

Behaviour in Business

A Guide to Integrity in Business Transactions



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Preamble

Appropriate ethical behaviour in business dealing is essential to creating and maintaining a healthy, fair and just environment of value and benefit to all. Inappropriate behaviour leads to a corrupt society in which economic and political decisions become twisted, slowing the social progress, hampering economic development and falsifying prices for products and services. A corrupt society is an unequal and unfair society.

As a Group that operates around the globe, Roche has itself committed by issuing its Corporate Principles to observe high ethical standards in all of its business dealings. Roche will adhere to these standards, as well as to local, national and international laws and will oblige its employees to adhere to this conduct.

I Business Integrity

1.1

Objectives and Topics

In adopting the present Guide to Integrity in Business Transactions (hereinafter referred to as 'Integrity Guide'), Roche is pursuing two objectives:

- establish a common understanding of business integrity to be observed by all Roche companies and employees;
- prevent the infringement of business integrity by defining unacceptable behaviour in business for all Roche companies and employees.

This Integrity Guide addresses the following topics:

- bribery;
- granting of an advantage;
- dealing with third parties;
- receipt of gifts and entertainment;
- conflict of interest;
- remuneration of intermediaries.

1.2

Definition of Business Integrity

'Business Integrity' is defined as an ethical behaviour in business transactions that is in line with the Roche Corporate Principles and in compliance with local, national and international laws and with all relevant Roche provisions.

The terms and conditions that determine the appropriate behaviour in business transactions must be assessed on a case-by-case basis by taking into consideration the relevant parameters of each individual case. It is understood that legal standards evolve over time. Consequently, a constant reassessment of the required behaviour is necessary.

1.3

Responsibility of Employee and Employer

Business integrity is the responsibility of every Roche employee. Each employee is personally responsible for ensuring awareness and understanding of the relevant laws and provisions. Each employee is equally responsible for behaving in accordance with this Integrity Guide. If a question regarding the interpretation of the Integrity Guide arises, the employee concerned must contact his or her line manager.

Roche is committed to give its employees the appropriate information, education, guidance and support so as to enable them to observe this Integrity Guide.

No employee of Roche will be disadvantaged if business is lost as a result of honouring Roche's standards on business integrity.

II Bribery

2.1 Legislation to Eliminate Bribery

Bribery of domestic officials was established to be a criminal offense by most national laws a long time ago. In December 1997 the governments of 29 members of the Organization for Economic Cooperation and Development (OECD)¹ agreed on the text of the 'Convention on Combating Bribery of Foreign Public Officials in International Business Transactions' (hereinafter referred to as 'OECD Convention'). In this OECD Convention, the nations committed themselves to establish off-shore bribery as a criminal offense under their national laws. This convention came into force on 15 February 1999, and its provisions were thereafter transferred into national laws.

2.2 View and Undertaking of Roche

Roche rejects all forms of bribery (public, private, active and passive bribery as defined below). In addition to undermining the Group's reputation and business integrity, the solicitation, acceptance, offering or giving of a bribe establishes a criminal offense of the employee and the company involved under applicable national or international laws. In addition, such unacceptable behaviour may also give rise to civil lawsuits against the employee and the company involved.

2.3 Definitions

Bribery constitutes a form of corruption and can be executed towards public officers or decision makers in the private sector and can be committed actively or passively. Bribes may take many forms, such as payments, lavish gifts or any other type of advantages.

Active bribery is understood as the promise to give or the giving of any payment or any other advantage, whether directly or through intermediaries, to someone holding a public office (**public bribery**) or to someone in business (**private bribery**) with the intention and expectation to obtain an unlawful benefit in return for the bribe.

Passive bribery is understood as acceptance of a payment or any other advantage, whether directly or through intermediaries, from someone in return for which the person who has accepted the bribe favors the giver in an unlawful way.

¹ OECD: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

Non-OECD: Argentina, Brazil, Bulgaria, Chile, and Slovak Republic

2.4

Payments to Public Officials

Subject to the principles as set forth under Section 3.2 below, no funds or assets of Roche shall be paid, given or otherwise transferred in the form of a gift or otherwise, directly or indirectly, to someone holding a public office or to a person having political influence or to any entity in which said person is known to have a material interest, unless approved by local Roche Management in accordance with applicable laws. This prohibition applies to the use of Roche property as well as to the use of personal funds or assets. It also applies to indirect contributions or payments made in any form, such as contributions or payments made through consultants, advisers, suppliers or other third parties.

