

Self-Auditing Our Ethics Program

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Day&Zimmermann

We do what we say.®



Ethics Program

The foundation of Day & Zimmermann's Ethics Program is our *Code of Ethics and Standards of Business Conduct* for all employees.

Our Program, made up of nine components, is focused on helping employees choose to do the right thing.





Self-Auditing Our Ethics Program

The purpose of our audits is to ensure that our Ethics Program is functioning as intended and our business units and staff functions are complying with its requirements. We audit about 20 of our 150 locations annually.



Self-Auditing Our Ethics Program

How Do We Select the Locations to Audit?

- We select all manufacturing locations that produce munitions items for the U.S. Department of Defense.
- We also select a sample of other locations with more than 150 employees.

Self-Auditing Our Ethics Program

Audit Schedule - example

Ethics Officer	Location	Ethics Auditor
Bruce Tumolo	Corporate/Philadelphia, PA	Brandi Smith/Jamal Ahmed
Joey Anders	ECM - DZ Engineering/Greenville, SC	Robert Durham/Jamal Ahmed
Todd Williams	ECM - DZ Engineering/Kingsport, TN	Bill Pate
Bill Hawkins	ECM - DZNPS/Lancaster, PA	Lisa Miller
Phil Biggs	ECM - DZNPS Field Projects/Lancaster, PA	Lisa Miller
Irina Ksenjek/Becky Wilson	ECM - DZ Atlantic/Norfolk, VA	Michelle Pearce
Lisa Miller	DZMG – KAAP/Parsons, KS	Bruce Tumolo
Bill Pate	DZMG – Lone Star/Texarkana, TX	Mike Harris
Bill Pate	DZMG - Lone Star/Camden Operations	Mike Harris
Tammy Dean	DZMG - AO/Middletown, IA	Ken Blackwell
Amy Allison	DZMG - AO/Milan, TN	Phil Biggs
Robert Durham	M&HG/Lexington, KY	Irina Ksenjek/Jamal Ahmed
Mike Harris	SOC/Chantilly, VA	Todd Williams/Jamal Ahmed
Nina MacPherson	SOC/Hawthorne, NV	Tammy Dean
Mike Sisneros	SOC/Los Alamos, NM	Joey Anders
Linda Rudisill	SOC/Afghanistan (document review only)	John Razler/Jeanette Malone
Marcy Johnson	YOH/East-2	Mike Sisneros

The above schedule example is to show that audits are assigned to facilitate independence and objectivity.



Ethics Audit Procedure

We examine:

- Acknowledgements of the Code of Ethics
- Evidence of compliance with all Ethics training requirements including Ethics Orientation and annual Ethics Refresher
- Help Line complaints resolutions
- Ethics-related internal audits
- Letters to suppliers regarding our Ethics Program
- Awareness about Ethics Officers, Ethics posters, Help Line number, and Ethics web site
- Conflict of Interest/Second Job Disclosure Statement from employees



Ethics Audit Procedure

We examine:

- Selected Job Descriptions to ensure that Ethics Program responsibilities are clearly mentioned

We also interview selected members of the senior management team to assess their awareness of the Ethics Program and their commitment to it.



Ethics Audit Procedure

Code of Ethics

For each plant location we audit, we obtain a list of their employees and request that their Ethics Officers provide signed acknowledgement cards from all employees, which document that the employee has received the Code of Ethics and an orientation to its content and agree to abide by it.

NOTE: The employees at non-plant locations do acknowledgements of orientation and refresher training online. We monitor such acknowledgements to ensure 100% completion.





Ethics Audit Procedure

ACKNOWLEDGEMENT & CERTIFICATION

Please remove at perforation and return this portion.

All employees are required to certify that they have read, understand and will comply with this Code of Conduct.

I certify the following:

- I have read Day & Zimmermann's Code of Conduct, and agree to comply with it and the Company policies.
- I understand and agree that if I violate this Code of Conduct and the Company policies, I may be subject to disciplinary action up to and including termination.
- I agree to report, to one of the Company's specified options, actual and/or suspected violations of this Code of Conduct, Company policies and applicable laws and regulations.

