

ETHICS & COMPLIANCE COUNCIL MEETING

October 25-27, 2023

The Ritz-Carlton, Tysons Corner | Washington, DC

NOTE: All times are Eastern Time Zone (ET)

Wednesday, October 25, 2023

6:00-8:30 pm **Welcome Reception & Dinner (Location TBD)**

Thursday, October 26, 2023

7:30-8:30 am **Networking Breakfast (Location TBD)**
Meeting (Location TBD)

8:30-9:15 am **Welcome Announcements & Member Introductions**

Speakers:

- Lynn Stephan, Managing Director of Legal, Risk & Compliance, Manufacturers Alliance
- Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.

9:15-10:15 am **Compliance Ambassador Programs**
Speaker: Michael Ortwein, Assistant General Counsel and Chief Compliance Officer, General Motors Company
Compliance Liaison (or Ambassador) Programs are force multipliers for corporate compliance programs and help ingrain a culture of ethics and compliance into the business. This presentation will outline some nuts and bolts of Liaison Programs as well as some lessons learned from the General Motors' compliance team's experience.

10:15-10:30 am **Morning Break**

10:30-11:30 am **Human Rights Governance & Anti-Corruption Assessment**
Speaker: Nicole Cuadrado, Director of Ethics, Compliance, and Social Responsibility, Corporate Counsel, Milliken & Company
An overview of Ethisphere's Anti-Corruption Program Maturity Assessment and Milliken's action plan as a result of this review and Human Rights governance including reviewing Milliken's charter and purpose along with our goal to complete a Human Rights Impact Assessment as a next step.

- 11:30 am-12:00 pm **Manufacturers Alliance Announcements & Updates**
Speaker: Lynn Stephan, Managing Director of Legal, Risk & Compliance, Manufacturers Alliance
Ethics & Compliance Council members and Manufacturers Alliance staff will discuss goals for the future of the council and projects in the works.
- 12:00-1:30 pm **Networking Lunch (Location TBD)**
- 1:30-2:30 pm **Workshops: Hot Topics in ESG**
1. Managing Global Compliance in the Evolving Regulatory Environment
2. Bribery & Corruption Due Diligence—What’s the Right Amount?
3. SEC Climate Disclosure Rules
Workshop Leaders:
 - Susan Parker, Vice President and Chief Compliance Officer, Deere & Company
 - Lynn Stephan, Managing Director of Legal, Risk & Compliance, Manufacturers Alliance
 - Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.Meeting attendees will break out into small group workshops to have more in-depth conversations and troubleshoot issues around these pressing ESG-related topics.
- 2:30-2:45 pm **Afternoon Break**
- 2:45-3:45 pm **Preparing for the EU Whistleblower Directive**
Speaker: Allison Riter, Vice President & Associate General Counsel, nVent
Depending on the number of employees you have in the EU, you may need to prepare for the upcoming compliance deadline for the EU Whistleblower Directive. Allison Riter of nVent will review the directive and share insights to keep in mind while revising your company’s whistleblower policy.
- 3:45-4:00 pm **Afternoon Break**
- 4:00-5:00 pm **Roundtable Discussion (All Meeting Participants)**
Roundtable Leaders:
 - Susan Parker, Vice President and Chief Compliance Officer, Deere & Company
 - Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.This is a time to expand on the presentations that occurred earlier in the day and introduce new topics for discussion. All meeting attendees are encouraged to introduce issues and brainstorm solutions.
- 5:00 pm **Thursday Meeting Adjourned**
- 6:00-8:30 pm **Networking Reception & Dinner (Location TBD)**

Friday, October 27, 2023

7:30-8:30 am **Networking Breakfast (Location TBD)**
Meeting (Location TBD)

8:30-9:30 am **Directed Roundtable: Benefits & Drawbacks of Generative AI**
Roundtable Leaders:

- Susan Parker, Vice President and Chief Compliance Officer, Deere & Company
- Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.

ChatGPT and similar generative AI programs are all the rage lately. In fact, AI is expected to see an annual growth rate of 37.3% from 2023 to 2030. So, what is the likely impact on workers and productivity? And how will this impact the manufacturing and legal industries?

9:30-9:45 am **Morning Break**

9:45-10:45 am **Roundtable Discussion** (All Meeting Participants)
Roundtable Leaders:

- Susan Parker, Vice President and Chief Compliance Officer, Deere & Company
- Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.

This is a time to expand on the presentations that occurred earlier in the day and introduce new topics for discussion. All meeting attendees are encouraged to introduce issues and brainstorm solutions.

10:45-11:00 am **Meeting Wrap-Up & Evaluations**

11:00 am **Fall Meeting Adjourned**

SAVE THE DATE
SPRING 2024 COUNCIL MEETING

Date: April 17-19, 2024

Location: TBD

ETHICS & COMPLIANCE COUNCIL MEETING

October 25-27, 2023

The Ritz-Carlton, Tysons Corner | Washington, DC

Hosted By: Manufacturers Alliance, Inc.

In Partnership With: CLE Companion, LLC

CONTENT OUTLINE

COMPLIANCE AMBASSADOR PROGRAM

Speaker: Michael Ortwein, Assistant General Counsel and Chief Compliance Officer, General Motors Company

- I. Presentation Goals
 - a. Explore best practices for compliance ambassador programs
 - b. Promote integrity and a speak up/listen up culture
 - c. Enable sustainable business growth through risk mitigation and clear guidance

- II. Nuts & Bolts: What are Compliance Ambassadors, aka Compliance Liaisons?
 - a. Benefits
 - b. Duties
 - c. Structural Considerations

- III. The GM Compliance Liaison Experience
 - a. Origins
 - b. Status
 - c. Path Forward

- IV. Question & Answer, Interactive Discussion

HUMAN RIGHTS GOVERNANCE & ANTI-CORRUPTION ASSESSMENT

Speaker: Nicole Cuadrado, Director of Ethics, Compliance, and Social Responsibility, Corporate Counsel, Milliken & Company

- I. Presentation Goals
 - a. Create or improve upon Human Rights Governance program
 - b. Determine Anti-Corruption maturity assessment
 - c. Promote internal corporate values

- II. Human Rights Governance
 - a. Governance structure
 - b. Adherence to values
 - c. Integrity Next
 - d. Human Rights Risk Assessment v. Human Rights Impact Assessment
 - e. Sustainability Reporting

- III. Anti-Corruption Assessment
 - a. Maturity assessment
 - b. Assessment results
 - c. Priority action items
 - d. Post-investigation and corrective action

- IV. Question & Answer, Interactive Discussion

WORKSHOPS: HOT TOPICS IN ESG

- 1. Managing Global Compliance in the Evolving Regulatory Environment**
- 2. Bribery & Corruption Due Diligence—What’s the Right Amount?**
- 3. SEC Climate Disclosure Rules**

Workshop Leaders:

- Susan Parker, Vice President and Chief Compliance Officer, Deere & Company
- Lynn Stephan, Managing Director of Legal, Risk & Compliance, Manufacturers Alliance
- Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.

