Taking Your Code To The Next Level

Why it Matters:

• Organizational Culture
  – Establish common set of values-based commitments
  – Informs employees on organizational expectations
  – Provide tools for use in decision making

• Enforcement Incentive
  – Federal Sentencing Guidelines - Sentencing guidelines for organizations introduced concept of compliance program to reduce criminal culpability for business organizations in 1991
    • 2004 Amendments encourage business organizations to partner with Federal government and promote self policing, reporting and cooperation in investigations of its own wrongdoing.
  – Sarbanes-Oxley Act required United States Sentencing Commission to review and amend guidelines to enhance compliance program effectiveness
### Sentencing Guideline Amendments of 2004

The United States Sentencing Commission’s Original Essential Elements for a Compliance Program

- **Standards of Conduct and Policies and Procedures**
  - Developed and distributed to all employees to promote a commitment to compliance
- **Compliance Officer**
  - Focal point for compliance activities
- **Education and Training**
  - Continued education and training essential for an effective compliance program
- **Monitoring and Auditing**
  - Process for continuing evaluation for a successful compliance program

### Sentencing Guideline Amendments of 2004 (cont’d)

- **Reporting and Investigation**
  - Communication to detect and prevent misconduct with ability to investigate and implement corrective action
- **Enforcement and Discipline**
  - Discipline for failure to adhere to compliance standards and procedures
- **Response and Prevention**
  - Ability to respond to and correct non-compliant activity and conduct.
What Does the Government Expect from Business Organizations?

- Amendments continue to emphasize prevention and detection of criminal conduct, but further emphasize promotion of organizational culture which encourages compliant and ethical conduct.
- Amendments stress organizational responsibility, risk assessment and ethical behavior.
- Ongoing training and monitoring.
- Strict legal compliance must be accompanied by a strong commitment to proactive governance and management of risk and ethical behavior. Require greater scrutiny on delegation of authority.
- Amendments adopt “carrot and stick” approach regarding criminal penalties for business organizations.
- Compliance with law, but also implement “best practices”.

Business Conduct Policies

John M. Stoxen
Director, Business Conduct and Compliance
3M Business Conduct Program Structure

Board oversight

Executive strategic direction

Operational initiatives

Specialized compliance expertise

1991

CEO

Audit Committee

Exec VP

Div/Staff VP, Sub MD

Director, Business Conduct and Compliance

Compliance Contact

Compliance Contact

EHS Compliance

Government Contract Compliance

Health Care Compliance

2004

3M Code of Conduct Timeline
Preamble

“3M believes that to serve the best interests of our customers, suppliers, stockholders, employees and the communities in which we operate, we must transact business affairs fairly, impartially, and in a manner which meets the highest legal and ethical standards.”
Executive Communication Packet

Issued Nov. 1988

English only

Contents:
- Business Conduct Policy
- 25-minute audiotape interview with CEO and other senior executives
- Communication outline
- Training hypotheticals

Issued Jan. 1993

47 pages

A4 size

English only

Contents:
- Business Conduct Committee duties, membership
- 15 policies
  - Compliance with Laws and 3M Policies
  - Ethical Business Conduct Guidelines
  - Antitrust
  - Conflict of Interest
  - Business Gifts
  - Securities Trading
  - Accounting and Auditing
  - Competitive Information
  - EHS
  - International Business
  - Government Agencies
  - Hiring Government Employees
  - Political Activities
  - Political Contributions
  - Lobbying
**Business Conduct Manual**

**Issued April 1993**

- 41 pages
- 3.5 x 8.5-inch pamphlet
- English only

**Contents:**
- "Highlights" (1-2 page summaries of each policy)

---

**Business Conduct Manual**

**Issued  Sep. 1998**

- 79 pages
- A4 size
- English only
- Online version

**Contents:**
- 18 policies
- Quick Reference Guide (matrix showing which policies apply to job functions)
- Index
Related policy manuals:
- FCPA
- Anti-boycott
- Government contracts

International revolt!
Sumitomo 3M (Japan)
Issued Nov. 1999
Full-text translation paid for by the subsidiary
Issued Dec. 2001

5 x 8.5-inch pamphlet

21-30 pages

8 languages
• Arabic
• Dutch
• English
• French
• German
• Russian
• Spanish
• Turkish

Contents:
“Highlights” of all 18 policies
Goals of 2004 Relaunch

- Add translations
- Be more sensitive to local customs, laws
- Create Internet transparency on 3M.com
- Simplify language
- Shorten policies
- Add examples, FAQs, learning tools
- Move to online access
- Be able to update on as-needed basis

Issued May 2004

8.5 x 11-inch PDF size

67 pages (English)

Online access only

15 languages
- Chinese (Simplified)
- Chinese (Traditional)
- English
- French (Parisian)
- German
- Indonesian
- Italian
- Japanese
- Korean
- Polish
- Portuguese (Brazilian)
- Russian
- Spanish
- Thai
- Turkish
2004 Relaunch: New Sections

• Our commitment to legal and ethical conduct (CEO introduction)
• What these policies require of:
  – 3M employees
  – Others acting on 3M’s behalf
  – 3M leaders
• How these policies are administered
• If you have business conduct concern
• Retaliation is prohibited
Business Conduct

Our Commitment

3M Chairman, President and CEO George W. Buckley discusses 3M's worldwide commitment to doing business legally and ethically.