NAME _____

BUSINESS/ STAFF UNIT/ SSO _____

LOCATION _____

EMPLOYEE OR BADGE NO. _____

SIGNATURE _____

DATE _____

You must complete this card and return it following your Code of Ethics orientation. Your Ethics Officer will maintain this card as a record of your acknowledgement.

40



Ethics Audit Procedure

Code of Ethics – Cont'd

We randomly select about 15 employees at each location and interview them to assess their understanding of the major areas of our Code of Ethics.

There is a standard questionnaire that is provided to each Ethics Auditor to be used in these interviews. The results of the interviews are summarized on a standard form.



Ethics Audit Procedure

Ethics Training

We require every employee to attend an annual Refresher course to our Code of Ethics and take certain Ethics courses through out the year.

During the Ethics Audits at the plants, we ask the Ethics Officers to provide evidence that such training was provided (sign-in-sheets). In addition, we ask employees if they remember certain key aspects of the Refresher training:

- We ask them if they have the Code of Ethics and know where to find it.
- We ask them if they think the Company is serious about the commitment to Ethics, if not, why not.

NOTE: All Ethics training for non-plant locations is done online.



Ethics Audit Procedure

Ethics Training – Cont'd

There are specific requirements for on-line Ethics courses based on the grade levels of employees:

- Senior Executives (SE) – Leadership Council – 6 courses per year
- Senior Managers and Executives – 5 courses per year
- Team Leaders, Supervisors and Managers – 3 courses per year
- All other exempt employees – 2 courses per year
- All non-exempt employees – 1 course per year

We obtain quarterly reports from our vendor to monitor the completions of Ethics courses by employees.

We ensure that we have 100% completion by all employees.



Ethics Audit Procedure

Help Line Complaints Resolution

All calls are categorized into A, B and C based on pre-determined priorities. The calls have to be resolved in accordance with the following guidelines:

- A – 48 hours
- B – 30 days
- C – 45 days

We continuously monitor the status of each complaint received through our Help Line. The investigation and the resolution is documented on a standard form.



Ethics Audit Procedure

Help Line Complaints Resolution – Cont'd

We review all investigation reports to ensure that the complaints are resolved appropriately in accordance with the pre-established protocol and with the application of appropriate resources (e.g., Law, HR, Audit) and corrective actions are taken, if needed, to prevent similar situations in the future.



Ethics Audit Procedure

Self-Audits of Area Covered by Code of Ethics

During the Ethics Audits, we request evidence of self-audits of the areas shown below to ensure the location is complying with the requirement of the Code of Ethics.

1. Workplace Environment
2. Information Recording and Reporting
3. Protecting Resources
4. Conflicts of Interest
5. Community Relations

We identify areas that are not receiving audit coverage and see if an external or internal audit would be warranted.



Ethics Audit Procedure

Letters to Vendors

We review the list of vendors from locations where purchasing is not handled by Corporate Purchasing and request the Purchasing function to provide evidence of annual letters to their vendors reminding them about our Code of Ethics, the Company's policy regarding Gifts and Entertainment, and Conflicts of Interest.



Ethics Audit Procedure

You have the option of making your report anonymously.



QUESTIONS
about the
right thing
to do?

1. See your supervisor or call your Ethics Officer

OR

2. Report your question or concern via <https://dayzim.alertline.com>

OR

3. Call 877.319.0270

*There will be no retributions or reprisals for reporting a suspected violation in good faith.
You have the option of making your report anonymously.*

Ethics Officers, Ethics Posters, Help Line Number

During employee interviews, we ask the employees if they can name their Ethics Officer, and if they know how to report their concerns about Ethics.

We also physically examine the facility to see if the Ethics Posters are displayed and changed twice a year.



