

ANONYMOUS REPORTING: ETHICSPPOINT™

FARM CREDIT SERVICES OF AMERICA

QUESTIONS AND ANSWERS

What is the Anonymous Reporting System?

An anonymous reporting system enables safe, confidential and anonymous communication of issues related to accounting, internal controls and audit matters to responsible Farm Credit Services of America (FCSAmerica) representatives and the Board Audit Committee.

FCSAmerica's Board is committed to practicing "Sarbanes-Oxley" ethical standards even though the Farm Credit System is not subject to the "Sarbanes-Oxley" legislation. Our Board has adopted much of the legislation as "best practice" including the requirement for an anonymous reporting system.

What is EthicsPoint?

EthicsPoint is a third party business service that was selected to provide an anonymous reporting system. EthicsPoint is a comprehensive and confidential reporting tool used to assist FCSAmerica and its customers, business partners and employees to work together to address fraud, abuse and misconduct in the workplace.

Why has FCSAmerica decided to deploy the EthicsPoint reporting system?

The EthicsPoint reporting system provides a vehicle to address accounting, internal controls and audit matters directly to the Board Audit Committee. An effective reporting system can be our most useful tool for mitigating risks and reducing losses due to fraud and abuse.

What assurances do we have regarding anonymity and confidentiality?

EthicsPoint was designed to protect the anonymity of the reporter. They are dedicated to this task and FCSAmerica 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 be reported?

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 association.
- Fraud or deliberate error in the recording and maintaining of financial records of the association.
- Deviation from full and fair reporting of the association's financial condition.
- Significant deficiencies in or noncompliance with the association's internal controls.
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the association.
- A conflict of interest is defined as a situation in which a person, an employee, or a professional, has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties.
- Unauthorized and unlawful disclosure of Association owned intellectual property or trade secrets, as well as employee, customer or consumer information, marketing and other corporate data bases, marketing plans, business proposals and strategies.
- Falsification of records consists of altering, fabricating, falsifying, or forging all or any part of a document, contract or record for the purpose of gaining an advantage, or misrepresenting the value of the document, contract or record.
- 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 association funds are spent.
- Embezzlement or theft of Association property.
- Uninvited and unwelcome verbal or physical conduct directed at an employee because of his or her sex, religion, ethnicity, or beliefs.
- Any criminal activity like distribution or consumption of narcotic drugs, gambling and bookmaking on company time or company property.

What shouldn't be reported?

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 FCSAmerica employees
- Violations of Association policy that do not rise to the level of fraud, legal risk, or accounting risk
- Concerns about the physical office environment in FCSAmerica buildings
- Concerns about Association policy or procedure that can be brought up and addressed by providing constructive feedback

What if I'm not sure if something should be reported?

If you are unsure if you should report something, discuss it with an FCSAmerica employee, senior leader or board member. If you are uncomfortable discussing your potential report with an FCSAmerica employee, contact the FCSAmerica Vice President of Internal Audit for further guidance. The Vice President of Internal Audit reviews all reported concerns, unless the Vice President of Internal Audit is implicated. In this case, contact the FCSAmerica Board Audit Committee.

What are the options for EthicsPoint reporting?

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

Toll-Free Phone Number

FCSAmerica has a dedicated EthicsPoint toll-free phone number that is available 24 hours per day, 7 days per week: 1-866-294-4874. A compliance specialist from EthicsPoint will assist you in entering your report into the EthicsPoint system.

Internet

The Internet address: https://secure.ethicspoint.com/domain/en/report_company.asp?clientid=7912

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

Who sees the report after it is filed?

FCSAmerica's Vice President of Internal Audit and the Chairperson of the FCSAmerica Audit Committee are the first report viewers.

In the unlikely event that both FCSAmerica's Vice President of Internal Audit and the Chairperson of the FCSAmerica Audit Committee are implicated, the report is forwarded to FCSAmerica's General Counsel/Senior Vice President.

The final safety valve in the unlikely event that all of the above mentioned individuals including FCSAmerica's Vice President of Internal Audit, the Chairperson of the FCSAmerica Audit Committee, and FCSAmerica's General Counsel/SVP are implicated, the report is forwarded to an outside law firm for proper resolution. This is to ensure objectivity and independence.

Will other FCSAmerica employees see the report that is filed?

No. However, the report resolution process can involve fact-finding steps conducted by the Vice President of Internal Audit and/or other FCSAmerica representatives, depending on who is implicated.

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 FCSAmerica?

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

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 is reviewed for merit
4. Follow-up questions for clarification are forwarded confidentially to reporting person
5. Fact finding efforts are performed to determine what happened and risks to the Association
6. Resolution process and corrective actions taken
7. Report included in quarterly summary report presented to the FCSAmerica Board Audit Committee

The user name and password in step 2 are important. They allow the reporter to return to the EthicsPoint system either by Internet or telephone and access the original report to check "Report Status."

Further, the reporter is strongly encouraged to return to the site within three to five business days to answer any potential fact-finding or follow up questions from the FCSAmerica representatives to resolve open issues. The reporter and FCSAmerica's personnel have now entered into an anonymous dialogue where situations are not only identified but can be resolved, no matter how complex.

Can a reporter identify himself/herself if he/she desires?

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

Protection for Anonymous Reporters

Reprisal and retaliation for reporting concerns and wrongdoing is prohibited by Federal laws and regulations. See the No Fear Act and the Whistleblower Protection Enhancement Act. However, action may be taken against an individual for knowingly making a false complaint or providing false information.