The Code of Conduct

- The roadmap for the manifestation of company values in behavior
- As the central document for any Ethics and Compliance program, the Code:
  - Communicates the company’s behavioral expectations
  - Assists employees with ethical judgment and decision-making
  - Facilitates dialogue about ethical issues
  - Inspires principled behavior
  - Enhances the company’s reputation
Revising & Launching a New Code

As 60% of companies revised their Code within the last two years...

When was the last time you revised your Code?
Percentage of Respondents, July 2010

...many of them now want to improve their education & communication.

Which Code service options would you find most valuable?
Percentage of Respondents, July 2010

The Code’s Impact on Employee Behavior

The majority of companies believe their Code has moderate to high impact on employee behavior...

What impact do you believe that your Code & Code education has on behavior or decision-making?
Percentage of Respondents, July 2010

...while 78% believe that their Code has moderate to high applicability to day-to-day work.

To what extent do you believe your employees apply their understanding of the current Code on the job?
Percentage of Respondents, July 2010
## The Code in Transition

### Lagging Practice
- Rule book focusing on compliance
- Key elements of culture not reflected
- Legalistic
- Black and white with dense text blocks
- Little or no supporting content
- Rarely used or understood

### A Leading Code
- Values-based guide focusing on ethical conduct beyond the rules
- Reinforces mission, values, heritage, leadership priorities
- Aspirational and straightforward
- Contrasting visual elements with significant white space
- Q&A, decision-making tools, callouts, etc. based on real-world examples
- Engaging and useful reference tool

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### Elements of the Code Document: Best Practices

- Alignment with Culture
- Theme
- Structure
- Writing Style and Tone
- Substantive Provisions
- Provision Tools
- Supporting Content
- Visual Style
Alignment with Culture

Best Practice

“Culture” is a company’s DNA, the sum total of its history, values, aspirations, beliefs, and endeavors. It is the operating system that defines the way things really work.

The Code should reflect and reinforce elements of the company’s culture including its mission, values, heritage, style and leadership priorities.
“Theme” is a concept that runs through the Code that aligns it with the company’s culture and purpose, and reinforces the ethics and compliance program’s mission.

The theme should appropriately reflect the organization’s purpose, culture, style and focus on ethical and compliant business conduct.
# Code of Ethics and Business Conduct

**ALWAYS Sustaining Trust**

## Table of Contents

I. The Code of Business Conduct and Ethics
   1.1 The Code of Business Conduct and Ethics
   1.2 Integrity
   1.3 Responsibility
   1.4 Respect
   1.5 Stewardship

II. Code of Conduct in the Workplace
    2.1 Conduct in the Workplace
    2.2 Confidentiality
    2.3 Compliance with Laws and Regulations
    2.4 Health and Safety
    2.5 Ethics and Compliance

III. Code of Conduct in the Marketplace
    3.1 Conduct in the Marketplace
    3.2 Customer Service
    3.3 Professionalism
    3.4 Competitive Conduct
    3.5 Environmental Stewardship

IV. Code of Conduct with Shareholders
    4.1 Conduct with Shareholders
    4.2 Disclosure of Material Information
    4.3 Voting Rights
    4.4 Insider Trading
    4.5 Political Contributions

V. Code of Conduct with Media and Analysts
    5.1 Conduct with Media and Analysts
    5.2 Media Relations
    5.3 Analyst Relations
    5.4 Media and Analyst Access
    5.5 Reporting Misconduct

VI. Code of Conduct with Other Companies
    6.1 Conduct with Other Companies
    6.2 Confidentiality
    6.3 Business Relationships
    6.4 Competition
    6.5 Professional Conduct

VII. Code of Conduct with Government
    7.1 Conduct with Government
    7.2 Lobbying and Governmental Affairs
    7.3 Conflict of Interest
    7.4 Gift Giving

