



Doing Business Fairly Anti-bribery for Business Partners

Our Commitment

We recognize that our continued success depends on business relationships that help us maintain a culture of honesty, trust and transparency.

We expect everyone who works at or on behalf of Lilly to honor the commitment we've made to the highest standards of ethical conduct by complying with the letter and the spirit of the law everywhere we do business.

This course offers an overview of anti-bribery issues, and discusses our expectations with respect to Doing Business Fairly.

Doing Business Fairly

After completing this course, you should have an understanding of the following topics:

- An overview of the anti-bribery landscape
- Our expectations with respect to how Business is Done Fairly
- Your obligations as a business partner
- The importance of accurate recordkeeping

Now, let's get started...



The Anti-Bribery Landscape

Bribery is a problem that exists in nearly every part of the world and affects many major aspects of the global economy.

Increasingly, countries around the world are enacting laws to send a message that bribery and other forms of corruption will not be tolerated.



Bribery is Bad for Business

Bribery and corruption can:

- Harm patients
- Result in unfair terms for governments
- Create unfair competition
- Erode public trust and confidence
- Promote the violation of laws regarding workplace safety, the environment – to name just a few

The United Nations states that corruption “...undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish.”

-United Nations Convention Against Corruption



Commitment to Integrity

We are committed to operating ethically and honestly everywhere we conduct business.

We want our continued success to be based on the merits of the products and services we bring to the marketplace, not on unethical or illegal business practices.

As our business partner, you are expected to conduct business on our behalf legally and ethically.

We practice due diligence, instituting internal controls and using other compliance measures to reduce the risk of a violation.



Your Obligation as a Business Partner

In your everyday business dealings with both the public and private sector, you have an obligation to:

- Know and follow our anti-bribery policy.
- Know and comply with the relevant anti-bribery laws
- Avoid even the appearance of impropriety.
- Promptly share any concerns about suspected violations of the policy or law with your management, and seek guidance if unsure of how the policy or law applies to a situation you are facing.



Anti-Bribery Laws

As our business partner, you have a responsibility to comply with the relevant anti-bribery laws. In addition to local anti-bribery laws, the U.S. Foreign Corrupt Practices Act (FCPA) applies to Lilly and all third parties conducting business on our behalf.

Knowing, understanding and following our policy and the terms of your contract with us will help all of us ensure that we are operating ethically and honestly, here and around the world.



The Lilly Anti-Bribery Policy

We earn and maintain the trust of those we serve by acting with integrity, in accordance with our mission and values, everywhere we operate.

We recognize that bribery, fraud and other acts of dishonesty are a betrayal of that trust, so we don't offer, provide, authorize or accept anything of value – or give the appearance that we do – in order to inappropriately influence a decision or gain an unfair advantage.

Our commitment to operating with high ethical standards extends to all business relationships, dealings, and activities all over the world.

Anti-Bribery Laws

The provisions of most anti-bribery laws apply not only to bribery of a government official, but of anyone in the public or private sector.

They prohibit us and anyone, like you, who conducts business on our behalf from:

- Offering, promising or giving a financial or other advantage to obtain or retain business corruptly.
- Requesting, agreeing to receive or receiving a financial or other advantage in exchange for obtaining or retaining business corruptly.



What is Bribery?

Bribery is the act of giving or offering money, services, or anything of value to any individual, in order to induce the person to do something (or refrain from doing something) in return.

A bribe, no matter how small, offered in exchange for inappropriately influencing a decision to do business with our company means we are not conducting business on the merits of our products and services.

It's important to seek guidance from your management if you are uncertain about the meaning of bribery in any situation.



What is a “Bribe”?



A bribe can take the form of cash or cash equivalents like a check, a money order, a discount or a bonus.



A bribe can take the form of a favor, such as the use of materials, facilities or equipment, an offer to pay insurance benefits, a loan or the promise of a job.



A bribe can be offered indirectly, such as a scholarship to the family member of a government official.



A bribe can take the form of a gift... but also gift certificates or gift cards or even contributions made on your behalf to charities or political parties.



A bribe can take the form of entertainment including expensive sightseeing excursions, tickets to concerts or sporting events or a trip to Venice.