Speak Up

What you can do if you have a business conduct question or concern.

Policies

Read 3M's Business Conduct Policies online or print a PDF version in many languages.

Learning Center

Find out more about 3M's business conduct program, and see how employees have responded to real-life business conduct challenges.

Policy Center

Corporate Policies

- Business Conduct
- Conflicts of Interest
- Environmental, Health and Safety
- Human Resources
- Security

Business Conduct Policies

- Code of Ethics
- Business Conduct Guidelines
- Environmental, Health and Safety
- Human Resources
- Security

Operations in a Global Marketplace

- Anti-Bribery
- Anti-Competition Law
- Export, Import and Trade Compliance

Doing Business with Government Agencies and Government Contractors

- Ethics of Former and Current Government Employees and Consultants
- Lobbying
- Political Activities

Publishing Policies

- Standard Operating Procedure
- Process Flow Diagram
- Policy Attributes and Template
- Policy Owners

About These Policies

- How to Use These Policies
- What These Policies Require
- How These Policies Are Administered
- If You Have a Business Conduct Concern
- Retaliation is Prohibited

Full Printable Version

Business Conduct Policies in English

Other Languages

3M Source
Securities Trading and Insider Information

Policy Statement

3M employees worldwide, anyone doing business for or with 3M and others acting on their behalf. As a general policy, it applies to all transactions and situations where 3M business is conducted and to all company-sponsored events.

What it means

- Generally, any information that an investor might use to decide whether to buy, sell or hold securities is material information. This includes:
  - Company or business information or financial results.
  - Possible mergers, acquisitions, divestitures or joint ventures.
  - Changes in strategies or business plans.
  - Product developments.
- Information is not public until it has been disclosed to the investing public through reliable third-party news services. A person who knows the information is material and who passes it on to someone else must not retain it.

What to avoid

- Sharing or passing along any information regarding any company with anyone in possession of material, non-public information concerning that company.
- Disclosing material, non-public information about a company to any other person, except as necessary, intended or solicited by the company's securities traders and the company.

About these Policies

- How to Use These Policies
- How These Policies Are Administered
- If You Have a Business Conflict Concern
- Retaliation is Prohibited

Full Printable Version

- Business Conduct
- Fraud - in English and Arabic
- Other Languages

Access to this content requires a password.

Source: 3M United States

Policy Center
Corporate Policies
Executive Leadership
Quality and Environmental
Sustainability
Health Care
Human Resources
Security

Policy Center: Business Conduct

3M
United States
Simplifying is Far from Simple

- Start with a useful template
  - Policy Statement
  - What it Means
  - What to Avoid
- Use a professional writer to stamp out legalese
- Target writing for your lowest-level employees
  - Microsoft Word has Fleisch-Kincaid readability metrics built-in (e.g., percentage of passive sentences, grade level)
  - Activate in Tools, Options, “Show readability statistics”
- Tell the final reviewers to make only essential changes (especially lawyers!)
- Consider moving non-essential information to other locations (e.g., FAQs, training courses)

International Issues to Consider

- Can one code work worldwide?
- How many languages do you need?
- Use a good translation vendor
  - Insist on translators with fresh skills
  - Be wary of computerized solutions
- Employees in each country need to review and edit the code, especially if translated
  - Only people inside the company know your culture
  - Ideal job for local ethics and compliance contacts
- Have in-country legal counsel review and approve
  - Local law must be considered
  - May create Works Council issue in some countries
### Doing Business Legally and Ethically

- Compliance
- Ethical Business Conduct

### Protecting 3M’s Reputation and Assets

- Business Gifts and Entertainment
- Information Security and Confidentiality
- Conflict of Interest
- Electronic Resources
- Internal Controls, Financial Reporting, Document Retention and Auditing
- Securities Trading and Insider Information
### Respecting Each Other and Our Communities

- Advertising and Product Representation
- Environmental, Health and Safety
- Harassment
- Privacy

### Operating a Global Marketplace

- Antitrust and Competition Law
- Anti-Bribery
- Export, Import and Trade Compliance
### Dealing with Governments

- Doing Business with Government Agencies and Government Contractors
- Hiring Former and Current Government Employees and Consultants
- Lobbying
- Political Activities

### Compliance Policy

- Understand and comply with all laws and 3M Business Conduct Policies
- Help with 3M’s ethical culture
  - Live 3M values
  - Report suspected business conduct violations
- Get help when you face a tough decision
  - Management
  - Legal Counsel
  - Business Conduct Policy FAQs
  - Business Conduct Department
  - Online Question Tool
3M Business Conduct Policies

Speak Up
Integrity, Trust & Reputation

All companies face business conduct violations. Great companies uncover violations early and fix them fast. Protect 3M’s great reputation by speaking up if you see something that doesn’t seem right. To speak up using a web form, go to www.3M-Ethics.com, or call 1-877-3M-ETHICS in the U.S. Toll-free numbers for other countries are at www.3M-Ethics.com. Reports can be anonymous.

