

Code of  
Ethics and  
Business  
Conduct  
Policy

valspar

## **A MESSAGE FROM VALSPAR'S CEO**

Dear Valspar Employees:

The foundation of our great company is our commitment to doing business the right way, the Valspar way. We have built the trust of our customers and suppliers by developing a reputation for conducting our business with integrity and the highest ethical standards. Our reputation as an ethical company is one of Valspar's most valuable assets.

We all share a responsibility for ensuring that Valspar maintains its reputation as an ethical company, even in a business environment that offers challenges and surprises at every turn. It is your responsibility to be familiar with and to follow the principles and guidelines set forth in our Code. Compliance with our Code is an expectation of every employee no matter where you work in the world. Valspar will not tolerate any violation of this Code of Ethics and Business Conduct.

As you perform your responsibilities for Valspar, the Code is intended to help you make the right ethical and legal decisions. All Valspar employees are expected to read, understand and comply with the Code. No code of conduct can possibly address every ethical issue that might arise. If you ever have any questions about any topic in the Code, you should talk with your manager, Human Resources or the Law Department. In addition, you should promptly report to your manager, Human Resources or the Law Department any actions, situations or conditions you believe may violate the Code or the law. We rely on our employees to help make sure that Valspar management is aware of and can correct any issues that may not be in keeping with our ethical traditions.

Thank you for your commitment to the principles outlined in this Code.

Sincerely,

Gary Hendrickson  
Chief Executive Officer

## THE VALSPAR CORPORATION

### CODE OF ETHICS AND BUSINESS CONDUCT

#### **Statement of Scope**

This Code applies to all employees of Valspar, its subsidiaries and joint ventures worldwide. Contract workers, consultants, agents and representatives are required to observe the same standards of conduct as Valspar employees when conducting business for Valspar. Any Valspar employee who retains such individuals is responsible for ensuring compliance with this Code.

This Code also applies to non-employee members of the Board of Directors of Valspar. Throughout this Code, the term “employee” should be read to include non-employee members of the Board of Directors.

#### **Statement of Principles**

Valspar is committed to complying with all laws and meeting or exceeding regulations wherever we conduct business. Each employee contributes to the care and maintenance of Valspar’s most important asset - our reputation for integrity. Each employee must help protect and preserve that asset. This Code will assist you in guiding your conduct.

Your observance of this Code is a condition of employment and will help assure that Valspar’s long-standing reputation for honesty and fair dealing will continue.

Valspar intends to enforce the provisions of this Code vigorously. Violations could lead to sanctions, including dismissal for cause, as well as, in some cases, civil and criminal liability.

**You should be able to answer “yes” to the following questions before taking any action:**

- Is my action in full compliance with the law and the policies set forth in this Code?
- Can my action withstand public scrutiny?
- Will my action protect Valspar’s reputation as an ethical company?

If your answers are not an unqualified “yes,” you should review your proposed action with your manager, a member of Human Resources or the Law Department before proceeding. If you feel such reporting is ineffective or impossible, you may also contact the Office of the General Counsel or the Office of the Senior Vice President of Human Resources before proceeding.

# Table of Contents

1	Introduction
1	Discipline
1	Reporting
2	Proper Accounting Practices
2	Nondiscrimination
3	Anti-Harassment
3	Health, Safety and Environmental Policy
4	Bribes and Kickbacks
5	Antitrust Compliance
5	Labor Law Compliance
5	International Export, Import and Trade Compliance
6	Insider Trading
6	Business Courtesies and Gratuities
7	Fair Dealing
7	Political Contributions and Government Donations
8	Confidential Information
8	Information About Competitors
8	Conflicts of Interest
10	Use of Valspar Assets
10	E-mail and Computer Access Policy
10	Document Retention
10	No Waiver
11	Appendix
12	Other Resources

## Code of Ethics and Business Conduct

### Introduction

***No corporate code can cover every possible question of business conduct. When in doubt - ask before you act.***

The Code states our core values and sets expectations for every employee about how we conduct business; work with customers, suppliers and other business partners; serve our shareholders; and interact with one another. Each employee is responsible for upholding this Code. The General Counsel is the corporate officer who will administer Valspar's overall compliance program.

Inevitably, this Code addresses questions that escape easy definition. There may be times when you are unsure about how this Code applies. In such cases, contact the Office of the General Counsel at 612/851-7705.

### 1. Discipline

***Violations of this Code may lead to serious sanctions, including fines, prison terms and termination of employment for cause.***

***Employees who withhold information concerning another employee's violation of law or Valspar's policies will also be subject to discipline.***

The conduct of each employee is a vital matter to Valspar. Employees who violate the law expose themselves and Valspar to substantial penalties. Protecting Valspar's reputation is every employee's responsibility. Any employee who violates the law or this Code is acting outside the scope of his or her employment and will be subject to disciplinary action, up to and including termination of employment.

### 2. Reporting

***Report all violations of this Code. If you make a report, it will be investigated.***

Valspar encourages the reporting of potential violations of the Code by all employees. If you believe that a Valspar employee, contract worker, consultant, agent, representative or a Valspar operation is violating the law or Valspar policies or is engaging in activities that could damage Valspar's reputation, you should bring your information to the attention of your manager or to one of the following:

- The head of your organization, department or business unit
- The Law Department
- Your human resources manager or representative
- The toll-free Business Conduct Information Line (1-800-241-5689)

The Network, an independent company retained by Valspar to provide anonymous reports, answers the toll-free Business Conduct Information Line. In bringing your concerns or questions to any of the above, you may remain anonymous if you wish. Retaliation of any kind against an employee who makes a report in good faith is prohibited. When you bring your concerns about other employees to any of the above, you will not suffer any adverse company action.

Any supervisor, representative or member of management who is notified of a potential violation is responsible for immediately communicating the reported violation to his or her supervisor, or directly to the Law Department.

### **3. Proper Accounting Practices**

***Valspar operations worldwide must comply with all laws relating to accurate and complete financial books and records. Each employee must help maintain the integrity of Valspar's financial records.***

No Code can review the extensive accounting requirements that Valspar must fulfill. All Valspar books and records must be maintained in accordance with generally accepted accounting principles, Valspar's fiscal procedures and with all local and national laws governing such books and records. All Valspar public filings must be full, fair, accurate, timely and understandable. Corporate assets and funds must be properly acquired, safeguarded and disposed with financial reporting accurately reflecting the business activity of each operation. To meet these obligations, however, Valspar must rely on employee truthfulness in accounting practices. Employees may not knowingly participate in any misstatement of Valspar's accounts. At the same time, no circumstances justify the maintenance of "off-the-books" accounts to facilitate questionable or illegal payments. If you are unsure about an accounting practice, contact the Office of the Controller at 612/851-7833.

Complaints regarding accounting, internal accounting controls, or auditing matters or concerns regarding questionable accounting or auditing practices should be directed to the Office of the Chief Financial Officer at 612/851-7350 or the Office of the General Counsel at 612/851-7705 or to the Chairperson of the Audit Committee of Valspar's Board of Directors (listed in proxy statement on Valspar's website). If you wish to remain anonymous, you may contact the toll-free Business Conduct Information Line (1-800-241-5689).

