



# **Anti-Bribery Training for Channel Partners and Consultants**

**Bio-Rad Laboratories**

v 2.0

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# Overview of Training: What We Will Cover

- Bio-Rad's commitment to preventing bribery
- Harm that results from bribery
- An overview of the laws that prohibit bribery
- What we ask of our business partners to help prevent bribery
- Areas of bribery risk for Channel Partners and Consultants
- The importance of reporting concerns and seeking guidance about possible bribery



**Bio-Rad's Commitment to  
Preventing Bribery**

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# Bio-Rad's Commitment to Preventing Bribery

- Bio-Rad is strictly committed to preventing bribery and to complying with anti-bribery laws.
- Your commitment to compliance with anti-bribery laws was a key factor in our deciding to work with you and continues to be a key factor in our ongoing relationship with your company.
- This training is an important part of Bio-Rad's relationship with your company.

# Bio-Rad's Commitment to Preventing Bribery

- Bio-Rad's commitment to anti-bribery compliance includes:
  - Our Channel Partner and Consultant Code of Conduct, which we will review during this training.
  - Periodic auditing and monitoring of channel partners and consultants.
  - Anti-corruption requirements in our contracts with you.
  - Compliance certifications.
- The consequences of bribery can be enormous.
- Bio-Rad relies on you to help us prevent and detect bribery as well as misconduct of any other kind.



# The Impact of Corruption

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# Impact of Corruption on Companies

- Companies convicted of bribery can be subject to very large fines.
- Extremely large fines under anti-corruption law
  - Petrobras (Brazil): USD1.78 billion in 2018
  - Telia Company AB (Sweden): USD965 million in 2017
  - Siemens (Germany): USD800 million in 2008
  - VimpelCom (Holland): USD795 million in 2016
  - Société Générale S.A. (France): USD585 million in 2018
  - Teva Pharmaceutical (Israel): USD519 million in 2016
- Many of the enforcement actions (and all those listed above) are of non-U.S. companies.

# Impact of Corruption on Companies

- Large fines are also being collected by governments from around the world.
  - Half of the Société Générale S.A fine went to France.
  - The Siemens fine was imposed by Germany as well as the United States.
- This revenue sharing creates enforcement incentives that make detection and prosecution even more likely than before.

# Impact of Corruption on Companies

- A prosecution can also lead to debarments, suspensions or other loss of ability to do business.
  - This is true in the United States as well as in various other countries.
- This is a particularly acute risk in life sciences, where the trust of the government, healthcare professionals and customers is key.
- Even if not debarred, customers may choose not to do business with a company that has been convicted of a corruption-related offense.

# Impact of Corruption on Individuals

- Individuals can also be prosecuted for corruption, and can be sentenced to lengthy prison terms if convicted.
  - Individuals have been sentenced to up to 15 years in prison for corruption crimes in the United States.
- And penalties can be even harsher elsewhere.
  - Bribery is a capital offense in China.

# The Risks are Escalating

- The likelihood of prosecution for bribery is growing.
  - Enforcement authorities and internal experts are becoming more sophisticated in investigating bribery allegations.
  - Increasingly, enforcement authorities from different nations are cooperating with each other, making the likelihood of detection greater.
  - These trends will almost certainly continue.

# Escalating Risks Q&A

Q: Isn't the current emphasis on prosecuting corruption just a fad, which will diminish relatively soon?

# Escalating Risks Q&A

A: No. Bio-Rad and other leading companies expect enforcement actions in this area to remain a high regulatory priority for many years. That's why we have built a compliance program to last.

# How Bribery Harms Us All

- Bribery harms economies, limits growth and contributes to inequality.
- Bribery benefits a few powerful individuals at the expense of the most vulnerable and undermines human rights.
- Bribery limits competition, damages innovation and corrupts societies.
- Bio-Rad seeks to contribute in a positive way to the communities where we operate and to society generally, including by opposing bribery.