Ethics Audit Procedure

Conflict of Interest/Second Job Disclosure Statement (COI)

Each employee is required to fill out a (COI) form indicating whether or not they have a second job and/or a relationship with an outside entity that may be a customer, supplier or a competitor of the Company.

We review these forms for all employees at the plant locations we visit during the Ethics Audits to make sure Conflicts of Interest, if disclosed, are properly communicated to all appropriate individuals and resolved.

The COI forms are completed on-line by employees at non-plant sites. We monitor the completions electronically. Also, any disclosures are vetted with the appropriate managers. We monitor the COI form completions to ensure that all employees complete the form annually.



Ethics Audit Procedure

Senior Manager Interviews

We interview two members of the senior management team at each location and ask the following questions:

1. What is your role in implementing the company's Ethics Program? Have you been formally briefed regarding your responsibility for its success?
2. What is the single biggest problem in implementing the Ethics Program encountered to date?
3. Do you sense that employees believe the company to be serious regarding its commitment to integrity?
4. What do you think of the Company's training efforts, regarding Ethics?
5. **As you perceive it, what is the company's biggest exposure on ethics related matters?**
6. **What could we be doing at the corporate level to make the Program better?**



Audit Tools

The following documents are provided to each Ethics Auditor to ensure that the audits are conducted consistently throughout the Company:

- Audit Preparation Memo
- Audit Procedure (Step by step instructions on how to do the audit)
- Employee Interview Questionnaire
- Management Interview Questionnaire
- Interview Summary Matrix
- Audit Report Guidelines



Ethics Program Audit Guidelines for Ethics Auditors

Select candidates for interview

Obtain a list of the employees of the locations(s) you are assigned to audit. You can obtain such a list from the appropriate HR person and or the Ethics Officer. Select 10% of the employees at random for interviews during your visits to the locations(s). However, the number of employees selected should be no more than 25 and no less than 15. Request the Ethics Officer of the site you will visit to schedule the interviews for you prior to your arrival and to fill out the interview forms. Please request the Ethics Officer to select 1 or 2 alternate interviewees in case someone pre-selected is not available on the day of your visit.



Audit Tools

Ethics Program Audit Guidelines for Ethics

Auditors – Cont'd

Allow 15-20 minutes per interview. Exclude those employees interviewed the previous year. Establish a private space for the interviews. Arrange for someone to get you from place to place/set up sessions/identify interviewees/chase down those who are late, and so forth. Have interview sheets pre-filled in with interviewee name, title/function, and location. Have extra employee names available in case pre-selected interviewees are not available on the scheduled day.

Complete the summary interview matrix and attach it to your audit report.

Communication of our Code of Ethics to vendors

Look at their process for keeping track of Vendor Letters sent to vendors annually for compliance with the Company' Code of Ethics and Standards of Business Conduct. Get explanation as to how it works. Is there a dollar threshold? To whom is the letter sent?



Audit Tools

Ethics Program Audit Checklist for Ethics Auditors

Location: _____ Date: _____

- ☐ Introduction to Ethics Officer and a senior manager
- ☐ Ethics Officer _____
- ☐ Senior manager _____

- ☐ Select _____ names at random for interview; target of at least 15-25
 - ☐ Eliminate those interviewed last year
 - ☐ Eliminate senior most management
 - ☐ Request the location's Ethics Officer, prior to your arrival at the location, to schedule the interviews for you (20 minutes each)
 - ☐ Ensure that those selected for interviews will be available on the day you visit the selected location. This should be confirmed by the location's Ethics Officer.
 - ☐ Prepare interview forms or confirm that they have been prepared by the Ethics Officer of the location you will visit.
 - ☐ Ensure that you have a private location for interviews (e.g. conference room, office)



Audit Tools

Ethics Program Audit Checklist for Ethics Auditors – Cont'd

- ☐ Vendor notification of Code of Ethics (describe). (This is to be done only for those locations where Purchasing is handled locally)