### **4. Nondiscrimination**

***Discrimination has no place in workplace decisions.***

Valspar is committed to allowing employees to progress based on their talents. No hiring or employment decision may be based on, for example, an employee's or employment applicant's race, color, creed, gender, religion, national origin, disability, age, marital status, sexual orientation, veteran status or any other classification protected by local, state or federal law. Each employee is subject to

this standard. The Senior Vice President of Human Resources is the officer responsible for enforcement of this policy.

## 5. Anti-Harassment

***Harassment of employees will not be tolerated.***

Valspar expects all personnel to follow a simple standard: all employees must be treated with respect. “Harassment” covers a wide spectrum of conduct, e.g., unwelcome sexual advances or racial epithets. This Code sets a simple standard, and everyone associated with Valspar must strictly abide with Valspar’s anti-harassment policy. See Appendix for full policy.

## 6. Health, Safety and Environmental Policy

***Valspar will conduct business at all times in compliance with appropriate health, safety and environmental laws and regulations in each of the countries in which it operates. In certain areas affecting Valspar operations, Valspar policies require more stringent actions than applicable laws and regulations may require.***

**It is Valspar’s policy to develop products that minimize impacts to the environment, are safe for employees to manufacture and safe for customers to use.**

**It is Valspar’s policy to operate its facilities in a manner that protects its employees, the public and the environment. In pursuing this policy, Valspar will operate its facilities to:**

- Reduce overall emissions to air, water and land;
- Continue to reduce waste in manufacturing through recycling, reclamation and pollution prevention;
- Recognize and respond to community concerns about Valspar’s products and operations;
- Comply with all applicable regulations and Valspar Standards;
- Optimize the use of environmentally benign materials and processes;
- Counsel customers on the safe use, transportation and disposal of Valspar products; and
- Select toll producers of Valspar products that comply with applicable laws and regulations.

**Whenever Valspar has responsibility for spills and accidental releases of contaminants, Valspar will acknowledge that responsibility. In pursuing this policy Valspar will:**

- Promptly secure the safety of all employees and the community;
- Promptly make all necessary reports to responsible agencies;
- Promptly remove all contaminants to allowable levels;



- Determine the causes of all spills or releases and develop management procedures to prevent recurrence; and
- Undertake appropriate clean-up measures where there have been discharges of contaminants to the environment caused by past operations for which Valspar was responsible.

**The CEO and the Senior Executive Team establish environmental policy and monitors environmental compliance for Valspar.** Each business group is responsible for complying with Valspar's environmental policies and for making health, safety and environmental considerations a priority in planning for all existing and new products and processes.

**7. Bribes and Kickbacks** *Valspar's policy strictly prohibits any employee from making or offering to make a bribe or provide a kickback. Bribery, kickbacks or other improper payments have no place in Valspar's business.*

Valspar will win business based on our ethical reputation and the quality of our products and services, not by improperly influencing others to make business decisions through offers of bribes or kickbacks. Bribes and kickbacks are illegal in every country in which Valspar operates. Any offer or payment of anything of value to influence an individual's business decision or government action could be considered a bribe or kickback, and is **strictly prohibited** by Valspar. Both the offer and the actual payment of anything of value, whether directly by an employee or by a third party acting on Valspar's behalf, are illegal and violate this Code. If you are uncertain whether your actions could be perceived as a bribe or kickback, you should contact the Office of the General Counsel at 612/851-7705 before acting.

The U.S. Foreign Corrupt Practices Act (FCPA) prohibits payments, gifts, or contributions to officials or employees of any foreign government or government-owned business for the purpose of getting or retaining business, or creating the appearance that you are obtaining or retaining a benefit for Valspar. The law also prohibits using consultants, agents and representatives to channel payments to foreign government officials for the same purposes. As part of Valspar's policies and procedures for engaging certain types of consultants, agents and representatives, Valspar requires all foreign consultants, agents and representatives to certify in writing compliance with the FCPA. See Appendix for our policies and procedures to engage foreign agents.

All employees who come into contact with government officials anywhere in the world must maintain the highest professional standards. Never offer anything of value to such officials. Bribery of government officials can lead to criminal penalties for both Valspar and the employee. Similarly, obtaining sales by means of bribery or cash payments is strictly forbidden.

In addition, the FCPA requires Valspar to maintain accurate and complete financial books and records. Thus, all business transactions must be included in and properly recorded on the financial books and records for the business unit. See Appendix for full policy.

**8. Antitrust Compliance** *Strict compliance with antitrust laws is required.*

It is Valspar's policy to make its own commercial decisions completely independent and free from any understandings or agreements with any competitor. This policy requires the absolute avoidance of any conduct which violates, or which might even appear to violate, those underlying principles of the antitrust laws which forbid any kind of understanding or agreement between competitors regarding prices, terms of sale, division of markets, allocation of customers, or any other activity that restrains competition, whether by sellers or purchasers. Strict compliance with this policy is required. See Appendix for full policy.

**9. Labor Law Compliance** *It is Valspar's policy not to do business with suppliers or others that do not comply with applicable labor laws.*

Valspar will not purchase or use goods or services that have been manufactured or provided in violation of applicable labor laws.

**10. International Export, Import and Trade Compliance**

*Valspar has a policy of complying with the export, import and trade compliance laws in every country in which we conduct business.*

Although Valspar is based in the United States, we conduct business all over the world. Each country in which we transact business has its own laws and regulations for how we conduct business, including how our products, technical data and technology are imported and exported. All employees must understand the applicable laws and regulations that help Valspar maintain its reputation as a responsible global company, including the following:

**Export Control.** Employees must understand and follow national and international laws for exporting products, technical data and technologies from one country to another. Many exports require a government license or permit (depending on the nature or the value of the product, technical data or technology subject to export) and, in certain circumstances, export control laws may prohibit Valspar or its employees from dealing with particular countries. Any employee involved in an export transaction should contact the Law Department if they have any questions about the law in the country in which the export transaction takes place.

**Customs and Imports.** Customs laws in the countries in which we operate regulate and, in some cases, may prohibit the importation of certain products or items. It is important to remember that these regulations apply not only to transactions between Valspar and third parties, but also to transactions where Valspar is transferring products, materials or items between sites, affiliates, joint ventures or subsidiaries. Customs rules require that Valspar employees are able to demonstrate, with proper documentation, that Valspar exercised reasonable care to ensure that its imports comply with applicable laws. Employees involved in imports of Valspar products are required to report complete, accurate and detailed information regarding imported products, as required under applicable law. Valspar strictly prohibits any employee from intentionally providing false or inaccurate information in connection with customs and imports.

## **11. Insider Trading**

*Never trade stocks, bonds, options or other securities of any company on the basis of confidential information acquired at the workplace.*

Insider trading is a serious crime. Insider trading may occur when, for example, a person trades stock while in possession of material, non-public information about the company involved. Information is “material” if it would affect the average person’s decision whether to buy, sell or hold the stock. It is “non-public” if it has not been released to and absorbed by the investing public.

Valspar and its employees share an interest in avoiding an insider trading investigation. An individual convicted of insider trading may face significant civil and criminal penalties. The investigation could tarnish Valspar’s reputation and may subject Valspar to additional penalties.

Consequently, Valspar’s policy forbids insider trading by all employees. Do not trade on the basis of confidential information obtained at the workplace - whether the information relates to Valspar or some other entity.

