



NIBCO INC.
Human Resources
Policy

DOCUMENT RETENTION POLICY	
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Approved By:	Joe Gross
Signed:	Joseph J. Gross /s/

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1. Purpose

The purpose of this policy statement is designed to facilitate record retrieval and minimize resources devoted to record storage.

2. Scope

All NIBCO. This policy applies to all NIBCO INC. locations and associates.

3. Definitions

Records are all business related information, which is capable of being disseminated, stored, or retrieved. Records may appear in a variety of formats including all documents, electronic information (including electronic mail), and personal records, which contain business related information.

4. Policy Statement

Records of particular business activity must be created and maintained in accordance with applicable federal, state, or local law. Business necessities dictate the creation and storage of records when a legitimate business reason requires. A record should be made of all activities that are relevant to the business related operations of the company.

When no legitimate business reason exists to justify the continued storage of the record, it should be destroyed. A statutory duty is always a "legitimate business reason" to maintain a record. Additionally, any record that is relevant to any litigation that has not had its final disposition must also be maintained, even if the statutory retention period has expired. Each division or department is responsible for determining beyond any statutory mandate what is a legitimate business reason to create a record and when a record should be destroyed because no legitimate business reason exists to maintain the document. Departments should contact the Legal Department if questions arise under this policy.

In all contracts involving the federal government, the contractor should keep all records that (1) are related to the proposal, (2) include the discussion conducted on the proposal, (3) contain the pricing of the contract or the subcontract, and (4) detail the performance of the contract. Any electronic communication that falls broadly into one of these four categories is a "record" and should be retained.

All departments must draft and implement a specific policy in accordance with these guidelines, and submit a copy of their guidelines to the Legal Department.

Accounting/Finance

<u>Type of Record</u>	<u>Number of years to be retained</u>
1. Account Analysis/Reconciliation	5
2. Accounts payable (includes vendor invoices, supporting journals, voucher detail, etc.)	7
3. Accounts Receivable (includes Purchase Orders, paid invoices, subsidiary ledgers, supporting journals, cash receipts, etc.)	7
4. Bank statements & Reconciliations (include all detail such as stop payment notices, void checks, etc.)	4
5. Bonds - Interest Payments	5
6. Budgets and Comparison Reports	2
7. Canceled Voucher Checks	5
8. Check Register	5
9. Unclaimed Voucher Check (Escheat laws may apply to extend time period)	4
10. Drafts Paid	3
11. Deposit Books and Slips	4
12. Employee Travel Expense Reports	4
13. Expense Analysis	2
14. Financial Statements (External) (balance sheets, income statements, cash flows, consolidated, group operating results summaries, internal division financials):	
Monthly	3
Annual	Permanent
Quarterly Shareholder	Permanent

15. Financial Statements (Internal) (balance sheets, income statements, cash flows, consolidated, group operating results summaries, internal division financials):	
Monthly	3
Year end Consolidated	Permanent
16. General Books of Accounts: (Engineering and research project records; Cash ledger and journals; Sales/Customer ledger and journals; Payroll ledger and journals; Plant ledger and journals; Stock ledger and journals)	Permanent
17. General ledgers and journals	Permanent
18. Internal Audit Reports	4
19. LIFO Accounting Records	Permanent
20. Fixed Asset Records: Ledgers & Depreciation Reports	Permanent
Detail Records & Other (after disposal of asset)	4
21. Insurance Policies and schedules	Permanent
22. Insurance Underwriting Information	Current plus immediately prior coverage
23. Indemnification agreement (after termination)	5
24. Loss Reports (quarterly)	3
25. Loss Prevention	3
26. Loss Billings	5
27. Loss History	10
28. Loss Control Reports	5

Operations Accounting

1. Detail Stock on Hand Reports	3
2. Detail LIFO Stock on Hand Reports	Permanent
3. Year End Standard Cost for Production Reports	3
4. Year End Conversion Cost Report	3
5. Year End Inventory Purchases Analysis	3
6. Year End Standard Cost of Goods Sold Report	3
7. Product Line Gross Margin Analysis	3

