

Bayer



Corporate Legal Compliance Local Guideline  
Prevention of Corruption and Bribery

Scope: Bayer Thai Co, Ltd.  
Effective: 1 April 2012

**Responsible Department:** Law, Patents & Compliance

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**Target Group:** All Bayer Thai Co. Ltd employees

**Foreword**

The objective of this Guideline is to provide uniform practices legally valid for all employees of Bayer Thai Co., Ltd. regarding Anti- Corruption, Prevention of Corruption including the principles for giving or receiving benefits (gifts or hospitality). Definitions and example of Gift, Hospitality, Government Official and more are also provided in this Guideline.

This Guideline follows the elements of the Bayer Group Corporate Compliance Policy, namely principle 2 “We are committed to integrity in business dealings – no corruption”

This Guideline is based on the ‘Procedure Anti-Corruption’ (Group Regulation No.2041) Also, this Guideline shall replace the ‘Corporate Responsibility and Prevention of Corruption and Bribery Guideline’ issued on 6 August 2008 (revised on 8 February 2010).

Provisions mentioned in the Group Regulation No. 2041 but are not mentioned in this Guideline are still valid.

This Guideline sets forth rules for all employees of Bayer Thai Co. Ltd. If stricter rules and laws exist (for example industry codes such as Prema Code, Thai Medical Council Regulations,...), then the stricter standard must be observed.

Any violation of this Guideline will be dealt with seriously and disciplinary action may include reprimand, claims for damages against you, and termination of your employment with Bayer.

In case of doubt, please contact the Head of Law, Patents & Compliance or Legal & Compliance Manager.

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Gifts, travel, meals and hospitality are often a natural part of business. When handled correctly and in accordance with applicable law, these types of benefits can demonstrate respect, appreciation and good etiquette while fostering positive working relationships. This Guideline is to provide support and guidance and should help to avoid corruption risks and to ensure that we honor our commitment to fight corruption and properly document our compliance efforts.

## **A General Principles: What Each Employee Must Know and Do**

### **1 No Improper Influence**

Never seek to influence **Government Officials, customers, business partners, Healthcare Professionals or any other person** by giving or promising Anything of Value in order to secure an Improper Advantage such as official decision-making or inducing someone to breach professional duties.

This also extends to facilitation payments (“grease payments”, “speed money”), i.e. payments to Government Officials in order to expedite the performance of a routine action. Examples include payments to speed up visa or customs processing.

Likewise, never ask for or accept Anything of Value from a supplier, customer, a business partner or any other person for similar reasons.

### **2 Solicitation and Extortion**

If a Government Official, customer, or other business partner solicits or attempts to extort Gifts, cash, favors, or Anything of Value from you, you may not accept the solicitation or demand, but immediately report the event to your local Compliance Officer for final advice. **Likewise you must also never demand personal benefits.**

**Every employee authorizing payments must accurately document the transaction and be in a position to justify their action internally and externally.**

## **B General Rules**

### **1 General rules on Gifts, Travel, Meals and Hospitality**

Gifts, assumption of travel expenses, meals and Hospitality can create a perception of impropriety, a conflict of interest, or worse yet, a violation of anti-corruption laws. Each Bayer employee must ensure that when any such benefit is offered or granted, this is done in a compliant manner.

The following principles must always be observed:

- The benefit, its value, and the identities of the giver and receiver must be

open and transparent;

- The benefit must comply with local law, administrative regulations, industry codes and Bayer guidelines; and
- Employees must never offer a benefit in order to secure an Improper Advantage.

### **1.1 Gifts to employees**

All gifts to Bayer Thai employees are only allowed as set out in the personnel administration Directive.

Apart from this rule, on a case by case basis the company may provide the following gifts:

- farewell gift up to a maximum of 2,000 THB provided such gift is approved by the respective Country Division Head / Site Manager
- gift to employees in the context of team meetings (e.g. celebration of major team target achievements) provided such gifts are authorized by the Country Division Head of the respective business/Site manager.

### **1.2 Gifts to/from external partners**

#### **1.2.1 Giving gifts**

Bayer employees are strictly prohibited from attempting to **unlawfully** influence business partners, whether through favors, gifts or the granting of other advantages, anywhere in the world. This particularly applies to dealings with individuals acting on behalf of government agencies or other public institutions.

Any gift, even those given indirectly (for example to friends, relatives or associations), is considered an Improper Advantage. Examples include: cash, invitations to events, airline tickets, hotel stays, employment of friends or relatives, special personal favors and even the provision of expensive food and drink.