Ethical Business Conduct Guidelines

- Ethical business conduct requires more than strict compliance with laws and policies
- Often no law or policy applies, but we still need to make good ethical decisions
Ethical Business Conduct Questions

- Is this action consistent with 3M's corporate values of uncompromising honesty and integrity?
- Will this action protect 3M's reputation as an ethical company?
- Can this action withstand public scrutiny?
Every Employee

Overview

Cindy is a 3M supervisor. Jack is her assigned 3M legal counsel.

Cindy: Jack, I'm a little concerned about a gift I've been offered by a vendor who's bidding for our business.

Jack: Something tells me you're not talking about a pen inscribed with their company logo.

Cindy: No--more like tickets to a big sports event.

Jack: Do you think if you went, you'd feel pressured to recommend that company over the others?

Quiz

Question 1

Josh is faced with a business conduct issue.

Where is the first place he should go for answers?

- To his assigned 3M legal counsel
- To his manager
- To another 3M employee with more seniority
- To the 3M Business Conduct Policies
**Human Resources: Security**

Quarterly Challenge: The "Gifted" Employee

Quarterly Challenge: E-Mail Exposure

**Doing the Right Thing:**

Real situations in which 3M employees have refused to bow to pressure to compromise on our business conduct principles.

- Easing a Guilty Conscience
- Getting Appropriate Review of an Outside Employment Opportunity
- Good Decision to Recall Product
- Refusal to Pay Bribe
- Patience Pays Off
- Preventing an Illegal Export
- The Unintended Confidential Attachment
- Refusal to Sink to the Level of an Unethical Competitor
- Good Business Ethics Are Good Business
- Refusing to Sweep a Problem Under the Rug

**Doing the Wrong Thing:**

3M has earned a reputation for operating with uncompromising honesty and integrity. Like any multinational company with more than 70,000 employees, however, we occasionally have employees who fall short of our high standards for business conduct. The examples in this section are offered to illustrate that the Company is serious about rooting out business conduct violations, and that 3M takes strong action when violations are substantiated. The examples are based on actual events, although names and other identifying information have been removed to protect the privacy of individuals involved.

- Fraudulent Rebate Scheme
- Cheating on Time Reporting
- Over Reporting Company Mileage
**2008 General Mills Code of Conduct**

Chris Collin  
Manager, Ethics & Compliance

---

**Ethics & Compliance Program Vision**

One global culture in which an unwavering commitment to ethics and compliance shapes all relationships and guides all decisions and actions.

*Every decision • Every action • Every day.*
**Ethics & Compliance Program Goals**

- Consistent with General Mills high integrity heritage and culture, Ethics & Compliance globally will:
  - ensure employees behave ethically and act in compliance with the Code of Conduct, our policies and the law.
  - leverage internally and externally our highly ethical culture and reputation.

**Code’s Rules**

- Culture – Reflects who we are
- Sets tone for how we conduct business globally
  - Affirms CEO commitment to ethics and compliance
  - Ties ethics to business
  - Sets out expectations and standards
- Foundation of Ethics & Compliance Program
  - Everything stems from Code
  - Key building block for communications
Why Update?

- It’s been 4 years
  - Typical life is 3 – 4 years
- Program and approach has evolved
- Reflect global nature of the company
- Opportunity to:
  - Adopt more effective structure
  - Update messages
  - Clarify and highlight key areas
  - Reinforce General Mills Nourishing Lives mission

Key Insights Since 2003

- Employees seeking guidance and opportunities to discuss ethics
- Real life examples are powerful
- Must be global in tone and reach
- Code can play a more prominent role in guiding employees
- Decision framework is critical to helping employees address issues
Getting Started

- Brand Architecture
  - Identify target audience
- Strategy Statement
  - Identify objectives, themes
- Benchmarking
  - Identify the best of the best
**Strategy Statement**

- Provide focus for drafting and design
- Define
  - Objectives
  - Audience
  - Use
  - Theme & Messages
  - Tone
  - Style
  - Features

**Strategy Statement – Objectives**

- Reinforce commitment to high standards of ethical behavior
- Build pride in General Mills’ ethical legacy
- Highlight and reflect our culture, mission, policies, resources and tools
- Communicate expectations of employees and managers
  - Ethical behavior
  - Personal responsibility
  - Continuous learning
- Guide employees
- Highlight available resources
Strategy Statement – Audience

- Employees around the world
- General Mills Board of Directors
- Consumer, Customers, Vendors and Suppliers
- Shareholders, Investor Groups and Community Partners

