Roche Directive on Employees Holding Board Memberships

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Review and Approval (as required)

Approved by		**Date**
CEC	CEC meeting minutes refer	09. Dec 2009
CEC	CEC meeting minutes	12 November 2013

Use of the document

Internal use only	**Intranet**	**Internet**	**…**
X	**X**	☐	☐

Document History

Version	Reason for Change	Date effective
	Employees Holding Board Memberships Policy, written and approved by Corporate Services and Human Resources	April 2006
	Employees Holding Board Memberships Policy, revised by Corporate Human Resources	February 2009
2.0	Employees Holding Board Memberships Directive: Revision of Roche & Genentech policies by Group Human Resources	January 2010
3.0.	Employees Holding Board Memberships Directive: Revision to include more examples	December 2013

Roche Directive on Employees Holding Board Memberships

1. **Types of Board Membership**

1.1 **Board Memberships on behalf of Roche**

As part of their employment, a Roche employee may be asked to serve on the board of a wholly owned Roche subsidiary or company in which Roche holds an interest or wants to be represented at Board level.

1.1.1 Fully owned Roche subsidiary
A board membership on behalf of Roche for a fully owned Roche subsidiary must be approved by the Roche Chief Executive Officer (CEO).

1.1.2 Organizations in which Roche holds a membership
If, as part of their employment, a Roche employee is asked to serve as Roche representative of an industry association or any other organization where Roche holds a membership, the Roche employee is required to get prior approval from the relevant CEC member.

Employee should request approval as follows (refer to Approval Form, Appendix):

Request for approval of board membership on behalf of Roche:	**Approval By:**
For fully owned Roche subsidiary	Roche CEO
For organizations in which Roche holds a membership	Relevant CEC member

1.2 **Third Party Board Memberships not on behalf of Roche**

An employee may, on occasion, serve on the board of a third party company, commercial entity or scientific advisory board. This includes any board membership for which the employee will receive, or expects to receive, a fee or other remuneration, compensation or incentive, beyond reimbursement for out of pocket expenses.

Third party board memberships may have the potential for a conflict of interest. An employee could use his/her position, responsibilities or connection for inappropriate personal or family gain in situations where responsibilities to the company and the company's interests should come first. Therefore, all third party board memberships require approval. As soon as an employee is considering serving on the board of a third party company, commercial entity or scientific advisory board, he/she shall immediately inform his/her line manager.

1.2.1 Third Party Board Memberships: Commercial Entities

In this category only one third party board membership will be approved per employee. In case of approval, relevant information on the third party board membership and the approval of the membership will be kept in the employee's personal file.

1.2.2 Third Party Board Memberships: Scientific Advisory Boards

In general, only one third party board membership will be approved per employee. For scientific advisory boards multiple memberships may be allowed with the approval of the respective CEC member. In case of approval, relevant information on the third party board membership and the membership approval will be kept in the employee's personal file.

Providing that the membership will not create any conflicts (see section 3, below) the employee should request approval as follows (refer to Approval Form, Appendix):

Request for approval of third party board membership not on behalf of Roche:	**Approval By:**
CEC Members	Chairman of the Board
Direct Reports of CEC members	Roche CEO
All other employees	Relevant CEC member

1.2.3 Third Party Board Memberships: Charitable, non-commercial or not for profit organizations

For board memberships of charitable, not for profit and non-commercial organizations (e.g. sport clubs, charities) no approval is required unless there is, or could be, any conflicts (see section 3 below) when approval should be requested as above (section 1.2 refers).

2. Compensation

2.1 Board membership on behalf of Roche

If, when participating on a Board on behalf of Roche, an employee receives a fee or other type of remuneration, compensation or incentive they should:

- turn this over to Roche or;
- inform Roche and accept a reduction in their salary by the same amount.

This also applies if the employee serves on the board of an unlisted company in which Roche has an interest but does not hold 100% of the stock, or if the employee serves as Roche representative of an industry association or similar organization where Roche holds a membership.

The above does not apply if the employee is acting as an employee representative and is elected by other employees to the board, or if they are a representative of a union or similar organization.

2.2 Third party board memberships not on behalf of Roche

If an employee serves on the board of any entity not on behalf of Roche, they can keep any fee or other type of remuneration, compensation or incentive providing that they pay any income tax, social security contributions or other insurances and taxes that are due on this income themselves.

3. Conflicts

3.1 Third party board memberships not on behalf of Roche: Conflict of Time and Resources

The primary work focus for an employee should be his or her work for Roche. Participation in any third party board should not interfere with an employee's ability to perform his or her job responsibilities.

Any involvement in activities for any third party board should be done in the employee's own personal time and without the use of Roche resources or funds[1]. Even if an employee carries out a third party board commitment in their own time, they must take care not to exceed any legal limits on total working time allowed per year (or any other specified time period).

Where an employee has any concerns about their time commitment they should discuss with their line manager before submitting a request for approval.

3.2 Third party board memberships not on behalf of Roche: Conflicts of Interest and Confidentiality of Information

As part of their employment, Roche employees are bound to secrecy concerning Roche's business and manufacturing secrets throughout the period of their employment and afterwards. In all cases membership of a third party board should not create a conflict of interest or risk the disclosure of confidential information. The company's Code of Conduct applies at all times.

