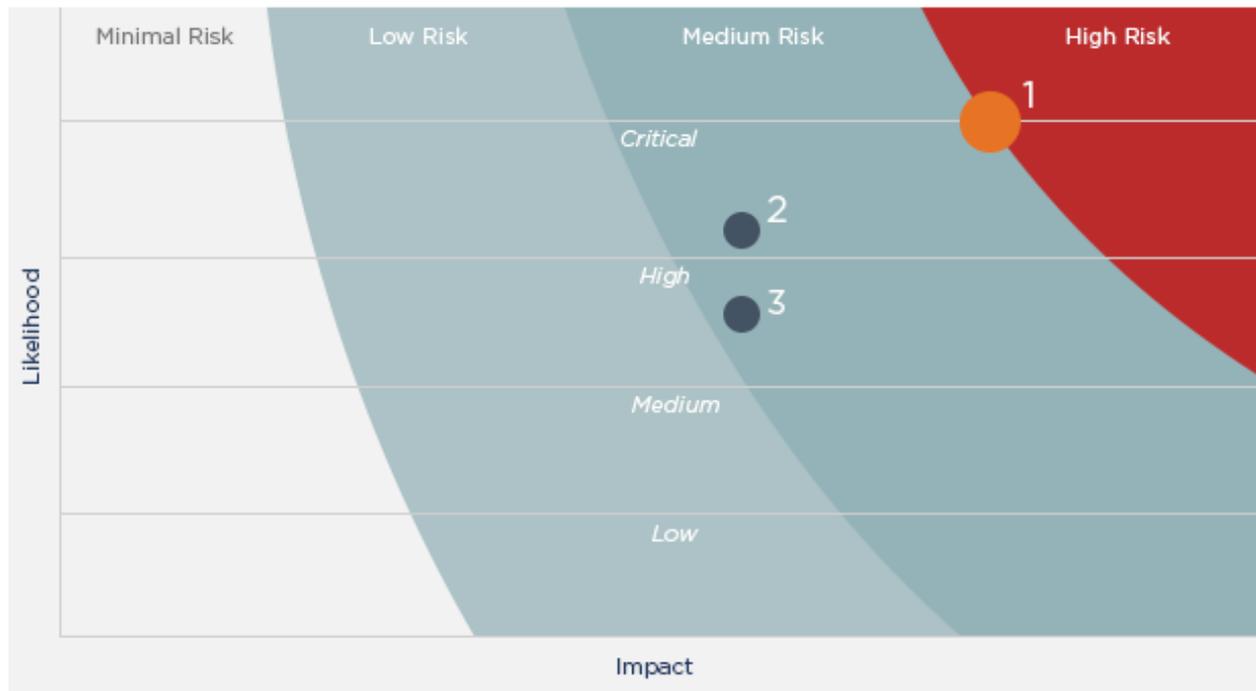
**ZERO TOLERANCE:** We have a zero tolerance policy for compliance violations; and we identify, investigate and address violations rapidly and appropriately





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"> <li>• Gifts &amp; entertainment policy</li> <li>• New hire training and annual refresher courses</li> <li>• Dedicated session in annual manager training</li> <li>• Semi-annual communication to entire workforce</li> <li>• Quarterly communication to high-risk employee population</li> <li>• Third-party FCPA compliance program assessment and benchmarking</li> </ul>

