



CODE OF CONDUCT

TRANSPARENCY | ACCOUNTABILITY | RESPONSIBILITY | OPENNESS

LETTER FROM OUR CHAIRMAN

Dear Colleagues,

For more than half a century, Taro Pharmaceuticals has been dedicated to developing, manufacturing, distributing, and marketing pharmaceutical products. As such, we help to restore health and protect against disease. To uphold our proud history, we have a responsibility to our business, our customers, and the communities we serve to maintain the highest standards of excellence, safety, and quality for our products.

As a Company, we are all expected to act ethically and comply with all applicable laws and regulations that govern our business. This Code of Conduct—together with our Compliance Policies—will help us achieve that goal. Our Code is designed to educate all Taro employees as well as our external stakeholders about our standards of conduct. It also explains and reaffirms our commitment to fair and honest dealing, creating safe and high quality products, and maintaining reliable financial records and accounts.

Everyone at Taro is expected to cooperate with Company requests or instructions regarding the Code of Conduct and Compliance Policies, including participation in training. You should always feel free to come forward with questions or concerns about our Code or policies. Remember that you will never face retaliation for asking a question, reporting potential misconduct in good faith, or participating in an investigation.

Taro will continue to maintain the highest standards of quality, safety, and excellence for our products around the world, while also acting responsibly and with integrity. In turn, you are responsible for upholding and maintaining Taro's good name, and only engaging in conduct that preserves the trust of our customers and ensures our continued lawful business operation.

Thank you for your contribution to our Company.

Dilip Shanghvi

Chairman

Taro Pharmaceutical Industries Ltd. includes direct or indirect subsidiary companies, and is also referred to as "Taro," "Taro Pharmaceuticals," and the "Company" in the Code of Conduct and Compliance Policies.

PILLARS OF COMPLIANCE

Transparency

We are honest and forthcoming with our colleagues at Taro, our business partners, our customers, and the public to maintain open communication channels.

Accountability

We hold ourselves to the standards set for companies like ours and follow the laws, regulations, and other rules that apply to us.

Responsibility

We take pride in using good judgment and ethical behavior when we make decisions for ourselves and our Company. When we do make a mistake, we accept responsibility and strive to solve the problem.

Openness

We work cooperatively, recognizing and giving appropriate credit for the contributions of others. We encourage open communication amongst our colleagues and emphasize a continual dialogue.



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INTRODUCTION

USING THE TARO CODE OF CONDUCT

At Taro, we take pride in developing, manufacturing, distributing, and marketing products that restore health and protect against disease. Because of the importance of our work and the lives we have the potential to affect, we aim to conduct business ethically in all that we do. Our values remind us of the right way to do business, and we believe that our ethical choices propel our success.

Our Code of Conduct is a guide to help us achieve our goals with integrity. You should turn to it whenever you face an uncertain ethical decision or witness behavior that might violate our standards or the law. This document lays out a number of common issues that you may encounter in the workplace and provides guidance for how to navigate those situations. It also points you to resources—such as related policy documents and people who can clarify them if necessary—you should turn to if you are still unsure of the right course of action.

As a global and growing Company, know that this Code applies to all Taro employees at all levels, wherever in the world we work. This includes employees, contract employees, officers, and directors. Taro also expects that our suppliers, agents, business partners, consultants, and licensees will follow similar principles. We will not knowingly do business with companies who violate our standards.

In addition to what is set forth in this Code, all of us at Taro are responsible for knowing and following the laws and regulations that apply to the work we do around the world. You are expected to be familiar with the rules and regulations that affect your particular job. If there is ever a difference between local law or custom and the principles in our Code, seek guidance from the Legal department *before* taking action.

Our Code sets the framework for compliance at Taro and makes a statement about the kind of Company we are. Our customers, business partners, investors, and the end-users of our products can feel confident knowing we follow the highest standards of ethical behavior. By clearly laying out our values and expectations, this Code allows our stakeholders—both within and outside our Company—to understand how we intend to succeed.

INTRODUCTION

OPEN DOOR POLICY

Taro employs an open door policy, which brings together our values of integrity, responsibility, and openness. It means that managers at Taro are here to listen to suggestions about ways to improve the workplace, address concerns, and help the employees who report to them find solutions. At Taro, we seek to foster an atmosphere of teamwork and mutual respect between all levels of personnel at our organization.

It also means that all employees should feel comfortable raising concerns or making reports about potential misconduct. If you are bothered by behavior you see at Taro, you should speak up, even if you are not certain it violates our Code or the law. Employees will never face retaliation for making a report in *good faith*. A good faith report means your intentions are honest, and you report all that you know about the event. *Retaliation* is any act against someone who makes a good faith report or participates in an investigation. It can include (but is not limited to) demotion, harassment, firing, or an unwelcome change in job responsibilities as a result of a person making a report about real or perceived misconduct or participating in an investigation. All forms of retaliation are strictly prohibited at Taro.

If you believe that you, or another colleague, have faced retaliation for raising a good faith concern, you should contact Corporate Compliance, Human Resources, the Legal Department, or a member of management.

RAISING QUESTIONS AND CONCERNS

WHY IS IT IMPORTANT TO REPORT?

When you report potential wrongdoing or raise questions about ethical concerns, it helps Taro correct problems before they become widespread issues for our Company or the individuals involved. Your reports and questions also help our Company refine its policies and training to clarify areas that are commonly misunderstood. Most importantly, coming forward with your concerns gives Taro the opportunity to make our Company a better, more transparent, and more ethical place to work.

WHO SHOULD I CONTACT?

There are a number of ways you can raise a concern. Taro's focus on openness and integrity means that the following options are always available to you:

- Your manager or another senior manager
- The Human Resources Department
- The Legal Department
- A member of Corporate Compliance at compliancehelp@taro.com or +1 (914) 345-9001, extension 6102

If you would rather report anonymously (where allowed by law), you may use our EthicsPoint hotline, which is staffed by a third party and available around the clock. Simply follow the instructions for "Making a Report" at www.taroethicshelpline.com or call +1 (888) 337-3095.



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You may also fax your concerns to +1 (914) 345-9285 or mail them to the following address:

Corporate Compliance
Taro Pharmaceuticals U.S.A., Inc.
3 Skyline Drive
Hawthorne, NY 10532 U.S.A.