Typically, conflicts of information or interest occur when dealing with companies who are in the same or related field to Roche e.g. companies involved in pharmaceutical, biotechnology or diagnostics businesses, pharmaceutical, biotechnology or diagnostics manufacturing, as well as Roche vendors, contractors or customers or anyone seeking to become a vendor, contractor or customer.

Examples for Potential Conflict of Interests (not an exhaustive list):

Companies who are in the same or related field: holding a board membership or acting as an advisor of a company that is involved in pharmaceutical, biotechnology or diagnostics businesses, pharma- or biotechnology or diagnostics manufacturing, e.g. acting as a scientific advisor for a small biotechnology company.

[1] This does not prohibit the use of limited company resources for private use e.g. mobile telephone, where this is already expressly authorized in other employment terms and conditions.

Roche vendors/contractors:

1. holding a board membership in a real estate company doing business in the field of office or laboratory buildings that is rented/could be rented by a company of the Roche group
2. holding a board membership in a (clinical) software development, software consulting company that supplies goods or service that are leased/could be bought by a company of the Roche group
3. printing supplier that supplies printing services that works for/could be selected by a company of the Roche group
4. holding a board membership in a company that recruits patients for trials that could be sponsored by a company of the Roche group holding a board membership in a contracted research organization

Roche customers:

1. holding a board membership in a company that recruits patients
2. act as scientific advisor in an University/hospital

Employees who have any doubts as to whether a board membership could create a conflict should talk to their line manager and then request approval as in section 1.2 above.

3.3. **Changes in circumstances of the board membership**

If, at any time after approval, circumstances change e.g. the time commitment increases or there is any other potential risk of a conflict the employee should:

- immediately inform his/her line manager
- request a new approval
- abstain from any decision or discussion that involves or could create a possible conflict

Examples for Circumstances triggering new approval:

1. holding a board membership or acting as an advisor of a company that changes its focus from a non-related field to a related field, e.g. from the food sector into pharma sector
2. time commitment increases
3. change of Roche senior management position that originally approved the board membership
4. existing board membership of a newly acquired company

Employees who held more than one Commercial Entity or Scientific Advisory Board Memberships (section 1.2 refers), prior to this revised directive coming into force, may continue to fulfil these commitments. They must however, seek re-approval for each membership prior to the next board election and immediately if circumstances change as above.

In all cases, if re-approval is not given, this could mean that the employee must give up their board membership and step down at the next available opportunity.

This revised Roche Directive on Employees Holding Board Memberships was approved by the Corporate Executive Committee as per 12 November 2013 and will enter into force on December 1, 2013.

Appendix

Request for Approval of Board Membership

New Request ☐ **Change of Circumstances** ☐

Employee details:

Last name: _____

First name: _____

Country: _____

Name of Roche company/entity: _____

Department/Bldg: _____

Phone number: _____

Personnel number: _____

Cost center: _____

Board Membership details:

Please send sufficient information to enable the approver to assess your request thoroughly. Information should include (but is not limited to):

1. Type of board membership
   See section 1 of the Roche Directive on Employees Holding Board Memberships for further details.

   ☐ **Board membership on behalf of Roche**
   Please also indicate below the type of board membership on behalf of Roche for which you seek approval.

   ☐ Fully owned Roche subsidiary
   Note: You do not need to complete questions 2-8 below if you are applying for a fully owned Roche subsidiary.

   ☐ Organization in which Roche holds a membership

   ☐ **Third party board membership not on behalf of Roche**
   Please also indicate below the type of third party board membership for which you seek approval.

   ☐ Third party board membership: Commercial Entity

   ☐ Third party board membership: Scientific Advisory Board

   ☐ Third party board membership: Charitable, non-commercial, not for profit
   Note: Third party board memberships for charitable, non-commercial or not for profit organizations only require approval in the case of potential conflicts of interest.

2. Information about the company or entity, field of operation, goals & objectives, relationships if any with Roche and any other relevant information

3. Your expected time commitment and duties

4. Details of any fees, remuneration, compensation or other incentive you might receive

5. Attach any Board Membership Agreement (or contract) that you have been asked to sign (if applicable) and confirmation from your legal department (or Group Legal) that they have reviewed and approved the agreement/Contract. Add additional comments below:

6. Details of any other Board Memberships you hold
   Please note: only one 3rd party Commercial entity per employee

7. Details on who has discussed, reviewed and supports your board membership

8. Any other information relevant to your request

Signatures:

Please provide the name of your line manager and obtain his/her signature:

	Employee Name	Manager Name
Place/Date:	Employee Signature	Manager Signature

Approvals: Employees please submit your approval form as follows:

Type of board membership/application from:	**Approval level:**
Board membership on behalf of Roche ***(Section 1.1 of Directive)***	
All Employees: For board membership for a fully owned Roche subsidiary	Roche CEO (please submit your application via Group Legal)
All Employees: For board membership for organizations in which Roche holds a membership	Relevant CEC member (employees please submit your application directly to your CEC member)
Third party board membership not on behalf of Roche ***(Section 1.2 of Directive)***	
CEC Members	Chairman of the Board (please submit your application via Group Legal)
Direct Reports of CEC members	Roche CEO (please submit your application via Group Legal)
All other employees	Relevant CEC member (employees please submit your application directly to your CEC member)

Approved Applications: Original to employee
Copy to be submitted to HR for retention in the employee's personnel file

APPROVED ☐ **YES**

☐ **NO** Reason for declining, if applicable:

☐ Time Commitment ☐ Conflict of Interest

Place/Date: Approval by: _____