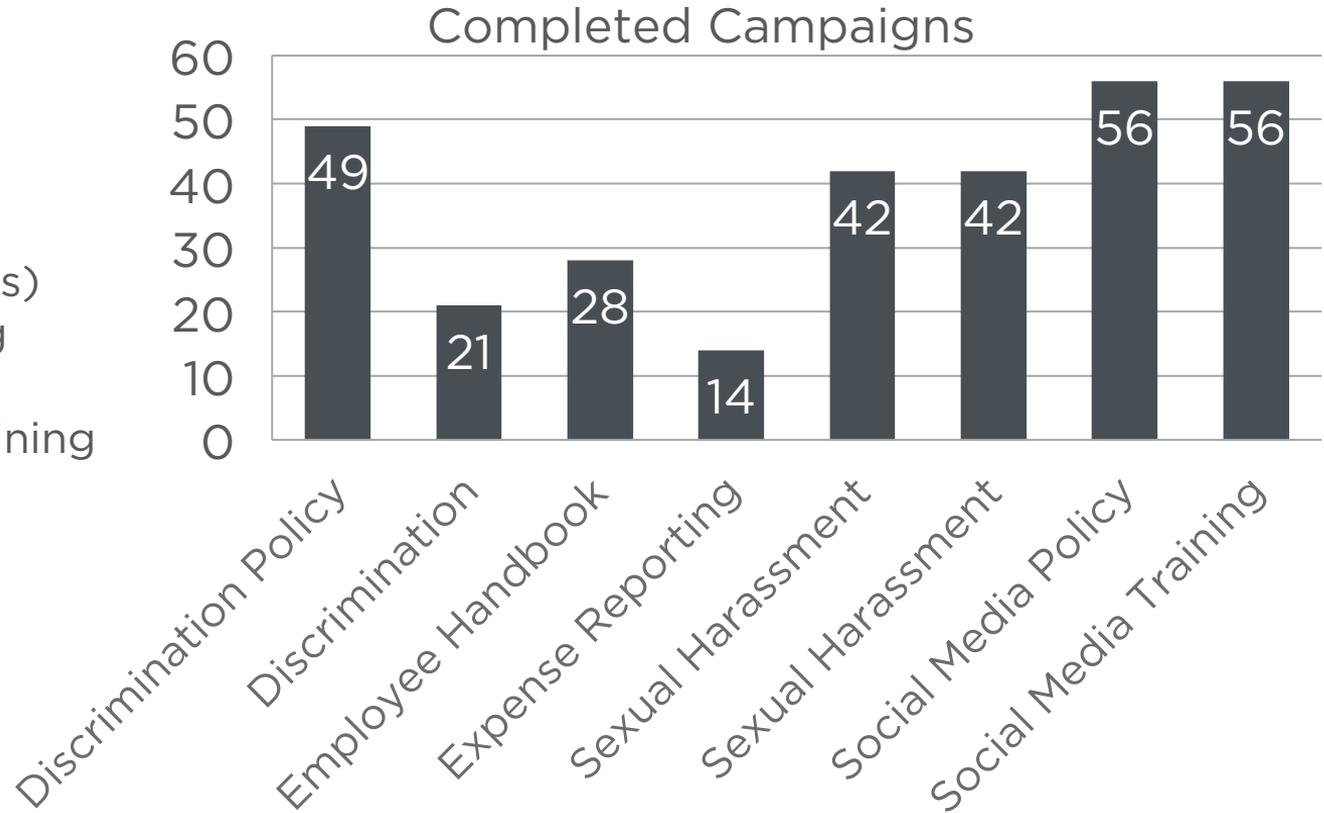


COMPLIANCE  
**INITIATIVES**

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### CRITICAL AREAS

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

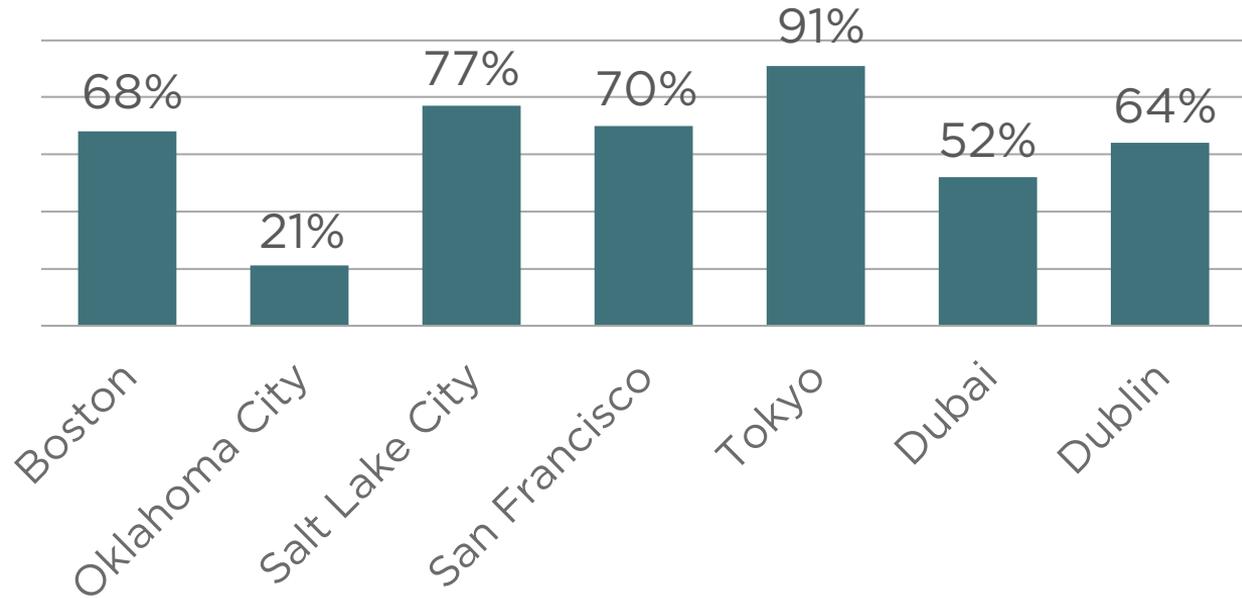


