

**SANOFI INDIA LIMITED**  
**RELATED PARTY TRANSACTIONS POLICY**

Version 3	Amended and approved on 26 <sup>th</sup> July, 2022
Version 2	Amended and approved on 26 <sup>th</sup> February, 2019
Version 1	Approved on 20 <sup>th</sup> February, 2015

# **Sanofi India Limited**

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### **1 INTRODUCTION**

The Companies Act, 2013, as amended from time to time (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) introduced relevant provisions relating to related party transactions and defined the term related parties, material related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

Also, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with the objectives of, aligning with the provisions of the Act, adopting best practices on corporate governance and making the corporate governance framework more effective. This revision, amongst others, requires every company to formulate a Related Party Policy.

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. The purpose of such Policy is to ensure an effective system of checks and balances and a disclosure process to encourage transparency, adoption of best governance practices and that all Related Party Transactions are in the best interests of all the members.

The Board of Directors (the "Board") of Sanofi India Limited (the "Company" or "SIL"), has adopted the following policy ("Policy") and procedures with regard to Related Party transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company from time to time.

This Policy was considered and approved by the Board at its meeting held on 26<sup>th</sup> February 2019 and will replace earlier policy approved on 20<sup>th</sup> February 2015. The Policy was further amended and approved by the Board at its meeting held on 26<sup>th</sup> July, 2022.

### **2 OBJECTIVE**

This policy is applicable to all related party transactions with SIL and has been framed in accordance with the requirements of applicable laws and regulations to ensure the proper approval and reporting of transactions between the Company and its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose, each year in the Financial Statements, certain

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transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

To ensure due and proper compliance with the applicable provisions followed for approval / ratification and reporting of transactions as applicable, between the Company and any of its Related Parties, this policy has been adopted by the Company's Board. The provisions of this policy are designed to govern the approval process and disclosures requirements to ensure fairness in the conduct of related party transactions in terms of the applicable laws.

The policy and procedures have been designed to ensure that:

- Related Parties are identified;
- Related Party Transactions are identified and evaluated to be at arm's length and in the interest of the Company;
- Approvals are obtained;
- Related Party Transactions are recorded; and
- Proper disclosures of the Policy and the Related Party Transactions are made.

### 3 DEFINITIONS

**"Arm's Length Transaction"** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**"Audit Committee or Committee"** means the Committee of the Board constituted from time to time under the Listing Regulations and Section 177 of the Act.

**"Board"** means the Board of Directors as defined under the Act.

**"Key Managerial Personnel"** means Key Managerial Personnel (KMP) as defined under the Act.

**"Material Modification(s)"** in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 20%.

**"Material Related Party Transaction"** means a Related Party Transaction with thresholds as prescribed under the Listing Regulations.

**"Policy"** means the policy for dealing with Related Party Transactions.

**"Related Party"** means a related party as defined under the Act read with

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Listing Regulations and as amended from time to time.

**“Related Party Transaction”** (“RPT”) means:

- for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act; and
- for the purpose of Regulation 2(1)(zc) of the Listing Regulations, a transfer of resources, services or obligations between:
  - a) the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
  - b) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries with effect from April 1, 2023.

regardless of whether a price is charged.

Following shall not be considered Related Party Transaction of the Company in terms of Listing Regulations:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- b) payment of dividend by the Company
- c) subdivision or consolidation of securities by the Company
- d) issuance of securities by way of a rights issue or a bonus issue and
- e) buy-back of securities.

**“Relative”** means a relative as defined under sub-section (77) of Section 2 of the Act and Rules prescribed there under.

**“Transaction”** with a Related Party shall be construed to include a single transaction or a group of transactions.

The terms **Director**, **Chief Financial Officer** and **Company Secretary** shall have the same meaning as assigned under the Act.

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- All proposed Related Party Transactions must be reported to the Audit

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Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval / standing pre-approval, details whereof are given in a separate section of this Policy.