- ☐ Dollar threshold _____
- ☐ Review P.O.s, contracts/subcontracts
- ☐ Sample files
- ☐ Get copy of letter

Notes: _____

- ☐ New Hire Orientation
 - ☐ Get copy of new hire report
 - ☐ Sample proof of booklet receipt (signature cards)
 - ☐ Sample orientation sign-in sheets

Notes: _____



Audit Tools

Ethics Program Audit Checklist for Ethics Auditors – Cont'd

- ☐ Consultants
 - ☐ Review Consultant Agreements and look for ethics clause
 - ☐ Look for proof of booklet receiptNotes: _____

- ☐ Program Responsibilities (This is to be done for locations that are not using Corporate HR designated Job Descriptions and Performance appraisal forms).
 - ☐ Determine how management/supervisory personnel are notified of their Ethics Program responsibilities:
 - ☐ Check job descriptions for ethics responsibilities
 - ☐ Check performance appraisal forms for ethics responsibilities when appropriateNotes: _____



Audit Tools

Ethics Program Audit Checklist for Ethics Auditors – Cont'd

- ☐ Communication
 - ☐ How many bulletin boards_____
 - ☐ Check several bulletin boards for current version of Ethics poster
 - ☐ Get copy of current poster if it is not a standard poster sent from the Corporate Office
 - ☐ Get copies of any other ethics communications (including newsletter, if applicable)

Notes: _____

- ☐ Ethics Related Self Audits
 - ☐ Get list of self audits performed covering the five areas of the Code of Ethics



Audit Tools

Ethics Program Audit Checklist for Ethics Auditors – Cont'd

- ☐ Conflict of Interest/Second Job Disclosure Statement Form – Plant locations
 - ☐ Look for proof of the form. The form should be completed by each employee after the Ethics Refresher training or the Orientation to the Code training. For a sample of employees trace names from attendance sheet to completed forms.
 - ☐ Did any employee disclose second job or any conflict of interest? If yes, any needing to be reviewed by senior management? Was the disclosed Conflict of Interest situation properly resolved? If not explain:
Notes: _____
- ☐ Annual Refresher – Plant locations
 - ☐ Ask for stats on annual refresher
 - ☐ When was it done?
 - ☐ How many people trained?
 - ☐ Proof of annual refresher (sign in sheets)



Audit Tools

Ethics Program Audit Checklist for Ethics

Auditors – Cont'd

- ☐ Was there any Ethics/Compliance training sessions other than the on-line and off-line Ethics courses provided through SAI/Integrity Interactive?

- ☐ Who trained

- ☐ What topics

- ☐ Proof of successful completion

Notes: _____

- ☐ Interview a member of the senior management team at the location. You can select such a person based on discussion with the location's Ethics Officer.
- ☐ Conduct Random Employee Interviews
- ☐ Have an Exit Interview with Site Manager giving a verbal summary of your observations and findings.



Audit Tools

Ethics Program Audit – Employee Questionnaire (example)

Location: _____ Date: _____

General Information

Employee Name _____
Business Unit/Organization _____
Position/Function _____
Year Hired _____

NOTE: Before beginning the interview let the employee know that he/she **is not being audited**. The purpose of the interview is to assess the location's compliance with the Company's Ethics Program requirements. Also, **let the employee know that he/she was selected at random.**



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Code of Ethics and Standards of Business Conduct

(Hold up booklet) Are you familiar with the Company's guidelines on Ethics and Business Conduct? Yes No

Have you read or looked through this booklet? Yes No

Can you find your copy of this booklet? Yes No

What's your view about the Company's commitment to Ethics—is it serious or does it look like window dressing to you? Serious
Window Dressing
Not Sure

If the employee does not think that the Company is serious about its commitment about Ethics, ask him/her to explain the reasons for their opinion. Also, note any other comments the employee makes regarding their concerns about ethical behavior at their location.

