

# CONFIDENTIAL AND ANONYMOUS REPORTING: ETHICSPPOINT

## QUESTIONS AND ANSWERS

### What is the EthicsPoint Anonymous Reporting System?

An anonymous reporting system enables safe, confidential and anonymous communication of honesty and integrity issues related to accounting, internal controls and audit matters to Compeer Financial board members and senior management.

Compeer Financial's board of directors is committed to practicing the ethical standards outlined in the Sarbanes- Oxley Act even though members of the Farm Credit System are not subject to that law. Compeer Financial has decided to follow much of the act as "best practice", including a confidential and anonymous reporting system, supporting our core values of honesty and integrity.

### What is EthicsPoint®?

EthicsPoint is a third party business service that was selected to provide a reporting system. EthicsPoint is a comprehensive and confidential reporting tool to assist Compeer Financial and its clients, business partners and team members to work together to address fraud, abuse and misconduct in the workplace, while cultivating a positive work environment.

EthicsPoint provides this service to numerous Farm Credit System institutions, and hundreds of corporations, including many in the Fortune 500.

### Why has Compeer Financial decided to deploy the EthicsPoint® reporting system?

There are several reasons we utilize a reporting system:

- We believe that our clients and team members are our most important asset. By creating open channels of communication, we can promote a positive work environment, maximize productivity and build great client relationships.
- An effective reporting system can be a useful tool for mitigating risks and reducing losses due to fraud and abuse.
- Compeer Financial has chosen to implement an anonymous reporting vehicle to address accounting and auditing fraud directly to the board members and senior management as one step towards voluntary compliance with Sarbanes-Oxley provisions.

### Is Compeer Financial experiencing any honesty and integrity issues today?

No. Compeer Financial is simply complying with the spirit of the Sarbanes-Oxley Act to ensure that Compeer Financial continues to maintain its positive, productive and ethical workplace.

## What assurances do we have regarding anonymity and confidentiality?

- EthicsPoint was built to protect the anonymity of the reporter. The company is dedicated to this task and Compeer Financial is contractually bound not to seek the identity of any reporter. Reports placed at EthicsPoint are protected by the latest encryption technology.
- EthicsPoint does not track or capture screen names or computer addresses (no cookies); to further protect the reporter's identity.
- Once reports are filed, they are never emailed, faxed or mailed and are only made available to trained personnel.
- Multiple reporting options are available – reporters can file reports using the Internet and toll free phone.

## What should I report?

These are types of concerns that should be reported via EthicsPoint. This list is not all inclusive.

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the organization.
- Fraud or deliberate error in the recording and maintaining of financial records of the organization.
- Significant deficiencies in or noncompliance with the organization's internal controls.
- Misrepresentation or false statement to or by a senior officer or Finance Department team member regarding a matter contained in the financial records, financial reports or audit reports of the organization.
- Deviation from full and fair reporting of the organization's financial condition.
- Fraud or deliberate error in the creation of any customer loan agreement, collateral statement, loan application or other contractual matters.
- Fraud or deliberate errors in the creation of any vendor or business partner contract or other legal matter.
- Fraud or deliberate errors in the payment of invoices to vendors and similar behavior when
  1. Organization funds are spent.
  2. Embezzlement or theft of company property.
  3. Any criminal activity like distribution or consumption of narcotic drugs, gambling, and bookmaking on company time or company property.

## What shouldn't I report?

These are types of concerns that should NOT be reported via EthicsPoint. This list is not all inclusive.

- Interpersonal or relationship issues that can be handled via providing constructive feedback to Compeer Financial team members.

- Violations of company policy that don't rise to the level of fraud, legal risk, or accounting risk.
- Concerns about the physical office environment in Compeer Financial buildings.
- Concerns about company policy or procedure that can be brought up and addressed by providing constructive feedback to Compeer Financial team members.

