

Grindex

Code
of Ethics





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which is vitally important for successful
operation of our company.*

Juris Hmelnickis



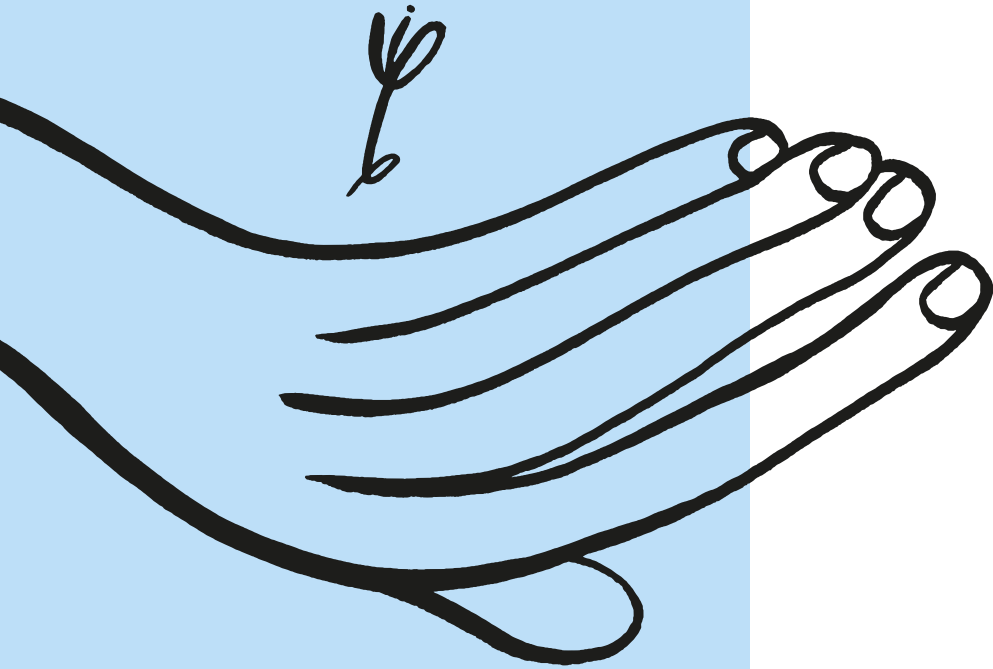
Speech of the Chairman of the Board

The Company has been taking care of the patients' health for more than 75 years, becoming the leading pharmaceutical production company in the Baltic countries and elsewhere in the world. Thanks to our personnel, we have achieved this by investing joint responsible work and owing to top level professionals in each sphere of activity of our Company. We work with high sense of responsibility and take care of the patients' health, implementing efficient and qualitative production of medical products. We are and will be taking care to ensure orderly, safe and modern work environment to our personnel, where everyone would feel safe and well.

Just as individual work of every employee is important for the accomplishment of the common corporate goals, every word spoken and every action taken by us both within the Company and beyond affects and designs the reputation of the Company. The Code of Ethics is a set of principles, which is vitally important for successful operation of our company. Every employee shall comply with the main ethical principles expressed in the Code to enable the Company to remain both as top level enterprise and excellent work place in the future.

Respectfully,
Ph.D. Juris Hmelnickis
Chairman of the Board of AS "Grindeks"





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Preamble



The purpose of the Code of Ethics is: to create a common understanding of the basic principles of activity and ethics in AS “Grindeks” and its related companies, representations, branch offices (hereinafter in the text – the “Company”), so that the employees would have clear understanding of the actions to be taken in daily work in accordance with the mission and vision of the Company, general norms of ethics, as well as good habits and requirements of the regulatory enactments, and to achieve the sense of community in the Company, to create an open, welcoming and responsible team of the Company.

The task of the Code of Ethics is to encourage the employees of the Company to be **reliable and just, to perform one's responsibilities in good faith and in responsible manner, to comply with the guidelines of the Code of Ethics at work, in interpersonal communication and personal behaviour.**

The Code of Ethics is based on the following main corporate values, which shall be complied with both in inside culture and are related to our external image and product:

Humanity – we treat the needs of the human health with honesty and responsibility, we are responsive and ready to help.

Simplicity – we make complicated things simple and do everything to ensure that health solutions would be available to anyone.

Growth – our range of products is adjusted to contemporary requirements and dynamic lifestyle, to resolve health issues in an innovative manner.

The Code of Ethics includes principles regulating the cooperation with colleagues, cooperation and business partners, as well as cooperation with customers and consumers of our products.



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Lai veselība
ir tavs dzīvesstils!