A bribe can take the form of hospitality including meals, drinks, hotel, travel, lodging or transportation when they are unreasonable, disproportionate or don't support a legitimate business purpose.

Intent Matters

It doesn't matter if an offer made is accepted or not; simply making an offer with the intent to wrongfully influence someone would be seen as "Buying the Business". Being instructed by someone else to make an offer does not relieve you of responsibility.

How do you make sure your actions are not misconstrued or misunderstood? By knowing and complying with our policy, the terms of your contract with us and the statutory, regulatory and contractual provisions that govern the work you do on our behalf and by avoiding even the appearance of anything inappropriate.



Who is a “Government Official”?

The law is especially strict when it comes to offering bribes to government officials. The term “government official” has a broad definition.

Know who you are working with and identify any personal or professional connections they may have to the government.



Who is a “Government Official”?

A government official can be:

- Employees of foreign governments, including local governments
- Employees of any department, agency, or instrumentality of a foreign government
- Employees of government-operated hospitals, universities and clinics
- Any person acting in an official capacity for or on behalf of any government or agency
- Importers/Exporters, Individuals acting on our behalf in a government process
- Grants or donations to a government institution, or an organization which is headed or lead by a government official
- Employees of public international organizations (such as the United Nations, IMF, WHO, WTO, International Red Cross/ Red Crescent)
- Political Party Officials
- Candidates for Political Office

“Obtaining or Retaining Business” and “Undue Advantage”

What are some examples of actions to “obtain or retain business” or secure an “undue advantage”?

Any of these actions, taken in exchange for payment or anything of value, would be improper under anti-bribery legislation.

- Doing something improper to influence the procurement process
- Doing something improper to influence formulary decisions
- Side-stepping import rules or regulations
- Granting an exception to a regulation



What is a “Facilitating Payment”?

A facilitating payment is a payment or gift of any value made or given to an individual to secure or expedite the performance of a routine government action by a Government or Public Official, such as:

- Process governmental paperwork (such as visas or licenses)
- Loading or unloading cargo
- Picking up or delivering mail
- Releasing goods held in Customs
- Obtaining utility services, water, or power supply

Facilitating payments – no matter how small and even if permitted under local law – are a violation of company policy.



Quick Check

True or False?

Providing anything of value to improperly obtain a business advantage could be considered a bribe.

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Answer: True. A bribe may be a cash payment, but it doesn't have to be. A bribe is anything of value offered in exchange for improperly obtaining or retaining business, gaining an unfair advantage or causing someone to do something improper.

