

**M**onsanto Company is a global leader in agricultural technology. The company uses innovation and biotechnology to create products that enable farmers to produce healthier foods, better animal feeds and more fiber, while also reducing agriculture's impact on the environment.

Well known for its position in helping farmers grow yield around the globe, Monsanto was recently recognized by Corporate Responsibility Officer magazine as one of the top corporate citizens in 2007. The company's commitment to acting responsibly is well-defined in its "Monsanto Pledge," a document the company uses to guide its actions and "convert values into actions." Today, the Pledge has become a part of the company's culture—a culture that places the highest value on integrity, and has the robust programs in place to promote, monitor and reinforce those values.

Here is what it took to move Monsanto from Deferred Prosecution Agreements and Cease and Desist Orders into a case study for Foreign Corrupt Practices Act (FCPA) compliance.

# Building A BEST-PRACTICE FCPA Compliance System:



By Robert M. Echols

# Monsanto Company's PERSPECTIVE

In March 2001, Monsanto became aware of financial irregularities in its Indonesia operations. Further review revealed a series of invoices that exceeded contractual agreements. Monsanto thereafter ordered outside counsel to review the situation. Meanwhile, a team of internal auditors was also directed to conduct a thorough audit.

Through these efforts, Monsanto identified a series of inappropriate payments that were made to Indonesian officials. The company voluntarily reported this to the Securities and Exchange Commission (SEC) and US Department of Justice (DOJ) in November, 2002.

Monsanto cooperated with both the SEC and DOJ throughout their reviews, and when the government investigation uncovered an additional \$50,000 payment to an Indonesian official, the company immediately updated its disclosures. The disclosure and expanded DOJ investigation resulted in Monsanto's entry into Deferred Prosecution Agreement (DPA) with the US Department of Justice and a Cease and Desist order with the Securities and Exchange Commission.

These dark events in Indonesia ushered in three years of government oversight and an independent monitor to ensure the company instituted and sustained a comprehensive and effective FCPA compliance program.

Today, the company has a comprehensive program to meet, and wherever possible, exceed its legal obligations. It has satisfied DOJ's strict standard to secure dismissal of the DPA, and has established a global FCPA compliance program which independent FCPA compliance monitor, Timothy Dickinson has acknowledged is "a best practices program."

What follows is Monsanto's response to the investigation, oversight and scrutiny, and an in-depth look at the response and procedures put in place to be certain our actions not only comply with the law but also align with our integrity values as set forth below.

### **It All Starts at the Top**

By defining and modeling certain principles, Monsanto executives provide a roadmap for employees and guidelines for company decision-making in both the best and worst of times. The Monsanto Pledge, accessible on our website [www.monsanto.com](http://www.monsanto.com), is "...our commitment to how we do business. It is a declaration that compels us to listen more, to consider our actions and their impact broadly, and to lead responsibly. It helps us to convert our values into actions, and to make clear who we are and what we champion."

The Pledge identifies "integrity" as its lodestar. Integrity informs everything we do and has three main components: honesty, decency and courage. Our goal in acting with integrity is two-fold:



ROBERT M. ECHOLS retired in November 2008 as director, business conduct for the Monsanto Company, an \$11 billion multinational organization that sells chemical and agricultural products. While serving as director, he reported to the Monsanto general counsel with dotted line reporting responsibilities to two committees of the board of directors. He was responsible for seven direct reports and over 150 dotted line reports worldwide. He can be contacted at [mest12@yahoo.com](mailto:mest12@yahoo.com).

- It is the right thing to do; and
- It is our way of building and keeping the trust of those with whom we do business.

As Hugh Grant, chairman and CEO, states unequivocally in our Code of Business Conduct—designed to inform and help implement the Monsanto Pledge into everyday business efforts:

"An unwavering commitment to integrity in all business operations is at the core of our corporate behavior. We must never take this commitment for granted. In fact, we must reconfirm this commitment every day. By building integrity into all we do, we will earn and retain the trust of all our stakeholders."

With the tone set by both Hugh Grant, and of equal importance, the audit committee of the board, the company has made the improvements necessary to ensure the commitment to integrity permeates all interactions.

### **Transparency and Responsibility**

With integrity as our defining hallmark, responding in a forthright and proactive manner by investigating and reporting the Indonesia infraction became our only clear choice. The company made clear the following point: It was Monsanto's responsibility to prevent such improprieties. We failed to do so, and therefore would bear full responsibility for this failure.

