

Daniel J. Edelman Holdings, Inc. Family of Companies'

Day-to-Day Situation Guide For Affiliates

Companion Document to the Code of Ethics and Business Conduct
for Affiliates

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Introduction

The DJE Code of Ethics and Business Conduct for Affiliates provides guidance on legal and ethical standards that apply to business in general. The Day-to-Day Situation Guide for Affiliates provides additional assistance on issues that are specific to the public relations industry. These two documents should be consulted in tandem when conducting work on behalf of the Daniel J. Edelman Holdings, Inc.¹ family of companies.

Interacting With the Media

Please observe the following when working with the media on client engagements.

- **Public Disclosure** - Obtain permission from the client before publicly disclosing information about them or interacting with the media on their behalf.
- **Transparency and Proper Representation** - When engaging journalists, properly identify yourself and the client(s) you represent. Be open about your intentions.
- **Pay-for-Play** - Do not compensate members of the media, monetarily or in any other form in return for an expectation of coverage. The only exception would be where the coverage is appropriately accompanied by clear and conspicuous disclosure that it's sponsored coverage (as in the case of advertorials).
- **Travel** - Follow local and industry custom and be transparent with all parties about the source of funds for a journalist's

¹ Daniel J. Edelman Holdings, Inc. includes Daniel J. Edelman, Inc., StrategyOne, Inc. d/b/a Edelman Intelligence, Zeno Group, Assembly Media, Matter, Inc., United Entertainment Group Holdings, LLC (UEG), The K Group Public Relations Company, d/b/a Krispr Communications, Edible, Inc., Edelman Miami Latin America Corp.,

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travel. Reimbursement for a journalist's travel by a client does not impose any expectation of coverage by the journalist.

- **Engaging Freelance Writers** - If you hire a freelance journalist, disclose that fact to the client. Make it clear that the freelance journalist is expected to follow the same guidelines regarding transparency and proper representation of themselves and their client when presenting story ideas to media outlets for potential publication.

Freelance media relations experts and consultants hired to do client work on behalf of Edelman are subject to the

The H & W Group, d/b/a Salutem, The R Group Public Relations Company, d/b/a Revere, First & 42nd, Inc., and all operating companies under the Edelman family of companies (collectively referred to as "Edelman" or "DJE" in this document

requirements established in the Affiliates Agreement, the Code of Ethics and Business Conduct for Affiliates, this Day-to-Day Situation Guide for Affiliates, the Code of Ethics for Suppliers and Service Providers, and, where applicable, the Edelman Anti-Corruption Policy for Third Party Business Relationships. The affiliate must ensure that any freelancer or consultant engaged to do work on behalf of Edelman are aware of and abide by these requirements.

- **Sponsored Content** – With decreasing advertising revenue in print media, some periodicals are increasingly turning to sponsored content. Some periodicals allow companies to place content by directly paying for them or indirectly by buying advertising. Because sponsored content can blur the line between editorial and paid content, they must be used with caution after due consideration of transparency and cultural norms.

For example, differentiate sponsored content from editorial content by font or design style, including it as an insert, or labeling it as paid content (e.g., with the words “Advertisement”, “Special Advertising Section” or “Promotion” in the header). There are also periodicals, such as in the travel and real estate industries, where both advertisers and readers are aware that most or all of the material is paid content.

Accepting Client Engagements

When pitching a potential client on an engagement that will involve Edelman, keep in mind Edelman’s policies regarding acceptance of new clients. Strive to consider the best interests

of our clients, Edelman, and society when determining whether to accept a client engagement. Think about how any action could be perceived through the eyes of others, such as the media, existing clients, or other stakeholders.

- **Industry Considerations** - Edelman does not accept engagements for the tobacco (including e-cigarettes), firearms, pornography, or coal production industries.
- **Conflict Considerations** - Address potential client conflicts and concerns about exclusivity before accepting new clients.
- **Reputation Considerations** - Avoid engagements where Edelman’s involvement with the client, the industry it is in, or the nature of the engagement itself could damage Edelman’s reputation.