In compliance with U.S. securities regulations, Valspar imposes additional trading limitations on its Board of Directors and certain of its officers, and the Securities Exchange Commission requires such persons to promptly disclose sales, purchases and other changes in ownership of Valspar securities.

Insider trading law is not always clear. If you are unsure how the law applies in a given instance, ask before you trade. All questions should be referred to the Office of the General Counsel at 612/851-7705.

## **12. Business Courtesies and Gratuities**

*Give or accept gifts of nominal value only. Exceptions need approval.*

Business courtesies and gratuities include, but are not limited to, gifts, meals, cocktails, discounts, hospitality, entertainment, recreation, promotional items,

travel and any tangible or intangible “item of value” for which the recipient does not pay fair market value.

Valspar employees may give or receive courtesies or gratuities in company-related business dealings with customers or suppliers, provided that all the following guidelines are met:

- They do not violate the law, regulations, reasonable customs of the market place or the known policy of either party’s employer;
- They are reasonable in cost, amount, quantity and frequency;
- They are appropriate as to time and place;
- They can withstand public scrutiny without damaging Valspar’s reputation.
- They serve an ordinary and necessary business purpose; and
- They have been approved in advance by your supervisor.

No gifts may be made to government officials or employees of state-owned companies as that is generally illegal and prohibited by the Bribes and Kickbacks section of the Code.

Under no circumstances should Valspar employees give or receive cash or a cash equivalent (such as a gift card or gift certificate) as a business courtesy or gratuity. The corporate or divisional officer responsible for your area must approve in advance individual gifts of more than nominal value.

### **13. Fair Dealing**

*Each employee should endeavor to deal fairly with Valspar’s customers, suppliers, competitors and employees.*

No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

### **14. Political Contributions and Government Donations**

*Valspar’s funds, property or services may not be contributed or donated to any cause affiliated with any government (including its various agencies), or to any political party, candidate or committee.*

In addition, employees must not offer or promise contributions to any public official.

**15. Confidential Information**

***One of Valspar's most important assets is its confidential corporate information. Valspar's legal obligations and its competitive position often mandate that this information remain confidential.***

Confidential corporate information generally falls into two categories. The first category encompasses information intended for internal use only. This information typically relates to Valspar's operations - customer lists, customer pricing, supplier pricing, rebates, sourcing/supplier information, formulas, production techniques or "trade secrets" (confidential information used in the course of business to give Valspar a competitive advantage). Valspar endeavors to keep this information confidential indefinitely. All employees must comply with the Valspar's Trade Secret Policy, which is available on the company's intranet.

The second category involves confidential corporate information that Valspar routinely discloses to the investing public. This information often gauges Valspar's financial performance (e.g., quarterly financial results of Valspar's operations) or identifies events that have a significant (or "material") impact on the value of Valspar's securities. Improper disclosure or use of such information for personal gain can expose the individual to significant criminal and civil penalties.

Employees must not disclose confidential corporate information to anyone outside Valspar, except to Valspar's auditors and professional advisors under an obligation of confidentiality. Even within Valspar, confidential corporate information should be discussed only with those who have a need to know the information. An employee's obligation to safeguard confidential corporate information continues even after the employee leaves Valspar. If you are unsure about the confidentiality of certain information, contact your supervisor prior to disclosure.

**16. Information About Competitors**

***Employees must never try to obtain, or be willing to accept, improperly obtained information about competitors.***

Valspar will not hire employees to obtain confidential information about other companies. Nevertheless, new employees may have confidential information concerning their former employers. Valspar employees should not seek nor should new employees disclose such information or otherwise permit their Valspar colleagues to make use of it.

**17. Conflicts of Interest**

***Each employee owes Valspar a duty of loyalty.***

**For Employees:**

Avoid any situation in which your personal interests conflict with Valspar's interests. The following sections review several potential problem areas. This list is not exhaustive. The general principle, however, is simple: exercise great care

any time there might be even the appearance that you acted for reasons other than to benefit Valspar or where your own interests interfere (or appear to interfere) with the company's interests.

Many conflicts of interest can be resolved or avoided if they are properly disclosed and approved. Disclose to your supervisor any personal interests or circumstances that might create a conflict of interest (or even simply the appearance that you have a conflict of interest) as soon as you become aware of the circumstances that might create the conflict. Employees that fail to disclose potential conflicts of interest could face discipline, including termination of their employment. If no action is taken to resolve the conflict of interest after you disclose to your supervisor, you should contact Human Resources or the Law Department to confirm that the conflict of interest has been satisfactorily resolved.

**Your first obligation rests with Valspar.** Valspar requires the full attention of its employees. In general, this level of attention makes it impractical for employees to pursue extensive employment outside of Valspar. Moreover, outside employment could lead to a conflict of interest for the employee. Consequently, your supervisor or Human Resources must approve in advance any outside employment that is extensive or conflicts with Valspar.

**Do not divert for personal gain any business opportunity from which Valspar may profit.** The duty of loyalty is violated if the employee personally benefits from a business opportunity that rightfully belongs to Valspar. This problem arises when an employee has an interest in an entity that offers a product or a service which could be offered by Valspar, or when an employee directly offers such a product or service.

**Financial interests in a competitor, supplier or customer may pose a conflict of interest.** Employees must avoid situations and activities where their personal interests could conflict, or reasonably appear to conflict, with Valspar's interests. Consequently, your supervisor and the General Counsel must approve in advance any financial interest by an employee or close relative of an employee in a competitor, supplier or customer.

**Personal Relationships.** The personal relationships you have with other Valspar employees may also create a conflict of interest. It is against Valspar's policy for a manager to supervise a family member or to engage in a romantic relationship with a reporting employee. Employees who encounter this issue must immediately disclose the personal relationship and discuss the matter with his or her supervisor or Human Resources.

**For Valspar's Board of Directors:**

This conflict of interest section also applies to non-employee directors with the exception of the provisions regarding employment outside of Valspar. For directors, conflicts of interest can arise when the corporation proposes to enter

into a transaction or arrangement under which a director would receive a benefit other than one resulting from that director's position as a director or shareholder. Additionally, a conflict can arise when a director has interests that differ from those of Valspar. When a Valspar director becomes aware of an actual or potential conflict, the director should promptly contact the Lead Director, Chief Executive Officer or General Counsel and disclose the facts and circumstances giving rise to the conflict. The Valspar Board of Directors is responsible for reviewing the facts and circumstances and taking appropriate actions with respect to director conflicts of interest.

**18. Use of Valspar Assets** *All Valspar assets are to be used solely for the business purposes of Valspar.*

**19. E-mail and Computer Access Policy** *In order for Valspar to pursue its business activities and maintain a competitive advantage, Valspar must protect its inventions, discoveries, proprietary technical and business information and property, including electronic information.*

Therefore, every employee having access to the Valspar network, Valspar applications and data, electronic mail and the internet through computers and software owned by Valspar is required to follow the E-mail and Computer Access Policy as a condition of such access. See Appendix for full policy.

**20. Document Retention** *Retain records, e-mails and other documents in accordance with Valspar's Record Retention Policy, which is available on the company's intranet.*

If you are aware that any legal proceeding involving Valspar is threatened or has begun, immediately take steps to preserve all potentially pertinent records and files and promptly contact the Law Department.