Anonymous correspondence should be addressed to "Corporate Compliance" and placed in a sealed envelope, or behind a fax cover page, marked "Confidential."

CONFIDENTIALITY

No matter how you choose to report, rest assured that Taro will do its best to maintain your confidentiality to the extent permitted by law. Our Company will also always uphold our commitment to non-retaliation.

INVESTIGATIONS AND DISCIPLINE

Taro takes violations of our Code and the law seriously. Our Company will promptly and thoroughly investigate all allegations of wrongdoing. Because our Code sets the framework for our ethical culture and reputation, Code violations may result in serious disciplinary action, which may include termination of employment. As necessary, Taro may also report violations to the appropriate authorities for civil and/or criminal prosecution.

Be aware that knowingly making false accusations is also a violation of our Code.

FURTHER EXPECTATIONS FOR MANAGERS

While we are all expected to uphold this Code, if you are a manager at Taro, you have additional responsibilities for setting a tone of compliance within our Company. Leading by example is the most effective way to promote a culture of compliance. Also, ensure the employees who report to you are familiar with our values, Code, and policies, and know where to turn when they have questions. Maintain an open-door environment where employees feel safe and comfortable coming to you with questions or reports. If issues are beyond your ability to solve, be sure to take the necessary steps to report them to someone who can intervene. Finally, communicate regularly both with the employees who report to you and to others at Taro about ethics and compliance so that it is a regular part of our culture.





FOCUSING ON THE HEALTHCARE INDUSTRY

PRODUCT SAFETY AND QUALITY

Our number one commitment will always be to the people who use our products. We are ethically and legally obligated to ensure the quality of our products meets the highest safety standards. We implement certain controls to ensure our facilities meet good operating practices. As such, Taro is committed to the following activities:

- Operating and maintaining Taro facilities and equipment in a manner that is suitable for the intended use and follows good manufacturing practices.
- Employing an adequate number of qualified persons to manufacture, process, package, and distribute products.
- Conducting all operations under properly controlled and monitored conditions.
- Assuring the effectiveness, identity, strength, quality, purity, labeling, and packaging of products.
- Ensuring that products are maintained and distributed under controls that are designed to keep controlled substances and other susceptible products secure from theft or misuse.
- Conducting training programs for employees on current good manufacturing practices for pharmaceuticals and chemicals, as well as programs on procedures for handling drug samples and hazardous materials.
- Segregating and withdrawing from distribution any batches of pharmaceuticals that fail to meet applicable release specifications or that do not conform to conditions of approval in their applications.

FOCUSING ON THE HEALTHCARE INDUSTRY

We are also all responsible for reporting any safety, quality, or performance issues concerning any of our products or processes. Our commitment to public health means that we always handle product complaints promptly and according to appropriate Company procedure. If you receive or personally know about a product complaint of any kind, in addition to carrying out your role in our procedure, be sure to report the complaint as soon as you become aware of it. Taro takes all product complaints seriously, which means that we investigate them quickly and thoroughly.

This includes responding promptly and responsibly to adverse drug experiences. An *adverse drug experience* is any unfavorable, unintended event associated with the use of a drug in humans, whether or not considered drug related. Adverse drug experiences can occur in many situations, including the following:

- In the course of using a drug product in professional practice
- Drug overdose whether accidental or intentional
- Drug abuse
- Drug withdrawal
- Any failure of expected pharmacological action

You must report any suspected adverse drug experience immediately to Drug Safety, in accordance with our Company's internal control procedures.

If you have any questions or concerns relating to product safety and quality, you should contact your manager, Quality Affairs, or Drug Safety. In addition, you may reference our *Policy on Drug Safety* for more information.

HOW TO CONTACT DRUG SAFETY

CANADA:

- » by phone: 905-790-5159
- » by fax: 905-791-0236
- » by email: PVCanada@taro.ca

FOR EXTERNAL CUSTOMERS:

- » by phone: 1-800-268-1975
- » by fax: 1-866-712-0001
- » by email: customerservice@taro.ca

ISRAEL:

- » Tel: 972-4-8475889
- » Fax: 972-4-8475717
- » Email: drug.safety@taro.co.il

U.S.A.:

- » Tel: 1-888-TARO-USA (1-888-827-6872) or 1-914-345-9001 ext. 6066
- » by fax: 1-866-681-1063
- » by email: drugsafety@prosarcorp.com

**Clinical Studies: Taro Safety contact, as provided in protocol*



FOCUSING ON THE HEALTHCARE INDUSTRY

QUESTION

Ruby is overseeing the first trial of a medicine that has been in development for a long time. She's very proud that it has finally made it to the trial stage. However, some trial participants have reported severe symptoms that could be caused by the drug or they could mean that the participants have a separate condition. Ruby doesn't want to delay the next stage of testing. Is it all right if she waits to see if the symptoms get worse?

ANSWER

No. Regardless of what has caused the symptoms, Ruby has a responsibility to report these adverse effects. If our tests and clinical trials are not conducted properly, with all results accurately recorded, at best, the drug may not be approved by regulators, and at worst we may actively endanger the very patients the drug is meant to help.

INTERACTIONS WITH HEALTHCARE PROVIDERS

In the U.S., various federal, state, and local laws restrict the ability of drug companies to give donations, grants, scholarships, and awards to members of the health care profession. In order to be transparent about our activities and avoid any illegal or inappropriate situations, any proposals involving the following should be referred to your supervisor or a Taro manager, as well as the North American Clearance Committee ("NACC," which comprises representatives from regulatory, marketing, legal, and outside consultants who review promotional material for compliance to regulations), for express, written approval:

- Hospital or medical institution fees for registering a Taro product for the first time
- Donating grants or awards to hospitals or other medical institutions for support of research and education
- Donating Company products for medical education and research (or other appropriate purposes)
- Grants and scholarships for students or training of health and medical professionals

Similar restrictions also exist outside of the U.S. Contact the Legal Department if you have any questions about the types of donations, grants, scholarships, and awards that are permissible.

FOCUSING ON THE HEALTHCARE INDUSTRY

FAIR SALES AND MARKETING

We work in an industry that has the capacity to improve peoples' lives. Because of the nature of our products, how we promote and market them is highly regulated. By making sure to only promote and market our products truthfully, we keep our reputation clear and build our customers' trust. You can help by:

- Communicating clearly so that you represent our products and all safety information fairly and accurately in order to provide fair balance. Be sure that you are not misleading, misrepresenting, or minimizing the truth in any way.
- Ensuring that any promotional information you use or distribute is accurate, complete, not misleading, and has been approved by Taro.
- Keeping all product claims consistent with country specific approved labeling and prescribing information.
- Never promoting Taro products *off-label*, or for any use other than what has been approved by regulators.