*Brand Target: Middle Managers*

Strategy Statement – Key Messages

- Culture of integrity deeply ingrained in our DNA
- Commitment to high standards of ethical behavior
- Ethical standards contribute to business success
- Pride
- Personal responsibility
- Transparency
- Endorsement from top
- Every decision. Every action. Every day.
- Candor and courage
- Perception matters
- Continuous learning. Continuous improvement
### Strategy Statement – Tone

- Business focused, but informal
- More personal ("A Champion’s Code of Conduct")
- Positive, reinforcing
- Approachable, friendly
- Helpful
- Practical, user-friendly

### Strategy Statement – Style

- Business focused
- Contemporary
- Clean, simple
- Less is more
### Strategy Statement – Features

- Table of contents
- CEO letter
- Employee responsibilities
- Policy summaries highlighting key areas
- Greater attention to international business
- Q&A, short case studies
- Enhancements to build pride – statistics, awards
- Resources and tools (including Ethics Line)
- Index
- Corresponding posters for certain groups (e.g., International, plants)

### Benchmarking

- Benchmarked 25 codes
  - P&G, Coca-Cola, Kraft, Kellogg’s, PepsiCo, 3M, Best Buy, Accenture, Nestle, Campbell’s, Apple, Boeing, Gap, J&J, Nike, Starbucks, Target, Wal-Mart, GE
  - Used most effective elements and tailored to General Mills
Benchmarking – Code Metrics

Applied metrics used by external organizations:

- **Public availability** – readily available
- **Tone at top** – leadership’s visible commitment
- **Readability and tone** – easy to read; reflects target audience
- **Non-retaliation** – clear statement
- **Commitment to stakeholders** – clearly stated
- **Risk topics** – all relevant risk areas appropriately addressed
- **Learning aids** – Q&As, checklists, examples
- **Presentation/style** – effective layout, fonts, pictures and structure

The Process

**Internal Consultants**

- Ethics & Compliance Group
- Communications
  - Ensure Code is consistent in approach, look and feel to other publications (i.e., *Nourishing Lives, Corporate Social Responsibility*)
- Subject Matter Experts
  - Ensure messages are on-point and answer key, common questions
- Key Stakeholders
  - Ensure message is consistent, appropriate
- Executive Review
  - Final review
The Process

Outside Consultants

• Writer
  – Writing clarity
  – Seamless “voice”
  – Reading level
• Designer
  – Consistency of design
  – Branded look and feel
• Photographer
  – Looks like General Mills
  – Actual employees and locations

Final Product

A Champion’s Code of Conduct

- Launched January, 2008
- Available in 11 languages
- Delivered to employees worldwide
Code Enhancements

Expectations clearly outlined

We expect you to do the right thing. And we expect you to ask for help if you are in doubt as to the right course of action.

Code Enhancements (cont’d)

Decision model upfront and expanded

Ethical companies are built by ethical people

Know what’s expected, speak up

Set an example

Our pledge

Ethical companies are built by ethical people. At all times, we are committed to responsible corporate citizenship. We are dedicated to building a reputation that serves our shareholders, customers, and employees. We are accountable to our stakeholders, and we pride ourselves on our commitment to a culture of integrity and transparency.

Know what’s expected, speak up

Set an example

Our pledge

Ethical companies are built by ethical people. At all times, we are committed to responsible corporate citizenship. We are dedicated to building a reputation that serves our shareholders, customers, and employees. We are accountable to our stakeholders, and we pride ourselves on our commitment to a culture of integrity and transparency.

Expectations

You can expect:

- A safe and secure work environment.
- Opportunities for personal and professional growth.
- Fair and equitable treatment.
- Honest and open communication.
- Respect and dignity for all employees.
- Access to resources and information.
- Support and encouragement in professional and personal development.
- A commitment to ethical standards.

We expect:

- Consistency in the way we conduct our business.
- Integrity in all our dealings.
- Accountability for our actions.
- A commitment to sustainable practices.
- A positive impact on the communities we serve.

We also expect:

- A culture of transparency and honesty.
- A commitment to continuous improvement.
- A respect for diversity and inclusion.
- A focus on ethical decision-making.
- A commitment to social responsibility.

Our pledge:

We are dedicated to building a culture of integrity and transparency. We are committed to ethical decision-making and responsible corporate citizenship. We are accountable to our stakeholders, and we pride ourselves on our commitment to a culture of integrity and transparency.
Code Enhancements (cont’d)

- Expanded treatment of key topics
  - Conflict of Interest
  - Gift & Entertainment
  - Competitive Intelligence
  - Insider Trading
  - Careful Document Drafting