2.5

Don'ts and Dos

Do not offer a private bribe!

Do not offer a public bribe!



You may offer a gift to an employee of a private company after finalization of a business transaction.



III Granting of an Advantage

3.1

Assessment of National Laws

Switzerland has recently revised its criminal law. It is now a criminal offense to offer an advantage to a Swiss official; it is also a criminal offense for a Swiss official to accept any advantage.

Some national laws equally prohibit the granting and the acceptance of an advantage by someone holding a public office. In some places, however, it is an accepted custom to show some form of appreciation, whereby particular services are acknowledged by tips. While bribes are prohibited, such payments in a restrained fashion are acceptable even under the strict rules applied by Roche.

3.2

View and Undertaking of Roche

The granting of an advantage to someone holding a public office is acceptable for a Roche employee, provided all of the following requirements are met: it is not prohibited by applicable national laws, it is appropriate and in conformity with local custom, it is properly entered into the company's books and the payment is made in the country in which the services are rendered.

3.3

Definitions

Advantage is understood as a material benefit of any kind, such as payment or any other consideration.

Granting of an advantage is understood as the promise to give or the giving of any advantage, whether directly or through intermediaries, to someone holding a public office. The giver does not obtain any unlawful advantage in return for the granting of the advantage.

3.4

Don'ts and Dos

Do not grant an advantage if

- it is prohibited by the applicable national laws;
- it is not in conformity with local custom;
- it is not appropriate;
- it is not registered in the company's books;
- it is not made in the country in which the services are rendered.



You may grant an advantage if

- it is allowed by the applicable national laws;
- it is in conformity with local custom;
- it is appropriate;
- it is properly registered in the company's books;
- it is made in the country in which the services are rendered.



IV Dealing with Third Parties

4.1

Principles

All transactions by Roche with third parties are made on the basis of quality, service, competitive price and suitability. Roche seeks to establish mutually beneficial, long-term relationships with its business partners based on these principles.

Roche deals fairly with all business partners based on the quality of products and services. Roche does not, and no employee may, directly or indirectly, offer or give any form of illegal rebate, illegal kickback or any other illegal 'under-the-table' payment, or other similar improper payment, gift or favor to business partners or their representatives. Conversely, no employee shall, directly or indirectly, request any form of illegal rebate, illegal kickback or any other illegal 'under-the-table' payment, or other similar improper payment, gift or favor from any third parties.

4.2

Dealing with Customers

Regarding relationships with customers, the following principles apply:

- Roche employees who regularly deal with customers must know and comply with all relevant laws and regulations governing relations with customers.
- Employees engaged in government contract work must also know and abide by the specific laws and provisions covering relations with government agencies.
- Roche employees will give no gifts to customers, except items that fit the legal, normal and customary patterns of Roche sales efforts for a particular market. Costs for such gifts are subject to approval by local Roche Management.
- Entertainment, not otherwise prohibited as set forth herein, of any customer must comply with regular business practices. The place and type of entertainment and the money spent must be reasonable, appropriate and adequately documented in conformance with Roche expense reimbursement requirements.

4.3

Don'ts and Dos

Do not give an illegal rebate.

Do not offer an illegal kickback payment.

Do not make any illegal 'under-the-table' payment.

Do not give an improper gift to a third party.

Do not offer an illegal or improper favor to a third party.

You may give rebates according to the rebate policy of Roche.

You may give small and appropriate gifts to a customer or to another third party.

Do not accept any form of illegal rebate, illegal kickback or any other illegal 'under-the-table' payment.

Do not request any form of illegal rebate, kickback or other 'under-the-table' payment.

Do not accept any improper payment, gift or favor.

Do not request any form of improper payment, gift or favor.

You may accept on behalf of Roche a correct rebate granted by a supplier.

You may accept a small and appropriate gift from a supplier if you maintain your personal and your company's independence.