# COMPLETION BY LOCATION

## CRITICAL AREAS

- Oklahoma City - leading location of cases and incidents

## Policy Attestation Rate

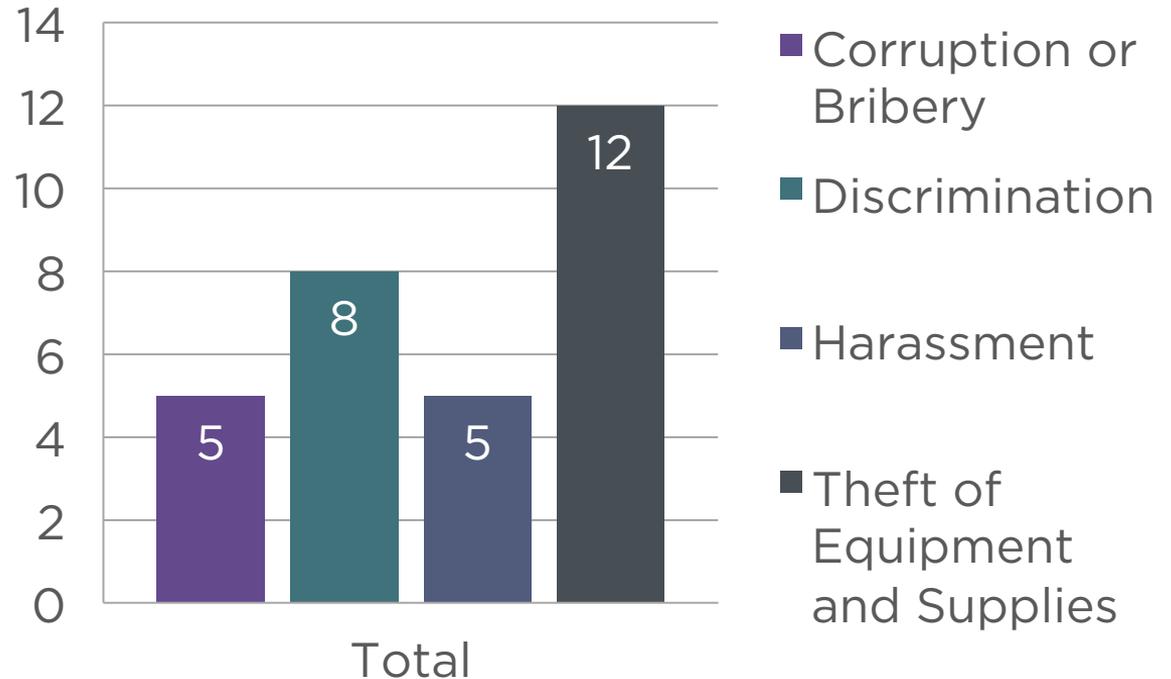


# INCIDENT REPORTS

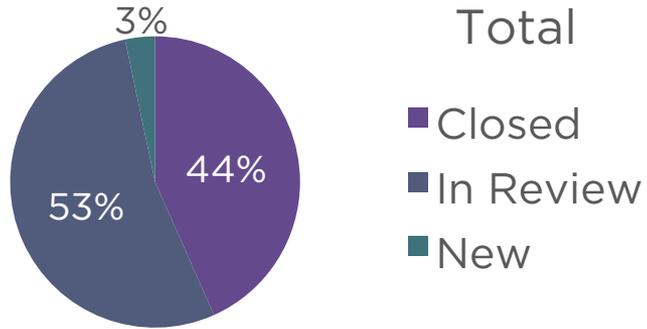
