


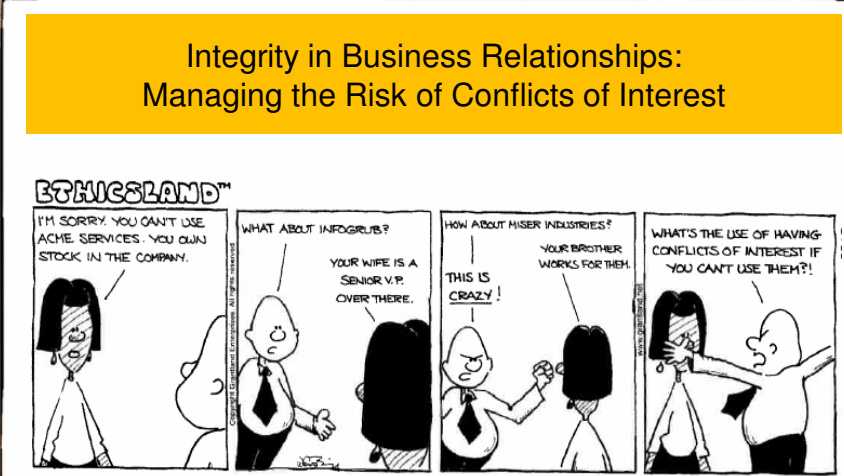
**Integrity in Business Relationships:**  
Managing the Risk of Conflicts of Interest

SCCE Compliance and Ethics Institute  
September 12, 2011



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**Integrity in Business Relationships:**  
Managing the Risk of Conflicts of Interest



**ETHICSLAND™**

I'M SORRY YOU CAN'T USE ACHE SERVICES. YOU OWIN STOCK IN THE COMPANY.



WHAT ABOUT INFOGRUBS?

YOUR WIFE IS A SENIOR V.P. OVER THERE.

HOW ABOUT HISER INDUSTRIES?

YOUR BROTHER WORKS FOR THEM. THIS IS CRAZY!

WHAT'S THE USE OF HAVING CONFLICTS OF INTEREST IF YOU CAN'T USE THEM?!



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### Integrity in Business Relationships: Managing the Risk of Conflicts of Interest

According to the Compliance & Ethics Leadership Council:

- Compliance and ethics executives consistently rank conflicts of interest among the most significant compliance risks faced by their companies
- More employees observed conflict of interest dilemmas in 2010 (6.1%) than did in 2008 (4.8%)
- 34% of these employees did not report these observations



### Integrity in Business Relationships: Managing the Risk of Conflicts of Interest

Adding to the Challenge:

- Conflicts endanger a company's ability to protect resources and information from inappropriate use by employees and others
- Employees are often unclear when conflicts of interest occur
- Conflicts of interest are difficult to detect from the corporate center due to limited resources



## Agenda

- Defining Conflicts of Interest (COI) for your organization
- Proactively identifying, assessing and monitoring the risk associated with COI
- Responding to COI questions and disclosures
- Educating different groups
- Session Exercise



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## Defining Conflicts of Interest

Your Conflict of Interest policy should include:

- The types of activities, interests and relationships that can lead to **real or apparent** conflicts of interest for your employees
- Company-specific examples that illustrate what is and isn't acceptable
- Employee requirements for disclosure and approval



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## Defining Conflicts of Interest

- What types of activities apply?
  - Hiring, supervising, promoting, contracting, politics or any other area where you may be influenced into acting other than in the best interests of the company
- Relationships are tricky – where do you draw the line?
  - Leading companies have very broad definitions of close personal relationships that include relatives, domestic partners, friends, business partners



## Defining Conflicts of Interest

- Are there regional differences to consider?



*“In the West, relationships grow out of deals. In the East, deals grow out of relationships.”*
- Stick to the common principles



## Defining Conflicts of Interest

**Key Points:**

- Any situation in which you have a personal or financial stake in the outcome of a decision, as well as influence over that decision.
- Any arrangement or circumstance, including a family or other close personal relationship, which may cause the employee to act other than in the best interests of the company, or that creates the appearance of such a conflict.



