

# ASIAN LAKTO INDUSTRIES LIMITED

## Code of Conduct

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### INTRODUCTION

*Applicable to all Directors and Officers in Management Cadre – (hereinafter referred to as ‘Employees’)*

The Company is committed to integrity in every facet of its business. For each of us this means conducting ourselves according to high ethical and legal standards. The Code of Conduct sets forth the Company’s policy to comply with the local laws and regulations. Each Designated Person is expected to comply with the code in letter and spirit.

The code also sets forth the Company’s business ethics policy relating to business and commercial activities and conduct by Employees. Business decisions always must reflect high ethical standards and not be influenced by business or personal interests that Employees may have with third parties or by unauthorized concessions or payments to or from third parties.

## Code of Conduct

### A. Discrimination in Employment and Unlawful Harassment-

In the conduct of business, each employee is required to respect the rights and cultural differences of individuals. The Company is also committed to following the applicable labour and employment laws.

The Company prohibits all forms of unlawful discrimination, retaliation and harassment in the workplace, including, but not limited to, unlawful discrimination on the basis of race, color, religion, sex, national origin, citizenship, sexual orientation, age, physical or mental disability or any other legally protected status. The Company also strives to achieve a work environment that is free from unlawful discrimination, retaliation and harassment, including sexual harassment. This obligation extends to supervisory and non-supervisory personnel, as well as contractors, vendors, clients or visitors to the extent that their conduct affects the work environment or interferes with performance of work.

Employees who feel that they have been subjected to unlawful discrimination, retaliation or harassment should notify their supervisor and/or a Human Resource manager who promptly will investigate the matter. Employees need not make the complaint to their supervisor or the local Human Resource manager if they are uncomfortable in doing so, or if these individuals are involved in the subject activity. In such circumstances, Employees may contact the top Human Resource professional at the Corporate Office at Ludhiana. Prompt investigative action will be taken and where appropriate, remedial or corrective action will be taken with respect to unlawful harassment or discrimination. Employees will not be subject to retaliation for reporting incidents that they, in good faith, believe are violation of this policy.

#### **B. Privacy-**

The Company expects all Employees to protect individually identifiable customer information and sensitive personal information about employees, applicants and research study subjects from inappropriate or unauthorized use or disclosure, and to comply with privacy and data protection policies established by the Company as well as all privacy-related laws, regulations and treaties. The Company maintains the right to inspect and monitor employee use of Company property such as computers, e-mail and phone systems.

#### **C. Dealing in Securities-**

From time to time, Employees may become aware of significant information about the Company that generally is not known outside the Company. Buying or selling the Company's shares with awareness of such information may violate the law and expose the Designated Person and the Company to substantial civil and criminal penalties. To prevent the misuse of such information and to avoid even the appearance of improper conduct, all Employees, in addition to complying with all applicable laws, must comply with the Company's Insider Trading Code.

Among other things, the Company's Insider Trading Code prohibits Employees from buying or selling the Company's securities while aware of "material information" about the Company that is not known publicly. The Code broadly defines "material information" to include any information that a reasonable investor likely would consider important in making a decision to buy or sell the Company's securities. In particular, there can be no trading in the Company's shares when the trading window is closed.

#### **D. Intellectual Property-**

Among the Company's most valuable assets is its intellectual property. Intellectual property takes different forms, including patents, trade secrets, trademarks, copyrights, scientific, technical and business knowledge, know-how and

experience. Examples of intellectual property include applications to regulatory agencies, formulae, data, processes, devices, patterns and drawings, research records, customer and supplier lists and information, legal, marketing, sales and financial analyses and compilations of information, maintained in confidence and used in the Company's operations.

It is the Company's policy to enforce its intellectual property rights in an appropriate manner consistent with the law. It is the duty of all Employees to establish, protect, maintain and defend the Company's rights in its intellectual property and confidential information. This duty extends to protecting such information after Employees leave the Company.

It is also important to the Company that all Employees discuss their ideas, inventions or developments with the Legal Department to determine whether these are patentable or otherwise legally protectable. Employees are required to submit for appropriate legal review Records of Invention concerning new ideas, inventions or developments. Legal review also must be sought when using the Company trademarks, trade names and trade dress, when releasing Company confidential information to persons outside the Company and when transacting business in any way concerning the intellectual property rights of the Company.

In addition, it is the Company's policy to respect the intellectual property rights of others. Unauthorized use of the intellectual property rights of others may expose you and the Company to civil litigation and damages and possible significant fines and criminal penalties. Appropriate legal review must occur prior to any activities that may infringe on another's intellectual property; before soliciting, accepting or using potentially proprietary information of others, including the unsolicited offer of ideas by non-Company personnel; and before selling, buying, licensing or otherwise transacting business concerning intellectual property rights of others.