## HIGH RISK AREAS

- Theft
- Discrimination - also critical area in policy\*

\* Discrimination training needs to be a focus area in Q3



# INCIDENT REPORTS



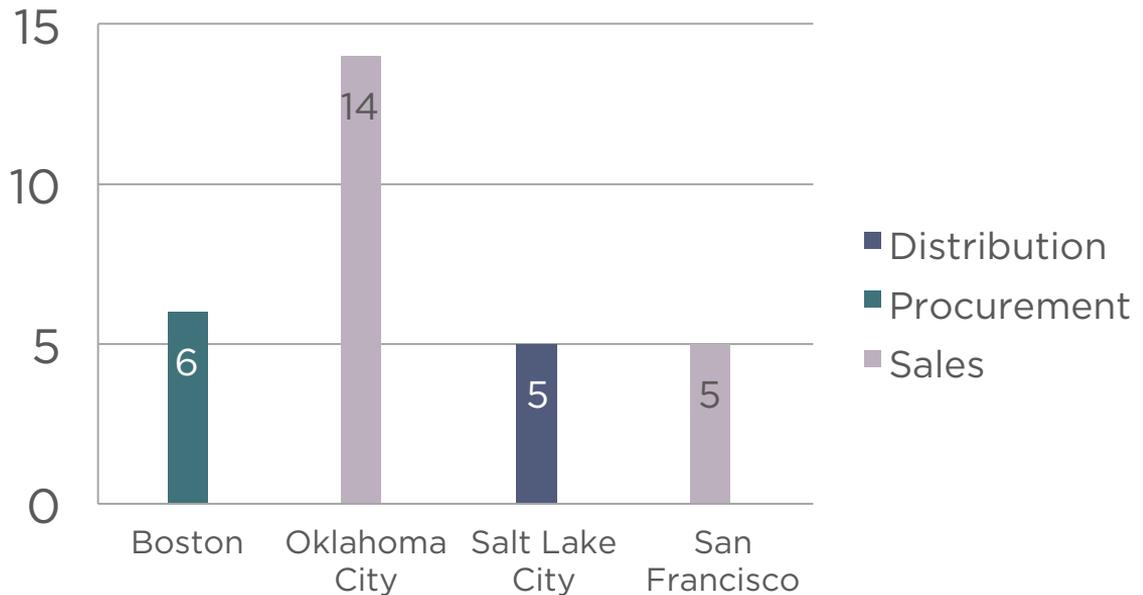
Total

- Closed
- In Review
- New