- I. Workshop Goals
 - a. Explore global ESG compliance regulations and expectations
 - b. Prepare for disclosure requirements
 - c. Comply with ESG directives
 - d. Troubleshoot issues with peers

- II. Global Regulations
 - a. SEC Climate Rule
 - b. Corporate Sustainability Reporting Directive (CSRD)
 - c. European Sustainability Reporting Standards (ESRS)
 - d. German Supply Chain Due Diligence Act (SCDDA)
 - e. Uyghur Forced Labor Prevention Act (UFLPA)
 - f. Carbon Border Adjustment Mechanism (CBAM)
 - g. European Green Deal
 - h. Foreign Corrupt Practices Act (FCPA)

III. Common Issues & Problem-Solving

- a. Discuss hurdles
- b. Share best practices

IV. Question & Answer, Interactive Discussion

PREPARING FOR THE EU WHISTLEBLOWER DIRECTIVE

Speaker: Allison Riter, Vice President & Associate General Counsel, nVent

I. Presentation Goals

- a. Delve into regulation nuances
- b. Prepare for implementation
- c. Comply with the EU Whistleblower Directive (EUWBD)

II. EUWBD Basics

- a. General overview
- b. The WHY
- c. Implementation status

III. Challenges & Opportunities

- a. Challenges
 - i. Local v. global
 - ii. 27 member states
 - iii. Reverse burden
- b. Opportunities
 - i. Increased speak-up culture
 - ii. Talent retention

IV. Case Study: nVent

- a. New helpline
- b. New procedures
- c. Automation
- d. Publication to 3rd parties

V. Question & Answer, Interactive Discussion

DIRECTED ROUNDTABLE: BENEFITS & DRAWBACKS OF GENERATIVE AI

Roundtable Leaders:

- Susan Parker, Vice President and Chief Compliance Officer, Deere & Company
- Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.

I. Presentation Goals

- a. Discover how generative AI can help manufacturing companies
- b. Learn risks associated with generative AI
- c. Develop a corporate policy for generative AI

II. Overview of Generative AI

- a. What is it?
- b. Examples and popular implementations
 - i. OpenAI GPT (DALL-E, ChatGPT, Co-Pilot)
 - ii. Google PaLM 2 (Bard)

III. Benefits & Risks

- a. Create content effortlessly
- b. Mundane and repetitive tasks
- c. Time saver
- d. Trade secrets and confidentiality
- e. Accuracy
- f. Copyright
- g. Privacy
- h. Enterprise licenses

IV. Develop/Improve Upon a Policy

- a. Short and sweet
- b. Limit use of public generative AI tools
- c. Describe the risks
- d. Explain the employee's duty
- e. Carve out privately licensed tools
- f. Employee training

V. Question & Answer, Interactive Discussion

ETHICS & COMPLIANCE COUNCIL MEETING

October 25-27, 2023 | The Ritz-Carlton Tysons Corner | McLean, VA

Hosted by: Manufacturers Alliance, Inc.

SPEAKER BIOS

COMPLIANCE AMBASSADOR PROGRAM

Michael Ortwein

Assistant General Counsel and Chief Compliance Officer, General Motors Company

Michael Ortwein is Assistant General Counsel & Chief Compliance Officer at GM. Before joining GM, Michael was an Assistant U.S. Attorney for nearly seven years, and he spent several years in private practice with Kirkland & Ellis LLP in Washington, D.C. and Honigman Miller Schwartz and Cohen in Detroit, Michigan.



Michael began his legal career clerking for a Justice on the Maine Supreme Judicial Court and subsequently for the Honorable Richard J. Leon, U.S. District Court for the District of Columbia. Michael is a graduate of the College of the Holy Cross and Suffolk University Law School in Boston, Massachusetts.

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HUMAN RIGHTS GOVERNANCE & ANTI-CORRUPTION ASSESSMENT

Nicole Cuadrado

Director of Ethics, Compliance, and Social Responsibility, Corporate Counsel, Milliken & Company



Experienced in-house counsel, business attorney, and former associate attorney at Nelson Mullins with a practice focused on employment counsel, regulatory compliance, business litigation, and contract review, drafting, and negotiation. Extensive experience in legal research, writing, communications with internal clients and third parties, business strategy, and risk management. Dynamic and authentic leader in transforming culture and aligning HR and diversity, equity, and inclusion strategic goals with overall business strategy to improve engagement, retention, and productivity.

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WORKSHOPS: HOT TOPICS IN ESG

- **Managing Global Compliance in the Evolving Regulatory Environment**
- **Bribery & Corruption Due Diligence—What’s the Right Amount?**
- **SEC Climate Disclosure Rules**

Workshop Leaders:

Susan Parker, Vice President and Chief Compliance Officer, Deere & Company



As a senior HR executive, I am passionate about people and helping businesses solve problems in a sustainable and compassionate way. I have consistently leveraged my interpersonal skills, curiosity, integrity, and work ethic to guide me across my career.

Throughout my 20+ years at John Deere, a Fortune 500 manufacturing company, I have stepped into a variety of HR and business leadership roles that have provided me with a deep understanding of how HR supports the business as well as the unique opportunity to see the impact good HR leadership and solutions can provide. In turn, this has enabled me to consistently drive results across workforce planning, performance management, organizational design and effectiveness, compliance, and employee engagement while managing global HR teams of 500+ professionals and leading HR functions for multiple business divisions with 15,000+ geographically dispersed employees.

As a member of Deere’s executive team, I hold broad experience in leading organization redesign and change management, developing key initiatives for business expansion, and providing strategic leadership for integration of large acquisitions. I am committed to driving a culture of excellence, engaging with leaders and employees in a meaningful and multi-dimensional way, and continuing to make a positive impact on the organization.

Areas of Expertise:

Organizational Planning & Development | Employee Recruitment & Retention | Performance Management | Employee Relations & Culture Building | Salary & Compensation | Training & Professional Development | Workforce Management

Lynn Stephan, Managing Director of Legal, Risk & Compliance, Manufacturers Alliance

As an attorney, Lynn offers her expertise in law, risk management, ethics & compliance, strategic planning, and board management for the Legal, Risk & Compliance community at Manufacturers Alliance.

Manufacturers ALLIANCE

Celebrating 90 Years | 1933–2023



Lynn comes to the Manufacturers Alliance with almost a decade of association education experience. She worked as the Vice President of Education and Events at ARMA International and as the Associate Director of Education at the American Association for Justice. She earned her law degree at New England Law | Boston and her Bachelors at Mount St Mary's University. Lynn volunteers her time as a board member of her local Meals on Wheels chapter and is happiest with her partner and their son in picturesque Ithaca, New York.

Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc.



Betty Ungerman is Vice President, Deputy General Counsel of Lennox International Inc. (NYSE LII), a global leader in the heating, air conditioning and refrigeration markets, with approximately 11,000 employees. In this role Betty provides advice and counsel to senior management and oversees the lawyers responsible for all of LII's business units and trade compliance, as well as leading the Company's Intellectual Property activities. She is also the Chief Ethics and Compliance Officer for LII, and ensures that LII follows best practices in this area.