**21. No Waiver** *Only the Board of Directors may waive any provision of this Code.*

## **APPENDIX**

### Valspar Corporate Policies

- i Sexual Harassment Policy
- iii Offensive Behavior/Harassment Policy
- iv Equal Opportunity Policy
- v Foreign Corrupt Practices Act Policy and Guidelines
- xv Antitrust Policy
- xix E-Mail and Computer Access Policy



## **Sexual Harassment Policy**

Valspar will not tolerate any act of sexual harassment by any employee in the workplace. Sexual harassment is a violation of an employee's individual rights and Valspar will address every situation that may involve sexual harassment.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made, either explicitly or implicitly, a term or condition of an individual's continued employment
- Submission to or rejection of such conduct by an individual is used as a basis for future employment decisions affecting that individual
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Here are some examples of conduct that are likely to or do constitute sexual harassment (this list is not meant to be all inclusive):

- Use of offensive or demeaning terms that have a sexual connotation
- Objectionable physical closeness, behavior, actions or contact
- Unwelcome suggestions regarding, or invitations to, social engagements or work-related social events
- Any indication, expressed or implied, that an employee's job security, job assignment, conditions of employment or opportunities for advancement may depend on the granting of sexual favors
- Any action relating to an employee's job status which is in fact affected by consideration of the granting or refusal of social or sexual favors
- Deliberate or careless creation of an atmosphere of sexual harassment or intimidation
- Deliberate or careless jokes or remarks of a sexual nature to or in the presence of any employee who may find such jokes or remarks offensive
- Showing or sending materials that have a sexual content or are of a sexual nature (such as cartoons, articles, pictures, etc.), either by e-mail, interoffice mail, Internet or otherwise, to employees who may find such materials offensive

All employees are expected to treat their co-workers, subordinates and supervisors with respect at all time.

If you feel that you are being subjected to sexual harassment, you have the right to immediately demand that the offender(s) stop no matter who the offender is or what position of authority they have in the company. You also have the right to, and should immediately report such behavior to your supervisor and a member of the Human Resources Department. Employees who engage in sexual harassment will be subject to disciplinary action up to and including termination.

If you feel that reporting sexual harassment to your supervisor is either ineffective or impossible, or if the supervisor is the cause of the harassment, report the situation to senior management at your location and a member of the Human Resources staff, your business group vice president or the Law Department.

***You have the right and the responsibility to inform your supervisor or any of the previously mentioned people about any problem so Valspar can take appropriate action. No one will be permitted to retaliate against you for telling someone to stop or for reporting such conduct.***

Alternatively, an employee who either witnesses sexual harassment or who believes she/he is a victim of sexual harassment and who wishes to remain anonymous, is encouraged to call Valspar's Business Conduct Information Line to file a complaint. The toll free number for your location is listed at the back of this Code.

## Offensive Behavior/Harassment Policy

Valspar strives to maintain a working environment free from offensive or degrading remarks or conduct and therefore, any offensive behavior/ harassment of any employee will not be tolerated. Offensive behavior/ harassment can include inappropriate remarks or actions that are offensive to another, based on race, color, creed, gender, religion, national origin, disability, age, marital status, sexual orientation, veteran status or any other classification protected by local, state or federal law. Offensive behavior may also involve requests to engage in illegal, immoral or unethical conduct, or it could include inappropriate physical contact.

If you feel that you are being subjected to offensive behavior, you have the right to immediately demand that the offender(s) stop no matter who the offender is or what position of authority they have in the company. At the same time, you have the right to, and should immediately report such behavior to your supervisor and a member of the Human Resources Department. Employees who engage in offensive behavior/harassment will be subject to disciplinary action up to and including termination.

If you feel that reporting offensive behavior to your supervisor is either ineffective or impossible, or if the supervisor is the cause of the offensive behavior, report the situation to senior management at your location and a member of the Human Resources staff, your business group vice president or the Law Department. ***You have the right and the responsibility to inform any of the previously mentioned people about any problem so Valspar can take appropriate action. No one will be permitted to retaliate against you for telling someone to stop or for reporting such conduct.***

Alternatively, an employee who either witnesses offensive behavior/harassment or who believes she/he is a victim of offensive behavior/harassment and who wishes to remain anonymous, is encouraged to call Valspar's Business Conduct Information Line to file a complaint. The toll-free number for your location is listed at the back of this Code.

## **Equal Opportunity Policy**

Valspar has a policy which prohibits discrimination in any form on the basis of race, color, creed, gender, religion, national origin, disability, age, marital status, sexual orientation, veteran status or any other classification protected by local, state or federal law. This policy of nondiscrimination applies to employment practices and procedures including:

- Opportunities for placement, transfer and promotion
- Rates of pay and other forms of compensation
- Opportunities for training
- Disciplining, downgrading, layoff and termination of employment
- Use of company facilities and participation in company activities
- An opportunity to work in an environment free of unlawful harassment.

If you feel that you are being subjected to discrimination, you have the right to immediately report such behavior to your supervisor and a member of the Human Resources Department. Employees who engage in discrimination will be subject to disciplinary action up to and including termination.

If you feel that reporting discrimination to your supervisor is either ineffective or impossible, or if the supervisor is the cause of the discriminatory behavior, report the situation to senior management at your location and a member of the Human Resources staff, your business group vice president or the Law Department. You have the right and the responsibility to inform your supervisor or any of the previously mentioned people about any problem so Valspar can take appropriate action. No one will be permitted to retaliate against you for telling someone to stop or reporting such conduct.

Alternatively, an employee who either witnesses or who believes she/he is a victim of discrimination and who wishes to remain anonymous, is encouraged to call Valspar's Business Conduct Information Line to file a complaint. The toll free number for your location is listed at the back of this Code.

## Foreign Corrupt Practices Act Policy and Guidelines

### Introduction

It is Valspar's policy to conduct operations and activities outside the United States in complete compliance with the letter and spirit of the Foreign Corrupt Practices Act (FCPA) and the law of any country that prohibits bribery of foreign officials. No Valspar officer, employee or agent has authority to offer payments to a foreign official to induce that official to affect any government act or decision in a manner that will assist Valspar or any of its subsidiaries or divisions to obtain or retain business.

Also, every officer, employee and agent is obligated by Valspar's policy and federal law to keep books, records and accounts that accurately and fairly reflect all transactions and use of Valspar's assets.

The consequences of failing to comply with these policies are potentially disastrous for Valspar and its employees. Violation of the FCPA by a Valspar employee can result in millions of dollars in fines against Valspar, could severely damage Valspar's reputation and can subject that employee to criminal prosecution, fines and imprisonment. In addition, Valspar will take all necessary disciplinary action – including dismissal – against employees violating these policies.

### The Statutory Framework

The FCPA generally prohibits payments that are corruptly made to induce a foreign official to use his or her influence to affect a government act or decision in a manner that will assist Valspar or any of its subsidiaries or divisions to obtain or retain business.

The FCPA also requires issuers of registered U.S. securities to “make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and uses of the assets” of the issuer. Compliance with the books and records provisions requires accurate recording of and accounting for such payments, regardless of whether they are made to governmental officials.

