

ZYDUS BUSINESS CONDUCT POLICY

RESPONSIBILITIES OF EMPLOYEES

It is the responsibility of the employees to read and familiarize themselves with this policy. The policy shall be placed on respective portals. All employees are required to sign an undertaking annually that they are in compliance of the policy. New employees are expected to sign this at the time of joining. Any false certification - even if directed by a supervisor - will be dealt with severely

Each employee is expected to be familiar with the basic local laws and regulations that apply to his/her job in his/her applicable geography. If the local law is more stringent than this policy, the employee is expected to adhere to the more stringent law.

Compliance is a shared responsibility between Zydus and its employees. Day to day responsibility for adherence to this policy is delegated from the directors to the senior management comprising of Business Unit Heads and/or Functional Heads of the respective business/region/geography/function as the case may be. They are responsible for implementing these principles.

All employees shall be responsible for the enforcement of and compliance with this Policy on Business Conduct including necessary distribution to ensure employee knowledge and compliance. The board of directors or other governing body of each affiliate company shall formally adopt this Policy as its own corporate policy binding on all directors and employees of the company.

All employees are responsible for complying with this Policy. Any employee having information concerning any prohibited or unlawful act shall promptly report such matter to the Head of HR of his/her site or the Global Head of HR. While this is the preferred reporting procedure, employees should also feel free to report to anyone in line management, including the Zydus Management Committee, Corporate Internal Audit or the Chief Financial Officer.

It is essential that employees adhere to the company's code of conduct and ethical standards. Failure to comply with the code of conduct and ethical standards may result in consequences as determined by the company, which may include Forfeiture of variable payouts, disciplinary action, termination of employment (in serious situations) or any such action, which the management deem necessary.

Employees should be advised of this reporting obligation and encouraged to report any prohibited or unlawful activities of which they are aware. There will be no reprisals for reporting such information and employees should be so advised.

The Corporate Internal Audit Department has audit programs with procedures to assist in monitoring compliance with this Policy. All employees are expected to provide full assistance and disclosure to both the internal and external auditors in connection with any review of compliance with this Policy.

No Retaliation Policy

Zyklus does not tolerate retaliation for asking questions or raising good-faith concerns of possible violations of the Business Conduct Policy.

Conflicts of Interest

Every employee has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Company or which divide his or her loyalty to the Company. Any activity which even appears to present such a conflict must be avoided or terminated unless, after disclosure to the senior most person in their Business Unit (BU), it is determined and agreed in writing that the activity is not harmful to the Company or otherwise improper.

- A conflict or the appearance of a conflict of interest may arise in many ways. For example, depending on the circumstances, the following may constitute an improper conflict of interest:
- Ownership of or an interest in a competitor or in a business with which the Company has or is contemplating a relationship (such as a supplier, customer, landlord, distributor, Carrying & Forwarding Agent, licensee/ licensor, etc.), either directly or indirectly, such as through family members.
- Profiting, or assisting others to profit, from confidential information or business opportunities that are available because of employment by the Company.
- Providing service to a competitor or a proposed or present supplier or customer as an employee, director, officer, partner, agent or consultant or in any capacity.
- Soliciting or accepting gifts, payments, loans, services or any form of compensation from suppliers, customers, competitors or others seeking to do business with the Company. Social amenities customarily associated with legitimate business relationships like official lunches or dinners are permissible. Occasional gifts of modest value not exceeding Rs 500 per gift (equivalent of US \$ 25 in overseas locations) and total amount of gifts from any entity (including its associates) across any calendar year not exceeding Rs 1000 (equivalent of US \$ 50 in overseas locations) are permissible. Any gift received of a higher value must be reported in writing to the highest authority in the Business Unit. In any case, we expect the employee to use common sense and good conservative judgment when it comes to exchange of gifts.

All of our business dealings must be on arm's-length terms and free of any favorable treatment resulting from the personal interest of our employees. Loans to employees from financial institutions, which do business with the Company, are permissible as long as the loans are made on prevailing terms and conditions.

- Influencing or attempting to influence any business transaction between the Company and another entity in which an employee has a direct or indirect financial interest or acts as a director, officer, employee, partner, agent or consultant.
- Buying or selling securities/shares of any other company using non-public information obtained in the performance of an employee's duties, or providing such information so obtained to others.

Disclosure is the Key

Any employee who has a question about whether any situation in which he or she is involved amounts to a conflict of interest or the appearance of one should disclose the pertinent details, preferably in writing, to his or her manager. Each manager is responsible for discussing the situation with the employee and arriving at a decision after consultation with or notice to the appropriate higher level of management. BU Head is responsible for advising his or her Company CFO, in writing, of all disclosures and decisions made under this Policy. To summarize, each employee is obligated to disclose his or her own conflict or any appearance of a conflict of interest. The end result of the process of disclosure, discussion and consultation may well be approval of certain relationships or transactions on the ground that, despite appearances, they are not harmful to the Company. But all conflicts and appearances of conflicts of interest are prohibited, even if they do not harm the Company, unless they have gone through this process.