# The Role of Compliance

- Strong compliance measures
  - Can help prevent violations from occurring.
  - Can serve as a legal defense if misconduct occurs, by demonstrating a company's good faith.
  - Can also be helpful in establishing trust with customers, government, business partners, suppliers and employees.
  - Are important to your relationship with Bio-Rad.
- We count on our business partners to have in place strong compliance measures for the prevention of bribery.



# Understanding Anti-Bribery Laws

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# Bribery is Illegal

- Nearly every country in the world prohibits bribery of government officials.
- Many countries have laws that make it illegal to bribe the government officials of other countries.
- Bribery of private parties is also illegal in most places.
- Bio-Rad prohibits bribery of public officials (private to public bribery) and of private parties (private to private bribery).
- Some of the laws that prohibit bribery:
  - United States Foreign Corrupt Practices Act
  - UK Bribery Act
  - Anti-Unfair Competition Law of the People's Republic of China
  - Brazil Clean Companies Act

# Who is a Government Official?

- Anti-bribery laws prohibit bribery of government officials, which most laws define **very broadly**. Under these laws, “government official” can mean
  - An officer or employee of a government or of a government department or agency.
  - An officer or employee of a public international organization, such as the United Nations or World Bank.
  - Anyone acting in an official capacity for or on behalf of a government or a public international organization.
  - Employees of other types of entities owned or controlled by the government, such as government-owned hospitals and research laboratories.

# Who is a Government Official? (continued)

- Healthcare professionals and other employees of healthcare organizations are often deemed to be government officials under corruption laws.

# What Types of Payments are Illegal?

- Improper payments are broadly defined.
- They include payments, offers, authorizations, or promises to pay money or **anything of value**.
- Prohibited payments can include, for example:
  - Cash
  - Gifts
  - Travel
  - A Channel Partner or Consultant providing employment to the child of a government official

# What Types of Payments are Illegal?

- Even small payments for routine matters can be illegal.
  - These types of payments are sometimes called “facilitation payments.”
  - Bio-Rad does not permit Channel Partners and Consultants to make “facilitation payments” on Bio-Rad’s behalf, even if local laws permit such payments.
- Indirect – as well as direct – payments are prohibited.
- Companies can be guilty of corruption where a payment is made by a third party – such as an agent or distributor – and the company knew or **should have known** about the payment.

# Intent to Bribe

- Bribery involves offering or providing something of value *with the intent to obtain or retain business or to gain any other improper advantage*, such as a permit, license, or regulatory approval.
- It doesn't matter in the eyes of the law if the goal was achieved or not – so long as there was an intent to gain an improper advantage.
- Even those who only helped in a minor way can be prosecuted for corruption.

# Bribery Q&A

Q: You have almost completed a sales deal with the Ministry of Health. Your contact at the Ministry hints that she would appreciate a cash bonus for helping to complete the deal. You consider paying the money from your personal bank account or asking your subcontractor to do it for you. Is either action acceptable?

# Bribery Q&A

A: No. Corruption and bribery in any form are strictly prohibited. Bio-Rad does not permit such bonus payments on Bio-Rad's behalf.

You cannot circumvent the rules by using your own personal funds or by allowing a third party to make the payment for you.



# Bio-Rad's Expectations Regarding Interactions with Healthcare Professionals

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# Interacting with Healthcare Professionals

- Any arrangements with healthcare professionals, including providing healthcare professionals with meals, hospitality, travel, and other business courtesies, and regarding payment for speaking opportunities and other services, must comply with all applicable laws and regulations, as well as all Bio-Rad policies, procedures, and guidelines.

# Receiving Services from Healthcare Professionals

- In certain circumstances, it may be appropriate for Channel Partners and Consultants to receive professional services from customers or potential customers of Bio-Rad products, such as healthcare organizations, healthcare professionals, or government officials.
- Such services might include consulting or speaking services or market research activities.
- Bio-Rad requires Channel Partners and Consultants to receive prior written approval from Bio-Rad before they may reach an agreement for such services. In addition, the services must be consistent with the requirements on the following two slides.