The FCPA prohibits payments to foreign officials that are made or offered corruptly. *Corrupt* payments for purposes of the FCPA are payments intended to induce a foreign official to misuse his or her official position or to fail to perform an official function. The FCPA definition of payments includes cash, gift cards or giving anything else of value, such as gifts, meals and entertainment, reimbursement for travel or business expenses and loans. The prohibited payment could be made to obtain or retain business for Valspar and/or its subsidiaries. It could also be made to obtain legislation, regulations or rulings to benefit Valspar's business.

The corrupt payment must be made to a foreign official. A *foreign official* for purposes of the FCPA is an officer or employee of a foreign government or department, agency, or instrumentality thereof, or any person acting in an official capacity for or on behalf of such government, department, agency, or instrumentality, including officers and other employees of state-owned and operated enterprises. The term *foreign official* also includes political party officials and candidates for political office.

Valspar also does not authorize or condone “commercial bribery,” payments made to someone at another corporation (such as a customer or supplier) to induce that person to act improperly for the benefit of Valspar.

All such payments violate Valspar's policy and, in most cases, may also violate the law of the country in which an improper commercial bribery payment is made. Failing to properly record and account for such payments would also violate Valspar's policy. Valspar prohibits employees from using their personal funds to provide payments to foreign officials.

Payments to third parties such as agents, consultants and advisors may violate the FCPA if made while having reason to believe that all or a portion of such payments will be offered, given or promised to a foreign official for any of the prohibited purposes stated above.

## **Policies and Procedures For Retaining Agents**

Valspar employees responsible for retaining agents to act on Valspar's behalf outside the United States are required to comply with the policies and procedures set forth below. For purposes of this policy, an "agent" is any person, company or entity retained by Valspar that has the authority to act for or on behalf of Valspar or otherwise represent Valspar to customers or government officials for a fee, such as sales representatives, agents and consultants. There are three basic steps Valspar employees must take to reduce the likelihood of a prohibited payment by an agent to an official of a foreign government with which Valspar is transacting business and to minimize the risk that such a payment will be deemed to have been knowing on the part of Valspar or its employees if it does occur: (1) Pre-Engagement Due Diligence Procedures; (2) Agent Engagement Procedures; and (3) Post-Engagement Monitoring.

### Pre-Engagement Due Diligence

Prior to entering into any relationship or agreement with an agent, Valspar employees must take the following steps to obtain background information about the agent and assess the potential for risk:

#### **Step One**

Require prospective agent to complete the FCPA Agent Questionnaire on the form approved by the Law Department;

#### **Step Two**

Submit Agent Approval Form and FCPA Agent Questionnaire to the officer responsible for the business group for review and approval. The officer responsible for the business group must sign the Agent Approval Form indicating that he or she agrees that a legitimate business need exists for the retention of the agent; and

#### **Step Three**

Submit completed FCPA Agent Questionnaire and completed Agent Approval Form to the Senior Finance Director of the business group for review and approval.

The Senior Finance Director for the business group must approve the prospective agent before (i) any Valspar employee may finalize an agreement with the agent, (ii) the agent begins working on Valspar's behalf, or (iii) any payment will be authorized to the agent.

All approved agency agreements will be retained in a centralized agent registry jointly administered by the Finance Department and the Law Department. Internal audit will regularly audit agency relationships and compliance with the due diligence process outlined above.

### Engagement of Agent

The terms and conditions of all relationships with agents authorized to act on behalf of Valspar must be set forth in the form agreement approved by the Law Department for the provision of the desired services. Forms of such agreements are available from the Law Department and on the Law Department's intranet site. Fee payment will be conditioned on completion of all Pre-Engagement Due Diligence steps. Certification forms will be provided to employees when needed and all agent agreements must be approved by the officer responsible for the business group prior to their execution.

### Post-Engagement Monitoring of Agents

The Valspar employee responsible for overseeing the agent's work for Valspar is required to regularly monitor the agent's business activities on behalf of Valspar. All agents retained by Valspar must complete the attached certification form at the commencement of the relationship and on an annual basis thereafter. Any red flags identified by the agent's business activities must be thoroughly investigated. Valspar will reevaluate its relationship with the agent based on the outcome of any investigation and will terminate its relationship with the agent if the investigation reveals any improper conduct by the agent.

**The employee retaining the agent on behalf of Valspar is personally responsible for ensuring that the agent's activities are in full compliance with the Code of Conduct and Valspar's legal obligations. Any employee who fails to properly oversee an agent relationship or to immediately disclose possible improper activities of an agent for which the employee is responsible will be subject to discipline, up to and including termination of employment.**

### **Penalties for Violations**

The United States government significantly increased the criminal penalties for FCPA violations in 1988. A violation of either the anti-bribery or accounting provisions could subject individuals to fines of the greater of \$250,000 or twice the gross gain or loss from the offense and imprisonment for up to five years. Valspar may be fined up to the greater of \$2 million or twice the gross gain or loss from the offense.

## **Foreign Corrupt Practices Act Certification of Valspar Agent**

I, \_\_\_\_\_, a duly authorized representative of [NAME OF AGENT] confirm that I, my company and anyone retained by me or my company are aware of Valspar's Anti-Bribery and Kickbacks policy and the requirements of the Foreign Corrupt Practices Act. I attest and certify that I will comply with all aspects of Valspar's Anti-Bribery and Kickbacks policy and the requirements of the FCPA at all times while I am retained to perform any business activities on Valspar's behalf. I agree and understand that any violations of Valspar's policies of the Foreign Corrupt Practices Act may result in immediate termination of any agreement with Valspar without further payment or recourse by me or my company.

I further attest and certify that I have no knowledge of any offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value made or offered directly or indirectly to a foreign official, employees of a foreign state-owned company, foreign political party, or any candidate for foreign political office, or to any person, knowing that all or a portion of the money or thing of value will be offered, given, or promised, directly or indirectly, to obtain or retain business or payments to obtain favorable legislation, regulations or rulings which would benefit Valspar's business.

I further attest and certify that, in accordance with Valspar's policy and to the best of my knowledge, all books, records and accounts for which I am responsible or of which I am aware through my business activities accurately and fairly reflect all transactions and uses of Valspar's assets.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_



**VALSPAR QUESTIONNAIRE FOR AGENTS**

1. Company Name: \_\_\_\_\_
2. Country(ies) in which you will represent Valspar: \_\_\_\_\_
3. Management Information:  
Chairman/President: \_\_\_\_\_  
Managing Director: \_\_\_\_\_  
Other Directors: \_\_\_\_\_
4. Owners/Shareholders (include name, country of residence and % of ownership):  
\_\_\_\_\_  
\_\_\_\_\_
5. Parent Company: \_\_\_\_\_  
Subsidiary Companies: \_\_\_\_\_  
Jointly Owned Companies: \_\_\_\_\_
6. Business References (if not previously provided):  
(a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_
7. Banking Credit References:  
(a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_
8. Other Businesses in Which Managing Director is Engaged: \_\_\_\_\_
9. Other Businesses in Which Other Directors Are Engaged: \_\_\_\_\_
10. Historical Background. Briefly describe primary business activities, years in operation, changes in ownership, growth plans:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Briefly describe experience and qualifications of management personnel:
- 
- 
12. Please attach financial statements (audited, if possible) for past three years, including balance sheets and profit/loss statements.
13. Briefly list all contributions, whether in cash or otherwise, made during the last three years to any political party, candidate, governmental entity or department, or charitable entity.
14. Has your organization or any of the officers, directors, owners or members of management ever been investigated for, convicted of or entered into a settlement or plea agreement involving bribery or corrupt practices? If yes, please explain:
- 
- 
- 
15. Does any current or former government official, employee of a state-owned enterprise, political party official, candidate for political office, or relative of any of these persons have an ownership interest, direct or indirect, in your company?
16. Is any current or former government official, employee of a state-owned enterprise, political party official, candidate for political office, or relative of such person an employee, officer or director in your company?
17. If the answer to either Question 15 or 16 is “yes,” please:
- (a) State the name and official position of such person in the government or political party:
  - (b) Describe his/her official duties and responsibilities with the government, government office or political party and, if the person a relative of an officer, director or owner of your company, the relationship of that official to your personnel:
  - (c) Indicate the type and extent of his/her ownership interest in your company (*e.g.*, percentage of ownership, positions with your company, shareholder, officer, director, etc.).

