

SBI PAYMENT SERVICES PRIVATE LIMITED (SBIPSPL)

NOMINATION & REMUNERATION POLICY

1. PREAMBLE

The Board in its meeting held on 25th July, 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.

NR & HR Committee will formulate the criteria/ policy relating to the nomination and remuneration of Directors, Senior Management and other employees of the Company.

2. POLICY

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/SBIPSPL”** means SBI Payment Services Private Limited;
- c) **“Director”** means a Director of SBIPSPL;
- 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 Top Management i.e. MD & CEO, CFO, COO and other CXO level position as defined in the HR policy of the Company.

5. CONSTITUTION

The Board of Directors constituted NR & HR Committee on 25th July, 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

The Director shall possess 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.

The Nominee Directors shall be appointed and hold position in accordance with the Joint Venture Agreement between State Bank of India, SBI Payment Services Private Limited and Hitachi Payment Services Private Limited, Companies Act, 2013 and Articles of Association of the Company.

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.

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, give a declaration that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

(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 in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(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 and HPY will not get any Remuneration from the Company including sitting fees.
- b) The Independent Directors may receive sitting fees and such other remuneration 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 KMPs, Senior Management Personnel and to other employees:

The remuneration to be paid to KMPs, Senior Management Personnel and other employees shall be in accordance with HR policy of the Company.

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.