#### **E. Environmental and Safety Laws-**

The Company is committed to a safe environment and sound environmental actions. The Company strives to comply fully with all environmental and safety laws and regulations. All waste products and hazardous materials should be treated, stored, handled and disposed of in full compliance with all laws, regulations and Company practices. The unsafe storage of a potentially toxic or hazardous material or the improper release of any such materials into the environment must be reported promptly to your supervisor. To identify, control and minimize waste and the use of hazardous materials. To design products that are environmentally sound, conserve natural resources and minimize use of hazardous materials.

## **F. Food, Drug and Medical Device Laws**

Various laws regulate the manufacture, labeling, sale and, in some cases, the promotion of many of the Company's products to assure their safety, efficacy and quality. Violations of these laws can result in severe penalties to the Company and individual employees. The Company expects its Employees to comply fully with such laws. In the event of a question concerning these laws, you should consult with the Medical Department and/or the Law Department.

## **G. False Reporting to Government Agencies-**

It is a crime, subject to fine or imprisonment, to make a false statement to any government agency. The Company's policy is to provide all required disclosure to government agencies and to assure that such information is truthful and accurate. The Company and its Employees must adhere to this policy.

## **H. Political Contributions-**

A Designated Person/employee may contribute directly or indirectly to any political party, candidate or, political action committee, but any such contribution must be made on a personal basis, not on behalf of the Company, and reimbursement must not be sought from the Company, directly or indirectly.

## **I. Improper Payments in the Public and Private Sectors-**

Our laws prohibit bribery of public officials. The Company's policy extends beyond these laws and prohibits making unauthorized concessions or paying confidential commissions and bonuses, bribes or other type of unofficial payment to employees or officials of any government or to any third party in a commercial transaction.

The Company and its Employees also must comply with applicable laws and regulations that prohibit providing remuneration to induce the prescription, purchase or order of Company products that may be subject to reimbursement or payment by a government agency or other third party. It is the Company's policy to market and sell its medical products in compliance with all applicable laws and regulations.

Any person or company that represents the Company (such as a consultant, agent, sales representative, distributor or contractor) must comply with the Company policies prohibiting improper payments in the public and private sectors. Payments made indirectly through an intermediary, under circumstances indicating that such payments would be passed along for inappropriate purposes, are prohibited.

## **J. Money Laundering Prevention-**

Money laundering is a criminal activity in which the proceeds of a crime are

hidden or converted in some way to make them appear legitimate. The Company is committed to complying fully with all applicable anti-money laundering laws. The Company will conduct business only with reputable customers who are involved in legitimate business activities and whose funds are derived from legitimate sources. Reasonable steps must be taken to ensure that the Company does not accept forms of payment that are known or suspected as means of laundering money, such as cash payments.

#### **K. Public Disclosures-**

All disclosures made by the Company to its stockholders, the Securities and Exchange Board of India, the Stock Exchange or the investment community must be accurate and complete and fairly present the Company's financial condition, results of operations and cash flows in all material respects, and must be made on a timely basis as required by applicable laws and stock exchange requirements. The Company expects its Employees to provide prompt and accurate answers to enquiries relating to its public disclosures and requirements.

#### **L. Internal Controls-**

All Employees have a responsibility to be aware of the Company's system of internal controls and the appropriate use and safeguarding of Company assets. Employees must comply with applicable internal controls and assist in taking corrective action in the case of control failures, including identifying procedures not being followed properly as well as weaknesses in the internal control system, and striving for improvements in the internal control system. Examples of internal controls include appropriate authorizations and approvals of expenditures, and this Code of Conduct.

#### **M. Compliance with Code of Conduct**

Any Designated Person who knows of or suspects of a violation of applicable laws, rules or regulations or this Code of Conduct, he/she must immediately report the same to the Managing Director. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

This Code may be amended, modified or waived only by the Company's Board of Directors and must be publicly disclosed if required by any applicable law or regulation. As a general policy, the Board will not grant any waivers to this Code.

## **BUSINESS ETHICS POLICY**

The goal is to foster standards of conduct to ensure that business decisions are driven by the overall obligation of all Employees to protect the assets of the Company. Business decisions are not to be based on financial or business interests between any employees and third parties. Unauthorized concessions or payments to third parties are strictly prohibited.

A violation of the Company standards also may be a violation of law.

### **I. Conflicts of Interest:**

When the Company's Employees, and/or, in some cases, their relatives have significant financial or business interests in another company competing or doing business with the Company, or stand to benefit in some way from such a relationship or activity, their efforts on the Company's behalf could be improperly influenced.