Just as our sales and marketing activities to the public are highly regulated, there are also specific rules we must follow that govern how we interact with healthcare professionals and medical institutions (together, "HCPs"). These rules ensure that HCPs are not pressured to use a particular company's product even if it is not the best choice for a particular patient. We all have a duty to make sure that Taro does not improperly influence HCPs when they make decisions about the use of our products:

- Never promise or provide anything of value for the purpose of encouraging or convincing any HCP to purchase, prescribe, use, or recommend our products. (Be aware that special country-specific rules may apply to samples and items of minimal value.)
- When compensating any HCP for their services (such as for speaker programs or other educational matters), the amount must be appropriate for the services provided and reflect fair market value.

As a responsible Company, it is also important for us to make sure that the research activities we conduct with HCPs are designed to fill a legitimate research need. Be sure you know and understand the more detailed policies and procedures that apply to your job, your location, and the situations you are likely to encounter.



FOCUSING ON THE HEALTHCARE INDUSTRY

PRICING

Taro will always make its own decisions about our Company's pricing policies and our dealings with customers. As Taro employees, we have a responsibility to avoid any discussion of pricing or territorial issues with competitors or industry representatives. Similarly, we never discuss our pricing, territorial strategies, and customer relationships with others. For more information, see the *Fair Competition and Antitrust Laws* section of this Code.

HEALTHCARE LAWS AND REGULATORY REQUIREMENTS

As a pharmaceutical company, Taro is committed to improving the quality of medicines and improving health and wellness everywhere. As part of that duty, Taro is careful to follow all of the various rules and regulations specific to our industry. These laws and regulatory requirements serve a range of purposes, such as eliminating fraud and ensuring that medical judgment doesn't suffer from improper influence. At their core, however, they are designed to protect patients and consumers, a goal Taro wholly supports.

From research and development to manufacturing, and distribution, each of us is responsible for knowing and complying with all clinical, regulatory, and legal standards that govern various aspects of our work. This includes the standards we follow for conducting clinical studies and marketing activities. Our focus on integrity and accountability means that we also take care to meet or exceed the requirements for good manufacturing practices, proper labeling and advertising, and other required product regulations.

You must be familiar with the standards that apply to your business and your role. By following Taro policies, you will ensure your compliance with all laws and regulations relating to the conduct of our business. If you have questions about which laws, regulations, policies, or industry standards apply to your work, contact the Legal Department.





FOCUSING ON OUR GLOBAL MARKETPLACE

MARKETING INTEGRITY

As part of Taro's commitment to fair competition, we abide by all laws that apply to our marketing activities. This means we do not use unfair or deceptive sales or marketing practices such as:

- False or misleading advertising, or any other form of misrepresentation related to sales
- Bribing competitors' or customers' employees, distributors, or healthcare professionals
- Unfair, misleading, or untrue comments about competitors' products

Those of us in sales, marketing, medical, and regulatory functions must be familiar with Taro policies and procedures on labeling, promotional programs, product samples, and other relevant topics. Contact a member of the Legal Department or Corporate Compliance if you have questions about which policies, procedures, laws, regulations, or industry standards apply to your work.

QUESTION

Nathan is meeting with representatives from several hospitals in his sales territory. His presentation on Taro's new product goes very well, and the hospital representatives have good questions. Nathan thinks that the business he could bring in today will likely raise his sales high enough that he will be eligible for a bonus. At the end of the presentation, one hospital executive asks if the product can also be used to treat a condition Nathan hadn't mentioned. Everyone in the room seems very interested in his answer, and Nathan hates to admit that no studies have been done on this yet. What if this keeps him from getting his bonus? What should Nathan do?

ANSWER

Nathan must tell the full truth—that those tests have not been done, and the drug is not approved for this condition. Taro is committed to never engaging in off-label promotion. Our honesty and careful accuracy about what a product has or hasn't been approved for could prevent a patient from receiving the wrong medical treatment, and could even save a patient's life.

FOCUSING ON OUR GLOBAL MARKETPLACE

PROTECTING THIRD PARTY INFORMATION

In this industry, information is critical to success. We work hard to protect our own brands and information, and we do the same for the third parties with which we work. Whether we receive the information inadvertently or through a relationship with another company, we have a duty to use it only in ways that we have written permission to use it.

If you receive another company's confidential information and you do not believe (or are not sure) that you have permission to have it, contact the Legal Department immediately.

FAIR COMPETITION AND ANTITRUST LAWS

We believe in competing vigorously, but always fairly. Taro's products and processes succeed based on quality, not through belittling the competition or breaking the rules. This means we do not disparage or make untrue statements about our competitors' products or services. Instead, we stress the advantages that Taro offers, making only fair and accurate comparisons between our offerings and those of our competitors. Because we value accountability, we concentrate on anticipating and satisfying our customers' needs, and we will not seek to limit the competitive opportunities of our rivals in deceitful or fraudulent ways.

Although it is important to know what our competitors are doing in order to remain competitive, we must always use ethical, legal means of obtaining information about our competitors. For example, press releases, news stories, and public filings are good ways to learn about our competitors' business.

Competing fairly also means we are accountable for following the various competition and antitrust laws in place in the countries where we do business. These laws exist to ensure that consumers can get the best value on the products and services they purchase. Competition laws are complex, and most of us are not expected to know all of their details. All of us are, however, expected to know and adhere to the rules at Taro. As a Company, we must make independent business decisions, not in concert with other companies.



FOCUSING ON OUR GLOBAL MARKETPLACE

This means we do not discuss any of the following topics with our competitors:

- Prices or price-fixing
- Customer or market allocation
- Bids or bid-rigging
- Any topic that seems to be about restricting competition

If a competitor attempts to engage you in a discussion on any of these topics, make it clear that you do not wish to participate. Leave the conversation immediately, and report the matter to Corporate Compliance. Under competition laws, even the *appearance* of wrongdoing can cause trouble for our Company. If you have any questions about whether a discussion or activity is acceptable, bring your concerns up with the Legal Department.