**Living Our Values**

*Avoid Conflicts of Interest and act in the company's best interests*

**The Code**  
We have a responsibility to act in the best interests of our company and cannot compete with the company or take personal advantage of opportunities that come our way as a result of our connection to the company.

Sometimes we may have a personal or financial stake in the outcome of a decision, as well as influence over that decision. Even if we feel it's in the best interest of the company, in this type of situation, a potential conflict of interest exists.

A conflict of interest can arise from any situation, including a family or other close personal relationship, which might cause us to act, or appear to act, other than in the best interests of Molson Coors.

It can be hard to sort out what is and is not a potential conflict of interest and how best to handle it. Because of that, we must discuss any such situation with our manager and our local Business Conduct Manager.

More ways to connect our values to Conflicts of Interest

**RIGHT WAY**


Some of the things I consider when thinking about a possible conflict of interest are:

- Do I (or anyone I have a close personal relationship with) have an ownership interest in a competitor company or a company who does business with Molson Coors?
- Do I (or anyone I have a close personal relationship with) hold an influential position in a competitor company or a company who does business with Molson Coors?
- Do I hold a public office that may require me to handle issues of interest to Molson Coors?

Is there anything that may cause me to act other than in the best interests of Molson Coors when making a business decision?

If the answer is yes to any of these, I ask the Office of Ethics and Business Conduct for advice.

Click to see **WRONG WAY**



**Living Our Values**

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**RIGHT WAY**

Some of the things I consider when thinking about a possible conflict of interest are:

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**WRONG WAY**

I am on a team reviewing potential suppliers for a new promotion. No one else on the team knows it, but I am a silent partner in one of the suppliers who is bidding. After seeing all of the supplier presentations, I am convinced my company is the right supplier for this project, so I am just going to keep my mouth shut and see what the rest of the group thinks.

**E** **Excelling**  
When making supplier selections for a project, it may be easy to rely on your current relationships to make a selection. But, taking a hard look once in a while at those relationships may show that new approaches may be a better recipe for success.

**P** **Passion**  
Managers can show their commitment to the company and to their teams by acknowledging potential conflicts and then going through proper channels to handle it appropriately.

**I** **Integrity & Respect**  
Major suppliers often invite employees to attend events, sometimes with many perks associated that might create a perceived conflict of interest down the road. By checking with your boss and business conduct manager ahead of time, you can find a way to take advantage of a good business opportunity without creating the appearance of a conflict or a

**C** **Creativity**  
Raise issues early. Ask others for their input. There are often creative solutions for dealing with potential conflicts of interest.

**Q** **Quality**  
Being open and transparent about anything that may appear to cause you to act other than in the best interests of the company is the best way to make a quality decision.

**Business Relationships, Gifts & Entertainment**

At what point might a good business relationship become a potential conflict of interest?

- Maintaining objectivity in long-term supplier relationships
- Gifts & Entertainment policies and practices



**MOLSON COORS**  
12

25 83.6%

Living Our Values

*Maintain trust and integrity in your Business Relationships*

**The Code**  
 Building and maintaining trusted business relationships is critical to winning in beer. Gifts and entertainment can be appropriately used to thank customers, distributors and suppliers for working with Molson Coors. However, when it appears that we are trying to unfairly influence a business decision, it damages our reputation.

If we work with suppliers, customers or distributors, we must stay independent and impartial in our relationships. We cannot give or receive gifts, money or entertainment in exchange for a favor or to influence a business decision.

We're a global company and must also follow anti-corruption laws of other countries as well as the U.S. Foreign Corrupt Practices Act. These laws bar us from promising, offering or making any payment in money, products or services to foreign government officials in exchange for favorable treatment.

**Tell Me More**

- [MCBC Anti-Corruption Policy](#) **CLICK**
- [MCBC Travel & Entertainment Policy](#) **CLICK**
- [Local Gift & Entertainment Policy](#) **CLICK**
- [Ethics and Compliance Helpline](#) **CLICK**

Click to see → **WRONG WAY**

More ways to connect our values to Business Relationships

**RIGHT WAY**

Before I give or accept any gift, I ask myself these questions:

- Is the value nominal and within my local policy limit?
- Does it give the appearance of influencing a business decision?
- Is it too frequent?
- Is it consistent with good business practice, given and received openly and transparently?
- Does it violate any laws, regulations, the Code or any other company policies?