Corporate:

1. Acquisition, Divestiture, Reorganization:	
Contracts	Permanent
Analyses - Completed Transactions	5
Analyses - Uncompleted Transactions	2
2. Airplane Records and Logs	Per FAA Regulations
3. Articles, Bylaws; Certificates of Incorporation	Life of Corporation plus 3
4. Authorizations and Appropriations for Expenditures	5
5. Auto ID Cards	1
5. Bond and Bond holder Records	Current
6. Bonds, Surety	3
7. Broker billings	5
8. Budgets	2
9. Contracts and Agreements (after termination)	4
10. Deeds	Permanent
11. Dividend Checks and Register	Permanent
12. Easements (after termination)	20
13. Executive Correspondence (general)	2
14. Facility Appraisals	2
15. Fidelity Bonds of Employees	Current
16. Government Contracts and Subcontracts (after cancellation and termination)	3
17. IBNR Calculation	3
18. Leases (after expiration or cancellation)	3

19. Litigation and Claim Files	1 after Final Disposition
20. Liability Reserve Accrual	5
21. Minutes of Stockholders, Board, & Board Committees Meetings and Resolutions	Permanent
22. Mortgages (after satisfactory settlement)	3
23. Notes, Canceled	5
24. Note Interest	10
25. Options (after expiration of exercise)	5
26. Organizational Chart	Current
27. Patents, Copyrights, Trademarks	Life of Asset plus 3
28. Permits and Licenses Required by Federal, State or Local Authority	Current
29. Policies and Procedures	Current
30. Press Clippings	10
31. Press Releases	Permanent
32. Qualifications To Do Business	Current
33. SEC Filings	Permanent
34. Stock Certificate and Bond Records	Permanent
35. Stock Exchange Listing Applications and Agreements	Permanent
36. Stockholder Records:	
Proxy Tabulation and Voted Proxies	1
Stockholder Correspondence	5
Stockholder Lists for Meetings	1
Other	Current
37. Stockholder Reports	Permanent

38. Title Opinion, Title Searches and Title Insurance

Permanent

Credit and Collections

1. Accounts Receivable Reports	5
2. Application for Credit (after termination of account)	2
3. Collection File (after termination of collection efforts)	2
4. Contracts and Promissory Notes (after termination)	5
5. Credit Authorization Records (after termination of account)	2
6. Correspondence (Miscellaneous)	2
7. Credit Files, Commercial Reports, Financial Statements or letters of Reference (after termination of account)	2
8. Uncollectable Accounts (records and reports regarding uncollectable accounts, including authorization for writing off)	5

Environmental

1. Contingency Plans	Current
2. Enforcement Matters (after final resolution)	10
3. Financial Responsibility (after closure of unit)	10
4. General Correspondence	3
5. Manuals and Operating Standards	Permanent
6. Off-site Waste Disposal Documents	Permanent
7. Permits	Permanent
8. Questionnaires	Permanent
9. Regulatory Proceedings (including RCRA and tank closures)	Permanent
10. SARA Title III (Right to Know)	Permanent
11. Spill Incidents (after final resolution)	3

Human Resources/Personnel

1. Advertisements or Notices Regarding Job Openings, Promotions, Training, Overtime	1
2. Affirmative Action Programs	Current
3. Applications for Employment, Resumes, and Records pertaining to Failure to hire	1
4. EEO-1	3
5. Employee Benefit Plans and Summary Plan Descriptions	Permanent
6. Employee Contracts (after termination)	5
7. Employee Training Manuals	Current
8. I-9 (after termination of employment)	3
9. Individual Employee Personnel File	3
10. Job Descriptions	Current
11. Job Orders Submitted to Employment Agency or Labor Organization (termination)	1
12. Benefit Plans, seniority or merit rating systems	Full period plan in effect plus one year.