QUESTION

Keith is at a conference where he meets Jeff, his counterpart at one of Taro's competitors. They are talking about the interesting things they've learned at the conference when Jeff mentions that a particular panel was especially interesting to him because of a new antidepressant that his company plans to begin marketing soon. Keith remembers that Taro is working on a similar drug, and he knows that if both drugs become available at the same time, neither one will sell quite as well. Can Keith ask Jeff to avoid certain markets that are vital for Taro?

ANSWER

No, Keith must not suggest or agree to divide the market in any way. Making any agreement that restricts competition is in direct violation of competition laws. Remember, we should never discuss pricing or other confidential information about Taro's products or business with a competitor, since even the appearance of price fixing or other anti-competitive behavior could have serious consequences for you and our Company. It's best to be cautious when dealing with competitors and ask for advice if a questionable situation ever arises. Keith should also report the conversation to the Legal Department as soon as possible, since he has likely learned of another company's confidential information here.

FOCUSING ON OUR GLOBAL MARKETPLACE

PROMOTING ANTI-CORRUPTION

Living up to our reputation for ethical business practices means that we win business based on the quality of our work. We never resort to improper or unethical payments to gain an advantage or advance our commercial interests. We abide by the various anti-corruption laws in place in the countries where we do business, including

- The U.S. Foreign Corrupt Practices Act (FCPA)
- The UK Bribery Act
- The Corruption of Foreign Public Officials Act

At Taro, it is unacceptable to pay a *bribe*, *kickback*, or *facilitation payment* to anyone—whether a public official or in the private sector—to win business or any other competitive advantage. To be clear, a *bribe* is anything of value (including cash, gifts, entertainment, or even donations to

certain charities) given in order to gain or retain business. A *kickback* is the return of part of a payment received in return for making or fostering business arrangements. *Facilitation payments* (sometimes called *grease payments*) are small payments, usually made in cash, to government officials in order to speed up routine matters, such as the issuance of a visa or connecting of utilities.

Also keep in mind that a *public official* can include employees of the government, public agencies or state-owned enterprises, as well as candidates for political office. If you are not sure whether a person would be considered a public official, you should ask the Legal Department for guidance.

The penalties for violating anti-corruption laws can be very damaging, especially to our reputation. If you have any questions about whether a payment is allowable, speak to the Legal Department before proceeding.

QUESTION

Shira is coordinating with regulators in another country who are reviewing one of Taro's new medications. She receives a phone call from one of her contacts at the agency. He says that for a certain price, he could have the medication approved automatically, without any of the testing or paperwork. What should she do?

ANSWER

Shira must make it clear that she will not make this bargain with him because Taro does not tolerate bribery under any circumstances. She should also let Corporate Compliance know about this situation.



FOCUSING ON OUR GLOBAL MARKETPLACE

PREVENTING MONEY LAUNDERING

Taro is committed to avoiding any involvement in *money laundering*, which is an attempt to make funds obtained illegally look legitimate. It is important that we know and comply with all laws and regulations aimed to halt money laundering. This means we must make payments for goods and services via approved, transparent, and documented payment practices.

We must be vigilant and exercise good judgment when dealing with unusual customer transactions, including requests to route payments through a third party. Only conduct business with customers that are willing to provide you with proper information so that we can be sure that the transaction is legitimate.

Without advance permission from the Legal Department, you should never:

- Make a payment to or accept a payment from an entity that is not a party to the transaction (that is, a third party) or that isn't legally entitled to receive payment
- Accept payments in cash, unless no secure banking system exists
- Ship customer orders in a manner inconsistent with standard procedures
- Conduct foreign exchange operations with unauthorized institutions

FAIR LABOR PRACTICES

We believe that upholding human rights is a direct reflection of our commitment to ethical business practices. As such, we comply with all applicable wage and labor laws in every country we operate. We respect the rights of our workers to join (or not join) labor unions, and we will never use child or forced labor in our operations. Moreover, we do not tolerate suppliers who violate these principles, since their work is a direct reflection on our ethics. If you have reason to believe anyone we work with is violating these standards, please inform Human Resources at once.

HANDLING IMPORTS AND EXPORTS

As a global company, we have a duty to understand the various import and export laws that apply to our international trading activities. Before exporting any of our products, we must be sure that both the recipient and the country of delivery have been verified, that all duties and taxes have been paid, and that the proper documentation is in place. Keep in mind that in many countries, an *export* occurs not just when goods are shipped internationally, but also when certain technical information is shared with a foreign person or company, in some cases, even if they are located within the same country (for example, providing information to a non-U.S. person located within the United States). This can occur when information is shared via email or during a phone conversation.

FOCUSING ON OUR GLOBAL MARKETPLACE

The laws in this area change frequently and can be complex, so if you have any questions about your responsibilities, discuss them with the Legal Department before taking action.

UNDERSTANDING BOYCOTTS AND SANCTIONS

Many countries in which Taro operates have laws regarding boycotts, sanctions, and other restrictive trade practices. At Taro, we do not participate in any boycotts that are not sanctioned by the countries where we operate—notably, Israel, Canada, and the United States.

You may encounter requests or provisions requiring us to cooperate with boycotts in documents such as invitations to bid, proposed contracts, letters of credit, or purchase orders. They may also be included in written or oral communications from import authorities, consulates, or boycott offices, or from trade intermediaries such as freight forwarders, dealers, or distributors.

Below is a list of sample prohibited questions. If you are ever asked these questions or other similar questions, you must immediately report the incident to Taro's Legal Department. If our Company fails to report such an incident to the U.S. government, Taro may be in violation of U.S. anti-boycott laws and could be subject to civil and/or criminal penalties.

- Do you have, or have you ever had, a branch, factory, or assembly plant in Israel?
- Do you have, or have you ever had, general offices in Israel for regional or international operations?
- Do you grant or have you ever granted the right to use your names, trademarks, manufacturing facilities, inventions, or licenses to Israeli persons or firms?
- Do you participate or own shares in Israeli firms or business, or have you ever done so?
- Do you represent, or have you ever represented, any Israeli firm or business, in Israel or abroad?
- Please give the names and nationalities of all companies in which you own stock or with which you are associated, as well as the amounts of shareholding involved.