## CRITICAL AREAS

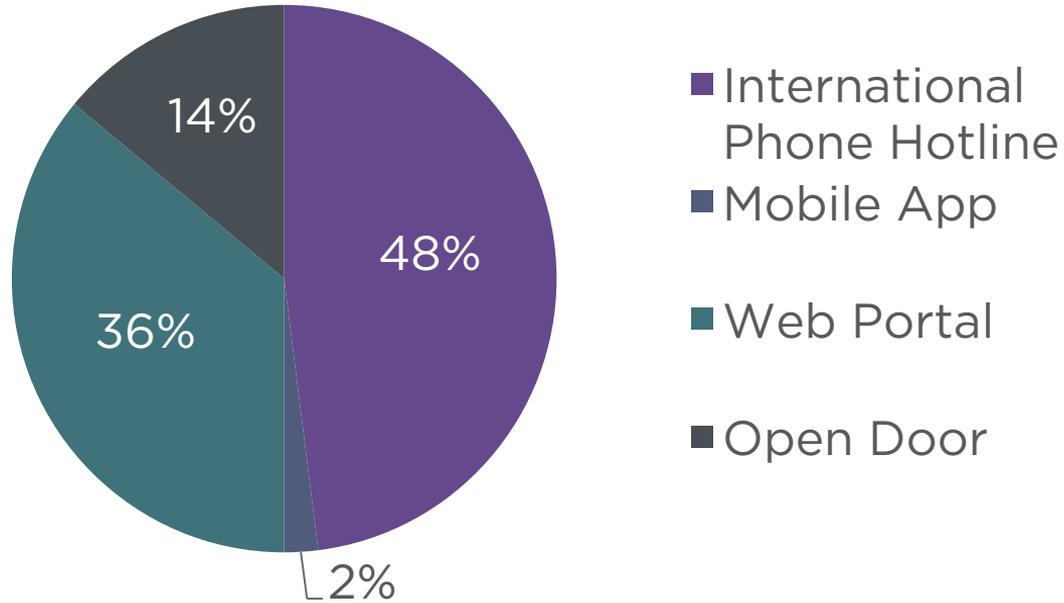
- Sales organization
- Oklahoma City

## Location Hotspots

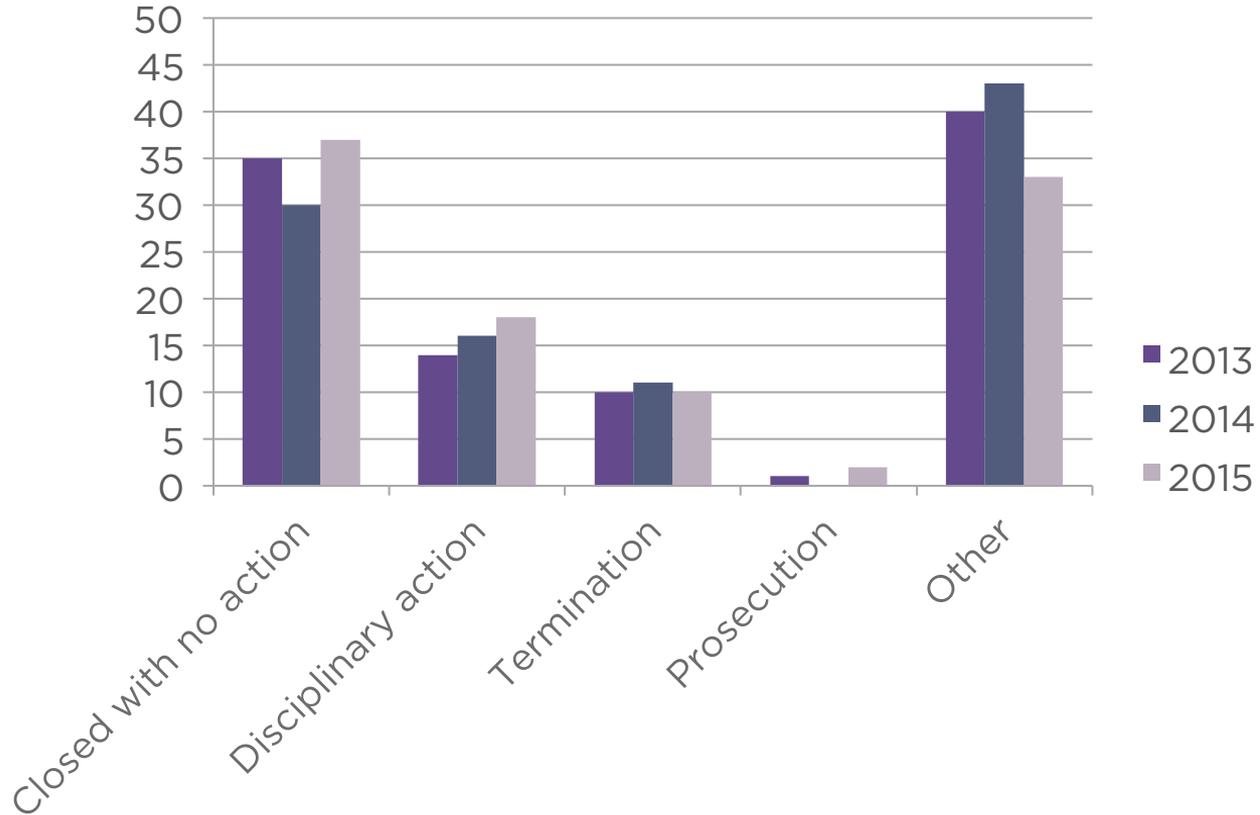


- Distribution
- Procurement
- Sales

## INCIDENT REPORTS BY SOURCE

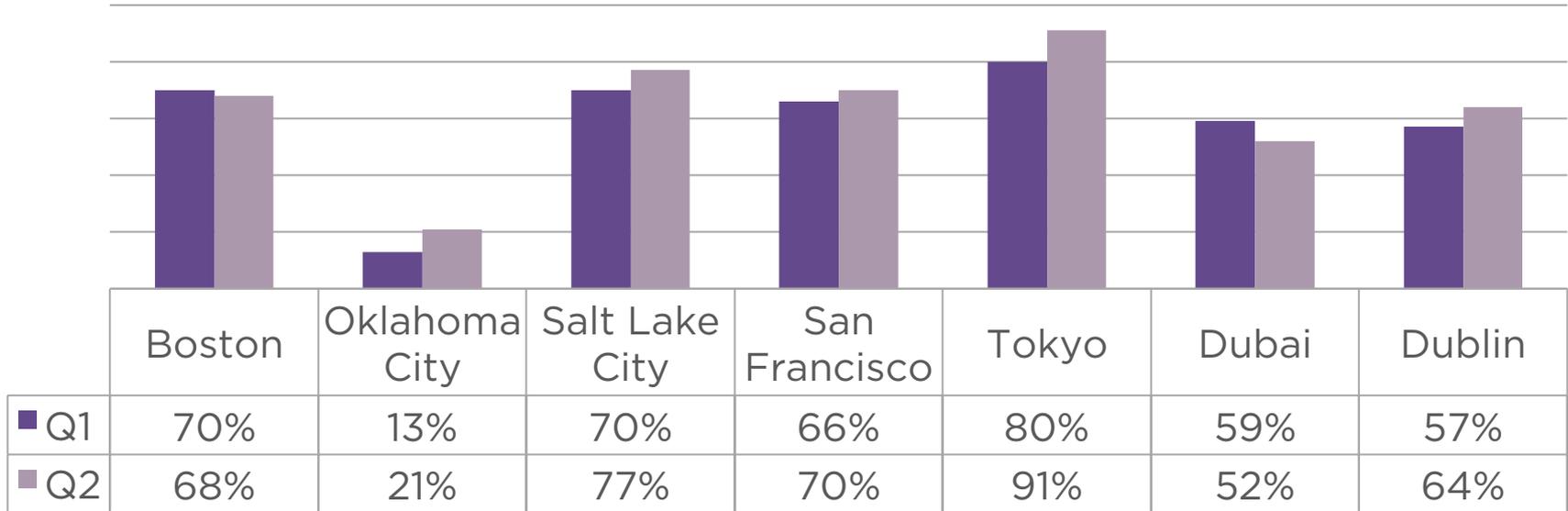


# INCIDENT DISPOSITION



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

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



THANK  
**YOU**

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