

Our Way of Doing Business

The Kraft Foods Code of Conduct

March 2009



You loved it as a kid.
You trust it as a mother. Kool-Aid®
BRAND

Now, as then, Kool-Aid® Brand Unsweetened Soft Drink Mix is one of the best values you can find because you make it with your own

sugar. It costs a lot less than soda. Has vitamin C too. And your kids will love the taste as much as you did.

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Dear Colleague:

This *Kool-Aid* ad from 1980 beautifully captures the essence of trust that has been our way of doing business for more than 100 years.

Inspiring the trust of others – our consumers, our customers, our business partners and our fellow employees – may seem like second nature. But, it takes a conscious effort and a strong commitment by each of us to always do what we say we’re going to do... and to do it in the right way.

This code of conduct puts into words the actions and attitudes we want to guide us. And, it serves as a reminder of what it takes to create and sustain a legacy of trust.

Please take these ten rules to heart. Live them every day by doing what’s right for our company and for all those who count on us.

Sincerely,

Irene B. Rosenfeld

Irene Rosenfeld
Chairman and Chief Executive Officer



This is the Code of Conduct for Kraft Foods. It contains important rules we all must follow as we do business, and it describes the values that will guide us in our decisions. By complying with this Code, we will enhance not only Kraft Foods' integrity, but also its financial performance.

The ten rules described below reflect our company's values, particularly the most essential one – trust. Trust means that others can rely on us to speak truthfully, to honor our commitments, and to treat people fairly. We must earn and keep the trust of our consumers, our business partners, our employees, our shareholders, and those who live in the communities where we operate.

Trust is fragile. It takes many years to build, but it can disappear in an instant. Selling a contaminated product, misleading consumers, lying in our financial statements; any one of these acts would destroy trust. They are plainly wrong, and what's more, they would hurt our business. If we lose trust, our financial performance will suffer. Mothers will not believe our ads, business partners will not want to deal with us, and investors will lower the value of our stock.

Fortunately, our company has a well-earned reputation of following the rules and respecting our values. It's our way of doing business. This is a key reason Kraft Foods is valued so highly in the marketplace. We can take a lot of pride in that.

You may be tempted at times to ignore our values. Succeeding in business is tough, and sometimes aggressive goals can seem impossible to meet while playing by the rules. One thing is certain – when gaining a business advantage means violating the rules, or ignoring our values, we won't do it. We can't afford to risk long-term success for short-term gain.

You may also wonder if you should follow our competitors when they do something that would violate our standards. The answer is always no. Our behavior will be driven by our rules and our values alone. If competitors try to gain an edge by breaking the rules, call our lawyers, and they will work to level the playing field.

So please read and understand the ten rules below. Always follow them and live our values, so that Kraft Foods and all of us working here can be proud and will succeed.



The Rules

We all have to obey the law—that's a given. also, we must follow our company policies, including those specific to our business unit, function, and location. Beyond that, this Code sets out the ten most important rules that apply company-wide.

Rule 1:

Make food that is safe to eat.

"I have complete confidence in the quality of their products."

"They knew there might be a problem but they didn't say anything about it."

Which would **you** rather hear?

We are a food company. Nothing speaks to our corporate values more than our relentless focus on food safety. Our consumers must have the confidence to use our products, and to serve them to their families, without fear of getting sick. For over a hundred years, Kraft Foods has earned that trust by making safe products.

Given our size, however, problems will inevitably arise. When something does go wrong, we respond quickly. Our Special Situations Management Team, a cross-functional team of senior managers, takes immediate steps to protect consumers. This builds our reputation and fosters consumer trust. Without that, we would risk the very existence of our business.

Rule 2:

Market responsibly.

"I can rely on what they say about their products. As a mom, that matters a lot to me."

"The front of the package says it doesn't have any trans fat, which my doctor told me to avoid, but it has 6 grams of saturated fat. That's a lot."

Which would **you** rather hear?

Marketing is designed to persuade people. And Kraft Foods has been very successful at it. But that success depends on consumers' trust. If our ads are not credible, people won't trust us and won't buy our products. That would be catastrophic to our business. So we make sure our ads comply with the law, and the statements in them are true.