Betty joined LII in 2009, after serving two years as Assistant General Counsel at Hunt Oil Company, where she represented Hunt in a \$3 billion international party financing in Yemen. Prior to Hunt, Betty was Counsel at Jones Day for seven years, working primarily in IP and IT transactions, licensing, trademark portfolio management, and patent litigation. Her background also includes eight years at Fina Oil and Chemical in various positions, including investor relations and corporate development, and two years as an associate at BakerBotts. She has been involved in a myriad of transactional work and litigation. Prior to law school, Betty was a petroleum reservoir engineer.

Betty earned a bachelor's degree in petroleum engineering from the Missouri University of Science and Technology, an MBA from Oklahoma City University, and a law degree from the SMU Dedman School of Law. She is member of the State Bar of Texas, the Dallas Bar Association, past Chair of the Texas General Counsel Forum (TGCF), and past Chair of the TGCF Annual Conference and of the DFW Chapter. She is the President of (and a Master in) The Honorable Barbara M.G. Lynn IP Inn of Court and past chair of the International Section of the State Bar. She is an active alumnus of the SMU Dedman School of Law, where she is a Community Fellow in the Inns of Court program, an adjunct lecturer, and the lead architect of a new program for female law students. She is also a member of the General Counsel Working Group of the University of Texas Center for Women in Law. She and her husband are past

presidents of the West Point Parents' Club of North Texas. They have two children, Meyer, who is a first lieutenant in the US Army, and Megan, who is a sophomore at Dartmouth College.

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PREPARING FOR THE EU WHISTLEBLOWER DIRECTIVE
Vice President & Associate General Counsel, nVent



Innovative, solutions-driven attorney and leader with US and international experience across manufacturing and commercial industries. Demonstrated history of effectively solving problems and proven ability to design and implement effective processes to mitigate and manage compliance risk. Strong experience in ethics & compliance, M&A, data privacy, trade compliance, investigations, supply chain, ESG, and inclusion & diversity.

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ROUNDTABLE DISCUSSION

Roundtable Leaders:

Susan Parker, Vice President and Chief Compliance Officer, Deere & Company (listed above)

Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc. (listed above)

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Directed Roundtable: Benefits & Drawbacks of Generative AI

Roundtable Leaders:

Susan Parker, Vice President and Chief Compliance Officer, Deere & Company (listed above)

Betty Ungerman, Vice President, Deputy General Counsel, Lennox International Inc. (listed above)

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Compliance Liaison Programs: Nuts & Bolts / Lessons Learned

Michael Ortwein
Assistant General Counsel & Chief Compliance Officer
General Motors

Ethics & Compliance Council
Manufacturers Alliance
October __, 2023



STATE BAR OF TEXAS
Minimum Continuing Legal Education
Accreditation Notice



Kristin Davidson

Report Date: 11/20/2023

CLE Companion

Sponsor Number: A15504

P.O. Box 160411

Austin, 78716 United States

Course Number: 174215002

Course Title: Fall 2023 ETHICS & COMPLIANCE COUNCIL MEETING

Course Date: 10/26/2023

Location:

Course Date Thru: 10/27/2023

Mclean,
Virginia

NOTIFICATION OF ACCREDITATION OF CLE ACTIVITY

Approved for:

MCLE and State Bar College

ACCREDITED HOURS

6.00

ETHICS HOURS

4.00

The application shows Hourly as the method for calculating the MCLE Accreditation fee. Our records show the following payment information toward this fee, and the late filing fee (if applicable).

Charge Type ↑	Net Charge	Applied Amount	Amount Outstanding
Course Fee for 5.25 to 10 hrs	\$85.00	\$85.00	\$0.00

Scanning this code takes you directly to the State Bar of Texas MCLE reporting tool with information for this course automatically filled in.



For an attorney to report your attendance, simply scan the code, log in, certify that the requested credit is correct, and click submit.

To download a QR barcode of different sizes, go to: <https://www.texasbar.com/qr/?crs=174215002>

State Bar of Texas - MCLE ■ POB 13007 ■ Austin, Texas 78711-3007
(800)204-2222x1806 ■ (512)427-1806 ■ Fax (512)427-4423 ■
mcle@texasbar.com

Some Nuts & Bolts

From the Institute of Business Ethics and the Ethics & Compliance Initiative

What Are Compliance Liaisons?

Promoting Integrity and Compliance on the Front Line

“Ethics Ambassadors can be defined as **employees that assist senior management in promoting an ethical culture based on shared core values within the organization**. Although they liaise with full-time ethics practitioners, **they are not part of the ethics function** - they are employees who work at different levels within a company and often take up this role **in addition to their day-to-day job**. Their backgrounds can be diverse but their responsibilities as ethics ambassadors tend to be similar to **facilitate conversations on ethics** and **identify ways in which various parts of the business can work together to solve ethical issues when they arise**.” (emphasis supplied)

Institute of Business Ethics, Good Practice Guide (2010) – Ethics Ambassadors

Also Known As

- Ethics Ambassadors
- Ethics Correspondents
- Ethics Officers
- Ethics Representatives
- Business Conduct Officers
- Business Practices Officer
- Compliance Liaisons
- Ethics Advisors
- Ethics Coordinators
- Ethics and Compliance Officers
- Local Policy / Staff Champions
- Local Ethics Advisors

What Are Some Benefits?

- **Extend the reach** of the ethics & compliance office throughout the organization
- Helps make ethics messaging **relevant** to the business units in which they operate
- Demonstrates the organization's **commitment** to ethics & compliance
- **Promotes** an ethical culture, improving local risk detection and **encouraging** a “speak up” culture
- Provide **feedback** on the organization's ethics culture that might otherwise not be brought forward by other employees
- Provide **guidance** to employees who may not choose to use corporate disclosure channels or helplines



What Are Some Common Duties?



- **Localize** global ethics material and initiatives
- Act as a **point of contact** for employees
- Act as an **advocate** for the ethics program
- **Communicate** and **disseminate** information from the ethics office
- Deliver training
- **Report** and **investigate** suspected improper conduct
- Keep the ethics program **top of mind** with leaders

Institute of Business Ethics, Good Practice Guide (2010) – Ethics Ambassadors

Some Structural Considerations

Key Considerations re: how many you need:

- Number of company locations / business functions
- Volume of requests from business units
- Percentage of total employee population
- Size of compliance team responsible for overseeing

Key Considerations re: where they're placed:

- The geographic regions in which the organization does business
- Strategic importance of facility/location
- Risks associated with business unit



“A good rule of thumb used by many organizations is one for every 200 employees.”