If I don't get the right answers, I don't do it.

Living Our Values

*Maintain trust and integrity in your Business Relationships*

**RIGHT WAY**

Before I give or accept any gift, I ask myself these questions:

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**WRONG WAY**

*I love the Rolling Stones and they are coming through town on their last tour, but tickets are impossible to get. I happened to mention this to an agency partner I was working with and they said they could get the tickets for me at no charge! I was happy to accept them; after all, I give that agency a lot of business and deserve something once in a while.*

**E** **Excelling**  
 Doing things better than anyone else means we can build and maintain our business relationships the right way.

**P** **Passion**  
 It's easy to get caught up in the passion around our business, but always stay impartial and balanced in your dealings with suppliers, customers and distributors.

**C** **Creativity**  
 Showing your appreciation doesn't always have to include a gift. Take the time to send a handwritten note to a supplier that went above and beyond with a separate one to their boss. They will really appreciate it!

**I** **Integrity & Respect**  
 Use this test – How would this look in the newspaper? If you don't like the headline, don't do it.

**Q** **Quality**  
 The quality of our decisions must be as important to us as the quality of our beer. Make sure your decisions are free of any unfair influence.

## Assessing and Monitoring the Risk of COI

- Code of Business Conduct Affirmation and Disclosure
- Knowledge and Culture Surveys
- Individual Conflict of Interest Questionnaires
- Gift & Entertainment Register
- Focus Groups in High Risk Areas



## Assessing and Monitoring the Risk of COI Code of Business Conduct Affirmation & Disclosure

- Code affirmation should include relevant examples, Q&A or scenarios for illustrative purposes
- Links to supporting policies or guidance
- Provide an opportunity and avenue for immediate disclosure





### Assessing and Monitoring the Risk of COI Knowledge and Culture Surveys

Questions geared to identifying risk areas may include:

- I'm familiar with the company's position on conflicts of interest as outlined in the Code of Business Conduct.
- I'm required to disclose actual or potential conflicts of interest.



I understand that neither I nor a member of my family may own an interest in a company that competes with my organization.



### Assessing and Monitoring the Risk of COI Knowledge and Culture Surveys

- I understand that I should not be employed by or serve in any capacity with any company that competes with my organization or any of its subsidiaries
- True or false: It's okay to take personal advantage of business opportunities that arise through company property, information or business.
- Which of the following situations is not likely to create a potential conflict of interest?
- When doing business or working with family members, which of the following situations could create a conflict of interest?



## Assessing and Monitoring the Risk of COI Individual COI Questionnaires

- Directors and Officers Disclosure
    - Questions driven by both regulatory and policy criteria
    - Performed at screening and annually thereafter
  - Periodic Employee Questionnaires to prompt disclosure
    - Questions driven by policy criteria
- Stored and referenced if/when needed



## Assessing and Monitoring the Risk of COI Individual COI Questionnaires

Sample questions may include:

- Do I (or anyone I have a close personal relationship with) have an ownership interest in a competitor or company who does business with our company?
- Do I (or anyone I have a close personal relationship with) hold an influential position at a competitor or company who does business with our company?



### Assessing and Monitoring the Risk of COI Individual COI Questionnaires

Sample questions may include:

- Do I hold a public office that may require me to handle issues of interest to our company?
- Is there anything that may cause me to act other than in the best interests of our company when making a business decision?

*Note: If the answer is yes to any of these,  
a more complete disclosure is required*



### Assessing and Monitoring the Risk of COI Gift & Entertainment Register

- Primarily used to record gifts & entertainment transparently in compliance with G&E and Anti-corruption policies
- Also used to monitor potential conflicts of interest, i.e. supplier relationships



## Assessing and Monitoring the Risk of COI Gift & Entertainment Register

Gifts and Entertainment Register - Windows Internet Explorer

http://per.apps.cba.cba.com/default.aspx?MaterialID=1202/default.aspx

File Edit View Favorites Tools Help

Search

Records for my direct reports

My Records

View Policy

Click here for a review of the GIFTS & ENTERTAINMENT POLICY

Click here for a review of the CODE OF BUSINESS CONDUCT

What's New

You are responsible for recording gifts and entertainment given or received by you in this register. If the information has been input for you by a delegate, you are responsible for the accuracy and completeness of the information recorded.