Payroll

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|--|---|
| 1. Assignments, Attachments and Garnishments
(after settlement or employment termination) | 2 |
| 2. Employees withholding and deduction
authorizations including rate changes,
discharges, add to payroll notices | 3 |
| 3. Individual Employee Earnings Records | 3 |
| 4. Labor Distribution Records | 3 |
| 5. Payments and Reports to Government
(includes Federal, State and Municipal) | 4 |
| 6. Payroll Checks (canceled) and Payroll
Registers (gross and net) | 5 |
| 7. Records showing each employee's period of
services, paid amounts, taxable wages,
tax collected, tax actually paid, tips | 4 required; 7 suggested |
| FICA requires 4 years for above records from date of
payment of tax. | |
| Suggested at least 7 years. | |
| 8. Time Cards (and time sheets) | 3 |
| 9. Unclaimed Wage Records | 4 Escheat laws may apply to extend
time period |
| 10. Wage Rate Tables and Work time Schedules | 3 |

Note: Several Federal Statutes require the retention of payroll records containing name, address, date of birth, job, pay rate and other compensations earned per week for three years. (Age Discrimination in Employment Act, Davis-Bacon Act, Equal Pay Act, etc.)

1. All records Relevant to Employee Exposure to a	At least 30 years
unless a	
toxic substance or harmful physical agent and physical	specific OSHA
standard stress (noise, heat, cold, vibration, repetitive motion,	
specifies a different time	
and radiation)	period

- Workplace Monitoring Results
 - all forms of sampling
- Biological Monitoring Results
- Material Safety Data Sheets
- Specifically Records relevant to Asbestos exposure

- Medical and Employment Questionnaires
- Job Descriptions and Occupational Exposures
- Results of Medical Examinations and Lab Results
- Employee Medical complaints
- First Aid Records involving Professional Medical Treatment

- Health Insurance claim records maintained separately from employer's medical program and record
- One time First Aid treatment which does not involve professional medical treatment
- Records of employees who work less than one year if records are given to employee upon termination

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Inventory and Cost

1. Cost Accounting Records	3
2. Cost Production and Job Summary Records	3
3. Cost Reports and Statements	3
4. Cost Sheets	3
5. Labor Distribution Records	3
6. Price Records	3
7. Quotations	3
8. Specifications	3
9. Year end Listings (standard cost by location)	Permanent
10. LIFO Computation (Including all supporting detail records and first quarter index computation analyses)	Permanent

Manufacturing

1. Building and Maintenance Records	5
2. Component Part Test and Inspection Procedure Results	2
3. Drawing Change Supporting Material	3
4. Employee Suggestions (after review)	3
5. Ergonomic Records and Reports	Current
6. Finished Product Test and Product Inspection Procedure Results	2
7. Leased/Rented Equipment (following termination of lease)	1
8. Machinery Maintenance Records	Until disposal of Machinery
9. Machinery Set up Sheets	1
10. Major Building Construction Drawings	Permanent
11. Operating Reports	1
12. Order Procedures	1
13. Patterns	1
14. Planning Summaries	3
15. Plant Inventory and Machine Location Reports	Current
16. Plant Layout Charts	Current
17. Precision Measurement Inspection Records	Current
18. Production Orders and Registers	3
19. Production Reports	3
20. Production and Shrinkage Reports	3

	21. Production Serial Numbers	Permanent
	22. Requisitions on Stores or for Purchases	1
and	23. Specifications Sheets	Current Production
		Repair Parts
	24. Standard Hours Reports	1
	25. Time Standards/ Assembly Line Rates (after termination of method production)	3
	26. Tool Drawings	Current Production and Repair Parts
	27. Tooling Maintenance Records	3
	28. Waste Disposal Records	Permanent
	29. Work or Shop Orders	1

Purchasing

1. Contracts with vendors (after expiration or termination)	7
2. Correspondence with vendors (after resolution of issue)	3
3. Price List Files	Current
4. Purchase Cost Records	3
5. Purchase Orders (filled and unfilled) (after expiration or cancellation)	7
6. Purchase Requisitions	3
7. Quotations (those acted upon)	3
8. Source Catalog files (if available)	Current