In agreements with DOJ and SEC, Monsanto paid \$1.5 million in fines for violations of the FCPA. We also agreed to binding commitments to refrain from further violations of the FCPA and, as noted, to the appointment of an independent compliance monitor for three years. All employees responsible for the violations were terminated and we corrected our accounting of the transactions. We also put an improved company-wide integrity/business conduct program into action which is fully supported by our board and executive team and monitored by both internal and external audits.

### **Building a Better Program**

In 2002, while our internal investigation was underway, the company established the Business Conduct Office (BCO) within Monsanto's global law department. The office was created to provide clear guidance on our policy to comply with applicable laws and regulations, including FCPA and similar anti-bribery laws of other countries.

The Business Conduct Office is guided by its charter, which states in part:

*Monsanto is dedicated to maintaining excellence and integrity throughout its operations, including the business conduct of its employees.*

*Monsanto especially recognizes the importance of legal and ethical behavior in building strong and lasting relationships with our customers, suppliers, government regulatory bodies, the public, and our employees. Accordingly, the Board of Directors adopts this Charter for a Business Conduct Program (the "Program") to meet the goal that all Monsanto activities worldwide comply not only with applicable laws and regulations, but that in addition Monsanto strives to follow the highest business conduct standards.*

As part of our approach toward promoting integrity and ethical behavior throughout the organization, the Business Conduct Office established Regional Working Groups. These Working Groups are located in US, Canada, Europe/Africa, Asia/Pacific, India, China, Latin America North, Brazil, and Latin America South. In two regions, where the size of the business warrants (Asia/Pacific and Europe/Africa), Monsanto has individual Country Working Groups reporting into their respective regions.

The primary role of a Regional Working Group is to provide leadership and oversight of the company's Business Conduct program, and more especially the FCPA Compliance program. This objective is accomplished with the oversight of the Business Conduct Office.

Regional Working Groups are comprised of a minimum of eight members:

- Company business lead,
- Company regional finance lead,
- Company regional law lead,
- Company regional human resource lead,
- Company manufacturing lead,
- Company regulatory and/or government affairs lead,
- Company public affairs lead, and
- Company technology lead.

Country Working Groups have a similar make-up.

With ultimate responsibility for FCPA compliance residing with the Business Conduct Office, the BCO established a charter for the Regional Working Groups as well as Working Group Guidelines for both regional and country groups to guide their compliance efforts. The charter, in part, states:

*This group will provide guidance and assistance to aid in the day-to-day running of the Monsanto Business Conduct Program (the Program) and Monsanto's FCPA policies in the region of the world for which this group is responsible.*

*With Respect to the Business Conduct Program*

*It will be involved in making decisions regarding creation and distribution of program documents (such as a Code of Conduct and Corporate Policies), the provision of employee training on the program, program communications, staffing of the program, appropriate disciplinary policy for violations of the Code, proper auditing of both compliance with and the effectiveness of the program, and implementation of modifications and improvements to the program.*

*This working group will also be involved in nominating and selecting program facilitators at larger Monsanto sites and in certain countries as needed.*

Your.

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## The Monsanto Pledge

The Monsanto Pledge is our commitment to how we do business. It is a declaration that compels us to listen more, to consider our actions and their impact broadly, and to lead responsibly. It helps us to convert our values into actions, and to make clear who we are and what we champion.

### Integrity

Integrity is the foundation for all that we do. Integrity includes honesty, decency, consistency, and courage. Building on those values, we are committed to:

### Dialogue

We will listen carefully to diverse points of view and engage in thoughtful dialogue. We will broaden our understanding of issues in order to better address the needs and concerns of society and each other.

### Transparency

We will ensure that information is available, accessible, and understandable.

### Sharing

We will share knowledge and technology to advance scientific understanding, to improve agriculture and the environment, to improve crops, and to help farmers in developing countries.

### Benefits

We will use sound and innovative science and thoughtful and effective stewardship to deliver high-quality products that are beneficial to our customers and to the environment.

### Respect

We will respect the religious, cultural, and ethical concerns of people throughout the world. The safety of our employees, the communities where we operate, our customers, consumers, and the environment will be our highest priority.