# Receiving Services from Healthcare Professionals

1. Channel Partners and Consultants should never enter into arrangements for services to reward a customer for buying, prescribing, recommending, or using a Bio-Rad product.
2. Channel Partners and Consultants must base all arrangements for services on documented and specific business needs and the skills and experience of the sponsored individuals, and not on any improper consideration, such as past, present, or future sales of Bio-Rad products with the sponsored individuals and their employers or affiliated organizations.
3. Services must be documented in a contractual agreement that includes, at minimum, a detailed description of the services to be provided and the fee arrangements.

# Receiving Services from Healthcare Professionals

4. Channel Partners' and Consultants' sales personnel may suggest other individuals, such as subcontractors or consultants, for services based on the subcontractor's or consultant's skills and expertise. But under no circumstances may sales personnel control or improperly influence any decision to sponsor or engage a particular individual.
5. Channel Partners and Consultants must not pay above fair market value for the services, and they should use benchmarking information on compensation from an independent organization (if feasible) to make compensation decisions.
6. The arrangement must be lawful and the Channel Partners and Consultants should have written proof that the employer of the third party was aware of the arrangement prior to its implementation.
7. Such arrangements must meet local legal requirements.

# Healthcare Professionals Q&A

Q: A Bio-Rad Channel Partner engages a healthcare professional who is also a Bio-Rad customer to give a lecture. Which of the following represents Bio-Rad policy in this area?

1. It is always appropriate.
2. It is never appropriate.
3. It may be appropriate, but only if all of Bio-Rad's requirements are met.

# Healthcare Professionals Q&A

A: The correct response is number 3. It may be appropriate to engage a healthcare professional who is also a Bio-Rad customer to give a lecture, but only if all of Bio-Rad's requirements are met.



# Bio-Rad's Expectations Regarding Meals, Gifts and Entertainment

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# Meals

- Channel Partners and Consultants may pay for or provide meals as a courtesy while acting on behalf of Bio-Rad, but only if the meal meets all of the following requirements. The meal must:
  - Be permitted by applicable law and the rules of the employer of the recipient.
  - Be offered as part of a legitimate business interaction.
  - Be modest and infrequent.
  - Take place in a setting that supports the business purpose of the meeting.
  - Not be connected with an entertainment or recreational event.

# Meals

- Channel Partners and Consultants may provide or pay for meals only to those persons who have a legitimate business purpose for attending a meeting and not for the personal guests of the invitees.
  - For example, you may not pay for the meals of family members of your invitee or provide food to an entire office staff if some staff members are not necessary participants in the meeting.
- Channel Partners and Consultants or their employees must be present at the meal for the meal to have a business purpose.
- Those who do business in the United States must remember that U.S federal employees are required to pay for their own business meals.

# Meals Q&A #1

Q: You are visiting a customer and would like to take the customer to dinner. The customer asked if he may bring his spouse and two children to dinner. Is this acceptable?

# Meals Q&A #1

A: No. Channel Partners and Consultants may provide or pay for business meals only for those persons who have a legitimate business purpose for meeting, which would exclude the additional family members.

## Meals Q&A #2

Q: You have made arrangements with your customer to pay for the customer's holiday party for the customer's employees. Is this acceptable?

## Meals Q&A #2

A: No. Channel Partners and Consultants may not pay for meals that are not business related.

# Entertainment

- Bio-Rad does not permit Channel Partners and Consultants to entertain others on behalf of Bio-Rad.
- Examples of entertainment include social, sporting, recreational, and cultural events, even when these occur as part of an educational or business meeting.

# Entertainment Q&A

Q: A customer and I are attending an educational conference. The customer suggested that I pay for his costs to attend a recreational event taking place during the conference so that we could talk about Bio-Rad business. May I do so?