Research and Development

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|---|----------------------------|
| 1. Agency listings and Contracts | Permanent |
| 2. Design Drawings | Permanent |
| 3. General Files | 3 |
| 4. Governmental Acts and Regulations | Permanent |
| 5. Laboratory reports of current production products used for purposes of comparing to products under consideration | Current |
| 6. Projects documentation (including tests and correspondence) | 5 After Project Completion |
| 7. Specification Changes | 3 |

Service/ Warranty

- | | |
|--|--|
| 1. Customer Service Records | 1 year after final resolution |
| 2. Product and Component Reliability Reports | 3 |
| 3. Product Liability Claim Records | 1 year after final resolution |
| 4. Model Numbers and Features | 1 year after stocking of spare parts is discontinued |
| 5. Warranty Registration Forms | 5 |

Tax

	1. Annual Reports	5
period law	2. Returns and Essential Reporting Data:	4 Unless longer required by applicable
	Non-United States (Includes Dutch Branch and foreign subsidiaries)	
	United States Federal:	
	Income	Permanent
	Unemployment	5
	Withholding	4
period law	Each Individual State's	
	Unemployment	4 Unless longer required by applicable
	Income	Permanent
	Withholding	4
	Sales/Use	5
	U.S. Local or Municipal:	
	Real Estate	10
	Misc. Sales/Use	4
	Personal Property	5
	IRS, State Revenue, Foreign	
	Jurisdictional, Examinations	Permanent
	Real Estate Index Numbers	Permanent
	Real Estate Special Assessment Records	Permanent
	Realty Transfer Tax	Permanent
	Tax Payment Receipts (Estimated U.S., States', and foreign withholding)	Permanent
	U.S. Unemployment claim receipts	4
	3. ADP Record Retention Agreement (ADP records as described per NIBCO IRS agreement executed February 8, 1988, modified extended by March 14, 1997) documents outlined by Rev. Proc. 97-22, 1997-B IRB consent of the parties	5 Unless Statute of Limitations

Import/ Export Customs Provisions

1. Exporter's Certificate of Origin 5 years from the date of importation
 2. Records supporting direct identification 3 years after payment of claims and non-substitution manufacturing drawback. Specifically regarding copper fittings produced from foreign raw materials
 3. In any transaction subject to Export Administration Regulations (EAR) (these include transactions involving from any known re-export or any restrictive trade practices or boycotts; Exports of other termination of the transaction. commodities, software, or technology from the United States; Exports to Canada if a party from another government agency country appears to have an interest in the item exported makes a request for any records or will re-export the item), the EAR requires the following to be retained:
 - Export Control Documents
 - Notes and memoranda (pertinent to the above listed transactions)
 - Contracts (arising from transactions subject to the EAR)
 - Invitations to Bid
 - Books of Account
 - Restrictive Trade Practice or Boycott documents
 - Other records pertaining to the types of transactions delineated under the EAR
 - See sec. 762.3 of EAR for list of specific document *exceptions* (such as "vessel log" from freight forwarder; export information page; etc.)
- Note:** If any country appears to have an interest in the item exported makes a request for any records or will re-export the item), the EAR requires the following to be retained: not be destroyed without written authorization from the agency.

Traffic, Shipping and Receiving

1. Bills of Lading	3
2. Carrier Contracts	3
3. Certificate of Title	Current
4. Delivery Reports	2
5. Employee Household Relocation Records	4
6. Export Documentation	5
7. Freight Bills and Statements	3
8. Freight Claim-- following final resolution	2
9. Import Documentation	10
10. Rates and Tariffs	3
11. Receipts for Registered Mail and Packages	1
12. Receiving Reports	3
13. Routing Records	1
14. Shipping Instructions	2
15. Shipping Reports	2
16. Warehousing Contracts (after termination)	3
17. Motor Operating Maintenance	2

Miscellaneous:

1. Stipulations for Government Contractors--Payroll records, job, classification, rate, hours worked, deductions made, wages paid. These are to be retained for three years from date of completion.
2. Employee Retirement Income Securities Act--Requires that records providing a basis for plan descriptions, reports, necessary to certify information, vouchers, worksheets, receipts, and applicable resolutions. These are to be retained for not less than six years after filing date of documents based on information they contain.
3. Written Affirmative Action Programs (Executive Order 11246) requires supporting documentation, records on nature and use of test validations and test results. retention period varies for type of record.
4. Drug Policy that is regulated specifically by DOT--Requires a system of random drug testing for covered employers--Records of misuse, prevention programs, records of refusals to testing, equipment calibration records for five years.

