



# Related Party Transactions Policy & Procedure

November 2013



## 1. Introduction

UDG Healthcare plc (“UDG Healthcare”) recognises that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with UDG Healthcare and its stakeholders' best interests.

UDG Healthcare must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which UDG Healthcare is subject.

Accordingly, this policy has been adopted by UDG Healthcare's Board of Directors to define the procedures by which Related Party Transactions **must** be reported, reviewed, approved and managed.

Where a transaction is not a Related Party Transaction pursuant to this policy **or** it is treated as a Pre-Approved Transaction, the affected person **must** also consider whether or not the transaction nevertheless needs to be approved in accordance with UDG Healthcare's separate policy that deals with Conflicts of Interest, which are different and treated distinctly from Related Party Transactions. This policy is in respect of Related Party Transactions only and is not intended to replace or supersede the Conflicts of Interest policy.

## 2. Related Party Transactions

### 2.1 Meaning of a “Related Party”

A “**Related Party**” is any one of:

- (i) a director or nominee director of any company in the UDG Healthcare group;
- (ii) any person identified by the Board of UDG Healthcare as a person discharging managerial responsibilities (“PDMR”) in respect of the group;
- (iii) anyone who exercises significant influence over UDG Healthcare, or the company in the UDG Healthcare group in respect of which the transaction relates;
- (iv) any person who can exercise 10% or more of UDG's voting securities (whether directly or indirectly);
- (v) an immediate family member of (i), (ii) or (iii); or
- (vi) a close business.

In this context:

“**immediate family members**” means: (a) spouses, civil partners and children; and (b) the trustees of any trust whose beneficiary is anyone in (a) or (i) above;

“**close business**” means any business, company or partnership in which any of the persons identified in (i)-(v) above beneficially owns a 30% or more interest, or can otherwise control or jointly control.

### 2.2 Identifying Related Party Transactions

A Related Party Transaction is any financial transaction, arrangement or relationship involving any company in the UDG Healthcare group in which the **Related Party** has a direct or indirect interest or takes a direct or indirect benefit. A financial transaction includes indebtedness, guarantees and also transactions involving employment or similar relationships.



## 2.3 Dealing with Related Party Transactions

***No Related Party Transaction can be entered into unless approved by the Board of Directors of UDG Healthcare or another designated committee of the Board (such designated committee consisting solely of independent directors).***

### Reporting of Related Party Transactions

All potential Related Party Transactions will be promptly reported to UDG Healthcare's Company Secretary. The potential Related Party Transaction will then be analysed by the Company Secretary in consultation with the General Counsel, external counsel and management (as may be necessary) to determine whether the transaction or relationship is a Related Party Transaction requiring compliance with this policy.

### Consideration of Related Party Transactions

Any potential Related Party Transactions (once determined as such) shall be reported promptly to the Board of Directors of UDG Healthcare or a designated committee of the Board (the "Board") by the Company Secretary. In the event that the Company Secretary has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by UDG Healthcare's Chief Financial Officer or General Counsel. The report shall include all material facts. In the event that UDG Healthcare's Company Secretary becomes aware of a Related Party Transaction that was not previously approved or ratified under this policy, the Company Secretary will promptly notify the Board.

All new Related Party Transactions (including the terms of the transaction and the business purpose of the transaction) must be either approved or disapproved by the Board. Any pre-existing Related Party Transactions, if not previously reviewed, must be either ratified or rescinded by the Board.

In considering a Related Party Transaction, the Board shall consider such factors as it deems appropriate, including: (i) the business rationale for the Related Party Transaction; (ii) the commercial reasonableness of its terms; (iii) the materiality of the Related Party Transaction to UDG Healthcare; (iv) whether its terms are (and will be perceived to be) fair to UDG Healthcare and on the same basis as would apply if the transaction did not involve a Related Party; (v) the extent of the Related Party's interest in the Related Party Transaction; (vi) if applicable, the impact (or perceived impact) of the Related Party Transaction on a director's independence; (vii) the actual, apparent or perceived conflict of interest of the Related Party participating in the Related Party Transaction; and (viii) the legal and regulatory requirements to be followed by UDG Healthcare in respect of the Related Party Transaction (such as those contained within the Financial Conduct Authority's Listing Rules, or in International Accounting Standards).

No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Board and may otherwise participate in some or all of the Board's discussions if so requested.

If a Related Party Transaction will be ongoing, the Board may, in its discretion, establish guidelines for UDG Healthcare's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Board's guidelines.

### Pre-Approved Related Party Transactions

The transactions listed below will be deemed to be pre-approved by the Board ("Pre-Approved Transactions"), will not be reviewed by the Board and do not require approval or ratification by the Board as a Related Party Transaction, provided:

- (a) they have been promptly notified to the Company Secretary in accordance with this policy; and



- (b) it is also a transaction in respect of which there are no prescribed obligations placed on UDG Healthcare (such as by the Financial Conduct Authority's Listing Rules).

The Pre-Approved Transactions are as follows:

- (i) a transaction in the ordinary course of business that does not exceed €100,000;
- (ii) remuneration and compensation arrangements approved by the Remuneration Committee of the Board of Directors of UDG Healthcare or, where delegated by the Remuneration Committee in respect of directors and officers of the UDG Healthcare group companies, the executive management of UDG Healthcare and its PDMRs;
- (iii) transactions in which the Related Party's interest is derived solely from the fact that he or she serves as director of another company that is a party to the transaction **AND** the transaction does not give rise to a Conflict of Interest (pursuant to UDG Healthcare's Policy and Procedure in respect of Conflicts of Interest); and
- (iv) transactions available to all employees generally.

### 3. Sanctions

Any director, nominee director, officer or employee of the UDG Healthcare group and to whom this policy applies and who breaches this policy will be subject to disciplinary action up to and including dismissal, as well as civil and/or criminal legal sanctions that may arise from an improper Related Party Transaction.