In dealing with business partners, employees must avoid granting or accepting any gifts in connection with the negotiation, award or performance of a contract, and any gift granted or accepted must be of a size deemed unobjectionable under the laws applicable to both the giver and the recipient.

Bayer employees may not grant gifts of cash, or gifts equivalent to cash to any Government Official and Healthcare Professional.

When offering or providing a benefit **it is prohibited to:**

- Offer the Benefit in order to obtain a business relationship or a favorable decision.
- Offer a benefit in return for the business partner to promote, use Bayer products, technology or services (except in cases of a genuine marketing initiative that is approved by the relevant line manager and Subgroup Compliance Officer), or grant Bayer improper benefits or special favors.
- Offer any benefit other than articles of symbolic or nominal value.
- Offer any benefit to personnel in charge (namely, on a personal basis rather than to the relevant company or institution) at companies or institutions where Bayer's products, technology or services are used or promoted.

Exhibit I sets forth under which circumstances a gift may be given and under which circumstances a gift must not be given.

Whenever possible a Bayer branded gift shall be given (for example Gift basket with Bayer products and Bayer logo)

### **1.2.2 Receiving gifts**

Bayer employees are not allowed under any circumstances, to demand personal gifts.

Exhibit I sets forth under which circumstances a gift may be accepted and under which circumstances a gift must not be accepted.

## **2 Hospitality**

### **2.1 Hospitality among employees**

Invitations among Bayer Thai employees as well as among Bayer Thai and other Bayer Group employees shall be limited for cost saving reasons. It is each cost center owners responsibility to act in a cost conscious way, and manage expenses within the budget responsibility. Approval of Bayer internal hospitality is regulated in line with the prevailing signature regulations.

### **2.2 Hospitality extended to/from external partners**

#### **2.2.1 Inviting external partners**



It is permitted to provide a recipient with reasonable meals and/or entertainment (e.g. lunch, dinner, drinks, etc.) directly related or associated with business on the condition that:

- Such meals/entertainment serves legitimate purposes, such as developing a potential or existing business relationship
- Such meals/entertainment are not lavish or extravagant in nature

There will be no reimbursement for expenses incurred at places of ill-repute such as strip clubs and inappropriate bars or services of similar nature.

Exhibit I sets forth under which circumstances hospitality can be extended.

### **2.2.2 Accepting invitations from external partners**

Accepting invitations follows the same rules like inviting external partners.

Exhibit I sets forth under which circumstances hospitality can be extended.

### **2.2.3 Golfing**

- If cannot be avoided and on a case by case basis, prior approval of the Head of Business group/Division is required with proper documentation and records to be kept for future reference as to frequency and value.
- Healthcare Professional and Government Officials must not be invited to golfing.

## **3. Others**

### **3.1 Sales Distributors and Tender Business**

To ensure compliance to the Trade Competition Act, stipulation of Bayer's corruption prevention and anti-trust program shall be included in a memorandum of understanding (MOU) or contract for the appointment of such sales distributor who may be participating in tender businesses, using preferably the company's uniform template.

### **3.2 Rebates and incentive trips for customers**

- Rebates are to be made strictly to the customer's legal entity and in compliance of tax liability and calculated from pre-determined business target agreements, even for "blind" calculation system.
- Incentive trip for customers must be based on stipulated condition of business target agreements and offered to customer's legal entity or owner who makes the

nomination. Trips should be authorized only after the targets have been achieved.

- Sponsorship of travel to trade events, exhibition, conference, etc. including speaker's fees, honoraria, reimbursement of out-of pocket expenses, including travel and accommodation for speakers/presenters should follow the rules of the sub-group's specific business association (e.g. PReMA for BSP).
- Bayer Thai may help coordinate customer's delegation on visit to foreign locations of Bayer and its subsidiaries, but travel expenses are on travellers' own expenses.
- Head-office's confirmation and that of the host country's subsidiary shall be sought prior to such invitation for such visits. Preferably, such invitation and sponsorship should be made through the local relevant industry associations, chamber of commerce or other neutral agencies.

#### **4. Working with Third Parties**

Bayer employees must not improperly influence Government Officials, customers, business partners, Healthcare Professionals or any person by giving Anything of Value to secure an Improper Advantage. Also, they must not use a third party to do the same. Bayer also prohibits payments to any third party where there is reason to know or suspect that all or part of such payment will be passed on to another person in order to secure an Improper Advantage.

