

**Sanofi Consumer Healthcare India Limited**

**Consolidated Policy – Nomination, Succession & Remuneration, Board  
Diversity & Performance Evaluation**

## **Consolidated Policy – Nomination, Succession & Remuneration, Board Diversity & Performance Evaluation**

The Nomination & Remuneration Committee as formed by the Board of Directors of Sanofi Consumer Healthcare India Limited ("**Company/SCHIL**") pursuant to Section 178 of Companies Act, 2013 and amendments thereof read with Regulation 19 of the SEBI Listing Regulations and amendments thereof has the following responsibility:

- a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c) devising a policy on diversity of the board of directors;
- d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
- e) whether to extend or continue the term of appointment of an independent director, on the basis of the report of performance evaluation of independent directors;
- f) recommend to the board, all remuneration, in whatever form, payable to senior management.

The Consolidated Policy for Nomination & Remuneration, Board Diversity and Performance Evaluation ("**Consolidated Policy**") lays down the criteria for each of the responsibilities of the NRC as given herein above and the NRC shall be guided by the said Consolidated Policy while discharging its duties on behalf of the Company.

### **DEFINITIONS:**

**"Act"** means the Companies Act, 2013 as amended from time to time.

**"SEBI Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirement) Regulations, 2015 as amended from time to time.

**"Board"** means the Board of Directors of Sanofi Consumer Healthcare India Limited.

**"NRC / Committee"** means the duly constituted Nomination & Remuneration Committee of Sanofi Consumer Healthcare India Limited.

**“Key Managerial Personnel (KMP)”** means:

- (i) Chief Executive Officer or the Managing Director or the Manager
- (ii) Company Secretary
- (iii) Whole time Director
- (iv) Chief Financial Officer
- (v) such other officer designated as key managerial personnel by the Board.

**“Senior Management”** means officers/personnel of Sanofi Consumer Healthcare India Limited who are members of its core management team excluding Board of Directors and shall specifically include chief executive, company secretary and chief financial officer.

**The Consolidated Policy is divided into 3 parts:**

- A) Nomination, Succession & Board Diversity.
- B) Performance Evaluation of the Board & Individual Directors.
- C) Guidelines for determining Remuneration.

### **PART A: NOMINATION, SUCCESSION & BOARD DIVERSITY**

The Committee shall consider the following attributes while nominating a Board Member for appointment on the Board of the Company:

- Expertise in developing governance practice, which serves the best interest of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values;
- Experience in strategic choices and guiding and leading the management to make decisions in uncertain times;
- Individuals having requisite qualifications and experience in one or more fields of business including Strategic Thinking, Financial Planning, Accounting, Management, Sales, Research, and having core skills and competencies viz. understanding of governance, regulatory, fiduciary and ethical requirements, integrity, credibility, trustworthiness, strong interpersonal skills and willingness to address issues proactively;
- The proposed candidate should not have present or potential conflict of interest while serving the Board of the Company
- Non-Executive Independent Directors’ should qualify as Independent, if the incumbent meets the Independence criteria as given by the Act and SEBI Listing Regulations.

The Company recognizes and embraces the benefits of having a diverse Board and believes that a truly diverse Board will leverage the differences in thought, perspective, knowledge and skills.

The Committee while deciding on the Board Composition shall ensure that the Board Composition of the Company is in line with the statutory requirements and as per the provisions of the Act and the SEBI Listing Regulations and shall ensure diversity of experience, knowledge, background, gender, age and culture and in particular the following aspects will be taken into consideration while selecting candidates on the Board:

- Appropriate mix of varied cultural, geographical background, gender diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board;
- Appropriate mix of Independent and Non-Independent Directors which would add value to the overall governance of the Company;
- Individuals not disqualified or debarred from being appointed or continuing as Director, under any law applicable to the Company;
- Candidates that bring a diversity of background and opinion and related expertise and experience and having the ability to devote sufficient time to the affairs of the Company.

The Committee accordingly shall consider the candidature of the Directors and then recommends to the Board for necessary approvals in line with SEBI Listing Regulations. In case of Key Managerial Personnel and the Senior Management Personnel, such appointments shall be taken up as and when warranted. The Managing Director along with the Head-HR of the Company:

- shall periodically review and consider the list of SMP / KMP due for retirement / vacancies arising of attrition during the year;
- shall also consider the new vacancies that may arise due to the business needs/ restructuring of functions/departments;
- In case if an SMP / KMP is due for retirement, will review the possibility of an extension of such personnel on basis of the health, age and the person's willingness to continue for an extended term, if desired;
- In case if such position is to be filled through internally or externally, will evaluate the suitable candidates for the said positions internally as well as externally on basis of the criteria such as job role, experience, leadership qualities, competencies, track record etc.; and
- shall from time to time identify high potential employees who merit faster career progression to the position of higher responsibility and give them adequate skill development and training requirements for their successful career progression.