1. General Principles



Any employee and manager of the Company shall in his/her work:

- 1.1. be aware of the mission of the Company, encourage international awareness of the Company in the world, is a patriot of the Company and promote its prestige, encourage its positive image and strengthens its reputation, shall not permit actions that cause shame to the Company;
- 1.2. not use the name of the Company or cooperation partner of the Company for gaining personal benefit;
- 1.3. holds harmless, saves and protects the property, items and resources of the Company (including but not limited to business plans, customer information, intellectual property, computer software, etc.);
- 1.4. treat the name, logo and symbols of the Company and its cooperation partners with respect;
- 1.5. oppose injustice, dishonesty, immoral behaviour and evil;
- 1.6. act professionally, productively, keep one's given work and perform one's responsibilities, promises and obligations in good faith;
- 1.7. maintain decent, respectful, kind, helpful, reliable, honest, open, but at the same time business-like mutual relations, prevent ridicule, slandering, arrogance, intimidation, mobbing against each other;
- 1.8. equally treat any other employee of the Company, lower or higher rank employee, manager, avoid discriminating based on race, ethnical origin, sex, age, sexual orientation, religious, political or other beliefs, national or social origins, material or family condition, sexual orientation or disability;
- 1.9. express and defend one's opinion, thoughts, freedom of speech, but shall avoid misusing and spreading rumours;



- 1.10. admit one's mistakes, remedy them, be responsible for one's actions and the consequences thereof;
- 1.11. disallow situations or actions, when free access to information is being manipulated, denied or prevented, misleading the colleagues, shall prevent lies and fraud;
- 1.12. shall not allow manifestations of corruption and corrupted activities, dishonest competition by oneself, and shall report the Company management of the manifestations of corruption and corrupted activities, or dishonest competition of the partner or customer;
- 1.13. when expressing critics, shall do this constructively and openly, indicating faults, avoiding rudeness and insults to dignity and honour, base his/her interpretation and argument on specific facts;
- 1.14. shall not permit settling personal relations, namely, shall not use intrigues and hypocrisy as means of settling mutual relations or ensuring career or revenge as response to justified critics;
- 1.15. shall not misuse unawareness and mistakes of other colleagues, especially junior colleagues, and on the opposite – shall encourage their successful integration in the team;
- 1.16. continuously supplement knowledge and develop one's skills in the field of professional activity, ethics and communication with peers;
- 1.17. act and organize one's work so as to encourage compliance with the principles specified in this Code of Ethics and generally accepted norms of behaviour and moral.



2. Professional Ethics of Employees



- 2.1. **Loyalty** – The employee shall be loyal to the company, shall comply with its goals of activity and core values, also, when representing the company outside the working hours, refrains from publicly criticising the company. The employee must not disseminate negative, false or unverified information of the Company, its products, employees, customers and cooperation partners, third parties and/or in the Internet portals and social networks. The employee shall act so as to preserve and encourage the trust of the customers, cooperation partners and other persons in the Company.
- 2.2. **Professionalism and responsibility** – The employee shall perform his/her obligations in a professional manner, with maximum devotion and sense of responsibility, accurately and honestly, in compliance with the work performance deadlines. Everyone shall be customer-oriented in their work. Everyone shall be responsible towards colleagues and management at work. The employee shall inform the colleagues and share experience on professionally current issues, which might be of use to other employees. The employee shall not disturb other colleagues during performance of their job responsibilities with discussing of such matters, which do not concern job responsibilities, goals of the department and functions to be performed.
- 2.3. **Honesty** – The employee shall use the trust granted to him/her only for the interests of the Company and shall not use his/her position to unfairly benefit himself or another person. The employee shall refrain from any action that could harm his or her professional integrity, objectivity, neutrality, as well as refrain from engaging in any activity that may be contrary to the interests of the company or that may interfere with the performance of the employee's duties. The employee shall not highlight his success at the expense of others and shall not pass on his guilt to his colleagues.
- 2.4. **Collegiality** – The employees shall support each other. Only work relations are permitted during work. The employees may share and encourage only positive

example and experience among themselves. The employee shall not permit and support any un-collegial relations, shall attempt to prevent such situations, if he/she notices signs of such relations among colleagues – intrigues, mood swings, rumours, slander, hypocrisy and vanity. The employee shall not permit humiliation, ignorance or other kind of harm to the prestige of colleagues or the Company. The employee shall take care of successful integration of new colleagues in the Company work and shall not deny advice and practical help.

- 2.5. **Confidentiality** – In all his activities, the employee shall respect confidentiality and take care of the protection of information at all levels of the Company's operations. The employee is obliged to observe the protection of information, not to use confidential information for purposes not intended for it, for his or her own benefit or for the benefit of any other person, not to copy it, not to disclose it to other persons or use it other than to fulfil obligations specified in the employment contract.