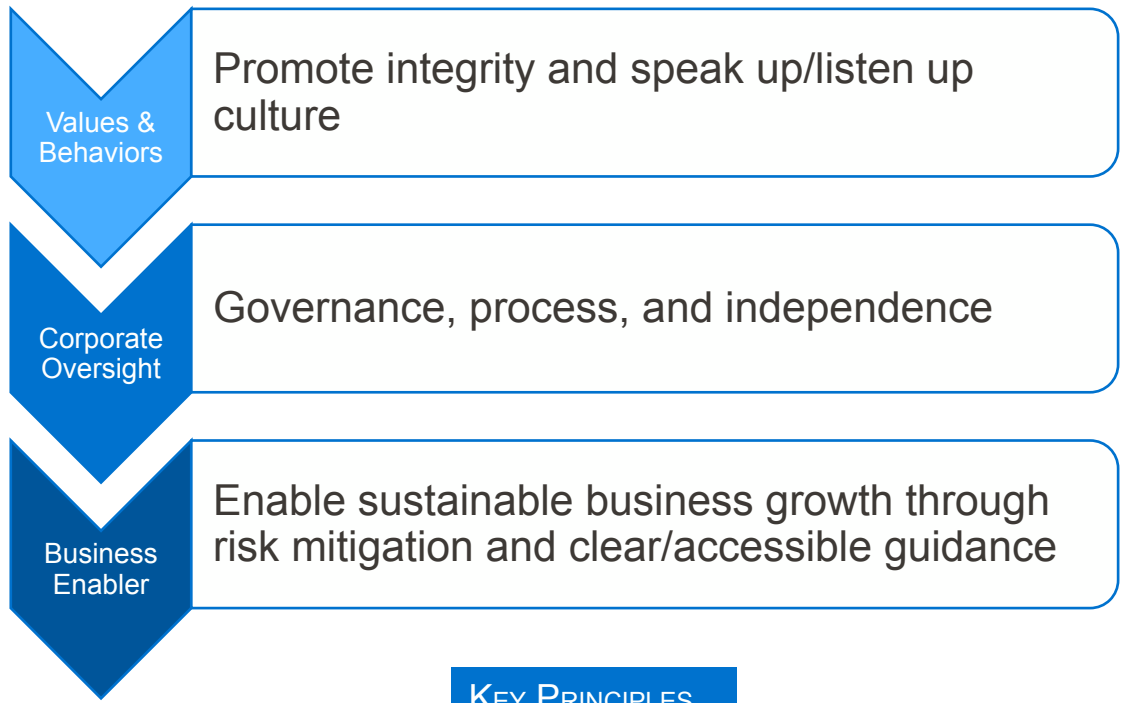
GM's Compliance Liaison Experience

Origins • Status • Path Forward

Setting the Stage: Driving an Effective Ethics and Compliance Program at GM



PROGRAM ELEMENTS



KEY PRINCIPLES

GM Compliance Liaison Program Overview

When We Began and Why

- Launched in late 2020
- Expand reach and further operationalize compliance in the business

How We Began

- Comprised of mostly Legal Staff Attorneys
- Geographic and Corporate/ Functional

Where We Are Today

- Transitioned into business to optimize impact and align with industry benchmarks
- Current Roster: ~50 Compliance Liaisons
- Locations: ~30 Countries (Regional, Functional and Plant locations)

Program's Purpose and Objectives

Purpose

- Help **localize** compliance activities
- Increase the **line of sight** into business unit compliance risks to improve local risk detection and reporting
- Support local ethical leadership **communications**
- Promote employee **comfort** in **speaking up**

Objectives

- Promote culture of **high performance** with **high integrity**
- Help ensure compliance process/ business operations **compatibility**

Key Players

Label	Who	Roles	Responsibilities
Compliance Liaisons (Names shared GM wide)	Business Professionals	Primary	<ul style="list-style-type: none">▪ Assist leaders to proactively promote ethical leadership and compliance risk management▪ Ensure deliverables are completed in timely manner
Compliance Advisors (Internal Only)	Select SME Legal Staff Attorneys	Advisory	<ul style="list-style-type: none">▪ Provide legal advice and insights into respective risk management initiatives and activities▪ Periodically provide training (Compliance Advisor Spotlights) during Quarterly Program meetings

Qualifications & Expectations

Who We Are Looking For	
	High integrity, high potential director or manager (developmental opportunity)
	Respected by peers and local leadership
	Knowledgeable of local GM business goals, processes and internal controls
	Approachable, discreet, detail-oriented, innovative and collaborative



Expected Impact and Results	
	Enhance touchpoints between Compliance & the business to facilitate timely, business-savvy advice
	Help business leaders promote an ethical culture & leverage GM behaviors to achieve business goals and objectives
	Enhance GM's ethical leadership and compliance risk management efforts

Maximum Impact, Minimal Time Commitment (approx. 3% of time)

Liaison Selection



Identify

- Work with Regional Compliance Officers and Regional General Counsel to identify candidates
- Meet with Regional Leadership to discuss / receive candidates



Assess

- Compliance will vet candidates and update Regional Leadership on determination.
- Once approved, candidate will be interviewed by compliance and affirmed by Leadership. The successful candidate will be designated a Compliance Liaison (CL)



Train and Mentor

- Once designated, the new CL will be trained by Compliance and will attend Quarterly Global CL Meetings
- CLs receive direction and support from Compliance
- Compliance invited to provide input on CL's performance reviews

Program Governance and Oversight



Inform

- We share the “what and why” of upcoming E&C initiatives with CLs during quarterly meetings.
- We provide an access-restricted site for CLs to upload deliverables and share work product.



Engage

- We periodically reach out to CLs and provide bi-monthly reminders of deliverables.
- We collaborate with CLs as needed to ensure their effectiveness.
- If needed, we connect CLs with Compliance Advisors for legal advice.



Train

- We provide onboarding training on our Global Ethics & Compliance Program goals and elements
- During our Quarterly meetings, we have industry experts share best practices on CL effectiveness and provide Compliance Advisor Spotlights on key and emerging GM risks areas

Final Thoughts: Pinch Points & Lessons Learned

Potential Pinch Points

- Organizational Focus
- Resources
- Balancing meaningful activities with larger, everyday priorities

Lessons Learned

- Top-down approach; align early and often
- Patience and perseverance wins the day
- Crawl before run – start with modest requirements and ramp up over time

2023

MILLIKEN & COMPANY

Human Rights Governance & Anticorruption Assessment

Nicole Cuadrado

Director of Ethics, Compliance & Social Responsibility






Milliken[™]

DRAFT

PURPOSE

Together we strive to positively impact the world around us for generations to come.