V

Receipt of Gifts and Entertainment

5.1

General

Even when gifts and entertainment are exchanged out of the purest motives of personal or professional friendship, they can be misunderstood. For example, a gift or entertainment can appear to be an attempt to influence an employee to direct Roche business to a particular third party. To avoid both the reality and the appearance of improper relations with third parties or potential third parties, as well as to maintain your personal and your company's independence, the following principles apply to the acceptance of gifts by Roche employees:

5.2

Gifts

Employees shall not solicit gifts, or any other personal advantage of any kind, from any current or potential third parties of Roche. Gifts include not only merchandise but all kinds of advantages.

Employees may only accept any unsolicited gift provided the following conditions are met: Employees may accept unsolicited non-monetary gifts, provided they do not go beyond common courtesy and accepted local business practices. The value of any gift must not raise any question of an obligation on the part of the recipient. The acceptance of any gift that does not meet said conditions must be rejected. If in doubt as to the appropriateness of accepting an unsolicited gift, the employee concerned must solicit the view of his or her line manager and act according to the decision of that person.

5.3

Entertainment

Employees may not encourage or solicit entertainment from any current or potential third party of Roche.

Employees may accept unsolicited entertainment, provided all of the following requirements are met: the entertainment occurs infrequently and arises out of the ordinary course of business, it involves reasonable, not lavish, expenditures and it takes place in settings that are reasonable, appropriate and fitting to Roche employees, their hosts and the business at hand.

5.4

Don'ts and Dos

Do not solicit gifts from any third party.

Do not solicit a personal advantage of any kind from any third party.



Do not encourage or solicit entertainment from any third party.



You may accept unsolicited non-monetary gifts that do not go beyond common courtesy and accepted local business practices.



You may accept unsolicited gifts that do not raise any question of an obligation on your part.

You may accept unsolicited entertainment if it occurs infrequently and arises out of the ordinary course of business.

You may accept unsolicited entertainment that involves reasonable, not lavish, expenditures



VI Conflict of Interest

6.1

Principles

Employees of Roche should avoid situations where their personal interest could conflict with, or even appear to conflict with, the interests of Roche.

A conflict of interest exists when a Roche employee uses his or her position within Roche for personal gain apart from the normal rewards of employment and compensation by Roche. A conflict of interest also exists when an employee's personal interests are inconsistent with those of Roche and create conflicting loyalties. Such conflicting loyalties could cause an employee to give preference to personal interests in situations where responsibilities to Roche should come first.

If a conflict of interest arises between private interests and those of Roche, the employee concerned shall immediately inform his/her line manager so that an appropriate solution can be reached.

6.2

Don'ts and Dos

Avoid situations where your personal interest conflicts with the interests of Roche.



Inform your line manager if an unsolicited conflict of interest arises.



VII Remuneration of Intermediaries

7.1

Principles

When services are provided to Roche by intermediaries, such as consultants, advisers, agents or specialists, the following principles apply:

- each agreement must be in compliance with the legislation of the country to which it applies and must not in any way conflict with the laws of that country;
- all agreements must clearly define the respective roles and responsibilities of the intermediary and Roche, as well as the basis for the remuneration;
- the remuneration of the intermediary should be commensurate with the normal business activities the intermediary undertakes on behalf of Roche;
- payments to intermediaries must be in compliance with local legislation and shall, whenever possible, be made in the country in which the contracted services are rendered. All corresponding payments must be properly entered into the company's books;
- applicable fiscal regulations of the respective countries must be taken into account;
- all agreements must be reviewed at regular intervals to ensure that they remain current and appropriate for the activities in the country to which they relate.

Don'ts and Dos

Do not enter or accept any agreement that is in conflict with the laws of the respective country.

Do not make any payments or remunerations to intermediaries that violate local legislation.



Check the laws of the respective country before entering into an agreement with your intermediary.



Check the local legislation before making payments.

Avoid any over-invoicing.



Costs must be commensurate with the agreed performance.



Do not open a commission bank account for your business partner.



You may assist your business partner with the opening of a bank account (e.g. by procuring an extract from the commercial register, a power of agency, etc.)



Avoid, if possible, making cash payments or commissions.



Cash payments for agreed expenses usually do not represent a problem.



Omit informal payments.



Ask for an invoice.



Implementation

All individual Roche companies are responsible for enforcing this Integrity Guide.

All Roche employees concerned must be informed accordingly.

Entry into Force

This Integrity Guide was adopted by the Corporate Executive Committee on January 10, 2001 and entered into force the same day.

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