Record comments: _____



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Orientation

Have you attended any Orientation to the Ethics Program or Refresher session regarding the Company's Code of Ethics during this year? Yes No

If not, when was the last time you attended such a session? _____

What do you remember was covered in that session? _____



Ethics Program Audit – Employee Questionnaire (example) – Cont'd

I'm now going to ask you if you remember if any of the following specific topics were covered during the Orientation and or Refresher session.

Did they talk about:

the importance of making sure that the time you work is accurately reported or recorded?	Yes	No
--	-----	----

the importance of avoiding conflicts of interest in reporting protocol as a result of relationship with other employees?	Yes	No
--	-----	----

the Company's position against retaliation for reporting a concern?	Yes	No
---	-----	----



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Did they talk about:

the importance of never compromising on ethical standards?	Yes	No
the importance of never allowing minor or trivial rule bending?	Yes	No
the importance of protecting confidential data and or information?	Yes	No
the importance of disclosing your relationships with other companies that may be customers, suppliers or competitors?	Yes	No
the importance of obeying Human Trafficking laws?	Yes	No



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Would you say that this orientation or refresher course had some relevance to your own job? (Could you say, “Yes, I see how that applies to me.”?)

Yes

No

Disclosure

Do you know who the Ethics Officer is for your business unit or project location?

Yes

No

Who is it? _____
record name given



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

What do you think the role of the Ethics Officer is?

Are you aware of the Ethics Helpline or website?	Yes	No
--	-----	----

If you wanted to use the helpline or website, do you know where to find the phone number and the website link?	Yes	No
--	-----	----

Where would you find the helpline number and website? _____



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Which of the following people would you contact first if you had a question or concern about ethics or ethical conduct? [Read the following list to the interviewee, then check the appropriate box:

- ☐ Your immediate supervisor
- ☐ Your boss's supervisor
- ☐ The Ethics Officer
- ☐ The Human Resources Department
- ☐ Vice President, Internal Audit
- Other _____

[If the interviewee names "immediate supervisor," ask] I take it that you'd feel comfortable talking with your supervisor about an ethical question or concern?

Yes No

[If the interviewee does not name "immediate supervisor," ask, "if the matter did not involve your immediate supervisor would you feel comfortable talking to him/her"?

Yes No



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Would you have any concern about retaliation if you were to report a possible ethics violation that you saw somewhere around here?

Yes

No

If yes, would you say that your concern is:

- ☐ Serious
- ☐ Medium
- ☐ Minor

[If the answer was “yes,”] ask for an explanation for their concern and then ask, even if you had this concern, would you go ahead and report it anyway? _____

Yes

No



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

I am now going to read you a list of items and I'd like you to tell me how well you understand your own responsibilities in connection with each of them. It might be that you understand that your responsibilities "Well," or you understand them "Somewhat," or you "Don't Really Understand Your Responsibilities," or that the item "Just Doesn't Apply To You." (Read each item and wait for employee's response. Please make it clear that, in this segment, you are **not** referring to the Ethics Refresher training. These following questions relate to the employee's overall awareness on these issues based on their understanding of the Code of Ethics, Company Policies, Procedures and any Business Unit specific guidelines)

<u>Item</u>	<u>Well</u>	<u>Some</u>	<u>Don't</u>	<u>N/A</u>
Drug free workplace/workforce (P11)	_____	_____	_____	_____
Workplace safety (P10)	_____	_____	_____	_____
Accurate time reporting (P15)	_____	_____	_____	_____
Respectful treatment of all individuals (P12)	_____	_____	_____	_____
Compliance with applicable laws and regulations (P27)	_____	_____	_____	_____