VIII. Code of Conduct with Employees
    8.1 Conduct with Employees
    8.2 Harassment and Discrimination
    8.3 Whistleblower Protections
    8.4 Code of Conduct for Employees

IX. Code of Conduct with Members of the Board of Directors
    9.1 Conduct with Members of the Board of Directors
    9.2 Confidentiality
    9.3 Business Relationships
    9.4 Professional Conduct

X. Code of Conduct with Customers
    10.1 Conduct with Customers
    10.2 Privacy
    10.3 Confidentiality

XI. Code of Conduct with Suppliers and Vendors
    11.1 Conduct with Suppliers and Vendors
    11.2 Confidentiality
    11.3 Business Relationships
    11.4 Professional Conduct

XII. Code of Conduct with the Community
    12.1 Conduct with the Community
    12.2 Socially Responsible Conduct
    12.3 Environmental Stewardship
    12.4 Community Involvement
Structure

Best Practice

“Structure” is the way in which the Code is organized, and the components that communicate this organization.

Structure is most visible in the Code’s table of contents and how topics are arranged under broader sections, including the order of sections, topics and supporting content. A clear structure enables easy navigation for readers and organizes the content in a way that conveys priorities and reinforces key messages.
Kraft Foods: Ten Rules

1. Make food that is safe to eat
2. Market responsibly
3. Treat people fairly
4. Respect the free market
5. Compete fairly
6. Respect the environment
7. Deal honestly with the government
8. Keep honest books and records
9. Never trade on inside information
10. Give Kraft Foods your complete business loyalty
The Rules
We all have to obey the law—that's a given. Also, we must follow our company policies, including those specific to our business unit, function, and location. Beyond that, this Code sets out the ten most important rules that apply company-wide.

Rule 1:
Make food that is safe to eat.
"I have complete confidence in the quality of their products."
"They knew there might be a problem but they didn't say anything about it."

Which would you rather hear?

We are a food company. Nothing speaks to our corporate values more than our relentless focus on food safety. Our consumers must have the confidence to use our products, and to serve them to their families, without fear of getting sick. For over a hundred years, Kraft Foods has earned that trust by making safe products.

Given our size, however, problems will inevitably arise. When something does go wrong, we respond quickly. Our Special Situations Management Team, a cross-functional team of senior managers, takes immediate steps to protect consumers. This builds our reputation and fosters consumer trust. Without that, we would risk the very existence of our business.

Writing Style and Tone

Best Practice

This is the written approach and style of Code content.

Codes are intended to inspire and instruct. The writing should be straightforward, easily understood, and free of jargon and legalese. The tone should reflect the organization’s attitude toward its intended audience. Rules should be motivated by values and purpose, and not merely dictated.
Enhance Tone, Simplify Text
Provision Topics

Best Practice

The Code’s provision topics indicate the range of issues with ethics and compliance implications for the organization. In general, it is preferable to address more topics briefly than fewer topics extensively because doing so alerts readers to the breadth of issues with ethics and compliance implications; such Codes can then easily reference additional policies or guidelines for further information.

Moreover, lengthy sections are less likely to be read.
Provision Tools

Best Practice

“Provision Tools” are content that support the understanding and applicability of individual Code provisions. These tools help to clarify, explain and otherwise strengthen understanding of the content and its relevance to the organization’s culture and operations.
II. Trusted in Our Workplace

Key Holiday

We believe in:
- A culture of honesty and integrity
- Compassionate communication
- Respect and trust among colleagues
- Open and fair processes
- Honesty and transparency
- Communication about the work environment

No Discrimination

We are all equal in the eyes of our company, and our actions at work reflect our commitment to eliminating discrimination in the workplace. Whether it is racial, religious, gender, sexual identity, national origin, politics, or other differences, our policies will remain the same.

Policies

- Equal Employment Opportunity
- Anti-harassment
- Anti-discrimination
- Anti-retaliation
- Anti-sexual harassment
- Anti-discrimination in hiring

Contact

We will provide support and guidance on how to report violations.