Engaging Experts as Spokespeople

Please observe the following when engaging experts as spokespeople for client campaigns.

- **Identification** - When assessing the appropriateness of a spokesperson or expert, strive to identify and analyze all available information about that individual. Be prepared to provide Edelman and the client with a full accounting of this due diligence. At the client’s request, formal background checks may be conducted where allowed by law.
- **Training** - When the spokesperson is being trained for communication with the media (or other audiences), it is critical that the spokesperson, whether a client employee, independent expert, celebrity, or other

figure, understand his/her role in the campaign, the messages he/she is to relay, and how he/she is being represented.

- **Documentation** - The understanding between the spokesperson or expert and Edelman or its affiliate should be in writing and at a minimum contain the spokesperson's obligations, the rights being obtained by the client, the total fee, the length of the engagement, and the degree to which the client expects the spokesperson to honor exclusivity.
- **Conflict of Interests** - When engaging thought leaders and expert consultants, respect their independence. Payments should be made for actual services rendered and never in a way that could be misinterpreted as a bribe or other illegal or improper means to induce product use or promotion. Make all decisions about honoraria, expense reimbursement, venue

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selection, and relationship disclosure in accordance with customary and accepted practices, legal requirements, ethical considerations, and common sense.

Also remember that payments to experts in some cases may be regulated by law, particularly in the case of healthcare providers. In these cases it's critically important to put in place processes and controls in accordance with regulations and the client's compliance requirements before processing any payments for services to these experts.

Using Writers and Experts to Draft Communications

When drafting communications for our clients, transparency of authorship and relationships with the experts who are the authors can pose complex and challenging issues. This especially applies to practice areas where consumers rely heavily on

the opinions of experts in making decisions, such as medical education and publishing, other aspects of health communications, and financial communications, or where business ethics have been questioned.

Help ensure that our clients in all industries understand the shift in the rules of stakeholder engagement from interactions that are based on “sponsored associations” to ones that are based on trusting relationships.

- When developing communications, insist that authors are expert and involved in the given subject matter, research (medical or other) or, in the case of the drug and biotech industries, in clinical trials. Do not encourage or solicit mere signatories on any communications, including but not limited to op-eds, opinion pieces, commentaries, original research manuscripts, white papers, and blogs, without first obtaining e-mails and other written endorsement from the author acknowledging responsibility for the content, including agreement with the information, commentary, opinions, and conclusions in said communications.
- Follow applicable guidance established by the media, journals and international journal editor groups (e.g., International Committee of Medical Journal Editors), industry, and the government about authorship, disclosure of editorial support, industry funding and other such issues.

There’s no easy solution or one-size-fits-all approach to address these issues. Transparency and disclosure are essential. Consult with your Edelman engagement manager if you have questions on a particular situation.

Conducting Client Campaigns

Be aware of legal and regulatory restrictions, safety considerations, as well as ethical, cultural, and societal issues that may affect how you conduct our client campaigns. Laws and regulations are established at the national, regional, and local levels and may often vary significantly based on geography.

- ***Ethical and Societal Expectations*** – When planning client campaigns, consider the ethical and societal implications. Failure to do so can result in challenges to our clients’ and our own integrity. As such there is a dual mandate: To help clients tell their stories, and help them advance in an environment that calls for more transparency, collaboration, and consideration of societal expectations. Use the Code of Ethics and Business Conduct for Affiliates and this Day-to-Day Situation guide as a reference, and strive to embrace both the letter and the spirit of doing what is right in serving Edelman clients.
- ***Client Industry Regulations*** – Many clients operate in a regulated environment, such as those in the healthcare or financial services industries. Understand and comply with industry-specific regulations that apply to all client services.
- ***Rules of the Media or Venue*** – Follow the rules and regulations that have been established for any type of media or communications channel that is used to conduct a client campaign.
- ***Target Audiences*** – Communication to target groups and their influencers should be structured in accordance with applicable laws and regulations.

