

POLICY ON MATERIALITY OF THE RELATED PARTY TRANSACTION AND ON DEALING WITH RELATED PARTY TRANSACTION

OVERVIEW

PREAMBLE

The Board of Directors (the “Board”) of Saint-Gobain Sekurit India Limited (the “Company” or “SGSIL”), acting upon the recommendation of the Audit Committee (the “Committee”), has adopted the following policy and procedures with regard to materiality threshold and manner of dealing with Related Party Transactions in compliance with the Companies Act, 2013 and Rules framed thereunder and Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015 (“Listing Regulations”).

The Policy is intended to ensure the review, approval and reporting of Related Party Transactions in compliance with applicable laws and regulations.

MATERIALITY THRESHOLD

A transaction with the Related party will be considered material if the transaction/transactions entered, either individually or taken together with previous transactions with such related party during a financial year, exceeds Rupees one thousand crore or 10% of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower or such other limit as may be specified under applicable laws/regulations and as amended from time to time.

A transaction involving payment made to the related party with respect to brand usage or royalty shall be considered material if the transactions entered, either individually or taken together with previous transactions during the financial year exceeds 5% of the annual consolidated turnover as per the last audited financial statements of the Company or such other limit as may be specified under applicable laws/regulations and as amended from time to time.

POLICY AND PROCEDURE

All Related Party Transactions shall require prior approval of the Committee in accordance with this Policy. Identification of Related party and Related Party Transactions.

The Company shall periodically identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed thereunder and Regulation 2 of the Listing Regulations.

Every Director and Key Managerial Personnel (KMP) shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide the requisite information about all persons, firms, entities in which he is interested, whether directly or indirectly, to the Company Secretary. The Company shall identify Related Party Transactions in accordance with Section 188 of the Act and Regulation 2 of the Listing Regulations (as amended from time to time).

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The Management shall provide to the Committee all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose or any other relevant information.

Only Independent Directors who are members of the Committee shall review and approve the Related Party Transactions.

Any member of the Committee who has a potential interest shall abstain from discussion and voting on the approval of the transaction.

The Committee shall consider the following factors, among others, in determining whether to approve a Related Party Transaction:

- Whether the terms and conditions are such that the transaction is at arm's length and in the ordinary course of the business.
- Whether there are business reasons to enter into the transaction(s).
- Whether the transaction would raise a question on the independence of the Independent Directors.

The Committee after considering the repetitiveness and requirement of the transactions shall accord an omnibus approval in line with this policy proposed to be entered into by the Company or its subsidiary(s). Where the need for the related party cannot be foreseen and the aforesaid details are not available, the Committee may grant approval for such transactions for a value not exceeding ₹1 crore for such transactions. In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

If the transaction approved by the Committee is modified by more than 20% (Material Modification) the Company shall place the same before the Committee for their further approval.

If the Committee determines that the Related Party Transaction should be brought before the Board of Directors, then the conditions set forth above shall apply for the Board's approval.

All material Related Party Transactions, other than those exempted as per the Companies Act, 2013 and Listing Regulations will be placed for approval of the shareholders of the Company.

PRE-APPROVED RELATED PARTY TRANSACTIONS

The following Related Party Transactions shall not require approval of the Committee:

- Any transaction that involves the payment of compensation to a Director or Key Managerial Personnel in connection with his or her official duties to the Company, including reimbursement of business and travel expenses as per the Company's policy.
- Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of the Listing Regulations.

- Contribution to Corporate Social Responsibility (CSR) obligations, subject to the approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.
- Any benefits, interest arising to Related Party solely from the ownership of Company's shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.

DISCLOSURE AND REPORTING

The Company shall disclose the Related Party Transactions in the Annual Report in compliance with the Companies Act, 2013 and relevant Accounting Standards.

The Company shall also provide the details of the Related Party Transactions to the stock exchange as per the requirement of Listing Regulations.

REVIEW OF THE POLICY

This Policy shall be reviewed by the Board of Directors once in two years or as and when there are changes in the Regulations/law relating to Related Party Transactions as may be recommended by the Committee.

This Policy will be communicated to all operational employees and other concerned persons of the Company.