As a precaution, due diligence must be performed before using third parties who interact with Government Officials on Bayer's behalf. In addition, contracts entered into with such third parties should contain appropriate representations and warranties regarding compliance with Bayer's regulations and relevant anti-corruption laws.

#### **5. Political Contributions**

Bayer does not make any donations as a company to political parties, politicians or candidates for a political office.

## **C Additional Rules: Gifts, Travel, Meals and Hospitality Provided to Government Officials**

The following principles must always be observed:

### **1 Gifts**

A Gift may be offered to a **Government Official** only if the following principles are observed:

- **The three principles** in Section B.1 **are observed.**
- The Gift is of nominal value and provided only as a matter of tradition and courtesy;
- The Gift is not in the form of cash, cash equivalent, a gift certificate or check;
- The Gift is culturally appropriate and customary for the occasion;
- The Gift is provided in an open, transparent and appropriate setting; and
- The value of any Gifts, including promotional Gifts, offered to a Government Official must never exceed locally established thresholds
- Generally, low-cost, promotional items that display Bayer's logo (e.g., pens, notepads, calendars) are appropriate Gifts.
- The Compliance Officer or Law Department must review and approve in advance any proposed Gift to a Government Official above the locally established threshold.

### **2 Travel, Meals and Hospitality**

Payment of Travel, meals, and Hospitality for **Government Officials** is permitted only if the following principles are observed:

- **The three principles** in Section B.1 **are observed.**
- The Travel, meal, or Hospitality expenses are for a *bona fide* business purpose, e.g., related to:
  - The promotion, demonstration or explanation of Bayer's products or services or of Bayer's research or manufacturing sites;
  - The performance of a contract with a government agency or the inspection of Bayer's facilities or sites; or
  - The provision of legitimate scientific or educational information relevant to Bayer's business;
- The Travel, meal, or hospitality expenses are of reasonable value and not lavish or excessive; and
- All employees dealing with Government Officials should familiarize themselves with any specific (local) rule applicable to such interactions and

with this Regulation. All expenses must be documented in writing.

Even if Travel, meals or Hospitality for a Government Official is permitted, it is critical that Bayer employees avoid all appearances of impropriety. Accordingly, the following practical guidelines should be observed:

**Accompanying Individuals.** Hospitality generally must not be provided to guests, spouses, family members, or friends of the Government Official invitee.

**Accommodations and Venues.** All meetings and lodging should be held in an appropriate venue that is conducive to the purpose of the meeting. Renowned or extravagant venues or popular tourist destinations should be avoided.

**Agendas and Itineraries.** An agenda, clearly reflecting the business purpose for the meeting or trip, should be prepared in advance and strictly followed. The itinerary may not include stopovers for private purposes.

**Attendees.** Only an appropriate number of individuals necessary to accomplish the pre-defined business purpose should be invited to attend meetings, conferences or trips. The selection of individuals must be justified. No Government Officials involved in an expected or Pending Decision regarding Bayer business may participate unless the meeting is for the express purpose of making such a decision (e.g., plant inspection) or if the Compliance Officer approves such participation, having confirmed that there is no risk of improper influence.

**Employer Approval/Transparency.** Payment of Travel, meals, and Hospitality for Government Officials, including sponsorships to symposia, conferences, and similar meetings should be transparent to the Government Official's employer. At a minimum, Bayer must notify the Government Official's superior about the exact benefits to be provided, the agenda and which persons from the relevant organization were invited, or, at least have the invitee confirm in writing that he or she has disclosed the proposed benefit to his or her employer and provision of the benefit is permitted under local regulations.

**Expenses.** Bayer only pays for reasonable Travel, meals, lodging and potential registration fees (e.g., for participation in a scientific conference); Bayer does not pay for unrelated or stand-alone entertainment, such as sporting events or sight-seeing tours. No payments can be made to compensate the Government Official for time spent attending a meeting. Bayer does not support the participation of Government Officials in events without an appropriate balance between the business purpose of the trip

and the entertainment or leisure activities provided. Entertainment may only be minor in time and costs as compared to the business activities.

**Location.** Meetings and conferences should not take place outside of the home country of the Government Official except where justified from a logistical or security point of view or if the relevant subject matter is tied to a particular location (e.g., international symposium).

**Hospitality.** Hospitality involving Government Officials should be limited to refreshments and meals incidental to the main purpose of the meetings.

**Bayer should not offer or pay for Government Officials to participate in any stand-alone entertainment or other leisure or social/sport activities.** Entertainment of a modest nature which is ancillary to refreshments or meals, such as dinner music or traditional, non-luxurious entertainment may be appropriate.