Due to the serious penalties that can be imposed on the Company and individual employees, as well as potential harm to our Company's reputation, you should seek guidance from the Legal Department when these issues arise. Violators of this policy are subject to disciplinary action, up to and including dismissal from the Company.



FOCUSING ON OUR FELLOW COLLEAGUES

PREVENTING HARASSMENT

Taro puts a high value on a work environment that is comfortable for everyone and allows all of us to be our most productive. In order to foster workplaces that embody openness, accountability, and integrity, we must always treat each other with respect and dignity. Our Company will not tolerate acts of harassment or bullying—whether physical, verbal, or sexual in nature. Harassment is a form of discrimination, and it creates an uncomfortable, offensive workplace. Examples of harassing behavior include (but are not limited to) the following:

- Unwelcome sexual advances
- Offensive sexually suggestive comments
- Touching
- Requests for sexual favors
- Derogatory jokes, comments, or name-calling
- Threats or intimidating behavior
- Inappropriate comments or graphics
- Any jokes or pictures related to a person's protected characteristics

For more information about what is and is not acceptable behavior, please review your Employee Handbook. If you believe you have been the victim of harassment at Taro, you are encouraged to report your experience immediately. Rest assured that you will never face retaliation for reporting in good faith.

PROMOTING DIVERSITY

We are a global company, and we draw from a global talent pool. We believe our diversity provides us with exceptional resources and improves the quality of our overall performance. Taro takes its commitment to diversity seriously, and provides equal employment and advancement opportunities without regard to race, color, religion, sex, sexual orientation, gender identification, marital status, veteran status, or any other trait protected by law.

FOCUSING ON OUR FELLOW COLLEAGUES

QUESTION

Talia and Maya are friends who work in different departments at Taro. Maya confides to Talia that she is afraid she will be fired unless she agrees to go on a date with her manager. Maya says that every time she tries to discourage his attentions, he criticizes her work in front of the whole team. Talia tells her that she should report her manager to the Human Resources department, or through the anonymous helpline if she is more comfortable, but Maya doesn't seem convinced that this is a good idea. Since Maya doesn't report to Talia, is there anything more that Talia can do?

ANSWER

Yes, Talia can report this situation herself. This manager is creating an intimidating work environment and is disrupting Maya's ability to do her job. Even if she does report, Talia should continue to encourage Maya to raise the issue as well, and remind her that Taro will not tolerate retaliation against anyone who raises a concern in good faith or reports a Code violation.

WORKPLACE HEALTH AND SAFETY

Safety must be paramount in all that we do at Taro. We can all be responsible for assuring the safety of our workplace by following a few key guidelines.

SAFE WORKING CONDITIONS

Taro strives to always provide safe working conditions, whether in our labs, our manufacturing facilities, or in our corporate offices. Each of us contributes to this goal by:

- Following all safety policies and procedures
- Reporting any unsafe or questionable conditions as soon as we are aware of them
- Using vehicles, chemicals, and equipment only for their intended use
- Speaking up when we have questions about how something works



FOCUSING ON OUR FELLOW COLLEAGUES

THREATS, VIOLENCE, AND WEAPONS

We also keep our workplace safe by keeping threats, violence, and weapons out of it. Weapons of any type are not permitted on Taro premises, consistent with local law. Violence, threats of violence, and bullying are also prohibited at Taro. These activities detract from a productive workplace, and there are always better ways to solve our disputes.

If you experience or witness any acts of violence or bullying (including threats), report it immediately to Human Resources. If you believe anyone's immediate safety is at risk, do not hesitate to contact your manager, Human Resources, or the local authorities.

SUBSTANCE ABUSE

The use of drugs or alcohol on the job can impair our ability to safely perform our jobs. For this reason, we may never use alcohol, illegal drugs, controlled substances, or medication in any way that might detract from our focus or clarity of mind. If you have a particular medical situation you think warrants special consideration, you should discuss it with Human Resources.

In addition, we should never possess drugs that we do not have a legal right to possess while on Taro property or while performing work for Taro. We should never sell or distribute these substances, whether or not we are doing Company business, or whether we are on or off Company property.

Because of the important health, safety, and productivity considerations involved in the development and manufacturing of Taro's products, each of us is required to report suspected violations of this policy to Human Resources

FOCUSING ON OUR FELLOW COLLEAGUES

EMPLOYEE PRIVACY

During the course of our employment, we provide certain confidential information about ourselves to Taro. Other private information is retained in our personnel files. This information may include:

- Employment history, including reviews and salary information
- Government-issued identification numbers
- Contact information
- Marital status and information about our families
- Medical history, which may include disability claims

Our Company is committed to protecting this information responsibly, in accordance with relevant privacy laws. Additionally, if you handle any personal information about your colleagues as part of your job, you must take special care to safeguard it. Only use such information as required for your work responsibilities. Never share it with anyone outside our Company without the written permission of the information's owner *and* verification of the third party making the inquiry. For additional guidance about how to handle personal information, please contact Human Resources.

EMAIL AND INTERNET USE

Taro provides us with the technologies we need to do our jobs. It is important that we remember that these devices and systems (and the information they contain) belong to our Company. As such, we need to be careful that we use them only for their intended business purposes. This includes Taro's computers, phones, e-mail system, Internet connection, and any other electronic devices or related services.

Keep in mind that all of the usual standards of business conduct apply to these technologies, so you should never use them for any illegal, disruptive, offensive, or harmful purpose. For example, harassment, slurs, and sexually explicit content are not acceptable in Taro workplaces, so Company technologies may never be used to send or display them. Likewise, Company technologies may not be used for personal mass mailings, outside business ventures, political or religious purposes, or to leak confidential information.

Our Company also reserves the right to periodically inspect and monitor employee e-mail and Internet use. Users should have no expectation of personal privacy in their use of Company communication systems, to include information sent or received by Taro communications systems.



FOCUSING ON OUR FELLOW COLLEAGUES

SOCIAL MEDIA AND NETWORKING

Taro recognizes that social media—including sites such as Facebook, MySpace, Twitter, and, online chat rooms—is an increasing part of many of our personal lives. Social media can also help shape the way the public views our products, employees, vendors, partners, and customers. Because our online activities can affect our Company's reputation, Taro has established the following guidelines to ensure we maintain our integrity and professionalism:

- Always keep the rest of our Code and values in mind.
- Unless it is part of your job description to do so, do not engage in social networking while on Company time or while using Company technologies.
- Do not present yourself as a Company spokesperson unless you are specifically authorized to do so. If you do mention Taro in an online post, make it clear that you are a Taro employee and that your views are your own.
- Never disclose confidential or proprietary information in any online forum.
- Refer to our *Social Networking Policy* or Corporate Compliance if you have any further questions.