# Entertainment Q&A

A: No. Bio-Rad does not allow Channel Partners or Consultants to offer, pay for, or provide entertainment on behalf of Bio-Rad even if the event takes place during an educational conference.

# Gifts

- Channel Partners and Consultants may not offer, pay for, give, or receive gifts on behalf of Bio-Rad.

# Gifts Q&A #1

Q: You would like to offer a gift to your customers as a thank you for their business. You would like to include the Bio-Rad logo on the gift. Does this make the gift acceptable?

# Gifts Q&A #1

A: No. Bio-Rad does not allow Channel Partners or Consultants to offer, pay for, give, or receive gifts on behalf of Bio-Rad.

## Gifts Q&A #2

Q: You would like to create an online game to generate excitement about a new Bio-Rad product. You would like to offer a laptop or iPad to each of the winners. Is this acceptable?

## Gifts Q&A #2

A: No. Bio-Rad does not allow Channel Partners or Consultants to offer, pay for, give, or receive gifts on behalf of Bio-Rad.



**Bio-Rad's Expectations  
Regarding Funding for Exhibit  
and Booth Fees**

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# Funding for Exhibit and Booth Fees

- Channel Partners and Consultants may fund exhibits or booths on behalf of Bio-Rad at bona fide independent, educational, scientific, and policymaking conferences that promote scientific knowledge, medical advancement, and the delivery of effective healthcare, as long as these conferences meet the following requirements:
  - The conference organizer must be well known and respected and be from an organization in good standing.
  - The cost should be reasonable.
  - The conference agenda must be of scientific or educational value.
  - The location of the conference should be appropriate for scientific and educational meetings.
  - The purpose for the funding must be to promote or demonstrate Bio-Rad's products and services.



**Bio-Rad's Expectations  
Regarding Payment of Travel  
and Related Expenses**

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# Travel and Related Expenses

- Channel Partners and Consultants who wish to offer travel or other expenses to a third party on behalf of Bio-Rad must receive advance written approval from Bio-Rad and the travel and related expenses must be:
  - Reasonable and infrequent.
  - Permissible under applicable law.
  - Permitted by the third party's work rules.
  - For a legitimate business purpose.
- Examples of legitimate business purposes include promotion or demonstration of Bio-Rad products and services and training required by sales contracts.
- Travel should never include family members or others who have no business reason to be present.

# Travel and Related Expenses

- All days and destinations included in the travel should be for legitimate business purposes and should not include personal days.
- No additional costs associated with the trip will be paid, such as room upgrades, mini-bar, or spa expenses or more nights than necessary to attend the event.
- Travel and other expenses should not be offered under circumstances that could induce or appear to induce improper conduct.
- For government-owned or government-controlled organizations, Channel Partners and Consultants must have written proof that the employer of the third party is aware of the arrangement and does not object.

# Travel and Related Expenses Q&A #1

Q: Your customer is an industry expert. You would like the customer to speak at an industry event in Paris to promote Bio-Rad products. The customer would like for you to pay for additional vacation days in Paris. Is this acceptable?

# Travel and Related Expenses Q&A #1

A: No, this is not acceptable. All days and destinations included in the travel that Bio-Rad pays for should be solely for legitimate business purposes.

# Travel and Related Expenses Q&A #2

Q: My customer has asked me to pay for their travel to an important educational event at which there will be no Bio-Rad activities or events. In fact, Bio-Rad has no presence at this event at all. May I pay for my customer to go?

# Travel and Related Expenses Q&A #2

A: No. This would not be considered a legitimate business purpose since there is no promotion or demonstration of Bio-Rad products or services at the event.



# Bio-Rad's Expectations Regarding Charitable and Political Donations

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# Charitable and Political Donations

- Channel Partners and Consultants are prohibited from making charitable donations on Bio-Rad's behalf.
- Channel Partners and Consultants are prohibited from making political contributions on Bio-Rad's behalf.