### Act as Owners to Achieve Results

We will create clarity of direction, roles, and accountability; build strong relationships with our customers and external partners; make wise decisions; steward our company resources; and take responsibility for achieving agreed-upon results.

### Create a Great Place to Work

We will ensure diversity of people and thought; foster innovation, creativity and learning; practice inclusive teamwork; and reward and recognize our people.

*This working group will be involved in recommending and implementing any necessary changes to the Business Conduct Program in this region.*

In addition, pursuant to their Guidelines, the working groups are assigned the task of evaluating proposed expenditures such as (but not limited to) donations, travel, gifts, meals and entertainment as well as contracts with non-US government entities and officials and third parties who interact with such government officials on behalf of Monsanto.

Monsanto's design of a global FCPA compliance program incorporates vision, structure, connectivity, empowerment, resources and personal commitment. The business conduct office director reports to the Monsanto general counsel and meets regularly with the board committees for audit and public policy and also with the company's senior executive team. In addition, executive leadership engages the company's key business leaders, to ensure the commitment is carried throughout the organization. The complete involvement and full support of the regional and country working groups bring to bear global personnel and corporate resources far beyond those in the law department to assure that Monsanto's successful business conduct program is self-perpetuating with or without oversight by any compliance monitor.

By establishing responsibility both horizontally and vertically across the organization, Monsanto has created a program that helps protect its integrity and ensure its freedom to operate.

### The program

The elements of the Monsanto FCPA program are divided into six key areas:

- training;
- internal audits;
- internal controls, accounts payable;
- promotion review process;
- third party and other due diligence processes; and
- review of facilitating payments.

Additionally, with the oversight of the BCO and the involvement of the working groups, the program incorporates due diligence and business conduct/FCPA integration for acquired companies.

### Training

Our FCPA training includes training for employees as well as for third parties, such as vendors and others who interact with government officials, ex-US, on our behalf. Employee training is given in two formats: online and in-person. To guide employee training the company established business rules that dictate which employees must

receive and complete the on-line training. These rules are deliberately made broad to capture almost anyone in the company, worldwide, who might be involved in any process that could put us at risk for an FCPA violation.

Our online training is managed by the assistant business conduct office director and a project manager and is provided to us by a third-party vendor.

Employees receive not only training on the law itself, but also on our compliance program, its scope, the working group system, and how and where to raise issues or questions. The on-line training is provided annually and is translated into the major languages spoken by our employees and is sent to them via a link from an email message. Training is also available for those employees without email.

In-person training is generally given by company attorneys, either the business conduct office director, the business conduct office FCPA attorney, or regional or country counsel, and uses pre-approved slide decks and other materials. Regional law leads are encouraged to add information about anti-corruption laws in their regions and cite examples of local “war stories.”

The presentations are often given at new hire orientations, staff meetings, sales meetings, town halls, etc. on an as-needed basis. Additionally, each working group creates an annual training plan for more formal in-person training. These plans are reviewed and approved by our FCPA attorney.

Finally, each new member of a regional working group attends an FCPA “boot camp” which provides in-depth guidance on the following topics:

- Monsanto Integrity;
- The Monsanto Business Conduct Program and Structure;
- The FCPA;
- The Monsanto FCPA Compliance Program;
- The Working Group Guidelines and Structure;
- FCPA Scenarios; and
- Various Resources Available for Guidance and Reporting Issues.

## **Audit**

Assessing adherence to our FCPA program is built into our internal audit plans. Audits include both electronic review of documents as well as onsite visits. Specifically, the audit includes an examination of each type of contract covered by our program, gifts to government officials, political or charitable contributions, any travel, meals or lodging provided to government officials, membership in trade associations, etc. The predominant amount of audit time is spent on looking at the various third-party relationships that are a part of the FCPA program, making sure that each relationship has been properly vetted and approved with appropriate documentation retained.

Our internal audit program also includes management interviews. Auditors interview managers (and often other employees) onsite with questions designed to assess not only the knowledge of the FCPA and our compliance program by those managers, but also how well the tenets of the program have been implemented and cascaded throughout the organization.

Audit findings are presented to our CFO, controller, business conduct office director and FCPA attorney, among others, and ultimately result in an audit report to the site manager and those to whom s/he reports. Management has a short period of time to present any necessary remediation plan to the audit team, senior management and the business conduct office director. Where the remediation plan includes any matter pertaining to the FCPA

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The logo for Ogilvy Renault, featuring a red horizontal bar above the text "OGILVY RENAULT" in a bold, sans-serif font. Below this, in a smaller font, is "LLP / S.E.N.C.R.L., s.r.l."