---

Witness

---

Signature

---

Typed Name

---

Typed Name/Title

Date: \_\_\_\_\_

**PROSPECTIVE AGENT APPROVAL FORM**

**INSTRUCTIONS:** This form is intended for use in obtaining management, Finance Department and Law Department approval to commence the process for engaging an agent, consultant, representative or other third-party located outside the United States to act on behalf of Valspar under the policies and procedures set forth in the Code of Ethics and Business Conduct.

<b>Submitting Person:</b>		<b>Date:</b>	
<b>Name/Address of Company/Prospective Agent:</b>			
<b>Detailed Description of Anticipated Activities Company/Prospective Agent Will Perform On Behalf of Valspar (attach any relevant supporting documentation):</b>			
<b>Business Reason For Retaining Prospective Agent:</b>			
<b>Anticipated Fee(s) to be Paid to Prospective Agent:</b>			
<b>Will the Prospective Agent Be Expected To Call Upon Government Officials or State-Owned Entities? If Yes, Provide Detailed Summary Of Such Anticipated Activities:</b>			

**APPROVALS:**

\_\_\_\_\_  
Submitting Employee/Date

\_\_\_\_\_  
Group Vice President/Date

## **FOREIGN CORRUPT PRACTICES ACT FREQUENTLY ASKED QUESTIONS**

### **Q: What is the “FCPA”?**

FCPA stands for the Foreign Corrupt Practices Act, a U.S. law that makes it a crime to offer a bribe to any foreign official. The FCPA also requires companies to keep accurate books and records and to maintain good accounting controls.

### **Q: So the FCPA deals only with bribing foreign officials?**

No. For public companies, the FCPA also has rules about how transactions must be described in all Valspar paperwork and records, as well as rules about accounting controls that must be in place. When making a record of how you have used Valspar’s assets, or when completing paperwork associated with any transaction, you must be entirely accurate and give a reasonable level of detail to describe the transaction. No Valspar document or record may be falsified for any reason and no undisclosed or unrecorded accounts of Valspar’s funds or assets may be created for any purpose. In other words, the FCPA prohibits funds not properly reflected in Valspar’s books and records, even if a company uses those funds for a lawful purpose.

### **Q: I’m not a U.S. citizen and I work with Valspar outside of the United States. Does the FCPA also apply to non-U.S. citizens and to activities outside the United States?**

Yes. The FCPA particularly targets illegal activities outside the United States. Individuals are subject to requirements of the FCPA because they are employees of Valspar, which is a U.S. company that is also subject to the FCPA. Individuals also may be directly subject to U.S. law if they are U.S. permanent residents or U.S. citizens, and because Valspar is a U.S. listed securities issuer and is incorporated in the United States.

### **Q. I work in the finance department and do not have any contact with foreign officials as part of my job at Valspar. Do I need to worry about the FCPA?**

Yes. Although you may not directly interact with foreign officials, you frequently see the paperwork associated with people that do. You play a critical role for Valspar in detecting and reporting improper activity relating to foreign officials. You need to be on the lookout for more than fraud. You need to look for transactions that, although properly documented and accounted for, nevertheless involve a transmission of anything of value to a foreign official, which could violate the FCPA. For example, you need to be on the alert for an expense reimbursement request that, although properly supported by a receipt and business purpose, might violate the FCPA because the expense included a foreign official.

### **Q: I work regularly with state-owned companies or joint ventures. The people I deal with at these companies are not foreign officials, are they?**

Yes. Payments to employees of state-owned companies may violate the FCPA and Valspar’s

policy. The FCPA views employees of many state-owned businesses as being employees of the governments that own them. Importantly, the FCPA may view the company as state-owned, and its employees as foreign officials, even if local law does not view that entity as state-owned. If you have any questions about whether a company with whom you work is state-owned, please call the Law Department.

**Q: If the FCPA relates only to bribing foreign officials, does this mean bribing someone who works for a private company is okay?**

No. Improper payments made by Valspar employees to a private company (sometimes called “commercial bribery”) is improper under Valspar’s Code of Conduct and also is illegal in many of the countries in which Valspar operates. There is never an acceptable reason to make bribes to anyone in the course of your business with Valspar.

**Q: It is customary in the country where I work for Valspar to provide gifts or small amounts of money on certain holidays or at social events, such as a wedding. For instance, it is common practice in Asia to provide “red envelope” money at certain times and it would be considered rude if I did not do so, which could really damage Valspar’s business relationships in Asia. Does the FCPA allow me to honor local custom by giving gifts or small amounts of money to foreign officials?**

No. Valspar’s Code of Ethics and FCPA policy prohibits you from providing any gifts or payments to foreign officials, even if part of a tradition or custom of the country where you work.

**Q: I never have any direct dealings with foreign officials. I pay an agent to maintain that relationship and he maintains our good relationships with the government, although I am not sure exactly how he does it. This means that I am not covered by the FCPA, right?**

No. Valspar may be held liable for bribes made by third-parties acting on its behalf, including agents and distributors, if Valspar had prior knowledge or should have reasonably known about the bribes made to foreign officials. If the circumstances indicate that Valspar turned a “blind eye” to conduct or deliberately ignores red flags that might indicate the third-party is making payments to a foreign official that violates the anti-bribery provisions of the FCPA, Valspar is deemed to have knowledge and can be held liable for the violations.

**Q: When evaluating whether to retain a sales agent in a certain country, the candidate claimed to be the brother of the Minister of Industry. Is this a red flag?**

Yes, for two reasons. First, the candidate may be a close relative of a government official in a position to “assist in obtaining or retaining business,” a key element under the FCPA. Valspar must ensure that the agent, if retained, does not seek to corruptly influence his relative on Valspar’s behalf. Second, the candidate’s claim about his relation suggests that he views this relationship as an asset for assisting Valspar with obtaining or retaining business. In both cases,

the FCPA concerns are heightened because of this prospective agent's proximity to a foreign official and you should consult with the Law Department about the best way to proceed.

**Q: I accept that the FCPA is the law. But even though speed limits are the law, I occasionally decide it makes sense to drive over the speed limit. Can't I just follow that same practice here—follow the law most of the time, but accept that there are times where there are good business reasons not to follow the law and simply accept the risk?**

No. Violations of the FCPA can lead to millions of dollars in criminal and civil penalties from the Department of Justice and the Securities Exchange Commission, not to mention the enormous damage that an FCPA prosecution can do to Valspar's reputation. In addition, your violation of the FCPA could lead to imprisonment for you and others at Valspar. Valspar does not accept that there are ever legitimate business reasons to violate the FCPA.