But we go even further. We take great care to market responsibly. For example, an agency might propose an ad implying that the vitamins in a snack act like a bike helmet, protecting children from harm. We would say no. Although the ad may be legal to run, consumers might reasonably think the snack would keep their kids from getting sick - which isn't true. Irresponsible marketing erodes consumers' trust in us, and hurts all Kraft Foods brands.

We are aware of society's concerns about the role marketing plays in children's food choices. We have clear, restrictive rules for when and how we will market to kids. For example, our advertising in mass media directed to children under twelve is limited to better-for-you food choices.

Decisions like these will continue to give our marketing integrity, which will benefit all the company's brands.

Rule 3:

Treat people fairly.

"I know I can go as far as my abilities and hard work will take me."

"It turned out I didn't get the promotion because they only trusted a man to do the job."

Which would **you** rather hear?

Fairness is an essential element of trust. For employees to trust that they'll be treated fairly at work, management must make decisions about people based solely on merit. We won't permit discrimination or harassment based on factors like age, race, ethnicity, sex, or any other legally protected status. We prize a diverse workplace and benefit from it as a business. We want to be the employer of choice and attract the best candidates. Career success at Kraft Foods comes from hard work, talent, and a commitment to our values – nothing else. Finally, we won't use child labor or permit our suppliers to do so.

Kraft Foods has access to certain personal information about employees, consumers and others. Treating people fairly means keeping this information secure. They trust us to do so. We follow all the privacy laws, and we have strong systems in place to make sure personal information is not disclosed improperly.

Part of treating people fairly is giving them a safe place to work. We all need to trust that we'll be safe at Kraft Foods. Work hard to prevent accidents and injuries, but when they do occur, report them. Follow safety laws and guidelines to the letter, and use equipment the way it is intended. Never use illegal drugs or alcohol in the workplace. And never tolerate violence or threatening behavior at work. Keep safety an integral part of our culture.

This approach makes our workplace safer and more efficient, which is not only the right thing to do, it's good for the bottom line. It also helps keep Kraft Foods the employer of choice.

Rule 4:

Respect the free market.

"I know I'm getting a good value and a fair price."

"I thought these companies were competing, but now I know they all agreed in advance on their prices."

Which would **you** rather hear?

Free markets require vigorous competition. Countries around the world make it illegal to restrain competition. Antitrust (or competition) laws tell us what's legitimate and what's not as companies compete to get, keep and build market power. For example, providing new products, improved quality, and superior value are all legitimate tools to increase market power. On the other hand, colluding with competitors on price and joining with others to boycott a supplier are not. Business practices like these interfere with the free market, limit innovation, restrict consumer choice, and damage trust.

Violating antitrust and competition laws can lead to *huge* monetary penalties, not to mention the burdens and embarrassment that go with defending a losing case. Millions of dollars are at stake. And in some countries, people can go to jail and face personal fines for price-fixing. Imagine sitting in jail for a few years because you talked about pricing with your competitors at a trade association. It is simply not worth the risk.

Rule 5:

Compete fairly.

"I was really impressed that Kraft Foods returned unopened a confidential letter it received by mistake."

"A supplier accidentally faxed us our competitor's volume needs for next year. Nice! This information will give us a real advantage in our planning."

Which would **you** rather hear?

Kraft Foods competes hard – but fairly. This means we won't spy on our competitors or steal information they are trying to keep confidential. If someone else gives us information about our competitors, we won't use it if we think they obtained or disclosed it improperly. We won't spread false rumors about our competitors or disparage them. We will respect their intellectual property rights.

In return, we expect our competitors to treat us fairly. If they don't, we will challenge them.

Rule 6:

Respect the environment.

"There's a factory right next to where I live and I barely know it's there."

"I can't believe how much packaging I have to throw away with this product."

Which would **you** rather hear?

As a large manufacturer, Kraft Foods affects the environment in many ways. It's an inevitable part of running a business. But we can still be a good steward for the environment – people expect that of us. We all share this fragile planet. We work hard to prevent pollution, minimize waste, and reduce our use of natural resources.

Kraft Foods is focused on sustainability – minimizing our long-term effect on the environment. This is good for society, and it also makes good business sense. For example, finding ways to make our products by using raw materials, water, and energy more responsibly reduces our footprint and also saves us money. And consumers increasingly seek out "green" goods.