### Isn't there a lot of subjectivity on what should or should not be reported?

Yes. It can be challenging to describe the line between what should and should not be reported. If you are unsure if you should report something, discuss it with a Compeer Financial team member, senior leader or board member.

If you are uncomfortable discussing your potential report with a Compeer Financial team member, contact Compeer Financial's VP Internal Audit for further guidance. The VP Internal Audit is the person who will review all reported concerns, unless the VP Internal Audit is implicated. In this case, contact the Compeer Financial Board of Directors Audit & Finance Committee Chairperson.

### What are the options for EthicsPoint reporting?

Reports can be filed conveniently using one of the following two options:

#### **Toll Free Phone Number**

Compeer Financial has a dedicated, EthicsPoint toll free phone number that is available 24 hours per day, 7 days per week: 866-294-3564. A compliance specialist from EthicsPoint will assist you in entering your report into the EthicsPoint system.

#### **Visit the EthicsPoint Website**

[https://secure.ethicspoint.com/domain/en/report\\_company.asp?clientid=7369&override=yes&agreement=no](https://secure.ethicspoint.com/domain/en/report_company.asp?clientid=7369&override=yes&agreement=no)

This Internet address can be accessed from any Internet location – your home, a public library and others.

### Doesn't this create an opportunity for frivolous or unfounded reports?

Perhaps, but the EthicsPoint system has a direct follow-up feature that provides the ability to qualify reports that may appear to be unfounded.

### Who sees the report after it is filed?

Compeer Financial's VP Internal Audit, the chair of the Board Audit and Finance Committee, and Compeer Financial's Chief General Counsel are the initial report viewers.

In the unlikely event one of these individuals is implicated in the complaint, they will not receive the report.

## Will other Compeer Financial team members see the report that is filed?

Only those team members who are tasked with conducting an investigation will ever see the report.

The fact finding process protects the anonymous reporter and the confidential nature of all fact finding is critical to the success of this system.

## Will filing a report impact my business relationship with Compeer Financial?

No. Your report will remain anonymous and confidential and plays no role your business relationship with Compeer Financial.

## What happens after a report is filed?

Though different circumstances necessitate different courses of action, the following general steps will be followed. Throughout the entire process, persons filing reports can access the “Report Status” on the EthicsPoint system.

1. Report is filed
2. Reporting person receives unique, confidential user name and selects a password
3. Report reviewed for merit
4. Follow up questions for clarification forwarded confidentially to reporting person
5. Fact finding efforts to determine what happened and risks to the organization
6. Resolution process and corrective actions taken
7. Report included in regular reporting presented to the Compeer Financial Board Audit and Finance Committee

The user name and password in step 2 is important. You can return to the EthicsPoint system either by Internet or telephone and access the original report to check “Report Status.”

Further, you are strongly encouraged to return to the site within three to five business days to answer any potential fact finding, follow up questions from the Compeer Financial representatives that would help resolve open issues. You and designated Compeer Financial management have now entered into an anonymous dialogue where situations are not only identified but can be resolved, no matter how complex.

## Isn't EthicsPoint an extreme measure?

No. EthicsPoint is a positive tool allowing all Compeer Financial stakeholders to safeguard our organization from significant risk and the potentially negative harmful consequences of irresponsible behavior.

Even one significant event, which could have been prevented by a report, could create serious challenges for Compeer Financial to grow our business and maintain positive relationships with clients and vendors.

We have carefully chosen the best reporting tool to meet our voluntary Sarbanes-Oxley compliance goals while maintaining a positive reporting environment.

### Can a reporter identify himself if he desires?

Yes. When filing a report, the system will ask if the reporter wishes to be identified for possible follow-up. The company distribution protocol will remain in effect to ensure that implicated parties are never made aware of the reporter's identity.

Any reporter has the opportunity to establish a password that gives access to the report, either online or by telephone. The reporter will be encouraged to check back in three to five business days to review the status of their report, and to respond to any follow up questions asked by the investigators. All communication remains confidential and anonymous.