

SANOFI INDIA LIMITED

NOMINATION & REMUNERATION POLICY

Board approval date V2: 3rd November, 2022

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
6. 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 & Other Employees

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 Company's Leadership Competency Framework. The Sanofi Leadership Framework which includes Desired Skills – the capability to do things and Behaviors – the observable way of doing things as listed below:



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 Senior Management members and other employees shall be done through standard Talent acquisition process and all Senior management appointments 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 employees holding critical positions

of Managing Director, Whole Time Directors, CFO, Senior Business Unit Heads. Head Industrial Affairs, Head HR, Head Legal, Head Public Affairs, Head – BOS, Head Medical, Head Communications, Head Security, Head Regulatory, Head Supply Chain 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 for the roles within senior management category. 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

Sanofi India follows Total Rewards approach which includes Base Salary + Fixed allowances + Retirals which is referred as "Annual Fixed compensation" along with other components which includes Variable Pay in form of Short-Term incentives or Incentives, Long Term incentives (Performance Shares) and Benefits. The overall remuneration for

Directors, Key Management Personnel and other employees are based on below key principles:

- Ability to attract, motivate and retain the Talent and critical workforce
- Market competitive pay for Fixed and Total compensation
- Total compensation has a balance pay mix between Fixed and Variable pay considering short- and long-term objectives and goals
- Driving pay for performance culture i.e., creating performance-based differentiation in the compensation and thereby reinforcing positive and consistent performance culture
- Compensation comparable to peer companies in healthcare and general industry and commensurate to the qualifications and experience of the respective individuals
- Overarching this with ethical business conduct and ensuring we reward right behaviors

A. Annual Fixed Compensation: This includes Base Salary, Fixed Allowances and Retirals as per prevailing regulations. This component is based on individual experience, skills and education and is compared with similar size of role within comparable companies. This component gets reviewed year on year with focus on individual performance against Goals, their respective market pay positioning and overall salary increase budget.

B. Variable Pay: This includes Short Term Incentives (STI) and Long-Term Incentive (LTI)

1. Short Term Incentives (STI): This component is in range of 10 - 30% of Annual Fixed compensation based on employee level in the Grade hierarchy. This component considers short term horizon of a year and employee is rewarded based on Individual performance and Company performance. The payout opportunity ranges from 0 – 200% based on both individual and company performance for a specific year. The STI plan gets reviewed and modified from time to time, factoring the Key Performance indicators for the Company and the individuals.

2. Long Term Incentives (LTI): LTI is awarded in form of Performance Shares of the Parent company. This is awarded to few critical and senior level roles based on their performance and criticality to the organizational needs. This instrument considers long term horizon and helps to retain critical individuals who in their capacity have a direct impact for organization to achieve its mid to long term success. Quantum of shares are decided based on Grade and budget availability. LTI awarded has a vesting period of 3 years and serves as a retention tool.

C. Benefits: This includes several cash / non-cash benefits and policies which are related to role and overall working conditions and are driven based on Company principles and local practices. The benefits and polices are reviewed on need basis and any changes are discussed with Managing Director, HR Head and Management team for their approval.

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 KMPs

The Whole-time Director(s)/ KMP(s) shall be eligible for 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 Provident Fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board or 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.