Table of Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter from the CEO</td>
<td>1</td>
</tr>
<tr>
<td>Doing what’s right - every day</td>
<td>2</td>
</tr>
<tr>
<td>Testing employee wall</td>
<td>4</td>
</tr>
<tr>
<td>Protecting our assets</td>
<td>6</td>
</tr>
<tr>
<td>Maintaining consumer trust</td>
<td>8</td>
</tr>
<tr>
<td>Managing the risks and assets carefully</td>
<td>10</td>
</tr>
<tr>
<td>Conveying legal appropriately</td>
<td>12</td>
</tr>
<tr>
<td>Our community, our world</td>
<td>16</td>
</tr>
</tbody>
</table>

- Acting in the best interest of General Mills
- Competing fairly and legally
- Building effective relationships
- Doing business around the world
- Upholding global standards
- Maintaining corporate integrity
- Procuring a question, concern, or wish to report a violation
- International Ethics Line access
- Index

Spark Mullen

ETHICS & COMPLIANCE
Doing business around the world

Code Enhancements (cont’d)

Stronger global focus

- Tone throughout code speaks to global business
- Uses specific sections to highlight global presence, standards and responsibilities

Upholding global standards

- Handling money legally
- The need for clear direction and support
- Ensuring integrity
- Standards for doing business
- Upholding global standards

ETHICS & COMPLIANCE
Every action. Every decision. Every day.
Code Enhancements (cont’d)

- Expanded resources
  - Ethics & Compliance group
  - Web-based employee reporting

Launch Strategy

- Launched by CEO at All-Employee Mid-Year Meeting
- Simultaneously launched E&C Website
- Feature story on Champs Network
- Utilized existing meetings at HQ to reinforce message
- Global Distribution – Distributed to HQ & Manufacturing Employees
- Posters for International locations & US Plants
Branding Opportunities

Posters
- US Plants
- International Offices & Plants

Branding Opportunities (cont’d)

- Ethics & Compliance Toolkit Training Decks
  - Building Great Leaders
  - Attorney-led Ethics & Compliance training
  - 5 / 10 / 20 minutes mini-meetings
- Consistent messaging
- Consistent “look and feel”
Central Ethics & Compliance Website

Ethics & Compliance

Do what’s right — every day

- Act consistently with the law, our policies and our code of conduct.
- Act ethically and with integrity.
- Know what is expected of you.
- Respect ethics.
- Protect company property and financial resources.
- Avoid situations that appear to be improper.
- Establish business relationships between family members and the company.
- Help sustain the environment.

Every Decision • Every Action • Every Day

Ethics & Compliance Contacts

- Ask a question
- Make a suggestion
- Order copies of the Code of Conduct
- Order a Code of Conduct poster
- Nominate an "Ethics Champion"

- "Did you know..."
- Online Ethics & Compliance training completed, total over 50,000. Please ask the status of your training by clicking here.
- General Info ● Every World’s Most Ethical Companies Despiration ● Endorsements ● Online Courses Launched

Ethics Site

- "How to report..."
- Online Ethics & Compliance training completed, total over 50,000. Please ask the status of your training by clicking here.
- General Info ● Every World’s Most Ethical Companies Despiration ● Endorsements ● Online Courses Launched

Entire Site is Translated
Corporate Policies Home Page

Our Corporate Policies represent the Company's position on matters that are significant to General Mills. These policies outline the expectations for our employees:

- Corporate Policies
- Code of Conduct
- Equal Employment
- Diversity
- Ethics
- Performance
- Privacy

Online Training Home Page

General Mills’ Ethics and Compliance training program highlights key elements of our Code of Conduct and provides deeper insight on how to handle situations we face in our day to day business. Some courses are designed for specific audiences and are intended for all General Mills employees. The courses you find in your “My Courses” page are assigned to you based on the responsibilities you have at General Mills. If you would like to take other courses in Ethics & Compliance curriculum, contact ethics@genmills.com.

You will be notified by email when you have been assigned an Ethics & Compliance course. If you have any questions on the courses assigned to you, contact Ethics & Compliance at ethics@genmills.com.

Go to My Courses to get started.

Recent course launches:  Current E&C curriculum:
The End Result

- Positive Employee Response
- Branded Communications
- Branded Training
- Corpedia Rating: A
The World’s Most Ethical Companies ...

- The ETHISPhERE criteria:
  - 5% - Industry Leadership
  - 10% - Corporate Governance
  - 15% - Innovation that contributes to the public well being
  - 15% - Executive leadership and tone at the top
  - 15% - Internal systems and ethics/compliance program
  - 20% - Legal, regulatory and reputation track record
  - 20% - Corporate Citizenship and Responsibility

- And the “Winners” are:
  - For results and a list of the “Winners” see:
    http://ethisphere.com/wme2008/
**Evaluation and Benchmarking Tool**

- Health Care Compliance Association (HCCA) Work Group
  - Developed by HCCA Special Committee for Payors/Managed Care
  - Task of Identifying Key Components of a Code of Conduct
  - Task of Developing an Evaluation Tool to Benchmark Components
  - Recognition that Benchmarking is Not Exact Science
  - Each Organization Should Apply the Tool with an Eye Towards the Unique Characteristics of the Organization