# Charitable and Political Donations Q&A

Q: A customer of a Channel Partner indicates that she is willing to recommend to her hospital that they purchase Bio-Rad products but only if the Channel Partner makes a contribution to a medical charity in which the customer is involved. The charity is well respected in the medical community. Is this okay?

# Charitable and Political Donations Q&A

A: No, this is not okay. Channel Partners and Consultants are prohibited from making charitable donations on Bio-Rad's behalf.



**Bio-Rad's Expectations  
Regarding Product  
Evaluations and Samples**

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# Product Evaluations and Samples

- Channel Partners and Consultants may provide a reasonable amount of complimentary Bio-Rad products to customers or potential customers, such as healthcare professionals or healthcare organizations, to allow them to assess the products and decide whether and when to use, order, buy, or recommend the products in the future.
- The amount of the Bio-Rad consumables should be limited to what is required to evaluate the consumables for purchase.
- Generally, the amount of consumables should not exceed the volume of consumables that would typically be used in 90 days.

# Product Evaluations and Samples

- The duration of a loan for a Bio-Rad instrument should not exceed the length of time necessary for the customer to evaluate the equipment for purchase, which is typically limited to 90 days.
- All loans of Bio-Rad instruments require a written agreement with the customer for the evaluation.
- You must track any complimentary products provided.
- The arrangement must be permitted by applicable law.

# Product Evaluations and Samples Q&A

Q: I would like to provide a potential customer, who has a limited budget, a Bio-Rad instrument to use for 1 year at no charge. Is this acceptable?

# Product Evaluations and Samples Q&A

A: No. Channel Partners and Consultants may provide a complimentary instrument loan to the potential customer to allow the customer to assess the appropriate use and functionality of the instrument and to make a decision about purchase.

The length of time permitted for the complimentary instrument should not exceed the amount reasonably necessary for the adequate evaluation of the product, which is typically limited to **90 days**.



# Bio-Rad's Expectations Regarding Discounts

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# Discounts

- Channel Partners and Consultants may provide discounts on Bio-Rad products if the following conditions are satisfied. Discounts should be
  - Market driven.
  - Based on objective business reasons.
  - Generally structured as up-front price reductions or paid as rebates on product-specific bases.
- All discounts should be defined at or before the time of sale in a written contract between the Channel Partners and Consultants and the customer.
- Discounts should not result in personal benefit to any customer, potential customer, healthcare professional, or government official.
- Discounting arrangements must meet local legal requirements.

# Discounts Q&A

Q: I want to give a discount to a Channel Partner but, due to market conditions, would like to be flexible about this. Is that okay?

# Discounts Q&A

A: No. All discounts should be defined at or before the time of sale in a written contract between the Channel Partners and Consultants and the customer.



# Bio-Rad's Expectations Regarding Hiring

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# Hiring

- Channel Partners and Consultants must not make hiring decisions based on their desire to sell Bio-Rad products or in order to obtain an improper advantage for the Channel Partners and Consultants and Bio-Rad.
- Do not hire immediate family members of a customer or potential customer or any government employees to encourage that individual to use or buy Bio-Rad products or services, to obtain or retain business, or to influence an official action in Bio-Rad's favor.
  - An immediate family member is anyone who lives in the home of a customer or potential customer or the government employee, or a husband, wife, child, brother, sister, parent, step-parent, stepchild, step-brother, step-sister, father- or mother-in-law, son- or daughter-in-law, brother- or sister-in-law, grandparent, grandchild, and the husband or wife of a grandparent or grandchild.



# Bio-Rad's Expectations Regarding Customs Compliance

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# Customs Compliance

- We expect our Channel Partners and Consultants to comply with applicable trade laws, including payment of customs duties.
- There have been a number of enforcement actions against companies that paid bribes to expedite customs clearance.
- You are *not* permitted to bribe government officials to expedite customs clearance of our products or otherwise to violate applicable laws and regulations governing international trade.