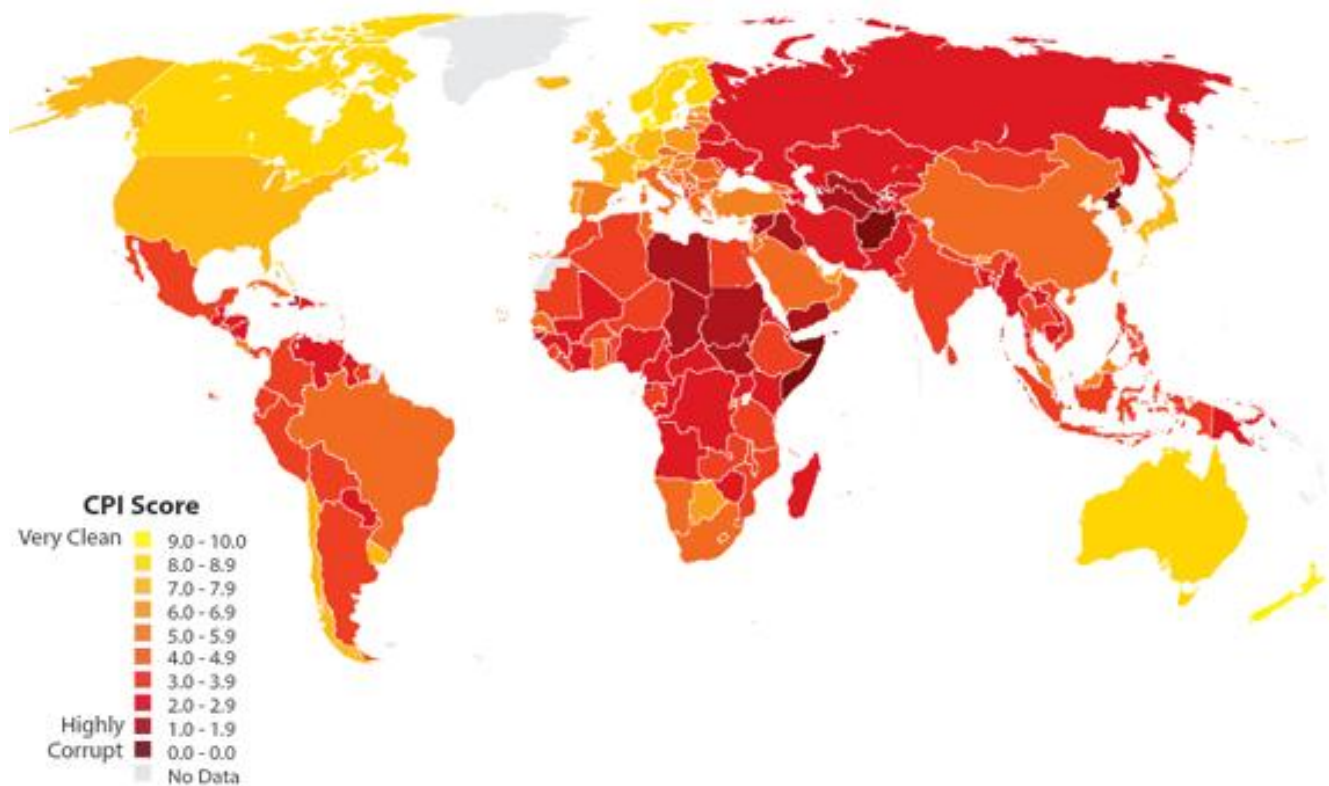
Warning Signs

You have a responsibility to know and comply with our company policy and the terms of your contract, even when local custom – or another person– suggests you do otherwise. Be alert to statements such as:

- “This is the way we do business in this country.”
- “This payment does not require approval.”
- “I have a connection to someone in the government who can help us.”
- “Our policy is to use a bank outside of our country of residence.”
- “My company has a special arrangement with an official.”
- “A political contribution might speed things along.”

If it sounds suspicious, dishonest or contrary to the law, it probably is.

Awareness



Corruption Perceptions Index (CPI) The CPI measures the perceived levels of public sector corruption in countries around the world. *SOURCE: Transparency International*

Know the propensity for corruption in the countries in which you work.

Transparency

We require that all expenditures be recorded in a transparent manner.

You have a responsibility, as a business partner, to:

1. Keep accurate records of any payments made or received on behalf of Lilly.
2. Accurately and honestly describe all payments made on our behalf.
3. Ensure that Lilly funds are not used for unlawful purposes.
4. Promptly alert the appropriate company resource if you see or suspect a potential violation of these requirements.

Our expectation for you is that you be transparent and record transactions accurately in your corporate books and records and in your expense reports.

Understand

All transactions need to be adequately described

- Good documentation includes:
 - Full description of goods or service to be delivered
 - Timelines for deliverables

All transactions need to be properly accounted for on company books and records

- Agreements for goods and services need to be approved in advance via purchase orders, contracts or other similar formalized processes
- Off the books accounts – e.g., fraudulent account created to hide profits or losses, account created to enable embezzlement, skimming, or theft – are not permitted.

Quick Check

True or False?

As a third party conducting business on behalf of our company, you have an obligation to do all of the following:

- A. Conduct business in compliance with our anti-bribery policy.
- B. Speak up if you see or suspect misconduct.
- C. Ask questions if you're unsure of the proper course of action.

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Answer: True. We expect third parties to deliver what is contractually promised, but to do so ethically, legally and in compliance with the law, regulations and our company policy.

Test Your Knowledge

Now, let's put your knowledge about anti-bribery and anti-corruption to the test. See if you can answer these questions based on the information you've learned in this course.