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

<u>Item</u>	<u>Well</u>	<u>Some</u>	<u>Don't</u>	<u>N/A</u>
Procurement integrity (P25)	_____	_____	_____	_____
Accuracy of financial records (P16)	_____	_____	_____	_____
Accuracy of tests and training records (P15)	_____	_____	_____	_____
Environmental protection (P12)	_____	_____	_____	_____
Use of company/client property (P18)	_____	_____	_____	_____
Political contributions (P33)	_____	_____	_____	_____
Information handling (confidentiality) (P19)	_____	_____	_____	_____
Giving/accepting gifts/gratuities/ kickbacks (P22)	_____	_____	_____	_____
Diversity (P5)	_____	_____	_____	_____
Export/import and international trade (P29)	_____	_____	_____	_____
Responding to investigations (P32)	_____	_____	_____	_____
Dealing with competitors (antitrust) (P28)	_____	_____	_____	_____
Conflicts of interest (P22)	_____	_____	_____	_____
Truth in negotiations act (P15)	_____	_____	_____	_____
Defective pricing (P16)	_____	_____	_____	_____
Hiring former gov't employees (P25)	_____	_____	_____	_____
Equal employment opportunity (P12)	_____	_____	_____	_____
Anti-Harassment (P12)	_____	_____	_____	_____



Ethics Program Audit – Employee Questionnaire (example) – Cont'd

NOTE: Please note that all of the topics listed above are covered in the Code of Ethics. If an employee says he/she is not aware of the Company's guidelines on a topic listed above. Please refer him/her to the specific section of the Code of Ethics which you should have during the interview. The page numbers of the Code of Ethics are noted above within parenthesis above. Also, inform the employee that more detailed guidelines are provided in the Company Policies for some of the topics.



Audit Tools

Ethics Program Audit – Employee Questionnaire (example) – Cont'd

Do you have a second job or any other association with a customer, supplier or competitor?

Yes — No —

If yes, did you disclose it to your supervisor? If no, have him/her fill out the Conflict of Interest/ Second Job Disclosure Statement and give it to their supervisor.

Yes No

I have one final question. Do you believe that you have been adequately trained and informed regarding the company's policies on ethics as it relates to your own job?

Yes No

Use this opportunity to educate the employees regarding the Company's Ethics Program. If an employee answered a question incorrectly, after recording his/her answer, please provide the correct answer.



Audit Tools

Ethics Program Audit – Senior Management Questionnaire (example)

Location: _____ Date: _____

Interview with: _____

1. What do you think is your role in implementing the company's Ethics Program?
2. What do you do to promote an ethical culture within your organization?
(e.g. encourage employees to take the required Ethics training , take timely and appropriate actions when violations of Code of Ethics are reported, emphasize compliance with applicable laws and regulations)
3. Do you have any concerns in implementing the Ethics Program in the areas you are responsible?
4. Do you sense that employees believe the company to be serious regarding its commitment to integrity? If not, why not?
5. What do you think of the company's training efforts regarding Ethics?
6. As you perceive it, what is the company's biggest exposure on ethics related matters?
7. What could the Company be doing at the corporate level to make the program better?



Audit Tools

Ethics Program Audit – Interview Summary Matrix

Interview Matrix For: _____ Date: _____

*NUMBER OF INTERVIEWS	RECEIVED THE CODE	READ OR LOOKED THROUGH	ATTENDED REFRESHER/ ORIENTATION	SERIOUS	WINDOW DRESSING	NOT SURE	AWARE OF HELP LINE	KNOW HOW TO USE IT	AWARE OF ETHICS OFFICER	IDENTIFIED BY NAME	Noteworthy Comments
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											

* The interview number in no way should identify a specific employee.



Audit Tools

Ethics Program Audit – Audit Report Guidelines (example)

To: Jamal Ahmed

From: _____

Subject: [Identify the unit and location of the audit]

Begin by giving the date/s of the audit, indicating that the audit concentrates on:

- Interviews of randomly selected employees to assess the effectiveness of communication and training efforts regarding the Company's Code of Ethics and Standards of Business Conduct.
- Review of Ethics Program-related records to assess the adequacy of documentation.