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or our program, fulfillment of the remediation plan is reviewed and monitored by the business conduct office director and FCPA Attorney.

### Internal Controls

Monsanto has an extensive set of internal controls, many of which touch upon and intersect our FCPA compliance program. These controls are generally housed in our corporate controller's policies (CCPs). Three such policies are also a part of the working group guidelines: worldwide business expense policy, internal control, and facilitating payments. Other CCPs also play a role in the FCPA compliance program. These include policies on procurement, delegation of authority, and employee business conduct.

As you might expect, accounts payable (A/P) offices are also vital partners in identifying suspect payments. At Monsanto, our A/P employees are trained to look for any unusual payment requests as well as attempts by a vendor to conceal an improper or facilitation payment. A/P employees are also trained to identify odd payment structures,

charitable donations that may be problematic, and third-party agreements that may not have been approved by the appropriate working group.

### Human Resource Promotion Review

Monsanto has identified certain job functions that warrant rigorous background review of any employee or new hire proposed to occupy such function. This review includes a business conduct review to help make certain persons who pose a risk for wrongdoing or a specific FCPA concern are not assigned to key positions.

Additionally, each regional working group has set up a process to review and analyze any request or recommendation by a non-US government official that Monsanto hire a certain applicant for employment with the company. This process ensures that no possible quid pro quo situation exists between Monsanto and the government official.

### Due Diligence Process Awareness

Much of the success of the due diligence process hinges on employee awareness of what types of transactions are subject to that process. Employees must know what transactions are covered and where to send that proposed transaction for review and approval. Toward that end, we have created a one-page document to help employees understand key components of our FCPA compliance requirements. Available in languages for each country, employees are asked to keep the sheet at their desks. In concise language, the document summarizes the FCPA prohibitions, as well as lists the types of transactions that require prior review and approval.

### Gifts, Meals, Lodging, Transportation for a Government Official "Foreign Official"

At Monsanto, in addition to obvious ex-US government employees ("foreign officials" as contemplated by the FCPA), we work with a number of people who may not be quite so obvious as official government employees, but who work in public universities, hospitals, laboratories or government run entities outside the United States. Additionally, we may work with individuals who could have a relationship with a government entity or directly with a government official. Each of these individuals could be considered a "foreign official" for purposes of the FCPA. Therefore, we follow a broad reading of the term "foreign official." Any meal or gift over "nominal value" (or even of nominal value if provided frequently) requires prior approval of the regional working group. The request for approval must include the following information at a minimum:

- Name(s) of government official(s);
- Whether Monsanto has any approvals/decisions pending before that official;

## Timeline of Monsanto FCPA Issues

- Early 2002, Monsanto discovered evidence of improper payments and outside counsel was retained (in March 2002) to conduct a further investigation.
- May 2002 the company retained a firm that specializing in FCPA matters.
- November 2002 after results of Monsanto's financial and legal reviews were in, Monsanto voluntarily discloses Indonesia accounting issues to the Security Exchange Commission and US Department of Justice.
- Nov. 14, 2002: Monsanto discloses Indonesia accounting issues in 10Q.
- Feb. 10, 2003: Internal investigation completed. Written report submitted to SEC.
- Mar. 22, 2004: Monsanto issues press release and files form 8-K announcing that DOJ has expanded investigation to \$50,000 payment to Indonesian government official authorized by US employee. Monsanto continues to cooperate with this government investigation.
- Dec. 7, 2004: Board of directors approves entering into agreements with SEC and DOJ.
- Jan. 6, 2005: Settlements with DOJ and SEC issued. Settlements include appointment of Independent Compliance Monitor.
- March, 2008: Charges against Monsanto dismissed; monitorship ends successfully.

- Purpose of meal/gift;
- If a meal, names of Monsanto employees who will be in attendance; and
- Amount of proposed meal/gift.

Depending upon the information provided, the regional working group may well require additional information/justification from the requestor.

All lodging and transportation to be provided to a government official must also receive the same review/approval from the working groups. The groups ensure that such trips do have a legitimate and direct business connection to Monsanto. Payments for travel or lodging, and other expenses are made directly to the service providers, not the individual government employees. In addition, certain expenses and amounts must be reviewed by a committee at company headquarters. Finally, we seek to verify the legitimacy of all such expenditures under local law.