**How to Use Evaluation Tool**

- **Weight** - “1”, “2”, or “3”, depending upon the relative importance
- **Value** - “0”, “2”, “4”, depending upon the relative effectiveness
- Assign appropriate numerical value to each component
- Multiply the value of the characteristic times the weight of the component to determine the score
- The overall score will fall within a range indicating
  - The code may not be effective
  - The code is somewhat effective, but still presents risks for the organization, rather than helping minimize risks
  - The code contains some good elements, but enhancement would increase effectiveness
  - The code represents best practices on numerous accounts
### Code of Conduct Evaluation and Scoring Tool

<table>
<thead>
<tr>
<th>Component</th>
<th>Value 0</th>
<th>Value 2</th>
<th>Value 4</th>
<th>Score (Weight x Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong> (Weight - 2)</td>
<td>No mention of Code of Conduct purpose.</td>
<td>Identifies purpose of Code of Conduct.</td>
<td>Message from CEO reinforcing importance of code and its purpose.</td>
<td>Weight = 2</td>
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<tr>
<td><strong>Audience</strong> (Weight - 1)</td>
<td>No audience specified.</td>
<td>Specifies audience as employees only. Other categories of individuals not addressed.</td>
<td>Specifies employees and others or addresses how other groups are bound by a code (trustees, employees, company officers, agents/brokers, vendors/suppliers, contractors/consultants, subsidiaries, students/residents, volunteers).</td>
<td>Weight = 1</td>
</tr>
<tr>
<td><strong>Readability</strong> (Weight - 3)</td>
<td>3-4 of the above</td>
<td>4-7 or more</td>
<td>3-4</td>
<td>Weight = 3</td>
</tr>
<tr>
<td><strong>Format</strong> (Weight - 2)</td>
<td>Clear, handy</td>
<td>Not clear, tedious</td>
<td>Unreadable</td>
<td>Weight = 2</td>
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### Code of Conduct Evaluation and Scoring Tool (cont’d)

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</thead>
<tbody>
<tr>
<td><strong>Tone</strong> (Weight - 1)</td>
<td>Uses a directive (“thou shalt not”) and threatening tone throughout the document.</td>
<td>Consistently uses a consultative tone throughout the document. Makes employee feel guided, not threatened.</td>
<td>Overall, uses a consultative and helpful tone, selectively using a directive tone when appropriate (e.g. non-retaliation).</td>
<td>Weight = 1</td>
</tr>
<tr>
<td><strong>Statement of Values</strong> (Weight - 2)</td>
<td>Values presented are not an honest reflection of the company’s culture and management.</td>
<td>No value statement is included in the code of conduct.</td>
<td>A statement is included describing how the code is aligned with other company values and the organization’s mission statement.</td>
<td>Weight = 2</td>
</tr>
<tr>
<td><strong>Reporting</strong> (Weight - 3)</td>
<td>Reporting is not addressed.</td>
<td>The process of how to report a code violation is described.</td>
<td>Along with a description of the process for reporting code violations, the code includes an explanation of why individuals are obligated to report violations and an explanation of what will happen when they report a potential violation.</td>
<td>Weight = 3</td>
</tr>
<tr>
<td><strong>Non-Retaliation Language</strong> (Weight - 3)</td>
<td>Absence of non-retaliation language. OR The code includes non-retaliation language but, in practice, it is not followed.</td>
<td>Non-retaliation language is included along with a commitment to discipline employees who retaliate.</td>
<td>In addition to having non-retaliation language and a commitment to discipline employees who retaliate, the code includes instructions about what to do if an employee is retaliated against.</td>
<td>Weight = 3</td>
</tr>
<tr>
<td><strong>Policy Description</strong> (Weight - 3)</td>
<td>Code is sole source of policies. OR Policies are oversimplified. OR Policies are too detailed.</td>
<td>All policies are listed (title only) along with directions on how to locate the policy.</td>
<td>Summaries of the policies most important to the compliance and ethics program and/or policies that apply to most employees are included along with directions on how to access the entire policy.</td>
<td>Weight = 3</td>
</tr>
</tbody>
</table>
### Code of Conduct Evaluation and Scoring Tool (cont’d)

<table>
<thead>
<tr>
<th>Component</th>
<th>Value 0</th>
<th>Value 2</th>
<th>Value 4</th>
<th>Score Weight x Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Versioning</td>
<td>Different versions are not maintained.</td>
<td>A history of the document is maintained but it is not easily identifiable on the policy.</td>
<td>Current and previous versions of a policy are maintained and are easily identified.</td>
<td>Weight = 2 Value = 0 Score = 0</td>
</tr>
<tr>
<td>Distribution</td>
<td>No formal process to distribute the code.</td>
<td>Annual distribution to all employees along with periodic announcements of revisions/updates. New employees receive a copy of the code.</td>
<td>Available at all times electronically with periodic announcements of revisions/updates. New employees receive a copy of the code.</td>
<td>Weight = 3 Value = 0 Score = 0</td>
</tr>
<tr>
<td>Employee Awareness</td>
<td>No reminder</td>
<td>Annual reminder</td>
<td>Multiple avenues for reminding employees throughout the year.</td>
<td>Weight = 3 Value = 0 Score = 0</td>
</tr>
<tr>
<td>Certification</td>
<td>No acknowledgement required of employees</td>
<td>One-time acknowledgement when employee initially receives the code.</td>
<td>Annual acknowledgement that the employee has access to, read, and understands the Code of Conduct</td>
<td>Weight = 3 Value = 0 Score = 0</td>
</tr>
<tr>
<td><strong>TOTAL SCORE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Now You Use the Tool

