



**SBI PAYMENT SERVICES PRIVATE LIMITED**

**NOMINATION & REMUNERATION POLICY**

**Document History:**

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## 1. PREAMBLE

The Board in its meeting held on July 25, 2019 renamed Nomination and Remuneration Committee as Nomination, Remuneration and Human Resources (“NR & HR”) Committee as the provision of Section 178 of the Companies Act, 2013, dealing with Nomination and Remuneration Committee is not applicable to a Private Limited Company.

## 2. POLICY PHILOSOPHY

The Policy is intended to set out criteria relating to nomination and to pay remuneration to the Directors, Key Managerial Personnel (KMP), Senior Management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

This Policy does not include the matters pertaining to Human Resources (HR) policy. The HR policy for the Company has been approved by the Board of Directors, reviewed by NR & HR Committee.

## 3. OBJECTIVE

### The Key Objectives of the Policy:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) Identify persons who are qualified to become Director and Key Managerial Personnel and Senior Management Personnel;
- c) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel;
- d) Effective evaluation of performance of the Board, its committees and individual directors; and
- e) To formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

## 4. DEFINITIONS

- a) “**Board**” means Board of Directors of the Company;
- b) “**Company/SBI Payments**” means SBI Payment Services Private Limited;
- c) “**Director**” means a Director of SBI Payments;
- d) “**Independent Director**” means an independent Director referred to in Section 149(6) of the Companies Act 2013;

- e) **“Key Managerial Personnel” (KMP)** means KMP as defined under the Companies Act, 2013
- Managing Director & CEO
  - Chief Financial Officer
  - Company Secretary
- f) **“Senior Management Personnel”** means personnel of the Company who are members of its core management team. The core management team includes CFO, COO, CTO and other CXO level position as defined in the HR policy of the Company. However more positions can be added/deleted/changed at the discretion of MD & CEO.

## 5. CONSTITUTION

The Board of Directors constituted NR & HR Committee on July 25, 2019 consisting 4 members, of which two are the nominees of State Bank of India (hereinafter referred as SBI), one is the nominee director of Hitachi Payment Services Private Limited (hereinafter referred as HPY) and one is Independent Director. The Board of Directors has authority to reconstitute the Committee from time to time. The role of the Committee is as under:

## 6. ROLE OF THE COMMITTEE

The Committee shall:

- a) Identify persons who are qualified to become Directors and Key Managerial Personnel and Senior Management;
- b) Recommend to the Board appointment and removal of Directors, KMP and Senior Management Personnel;
- c) Formulate the criteria for determining qualifications, positive attributes, and independence of a director;
- d) Specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the NR & HR Committee or by an independent external agency and review its implementation and compliance;
- e) Formulate a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company;
- f) Review, monitor and make recommendations to the Board of Directors on the HR Policy of the Company. This will include framing of rules and regulations and changes therein relating to recruitment, promotion, deputation and other conditions of service in respect of below Board level employees, wage structure, scale of pay and other benefits of the employees and any changes therein, increment policy, variable pay policy, performance evaluation methodology, organization chart including manpower planning and any other references made by the Board from time to time;

- g) Review any external evaluations of the human resources strategy and policies of the Company pertaining to any of the areas set out in (f) above, and report to the Board its findings and recommendations on such issues;
- h) Review, monitor and recommend to the Board of Directors on the variable pay policy, if any and any other benefits of the officers on deputation from SBI to the Company;
- i) Deal with any other matters as may be required and delegated to it by the Board of Directors from time to time, under any statutory or regulatory requirements.

## **7. APPOINTMENT/ NOMINATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT PERSONNEL**

### **(a) Appointment criteria and Qualification of Directors**

- (i) The Company has broadly identified the following as core skills/expertise/competencies required in the context of the Company's business and sector for it to function effectively. The Directors are required to have skills/expertise/competencies preferably in any of the following three Categories:
  - Industry Knowledge/Experience: relevant industry experience, knowledge of sector, knowledge of broad policy direction, understanding of government legislation/legislative process.
  - Appropriate skills/Experience: Appropriate skills, experience and knowledge in one or more fields of Finance, Banking, Law, Management, sales, marketing, administration, research, Corporate Governance, technical operations or other disciplines related to the Company's business.
  - Governance Competencies: Prior Director experience, Financial literacy, Compliance and Corporate Governance focus, strategic thinking/planning from a governance perspective
- (ii) The Nominee Directors shall be appointed and hold position in accordance with the Joint Venture Agreement between State Bank of India ("SBI"), SBI Payment Services Private Limited and Hitachi Payment Services Private Limited ("HPY"), Companies Act, 2013 and Articles of Association of the Company.
- (iii) Subject to the provisions of the Act, the Non-Executive Directors, other than Nominee and Independent Directors shall be liable to retire by rotation.
- (iv) The Independent Directors shall be required to meet the criteria of independence and be competent in the desired fields as laid out in this policy. Further, only those candidates who have their names registered in the Independent Directors' Databank shall be considered for appointment as Independent Directors.