### Political or Charitable Contributions

Political contributions are an obvious FCPA risk. Accordingly, our due diligence process requires that any request for a political contribution to any person, party, candidate, etc. be reviewed/approved first by the regional working group, then by senior leadership at Monsanto headquarters including the business conduct office director.

Charitable contributions are also handled within the regional working group system and must meet certain criteria. Amounts above a set limit require higher review and approval.

### Joint Ventures

Proposed joint-venture agreements (even in the United States) where there is a possibility of interaction with foreign officials also go through a due diligence process. Monsanto has devised a seven-step process to be followed regardless of whether Monsanto is a majority or minority shareholder in the venture. If Monsanto is a majority shareholder, the seven-step process is mandatory; if we are a 50/50 or minority shareholder, then we must use (and document that we have done so) good faith efforts to accomplish the seven steps. Those steps are:

1. Require the joint-venture partner periodically to certify compliance with anticorruption provisions of the joint-venture contract;
2. Require the joint-venture to adopt Monsanto's anti-corruption policies;
3. Conduct due diligence on the joint-venture partner;
4. Draft or amend the joint-venture contract to include the mandatory contract clauses;
5. Oversee the joint venture's retention of covered third parties to ensure Monsanto's policies are followed;
6. Approve (after due diligence) third parties the joint-venture partner wishes to retain on behalf of the venture; and
7. Require the joint venture to adopt Monsanto's policies and procedures regarding accurate books and records, and internal controls.

### Trade Associations

Monsanto is a member of many trade associations, both global and local in nature. The regional working groups review Monsanto's participation in trade associations for their areas. In the United States, this process is facilitated by the business conduct office in conjunction with the appropriate departments.

In determining whether to join or renew membership with an associa-

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tion, the Monsanto Working Groups must first determine whether the association will interact with officials in promoting the objectives of the association (e.g., promoting biotech acceptance to decision makers as opposed to interacting with the labor department concerning issues with its own employees). If the association is interacting with officials in connection with its mission, the working groups must:

1. Perform due diligence;
2. Include relevant contract clauses (e.g., prohibiting improper payments, termination, audit rights, etc.) where feasible;
3. Encourage the association to include anti-corruption language in its governing documents and to adopt anti-corruption policies, including due diligence procedures for the retention of third parties to interact with officials;
4. Avoid cash payments for dues;
5. Submit requests for any additional funding; and
6. Monitor the activities of the association to ensure they are consistent with the FCPA and local laws.

### Facilitating Payments

Our policy requires prior approval of any such payment by the Monsanto general counsel, with an exception that, under very narrow circumstances, allows the regional law lead, after consulting with the regional business and finance leads, to approve a facilitating payment.

That exception notwithstanding, it is noteworthy that each Regional Working Group, of its own volition, decided to have a “no facilitating payments” policy in their region.

### Acquisition Due Diligence and Integration

Monsanto has a thorough process for performing FCPA due diligence on companies targeted for acquisition. As one part of the process, we ask the CEO or CFO

of the target company to complete an FCPA questionnaire designed to help us assess the FCPA risk profile of the target company. The information obtained guides our decisions regarding the need for further due diligence, whether to use internal or external resources, or both for further due diligence, and the types of documents that we’d like to review.

Once a company has been acquired, the business conduct office develops two different plans. The first is an integration plan to quickly align the acquired company with our integrity culture and our underlying business conduct/FCPA programs. The second is a plan to remediate any business conduct/FCPA issues uncovered during due diligence which remain to be remediated upon closure.

Both plans reflect a constant theme and philosophy at Monsanto. While the business conduct office is responsible for the planning, implementation, and management of all global business conduct/FCPA issues, the regions, which will ultimately be responsible for the successful integration and running of the acquired businesses, must have both a say and a stake in any plans involving business conduct in their areas.

### Third Party and Other Contracts

- Third party and other contracts are the most labor intensive of all areas, and include:
- Contracts with anyone who will communicate with a government outside the United States on Monsanto’s behalf.
- Contracts with companies that have an owner, director, or employee who works for an ex-US government.
- Contracts with anyone interacting with a foreign government (or government official) on our behalf.
  - This includes lobbyists, freight forwarders, some consultants, some researchers, etc.
- Contracts with foreign government officials or close relatives.

