

SANOFI CONSUMER HEALTHCARE INDIA LIMITED

RELATED PARTY TRANSACTION POLICY

1 Introduction:

Sanofi Consumer Healthcare India Limited (“SCHIL” / “the Company”) has always been committed to good Corporate Governance practice as well as highest ethical & legal conduct in fulfilling its responsibilities.

Considering the requirements for approval of the related party transactions as prescribed under the Companies Act, 2013 as amended from time to time read with the Rules made thereunder (the Act) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (SEBI Listing Regulations), the Company has formulated the guidelines for identification of the Related Parties as well as transactions with such Related Parties.

In addition, Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In view of the above, the Company has framed this Policy on Related Party Transactions (“RPT Policy”).

This RPT policy has been adopted by the Board of Directors of the Company based on the recommendation of the Audit Committee. The RPT Policy shall be reviewed by the Board at least once every three years and updated accordingly.

2 Objectives:

The Board of Directors (the “Board”) of SCHIL recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest or the perception thereof. Therefore, the Board has adopted this RPT Policy to set forth the following objectives:

- Manner of dealing with Related Party Transactions as per the provisions of the Act and SEBI Regulations.
- Materiality thresholds for Related Party Transactions.
- Related Party Transactions are carried out in the ordinary course of business and are at arm’s length.
- No RPT’s may be entered into by the Company, except in accordance with the provisions of this RPT Policy and in compliance with applicable laws relating to RPTs.

3 Definition:

- a) **“Act”** means Companies Act, 2013 including any amendments thereof and Rules framed thereunder including any modification(s), amendment(s), clarification(s), circulars, re-enactments thereof.
- b) **“Arm’s Length Transactions”** means a transaction between two Related Parties that is conducted as if they were unrelated so that there is no conflict of interest.
- c) **“Audit Committee”** means a duly constituted committee of Board of Directors of the Company.
- d) **“Board of Directors” or “Board”** means Board of Directors of the Company.
- e) **“Key Managerial Personnel (KMP)”** in relation to a company, means –
(1) the Chief Executive Officer or the managing director or the manager;
(2) the Company Secretary;
(3) the Whole-time Director;
(4) the Chief Financial Officer; and
(5) such other officer as may be prescribed.
- f) **“Material Related Party Transaction”** means any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower. In case of transactions involving payments made to a related party with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements, it would be considered as material related party transaction.
- g) **“Material Modification(s)”** means any modification(s) in the pricing, quantity or overall transaction value having variance of 20% or more in the relevant previously approved related party transaction.
- h) **“Ordinary Course of Business”** The transaction / activity can be treated as being in the ‘ordinary course of business’ (not exhaustive and cumulative – either or):
- Covered in the main object / objects incidental to main object in Memorandum of Association
 - Transactions are necessary and normal
 - Transactions are reasonable in the context of business
 - Transactions are customary and happen with a certain frequency

- Transactions that are infrequent but important to the central mission / objective of the business
 - Transaction part of standard industry practice
- i) **“Related Party”** means Related Party as defined Section 2(76) of the Act read with Regulation 2(1)(zb) of the SEBI Listing Regulation..
- j) **“Relative”** means Relative as defined in Section 2(77) of the Act.
- k) **“Related Party Transaction or RPT”** means any transaction involving transfer of resources, services or obligations between the company and the related party, regardless of whether a price is charged. The RPT shall include transactions between:
- i. The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
 - ii. 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 01, 2023, .
- l) **“Regulation 23”** means the Regulation No. 23 of the SEBI Listing Regulation.
- m) **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

Any other term(s) not defined herein shall have the same meaning as defined in the Companies Act, 2013 and SEBI Listing Regulations or any other applicable law or regulation.

4 Manner of dealing with Related Party Transaction(s):

4.1. Identification of Related Parties

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.

The Company Secretary will obtain annual declarations from Directors and KMPs for identification of related parties. The list of Related Parties arising from such declarations will be compiled by the Company Secretary and shared with the Finance department.

Finance department will keep track of the transactions with: -

- a) The Related Parties identified under the above declarations; and

- b) The holding company, fellow subsidiary companies and group / affiliate companies of the company.

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.

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. Such Notice should be accompanied by the relevant details/records and supporting documents.

The Company Secretary in consultation with the Chief Financial Officer will refer all Related Party Transactions to external expert/s to ensure the same are in the ordinary course of business, at arm's length and within the omnibus approval recommended by the audit committee and approved by the board. The outcome or opinion of such exercise shall be brought to the notice of the Audit Committee/ Board.

Before entering into a new type of related party transaction (not already tested by an external expert for ordinary course of business and arm's length), the company secretary and CFO will get external validation before placing before the audit committee.

4.2. Procedure for approval of Related Party Transactions

All RPT's and subsequent material modifications shall require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors shall approve RPT's.

The Audit Committee may grant omnibus approval for RPT's proposed to be entered into by the Company subject to following conditions:

- (a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with RPT Policy of the Company and such approval shall be applicable in respect of repetitive transactions.
- (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interests of the Company.
- (c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and (iii) such other conditions as the Audit Committee may deem fit and as prescribed by changes to law relating to RTPs

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.10 Million per transaction and the same being in ordinary

course of business and at arm's length to be ratified at the next audit committee meeting.

- (d) The omnibus approval of the Audit Committee shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- (e) The Audit Committee shall review at least on quarterly basis the details of RPT's entered into by the Company pursuant to each of the omnibus approval given based on the external experts' certification/ reviews.

4.3. Prior approval of Board of Directors under the Companies Act, 2013

All transactions with Related Parties as defined under the Companies Act, 2013 which are either not in the Ordinary Course of business or are not at Arm's Length shall require prior approval of Board of Directors. Information in such form and manner as prescribed in the Act and / or SEBI Listing Regulations would be provided to the Board.

In the above context where any Director is interested in any contract or arrangement with a Related Party such Director shall not be present during the discussion and vote on the subject matter of the Resolution relating to such contract or arrangement.

4.4. Approval of shareholders

Transaction with Related Parties covered within the scope of Section 188 of the Act, which are either not in the ordinary course of business or not on 'arm's length basis and exceeds the threshold under section 188 of the Act shall require prior approval of the shareholders through ordinary resolution. No member of the Company shall vote on such resolution, to approve the contract or arrangement which may be entered by the Company, if such member is a Related Party.

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

4.6 Materiality Thresholds

Regulations 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolution whether such entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold of lower of Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulation.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during the financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4.7 Related party Transactions not approved under this Policy

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

The Audit Committee or the Board of Directors or the shareholders shall consider all relevant facts and circumstances of 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 actions as Audit Committee deems appropriate under the circumstances.

5. Disclosure

The Company shall submit to the stock exchanges disclosures of related party transactions every 6 months within 15 days from the date of publication of its standalone and consolidated financial results in the format specified by the Board from time to time, and publish the same on its website. Effective April 01, 2023, the Company shall submit every 6 months on the date of publication of its standalone and consolidated financial results.

This Policy shall be uploaded on the website of the Company and the web link there to shall be provided in the Annual Report of the Company.

The approved yearly thresholds for the Related Party Transactions shall be considered and read to be a part of this Policy.

Appropriate disclosure as required under the Act and SEBI Listing Regulation will be made in the Annual Return, Board Report and to Stock Exchanges.

6. Amendment to Law

Any subsequent amendment / modification in the SEBI Listing Regulations, Act and all other applicable laws in this regard shall automatically apply to this Policy.

This RPT Policy was adopted by the Board on 17th June 2024