

## **SANOFI INDIA LIMITED**

### **NOMINATION & REMUNERATION POLICY**

This Policy provides guidance on:

- (1) Selection and nomination of Directors to the Board of the Company;
- (2) Appointment of the Senior Management Personnel of the Company; and
- (3) Remuneration of Directors, Key Management Personnel and other employees.

#### **Selection Criteria for Directors**

The Nomination and Remuneration Committee shall discuss and consider the following aspects while recommending appointment of a person to the Board as a Director:

1. The candidate shall have appropriate skills and experience in one or more fields of management, sales, marketing, medical, finance, HR, law, public administrative services, research, corporate governance, technical operations or any other disciplines related to the Company's business. The Committee shall keep Board diversity policy in mind while recommending a candidate for appointment as Director.
2. The number of companies in which the candidate holds directorship should not exceed the number prescribed under Companies Act, 2013 or under the Listing requirements
3. The candidate should not hold Directorship in any of the competitors companies, and should not have any conflict of interest with the Company.
4. The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under Companies Act, 2013 or under the Listing requirements.
5. The candidate should also have
  - (a) The ability to exercise sound business judgment
  - (b) A position of leadership or prominence in a specified field
  - (c) A willingness to devote the required time
  - (d) Integrity and moral reputation

The appointment shall be subject to:

- i. Approvals of the Board and/or Shareholders of the Company in accordance with the Companies Act, 2013; and
- ii. The Articles of Association of the Company.

The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time.

An Independent Director shall be appointed for a term up to five years and will be eligible for re-appointment on passing of a special resolution by the members and disclosures in the Board's report on such re-appointment.

### **Selection Criteria for Senior Management**

The qualification, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

The selection shall be based on the merit of each candidate as evaluated by the Company against the written job description.

The candidates will also be evaluated on LEAD competencies for employees:

|                         |   |
|-------------------------|---|
| Act for Change          | Embrace change and innovation and initiate new and improved ways of working   |
| Cooperate transversally | Collaborate effectively with peers, stakeholders and partners across the organization to positively impact business results |
| Strive for Results      | Seek ongoing improvement of performance quality to create sustainable added value   |
| Commit to Customers     | Understand, meet and exceed internal and external customer expectations to create positive impact                           |
| Think Strategically     | Think and plan broadly and long term to inspire excellence in execution   |
| Develop People          | Take responsibility for developing one's self and others in anticipation of future business needs                           |
| Make Decisions          | Make timely decisions based on the information available  |
| Lead Teams              | Build, manage, motivate and empower teams and workgroups  |

The appointments of the Key Managerial Personnel shall be decided and approved by the Board on the recommendation of the Nomination and Remuneration Committee.

The appointments of the other Senior Management members shall be decided and approved by the Board on the recommendation of the Nomination and Remuneration Committee or the person(s) authorized by the Board.

Senior Management for the purpose of this policy shall mean the following employees: Managing Director, Whole Time Directors, CFO, Head Pharma Business, Head Consumer Health Business, Head Industrial Affairs, Head HR, Head Legal, Head Public Affairs, Head Medical, Head Communications, Head Security, Head Regulatory and Company Secretary.

Head HR shall discuss the organogram of the Company in the Nomination and Remuneration Committee highlighting the appointments / proposed appointments of employees in senior management category and how the above criteria have been fulfilled. He will also discuss succession policies and plans for senior management with the Committee at least once in a year.

### **Remuneration for Directors, Key Managerial Personnel and other Employees**

The remuneration of Directors, Key Managerial Personnel and other employees shall be based on following key principles:

1. A balance will be created between fixed and incentive pay reflecting short and long term performance objectives and Company's goals.
2. Reasonable and sufficient remuneration to attract, retain and motivate the Directors and employees of the Company and encourage behavior that is aligned with sustainable value creation.
3. Comparable to peer companies in the healthcare industry and commensurate to the qualifications and experience of the concerned individual.
4. Based on ethical business conduct and decision making as per policies of the Company

### Remuneration to Independent Directors / Non-executive Directors

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.

Quantum of sitting fees may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee and approved by the Board.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

### Remuneration to Executive Directors and senior management and other employees

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the

Nomination and Remuneration Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board.

Head HR shall discuss the remuneration philosophy of the organization with the Nomination and Remuneration Committee at least once in a year before making the increments effective / payment of incentives.