- In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.
- All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time
- The Audit Committee shall review and approve all Related Party Transactions based on this Policy.
- In the event of any conflict between the provisions of this Policy and of the Listing Regulations / the Act or any other statutory enactments, rules, the provisions of LODR / the Act or statutory enactments, rules shall prevail over this Policy.
- Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intranet and website of the Company and web link thereto shall be provided in the annual report of the Company.

This policy is subject to any modifications, notifications, or amendments either in the Act or the Listing Regulations.

## **5 Identification and Approval Process**

### **Identification of RPT**

1. Every Director / KMP / Chief Financial Officer is responsible for providing a notice to the Company Secretary of any potential RPTs involving him / her or his or her relative, including any additional information about the transaction that the Board / Audit Committee may request, for being placed before the Audit Committee and the Board. Such notice should be provided by the director or KMP at the earliest possible occasion that he / she becomes reasonably aware of any potential RPTs involving him/her or his or her relative. It is highly recommended that such notice of any potential RPTs is provided well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.
2. The Company Secretary will obtain annual declarations from Directors and

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KMPs for identification of related parties.

3. The list of Related Parties arising from such declarations will be compiled by the Company Secretary and shared with the Finance department.
4. Finance department will keep track of the transactions with:
  - a. The Related Parties identified under the above declarations
  - b. The holding company, fellow subsidiary companies and group / affiliate companies of the company.
5. Finance department will establish a mechanism in the accounting system to track new transactions/ agreements/ arrangements made with Related Parties, from time to time and shall also be responsible for maintenance of records and monitoring statutory threshold for shareholder approval.
6. Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.
7. The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed Related Party Transaction(s) are provided in Annexure 2 to this Policy.
8. The Company Secretary in consultation with the Chief Financial Officer may refer any potential Related Party Transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on the opinion received from the legal/transfer pricing expert, the Company Secretary will take it up for necessary approvals under this Policy.

## **6 Approval by the Audit Committee**

Every RPT shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation or through electronic mode. Any member of the Audit Committee who has a potential interest in any RPT will be abstained from discussions and voting on the approval of the

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RPTs. In connection with any review of an RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### **7 Approval by Circular Resolution of the Committee**

In the event the Company Management determines transactions with Related Parties may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

#### **8 Approval by the Board**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth below shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction

#### **9 Approval by the Shareholders**

All Material Related Party Transactions and any subsequent Material Modifications thereto, shall require approval of the shareholders as per the requirements of Listing Regulations and the Related Party entity(ies) shall not vote to approve such resolutions, irrespective of whether the entity is a party to the particular transaction or not.

#### **10 Approval Criteria by Audit Committee**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The Audit Committee shall review the information as may be required under applicable law from time to time.

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Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- 1) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- 2) The Audit Committee / Board may seek views of professionals / specialists (on a need basis) for analyzing the appropriateness of the transactions from 'ordinary course of business' and 'arm's length' perspective.
- 3) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- 4) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- 5) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- 6) While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e. events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

### **Omnibus Approval by the Committee**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval (standing pre-approval). While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- i. Name of the related party



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- ii. Nature of the transaction
- iii. Period of the transaction
- iv. Maximum amount of the transactions that can be entered into
- v. Indicative base price / current contracted price and formula for variation in price, if any
- vi. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

### **11 Transactions not 'in the ordinary course of business' or not 'at arm's length'**

All Related Party Transactions in excess of the limits prescribed under the Act, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders as required under Listing Regulations and no Related Party shall vote to approve such resolution.

### **12 Transactions not previously approved**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

In case the Company is not able to take prior approval from the Audit Committee,

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the Board and/or shareholders, for transactions which are not Material and do not result in Material Modification of the transactions approved by the Audit Committee, the Board and/or shareholders, as the case may be, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

### **13 Reporting / Disclosure of Related Party Transactions**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Act.