

# *Integrating Ethics and Compliance into Business Operations*

November 6, 2009

MONSANTO  
imagine®



Law Department  
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# New Pricing Model?

Integrity

Challenges

Initiatives

Urgency



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

# Monsanto

## 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

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# 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

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# Compliance Trends

## 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.

Integrity

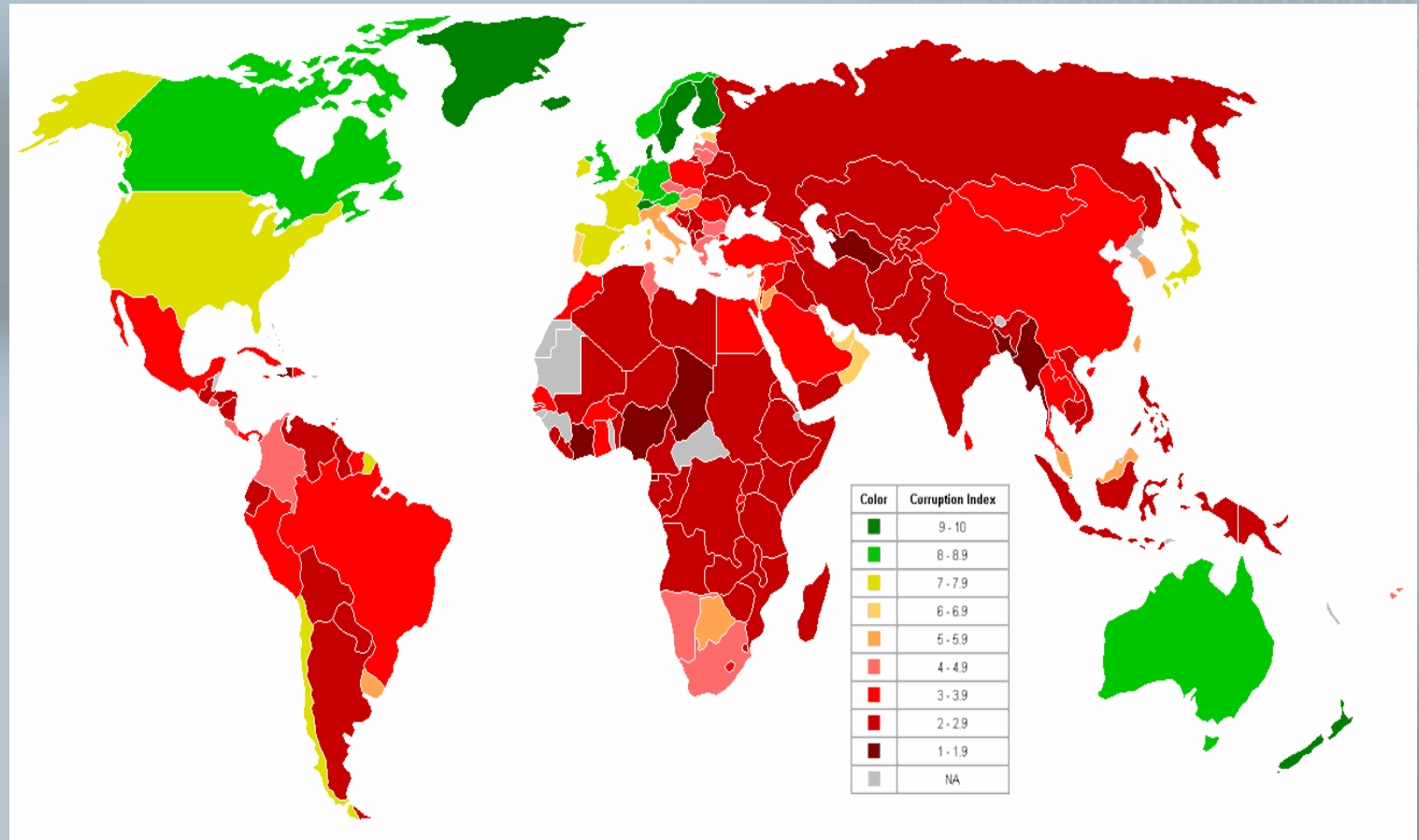
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# Transparency International Corruption Index

Scale of 1 (poor reputation) to 10 (good reputation)



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# 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