VALUES

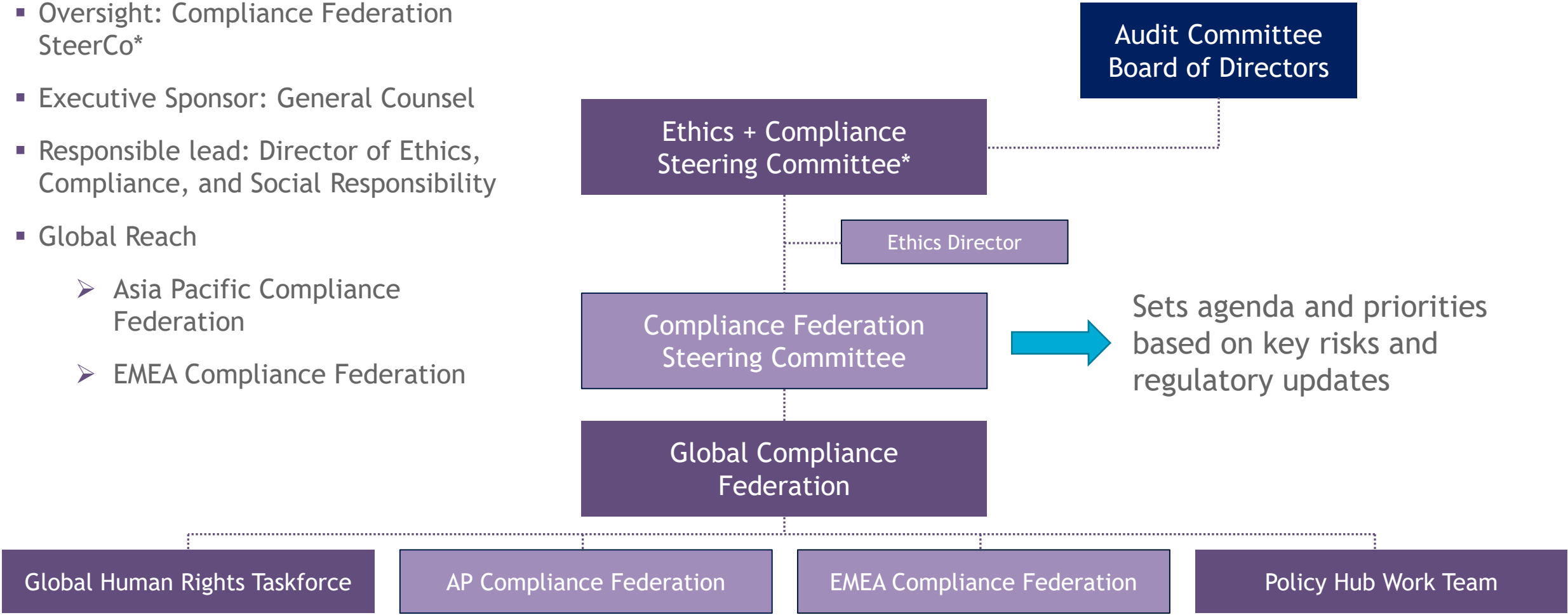
 <p>Integrity Do the right thing</p>	 <p>Excellence Set a high bar for performance</p>	 <p>Innovation Reward big thinking</p>	 <p>Sustainability Create a healthy future</p>	 <p>People Empower exceptional teams</p>
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“ Our Code of Conduct is our guide to living out our commitment to integrity. While the Code does not address every situation or circumstance, it embodies our collective commitment and individual responsibility as we strive to make a positive impact on the world. ”

— HALSEY COOK, CEO

COMPLIANCE FEDERATION GOVERNANCE

- Oversight: Compliance Federation SteerCo*
- Executive Sponsor: General Counsel
- Responsible lead: Director of Ethics, Compliance, and Social Responsibility
- Global Reach
 - Asia Pacific Compliance Federation
 - EMEA Compliance Federation



*CEO, CFO, CHRO, GC, Sustainability, Ethics

GLOBAL HUMAN RIGHTS TASKFORCE CHARTER

EXECUTIVE SPONSOR: Kasel Knight

LEAD: Nicole Cuadrado

TASKFORCE MEMBERS: Maurie Lawrence, Andrew Cotton, Beth Gardner, Tom Gilkeson, Haley Gregory, David Heichemer, Alex Tam, and Yoyo Zhang

OBJECTIVES

- FACE: Find-Act-Communicate-Evaluate
- Ensure transparency and continuous improvement in our approach to human rights including labor practices, safety, modern slavery, human trafficking, data privacy, pay equity, diversity, equity and inclusion, and security
- Align business practices with industry best practices and internationally recognized principles found in the U.N. Guiding Principles for Business and Human Rights, Universal Declaration of Human Rights, and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work
- Collaborate with business partners on aligning business strategy with human rights strategy to address supply chain due diligence and risk

METRICS

- Integrity Next
 - Third Party Due Diligence
- Training
- Publishing Statements
- Regulatory Monitoring
- Communication Tracking

RISKS AND DEPENDENCIES

- Supplier Due Diligence
- Effective legislative monitoring
- Regional monitoring and group updates (EMEA/AP)

KEY MILESTONES

- Policy Hub: Update policies related to and impacting human rights strategy
- Annual human rights and modern slavery training
- Annual Global Human Rights and Human Trafficking Affirmation
- Communication Plan

RESOURCES

- Ethics and Compliance Steering Committee
 - Global Compliance Federation
-
- Meetings: 4x per year
 - Reports to Global Compliance Federation 1x per year
 - Internal Partners/Advisors:
 - Relevant Businesses - VP / General Manager / Plant Manager
 - Legal
 - HR
 - Sourcing
 - Other stakeholders - e.g. Finance, Quality to extent appropriate
-
- External Partners
 - Business Ethics Leadership Alliance
 - LRN (Learning Network)

PVV LINKAGE

- Integrity + Sustainability

SUPPLIER ADHERENCE TO VALUES

Milliken uses several layers to ensure suppliers are performing in alignment with our values and in accordance with the growing requirements for third party validation

Supplier Code of Conduct

- Global expectations for all suppliers
- Accepted by any supplier doing business by Milliken, new supplier or acting on commodity or service
- Includes Helpline and Speak-Up section
- Reserves the right to audit as needed
- Posted externally in multiple languages and referenced in PO T&Cs

Purchase Order (PO) Terms and Conditions (T&Cs)

- Further standards for doing business with Milliken
- Covers 80% of spend volume
- PO is a contract

Detailed Contracts

- Additional coverage as required and advantageous to Milliken's interests

Third Party Supplier Sustainability Solution (Integrity Next)

- Requires suppliers to validate adherence to Company values
- Self-assessment provides information on compliance with key values
- Future strategy development underway for consideration of 'what ifs'

OVERVIEW - INTEGRITY NEXT: SUPPLIER ENGAGEMENT BEYOND SUPPLIER CODE OF CONDUCT



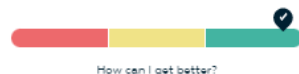
- Integrity Next: Best platform, no supplier fees**
- Newer player, big in automotive
 - All suppliers included, 5,000+ suppliers
 - Doing work since 2017
 - Multiple surveys based on size/scope
 - Supports global operations
 - 3-year contract requested with no annual increases
 - Has in house validation services
 - 30% of top spend already in network
 - Lower cost provider



HUMAN RIGHTS & LABOR - INTEGRITY NEXT

Human Rights & Labor

Commitment to combating forced and child labour, eliminating discrimination and ensuring good working conditions



Is your company certified to a standard for social issues?