3. Responsibility of the Company and Management in Encouraging of Professional Ethics

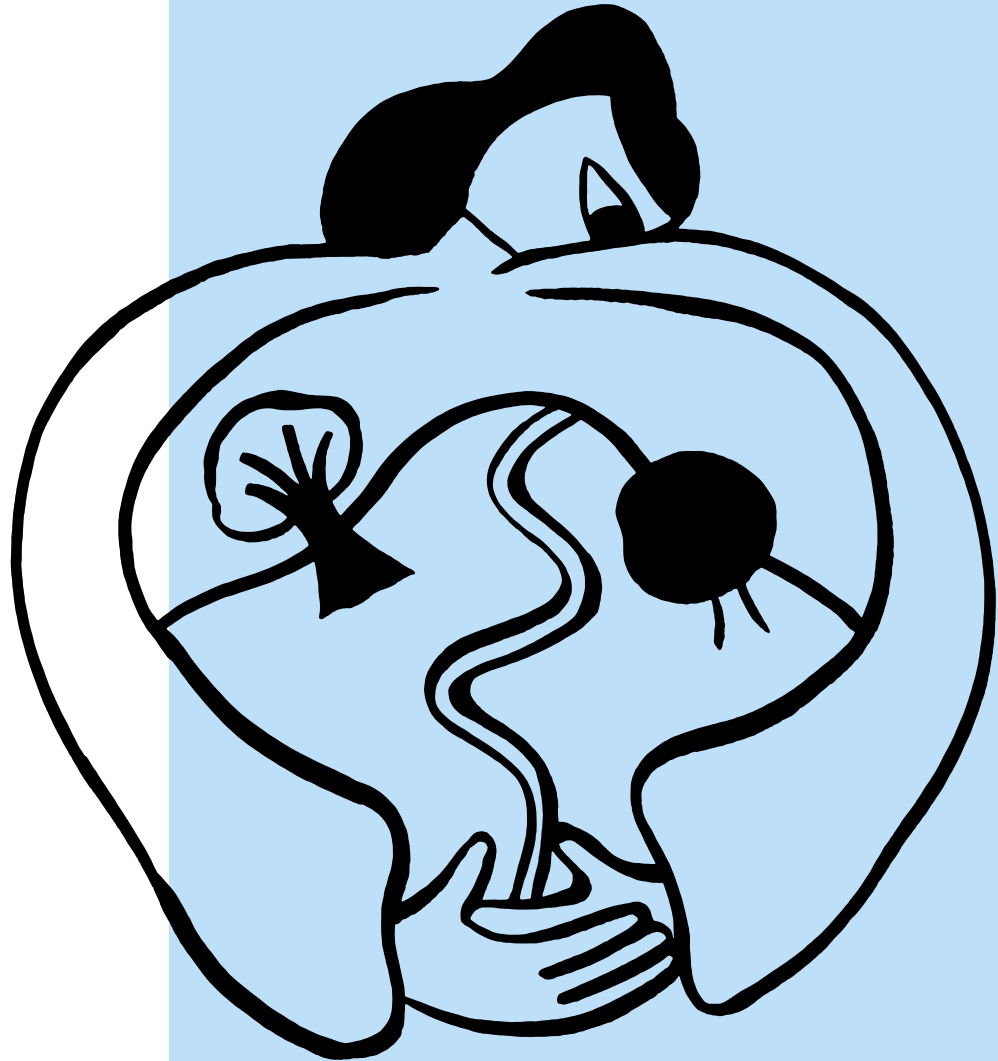


- 3.1. The Company management shall act and organize the work so as to implement compliance with the principles specified in this Code of Ethics and generally accepted norms of behaviour and moral.
- 3.2. The head of the unit or the Board shall consider any received complaint, including, but not limited concerning a colleague, any process, cooperation partner, whether or not it has been expressed verbally or in writing, and to the extent possible verify whether it is objective, by involving another party – a colleague, cooperation partner (if possible), to give an opinion of the particular situation.

4. Work Environment and Labour Protection

Taking into account that the Company has created a labour protection system compliant with the form of commercial activity and the Company maintains a safe, protected and healthy work environment, every employee:

- 4.1. shall comply with the principles of safety, health and environmental protection in his/her daily work;
- 4.2. shall promote work environment so as to mitigate the adverse risk effect of the work environment and eliminate its causes;
- 4.3. to the extent possible shall use and improve environmentally friendly technologies, ensuring compliance with the environmental protection requirements and standards;
- 4.4. to the extent possible shall use consumption of various natural resources, rationally using the available resources and optimizing various commercial activity processes;
- 4.5. shall be obligated to get involved in and contribute to these environmental and resource economy processes.





5. Conflict of Interest



- 5.1. A conflict of interest is a situation, where within the framework of performance of job responsibilities an employee must make a decision, initiate or otherwise participate in decision making or perform other activities related to his/her position, which affect or may affect the personal or material interests of the employee himself/herself, his/her relatives, persons with whom he/she shares a household or business partners.
- 5.2. The conflict of interest may manifest in three manners: real, potential and alleged conflict of interest.