QUESTION

Jack is reading a news story online that mentions a drug that Taro produces, but the reporter doesn't quite get all of the details right. Jack begins to type out a comment on the article correcting the error. After all, he thinks, he's correcting the record, right? Is this okay?

ANSWER

No, this is not the right way for Jack to try to correct the news story. He should bring the article to the attention of Taro's Investor Relations team and point out the error he has found. This way, the correction can be handled in a way that's consistent with Taro's voice and tone, and by people who may already have a relationship with the news source.





FOCUSING ON OUR COMPANY

PROTECTING COMPANY PROPERTY

PHYSICAL PROPERTY AND FACILITIES

Taro's ability to create high quality products depends on careful use of many kinds of resources. To this end, we must use Taro's physical property only for its intended business purposes. Taro's physical property includes its facilities, funds (including credit cards), equipment, chemicals and products, machinery, technologies, and vehicles. We all have a responsibility to protect these assets from theft, damage, and misuse. Do not use Company property for your own or anyone else's personal benefit. All Company property must be returned at the end of your employment with Taro, or at management's request. If you suspect that fraud, embezzlement, or theft of Company property is occurring at any of our facilities, you should report it to Human Resources or Corporate Compliance.

CONFIDENTIAL AND PROPRIETARY INFORMATION

One of Taro's most important assets is our knowledge and experience—information that could be useful to competitors or harmful to our Company if disclosed. Taro's confidential information and intellectual property (IP) is a valuable resource, so we are each accountable for protecting it from loss, theft, and misuse. Our *confidential information* includes categories such as:

- Customer lists
- Terms, discount rates, or fees/prices offered to particular customers or suppliers
- Marketing or strategic plans
- Product formulas and package designs
- Trade secrets, including manufacturing and marketing processes and techniques
- Software, risk models, tools, and other system or technology developments
- Budgets and financial information (unless published publically)

FOCUSING ON OUR COMPANY

We should only share confidential information with:

- Fellow Taro employees or third parties who have a legitimate, need-to-know basis and are bound by confidentiality agreement—meaning that sharing the information with them will further Taro's business interests
- Those who have a clear duty or obligation to keep the information confidential (for example, a person who has signed a "Confidential Disclosure Agreement" or a contract with the appropriate clauses)
- Those to whom there is a legal obligation to disclose (for example, a regulatory agency)

When in doubt, contact the Legal Department for assistance.

Do not discuss confidential information in places where you can be overheard, such as elevators and restaurants, or open areas at Taro such as break rooms. In addition, do not leave confidential information, computers, mobile phones, or smart phones unattended. At a minimum, always password-protect your devices.

These obligations also apply after your employment with Taro ends. When you leave our Company, you must not disclose or use Taro's confidential information. In addition, you must return all copies of materials or devices containing confidential information in your possession.

For more information, please see our Confidentiality policy in the Employee Handbook.

INTELLECTUAL PROPERTY

Our Company's Intellectual Property (IP) is among its most valuable assets, and includes copyrights, patents, trademarks, trade secrets, design rights, logos, know how, and other intangible property we have created. We must protect and, when appropriate, enforce our Company's IP rights. To the extent permitted by law, Taro has the rights to all IP we create while employed by our Company that relate to Taro business. This is true regardless of whether the IP is patentable or protectable by copyright, trade secret or trademark. If you have any questions about whether something qualifies as IP or how you may use it, seek advice from the Legal Department.



FOCUSING ON OUR COMPANY

AVOIDING CONFLICTS OF INTEREST

Using good judgment and displaying ethical behavior means avoiding *conflicts of interest*—situations in which our personal interests interfere with our ability to perform our jobs without bias. We all have a duty to avoid interests, investments, or associations in which a conflict of interest might arise. Because we value transparency and accountability, we handle situations that could *appear* to be conflicts of interest in the same way that we handle actual conflicts.

Our Company can typically take steps to resolve conflicts of interest, as long as it learns of them promptly. Having a conflict of interest is not necessarily a violation of our Code, but failing to disclose it always is.

The following are examples of situations that may create conflicts of interest:

- Having an ownership interest in any supplier, customer, distributor, or competitor of Taro, or in any research organization engaged by our Company (except for nominal amounts of publicly traded companies). If a close family member has an ownership interest in one of these companies, that may also be a conflict.
- Acting as an officer, director, employee, or consultant on behalf of any of Taro's suppliers, customers, distributors, competitors or research organizations.
- Competing with our Company's business or operations.
- Taking part in an activity that provides you or others with kickbacks or unauthorized fees in connection with our Company's business, products, or services.
- Having an outside activity that is so substantial that it compromises your ability to devote appropriate time and attention to your job at Taro.
- Spending an excessive amount of time on personal activities during work hours. This includes soliciting other Taro employees.
- Obtaining loans or other material financial benefits from the Company for personal use or the benefit of family members, except as permitted by law, and with the express written approval of a Group Vice President or above, who is required to consult with the General Counsel prior to such approval.
- Supervising, evaluating, or reviewing a family member with respect to job evaluation, pay, benefits, or promotion. These situations can arise if you have a relative who works at Taro or who works for an organization that supplies goods and services to the Company. The Legal Department may approve exceptions, as appropriate.

FOCUSING ON OUR COMPANY

QUESTION

Alex works at Taro, but he also works as a consultant for a medical organization in his free time. The organization hired him because of his in-depth knowledge of the pharmaceutical industry. Is this a problem?

ANSWER

Although Alex does his consulting work in his own time, he should not work for a medical organization because it presents the strong possibility for a conflict of interest. When taking outside employment or operating a side business, we must make sure that it won't interfere in any way with our ability to make sound, objective decisions at Taro.

