



CODE OF ETHICS FOR SUPPLIERS, VENDORS & OTHER STAKEHOLDERS

May 2017

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Introduction:

Strong supplier partnerships are a cornerstone of Alkem Laboratories Limited and its respective subsidiaries and divisions (herein referenced as “Alkem”) and a vital link in setting and achieving expectations for ethical practices and corporate social responsibility. At Alkem, the way we conduct business is as important as the products and services we provide. Our goal is to create value for all stakeholders and we are committed to responsible sourcing of goods and services. It is our expectation that suppliers, vendors, their employees, sub-suppliers and any other stakeholders or parties involved with the execution of work, similarly comply with the applicable laws and the standards set forth in this code.

Purpose:

Alkem constantly strives to operate in a responsible manner. Our commitment to integrity and ethical business is not limited to only our workplace, but also extends to our external business associates and stakeholders as well. In this endeavour, we ensure that we collaborate with business partners who comply with applicable and controlling laws, rules, and regulations (collectively herein referenced as “applicable laws”) and at a minimum the clauses set forth in this code. The clauses below are part of the Company’s commitment to upholding human rights and operating in a responsible manner.

Scope:

This policy is applicable to all suppliers, contractors, vendors, business partners and other stakeholders (collectively herein referenced as “stakeholders”). It is expected that the stakeholders apply similar levels of compliance to their own stakeholders and subcontractors with whom they work with.

We expect the stakeholders to comply with all the applicable laws, rules, regulations, contractual agreements and generally recognized standards. Where the stakeholders have an existing Code of Conduct or similar policy in place, it is expected that they follow their own code in addition to the clauses mentioned in this document. Following are some of the areas, may not be exhaustive, which we wish our stakeholders to adhere to in their dealings with the Company.

1 HUMAN RIGHTS AND LABOUR STANDARDS

- Forced Labor, Human Trafficking and Slavery

Stakeholders are expected to protect the human rights of their employees and to treat them with dignity and respect. Stakeholders shall not use any form of forced labour including , bonded, Stakeholders shall not participate in the recruitment, transportation, transfer, harboring or receipt of any persons by means of threat, use of force, or any other forms of coercion, abduction, fraud, deception, abuse of power or position of vulnerability, or the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation.

- Child Labour

Stakeholders shall ensure that no underage labour has been used in the manufacturing or distribution of their goods or services or any other work. Employees must not be younger than the minimum employment age established by **The Factories Act of 1948** and **The Child and Adolescent Labor (Prohibition and Regulation) Amendment Act, 2016** read with the applicable local laws.

- Working Hours

Supplier's employee working hours must be in compliance with all applicable laws and regulations. Stakeholders should ensure their employees receive at least one day off every seven days, or as per locally applicable laws.

- Non-discrimination

Equal treatment of all employees will be a fundamental principle of the supplier's corporate policy. Employment by Supplier shall be based solely on a person's ability and not personal characteristics. Stakeholders shall maintain a workplace free of unlawful discrimination, which includes, but is not limited to, race, gender, sexual orientation, age, pregnancy, caste, disability, union membership, ethnicity, religious belief or any other factors protected by applicable laws. They shall not be subject to verbal, physical, sexual or psychological abuse or any other form of mental or physical coercion and shall be treated with respect and dignity throughout the course of their employment.

- Wages and Benefits

Stakeholders must have a system in place to verify and accurately record payroll, deductions and the hours worked by legally authorized employees. Stakeholders must comply with all applicable wage and compensation requirements as defined under applicable labor laws for regular work, overtime, maximum hours, and other elements of compensation and employee benefits including applicable retirement and insurance benefits.

- Freedom of Association and Collective Bargaining

Stakeholders will be committed to an open and constructive dialogue with their employees and workers' representatives. In accordance with local laws, stakeholders will respect the rights of their employees to associate freely, join labor unions, seek representation, join works councils and engage in collective bargaining. Supplier must adhere to applicable laws regarding the right to affiliate with lawful organizations without interference.

2 ETHICS AND RESPONSIBLE BUSINESS

Stakeholders shall not engage in any form of corrupt practices including, without limitation to, extortion, fraud, impersonation, false declarations, bribery, money laundering, supporting or involvement with organized crime organizations or similar activities. Stakeholders shall not offer bribes, kickbacks, or other improper payments to Alkem's representative or agency, any customer, government official or third party, with the intention of obtaining or retaining a business or other improper advantage. Stakeholders must have a written anticorruption / anti-bribery policy that includes an annual review with its employees.

Stakeholders are expected to preserve the integrity and confidentiality of all information they receive as a result of conducting business with Alkem. The obligation of confidentiality will remain even after the business relationship is terminated. The stakeholders are also required to return any material related to Alkem, post the completion of the engagement.

Stakeholders must take care to ensure no conflicts of interest arise in the due course of business with Alkem. The relationships with other organizations, some of whom may be competitors, must not compromise the relationship with Alkem. If there is lack of clarity or any queries regarding the same, the stakeholders may reach out to Alkem for guidance.

3 HEALTH AND SAFETY

Stakeholders are expected to provide a safe and healthy working environment and shall ensure safe working conditions to prevent any accidents or affect the health of the workers. Stakeholders will have safety programs in place for managing and maintaining all their production processes in accordance with the applicable safety standards. Stakeholders shall minimize employee exposure to potential safety hazards by identifying, assessing and minimizing risks by developing and implementing safety plans and procedures.

Where required, the stakeholders will provide all safety equipment and requisite training to workers who may be at a risk of injury during the course of work. Adequate training will be provided at regular intervals to ensure safe-working practices are followed at all times.

4 ENVIRONMENT

Stakeholders shall be sensitive to their impact on the environment and will have systems in place to ensure the safe handling, movement, storage, recycling, reuse and management of waste, air emissions and wastewater discharges. Stakeholders shall comply with all applicable environmental laws and standards within its facilities and ensure all the emission and waste generated in their facilities are within acceptable limits. Stakeholders must take care in handling hazardous materials or operating processes or equipment that use hazardous materials, to prevent unplanned releases into the workplace or the environment. Stakeholders should also focus on environment management certifications like ISO 14001 in their facilities.

Stakeholders will take measures, where possible, to reduce consumption of resources by employing latest technologies and improving operational efficiency. The stakeholders will comply with all additional environmental regulations/specifications that are applicable as per local requirements.

5 PROHIBITION OF INSIDER TRADING:

The stakeholders who in the course of their dealing with the Company are in possession of the unpublished price sensitive information, should strictly follow the Company's code of conduct on the prohibition of Insider Trading and also the SEBI (Prohibition of Insider Trading) Regulations 2015.

As indicated above, the list of principles on code of conduct to be followed by the stakeholders outlined herein are not exhaustive and with the change in Regulations may undergo revisions.

The Board of Directors at its meeting held on 26th May, 2017 has approved the above text of the code of conduct to be followed by the stakeholders.