Yes, SA8000 (SAI)

Yes, other standard

No

Equal Rights and Treatment of Employees

- 1 Is a member of your company's management responsible for ensuring equal rights and treatment of all employees, regardless of their ethnic origin, gender, age, handicap, religion, nationality, sexual orientation, social background, or political views? Yes No No Answer
- 2 Does your company have measures in place to ensure equal rights and treatment of all employees? Yes No No Answer
- 3 Can you confirm that your company does not violate the [ILO Discrimination \(Employment and Occupation\) Convention \(No. 111\)](#)? Yes No No Answer
- 4 Does your company provide employees an opportunity to give feedback and complaints to management? Yes No No Answer

Mistreatment and Forced Labour

- 5 Is your company's management committed to ensure a work environment free of physical, sexual, mental, and verbal abuse, threats or other form of mistreatment? Yes No No Answer
- 6 Does your company have measures in place to prevent any kind of employee mistreatment? Yes No No Answer
- 7 Can you confirm that your company does not hire or use private or public security service which:
 - a) threatens torture or cruel, inhuman or degrading treatment,
 - b) threatens life and limb, or
 - c) violates the freedom of association and the right to organise?Yes No No Answer

8 Is your company's management committed to reject any kind of forced labor and any kind of slavery? Yes No No Answer

9 Does your company have measures in place to prevent any kind of forced labor and any kind of slavery? Yes No No Answer

10 Can you confirm that your company does not violate the [ILO Forced Labour Convention \(No. 29\)](#) and the [ILO Abolition of Forced Labour Convention \(No. 105\)](#)? Yes No No Answer

Child Labor

11 Does your company comply with local legislation on minimum age of employees and the [ILO Minimum Age Convention \(No.138\)](#)? Yes No No Answer

12 Is the age specified by your employees during the recruitment process verified by your company, and does this also happen if the recruitment process is carried out by recruitment agencies? Yes No No Answer

13 Does your company keep copies of the legal proof of age documentation for all employees? Yes No No Answer

14 Can you confirm that your company does not violate the [ILO Worst Forms of Child Labour Convention \(No. 182\)](#)? Yes No No Answer

Working Hours and Wages

15 Does your company document the working hours and wages of your employees in order to comply with the local legislation and the standards of the International Labor Organization (ILO)? Yes No No Answer

16 Is your company's pay equal to or above the legally regulated minimum wage? If there is no legally regulated minimum wage, do you provide fair remuneration? Yes No No Answer

17 Can you confirm that your company does not violate the [ILO Equal Remuneration Convention \(No. 100\)](#)? Yes No No Answer

HUMAN RIGHTS & LABOR - INTEGRITY NEXT

Collective Bargaining and Freedom of Association

18 Is your company's executive management committed to recognize and promote the fundamental right of employees to form trade unions, as well as collective bargaining? Yes No **No Answer**

19 Can you confirm that your company does not violate the [ILO Right to Organise and Collective Bargaining Convention \(No. 98\)?](#) Yes **No** No Answer

20 Can you confirm that your company does not violate the [ILO Freedom of Association and Protection of the Right to Organise Convention \(No. 87\)?](#) Yes **No** No Answer

Other Fundamental Human Rights

21 Can you confirm that your company does not unlawfully acquire or develop land, forests, or waters that support a person's livelihood? Yes **No** No Answer

22 Can you confirm that your company does not violate the [International Covenant on Civil and Political Rights?](#) Yes **No** No Answer

23 Additional documents as proof of evidence (if available):

<  >

Drop file here
or select file
PDF, JPEG or PNG; max. 15MB

Save Cancel

HUMAN RIGHTS RISK ASSESSMENT V. HUMAN RIGHTS IMPACT ASSESSMENT (HRIA)

	RISK ASSESSMENT	HRIA – IMPACT ASSESSMENT
Reviewing Against	Specialist methodology created by Spark Compliance	International human rights standards
Objective	Understand how the current business practices creates human rights and modern slavery risk, with gross risk reduced by current programmatic mitigating activities	Creating the opportunity for understanding between parties, risk identification, and continuous improvement at the corporate and operational level
Scope	Company-wide unless otherwise specified	The entire value chain/360-degree view of a project or impact within a specific region/country
Engagement from Stakeholders	Internal interviews with business and functional leaders, as well as select employees with greater exposure to risk	Informed by inputs from employees, trade unions, local/national government, business associations, rights-holders, NGOs, sector/area experts

SUSTAINABILITY REPORTING ON HUMAN RIGHTS

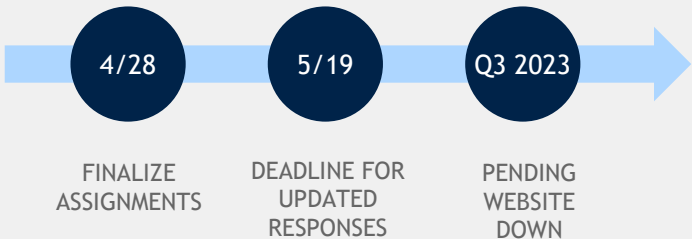
UN GLOBAL COMPACT



United Nations
Global Compact

- 15 associates/teams engaged
- Publish Communication on Progress publicly
- Demonstrates progress on the SDGs in transparent and consistent manner
- Enhances brand value
- Supports WME submission

KEY MILESTONES

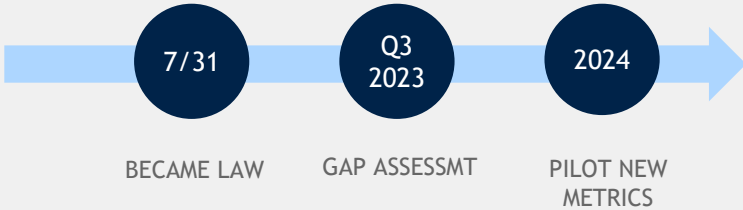


EU CSRD GAP ASSESSMENT



- Reporting now mandatory in EU
- General requirements for all companies and topic reporting based on double materiality
- Inclusive of entire value chain

KEY MILESTONES

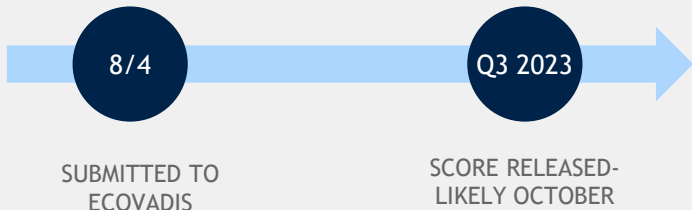


ECOVAIDS



- Organizations rely on EcoVadis to monitor and improve the sustainability performance of their business and trading partners.
- Scores management of environment, human rights, ethics and sustainable procurement
- Offers standardized way for stakeholders to evaluate Milliken against industry

KEY MILESTONES





OPEN DISCUSSION

- 1. HOW DO YOU
MANAGE HUMAN
RIGHTS?**
- 2. HAS ANYONE
COMPLETED A HUMAN
RIGHTS ASSESSMENT
OR HRIA?**




ANTICORRUPTION ASSESSMENT

ANTI-CORRUPTION MATURITY ASSESSMENT

- 54 question self-assessment
- Ethics/Legal partnered with Internal Audit
- Measures anti-corruption program maturity
- Aligns with leading international guidance
- Provides guidance and resources to build capabilities
- Final report includes:
 - ✓ Self-assessment score against benchmark
 - ✓ Summary and Priority Action Items
 - ✓ Target Score
 - ✓ Links to resources with each response