**Meals.** Meals and refreshments should be moderate and reasonable as judged by local standards and be **directly connected** to a legitimate business discussion.

**No Cash Payments.** Payments in the form of a *per diem* (e.g., cash payments or “walking-around money”) are generally prohibited. They may only be provided if required by local law as confirmed by the Law Department or the responsible Compliance Officer.

**Reimbursement.** Any payment of a Government Official’s expenses should be made directly to the service providers, such as the airlines, hotels, or restaurants. If payment cannot be made directly to a service provider, the Government Official may be reimbursed, but only if reimbursement is supported by appropriate documentation.

**Third-Party Service Providers.** Service providers hired by Bayer to make arrangements for Travel, meals, or entertainment must abide by the standards in this Regulation.

Exceptions to the above requirements may only be made in rare cases, with adequate justification and only with prior approval of the respective Chief Subgroup Compliance Officer or his/her delegates.

### **Technical Seminars**

In principle, an invitation of government officials is possible under the Bayer compliance program and when organized with the consent of or in collaboration with the governmental offices or agencies and for the sole purpose of educational and scientific objectives.

An invitation of Bayer to give insight into technologies is considered acceptable, provided nothing more than the costs of the seminar are assumed by Bayer and the invitation is given independent of any impending administrative proceedings to be handled by the authority which the officials represent.

When inviting officials, everything which plays into the field of entertainment must be strictly avoided (no side program, no expensive dinners). This would also exclude organizing any seminars which take place at exotic places/resorts. They should rather be held at industrial complexes, or as a side event of an international conference/congress, or in a somber city environment.

When there is an intention to cover the costs of transportation and accommodation for these officials when visiting transcontinental destinations, it would be advisable to have such costs covered by the Chamber of Commerce, Federation of Industries or trade/industry associations.

## **D Additional Rules: Contracting with Individual Government Officials**

### **1 No Improper Influence**

Bayer employees must never enter into a contract with a Government Official to secure an Improper Advantage or reward past decision-making (e.g., grant of a site permit, issuance of a prescription).

### **2 Legitimate Business Need for the Contracted Services**

There must be demonstrable and legitimate business needs for the contracted service, and the number of individuals retained must be reasonably necessary to achieve the business objective. Bayer employees must adequately document the business need prior to entering the contract.

### **3 Appropriate Selection**

Selection of a Government Official for a service contract should be based on a combination of cost, qualification, expertise and special skills provided by the Government Official. The Bayer employee responsible for selecting the Government Official must have the expertise necessary to evaluate whether a person meets those criteria.

### **4 Reasonable Compensation**

Compensation under the contract must be provided on a **fair market value basis** or otherwise be reasonable in light of the service provided, consistent with local and customary rates for similar services, and commensurate with the Government Official's experience.

Payments to Government Officials may not be made in cash unless this is expressly authorized by the responsible Law Department or Compliance Officer because of local banking or financial transaction limitations.

**5 Written Contract Required**

The nature of the relationship between Bayer and any Government Official must be transparent and set forth in a written contract that clearly and sufficiently describes the services to be provided as well as the payment terms and conditions.

**6 Contractual Representations**

Each contract with a Government Official should include a declaration that he/she will comply with applicable laws and industry codes. Such declaration should contain a specific provision regarding compliance with relevant anti-corruption laws and Bayer's policies on anti-corruption. Each Government Official must also certify that the contractual relationship is not intended to influence any decision relevant for Bayer or to improperly influence any pending or future Bayer business.

**7 Proof of Contractual Services**

As a condition of payment, Bayer requires proof that the contractual services were actually performed. The Bayer employee responsible for the contract (caretaker) and/or the Bayer employee who authorizes payments under the contract, must not authorize payments without sufficient proof that Bayer received its contracted benefit.

As appropriate, requests for payment therefore should be accompanied by appropriate supporting documentation as, for example, acts of acceptance; detailed service invoices; meeting or conference agendas; copies of reports, presentations or speeches etc.

**8 Law Department Approval**

All contracts between Bayer and Government Officials must be approved by the Law Department. Standard form contracts may be developed with the assistance of the Law Department where appropriate; the use of such pre-approved form contracts does not require additional legal approvals provided that the terms are not in any way altered.