## Compliance with the US Foreign Corrupt Practices Act (FCPA)

- Prohibited—
  - Offering or giving a “bribe” to a government employee or official
  - “Bribe” can include anything of value with corrupt intent
  - Could include lavish gifts, meals, employment, or transportation
  - Unapproved facilitating payments
  - Applies to Monsanto employees globally
  - Includes actions of our agents
- Regional Working Group Approval required—
  - Contract with a government official or relative
  - Contract with a government entity
  - Any outside party dealing with a government official on behalf of Monsanto
  - Gifts, meals, lodging, transportation to government employee or official
  - Joint venture
  - Facilitating payments
  - Contact Business Conduct Working Group

- o Includes, for example, a distributor who happens to be a mayor, or someone doing our field trials who happens to be from a government department, state university professors, volunteers, village mayors, candidates for office, employees of state-owned or run companies and of international organizations like World Bank, no matter that they do not consider themselves government officials.

The process includes various documents, all of which are to be completed and ultimately sent to a working group for review and approval. Important documents in the process include:

- Guidance form: provided to employees and lists possible transactions that may require country/regional working group review;
- Third-party report: completed by the Monsanto sponsor of the contract. Provides a recap of why this party is recommended, among other things;
- Third-party questionnaire: completed by the proposed third party, this document requires a brief company history, services, ownership; and three commercial letters of reference stating, inter alia “not aware of improper payments;”
- Internet background checks;
- Bank reference letter;
- Dun and Bradstreet check/other financial information; and
- Commercial registration including international company profile and denied parties check.

While the regional working groups run the process and help the Monsanto contract sponsor, the sponsor still has responsibilities and tasks. These tasks include:

- Filling out third-party report following guidance from the Regional Working Group;

- Sending questionnaire to third party; asking them to supply letters, registration;
- Obtaining Dun and Bradstreet report;
- Submitting total package to working group for review and approval; and
- Under working group supervision, arranging delivery of code, FCPA policy, and training to third party.

The contract sponsor also receives the following guidance on how to proceed if certain issues appear. The sponsor is required to inform the working group immediately if s/he uncovers any of these situations:

- Unusual terms, payment methods;
- Company is secretive about ownership, has strange structure, undue complexity;
- Company’s qualifications for the work are not clear;
- Company vigorously objects to process; or
- Company is from a country with reputation for corruption.

The responsible regional working group reviews each contract, and either approves the contract, asks for more information or rejects the third-party contract. Certain contracts may also require approval at the corporate level, including:

- Global contracts;
- Contracts that are managed at the regional level;
- Contracts with “success” or “contingent” fees (except for routine debt collection law firms);
- Contracts with non-US government officials who are responsible for decisions directly affecting Monsanto; and
- Contracts with high-ranking officials—cabinet members, ministers, top officials in a state-owned company.

The company uses a database collection site called TeamSpace to post, track, review and approve documents

## Monsanto Foreign Corrupt Practices Act (FCPA) Best Practices Program

- Global prohibitions on employees and our consultants—
  - o Offering or giving a “bribe” to a government employee or official
  - o “Bribe” can include anything of value with corrupt intent
  - o Could include lavish gifts, meals, employment, or transportation
  - o Unapproved facilitating payments
- Regional Working Group Review required—
  - o Contract with a government official or relative
  - o Contract with a government entity
  - o Any outside party dealing with a government official on behalf of Monsanto
  - o Gifts, meals, lodging, transportation to government employee or official
  - o Political or charitable donations
  - o Joint venture
  - o Any payment to a government official

that are part of the due diligence process. Our international audit team uses TeamSpace as part of their regional and country FCPA reviews.

TeamSpace is a proprietary database software program for the capture and display and easy review of forms and documents. We audit it regularly to make certain the appropriate documents forms are in place with third party vendors and all relationships governed by our FCPA compliance program.

Our training and working group guidelines emphasize that no work under the contract can begin until the process is complete and we have a signed contract with the party incorporating our FCPA contract clauses. It is at this point that we provide FCPA training and other information such as our Code and pertinent policies to our third parties. The third party is required to acknowledge receipt of the information and agree to abide by that information.

Even the best **designed and executed** programs may not always prevent a problem. Therefore, it is equally important that companies **inform employees** what **measures** to take if they have a concern or question.