First, select the country in which you are based, then please follow the prompts and enter the required information in the appropriate fields.

If the entry is being input by you on behalf of another employee, they will receive an email notification of the entry made on their behalf.

Entries will be periodically reviewed by Ethics & Compliance. Employees with Code and policy guidelines.

Need Help?

If unsure about something, please contact Caroline McAlinden at 955.022.2225 or click on the Ethics & Compliance Register and select "Ask a Question"

Welcome to the Gifts & Entertainment Register

Gifts and entertainment can be part of building key business relationships as long as it is done in the right way. All gifts and entertainment given or received should comply with the law, our Code of Business Conduct and Gifts & Entertainment policy. Please record gifts or entertainment accepted by you from a third party and any gifts or entertainment given by you to a third party in the course of business in this register. It is not necessary to record routine promotional items valued at less than \$25.

Select Region: - Select a Region -  
UK

Next

Local Internet 100%

MOLSON COOLS 23

## Assessing and Monitoring the Risk of COI Focus Groups

- Once a high risk area is identified, focus groups can be used to gather more information regarding the challenges faced
- Also an excellent way to gather authentic scenarios for training

MOLSON COOLS 24

## Responding to COI Questions and Disclosures

Voluntary Question or Disclosure:

- Gather all relevant facts and review related policies
- Evaluate the risk
- Review similar case history
- Propose a solution
- Document outcome in common database

*Note: If a report of possible misconduct related to a Conflict of Interest is received, your investigation process should be followed.*



## Educating Employee Groups

All Employees

- Code of Business Conduct Affirmation Process
- Awareness of channels for asking questions and making disclosure

High Risk Groups

- Live Scenario-based training



## Educating Employee Groups

Code of Business Conduct training and affirmation

- Principle based
- Function specific examples (Sales & Marketing, Supply Chain)
- Self-assessment tool (right way/wrong way, questions)
- Links to disclosure channels



## Educating Employee Groups

Scenario-based training for high risk groups

- Focused on maintaining integrity in business relationships
- Identify “red flags”
- Role model the right way (best practices for dealing with potential conflicts)
- Create an environment of openness and transparency



## Session Exercise

For the session exercise, we will demonstrate on a smaller scale how we use scenario based training to educate high risk groups.



Thank You!



## Appendix – Red Flags

Red Flags are warning signs that we could be acting in our personal interests, rather than in the best interests of the company. Red flags can signal potential conflicts of interest, lack of objectivity or inappropriate gifts and entertainment.

- Friendships and familiarity that make it difficult to do business at “arms length”.
- Excuses and justifications that indicate you may be about to cross the line of acceptable business behavior.



## Appendix – Red Flags

- Temptation that could cause you to act in your own personal interest rather than the best interests of the company.
- Financial pressure that could cause you to accept gifts and entertainment you otherwise would not.
- Frequent giving or receipt of gifts from the same supplier or client.

Giving or receiving a gift or entertainment when there is an implied quid pro quo.





## Appendix – Best Practices

These are best practices to help you act consistently with the company's standards regarding conflicts of interest and business relationships, gifts and entertainment as outlines in our Code of Business Conduct.

- In any relationship-building activity, I focus on the best interests of the company.
- I disclose any situation where there may be a trade off or perception of a trade-off between my personal interests and those of the company.



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## Appendix – Best Practices

- I disclose any close personal relationships with customers or suppliers, second jobs or financial interest in a customer, competitor, or supplier.
- I pay attention to how friendships and familiarity could influence my behavior.
- I use extreme caution when giving or accepting gifts and entertainment because they can create conflicts of interest.
- I avoid frequency of gifts and/or entertainment with the same person, group or company.



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