**(v) Maximum Term/ Tenure of Independent Director**

An Independent Director shall hold office for a term up to three consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a Special Resolution by the Company and disclosures of such appointment in the Boards report.

No Independent Director shall hold office for more than two consecutive terms up to 3 years each, but such independent Director shall be eligible for appointment after expiration of 3 years of ceasing to become an independent Director.

**(vi) Independence of Independent Directors**

The Independent Director shall at the first meeting of the Board in which she/he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect her/his status as an independent director, submit a declaration that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013 and compliance with Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014.

**(b) Appointment criteria and qualification of KMP and persons in Senior Management**

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment, as per Company's requirements and applicable laws.

**(c) Succession plans**

Establishing and reviewing Board, KMP and Senior Management succession plans to ensure and maintain continuity in business with an appropriate balance of skills, experience and expertise on the Board and Senior Management.

**Applicability:** Succession Planning shall be applicable to the following personnel:

- (i) Board of Directors;
- (ii) Key Managerial Personnel; and
- (iii) Senior Management Personnel

### **Succession Plan for the Board**

- (a) The Board of Directors comprises of Nominee Directors of SBI and HPY and Independent Directors and Non-Executive Directors. Joint Venture Partners i.e. SBI and HPY shall nominate its Nominee Directors on the Board of SBI Payments as per terms of Joint Venture Agreement.
- (b) In the event of a vacancy arising on account of the resignation or retirement of the Nominee Director or the office of the Nominee Director becoming vacant for any reason, SBI and HPY shall designate another person to fill the vacancy in respect of such of their respective Directors;
- (c) NR & HR Committee of the Board, shall determine the suitability of every person who is being considered for being appointed or re-appointed as an Independent and other Non-Executive Director of the Company based on their expertise, experience & track record, and every such person shall meet the 'fit and proper' and 'Independence' criteria;
- (d) Any appointment or re-appointment of Nominee Directors, Independent and other Non-Executive Directors shall be subject to recommendation by NR & HR Committee of the Company.

### **Succession Plan for the KMP and Senior Management Personnel**

- 1.) MD & CEO and CFO shall be the nominee of SBI;
- 2.) COO shall be the nominee of HPY;
- 3.) The NR & HR Committee, with the help of management shall periodically review the position of MD & CEO, CFO and COO due for retirement/ attrition/repatriation and shall strive to advise the JV partners as far as possible within a period of six months to analyze the urgency and evaluate the skills of the person to be appointed to the positions nominated by them. Any vacant position shall be filled within a period of 6 months;
- 4.) For the positions other than MD & CEO, CFO and COO, other recruitments, or any other position in Senior Management or KMP, shall be done as prescribed in the Board approved HR policy.
- 5.) In addition to the above, the appointment of KMP to be made in compliance with all applicable provisions of the Companies Act and other applicable laws.
- 6.) In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart (as far as practicable) shall take interim charge of the position, pending a regular appointment in terms of the succession plan. MD & CEO is authorized to approve succession plan to give effect to this arrangement.



**(d) Evaluation**

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NR & HR Committee or by an independent external agency and review its implementation and compliance annually.

**(e) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, rules and regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules, regulations.

**8. REMUNERATION TO DIRECTORS/ KEY MANAGERIAL PERSONNEL/ SENIOR MANAGEMENT PERSONNEL & OTHER EMPLOYEES**

- a) The Directors nominated by SBI (except MD & CEO) and HPY will not get any Remuneration from the Company including sitting fees.
- b) The Independent and other Non-Executive Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013 including travel cost and stay arrangements. The amount of sitting fees shall be such as may be recommended by the NR & HR Committee and approved by the Board of Directors.
- c) Remuneration paid to MD & CEO, KMPs, Senior Management Personnel and to other employees shall be in accordance with HR policy of the Company (except COO).
- d) External Training/Certification/Course for Directors including Independent Directors: In view of skill development, SBI Payments may sponsor for external Training/Certification/Courses for Directors of the Company for Organization Development. On receipt of the requirement from Directors of the Company, Company Secretary will put up to appropriate authority for necessary approval along with the cost.

**9. REVIEW OF THE POLICY**

The Policy shall be reviewed annually or at earlier intervals, if necessary by NR & HR Committee. Any changes or modification to the policy as recommended by NR & HR Committee would be placed before the Board for approval. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the policy until the policy is reviewed and approved next time.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this policy with any existing legislations, rules, regulations, or laws, the provisions of such law, legislation, rules, regulation or enactment shall prevail over the Policy.

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