SUGGESTED TIME SCHEDULE FOR DESTRUCTION OF RECORDS

Record	Years Retained	Record	Years Retained	Record	Years Retained	Record	Years Retained
Accident reports (after settlement)	9	Employees' records (terminated)	7	Minutes, executive	P	Stock certificates	P
Acknowledgments	3	Employees' salary & wage rate	8	Minutes, stockholders	P	Stock dividend checks, cancelled	7
Agreements, deeds	4P	Charge	6	Monthly trial balances	6	Stockholder	7
Agreements, leases	9	Employees' daily time reports	8	Patent assignments	7	Stock transfer	P
Agreements, licenses	17	Employees' earning record	5	Patents	P	Tabulating machine cards	3
Applications filed with regulatory agencies	P	Employees' tax withholding statements	9	Payroll, bonus	7	Tariffs	4
		Engineering & research project records	9	Payroll checks, cancelled	3	Taxes, federal	P
Bank statements	3	Engineering problems (killed)	9	Payroll, general	7	Taxes, property	P
Bills of lading	5	Equipment inventory records	6	Payroll, overtime	6	Taxes, sales and use	P
Bond registers	7	Expense reports	7	Payroll, part time	7	Taxes, state	P
Bond paid interest coupons ²	3	Express receipts	5	Payroll, temporary	7	Time cards	3
Bonds, cancelled	7	Federal income tax returns	7	Photographs of installations, etc.	6	Time study reports	P
Checks, dividend	9	Finished goods, inventory records	4	Plant surveys	P	Unsolicited outside suggestions	P
Checks, general	9	Freight bills	4	Price & policy bulletins	7	Voucher register	10
Checks, petty cash	9	Freight claims (after expiration)	5	(superseded)	4	Vouchers, A-Z copy	10
Checks, payroll	8	Freight drafts	5	Price exceptions and adjustments	6	Vouchers, capital expenditure	10
Claims, closed, against company	7	Insurance claims (after settlement)	10	Property papers	P	Vouchers, cash	9
Claims, closed, by company	4	Insurance, fire inspection reports	6	Purchase orders	4	Vouchers, numeric copy	9
Commission statements	8	Insurance, fire inspection reports (all types)	4	Purchase orders for capital expenditure	8	War contracts and all papers pertaining thereto	6
Compensation cases (after closing)	6	Internal audit reports	6				
Complaint reports	7	Inventory, receipts	7	Real estate records (after disposal of land and buildings)	7		
Contracts and agreements (expired)	3	Invoices, copy of order	7	Receiving reports	5		
Correspondence, general	6	Invoices, paid	6	Remittance statements	5		
Correspondence, license	8	Labor contracts (after expiration)	5	Reports, annual	P		
Correspondence, production	6	Ledgers and journals, cash	8	Reports, audit	4		
Correspondence, purchase	5	Ledgers and journals, customer	P	Requisitions	4		
Correspondence, traffic	8	Ledgers and journals, general	P	Safety reports	6		
Correspondence with applicants	5	Ledgers and journals, payroll	P	Sales reports	8		
Cost statements	7	Ledgers and journals, plant	P	Sales sheets	5		
Credit files	6	Ledgers and journals, royalty	P	Sales slips	5		
Credit memos	4	Ledgers and journals, stock	P	Salesman's expense accounts	5		
Customer account records, closed	3	Manifests	5	Securities registration documents	P		
Delivery receipts	4			Service reports	5		
Deposit slips	5			Shipping tickets	5		
Employees' applications (after termination)	5			Specification sheets	5		