- 5.2.1. **Real conflict of interest** – the employee is actually within a situation of conflict of interest, i.e., the private interests affect the decisions and actions of the employee upon performance of job responsibilities or performance of job responsibilities affects the private interests.

The employee must not perform job responsibilities in situation of real conflict of interest.

In the event of real conflict of interest, the line manager of the employee shall be informed who will evaluate the situation and make the decision on how to eliminate the conflict of interest and ensure timely and qualitative performance of the job to be performed by the employee.

Sanctions may not be applied to the employee, if he/she informs of real conflict of interest, but these are possible to be applied for performance of job responsibilities in situation of real conflict of interest.



5.2.2. **Potential conflict of interest** is a situation, where real conflict of interest has not yet occurred at particular moment, but it is probable that it might occur in the future.

In the event of potential conflict of interest, the line manager of the employee shall be informed who will evaluate the situation and make the decision for the employee to refrain from performance of particular activities or performance of obligations, by assigning them to another employee or by ensuring rotating of employees.

5.2.3. **Alleged conflict of interest** is a situation, where it seems or may seem to the outside observer that the employee may appear to be in a conflict of interest. It gives or may give the impression that the employee might not be objectively able to make a decision or perform his/her job responsibilities in good faith.

5.2.4. An alleged conflict of interest may negatively affect the trust in the employee or the company. In the event of alleged conflict of interest, the line manager of the employee shall be informed who will evaluate the situation and make the decision on how to proceed, allowing the employee to continue the particular task, assigning it to another employee or handling it otherwise.

5.3. The employee, upon performance of job responsibilities, may not make a decision or participate in making of a decision, or undertake other job related activities, if he/she:

5.3.1. in a kinship up to the third degree or in an in-laws relationship up to the second degree, or in a business relationship with one of the parties involved;

5.3.2. is personally directly or indirectly interests in the outcome, or if there are other circumstances, which cause reasonable doubt of his/her objectivity.

6. Implementation and Performance of the Code of Ethics



- 6.1. In order to comply with the defined principles and values, the Company shall:
- 6.1.1. **Encourage creative potential, improvement of professionalism and rational activity.** The Company shall support such organization of work in order to use the creative potential of every employee as productively as possible and to improve it for more efficient performance of job responsibilities.
 - 6.1.2. **Mutual ethical communication.** The Company shall support and promote respect, trust and business relationships in employee interaction regardless of position, as well as ensures an ethical business environment.
 - 6.1.3. **Prohibition of conflict of interest.** The Company shall in its activity prevent situations of conflict of interest.
 - 6.1.4. **Prohibition of corruptive activities and fraud.** The Company shall create an ethical business environment and prevent fraudulent or corruptive activities.
 - 6.1.5. **Responsibility in work safety and health protection.** The Company shall ensure safe work environment to its employees and contractors.
 - 6.1.6. **Reasonable protection of information and communication.** The Company shall protect the information at its disposal, not disclosing confidential information as well as any other information, which has not been intended for public access. The Company shall encourage constructive dialogue, observe the principle of openness in communication to the extent that it does not contradict the information protection restrictions applied in the Company.
 - 6.1.7. **Protection of Privacy.** The Company shall not disclose the employee data and other personal information, and shall respect the privacy of the

employees, and shall not restrict the private activities of the employees outside the working hours to the extent that these are not associated with the Company.

- 6.2. This Code of Ethics shall be binding to every employee and it shall be considered as integral part of the Rules of work procedure. Therefore, a violation of the Code of Ethics shall be deemed as violation of the Rules of work procedure.
- 6.3. Compliance with the norms of the Code is one of the criteria for evaluation of an employee and shall be taken into account when considering the advantages of the employees in previous recruitment competitions and maintenance of work relations.
- 6.4. If an employee or manager in their mutual communication with other colleagues sees a violation of this Code of Ethics, he/she may directly refer to this Code of Ethics and decently, respectfully and collegially note, explain to the colleague the violation of the clause of the Code of Ethics committed by the colleague in the opinion of the employee or the manager.
- 6.5. If a colleague continues to fail to comply with the terms of this Code of Ethics, the employee shall report the actions of the colleague to his/her line manager or use other information exchange resources at the disposal of the company. The line manager, unless the current situation regarding the failure to comply with the clause of the Code of Ethics takes place within the limits of the business unit, shall contact the manager of the business unit of the colleague and they both together shall objectively clarify the situation of violation of the terms of the Code of Ethics and find a solution.
- 6.6. If for any reason this situation is not resolved or is resolved without any result or cannot be resolved (for example, in the opinion of the employee, the violation of this ethical standard has been committed by the head of the unit), the employee has the right to complain to the Human Resource Department regarding the violation of the Code of Ethics.



