



SMS POLICIES

**BRIBERY AND FACILITATION PAYMENT
POLICY**

Policy Number: SMS/POL/018-00

SMS PHARMACEUTICAL LIMITED

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BRIBERY AND FACILITATION PAYMENT POLICY

Introduction

This policy emphasizes SMS Pharma zero tolerance approach to bribery and corruption. It establishes the principles with respect to applicable Anti-Bribery and Anti-Corruption laws. The policy provides information and guidance on how to recognize and deal with bribery and corruption issues. It guides us to act professionally, fairly and with utmost integrity in all our business dealings and relationships, wherever we operate.

1. Governance

- i. General Manager - HR shall undertake periodic review and update this policy to reflect applicable law(s) and /or latest notifications released by the regulating authorities from time to time.
- ii. Any changes to this Policy shall be tracked and documented for future reference and all changes shall be performed by the General Manager – HR.
- iii. General Manager – HR shall monitor the effectiveness and review the implementation of the compliance principles set forth in this Policy, regularly considering its suitability, adequacy, and effectiveness.
- iv. Associates are responsible for the successful implementation of the principles set forth in this policy and should ensure they use it to disclose any suspected concern or wrongdoing.
- v. Any violation of this policy may have significant consequences, including potential prosecution, fines, and other penalties for improper conduct, as well as imprisonment and/or disciplinary action up to and including termination of the concerned.

2. Scope and Applicability

- i. The principles set forth in this policy are applicable to all Associates and Business Partners across SMS Pharma Entities. It is, therefore, the responsibility of all Associates and Business Partners to follow and adhere to all elements described in the Policy.

3. Policy Framework

3.1. Bribe, Facilitation Payments or Kickbacks

- i. SMS Pharma prohibits all forms of bribery and corruption whether involving, but not limited to, Government Official or a private sector person or company and whether directly or indirectly.
- ii. SMS Pharma conducts its business lawfully and ethically and expects everyone associated with it to conduct its business with integrity regardless of the existence of any local customs or traditions that may question integrity.
- iii. No Associate shall ever directly or indirectly offer or pay, or authorize an offer or payment, of money or anything of value to a government official, Healthcare Professionals, or any other person or entity (including in the private sector), which is:
 - Intended to influence the judgment of the recipient in exercising his or her job responsibilities
 - Intended to secure preferential treatment or an improper advantage for SMS Pharma
 - Intended as gratification for the recipient having decided or acted in a way that benefited SMS Pharma.
 - Directly or indirectly request or accept any money or item of value, which is:
 - Intended to influence the judgment or conduct of an Associate in his or her job responsibilities, or
 - Intended as gratification for a decision or act in a way that benefits the person or entity giving the item of value.
- iv. SMS Pharma (or any of its Associates) does not make or accept, Facilitation Payments or Kickbacks of any kind. All Associates must avoid any activity that may lead to or suggest that a Facilitation Payment or Kickback will be made or accepted by SMS Pharma.
- v. If any Associate is asked to make a payment on behalf of SMS Pharma, he/she should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. Associate should always ask for a receipt that details the reason for the payment. If case of any suspicion, concern, or query regarding a payment, raises these with the General Manager – HR without delay or hesitation.
- vi. Following are few indicative examples of bribe which any Associate should refrain from exercising:

- **Offering a bribe:** You offer tickets to a potential client of a major sporting event, but only if they agree to do a business with us. This would be an offence as you are making the offer to gain a commercial and contractual advantage. SMS Pharma may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential client to accept our offer.
- **Receiving a bribe:** An agent gives your nephew a job but makes it clear that in return they expect you to use your influence in SMS Pharma to ensure we continue to do business through them. It is an offence for an agent to make such an offer. It would also be an offence for any Employee to accept the offer to gain a personal advantage.
- vii. Any “red flags” or potential “red flags” observed by any Associate should be notified to the General Manager – HR as soon as possible. This should cover both actual and suspected conflict with the compliance principles, set forth in this policy.