Policies Reference
Supporting Content

Best Practice

“Supporting Content” is content that does not communicate specific compliance requirements, but supports the overall Code’s purpose and reinforces understanding of its provisions. These high-level provisions on “how to think about conduct” often are the most meaningful and relevant parts of the Code.
Acting with Integrity Around the Globe

What Is Expected of Everyone

Comply with the Code and the Law

Understand the Code. Comply with the Code and the law whenever you are. Use good judgment and contact the appropriate department of human resources.

Consider Your Actions and Ask for Guidance

If you’re in doubt about what to do, ask your manager:

- Is it consistent with the Code?
- Is it truthful?
- Will it be legal?
- Will it be ethical?
- Will it be fair to you and the Company?
- Would you be happy to tell your family about it?

If the answer to any of these questions is no, don’t do it.

You can contact the Ethics Office. The Ethics Office has the authority to stop any employee who violates the Code. You can reach the Ethics Office:

- By calling 800-784-0025 or calling toll-free in your local time zone
- By calling 920-393-1111 during non-business hours
- By visiting the Ethics Office website at www.ethics.com
- By sending an email to EthicsComplianceOfficer@ethics.com
- By mailing a letter to EthicsComplianceOfficer at the Ethics Office address

Note on the Ethics Office

Comply with the Code. Contact the Ethics Office and report any concerns. They will take action to protect your interests and address any questions.


df Qdend or concern? Contact us at EthicsComplianceOfficer@ethics.com

What Is Expected of Managers

Promote a Culture of Ethics and Compliance

Managers should always model appropriate conduct. As a manager, you should:

- Lead by example and demonstrate your commitment to the Code.
- Encourage ethical behavior by immediately addressing violations of the Code.
- Share your knowledge and experience with your team.
- Act as a role model and set the tone for appropriate conduct.
- Communicate the importance of ethics and compliance.
- Lead by example and model ethical behavior.

Compliance and Confidentiality

When you make a report to the Ethics Compliance Officer or through EthicsLine, you must protect the confidentiality of the information you provide. We are committed to maintaining the confidentiality of the information you provide.

Confidentiality and Privileged Communication

If you have any questions or concerns about confidentiality, you should contact the Ethics Officer at EthicsComplianceOfficer@ethics.com.

Acting with Integrity Around the Globe

Raising Concerns

We enforce policies to prevent the retaliation of those who report violations of the Code. If you are a victim of retaliation, contact the Ethics Officer at EthicsComplianceOfficer@ethics.com.

Anonymous and Confidentiality

When you make a report to the Ethics Compliance Officer or through EthicsLine, you must protect the confidentiality of the information you provide. We are committed to maintaining the confidentiality of the information you provide.

Confidentiality and Privileged Communication

If you have any questions or concerns about confidentiality, you should contact the Ethics Officer at EthicsComplianceOfficer@ethics.com.

Acting with Integrity Around the Globe

Making False Accusations

The Ethics Officer may investigate any allegations that you have made. We are committed to protecting your interests and addressing any questions.


df Qdend or concern? Contact us at EthicsComplianceOfficer@ethics.com
Visual Style

Best Practice

“Visual Style” is the look and feel of the final document. The Code’s visual style is the first element that a reader notices, and can significantly affect employees’ willingness to read and consult the Code. Simple black and white documents with large blocks of text can be off-putting, and are unlikely to draw the reader in. Attractive text and layout, with significant white space and contrasting visual elements, are far more likely to hold the reader’s attention. Images can reinforce messaging and enhance attractiveness.
The standard of integrity we set for our organization means that we aim to follow the letter and the spirit of the law.

You + the workplace

We know that making ethical choices isn’t always easy. That’s why the Company offers the support, training and resources to help you feel confident in your choices. Your manager, the Business Conduct GuideLine, Regional Ethics Counsels, the Law Department, Human Resources and other sources of help are always available.