Gifts to Government Employees

We understand that in some countries, it is customary to give gifts of modest value on special occasions and festivals. Zydus respects local traditions. Employees should ensure that they use good judgment and are conservative while choosing the value of these gifts. The employee must take into account the character of the gift or entertainment, its purpose, its appearance and the applicable laws and social norms. It must be ensured that the gifts are not being given in exchange of any received or expected favor.

Anti-Corruption Policy

It is the policy of Zydus that directors, officers, employees, and third parties acting on its behalf are prohibited from offering or paying, directly or indirectly, any bribe to any employee, official, or agent of any government, commercial entity, or individual in connection with the business or activities of the Corporation. A bribe for purposes of this policy is any money, goods, services, or other thing of value offered or given with the intent to gain any improper advantage for the Organization. No director, officer, employee, or third party should assume that the Corporation's interest ever requires otherwise.

Compliance with Laws and Regulations

Our health care business is subject to extensive governmental regulation throughout the world. The approval and sale of pharmaceutical products is particularly heavily regulated, but many other aspects of our business are also covered by statutes and regulations. Consistent with our Values and business philosophy, it is the policy of Zydus to comply with the laws of each country in which our companies do business. It is the responsibility of each company's management and employees to be familiar with the laws and regulations which relate to their business responsibilities and to comply with them. It is the responsibility of each company's management and especially Country Head, to ensure compliance with applicable laws. If an employee has any question whether a transaction or course of conduct complies with applicable statutes or regulations, it is the responsibility of that employee to obtain legal advice from the local or Corporate Legal Department and act in accordance

with that advice. It is the responsibility of each company's management to ensure that employees are aware of their responsibilities in this regard.

Set forth below are several areas of regulated business activity that require particular attention.

Antitrust and Competition Laws

It is the policy of Zydus to comply with the antitrust and competition laws of each country in which our companies do business. No employee of the Company shall engage in anti-competitive conduct in violation of any such antitrust or competition law. Moreover, no employee shall take unfair advantage of any customer, supplier, competitor or other person through manipulation, concealment, and misrepresentation of material facts or other unfair-dealing practice.

Environmental Laws and Regulations

Zydus is committed to conducting its business in an environmentally sound manner. We have a zero tolerance for violation of local environmental laws and regulations. We are committed to comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist. We are committed to manage our business with the goal of preventing incidents and of controlling emissions and wastes to below harmful levels. We design, operate, and maintain facilities to this end.

Management and employees are required to be familiar with environmental laws and regulations which relate to their employment responsibilities and to comply with them. This includes ensuring that reports on environmental matters filed with government agencies or required by law to be published are complete and accurate. The site management should respond quickly and effectively to incidents resulting from its operations, in cooperation with industry organizations and authorized government agencies. The site management shall conduct and support research to improve understanding of the impact of its business on the environment, to improve methods of environmental protection, and to enhance its capability to make operations and products compatible with the environment. The site management shall undertake appropriate reviews and evaluations of its operations to measure progress and to foster compliance with this policy.

Healthcare Compliance; Approval, Manufacture, Sales and Marketing of Drugs

No aspect of our business is more subject to governmental regulation than the development, manufacture, approval, sales and marketing of our health care products. Because of the complex nature of many of these regulations, management must take particular care to ensure appropriate employees are aware of regulatory requirements and take necessary steps to comply with them.

Employment and Labor Laws and Policies

Our most important resource is our employees. All employment must be in compliance with all applicable laws and regulations, including those concerning hours, compensation, opportunity, human rights and working conditions.

Zydus strictly prohibits discrimination or harassment against any employee because of the individual's race, color, religion, gender, sexual orientation, national origin, age, disability, or any status protected by law.

It is the policy of Zydus that all employees work in a clean, orderly and safe environment. In the interest of maintaining a safe and healthy workplace, the Company requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law. In addition to local laws and regulations, the Company's Employment of Young Persons policy applies to the employment of persons under the age of 18 in the manufacture of any product, or any component of a product, by or for any of our businesses. Company policy also prohibits the use of any forced or compulsory labor in the manufacture of any product, or any component of a product, by or for any of our businesses.

Zydus prohibits (1) the manufacture, distribution, sale, purchase, transfer, possession, or use of illegal drugs/narcotics in the workplace or while representing the Company outside the workplace, (2) consumption of alcohol and tobacco on company premises.