3.2. Government Officials (GO) and Potentially Influencing Government Officials (PIGO)

- i. It is our responsibility to conduct operations and activities in compliance with applicable Anti- bribery and Anti-Corruption Laws, which prohibits improper/unethical payments to Government Officials. Any payment or benefit conveyed to a GO must be fully transparent, properly documented, and accounted for.
- ii. SMS Pharma imposes special requirements, including determination as to whether a Government Official is a PIGO, and if so, additional evaluation and approvals are required. Additional data may also be needed when a transaction is proposed with a PIGO that can influence decisions to purchase any drug on a national/regional level or the inclusion of any drug within Government sponsored programs.
- iii. Examples of decisions made by PIGOs include, but are not limited to:
 - approval of product registration or licenses or marketing authorizations,
 - approval of pricing or reimbursement of a product,
 - awarding public tenders for government sales or contracts,
 - including products within drug or product formularies or rotation schedules,
 - recommendations for any drug to be included in government sponsored programs, and granting licenses or permits required to operate or conduct business (i.e., by regulatory agencies).

- iv. Any “red flags” or potential “red flags” observed by any Associate should be notified to the General Manager – HR as soon as possible. This should cover both actual and suspected conflict with the compliance principles, set forth in this policy.

3.3. Dealing with cross-border transactions with GOs and Health Care Professionals (HCPs):

- i. When engaging in a cross-border transaction, unless otherwise specified in this Policy, Associates must ensure compliance with local laws in the GO/HCP’s Home Country. The interaction or transaction also must be permitted in the initiating Associate’s country and in the country where the interaction or transaction is reasonably expected to occur.

3.4. Gifts, Hospitality and Entertainment

- i. SMS Pharma acknowledges that exchange of nominal gifts and sharing of entertainment is customary in many parts of the world during national, cultural, and religious occasions.
- ii. The giving or receipt of gifts by Associates is not prohibited, if following requirements are met:
 - No quid pro quo – There must always be a legitimate business purpose to support gifts related expenses. Customary gifts, meals, entertainment, travel or lodging may never be given or received in return for a favour/ favourable treatment or to refrain from doing something disadvantaging SMS Pharma.
 - It complies with all applicable Anti-bribery and Anti-corruption laws.
 - It is given under the brand name of SMS Pharma, and not in the name of any Associate.
 - It does not include cash or a cash equivalent (such as gift certificates or vouchers).
 - Considering, the reason and nature of the gift, it is of an appropriate type and value and given at an appropriate time.
 - It is given openly, not secretly and
 - Gifts should not be offered to, or accepted from, GO or representatives, or politicians or political parties without seeking an opinion of the Chief Compliance Officer.
- iii. The test to be applied is whether in all the circumstances the gifts, hospitality and entertainment is modest, desirable, reasonable, and not viewed as lavish regardless of actual monetary value and justifiable.
- iv. Associates cannot accept any gifts in cash or kind, except owing to the customary or religious practices followed by any third party. Associates need to exercise professional judgment in identifying inappropriate, frequent, or material gifts and entertainment and shall avoid the same to maintain integrity and independence.

- v. This policy does not intend to prohibit normal and appropriate hospitality (offered and received) to or from third parties, only if Associates or personnel of the third-party organization offering the hospitality are in attendance. Hospitality limited to meals, drinks and other such sustenance may be offered without prior approval if it is reasonable and justifiable in all the circumstances, taking into account reason and nature, appropriate type, value, given at an appropriate time and not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits.
- vi. Hospitality involving attendance at sporting events or private boxes at sporting events should not be offered or accepted without seeking prior opinion of the General Manager – HR.
- vii. We recognise that in relation to gifts and hospitality referred to above, what is considered acceptable will vary from country to country and from region to region and what may be normal and acceptable in one country/region may not be in another. In countries where there are specific limits of monetary value prescribed under local law or policies defined, Associates should obtain prior approval from the business finance head and the business unit head. In countries where there are no specific limits of monetary value prescribed under local law or policies defined, Associates should obtain prior approval from the business finance head, the business unit head and the General Manager – HR.
- viii. In case any SMS Pharma Associate receives or offers a hospitality or gift, it should be declared via a written record for review by the Chief Compliance Officer. The information should be given to the General Manager – HR in the form “Declaration for Gifts, Business Entertainment and Hospitality”.

3.5. Extortion

- i. When a payment is extorted by an imminent threat to the safety of an Associate or his/her family members, the demanded payment may be made. However, once the immediacy of the situation has been resolved, the payment must be reported to the General Manager – HR, including information on the circumstances and amount of the payment. Any such payment always must be accurately and completely recorded in SMS Pharma books and records.
- ii. SMS Pharma Personnel will not be in breach of this policy in respect of any payment made for reasons of personal safety and security. Where possible any such payment should only be made after consultation with General Manager – HR. Where not possible, such payment should be reported subsequently.