In the event of any unexpected occurrence in respect of any member in the SMP / KMP group, the next person as per the organization chart (as far as possible) shall take interim charge of the position, pending the formal appointment in terms of the succession plan.

Once the identification process is completed by Managing Director and the Head-HR, the shortlisted candidates are further referred to the Committee for a final

evaluation. The recommendations of the Committee shall be placed before the Board for approval.

In addition to the above, the appointment of senior personnel such as chief financial officer, company secretary and other compliance professional like the chief risk officer/chief compliance officer to be made in compliance with all applicable provisions of the Act, SEBI Listing Regulations, and such other laws as may be applicable to such appointment.

## **PART B: PERFORMANCE EVALUATION OF THE BOARD, COMMITTEE(S) AND INDIVIDUAL DIRECTORS:**

The Company has delegated a significant amount of responsibility to the Board and the Independent Directors. In order to meet their fiduciary responsibility, the Committee recognizes that it has a duty to carefully monitor and evaluate the performance of all the Individual Directors and the Board as a whole. This Consolidated Policy provides guidance on evaluation of the performance on an annual basis of Individual Directors (including Chairperson), the Board as a whole and various committee of the Board.

### **a) EVALUATION CRITERIA:**

#### **• Individual Directors including the Chairperson:**

- Performance Evaluation of all the Individual directors of the Company shall be done by the entire Board excluding the director being evaluated;
- A person who in the opinion of the Committee is a person of integrity and possesses relevant expertise and experience and possess such other qualifications as may be prescribed by the Board;
- Has the ability to remain focused at a governance level in the Board/committee meetings;
- Directors contributions at Board/Committee meetings are of high quality and innovative;
- Director proactively contributes in the development of strategy and risk management of the Company;
- Director's performance and behavior promotes mutual trust and respect within the Board/committee;
- Director is effective in managing relationships with fellow Board members and Senior Management;
- Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board /Committee;
- Director actively and successfully refreshes his/ her knowledge and skills and remains up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions;
- Director listens and takes on board the views of other members;
- Director is independent from the entity and the other directors and there is no conflict of interest (*only in case of Independent Director*);
- Director exercises his/ her own judgement and voices opinion freely.

- The Chairperson actively manages shareholder, board, management and employee relationships and interests;
- The Chairperson manages meetings effectively and promotes a sense of participation at all the Board meetings;
- The Chairperson is an effective leader;
- The Chairperson promotes the positive image of the Company;
- Chairperson is able to keep shareholders' interest in mind during discussions and decisions.

- **Board Evaluation:**

- Board members have the appropriate qualifications to meet the objectives of the Board's charter, including appropriate financial literacy;
- The Board demonstrates integrity, credibility, trustworthiness, active participation, an ability to handle conflict constructively, strong interpersonal skills, and the willingness to address issues proactively;
- Independence Directors on the board meet all applicable independence requirements;
- The Board monitors compliance with corporate governance regulations and guidelines;
- The Annual Calendar of Board meetings is communicated well in advance and reviewed from time to time;
- The Board meeting agenda and related background papers are concise and provide information of appropriate quality and detail;
- The Board overall functions as a team;
- The Board considers the quality and appropriateness of financial accounting and reporting, including the transparency of disclosures;
- The Board considers, understands, and approves the process implemented by management to effectively identify, assess, and respond to the organization's key risks;
- The Board is consulted when management is seeking a second opinion on an accounting or auditing matter;
- Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders;
- Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different shareholder/ stakeholder groups differently;
- Board members oversee the process and are notified of communications received from governmental or regulatory agencies related to alleged violations or areas of non-compliance.

- **Committee Evaluation:**

- The Committee(s) of the Board are appropriately constituted;
- The terms of reference for the committee are appropriate with clear defined roles and responsibilities;
- The composition of the committee is in compliance with the legal requirement;

- The amount of responsibility delegated by the Board to each of the committees is appropriate;
- The reporting by each of the committees to the Board is sufficient;
- The committee regularly reviews its mandate and performance;
- committee takes effective and proactive measures to perform its functions;
- committee gives effective suggestion and recommendation;
- committee meetings are conducted in a manner that encourages open communication and meaningful participation of its members;
- committee makes periodically reporting to the Board along with its suggestions and recommendations.