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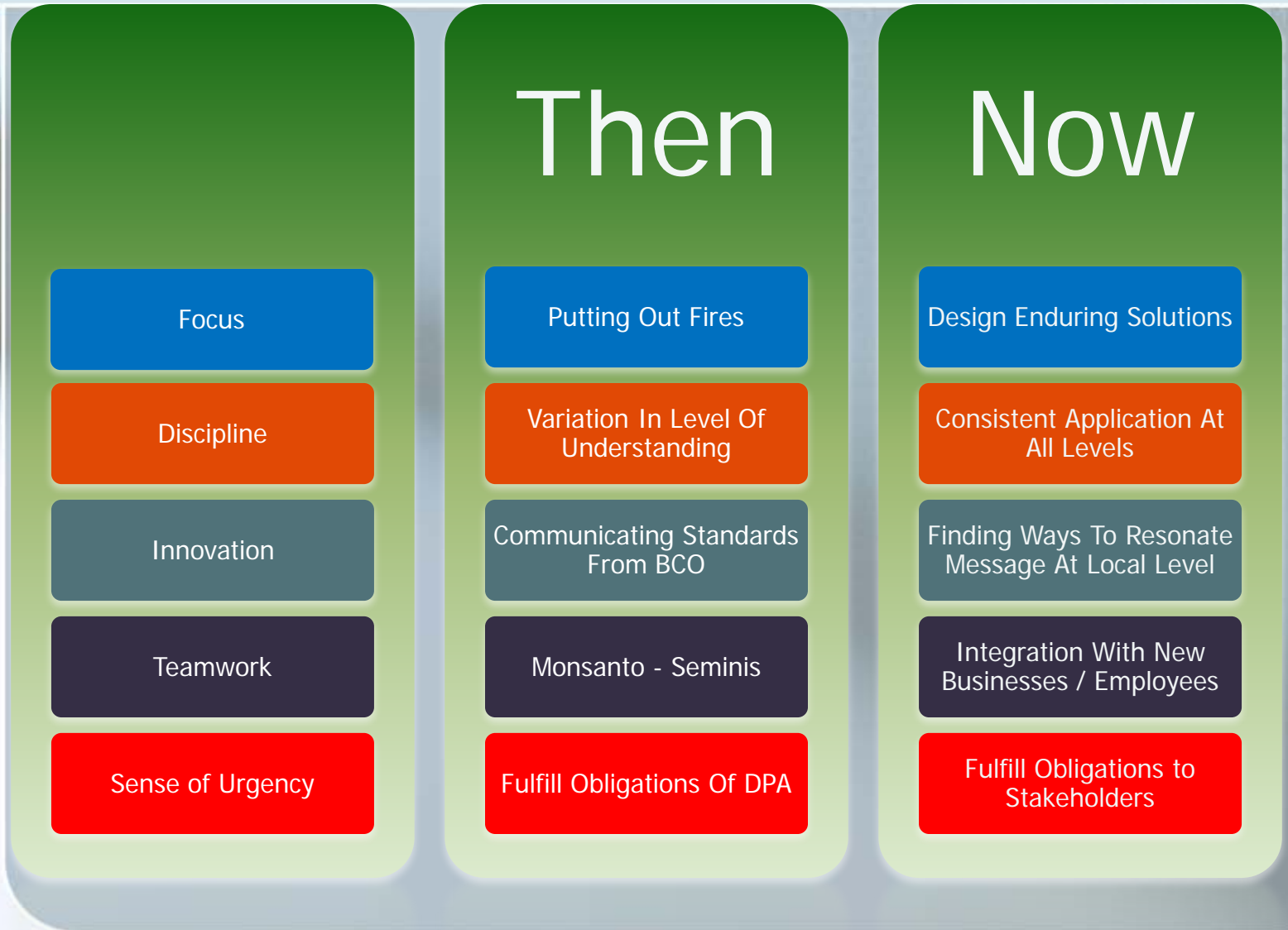
# Compliance Program Strategy

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# 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