- Do not develop or distribute any communication about alcohol, gambling services or products, or adult products to individuals under the applicable legal age.
- Distribute communications materials relating to adult products or material only to individuals who are over the age of legal consent and who have specifically consented to receive adult marketing.
- **Permits and licenses** – Local or regional regulations may require companies to obtain permits or licenses before conducting activities such as door-to-door campaigns and rallies.
- **Intellectual Property** – We respect and preserve intellectual rights in the marketplace.
- **Safety** – Use common sense and consider safety concerns when developing promotional items, events, or campaigns on behalf of our clients.
- **Sweepstakes** – While sweepstakes are often effective marketing devices, they are also strictly regulated to prevent unethical and deceptive marketing practices and to avoid violation of applicable gambling laws.
- **Privacy** – Significant restrictions may apply to the gathering, use and distribution of personal information used as part of a campaign. Never sell, distribute, or use such information in any way other than as indicated in the campaign and allowed by applicable law.
- **Telemarketing and Mobile Communications** – Various telemarketing laws restrict companies or organizations from making unsolicited marketing telephone calls to consumers.
- **Online activities** – A number of laws regulate online activities, including the operation of Web sites or online services directed to children, collection of personal information from children, and the use of commercial e-mail.
- **Advocacy Organizations** – If you recommend or assist a client in creating an advocacy organization, be transparent regarding the source of funding and the organizations and interests that you represent.
- **Guerilla Marketing** – If a proposed media campaign includes elements of guerilla marketing or uses other non-traditional ways to generate media attention, be sure that it meets the guidelines set forth above, including the need to meet ethical and societal expectations, safety concerns,

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and so forth. Also, be sure to be transparent about corporate sponsorship of such events or activities.

- **Special Requests From Clients** – It is possible for a client to ask an affiliate to do something that is unrelated to the services for which they have been engaged. While client satisfaction is very important, be careful not to become involved in any transaction or situation that could appear questionable to outside parties. The request may be an attempt to circumvent the client's own internal controls. Or, in a worst case scenario, being a party to a transaction that you are not involved in and have no knowledge or control over could inadvertently give rise to allegations of money laundering, corruption, or other wrongdoing. If you have any question or concern about a special request from a client, contact your Edelman engagement manager.

Pitching Broadcast Media

Regulatory initiatives to protect the credibility of news and ensure proper disclosure have made pitching VNRs (video news releases), ANRs (audio news releases), and paid spokespeople to local TV and radio stations more challenging. To ensure transparency and credibility, do not position client-sponsored packages as news if it is truly more of a marketing or promotional release.

The challenge for communications professionals is to effectively deliver clients' messages in this changing environment.

Public relations production teams have felt a chilling effect as several TV stations have backed

away completely from participation in client-sponsored VNRs and SMTs (satellite media tours). If you work with stations to ensure news and other television producers know the source of the sponsorship, and in turn they can reveal that information to their audiences, it's more likely the clients' material will be used.

Various regulatory agencies or trade associations related to communications media have issued guidelines about VNRs and other video and audio provided by "non-media third parties." The guidelines do not state that stations should summarily avoid airing VNRs or other client-sponsored broadcast tools, but as the following guidelines summary makes clear, stations are advised to exercise considerable caution.

- TV and radio stations "should protect the editorial integrity of the video and audio they air," using material from non-media third parties only when it is genuinely newsworthy and the stations are not able to capture the video or audio themselves, e.g., proprietary assembly line footage.
- Stations should clearly disclose the source of information and label all material provided by corporate or other non-editorial sources.

In some jurisdictions, stations failing to disclose who paid for a segment or otherwise identify the outside source of a video can be fined.

Developing Transparent and Credible Broadcast Tools

VNRs, ANRs, and SMTs may be used to provide stations with access to information and expertise they might not otherwise be able to obtain. We continue to recommend, and broadcast media

continue to use, newsworthy and distinctive video and audio that does not compromise the integrity of journalism with overt branding and commercialism.

VNRs, defined as fully produced and edited TV news stories (including a “reporter” voiceover), are seldom sought and rarely used in their entirety, even in the smallest of markets. Typically, we recommend producing a VNR only when a story is so complex that it warrants a full script and reporter voiceover. We more frequently recommend B-roll packages. Well-produced B-rolls contain footage that is not overtly commercial, sound bites, and background information, and allow producers and reporters to easily build and edit their own stories.