The NRC has the power to revise, alter or change the above-mentioned evaluation criteria's as it may deem appropriate.

**b) Manner of Evaluation:**

Performance Evaluation shall be conducted once in a year. The Company Secretary of the Company shall be responsible for the distribution of the evaluation forms and collection and tabulation of the completed evaluation details which shall be placed for the review of the Committee.

The process shall be initiated by the Committee. The average scores of the performance evaluation shall be placed for the perusal of the Committee. The Committee shall discuss the high scoring and low scoring criteria's and the NRC chairperson, if deems necessary do discussions with individual Board members. Individual comments and views may also be discussed at the Nomination and Remuneration Committee meeting.

The NRC shall analyze the data and prepare a final report which shall be placed before the Chairperson of the Company. The results of evaluation of the Individual Directors shall be given to the Chairperson of the Board in a sealed envelope. The Chairperson of the Board, if deems necessary shall discuss the evaluation results with Individual directors.

Discussions held during the Committee meeting are to be kept confidential among those who attend the meeting. The written evaluation results are not public record. They will be kept in the confidential personnel file of the Independent Director & the Board of Directors and will lie in the custody of the Company Secretary.

In addition, Independent Directors shall hold a meeting at least once in a given year, without the presence of the Non-Independent Directors of the Company, to review the performance of the Non-Independent Directors.

### **PART C: GUIDELINES FOR DETERMINING REMUNERATION:**

The Committee will determine the Remuneration for the Board based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.

#### **a) Non-Executive Independent Director:**

Non-Executive Independent Directors of the Company shall be paid sitting fees for attending the meeting of the Board and designated committees. The sitting fees shall be decided by the Board of Directors and shall be within the limits as prescribed in the Act. In addition to the sitting fees, Non-Executive Independent Directors shall also be eligible for a commission of not more than 1% of the net profit of the Company as may be approved by the Shareholders. The Board has the power to revise the commission rate provided it is within the limits approved by the shareholders and as per the provisions of the Act.

#### **b) Executive Director(s):**

The remuneration payable to the Executive Directors which includes Managing Director and Whole time Director shall be recommended by the Committee and approved by the Board as well as the Shareholders of the Company. All the remuneration payable to the Executive Directors shall be within the limits as prescribed by the Act.

The remuneration includes the following components:

- Salary
- Special Allowance
- Annual Increments
- Performance Incentive (Long Term Incentive & Short-Term Incentive)
- Bonus or Award as per the Global policy of Sanofi.
- Any other components in line with Company Policy

The Committee shall approve the merit increase, long term incentive, short term incentive payable to the Executive Directors and recommend the same to the Board.

#### **c) KMP and Senior Management – Nomination & Remuneration:**

The Committee has the responsibility to ascertain the qualification, expertise and experience of the person who are identified for the appointment as a KMP or the Senior Management of the Company.



The Committee shall rely on the Management of the Company jointly with the HR head to identify right candidates to be appointed as the KMP and Senior Management. The remuneration payable to the KMP and Senior Management shall be in line with the Company's policies.

Remuneration, Merit Increase, Payment of Incentives (Long Term Incentive/Short Term Incentive, as applicable) shall be approved by the Committee and recommended to the Board for approval.

The salary of the Executive Directors/KMP/Senior Management who are expatriates shall be reviewed twice in a year to factor in the foreign exchange fluctuations, adjustments in remuneration due to changes in parameters such as cost of living, quality of living etc. in line with Company's policy.

**POLICY REVIEW:**

- a) This Consolidated Policy is framed based on the provisions of the Act and rules thereunder read with the SEBI Listing Regulations
- b) In case of any subsequent changes in the provisions of the Act and any other regulations which makes the provision in the Consolidated Policy inconsistent with the Act or any other regulations, then the provisions of the Act or regulations shall prevail over the policy and the provisions in the policy shall be modified in due course to make it consistent with the law.
- c) The Consolidated Policy shall be periodically reviewed by the Nomination & Remuneration Committee. Any changes or modification to the policy shall be recommended by the Committee and be placed before the Board of Directors for approval.

**DATE OF APPROVAL & AMENDMENT, IF ANY:**

The Consolidated Policy is approved and adopted by the Board of Directors on June 17 2024 and is effective from the same date.

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