**Q: Who should I contact if I have additional questions about the FCPA or concerns that certain activity may be in violation of the FCPA?**

You should contact the Valspar Law Department with any questions you may have about the FCPA. You can also report any concerns to Valspar's Business Conduct Information Line. The toll-free number for your location is listed at the back of this Code.

## **Antitrust Policy**

### **Consult Law Department With Any Questions About This Policy**

Every manager and salesperson in Valspar should understand this policy on compliance with the antitrust laws.

This subject is important for two basic reasons. First, any person who violates the antitrust laws can be subject to significant fines and be personally, criminally liable. Any company that violates the antitrust laws can be subject to investigation, substantial fines, loss of trading privileges and damage to its reputation. Second, Valspar does not support anti-competitive behavior of any kind. We are tough competitors, but we obey the law. We are committed to fairness and acting in an ethical manner in all we do.

There are some basic rules to remember on the antitrust laws generally. This is not a comprehensive checklist, but it highlights some key issues.

### **The Scope of Antitrust Laws**

The antitrust laws generally prohibit anti-competitive agreements and abuse of a dominant market position. Some common situations are discussed below. Anti-competitive agreements can arise between parties at the same level in the chain of distribution, i.e. between competitors (“horizontal agreements”), and agreements between parties at a different level in the chain of distribution, i.e. a manufacturer and a distributor (“vertical agreements”). The prohibitions apply to written or oral agreements and to so-called “concerted practices,” where two or more companies coordinate anti-competitive practices without a formal agreement.

Remember that the rules described below go both ways. They also apply to Valspar’s competitors and other business partners. If you believe Valspar is the object or victim of anti-competitive practices, contact your supervisor or the Law Department.

### **Behavior Toward Competitors**

The prohibition against anti-competitive agreements means that that cooperation among competitors can violate the law. Therefore, Valspar’s general rule is: "No contact with competitors." There are exceptions which are discussed below.

Typical antitrust violations are matters like competitors fixing prices, discounts or other terms of sale, exchanging commercial information, agreeing with one or more competitors to refuse to deal with a third party, allocating markets, customers or territories and setting quotas for production/sale. Circumstantial evidence which is used to prove these violations can be drawn from internal business documents as well as contacts and opportunities for contacts with competitors. Such contacts could even be indirect, through customers, suppliers or other intermediaries.

In an antitrust investigation or litigation, internal business documents are examined closely. Any memo, e-mail or other writing intended for internal consumption may be subject to discovery and may be offered as proof of a violation. When writing memos or other communications, the following rules can help eliminate or minimize antitrust problems:

1. **Avoid Sensational, Suggestive Language.** Words like "leverage," "foreclose," "dominate," "preempt," "signal," "send a message" and the like, tell the reader almost nothing but have become the centerpieces of lawsuits. Managers should avoid using such high-impact, low-meaning words and should give this message to people reporting to them.
2. **Write Positively.** Describe every business proposal in terms of what it will do for our business, not what it will do to a competitor's business.
3. **Focus on Facts.** The documents will then be hard to misconstrue.
4. **New York Times Rule.** Always ask yourself this question, "If my writing appeared on the front page of the New York Times, would it be embarrassing to me or to Valspar?"

### **Exceptions to the “No Contact With Competitors” Rule**

Trade Associations - Any membership organization where competitors may meet is a trade association, no matter what it may be called. Generally, the trade associations will provide legal counsel to assure the agenda and discussions comply with the law. If no counsel is present, stick to a written agenda, and leave the meeting if you feel the discussion is likely to result in unlawful activity. If possible, have the fact that you left the meeting noted in the minutes of the meeting, and report any concerns about unlawful activity to the Law Department.

Joint Petitions - Political activity with competitors, jointly petitioning the government and even joint court action, when appropriate, is usually lawful.

Buying from and Selling to Competitors - It is lawful to have a competitor as a supplier or customer. Obviously, all discussions must be confined to the business at hand, and caution generally should be exercised.

Research and Other Joint Ventures - Research and other joint ventures with competitors may be lawful where harm to competition is unlikely, but consult with the Law Department on these matters because any such arrangement or agreement must be reviewed for legal compliance.

Competitive Intelligence - Appropriate information-gathering on competitors is proper. Bribery, fraud, theft, coercion or misappropriation of trade secrets is never proper.

Acquisitions - Antitrust or merger control rules may apply to acquisitions. Contact the Law Department before reviewing any non-public information of an acquisition target or carrying out any acquisition. Information gathering during the due diligence of a potential acquisition is proper, provided information concerning selling prices and proprietary technology is excluded.

### **Behavior Toward Suppliers**

Price Negotiations - Valspar must compete in the purchase of raw materials and supplies just as it does in the sale of its products.



Joint Development - Joint development contracts with a supplier may be legitimate, even if the supplier is precluded for a reasonable time from sales in competition with us. Specific terms of development agreements must be carefully analyzed by the Law Department for patent and antitrust issues.

Reciprocal Purchasing - Reciprocity, under which purchases from a supplier are coordinated with sales to a supplier, may raise antitrust issues, so contact the Law Department before entering into any such arrangement or agreement.

## **Behavior Toward Customers**

Customer Selection - **Valspar may select its customers as it sees fit** and is free to terminate customers because of bad credit, poor performance and the like. However, it can be unlawful to terminate a customer to enforce a collusive arrangement, such as a resale price maintenance scheme.

Exclusive Dealing - Where sales are made on the condition that a customer agrees not to handle competing products, there can be significant legal issues, especially when Valspar has a substantial market share and/or the duration of the agreement exceeds 5 years.

Tying - It is usually unlawful to condition the sale of a desirable or essential product on the purchase of another, less desirable product. Trying to force customers to handle a full line of products often constitutes illegal "tying."

Resale Restrictions - Territories and Prices - Completely restricting a customer to resales within an assigned territory raises substantial legal concerns. More flexible arrangements such as "areas of primary responsibility" may be justifiable.

Resale Price Agreements - Controlling or coordinating prices at which customers resell products is generally **illegal**, but minimum or maximum resale price limits are permitted under limited circumstances in certain countries.

Price Discrimination – In the United States, it is usually unlawful to discriminate in price or promotional allowances among competing customers. Price discrimination is merely a difference in price for the same product. Quantity discounts or other incentives that reflect the lower cost of doing business may be legitimate. Lowering the price to meet a competitive price is also lawful. We must, however, have a good faith belief that the customer is receiving a lower price. Never check the price with the competitor.

## **Examples of Conduct Which Violates The Policy**

- Meeting with a competitor to discuss upcoming price increases.
- Joining with a competitor and a common customer to set prices for a promotional item.
- Agreeing with a competitor that you will not sell to the competitor's customers or vice-versa.

## **A Final Caution - Remember**

Under the laws of some countries, individual employees can be held *criminally* liable for violations of the antitrust laws. Companies can be subjected to very large fines and other consequences, but individuals can be and **have been sentenced to prison for antitrust violations.**

If you have any questions about this policy or its application or interpretation, consult the Valspar Law Department at 612/851-7705.