Similar rules apply to radio, a medium too often ignored. ANRs and RMTs (radio media tours) continue to earn solid results, providing opportunities to deliver important client messages to broad target audiences. As with TV news, nothing turns off producers and reporters faster than overt commercial messaging. One or two subtle client or product mentions, and only as they apply to a truly newsworthy story, is the most you should try to secure. The messages will achieve maximum impact when delivered by a credible spokesperson in his or her sound bite(s), and not in the “reporter” voiceover.

Producers favor in-studio interviews over satellite feeds so we recommend putting greater emphasis identifying spokespeople who can travel to target markets, as opposed to conducting SMTs. We also recommend using local spokespeople who can deliver the client’s messages clearly, effectively, and credibly.

Please keep in mind the following media relations basics:

- Collaborate with media to develop good news stories.
- Find creative ways to deliver compelling messages.
- Develop smart video and audio packages that include meaningful footage, sound bites, and important background information.
- Adhere to the highest level of ethics.

Using Matte Releases

Matte releases are special news releases that are structured with non-copyrighted editorial material that a print outlet may choose to use in its original form. When assisting in distribution of such materials, clearly communicate the client’s name or product or service for which the release was developed.

Word-of-Mouth Marketing

We abide by the Code of Ethics established by the Word of Mouth Marketing Association (<http://www.womma.org/ethics/womma-code-of-ethics>). The following principles are expressed and described more fully in the WOMMA Code and are similar to those that apply to any of our other client services, including:

- Consumer protection and respect are paramount
- The Honesty ROI: Honesty of relationship, opinion and identity
- Respect the rules of the venue
- Manage relationships with minors responsibly
- Promote honest downstream communications

- Protect privacy and permission standards

Some jurisdictions have implemented regulations making it a criminal offense for brands to seed positive messages online without making the origin of the message clear. Brand owners will face fines or even prison sentences if they violate the consumer-protection regulations.

Third-Party Engagement

Do not implement grass roots campaigns or letter-writing campaigns to legislators on behalf of undisclosed interest groups.

Online Engagement

When blogging or engaging in other social media, keep in mind that the number one goal is to earn the trust of the audience. With that in mind -

- Proactively disclose your true identity and affiliation with Edelman and the client you may be serving.
- Use a disclaimer in your bios on the services that you use online, so that your opinions are seen as your own and not reflective of the opinions of Edelman. While we recognize that work and personal lives are separate, they often blur online.
- Respect the privacy of your colleagues and the opinions of others. Obtain permission before sharing a comment, post, picture or video about a client or colleague through any type of social media.
- Obtain approval before writing about a client, a known competitor of that client, or otherwise responding on Edelman's or a client's behalf.
- Exercise care and discretion in tone and choice of forum when considering writing

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about companies or brands online – they may be clients, competitors or potential future clients.

- Identify any copyrighted or borrowed material with citations and links.
- Evaluate your contribution's accuracy and truthfulness before posting.
- Build a reputation of trust among your clients, media and the public.
- Don't use your own personal online relationships or the company's network to influence polls, rankings, or web traffic.
- Always be respectful to Edelman, the client and your audience. This applies to the type of information posted as well as the manner and context in which it is presented.
- Follow the established terms and conditions of use that have been established by the venue used for your

social media activities (Web site, blog, discussion forum, etc.).

- Obey the law. Don't post any information or conduct any online activity that may violate applicable local, state or federal laws or regulations.
- Do not directly edit a Wikipedia entry on behalf of Edelman or a client. Take any comments, grievances or suggestions to the "Talk" page of an entry.

Blogging on behalf of Edelman or a client should be treated the same as any other official communication and done only with the prior approval.

Industry and Practice Area Codes of Conduct

A number of codes of conduct have been developed by various national and international public relations, communications, and practice-specific organizations. Affiliates should take the time to review the codes that apply to their region or specialty because outside parties may use them to evaluate our business practices.



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