You Compliance with laws
Compliance is the foundation. Each of us needs to understand — and comply with — the laws, regulations and policies that apply in our particular jobs. But simply compliance is just the beginning. Sometimes, it’s necessary to follow the letter of the law even if it means breaking the rules or putting your personal interests at risk. At Avery Dennison, we strive to set the highest ethical standards.

Responsibility of employees
The standard of integrity we set for our organization means that we all strive to follow the letter and the spirit of the law. Taking the knowledge and understanding to do so that makes you and your company succeed. Consider it critical involvement in your own success and the success of the Company.

Code of Conduct
Your "Education" strategy will be the most critical component of bringing the Code of Conduct to Life translating the Code into 'action'. The Code Education Program will bring all the elements to life and drive engagement, adoption and understanding. The educational experiences can impact the learner’s understanding of how to interpret policy, apply guidelines in ethical decision making.

Create a blended education strategy that offer choices to map learners to relevant educational treatments. Enable frequent educational experiences, informal and formal, live and online, leader led and peer led. Allow learners to make connections by keeping the issues at the top of their mind. Keep the program fresh, build a strategic communications strategy and reinforce the messages through all channels.
Key Insight:

E&C leaders continue to struggle with making education applicable to daily work and online education fatigue. In comparison, last year’s participants indicated the following challenges:

- Lack of business unit support (56%)
- Making education relevant (41%)
- Low employee engagement (33%)
- Lack of education and/or certification materials in key risks (30%)
- Online training fatigue (28%)

Lack of Relevance to Work is the Biggest Compliance Education Challenge

Q: What are the biggest challenges you face when providing E&C education?

Discussion

● Practice & Application
● Collaboration
● Evaluation
How do you Enable Learning?

- How do learners learn?
- Why do learners learn?
- How do you make sure that learning sticks?

- Three core learning styles:
  - Auditory
  - Visual
  - Kinesthetic

Learners gravitate towards learning styles that fit their comfort, style.

Know Your Audience
Future Workforce: Start Planning Now

In 5 years, Millennials will make up 47% of the workforce

Gen Y or Millennials (1980-2000)

- **Technology** has transformed how this generation works, collaborates, seeks knowledge.
- Expect **immediate feedback** with interactions
- Seek **stimulation & engagement**
- Expect **integrated media** (streaming video, epistemic gaming)
- Expect organization to address **different learning styles**
- Expect **brief & succinct learning**, short attention span
- Seek to be a part of the learning experience
  - Self Directed or
  - Peer to Peer (social collaboration)
- **Desire to self-manage learning**

*Gen Y seek leaders to coach rather than manage*

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Personal is Memorable

- Learning experiences that establish strong **emotional connections** with the subject matter enable **change in thinking and behavior**.
- Knowledge-based education, supports general awareness and targeted risk-based training.
- Organizations are extending the online training with live discussion forums – driving emotional connections with the subject matter.
- **Rubber hits the road** in discussion forums.
  - Abstract becomes real
  - Emotional & personal discussions
  - Learner personalizes issue
Operationalize your Code: Promote Interactive Learning

Enhance approach to online Code of Conduct education

• Integrate language translation
• Localize and be sensitive to cultural nuances
• Solicit feedback using surveys and internal blogs
• Infuse more fun – make ethics cool!
• Looking at crafting Leadership and mid-Management series about winning hearts and minds
• Refresh training content and approach often – keep it fresh
• Continue to talk with employees, using every vehicle possible
Novo Nordisk
Code of Conduct Experiential Learning Program

Leading With Integrity
Allstate’s Ethical Leadership Program
Explore Episodic Learning: Webisodes

A series of online episodic modules, which include videos, web-enabled user accessed content, and testing
Embed more Interactive Testing

Global trends can dramatically change how businesses operate and what society expects of them. A company that doesn't pick up on trends risks losing its position in the marketplace.