We shall respond quickly, effectively, and with care to emergencies or accidents resulting from its operations, in cooperation with industry organizations and authorized government agencies. The site management shall undertake appropriate reviews and evaluations of its operations to measure progress and to foster compliance with this policy.

Information Technology

Zydus encourages use of information technology. Employees are expected to use the organizational Information Technology (IT) resources responsibly and appropriately, including adherence to our IT policies. The information and communication systems of Zydus cannot be used for (a) unlawful activities (b) visiting internet sites that host explicit content of sexual nature (c) Political/religious/commercial purposes that interfere with their employment or interests of Zydus (d) making commitments or statements on behalf of the company unless authorized in writing by Corporate Communications Department or the Head of BU/Function to do so (e) Sending chain letters or spam to internal or external community (f) Using the system in such a way that it compromises with the employee's or recipients' productivity.

Employees shall not make, acquire or use unauthorized software as illegal possession of software can result in damages including criminal and financial penalties.

Political Activities and Contributions

No employee shall directly or indirectly use or contribute funds or assets of the Company for or to any political party, candidate or campaign unless such a use or contribution is an accepted practice and lawful in the country involved and is approved by the appropriate Zydus Executive Board (ZEB) Member.

Respect for Trade Secrets and Confidential Information

It is the policy of Zydus to respect the trade secrets and proprietary information of others. Although information obtained from the public domain is a legitimate source of competitive information, a trade secret obtained through improper means is not.

If a competitor's trade secrets or proprietary information are offered to an employee in a suspicious manner, or if an employee has any question about the legitimacy of the use or acquisition of competitive information, the Legal Department should be contacted immediately. No action regarding such information should be taken before consultation with the Legal Department.

Employees shall maintain the confidentiality of any non-public information learned in the performance of their duties except when disclosure is authorized or legally mandated.

Use of Company Funds Assets and Information and Complete and Accurate Books and Records;

Physical and intangible assets of Zydus and also its confidential information is critical to our success. Employees with access to these are responsible for protection of the same. They will use these only for the legitimate benefit of Zydus. In particular, confidential and proprietary information not in public domain and also trade secrets should be not discussed with anyone else including other employees unless on a need to know basis as defined by the job of the recipient of the information. When in doubt, it is safe to seek authorization, preferably in writing, from the immediate manager. Confidential information includes and non-public information that is not on company's website. It includes but is not limited to our trade secrets, processes, know-how, research and development information, inventions, customer/employee/supplier lists, manufacturing methods, capacity information, salary data, financial data, contracts, marketing & sales strategies and plans of any kind.

Employees will not share any confidential information to third parties without a valid business purpose and unless authorized in writing by their manager and/or legal department.

All assets including information/data shall be returned to Zydus upon cessation of the employment.

Sales of the Company's products and services, and purchases of products and services of suppliers, shall be made solely on the basis of quality, price and service, and never on the basis of giving or receiving payments, gifts, entertainment or favors.

All employees shall protect the Company's funds, assets and information. No employee shall use Company funds, assets or information, or opportunities that arise in the course of his or her employment, to pursue personal opportunities or gain.

No Company funds, assets or information shall be used for any unlawful purpose. No employee shall purchase privileges or special benefits through payment of bribes, illegal political contributions, or other illicit payments or otherwise give anything of value to a government official in order to influence inappropriately any act or decision on the part of the official.

No undisclosed or unrecorded fund or asset shall be established for any purpose. No false or artificial entries shall be made in the books and records of the Company.

No payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment.

Authority to make financial Commitments:

Authority to make financial or business commitments on behalf of Zydus has been defined for role holders by way of delegation of authority. Employees will not make any commitments, verbal or written, or enter into any arrangements/agreements or promises of business that create a new agreement or obligation or liability; or modify an existing agreement with a third party without written approval. Such commitments should be made by those having defined and documented authority, and acting within the limits of such authority.

Working with Data and Documentation

We are committed to truthful, accurate and complete reporting of information during research and development and during the manufacturing, processing, packaging, testing and holding of drug products.

- All Company records and documentation regardless of their nature must be truthfully recorded and maintained in accordance with corporate and regulatory requirements.
- They must be recorded truthfully, promptly, completely and accurately and must never distort or disguise the true nature of any action, procedure, or transaction.
- Sign only properly supported documents that you believe are accurate and truthful.
- Purposely false or misleading information related to test results, production records, maintenance records, raw material cards, cleaning logs, calibration records, or any other records will not be tolerated and will result in termination and/or other legal action. There is no exception and no one is allowed to order you or ask you otherwise.

REPORTING VIOLATIONS:

Violations can be reported to

- For overseas entities: To the country head who in turn is obliged to report this to the corporate CFO or Head of Legal or Head of HR.
- For India: corporate CFO or Head of Legal or Head of HR.