Discuss the Employee Interviews. Specify the number and percent of employees that were selected for your interviews and summarize the findings of the interviews in accordance with the headings on the Interview Summary Matrix form (Attachment 5). For example, 10 of 10 received the Code of Ethics; 8 of 10 believe the commitment to be serious, and so on. When preparing your report, note if an employee has indicated not receiving the booklet or orientation, but the records review shows that all employees have signed in for such orientation.

Briefly summarize the comments or concerns mentioned by the employees during your interviews. Explain what the Ethics Officer or the location management plan to do to address those concerns.



Audit Tools

Ethics Program Audit – Audit Report Guidelines (example) – Cont'd

Discuss **records and procedures** (note that the numbered items below will be subheadings). Quantify data when possible, as follows:

1. Annual refresher orientation—At the plant sites, describe your review of the refresher sign in sheets and note the total number of names on the sign in sheets versus the total employee and consultant roster, highlighting any discrepancy. *For example: 100 of 100 if all received training; or 99 of 100 received their refresher training.* Follow up with the Ethics Officer to discover the reason for a shortfall and the expected date of completion. Keep copies of the refresher sign in sheets to attach to your report.
2. Informing vendors and suppliers when appropriate—Describe your review of the vendor database (if purchasing is handled onsite) and number of randomly selected vendors from the list. Then describe how you verified that letters were sent to these selected vendors. Note any discrepancies. Keep copies of the roster and selected vendor letters to attach to your report.



Audit Tools

Ethics Program Audit – Audit Report Guidelines (example) – Cont'd

3. Orientation of new hires/consultants—At the plant sites, describe your review of the new hire roster and describe if your review of the acknowledgement cards match with the number of new employees and consultants per the roster. Keep copies of the orientation sign in sheets to attach to your report as well as selected acknowledgement cards.
4. Communication of program responsibilities—Describe your review of position description files to identify specified language. Note discrepancies and include a copy of one sample position description that is correct (and all that are not) with your report. (This is relevant for only those locations where they do not use the D&Z HR provided Job Descriptions.)



Audit Tools

Ethics Program Audit – Audit Report Guidelines (example) – Cont'd

5. Performance appraisal against Ethics Program responsibilities when appropriate—Describe your review of performance evaluations forms. Note evaluation forms that do not include specified language and send a copy of one sample performance evaluation form that is correct (and all that are not) with your report. (This is relevant for only those locations where they do not use the D&Z HR provided Performance Evaluation form.)
6. Posters/Notices—Quantify the number of locations where posters ought to be and where they are, noting discrepancies. Mention if the poster is the standard poster provided by Corporate. If not, attach a copy of the current poster to your report.



Audit Tools

Ethics Program Audit – Audit Report Guidelines (example) – Cont'd

7. Ethics related self audits—Describe your review of the self audit log, and assess if these audits cover the 5 areas of the Code of Ethics. Realize that not all areas may be covered in all locations. Keep a copy of the self audit log to include with your report.
8. Describe if employees you interviewed understand the conflicts of interest inherent in their association with other businesses and with their relationships with other employees in the Company. Keep copies of selected Conflict of Interest/Second Job Disclosure Statement forms to attach to your report.



Audit Tools

Ethics Program Audit – Audit Report Guidelines (example) – Cont'd

9. Describe your review of Conflict of Interest/Second Job Disclosure Statement forms (were all disclosures reviewed and approved).
10. Describe your review of corrective actions taken on prior year audit findings.

NOTE: Before you leave the site, provide an oral briefing to the resident Ethics Officer and the senior most person available on-site as to what is working well and what needs corrective actions or improvements.



Reporting of Ethics Audit Findings

Summary of Ethics Audit Findings

A summary of Ethics Audit findings, noting corrective actions taken, is presented to:

- Ethics and Compliance Committee
 - General Counsel
 - CFO
 - SVP HR
 - Vice President, Internal Audit
- Leadership Council
 - CEO
 - CFO
 - CIO
 - General Counsel
 - SVP HR
 - Four Business Unit Presidents



Thank You



Day&Zimmermann

We do what we say.®