### Contract with a Government Entity

Finally, we conduct a shortened version of this due diligence whenever we have a contract to sell our products directly with a government entity. This process includes reviewing the history and reputation (if available) of the institution, reviewing the government employees (if known) with whom we will be interacting, and reminding our employees working on the contract of their obligations under our FCPA program.

Even the best designed and executed programs may not always prevent a problem. Therefore, it is equally important that companies inform employees what measures to take if they have a concern or question. Monsanto has established the working group structure

## ACC Extras on... Compliance

### Articles

*CLOs Role in Financial Compliance: Trusted Legal Advisor, Advocate Leader* (August 2006). [www.acc.com/vl/membersonly/Article/loader.cfm?csModule=security/getfile&pageid=15936](http://www.acc.com/vl/membersonly/Article/loader.cfm?csModule=security/getfile&pageid=15936)

### Leading Practice Profiles

*Providing In-house Legal Support to the CFO Finance Function* (2004). Financial reporting and internal control practices are facing increased scrutiny these days, and organizations are taking stock of their existing financial practices, and enhancing and formalizing processes and policies. In-house lawyers have an important role in serving as key legal advisors to their organization. [www.acc.com/vl/membersonly/PracticeProfile/loader.cfm?csModule=security/getfile&pageid=16809](http://www.acc.com/vl/membersonly/PracticeProfile/loader.cfm?csModule=security/getfile&pageid=16809)

### Program Materials

- *The CLOs Role in Corporate Governance and Compliance—CLO Resource List* (2007). A resource list with a sampling of supplemental materials pertaining to the topics raised during this CLO ThinkTank on corporate governance and compliance. [www.acc.com/vl/membersonly/ProgramMaterial/loader.cfm?csModule=security/getfile&pageid=20054](http://www.acc.com/vl/membersonly/ProgramMaterial/loader.cfm?csModule=security/getfile&pageid=20054)

- *The Top Ten Things You Should Know About Corporate Finance Program Material Download* (CCU 2008). In this era of corporate scandal associated with financial mismanagement, the accuracy and appropriateness of any organizations financial documents, disclosures, and accounting practices, public company or nonprofit is of paramount importance. You can't learn it all, but there are some things you should know. [www.acc.com/vl/membersonly/programmaterial/loader.cfm?csmodule=security/getfile&pageid=19806d](http://www.acc.com/vl/membersonly/programmaterial/loader.cfm?csmodule=security/getfile&pageid=19806d)

### Quick References

*Resource List for CLO Club: Financial Compliance* (ACC Annual Meeting 2007). This bibliography includes resources of interest on the topic of financial compliance. [www.acc.com/vl/membersonly/quickreference/loader.cfm?csmodule=security/getfile&pageid=16519](http://www.acc.com/vl/membersonly/quickreference/loader.cfm?csmodule=security/getfile&pageid=16519)

ACC has more material on this subject on our website. Visit [www.acc.com](http://www.acc.com) where you can browse our resources by practice area or use our search to find documents by keyword.

or the business conduct office as the initial point of contact. Employees may use a special Guidance Line phone number or respond on a special Web site referred to as the “Voice Your Concern” site. Employees know that company policy forbids retribution or retaliation of any kind against those who report concerns in good faith. Further they know the high value we place on full compliance. While we encourage open dialog about concerns, we also provide for anonymous reporting through protected vehicles.

Finally, it is important to note that our business conduct office and all working groups recognize that FCPA and related compliance is a dynamic process. Although our program has been studied by Fortune 500 companies from industries spanning the insurance, agriculture, manufacturing, pharmaceutical and legal fields, the actions we outline today may not be sufficient tomorrow. We must always seek to improve and remain constantly vigilant in all we do in order to support our Pledge and principles. 📧

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## Tips for Success

Complying with the FCPA, international conventions and similar anti-bribery laws of other countries requires effort. That effort is well worth it, however, as ignorance of the laws or insufficient processes to prevent infractions can threaten our business. Companies that best avoid trouble:

- Conduct due diligence on third parties;
- Ask questions and raise issues when in doubt;
- Respond appropriately to indications of infractions or other red flags;
- Monitor third parties;
- Properly record and document all payments and other dispositions of company assets;
- Remember local law;
- Periodically train their employees and third parties;
- Conduct due diligence on acquisitions; and
- Conduct regular audits.



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