Integrating Ethics and Compliance into Business Operations

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New Pricing Model?

"Jenny, can we charge the client extra because of our reputation for integrity?"
Commitment to agriculture

- Monsanto is the world's leading producer of seeds. We produce leading seed brands in large-acre crops like corn, cotton, and oilseeds (soybeans and canola), as well as small-acre crops like vegetables. We also produce leading in-the-seed trait technologies for farmers that are aimed at protecting their yield, supporting their on-farm efficiency and reducing their on-farm costs.

- In addition to our seeds and traits business, we also manufacture the world's best-selling herbicide, Roundup®, and other herbicides used by farmers, consumers and lawn-and-garden professionals.

- 26,000+ employees worldwide

- USD $11 billion
How many ways can you describe corruption?

- Bribery
- Bid-rigging
- Smoke screens
- Parlor Tricks
- Negligence
- Pay to play
- Sleight of hand
- Dishonesty
- Collusion
- Renegade
- Under the table
- No comment
- Greed
- Payoff
- Whitewash
- Bad apples
- Dirty Business
- Fraud
- Graft
- Go-between
- Short cut
- Cover ups
- Deceit
- Double books
- Back pedaling
- Deception
- Flim Flam
- Malfeasance
- Shell companies
- Skim
- Scam
- Shaft
- Hanky Panky
- Greased palms
- Lined Pockets
- Cronies
- Head in the sand
- Faustian bargains
- Tampering
- Accounting Irregularities
- Bakshish
- Pillage
- Non-compliant
- Fall Guy
- Straw Men
- Fuzzy Math
- Cook the Books
- Asleep at the Wheel
Executive Conference Board Spring 2009 Survey

- A 20% increase in observations of misconduct from the first to the second half of 2008;
- A 5% decline in frontline employee perceptions of senior management's commitment to integrity;
- And an increase in the number of disengaged employees, from one in ten to one in five, causing declines in companywide productivity of up to 5%;
- Business units with the weakest cultures have experienced five times the amount of misconduct as those with the best.
- In other words, when employees perceive a weak ethical culture, misconduct significantly rises.
Transparency International Corruption Index

Scale of 1 (poor reputation) to 10 (good reputation)
Compliance Program Then: DPA Focus

Monsanto Company:

- Entered into a Deferred Prosecution Agreement (DPA) with DOJ in March 2005 which resulted in a fine and appointment of a Monitor for three years.
- Entered into a Cease and Desist Order with the SEC in March 2005 which resulted in a fine and appointment of a Monitor for three years (concurrent).
- On behalf of newly acquired Delta & Pine Land Company, entered into a Cease and Desist Order with SEC in July 2007 which resulted in a fine and appointment of a Monitor for one year (overlap).
- Negotiated the appointment of the same individual as Monitor for the three separate actions.
Compliance Program Strategy

Then
- Putting Out Fires
- Variation In Level Of Understanding
- Communicating Standards From BCO
- Monsanto - Seminis
- Fulfill Obligations Of DPA

Now
- Design Enduring Solutions
- Consistent Application At All Levels
- Finding Ways To Resonate Message At Local Level
- Integration With New Businesses / Employees
- Fulfill Obligations to Stakeholders
Compliance Program Now: New Challenges

- 2 x 2012
- Focus on execution of our Best Practices Program
- Integration of new:
  - Businesses
  - Business models
  - Markets
  - Employees in new positions
  - New Hires
  - Systems
- Sustain Program
  - Continue to embed Integrity into all facets of the business
Job Requirements:

- **High Performance**
  - Achieving specific return on investment / equity / asset
  - Hitting sales or service goals
  - Meeting product development or product launch schedules
  - Attaining productivity increases

Candidate must possess

- **High Integrity**
  - Tenacious adherence to the spirit and letter of the Code
  - Voluntary adoption of the Pledge which binds Monsanto and its employees to common standards
  - Commitment to core values of Dialogue, Respect, Transparency, Sharing, Benefits
Compliance Committee (RWG)
Initiatives are being recognized

Best overall governance, compliance and ethics program

Honorable mentions

- **Pfizer**
  Despite some controversy, it was out front and open with disclosure

- **Microsoft**
  Impressive coordination of global compliance and legal regimes

- **Exelon**
  Extremely proactive and constantly engaged with emerging governance concepts

- **The Hartford**
  Highly effective ethics environment achieved through constant online training

Winner: **Monsanto**

Strategic Internal Partnership

Company Overview

Monsanto Company is a leading provider of biotechnology, genetics, and molecular breeding technology used for herbicides and seeds. Monsanto also produces genetically enhanced seeds (corn, soybeans, and canola). It estimates that more than 30% of the world's wheat and herbicide-resistant crops come its stamp.

Key Concepts
1. Leverage Internal Strengths and Experience in Talent Audit
   Partner strategically across the organization to build audit plans and monitoring strategies based on functional partners' shifting view of corruption risks.
2. Utilize Audit Findings to Improve Organization's Compliance Process
   Share audit results with and regularly with functional partners to showcase best practices and pre-empt common pitfalls.

Key Benefits
1. Partner Response to Corruption Risks
   Building on country and regional management teams to establish FCPA programs allows the company to quickly identify and address corruption risks.
2. Closed Information Gaps
   Sharing FCPA best practices and common mistakes ensures that no institutional knowledge is lost in a globally dispersed FCPA compliance program.
Questions
Thank you

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