ETHISPHERE[®]



☰

DASHBOARD

ASSESSMENTS

KEYS

ORGANIZATI
ONS

PEOPLE

MY REPORTS

RESOURCES

CURRENT BENCHMARKS

INTERNAL	EXTERNAL	GLOBAL
SELF ASSESSMENTS		
2.7		3.3
INDEPENDENT EVALUATIONS		
		2.5

ASSESSMENTS IN PROGRESS

5

SA IN
PROGRESS

7

UNDER
REVIEW

1

IE IN
PROGRESS

1

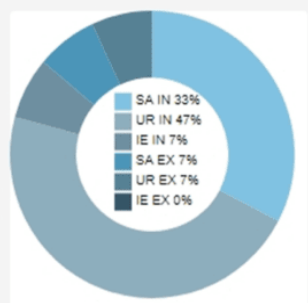
SA IN
PROGRESS

1

UNDER
REVIEW

0

IE IN
PROGRESS



ASSESSMENTS COMPLETED

THIS MONTH		TOTAL TO DATE	
INTERNAL			
5	0	14	2
SA	IE	SA	IE
EXTERNAL			
0	1	0	0
SA	IE	SA	IE

ACTION ITEMS

Self-Assessments Incomplete After 15 Days	35
Self-Assessment Review Incomplete After 15 Days	8
Independent Evaluations Requested	0
Independent Evaluations Incomplete After 15 Days	1

SELF-ASSESSMENT SEATS

ALLOWED	REMAINING	ISSUED
100	20	80

IND. EVALUATIONS

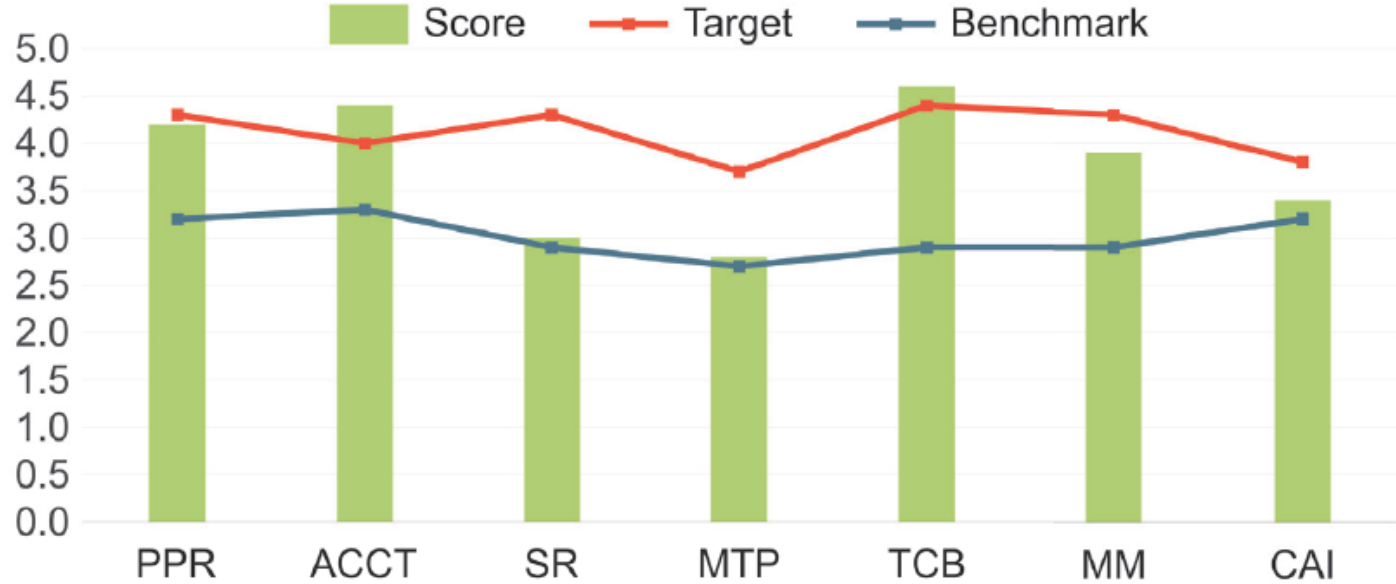
ALLOWED	USED
10	0

MILLIKEN ANTICORRUPTION MATURITY

- Overall Score: 3.8
- Benchmark: 3.0
- Target: 4.1
- The assessment is divided into the following sub-categories that make up an effective anticorruption program:

CATEGORIES / SUB-CATEGORIES	TARGET SCORE	SELF-ASSESS.	BENCH-MARK
▲ Policies, Procedures & Records	4.3	4.2	3.2
Anti-Corruption Compliance Team	4.0	4.4	3.3
▲ Scope & Quality of Risk Assessment	4.3	3.0	2.9
▲ Management of Third Parties	3.7	2.8	2.7
Training and Capacity Building	4.4	4.6	2.9
▲ Monitoring & Measurement	4.3	3.9	2.9
▲ Corrective Actions and Improvements	3.8	3.4	3.2

Standard View - Actual vs Target



EXECUTIVE SUMMARY: ASSESSMENT RESULTS



Assessments/Audits: Integrate anticorruption risk assessments into existing business processes including acquisitions, entering new markets, key transactions, and third-party onboarding. Assessments should consider ALL interactions - by associates or third parties working on our behalf



Policy: Policy and training are strong. Consider adding case studies and a variety of circumstances to help associates and third parties understand what they must do to prevent bribery.



Document Procedures: Procedures clearly define the steps associates should follow to implement our policies. Where policies tell employees what to do, procedures explain how to do it.



Third-Party Due Diligence: Begin to integrate anti-corruption specific factors into your general third-party due diligence process. Due diligence should be performed before onboarding and in advance of contract renewal. Annual review based on risk tier.



Disciplinary action: Policy and process for disciplinary action/sanctions along with a record of the range of sanctions applied for consistent application of future action. Implement a corrective action tracking system

PRIORITY ACTION ITEM #1: RISK ASSESSMENTS

- ✓ Conduct risk assessments when entering a new market, relationship or transaction, with periodic updates but mainly focus on high risks
- ✓ Should evaluate risk against all applicable laws including international anti-corruption standards such as the OECD Good Practice Guidance
- Should take a 360-degree view of a company’s business, processes and relationships with third parties
- **Benchmark against:**
 - OECD Good Practice Guidance on Internal Controls, Ethics, and Compliance;
 - Transparency International’s Business Principles for Countering Bribery; or
 - ISO 37001 anti-Bribery Management Systems Standard

Impact/Severity (Potential Revenue Loss if Risk Occurs in Next 18 Months)

5	Very High	> \$50million
4	High	\$40million < \$50million
3	Medium	\$20million < \$40million
2	Low	\$10million < \$20million
1	Very Low	\$1million < \$10million

Probability of Risk Occurring in Next 18 Months

5	Expected	>50% probability
4	High	50% probability
3	Medium	33% probability
2	Low	25% probability
1	Remote	< 10% probability

PRIORITY ACTION ITEM #2: THIRD-PARTY MANAGEMENT

- Improve anticorruption awareness with third parties that pose highest risk and then integrate at onboarding/contracting
- Integrate anticorruption contract provisions into terms and conditions/supplier agreements
- Enhance due diligence with a tiered approach:
 - ✓ Ownership information
 - ✓ Reputation check
 - ✓ Litigation check
 - ✓ Watch and sanctions lists
 - ✓ Completed self-assessment
 - ✓ Direct interviews or on-premise visits
 - ❑ Government relationship/ties
 - ❑ Existence of anti-corruption program
 - ❑ Billing and payment practices
 - ❑ References

Human Rights & Labor

Commitment to combating forced and child labour, eliminating discrimination and ensuring good working conditions

How can I get better?