Test Your Knowledge

You work for a Contract Research Organization (CRO) and are identifying Healthcare Providers (HCPs) to conduct research in a pediatric clinical trial. You will be loaning iPads to each clinical research site for entertaining the pediatric patients during extended research site visits. One HCP has been particularly resistant to your request to conduct the clinical trial at his research site. To further entice this HCP to conduct the clinical trial at his research site, prior to the start of the clinical trial you offer to give him his own new iPad for personal use. Could this be considered a bribe?

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Answer: Yes. Offering to let the HCP keep the iPads after the clinical trial is complete is an attempt to “Buy the Business.” Furthermore, nothing should be offered to one HCP that is not offered to all other HCPs conducting the clinical trial.

Test Your Knowledge

My co-worker offered an expensive gift to a government official to “encourage” him to overlook a regulatory requirement. If the official had agreed, my customer would have secured a significant business advantage, but he didn’t accept the offer. My co-worker is lucky, since that could have been a violation of our policy, right?

- A. Yes, it would have been a violation if the official accepted the offer.
- B. No, an expensive gift is considered a facilitating payment and therefore, not a violation of our policy.
- C. Actually, he’s still in violation of our policy even though the offer wasn’t accepted.

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- C. Actually, he’s still in violation of our policy even though the offer wasn’t accepted.

Answer: C. The law makes it a crime simply to offer a bribe; your co-worker was still in violation of the law even though the government official did not accept it.

Test Your Knowledge

Your company has subcontracted Lilly product distribution in a region to a third party. There is an industry training program on distribution being held next month in a coastal city known for its tourism. You request that the lead manager at the third party attend this training program, at the expense of your company. You later receive the itemized invoice for the lead manager's attendance at the training program, and see that he is invoicing you for hotel rooms and meals for his entire family. Is this okay?

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Answer: No. Reasonable and bona fide expenditures that: 1) promote, demonstrate or explain a company's products or services, or (2) relate to the execution or performance of an existing contract are recognized as an important part of doing business. In this case, payment for the travel expenses of the family members is not a related expense.

Test Your Knowledge

Our company is working with a consultant on a proposal for work with a hospital owned by a foreign government. We were worried that paying a commission to the consultant could raise bribery concerns, so we recorded his commission as “research hours” in the company books. Is that okay?

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Answer: No. You should record all transactions honestly and accurately. The level of detail in company books should be sufficient enough that a reasonable person could determine what the transaction was for, and should always be accurate.

Test Your Knowledge

You have almost completed a deal with a public university for a medium-sized order of product, but the university's procurement manager suggests that if you throw in some complementary tickets for her family to attend a sold-out concert, it would seal the deal. Your company has a box seat and no one is using the tickets. Could giving her the tickets be considered a bribe?

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Answer: Yes. The tickets – regardless of value and regardless of whether they're being used by someone else – are being used as an inducement to sign the contract and, as a result, would represent a violation our policy. You should tell the procurement manager that you are unable to provide any free products for her or her family.

Test Your Knowledge

Are the following proactive methods for staying in compliance with Lilly's anti-bribery policy?

- A. Takes an active approach to managing business partners
- B. Understands the definition of “anything of value”
- C. Follows company policies that relate to accurate recordkeeping
- D. Complies with the law instead of local custom in non-U.S. countries
- E. Asks questions when she's not sure of the right thing to do

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Answer: Yes. All of the listed behavior will help ensure compliance with Lilly's anti-bribery policy.

Test Your Knowledge

Which of the following might be a warning when it comes to agents and third-parties with whom you are doing business on Lilly's behalf?

- A. A description of work in the third-party contract that is specific and clear
- B. A formal process in place for approval of payments to the third party
- C. A third party with a detailed anti-bribery policy
- D. A commission above Fair Market Value rates
- E. A. and C.

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- E. A. and C.

Answer: D. An abnormally high commission request might suggest something improper. Exercise due diligence – know who you're working with and monitor their work on Lilly's behalf to mitigate our risk.

Test Your Knowledge

You've been asked to make a small payment to the installer at a government-owned telephone company to ensure installation of a telephone line takes priority over other customers. What would you call this payment?

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Answer: One would call this a facilitating payment. Note that facilitating payments – no matter how small and even if permitted under local law – are a violation of our company policy.

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Congratulations!

You have completed the training on
Anti-bribery for Business Partners