# Customs Compliance Q&A

Q: We are expecting an important delivery of Bio-Rad products, which was shipped from Bio-Rad's facilities in the United States to our offices in Mumbai. However, there were issues with clearing the products through Customs. We need to deliver the products to a hospital as soon as possible, so I followed up with the Customs official to try to expedite matters. He asked that I give him USD100 in cash in order to clear the products through Customs. May I make the payment?

# Customs Compliance Q&A

A: No, you may not. Bio-Rad does not permit Bio-Rad employees or the employees of our Channel Partners or Consultants to bribe government officials in order to expedite the clearance of our products through Customs – or for any other reason.

Small payments to government employees for routine matters, which are sometimes called “facilitation payments,” are also prohibited by Bio-Rad policy.



# Bio-Rad's Expectations Regarding Books and Records Compliance

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# Books and Records Compliance

- Anti-bribery (and other) laws require that our books and records be accurate, legible, transparent, and reflect actual transactions and payments.
- Bio-Rad's business partners are expected to keep records of their business dealings involving Bio-Rad and to maintain documentation necessary to demonstrate compliance with contractual requirements and with applicable laws and regulations.
- We expect our partners to never falsify records or make misrepresentations or omissions in matters related to Bio-Rad.

# Books and Records Q&A

Q: A Channel Partner decides not to list the name of an important government official in her expense report for a restaurant meal in order to “avoid embarrassment.” Is this okay?

# Books and Records Q&A

A: No. Our Channel Partner's books and records must accurately reflect transactions and payments made on behalf of Bio-Rad or related to Bio-Rad business.



**Bio-Rad's Expectations of  
Channel Partners and  
Consultants Regarding Anti-  
Bribery Compliance**

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# Expectations of Channel Partners and Consultants

- Bio-Rad's business partners have already undergone due diligence, but they may be asked to undergo due diligence again after a certain period of time.
- Our business partners must submit compliance certifications annually and in the form required by Bio-Rad.
  - Failure to submit compliance certifications can be considered a material breach of your contract with Bio-Rad.
- You may be required – by the terms of your contract with Bio-Rad – to permit Bio-Rad to inspect relevant accounts, books and records.



# Reporting Concerns and Seeking Guidance

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# Reporting Concerns and Seeking Guidance

- Spotting and reporting conduct that may violate law or policy
  - You can report suspected misconduct to your own company.
  - If the misconduct involves Bio-Rad contracts or employees, you can report to Bio-Rad.
- It is very important to ask questions when you are uncertain as to the best course of conduct or what is required by law or Bio-Rad policy.
  - Bio-Rad has resources who can help you navigate anti-bribery laws and requirements.

# Bio-Rad Helpline

- You may report issues concerning Bio-Rad to the Bio-Rad Helpline.
- The Helpline is accessible via the Internet or telephone.
- It is available to all Bio-Rad external business partners.
- Visit the Bio-Rad Integrity Helpline at [www.Bio-RadIntegrityHelpline.com](http://www.Bio-RadIntegrityHelpline.com).

# Reporting Concerns Q&A

Q: I overheard a Bio-Rad employee say that he wants to ask a government official to speak at the Bio-Rad training center in France so that the official will choose Bio-Rad products in an upcoming tender. What should I do?

# Reporting Concerns Q&A

A: You should report this to Bio-Rad through your Bio-Rad contact, through the Helpline, or directly to Corporate Compliance.

Speaking and other professional services must have a legitimate business purpose. Such services cannot be used to attempt to obtain business. Reporting this issue will allow Bio-Rad to investigate and may prevent misconduct from occurring.



# What We Learned

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# What We Learned

- Bribery causes enormous harm to vulnerable people and developing economies.
- The laws of most countries prohibit bribery, and many countries prohibit the bribery of officials of other countries.
- Bio-Rad is committed to preventing bribery and to doing business ethically.
- Our business partners play an important role in assisting us in our goal of preventing bribery.



**Bio-Rad very much appreciates our relationship with you, and we appreciate your taking the time to complete this very important training.**

**Thank you!**

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