Is your company certified to a standard for social issues?

Yes, SA8000 (SAI) Yes, other standard No

Equal Rights and Treatment of Employees

1 Is a member of your company's management responsible for ensuring equal rights and treatment of all employees, regardless of their ethnic origin, gender, age, handicap, religion, nationality, sexual orientation, social background, or political views? **Yes** No No Answer

2 Does your company have measures in place to ensure equal rights and treatment of all employees? **Yes** No No Answer

3 Can you confirm that your company does not violate the ILO Discrimination (Employment and Occupation) Convention (No. 111)? **Yes** No No Answer

4 Does your company provide employees an opportunity to give feedback and complaints to management? **Yes** No No Answer

Mistreatment and Forced Labour

5 Is your company's management committed to ensure a work environment free of physical, sexual, mental, and verbal abuse, threats or other form of mistreatment? **Yes** No No Answer

6 Does your company have measures in place to prevent any kind of employee mistreatment? **Yes** No No Answer

7 Can you confirm that your company does not hire or use private or public security service which:
a) threatens torture or cruel, inhuman or degrading treatment,
b) threatens life and limb, or
c) violates the freedom of association and the right to organise? **Yes** No No Answer

PRIORITY ACTION ITEM #3: CORRECTIVE OR DISCIPLINARY ACTION

- Whistleblower Policy and procedure, Non-Retaliation Policy and training, and third-party managed Helpline
- Enhance disciplinary action to ensure consistency regardless of level/seniority
 - ✓ Conduct root cause analysis
 - ✓ Assign owner to track and resolve issues and action items w/timeline
 - ✓ Track sanctions and disciplinary action
 - ✓ Report to senior management and get approvals for action.
 - ✓ Correct gaps and make system improvements.
 - ✓ Enhance training
 - ✓ Enhance policies, procedures, controls
 - Update policy with types of disciplinary action based on violations to set expectation



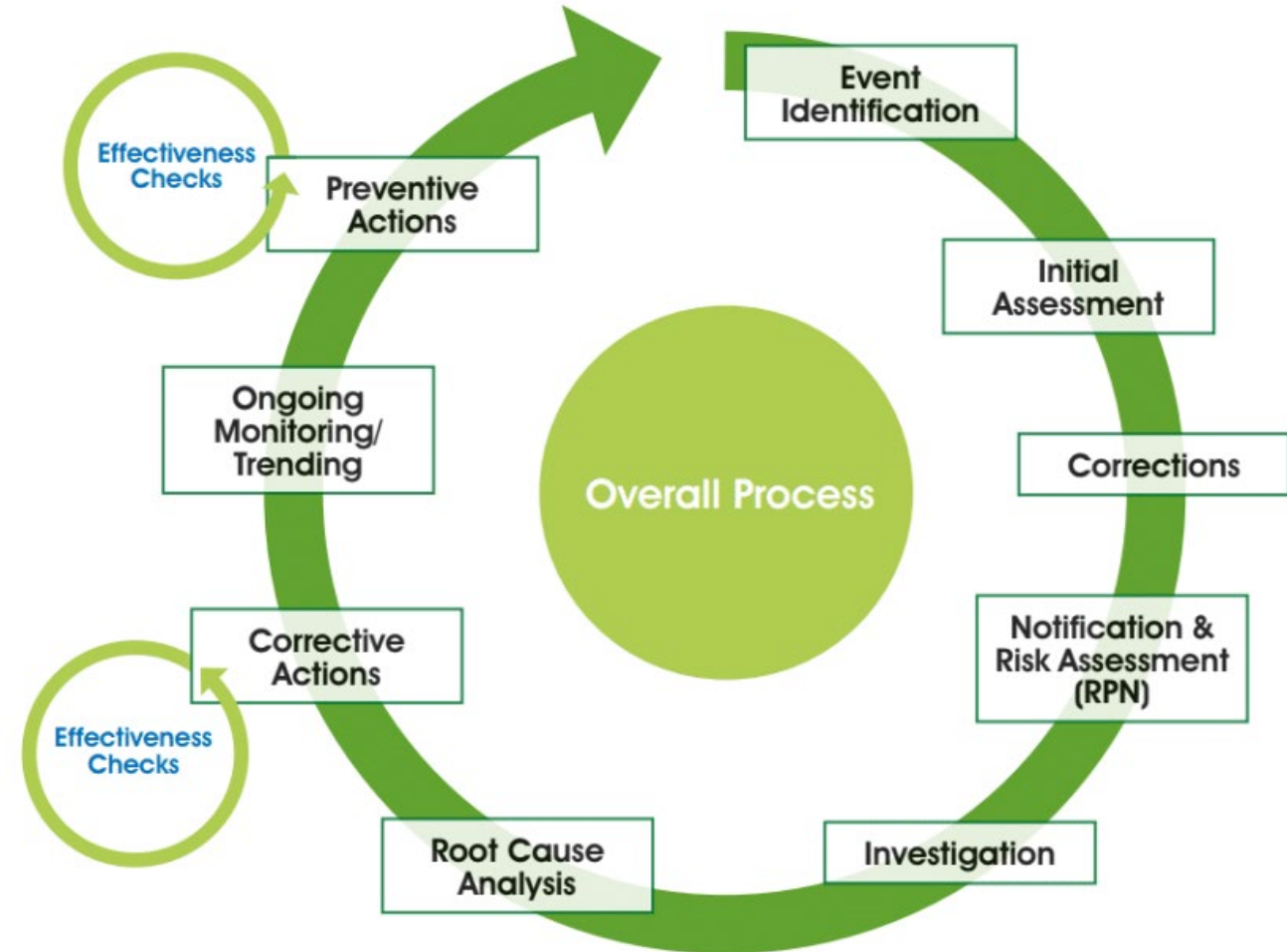
POST INVESTIGATION AND CORRECTIVE ACTION

Ongoing Monitoring

- Review of policies, procedures and controls.
- Review of books and records
- Review/monitor third parties
- Testing for program compliance across all categories
- Testing transactions
- Review of external developments

Constant Compliance/Continual Improvement

- Know your unique risks as a company.
- Regularly update policies, procedures and controls based on risk.
- Train your employees and third parties, as necessary.
- Regularly communicate to emphasize the importance to employees and third parties.
- Know your business (the details).
- Spot red flags.
- Detect, resolve, remediate (repeat)





OPEN DISCUSSION