Rule 7:

Deal honestly with the government.

"The inspector wanted to see the entire plant, so of course I showed it to him."

"The only way the deal was going to happen was if I made a deposit in the Trade Minister's savings account. I had to do it."

Which would **you** rather hear?

The general rules here are obvious and simple. Don't bribe. Don't lie. Don't mislead. Don't hide evidence from government inspectors or falsify documents. Don't offer anything of value to a government official without first clearing it with our lawyers.

The same goes for our agents. If they bribe or lie to government officials, they can get us in serious trouble. If you suspect this is happening, raise the issue immediately.

Finally, our dealings with governments are covered by special laws. The government enforces them vigorously, and charges huge fines for violations. So honesty with the government is good business.

Rule 8:

Keep honest books and records.

"It takes a lot of time and hard work to get these disclosures just right, but I know investors depend on the integrity of our statements."

"If I record the payment just three weeks later, we will make our numbers for the quarter. Does it really matter?"

Which would **you** rather hear?

Financial statements paint a portrait of a business for investors. They describe a company in detail – its strengths, weaknesses, and trends. An accurate portrait gives people the information they need to make good investment decisions. Investors trust our company to be honest. Omissions and distortions harm that trust.

Our statements must be complete, timely, accurate, and fair, and they must comply with appropriate accounting principles. We won't hide liabilities, overstate earnings, keep things off our balance sheets that belong there, or disguise our transactions. This basic honesty applies to all Kraft Foods books and records, from time sheets to test results to expense reports. Everyone is responsible – not just our finance employees. We'll also keep all documents we're required to keep.

The stakes are huge. Businesses have gone out of business and have even been prosecuted and managers jailed for falsifying documents and misleading investors. That risk is never worth taking.

Rule 9:

Never trade on inside information.

"I was on the team managing the big divestiture, so I knew I couldn't sell any Kraft Foods stock."

"I know our stock price will rise soon. I'll tell my sister to buy some, so we can make money but I won't get caught."

Which would **you** rather hear?

Buying or selling Kraft Foods stock while you know material things about the company that the public doesn't know is unfair. It's also a crime. "Material" information includes anything likely to influence a potential investor's decision to buy or sell Kraft Foods stock. This means significant things, like mergers, corporate earnings projections, and changes in senior management.

Insider trading laws prohibit less obvious things too. If you can't make a trade, neither can your family members, nor anyone living in your household. Also, you are prohibited from telling others material information that is not public. And you may not buy or sell the stock of our customers, suppliers, or other business partners if you have material non-public information about them.

It's about basic fairness. Investors should be able to trust that everyone trading in the market has the same information. Insider trading distorts the market and damages trust.

Rule 10:

Give Kraft Foods your complete business loyalty.

"I've been asked to serve on the Board of a company that does some business with Kraft Foods. I'd better discuss this with the right people before I commit."

"I will never fire that firm. Their deliveries may be slow, but they always send me box seats to the games."

Which would **you** rather hear?

Trust goes both ways. The company works hard to earn our trust, and in turn expects our loyalty. Our work decisions must always be based on what's best for Kraft Foods, not for us personally.

You should not have business interests that conflict with those of Kraft Foods. For example, if you are considering hiring a firm owned by your close relative to do consulting work for Kraft Foods, you should disclose the possible conflict to the company so management can prevent the risk of bias, even if unintentional. A similar issue could arise if you had a financial interest in any of our suppliers, customers, or competitors. Serving on the board of directors of another company, especially a competitor, can raise similar issues. Also, you may not have an outside job if it would interfere with your work for Kraft Foods.

You generally may not accept gifts from business partners. The gift policy explains the specifics. You may not accept anything that would affect your objectivity, and, of course, never accept a bribe or kickback. Anyone who does so hurts Kraft Foods and violates the law. If you see this behavior, report it immediately.

We also need to be careful with our proprietary information. We may develop a new type of pizza crust, create an innovative marketing strategy, or find a cheaper way to package cheese. Telling others would reduce our competitive advantage and devalue our creative work. Kraft Foods owns this information, and we must take care not to reveal it. If we have to share it with a supplier or co-manufacturer, for example, we must sign confidentiality agreements with them before revealing the information to make sure we get the financial benefit we anticipate.