Click each item below to review the global trends we discussed in this episode:

- Stakeholder Influence
- Resource Scarcity
- Government Regulations and Industry Standards

Stakeholder Influence

A stakeholder can be anyone or any group who can affect or be affected by an organization's activities. Any stakeholder with an opinion and access to the Internet can impact a company's reputation and make a difference in how it operates.

Do you know what your stakeholder's concerns are?
Does your company engage with your stakeholders on a regular basis?
What might you learn from them that would help you achieve your objectives?

Click on each one to find out more.

Freshen your Online Code of Conduct Education

We are open and inclusive.
Simplify Tone
Increase Visuals
Keep it 'relatable and realistic'

Role of Leadership

Leadership should lead
Leadership should communicate
Evaluate and measure your leader participation
Leadership can Engage the Enterprise

Leadership should exemplify the behaviors they want to see in others:
- Enlist leadership early
- Define Leader’s role and expectations for leading with learning
- Coach: How do leaders have the conversation?

Lead from the Middle:
- Manager as learner is a powerful influence on the employees
- Securing manager buy-in and support for delivery = critical step
- Managerial delivery promotes greater cultural adoption of Compliance education

Cascade Approach:
Board & Sr. Executives ➔ Sr. Leadership ➔ Middle Management ➔ Enterprise ➔ Agents & Contractors

Source: 2009 ASTD State of Industry Report
(American Society of Training and Development)

Strategic Communications

Cascading the Code of Conduct Worldwide
Design Cascade to Help People Commit

Commit to a Purposeful Approach

- Set overall global program context in line with corporate messaging
- Provide geographical level information for implementation
- Provide further information from a functional perspective
- Address department-specific issues and information
- Connect to personal situation and role in the change

Communications need to be coordinated across teams and functions to avoid unintended “implied” messages. In the absence of information, employees will create their own.
Sample Cascade Plan
Code of Conduct

**Global Leaders**
- Introduce Code to Global Leaders
  Jan 2011
- GCO Briefing
  On Deployment Plan and Tools
  February 2011
- GCO Leader’s Toolkit
  Train the Trainer
  June 2011
- Quarterly Discussions
  Global Leaders recommend scenarios

**Global Compliance Officers**
- GCO shares deployment plan with Local Managers
  March 2011
- Manager’s Toolkit
  Distribution and Briefing
  July 2011
- Manager’s Toolkit
  Q3 Case Discussion with teams
  2011
- Manager’s Toolkit
  Q4 Case Discussion with teams
  2011

**Managers**
- Disseminate Code in Print and Web Format
  April-May 2011
- *Launch Online Code module to all online Employees
  July-August 2011
- Deliver Online module to Offline Employees
  Q3 and Q4 2011

**Employees**
- Jan 2011
- Dec 2011

Develop a tri-fold overview brochure as a companion piece

- Q&A
- Tools & Resources
- Celebrate Your Company DNA
- Highlight Core Values

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Bring Your Code to Life
Live Simulation

Program Flow

• Your team is seated at your table
• Watch scenario together
• Discuss questions (see table handouts)
• Large group discussion: comments, conclusions, recommendations
Theme: Navigating the Grey

• As a leader, what was Alan’s responsibility around direction and clarity?
• What was Alan’s responsibility to model behaviors and values?
• If Janet came to YOU with concerns about Alan’s guidance, what would you advise?

Theme: Speaking Up

• As a leader, how can you encourage or facilitate employee comfort levels in speaking up?
• Are there risks in encouraging employees to speak up?
• What are the paths within your organization for an employee to raise a concern?
Theme: Relating to your workplace

• As a leader at your organization, what type of guidance would you provide to your employee in a situation like this?
• How would you handle a conversation with your employee?
• What can you do, in your role as a leader, to prevent issues like this from happening in the first place?