RELATED PARTY TRANSACTIONS

Related party refers to a person or an entity related to one of Taro's directors, officers, or employees—that is, any of our family members or any company they may have a substantial ownership interest in. If you are in a situation where a related party wishes to do business with our Company, you must disclose the relationship at the outset of negotiations or contacts regarding the potential transaction. Under the law, we have a duty to ensure this disclosure happens *before* completion of any such transaction (without regard to size or materiality). Some examples of common types of transactions with related parties include:

- Sales, purchases, and transfers of real estate and personal property
- Services received or furnished, such as accounting, management, engineering, and legal services
- Use of property and equipment by lease or otherwise
- Borrowing, lending, or guaranteeing any financial transactions
- Compensation arrangements

These transactions are considered *related party transactions* and may require approval from Taro's Board, Audit Committee, Compensation Committee, Taro's shareholders, or any other authority, as required by law, which should be arranged as far in advance as possible. For additional information, please refer to our policy on Related Party Transactions.



FOCUSING ON OUR COMPANY

QUESTION

Taro is examining the possibility of acquiring a smaller, more specialized pharmaceutical company. However, the owner of the company has a cousin, Alice, who works at Taro. Alice holds a substantial stake in her cousin's company, and her role at Taro means that she will have input into whether or not Taro moves forward with the acquisition. What should Alice do?

ANSWER

Alice must disclose her relationship with her cousin's company, which could make this acquisition a related party transaction. Taro may decide against the acquisition, or it may use Alice's disclosure to work out a way in which this potential conflict of interest will not present a problem.

GIFTS, TRAVEL, AND ENTERTAINMENT

WORKING WITH NON-GOVERNMENT EMPLOYEES

In order to foster business relationships with our various business partners and other third parties (hospital medical staff, for example), we may sometimes offer small, company-related business gifts. In order to avoid improper appearances and to comply with applicable laws, you must seek a supervisor's approval and authorization for such gifts or benefits and ensure that the following conditions are met:

- The proposed gift must be lawful under all applicable laws, and appropriate under local business protocols.
- The gift or benefit should not be provided frequently to the same recipient.
- Inexpensive products or gifts bearing the Company logo may be provided as gifts, if permitted by law and consistent with rules governing the promotion of our Company's image.
- No gifts or benefits may be provided to public officials or health care professionals to influence the prescription or use of Company products, or to secure some other improper advantage.
- No gifts of cash.
- No gifts or benefits that create an appearance of impropriety to a reasonable person under all facts and circumstances.

FOCUSING ON OUR COMPANY

Business entertainment and meals should be reasonable (not lavish), related to a business promotional purpose, and not so frequent as to create an appearance of impropriety. The entertainment and meals must also be lawful under applicable law and consistent with the policies or rules of the guest's employer. Expenses should be properly recorded according to Taro's accounting and recordkeeping procedures.

WORKING WITH GOVERNMENT EMPLOYEES

It is important to keep in mind that the rules we must follow when working with government employees are more strict. In particular, you should never give a gift (such as a meal, entertainment, or even a nominally priced item) to a government official or employee without obtaining prior, express approval from a Group Vice President or above, who is required to consult with the General Counsel. With prior approval, meals and refreshments that are reasonable and directly related to business discussions may be permitted.

QUESTION

Daniel is traveling on business to speak at a gathering of medical professionals about one of Taro's new products. He plans to invite several influential physicians out for dinner at the most fashionable restaurants in town while he is there. He intends to do business during these dinners, but he also wants to impress the doctors and convince them to use more of Taro's products. Is there anything wrong with Daniel's plan?

ANSWER

Daniel may arrange these dinners, since they are related to a valid business purpose. However, he must keep the cost at a reasonable level and not spend lavishly simply for the sake of appearances. Further, while it's OK for Daniel to remind the physicians about the merits of our products, there are important limits. For example, it would be unethical to suggest that one of these doctors should use a Taro product for a patient who didn't need the drug, or for a patient who would be better served by another company's drug. Taro's reputation and accountability are built on the fact that physicians use our products for their own merits, not because we have pressured—or worse, paid—them to do so.



FOCUSING ON OUR SHAREHOLDERS

KEEPING ACCURATE RECORDS

Although it may not seem that our daily work affects Taro's books and records, we each contribute to the creation of complete, accurate records. Every piece of information we create—including personnel, time, expense, and safety records—plays a role in producing the financial documents our Company discloses to the public. Our investors rely on this information, and the regulators to whom we report expect it to be clear and complete. We all have a duty to ensure these records and documents are an honest, transparent reflection of our Company's business.

Our Company's senior financial officers have additional duties to ensure that the Company maintains control systems in three key areas:

- Efficiency and effectiveness of operations
- Compliance with all applicable laws and regulations
- Reliability and accuracy of financial reports, records, and documents

They do this by:

- Ensuring that all Company books, records, and documents are accurate and fairly stated in a timely manner
- Maintaining adequate documentation to support Taro's accounting and transactions
- Following procedures to prevent our Company's assets, liabilities, expenses, and revenues from being recorded improperly or inaccurately

To this end, we should never record false, misleading, or intentionally incomplete information in our Company's books and records. Similarly, we must not create or maintain any "off-the-record" funds for any purpose. Falsifying records or documents will result in disciplinary action, and may result in civil and criminal penalties for our Company and individual violators.

If you notice any accounting or auditing irregularities, or incidents of fraud by individuals responsible for our Company's accounting or financial reporting, you should immediately report your observation to Corporate Compliance. Please keep in mind that you are protected from retaliation when making a good faith report.

RECORDS AND INFORMATION MANAGEMENT

Whether our documents and records are paper or electronic, it is important that you know how long you should retain them and how you should dispose of them. If you are notified that documents in your possession are relevant to litigation, an investigation, or audit, follow the guidelines set forth in the notification. For additional information, see our *Record Retention Policy*.

FOCUSING ON OUR SHAREHOLDERS

AVOIDING INSIDER TRADING

As employees of a public company, we are all in a position to have greater access to material nonpublic—or inside—information about our Company than the general public. Identifying inside information can sometimes be difficult. In general, information is material if an investor would consider it important in determining whether to buy, hold, or sell the stock of the company. Information is nonpublic until two full trading days have passed since the public release of the information, such as through a press release or public filing. Common examples of inside information can include:

- Projections of future earnings or losses
- News of a pending or proposed merger
- News of a significant sale of assets
- Declaration of a stock split or offering of additional securities
- Changes in executive management
- Significant new products or discoveries

If you have any questions as to whether the information you possess qualifies as inside information, please consult the Legal Department.