**9 Employer Approval/Transparency**

Contracts with Government Officials are subject to additional transparency requirements. In particular, the Bayer employee responsible for the contract must take one or more of the following steps to ensure that contractual relationships with Government Officials are transparent:

- Request that the Government Official obtain a written counter-signature from his or her supervisor or administrator authorizing the contract; and/or
- If a counter-signature is not available or required due to local operating procedures or national law/practice, include in the contract a provision that the Government Official confirms that he or she disclosed the contractual

relationship to his or her employer and there were no objections to the arrangement; and/or

- Directly transmit a copy of the proposed contract (and/or explanatory letter) to the Government Official's employer.

## **10 Document Retention**

Copies of each contract with a Government Official must be retained by the relevant business unit for at least ten years after the termination of the relationship with the Government Official.

## **E Definitions**

### **1 Anything of Value**

"Anything of Value" is anything that provides a tangible or intangible benefit to the recipient. This term should be interpreted broadly to include:

- a. Cash, stock, bonds, gift cards or other cash equivalents;
- b. Gifts or free goods;
- c. Services;
- d. Employment offers;
- e. Travel expenses, meals or Hospitality;
- f. Political contributions or charitable donations;
- g. Subsidies, per diem payments, discounts or loans;
- h. Sponsorships or honoraria;
- i. Personal or business advantages (e.g., enhanced social or business standing);
- j. Personal use of company facilities or equipment; or
- k. Arrangements for "sideline" activities or post-employment contracts.

**Note:** Providing something of value to relatives, friends, or colleagues of a certain person are likewise covered as indirect benefits to that person.

### **2 Gift**

Examples of Gifts include:

- a. Clothing (e.g., t-shirts, hats or jackets), office items (e.g., leather portfolios, laptop bags or computers) or seasonal/special occasion presents (e.g., flowers, gift baskets, bottles of wine or sporting equipment for Christmas holidays, birthdays, weddings or similar occasions);
- b. Promotional items of nominal value, including those bearing Bayer's company "logo", such as pens, mouse pads, mugs, calendars or golf balls;
- c. Tickets to sporting or cultural events, such as soccer matches, theater or concerts, when not used in connection with business Hospitality (see definition of "Hospitality" below);
- d. Financial benefits, such as loans;
- e. Labor, material, services, repairs or improvements.



### 3 Government Official

Bayer employees interact with many individuals who may be considered Government Officials under relevant anti-corruption laws. Government Officials include not only high-ranking officials, but also **any persons employed by local governments or acting on behalf of such governments**. Accordingly,

employees should interpret the term “Government Officials” broadly to include:

- a. any elected or appointed official, member of a legislative body, or judge;
- b. any employee of a foreign or domestic government or governmental department, agency, or instrumentality (including, for example, state-owned or state-run hospitals, clinics and research centers);
- c. any person acting on behalf of a foreign or domestic government;
- d. any employee of a company majority-owned or controlled by the government (e.g., employees of state-owned farming cooperatives);
- e. any employee of a public international organization, such as the World Bank or the United Nations;
- f. any employee of a foreign or domestic political party or any person acting on behalf of a political party;
- g. any candidate for foreign or domestic political office;
- h. members of a royal family or persons acting on its behalf.

### 4 Healthcare Professional

A “Healthcare Professional” is any member of the medical, dental, pharmacy or nursing community, as defined by applicable law or pharmaceutical marketing code, or any individual who makes decisions regarding a medical institution’s sourcing of medical products.

### 5 Hospitality

Examples of hospitality include Bayer’s organization of events or activities that may involve third parties, including:

- Business meetings, including meals and refreshments;
- Recreational activities;
- Sporting or cultural events;
- Training, educational and lobbying events; and
- Parties, galas, open houses and festivals.

### 6 Improper Advantage

An “Improper Advantage” is any advantage that would unfairly or illegally advance Bayer’s business or financial interests (e.g., securing any improper benefit or unfair business advantage, affecting official decision-making, affecting improper prescription behavior, or inducing someone to breach professional duties or standards). The term should be interpreted broadly to include corruptly securing of any business/financial interests, such as sales, tenders, contracts,

prescriptions, tax reliefs/reductions, regulatory approvals or waivers/exemptions of regulatory requirements.

### **7 Pending Decision**

A "Pending Decision" occurs whenever formal or informal regulatory, legal, administrative or legislative action or decision on a specific issue affecting Bayer is currently being reviewed or is in the process of issuance. For example, a Pending Decision may relate to the adoption or amendment of healthcare reimbursement regulations, the registration of Bayer products, the issuance of building permits or licenses, the clearance of customs, tax authority inquiries or the inclusion of pharmaceuticals in hospital formularies.

### **8 Travel**

Travel expenses include:

- Plane or train tickets, cab fares, rental car fees and
- Hotel or lodging expenses.