

## **GLENMARK CODE OF CONDUCT** **FOR DIRECTORS AND SENIOR MANAGEMENT**

### **A) PREAMBLE**

We, the Board of Directors (**Board**) of Glenmark Pharmaceuticals Ltd. ("**Glenmark**" or "**Company**") have adopted this Code of Conduct in a meeting held on 31<sup>st</sup> October, 2005. The Code of Conduct is being amended as on 30<sup>th</sup> October, 2014

Glenmark's Code of Conduct is based on three important principles of corporate behaviour i.e. good corporate governance, good corporate citizenship and exemplary personal conduct. The code of conduct shall be posted on the website of the Company. All Board members and senior management personnel shall comply with the code.

### **B) CORPORATE GOVERNANCE PHILOSOPHY**

**GLENMARK** is a professionally managed company and the core value underlying our corporate philosophy is "trusteeship". Glenmark is the property of all stakeholders and handed to us by the various stakeholders in "trust" and we as professional managers are the "trustees" of these stakeholders.

It is therefore our responsibility to ensure that the organisation is managed in a manner that protects and furthers the interests of our stakeholders. We recognise society as an important stakeholder in this enterprise and therefore it is part of our responsibility to practise good corporate citizenship.

The Corporate Governance Philosophy is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders. The Company believes in and has consistently practiced good corporate governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the Company operates.

### **C) CORPORATE CITIZENSHIP**

In the conduct of the Company's business, the practice of good corporate citizenship is a prerequisite and embraces the following:

#### **Dealing with People in the Organisation**

All employees including directors, senior management and employees, in dealing with each other, shall uphold the values which are at the core of our Philosophy - trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self respect and human dignity. These values form the basis of our policy and processes. In areas such as selection and recruitment, meritocracy will be the only criterion and all managers will scrupulously avoid considerations other than merit and suitability. Performance management systems including appraisals, remuneration and rewards will focus on meritocracy, equity and upholding of Company values.

#### **A Gender Friendly Workplace**

GLENMARK is committed to its uncompromised gender friendly workplace. It provides equal opportunities for men and women, prevent/disallow sexual

harassment at the workplace and embodies good employment practices. GLENMARK demands, demonstrates and promotes professional behaviour and respectful treatment of all employees.

### **Relationships with Suppliers and Customers**

All directors, senior management and employees shall ensure that in their dealings with suppliers and customers, the Company's interests are never compromised. Accepting gifts, presents and other payments from suppliers or customers will be viewed as serious breach of discipline as this could lead to compromising the Company's interests.

### **Legal Compliance**

It is the Company's policy to comply fully with all applicable laws and regulations. Ensuring legal and regulatory compliance is the responsibility of the SBU Head, the HODs & Managers. Glenmark cannot accept practices which are unlawful or may be damaging to its reputation. SBU Head and HODs must satisfy themselves that adequate check and control exist to ensure that they comply with the legal and regulatory requirements impacting each business and identify and respond to developments in the regulatory environment in which they operate. In the event the implication of any law is not clear, the Company's Legal Department shall be consulted for advice.

### **Data Privacy**

It is the responsibility of the managers to ensure that there will be no unauthorized copies of the software used or kept on any computer. Unauthorised accessing of any software or any action or negligence, which jeopardizes system security, will be subject to disciplinary action. Each computer system at work place should have password protection. Company maintain electronic mail as a means of communication with employees, customer, vendors, consultants, business partners and other individual, organisation associated with the Company's business. Message sent by electronic mail have the same importance as written communication.

Under no circumstances will any staff member be allowed to move office equipment from the office premises without prior consent of the Departmental manager.

### **Security, Safety & Health**

The Company attaches great importance to a healthy and safe work environment. Good physical working conditions, high standards of hygiene and housekeeping shall be ensured. Employees should be trained to increase safety awareness and adoption of safe working methods, particularly designed to prevent serious or fatal accidents.

### **Environment Policies**

The Company believes that commitment to sustainable development is a key component of responsible corporate citizenship and therefore deserves to be accorded the highest priority. Accordingly, the Company is committed to Best Practices in environmental matters arising out of its business activities and expects each business to fully demonstrate this commitment.

In addition to complying with applicable laws and regulations, Businesses must establish procedures for assessing the environmental effects of their present and future activities. They should adopt best practices in their environmental policies and procedures.

#### **D) PERSONAL CONDUCT**

All directors, senior management and employees have the obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Company at all times. They are expected to demonstrate exemplary personal conduct through adherence to the following:

##### **Avoidance of Conflict of Interest**

All directors, senior management and employees must avoid situations in which their personal interest could conflict with the interest of the Company. This is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflict, if any, or potential conflict must be disclosed to higher management for guidance and action as appropriate.

##### **Transparency and Auditability**

All directors, senior management and employees shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes, including as appropriate, segregation of duties, tiered approval mechanism and involvement of more than one manager in key decisions and maintaining supporting records. It shall be necessary to voluntarily ensure that areas of operation are open to audit and the conduct of activities is totally auditable.

##### **Protection of Confidential Information**

No director, senior management and employee shall disclose or use any confidential information gained in the course of employment/ association with the Company for personal gain or for the advantage of any other person. No information either formally or informally shall be provided to the press, other publicity media or any other external agency except within approved policies and by authorized persons.

##### **Company Facilities**

No director, senior management and employee shall misuse Company facilities. Except where such facilities have been provided for personal use either by policy or by specific permission, Company's facilities shall not be used for personal use. Even in their use for Company purposes, care shall be exercised to ensure that costs are reasonable and there is no wastage. Ostentation in Company expenditure shall be avoided.

##### **Leading by Example**

The organisation's directors and senior management set the professional tone for the Company. Through both their words and their actions, the organisation's leadership conveys what is acceptable and unacceptable behaviour. GLENMARK's directors, senior management and employees must constantly reinforce through

their actions and behaviour that GLENMARK's stated beliefs of responsible corporate citizenship are rooted in individual conviction and personal integrity.

**Waivers**

Any waiver of any provision of this Code of Conduct for a director, senior management or employee must be placed for approval before the Company's Board of Directors/ Board Operation Committee, as appropriate.

**(E) CODE FOR INDEPENDENT DIRECTORS:**

The code is a guide to professional conduct of Independent Directors. This is in addition to whatever has been stated above in the code and applies specifically for independent Directors of the Company.

The Guidelines for Professional Conduct, the Role and Functions and Duties of Independent Directors as enumerated hereunder are as mentioned in Schedule IV of the Companies Act, 2013 and would stand amended to the extent of on any amendment to the said schedule from time to time.

**Guidelines for Professional conduct:**

Every Independent Director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising their duties;
3. exercise their responsibilities in a bona fide manner in the interest of the Company;
4. devote sufficient time and attention towards your professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of their independence;
8. where circumstances arise which make an independent Director lose his independence, the independent Director must immediately inform the Board accordingly;
9. assist the Company in implementing the best corporate governance practices.

**Role and functions:**

The Independent Directors shall:

1. Assist in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.

**Duties:**

The Independent Directors Shall:

1. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
2. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
3. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
4. Strive to attend all meetings of the Board including a separate meeting of the independent director and of the Board committees of which you are a member.
5. Participate constructively and actively in the committees of the Board in which you are chairperson or member.
6. Strive to attend the general meetings of the Company.

7. Where you have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting.
8. Keep themselves well informed about the Company and the external environment in which it operates.
9. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
10. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company.
11. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
12. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
13. Acting within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
14. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

\* Senior management for the purpose of this Code would mean the following:

- SBU Head
- HODs

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