3.6. Donations

- i. SMS Pharma may make charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without seeking the prior opinion of the General Manager – HR. Associates may, in their personal capacity, make donations that are legal and ethical under local laws and practices. It is recommended that all such donations or contributions are documented with a receipt.

3.7. Business Partners

- i. We understand that various applicable anti-corruption and anti-bribery laws make SMS Pharma Entities responsible for the acts of our Business Partners and others acting on our behalf. Therefore, no Business Partner, acting on behalf of SMS Pharma may engage in any act that could be construed as bribery or corruption – whether using SMS Pharma funds or their own personal funds or whether acting directly or through a middleman. SMS Pharma expects all those acting on our behalf to abide by our standards of ethics and integrity and, where necessary and appropriate, to follow our procedures.
- ii. While engaging with Business Partners, Associates should ensure that they comply with SMS Pharma Anti-Bribery and Anti-Corruption Policy.
- iii. If any Associate becomes aware that Business Partner is engaged in bribery or corruption, that Associate should immediately report his/her concern following the procedure set out in our “Whistle-Blower Policy”.

4. Books, Records, and Internal Controls

- i. SMS Pharma is required to keep accurate books and records and to maintain internal controls to prevent and detect potential violations of our policies or of applicable laws. Internal controls are processes that monitor compliance with the company’s policies. SMS Pharma has appropriate controls to ensure that diligence is conducted, transactions properly approved, documentation received to support expenses, and interactions handled as required by our policies. SMS Pharma shall also use proactive reviews, audits and internal investigations to further monitor compliance and to identify any potential areas to enhance.
- ii. All Associates must ensure that all payments and transactions of the SMS Pharma Entities, regardless of value, are recorded accurately with appropriate documentation. For example, in connection with every transaction, you must ensure that all required pre-approval forms, questionnaires, self- assessments, agreements with Business Partners and expense reports, with supporting documents, are maintained and recorded properly. These requirements also apply to every expense regulated by this policy, such as Gifts, meals, travel or other permitted expense.

- iii. Always err on the side of including more information about a transaction or an expense, rather than less. The goal is to ensure that the SMS Pharma Entities' books, records and accounts accurately and fairly reflect our transactions in reasonable detail. Transparency and completeness in our records help demonstrate our compliance with this policy and with applicable laws and regulations. For example, submitting an expense voucher for a meal and failing to note that Government Officials attended the meal, may be viewed as creating an inaccurate corporate record. Creating a paper trail through emails or other documents after an expense was incurred to give the appearance that the expense was pre-approved also may be viewed as creating an inaccurate corporate record or falsifying documents.
- iv. If any Associate realizes that he/she mistakenly failed to provide complete information about a transaction or expense, he/she must escalate it to his/her supervisor immediately. Trying to hide this mistake or falsifying of records should be avoided by Associates. It is best to be open and honest about the issue and work transparently with a supervisor in trying to correct it properly in SMS Pharma books and records. If an Associate becomes aware that SMS Pharma books and records do not accurately reflect a transaction or expense, Associate must report this issue immediately.
- v. Records and documents generated in connection with the principles set forth in this policy, including, but not limited to, any diligence files and contracting documents, must be maintained and stored for the period specified in the Data retention policy.

5. Raising a concern and Protection

- i. All SMS Pharma Associates are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If they are unsure whether a particular act constitutes bribery or corruption, or if they have any other queries, these should be raised with the General Manager – HR. Concerns should be reported by following the procedure set out in “Whistle-Blower” policy.
- ii. An Associate who refuses to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. SMS Pharma aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.
- iii. SMS Pharma Entities will ensure that no one will suffer any detrimental treatment because of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavourable treatment connected with raising a concern. If any Associate believes that he or she has suffered any such treatment, he or she should inform the General Manager – HR immediately.

If the matter is not remedied, then Associate should raise it formally to the General Manager – HR.

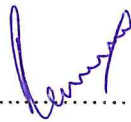
11.Company Rights:

The company reserves the right to amend or rescind, in whole or part, this policy at any time and without notice.

12.Effective Date:

This policy shall be effective upon approval and shall remain in effect until superseded or revised by subsequent policy changes.

Authorized Signatory



Ramesh Babu Potluri

CMD- SMS Pharmaceuticals Limited