We must be vigilant in guarding against *insider trading*, the illegal practice of buying or selling securities of a company based on inside information. Equally illegal is the practice of *tipping*, or providing inside information to someone else for their financial benefit. For additional information, please see our *Insider Trading Policy*.

QUESTION

Rose hears a rumor at work that Taro might be forming a partnership with another publicly traded company. She thinks that this will be a good move for both companies and that their stock prices will go up. Can she buy more stock in both companies now so she can get in on the ground floor?

ANSWER

No, she must not—in fact, this would constitute illegal insider trading. In order to act with integrity, Rose must wait until this information is public like everybody else.



FOCUSING ON OUR SHAREHOLDERS

PROTECTING TARO'S INFORMATION

Regulation Fair Disclosure, commonly known as Reg FD, requires that we disclose all material information to our current and potential investors at the same time. For this reason, we must be especially careful about how and when we communicate our Company's confidential information. Be sure to seek advice if you are unsure whether the information you possess is confidential or whether the party with whom you are considering sharing it has a confidentiality agreement in place.

QUESTION

After working for Taro as a product manager for several years, Rebecca accepts a job at another company. She wants to prove that she is well prepared for her new job, so she copies a few PowerPoint files that she created about the Taro products and processes she worked with. Has Rebecca done anything wrong?

ANSWER

Yes. Information about our products and how they are made is very likely to be confidential to our Company. Our duty to protect this information continues, even after we leave Taro. Rebecca may not share the information in her PowerPoint decks—or any other confidential information she has learned at Taro—with her new company.





FOCUSING ON OUR COMMUNITIES

RESPONDING TO EXTERNAL INQUIRIES

QUERIES FROM INVESTORS AND THE NEWS MEDIA

Because it is so important that we keep our confidential information secure and speak to our investors as a unified Company, only those who are authorized to do so may speak on Taro's behalf. If a member of the press contacts you, refer the inquiry to Investor Relations. Similarly, inquiries from investors or analysts should be referred to Investor Relations.

ENVIRONMENTAL SUSTAINABILITY

We aim for sustainable practices in all of our operations. We work to achieve this goal by adhering to all environmental laws and regulations in place in every location we do business.

Each of us has a responsibility to work in an environmentally responsible manner. This means we strive to minimize the release of hazardous substances into the environment and we promptly report all environmental incidents to the Legal Department.

Since we are always seeking to improve our processes, you are encouraged to make suggestions for improvements to the Legal Department at any time.

POLITICAL AND CHARITABLE INVOLVEMENT

Taro encourages all of us to vote and to be personally active in the political process. However, U.S. federal and state laws restrict corporations like Taro from using company assets in connection with federal elections, as do laws in Israel, Canada, and other jurisdictions.

Because of the complexity of these laws, we may *not* make political contributions on behalf of our Company:

- Do not include any political contributions on a Taro expense account. Our Company does not reimburse employees for political contributions of any kind. (This includes fundraising dinners, even where business is discussed.)
- Do not use Taro time or resources for political activities.
- Do not use the influence of your position at Taro to persuade another employee to work for a candidate, political organization, or issue, or to make personal contributions to a party or candidate.

FOCUSING ON OUR COMMUNITIES

Rest assured that your employment with our Company will not be judged or impacted by your political viewpoints or affiliation.

As Taro respects our personal political viewpoints, we also have a duty to respect each other by not discussing or soliciting on behalf of a cause or candidate in a way that could be construed as harassment.

Remember that the political process is highly regulated. If you have any questions about political activities, consult the Company's Legal Department before agreeing to do anything that could seem to involve Taro in political activity at the federal, state, or local levels.

LOBBYING

Lobbying, or the act of attempting to influence government action through discussions with legislators, regulators, or other government officials, is highly regulated. To the extent Taro engages in lobbying activities, we always make the proper disclosures about who we are contacting and what activities involve government officials. Further, we are careful that any Taro employees who participate in lobbying activities are properly registered to do so. We also follow all rules and guidelines regarding gifts and entertainment to government officials, which are typically stricter than those that govern our interactions with other parties. If you are unsure whether an activity counts as lobbying, be sure to check with the Legal Department before making any contact.

EXTERNAL AUDITS OR INVESTIGATIONS

We live up to our values of openness and accountability by responding to and complying with all audits, investigations. This means we must always provide auditors and investigators with the information to which they are entitled. Likewise, we may never impede or delay any such audit or investigation. If you have any questions about any audit, investigation, or inquiry, and how you should respond, consult with the Legal Department.



FOCUSING ON OUR COMMUNITIES

GOVERNMENTAL INVESTIGATIONS

If you learn that a government investigation or legal inquiry is underway, contact the Legal Department immediately. You should also immediately contact the Legal Department if you receive a work-related subpoena or written government request for information.

In order to act with integrity, we must never:

- Destroy Company documents that you anticipate a court or government agency will request.
- Alter Company documents or records.
- Lie or make misleading statements to governmental investigators. (Remember, it is unlawful to make false statements to investigators for any purpose and under any circumstances.)
- Suggest or pressure anyone to hide information or to provide false or misleading information.
- Retaliate against a fellow employee for cooperating in an investigation or court action.

In some government investigations or legal actions, the Company's attorneys can protect the interests of the Company and our employees. In other instances, individual employees may need their own legal counsel. Employees may consult with the Legal Department for guidance on these issues, as appropriate. In the event that a government investigator (or opposing counsel in litigation) questions you during or after business hours, you may ask for time to consult with an attorney (including our Legal Department) before responding to any questions or providing information regarding Company business.



WAIVERS

Our Board of Directors must approve any amendment of this Code. Our Board must also approve any waiver of our Code for our directors and executive officers, including the Chief Executive Officer and senior financial officers. Any amendment or waiver of our Code will be disclosed publicly, if and as required by law or stock exchange rules.

ABOUT THE COMPLIANCE COMMITTEE

The Company's Compliance Committee (the "Committee") administers and interprets the policies and procedures outlined in the Code of Conduct and Compliance Policies, and develops other policies and procedures for the Company, as necessary. The Committee also develops and implements training and educational programs and materials to ensure that employees fully understand and comply with specific Company requirements. The Committee will have scheduled meetings and monitor compliance with the Code of Conduct and Compliance Policies, taking corrective action whenever warranted. In short, the Committee helps the Board of Directors ensure that employees actually conduct the Company's business in compliance with all applicable standards and laws.

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CODE OF CONDUCT
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