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# Monsanto Job Posting

## 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

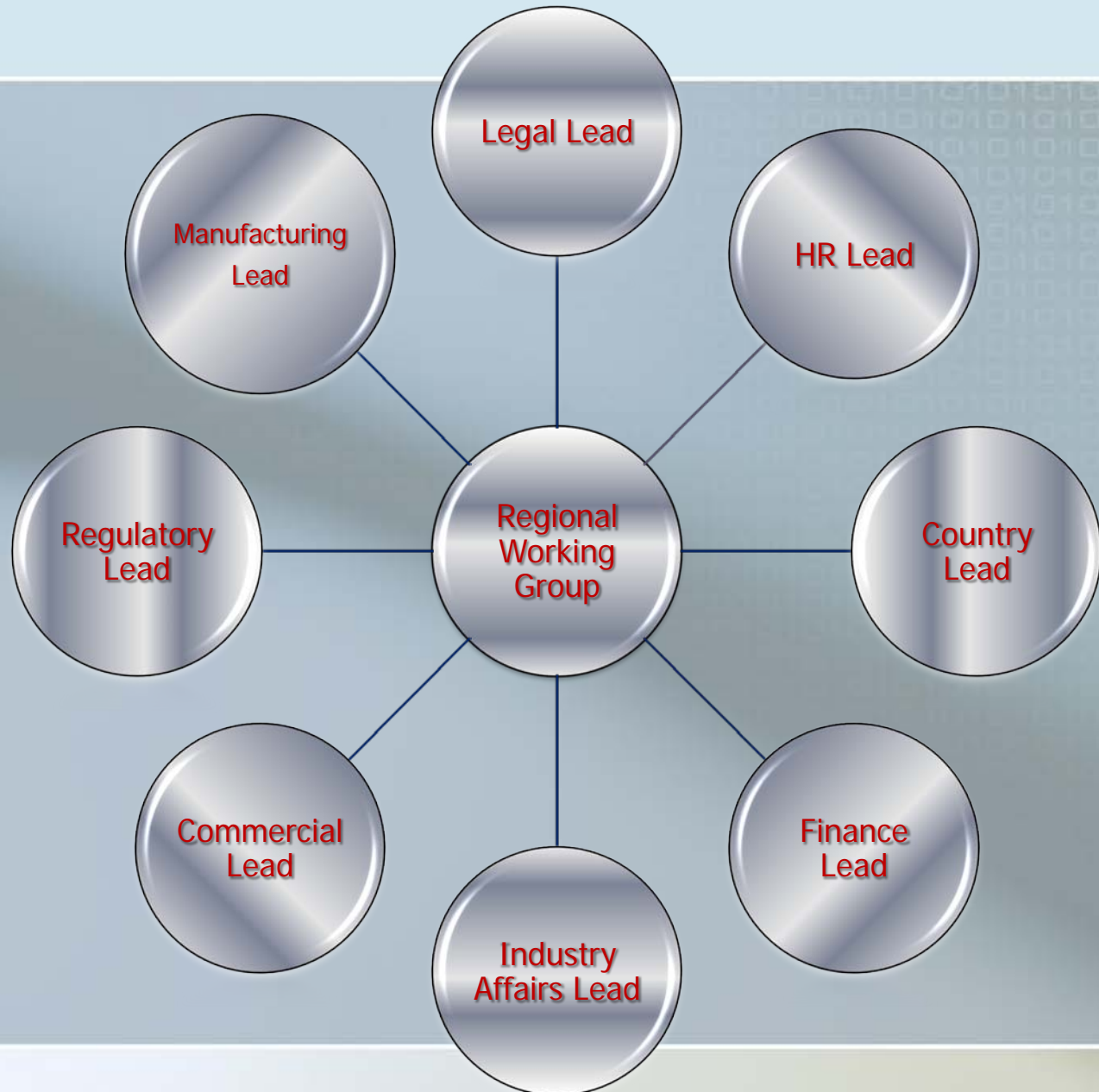
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# Compliance Committee (RWG)



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# Initiatives are being recognized

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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

MONSANTO  
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Winner  
**Monsanto**

The winners

Corporate Secretary  
MAGAZINE  
**AWARDS  
2008**

Tuesday, November 11, 2008  
Cipriani 23rd Street, New York



### STRATEGIC INTERNAL PARTNERSHIP:

#### Company Overview

Monsanto Company is a leading provider of biotechnology, genomics, and molecular breeding technology used for herbicides and seeds. Monsanto also produces genetically enhanced seeds (cotton, corn, soybean, and canola). It estimates that more than 70% of the world's insect- and herbicide-resistant crops bear its stamp.

Industry: Agriculture and Chemicals  
2007 Revenue: US\$11.4 billion  
2007 Employees: 23,700

#### Key Concepts

- Leverage Internal Insight and Experience to Tailor Audits**  
Partner strategically across the organization to build audit plans and monitoring strategies based on functional partners' shifting view of corruption risks.
- Utilize Audit Findings to Improve Organization's Compliance Processes**  
Share audit results early and regularly with functional partners to showcase best practices and pre-empt common pitfalls.

#### Key Benefits

- Faster Response to Corruption Risks**  
Relying on country and regional management teams to establish FCPA programs enables the company to quickly identify and remediate corruption risks.
- Closed Information Gaps**  
Sharing FCPA best practices and common mistakes ensures that no institutional knowledge is lost in a globally dispersed FCPA compliance program.

Source: Monsanto Company; www.ceb.com; Compliance and Ethics Leadership Council research; General Counsel Roundtable research.

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WWW.ACC.COM THE JOURNAL OF THE ASSOCIATION OF CORPORATE COUNSEL

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Creating Compliance Controls that Fit Your Business  
Pfizer Makes a Pro Bono Impact

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SHARES ITS BEST  
**FCPA**  
PRACTICES

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for Job Applicants  
ACC Membership Adds  
to Your Bottom Line

INSIDE:  
Canadian Briefings

# Questions



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# Thank you

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