- Background on JC & J Manufacturing Company
- Code of Conduct Walkthrough
- Evaluation and Scoring
Overview of JC & J Manufacturing Company

JC & J Manufacturing Company (JCJ) was founded in 1995 by three engineers. The company has grown to more than 500 employees throughout the State of Illinois and 250 at a facility in Mexico. JCJ is proud of their Code of Conduct which was developed in 1998 by an outside consultant.

All employees received a copy of the code when it was developed and all new employees receive it as part of the New Employee Orientation packet. In addition, HR annual sends a memorandum to employees reminding them to familiarize themselves with the Code.

Overview of JC & J Manufacturing Company (cont’d)

Recently, JCJ settled a lawsuit brought by a former employee who alleged JCJ inappropriately disposed of waste from one of its factories. The employee was fired after bringing the allegations to her manager. The CEO recently retired to Minnesota.

A new CEO has been hired and instructed the compliance officer to review the code and recommend any changes.
### JCJ Code of Conduct

(Hypothetical Attached)

### Evaluation and Scoring

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Purpose</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No mention of Code of Conduct purpose.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Identifies purpose of Code of Conduct.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Message from CEO reinforcing importance of code and its purpose.</td>
<td></td>
</tr>
</tbody>
</table>

Value = _____

Multiply by Purpose Weight ____ x 2

Score = _____
### Evaluation and Scoring (cont’d)

#### Value Component: Audience

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Audience</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No audience specified.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Specifies audience as employees only. Other categories of individuals not addressed.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Specifies employees and others or addresses how other groups are bound by a code (trustees, employees, company officers, agents/brokers, vendors/suppliers, contractors/consultants, subsidiaries, students/residents, volunteers).</td>
<td></td>
</tr>
</tbody>
</table>

Value =  
Multiply by Audience Weight \( \times 1 \)
Score =

### Evaluation and Scoring (cont’d)

#### Value Component: Readability

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Readability</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>8-10\textsuperscript{th} grade reading level</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plain, direct language (layperson vs. legalese)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uncomplicated syntax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Offered in multiple languages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Active voice</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sentences 14 words or less and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paragraphs no more than 5 lines</td>
<td></td>
</tr>
<tr>
<td></td>
<td>One-and two syllable words</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acronyms defined – no jargon</td>
<td></td>
</tr>
<tr>
<td>0 - 2 of the above</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3 - 4</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>5 or more</td>
<td></td>
</tr>
</tbody>
</table>

Value =  
Multiply by Readability Weight \( \times 3 \)
Score =
### Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Format</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td><strong>User friendly</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Attractive</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Plenty of white space</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Established brand</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Headers and titles</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Vary font size and format</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Color</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Bullets</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Call out of important information</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Graphics</strong></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>0 - 3 of the above</strong></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td><strong>4 - 7</strong></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td><strong>8 or more</strong></td>
<td></td>
</tr>
</tbody>
</table>

Value =

Multiply by Format Weight $x$ 2

Score =

---

### Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Tone</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Uses a directive (“thou shalt not”) and threatening tone throughout the document.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Consistently uses a consultative tone throughout the document. Makes employee feel guided, not threatened.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Overall, uses a consultative and helpful tone, selectively using a directive tone when appropriate (e.g. non-retaliation).</td>
<td></td>
</tr>
</tbody>
</table>

Value =

Multiply by Tone Weight $x$ 1

Score =
### Evaluation and Scoring (cont’d)

#### Value Component: Statement of Values

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Values presented are not an honest reflection of the company’s culture and management.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>No value statement is included in the code of conduct.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>A statement is included describing how the code is aligned with other company values and the organization’s mission statement.</td>
<td></td>
</tr>
</tbody>
</table>

Value = 

Multiply by Statement of Values Weight $x \ 2$

Score = 

---

### Evaluation and Scoring (cont’d)

#### Value Component: Reporting

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Reporting is not addressed.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The process of how to report a code violation is described.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Along with a description of the process for reporting code violations, the code includes an explanation of why individuals are obligated to report violations and an explanation of what will happen when they report a potential violation.</td>
<td></td>
</tr>
</tbody>
</table>