## **E-Mail and Computer Access Policy**

In order for Valspar to pursue its business activities and maintain a competitive advantage, Valspar must protect its inventions, discoveries, proprietary technical and business information and property including electronic information.

Therefore, every employee (User) having access to the Valspar network, Valspar applications and data, electronic mail (E-mail) and the Internet through computers and software owned by Valspar ("Valspar's Computer System") is required to follow this policy as a condition of such access.

1. E-mail/Internet access through Valspar's Computer System will be used primarily for purposes related to Valspar's business. Users are NOT authorized to access Valspar's Computer System for the purposes of harming Valspar or benefiting a competitor of Valspar and such access shall be a violation of the Computer Fraud and Abuse Act.
2. Valspar's Computer System contains confidential and proprietary information. Users must treat all information on Valspar's Computer System as confidential and to take steps, as appropriate, to maintain such confidentiality.
3. Users will be given access to certain areas and services of Valspar's Computer System and must restrict use of Valspar's Computer System to such areas. Users shall not attempt to access areas other than those specifically granted access to by Valspar.
4. Valspar has the right to monitor activities and audit usage of Valspar's Computer System. Such monitoring by Valspar will occur without User(s) knowledge. A User on a network should not assume that messages on a network are part of a confidential system. System administrators, with their privileges, can view any data on the system.
5. Users are responsible for usage of Valspar's Computer System and shall maintain the secrecy and security of accounts, access privileges and password(s) and prevent others from using accounts, access privileges and password(s). These security measures are defined in the current Valspar password requirements.
6. Viruses or other malicious software are a threat to Valspar's Computer System. Consequently, Users shall not load or run any software on Valspar's Computer System which has not been authorized by the MIS Department. All disks inserted into Valspar's Computers must be authorized by the MIS department.
7. Do not access the accounts of others with the intent to read, browse, modify, copy or delete files and directories unless they have given you specific authorization to do so.
8. Users are prohibited from making or using illegal copies of licensed or copyrighted software. Users do not have the right to own or use unauthorized copies of software, or make unauthorized copies of software.
9. The E-mail/Internet systems are not to be used to create, view, transmit or forward any offensive or disruptive documents. Among those which are considered offensive are any documents which contain sexual implications, racial slurs, gender-specific comments or any other comment that offensively addresses someone's age, sexual orientation, religious or political beliefs, national origin or disability. In addition, the E-Mail/Internet systems are not to be used for any illegal activity.
10. All hardware, software, supplies and documentation are the sole property of Valspar and any such items under control of an employee must be returned to Valspar immediately upon termination of employment. They must not be removed from Valspar without proper authorization. Old manuals should

be shredded and floppy disks, CD's or any storage media should be thoroughly erased before throwing away.

11. Avoid any activity around your workstation that may result in damage to Valspar's Computer System. Valspar's Computer System is a valuable resource, and should not be wasted or abused.
12. Technology and the way people use it is changing at a rapid rate. No policy can cover every possibility. Because an activity is not expressly prohibited in the policy does not make it okay for an employee to engage in such an activity. It is the intent of this policy to provide a broad outline of what behaviors involving computer resources are prohibited by Valspar.
13. Users should immediately report violations of this policy to the Director of Technical Operations at 612/851-7869.
14. Violations of this policy could lead to disciplinary action up to and including termination.

## Other Resources

The following resources provide additional guidance regarding conducting business on Valspar's behalf:

<b>Resource</b>	<b>Contact</b>	<b>Phone #</b>
Record Retention Policy	Records Manager Intranet	612 / 851-7282
Contract Authorization Policy	Purchasing Intranet	612 / 851-7716
Financial Control Policies	Controller Intranet	612 / 851-7833
Standard Contract for Foreign Representatives	Law Department Intranet	612 / 851-7705
FCPA Certification Form	Law Department Intranet	612 / 851-7705
Employee Handbook	Human Resources Intranet	612 / 851-7737
Drug Testing Policy	Human Resources Intranet	612 / 851-7737
Health, Safety, Environmental Standards	Regulatory Affairs Intranet	612 / 851-7850
Business Conduct Information Line	The Network For calls originating outside the U.S. or Canada, see following chart	1/800-241-5689

*Revision Date: October 2011*

**Notice**

The toll-free Business Conduct Information Line listed in the Code should be used within the U.S. or Canada only. Calls to the toll-free Business Conduct Information Line originating from outside the U.S. or Canada should be directed as follows: 1) Dial the AT&T Access Code listed for your location. After dialing you will be connected with a live operator, a pre-recorded message, or hear a voiceless tone. The message provided by the operator or the recording may not be in your native language. 2) After the message is completed, or after the voiceless tone, dial the Toll-free Number listed below. You will be connected with the Business Conduct Information Line and hear an announcement in your native language about how to proceed.

<b>Country</b>	<b>AT&amp;T Access Code</b>	<b>Toll-free Number</b>
Australia OPTUS	1-800-551-155	877-450-5205
Australia TELSTRA	1-800-881-011	
Austria	0-800-200-288	877-450-5205
Bahrain	800-00-001	877-450-5205
Belgium	0-800-100-10	877-450-5205
Brazil	0-800-890-0288	877-450-5205
Brazil	0-800-888-8288	
China – South, Shanghai	10-811	877-450-5205
China – North, Beijing	108-888	
Finland	0-800-11-0015	877-450-5205
France – France Telecom	0-800-99-0011	877-450-5205
France – Telecom Development	0-805-701-288	
Germany	0-800-225-5288	877-450-5205
Hong Kong Telephone	800-96-1111	877-450-5205
Hong Kong New World Telephone	800-93-2266	
India	000-117	877-450-5205
Indonesia	001-801-10	877-450-5205
Ireland	1-800-550-000	877-450-5205
Italy	800-172-444	877-450-5205
Japan KDDI	00-539-111	
Japan Softbank Telecom	00-663-5111	877-450-5205
Japan NTT	0034-811-001	
Malaysia	1-800-80-0011	877-450-5205
Mexico	01-800-288-2872	877-450-5205
Mexico Por Cobrar	01-800-112-2020	
Netherlands	0800-022-9111	877-450-5205
Netherlands Antilles (Bonaire / Curacao / Saba )	001-800-872-2881	
New Zealand	000-911	877-450-5205
Norway	800-190-11	877-450-5205
Philippines PLDT (English-Speaking)	1010-5511-00	
Philippines PLDT (Tagalog-Speaking)	1010-5511-10	877-450-5205
Philippines Globe (English-Speaking)	105-11	
Poland	00-800-111-1111	877-450-5205
Russia	8^10-800-110-1011	
Russia – Moscow, St. Petersburg	363-2400	877-450-5205
Russia – Outside Moscow	8^495-363-2400	
Russia – Outside St. Petersburg	8^812-363-2400	
Singapore SingTel	800-011-1111	877-450-5205
Singapore StarHub	800-001-0001	
South Africa	0-800-99-0123	877-450-5205
Spain	900-99-0011	877-450-5205
Sweden	020-799-111	877-450-5205
Switzerland	0-800-890011	877-450-5205
Taiwan	00-801-102-880	877-450-5205
Thailand – New	1-800-0001-33	877-450-5205
Thailand – Old	001-999-111-11	
United Kingdom BT	0800-89-0011	877-450-5205
United Kingdom C&W	0-500-89-0011	
Vietnam	1-201-0288	877-450-5205