Consequently, all Employees should co-operate in avoiding even the appearance of impropriety. For the purposes of this Code, the spouse, parents, grandparents, children, grand -children and their spouses, siblings, mother-in-law, father-in law, son-in-law, daughters-in-law, sisters-in-law and brothers-in-law of the Employees are included.

The following are some examples (not meant to be all inclusive) of situations in which such outside interests involving the Employees or a relative may lead to conflict with the Company's standards. Because this set of examples is not inclusive, please use good judgment in the spirit of the Code in reviewing situations as they arise:

1. The following are example of the types of activities which, are prohibited for Employees/Designated Persons without the prior written consent of the Managing Director:
  - a. Holding a significant financial interest in the business of any supplier, competitor or customer of the Company when in a position to influence the relationship between the Company and the supplier, competitor or customer. For the purpose of this Code, a "significant financial interest" means an investment of any amount in any

company, the securities of which are not publicly listed or quoted, or an investment in excess of 2% of the paid up capital of any company that is publicly listed or quoted. It also means that borrowing from any such company, except for a personal transaction with a bank or comparable financing organization is not permitted.

- a. Serving as a director, advisor, officer, employee or consultant of any of the Company's competitors.
  - b. Serving in any position of any commercial enterprise or other commercial endeavor that would interfere with the performance of duties to the Company.
  - c. Accepting or designating the acceptance by someone else, of any gift or entertainment of value in any way connected with the placing of business with or by any of the Company's supplier or customer.
  - d. Purchasing any materials, equipment, property or services at a cost to the Company in excess of their fair and reasonable value in the free, open and competitive market.
  - e. Competing with the Company in the purchase or sale of any kind of property, tangible or intangible.
  - f. Relatives of Employees may not accept from any third party any gift or entertainment of value in any way connected with the placing of business with or by any Company supplier or customer.
2. The following are examples of the types of activities which must be disclosed to the Managing Director for review and response:
- b. Service as a Designated Person of any commercial enterprise including, but not limited to, any customer or supplier of the Company and any for-profit organization in the health care field.
  - c. Service as a director, advisor, officer, employee or consultant of any not-for-profit organization in the health care field.
  - d. Service as an official, advisor, officer, employee or consultant of any governmental agency, subdivision thereof, or other governmentally-related body in the healthcare field.
  - e. When the Employees become aware of it, the holding by a relative of a

significant financial interest (as defined above) in the business of any supplier, competitor or customer of the Company when the Designated Person is in a position to influence the relationship between the Company and the supplier, competitor or customer.

- f. When the Designated Person becomes aware of it, service by relative as a director, advisor, officer, employee or consultant of any Company supplier, competitor or customer when the Designated Person or his/her relative is in a position to influence the relationship between the Company and such supplier, competitor or customer.

Any disclosure shall be considered on a case-by-case basis, and any action deemed necessary or appropriate by the Company will be at the sole discretion of the Company. Independent members of the Company's Board of Directors must, in accordance with Company policy, disclose various potential conflicts of interest, which will be evaluated by the entire Board to determine compliance with applicable laws and stock exchange rules. Directors involved in any conflict or potential conflict situations shall rescue themselves from any discussion or decision relating thereto.

**II. Confidential Information :** The unauthorized disclosure, while a person as a Director or employed by the Company and thereafter, of any of the Company's confidential business information or intellectual property such as financial data, formulae, processes, advertising methods or prospective transactions, to any other person, firm or corporation is prohibited. The use – directly or indirectly – of confidential Company business information, while employed by the Company and thereafter for personal benefit, for the benefit of immediate family members or for the benefit of any other person, firm or corporation is prohibited. The use of such information generally to the possible detriment of the Company also is prohibited. Communication with securities market professionals concerning the Company unless specifically authorized by an Officer to do so is not permitted. In addition to these obligations of confidentiality, the Designated Person shall be bound by any duties and obligations under any confidentiality agreement or other agreement between the Designated Person and the Company.

**III Industry Standards on Relationships with Medical Professionals and Company Sponsorship of Educational and Scientific Symposia:** The Company complies with standards established by industry and professional groups that concern industry relationships with medical professionals and sponsorship of medical education and scientific symposia.



**IV. Advertising and Promotional Standards:** It is Company policy to advertise, promote and label its products in a factual and informative manner. In addition, all such communications must be consistent with applicable governmental regulations. The Company's publicity disseminated advertising and promotional material must accurately and fairly describe the Company's products and not be false, misleading or deceptive. It also is Company policy only to use sales and marketing programs and materials that have been approved in accordance with Company procedures.

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