Value = 

Multiply by Reporting Weight $x \ 3$

Score =
## Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: <strong>Non-Retaliation</strong></th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Absence of non-retaliation language, OR, the code includes non-retaliation language but, in practice, it is not followed.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Non-retaliation language is included along with a commitment to discipline employees who retaliate.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>In addition to having non-retaliation language and a commitment to discipline employees who retaliate, the code includes instructions about what to do if an employee is retaliated against.</td>
<td></td>
</tr>
</tbody>
</table>

Value =

Multiply by Non-Retaliation Weight \( \times 3 \)

Score =

---

## Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: <strong>Policy Description</strong></th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Code is sole source of policies, OR policies are oversimplified, OR policies are too detailed.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>All policies are listed (title only) along with directions on how to locate the policy.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Summaries of the policies most important to the compliance and ethics program and/or policies that apply to most employees are included along with directions on how to access the entire policy.</td>
<td></td>
</tr>
</tbody>
</table>

Value =

Multiply by Policy Description Weight \( \times 3 \)

Score =
### Evaluation and Scoring (cont’d)

#### Component: Versioning

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Different versions are not maintained.</td>
</tr>
<tr>
<td>2</td>
<td>A history of the document is maintained but it is not easily identifiable on the policy.</td>
</tr>
<tr>
<td>4</td>
<td>Current and previous versions of a policy are maintained and are easily identified.</td>
</tr>
</tbody>
</table>

Value = 

Multiply by Versioning Weight \( \times 2 \)

Score = 

---

#### Component: Distribution

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No formal process to distribute the code.</td>
</tr>
<tr>
<td>2</td>
<td>Annual distribution to all employees along with periodic announcements of revisions/updates. New employees receive a copy of the code.</td>
</tr>
<tr>
<td>4</td>
<td>Available at all times electronically with periodic announcements of revisions/updates. New employees receive a copy of the code.</td>
</tr>
</tbody>
</table>

Value = 

Multiply by Distribution Weight \( \times 3 \)

Score = 

### Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Employee Awareness</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No reminder</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Annual reminder</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Multiple avenues for reminding employees throughout the year.</td>
<td></td>
</tr>
</tbody>
</table>

Value = __________

Multiply by Employee Awareness Weight $\times 3$

Score = __________

---

### Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Value</th>
<th>Component: Certification</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No acknowledgement required of employees</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>One-time acknowledgement when employee initially receives the code.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Annual acknowledgement that the employee has access to, read, and understands the Code of Conduct.</td>
<td></td>
</tr>
</tbody>
</table>

Value = __________

Multiply by Certification Weight $\times 3$

Score = __________
### Evaluation and Scoring (cont’d)

<table>
<thead>
<tr>
<th>Component</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td></td>
</tr>
<tr>
<td>Audience</td>
<td></td>
</tr>
<tr>
<td>Readability</td>
<td></td>
</tr>
<tr>
<td>Format</td>
<td></td>
</tr>
<tr>
<td>Tone</td>
<td></td>
</tr>
<tr>
<td>Statement of Values</td>
<td></td>
</tr>
<tr>
<td>Reporting</td>
<td></td>
</tr>
<tr>
<td>Non-Retaliation</td>
<td></td>
</tr>
<tr>
<td>Policy Description</td>
<td></td>
</tr>
<tr>
<td>Versioning</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
</tr>
<tr>
<td>Employee Awareness</td>
<td></td>
</tr>
<tr>
<td>Certification</td>
<td></td>
</tr>
</tbody>
</table>

**Total Score =**

### How to Interpret the Results

<table>
<thead>
<tr>
<th>Score</th>
<th>Benchmarking Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 25</td>
<td>Code is not effective.</td>
</tr>
<tr>
<td>26 – 54</td>
<td>Code is somewhat effective, but still presents risks for the organization, rather than helping to minimize risks.</td>
</tr>
<tr>
<td>55 – 75</td>
<td>Code contains some good elements, but enhancements would increase effectiveness.</td>
</tr>
<tr>
<td>76 – 100</td>
<td>Code is strong and is likely to be effective.</td>
</tr>
<tr>
<td>101 – 124</td>
<td>Code represents best practices on numerous accounts.</td>
</tr>
</tbody>
</table>
## Questions

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>John M. Stoxen</td>
<td>Director, Business Conduct and Compliance</td>
<td>3M Company</td>
<td><a href="mailto:jmstoxen@mmm.com">jmstoxen@mmm.com</a></td>
<td>651-733-1540</td>
</tr>
<tr>
<td>Chris Collin</td>
<td>Manager, Ethics &amp; Compliance</td>
<td>General Mills</td>
<td><a href="mailto:chris.collin@genmills.com">chris.collin@genmills.com</a></td>
<td>763-293-3656</td>
</tr>
<tr>
<td>Jennifer M. O’Brien</td>
<td>Shareholder</td>
<td>Halleland Lewis Nilan &amp; Johnson</td>
<td><a href="mailto:jobrien@halleland.com">jobrien@halleland.com</a></td>
<td>612-338-1838</td>
</tr>
</tbody>
</table>