Giving Kraft Foods our complete business loyalty is the fair thing to do, and it also makes the company more valuable.

What if the rules don't clearly address a situation?

No set of rules could answer every question you will face at work. When these ten don't address your situation, what should you do? The answer lies in our values. Let them guide your actions. After all, actions speak louder than words. That is why at Kraft Foods:

- We inspire trust.
- We act like owners.
- We keep it simple.
- We are open and inclusive.
- We tell it like it is.
- We lead from the head and the heart.
- We discuss. We decide. We deliver.

If we follow these values, and put them into action, we will all succeed together.

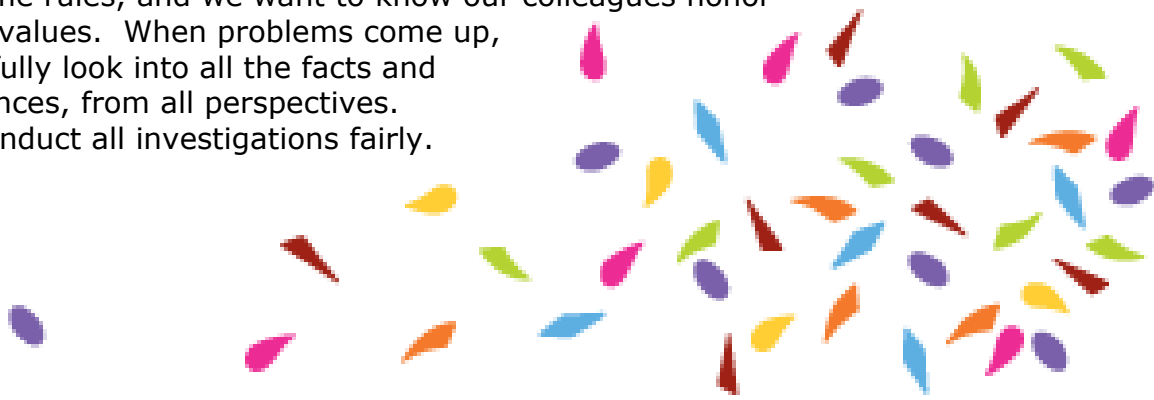
Also, we should ask questions when we are not sure what to do. Fortunately, we have lots of places to turn – our managers, lawyers, and compliance officers are there to help. Contact them. Also the Compliance & integrity website has a wealth of information, including a toll-free [HelpLine](#).

What if something seems wrong?

Sometimes things go wrong. It happens in every company at some point. We are all human. We all make honest mistakes. And sometimes something worse happens. If you notice something wrong at Kraft Foods, what should you do?

If you see a co-worker about to do something questionable, address the issue directly and try to stop it. It's easier to avoid making a wrong choice than to clean up the mess afterwards. You'll be helping both Kraft Foods and your colleague.

When something has already gone wrong, we need to deal with it. Ignoring problems only makes them worse, and damages trust. We all must play by the same rules, and we want to know our colleagues honor the same values. When problems come up, we'll carefully look into all the facts and circumstances, from all perspectives. We will conduct all investigations fairly.



Breaking the rules leads to consequences. In this way, your ethical performance is really no different from your business performance. Do your job well and build the business, and you are rewarded with increased compensation and promotions. Perform poorly, and you receive less compensation, and ultimately may lose your job. The same is true with the Code. Be a champion for our values and lead others to follow them, and management will regard you well. Break the rules, and you can suffer disciplinary action, including termination.

If you think someone may have violated the law, this Code, or any company policy, inform management so the company can act quickly. You can also report a violation anonymously. Just call the Integrity HelpLine (click [here](#) for your country-specific number), and a third-party representative will listen to your concerns and tell the right people. The key is, however you do it, you must report the issue. Our Speaking Up policy requires it.

Maybe you're worried about retaliation. Kraft Foods won't tolerate that. Anyone who retaliates against someone for raising a concern in good faith will face discipline, which may include termination. If you report a violation, Kraft Foods will fully support you, because it's fair and it's vital to our business.



When we follow the rules, ask questions if we're not sure, and report problems, we are helping our company succeed. We are living our values and building trust. That's good for the bottom line. And it's our way of doing business.

