

**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**

**CORPORATE GOVERNANCE CODE**

## Table of Contents

1	Introduction
2	Philosophy & Ethics
3	Board of Directors
4	Details on Corporate Governance in accordance with RBI <u>Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016</u>

## CORPORATE GOVERNANCE CODE

### **Introduction**

SBI Cards and Payment Services Private Limited ("SBICPSL") has strong and committed corporate governance framework which encompasses policies, processes and people, by directing, controlling and managing activities with sensible objectivity, transparency and integrity.

This Corporate Governance Code attempts to set forth the guiding principles on which the Company shall operate and conduct its daily business with its stakeholders, government and regulatory agencies and anyone else with whom it is connected. It recognizes that the Company is a trustee and custodian of its Shareholders money and in order to fulfill its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of shareholders.

The Company acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behavior. The Company shall be committed in all its actions to the interest of the countries in which it operates. The Company is conscious of the reputation it carries amongst its customers and public at large and shall endeavor to do all it can to sustain and improve upon the same in its discharge of obligations. The Company shall continue to initiate policies, which are customer-centric and which promote financial prudence. As a corporate the Company holds itself responsible to its customers, shareholders, partners, and employees by honoring its commitments, providing results, while striving for the highest quality.

### **Philosophy & Ethics**

The Corporate Governance Philosophy of the Company is to ensure fair and ethical business practice, transparent disclosures and reporting. Its focus is on statutory compliance, regulations and guidelines, and to promote ethical conduct of business throughout the organization with primary objective of enhancing stakeholders' value while being a responsible corporate citizen.

Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company, and create a built in mechanism of verification and internal controls to ensure that the decision making process, vested in the executive management, are used with due care and responsibility.

The company is committed to attain the highest standards of Corporate Governance.

### **Board of Directors**

One of the foundations of the corporate governance practice is Board of Directors of the Company, which lays guidelines and foundation of the conduct and functioning of management and ensures to promote long term interest of all stakeholders including consumers, employees, investors, creditors and local community.

The Directors present on Board are the optimum combination of financial expertise and professionalism. The Board adheres to the roles and responsibilities entrusted to them by virtue of their position and simultaneously ensure that these duties are performed in efficient and effective manner.

The Company is a Joint Venture between State Bank of India and GE Capital Mauritius Overseas investment, the Board is constituted in accordance with the provisions contained in the Joint Venture Agreement and the Companies Act.

There shall be held a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

Details on Corporate Governance in accordance with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

**Controls and Structures:-**

The details of Constitution, Periodicity and Terms of reference, of the various Committees are as follows:

Committee	Constitution	Periodicity	Terms of Reference
Audit Committee of the Board	3 Directors	At least 4 meetings in a financial year	<ul style="list-style-type: none"> <li>(i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;</li> <li>(ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;</li> <li>(iii) Approval/Ratification of other services as may be required to be availed from auditors of the Company;</li> <li>(iv) Examination of the financial statement and the auditors' report thereon;</li> <li>(v) Approval or any subsequent modification of transactions of the company with related parties;</li> <li>(vi) Scrutiny of inter-corporate loans and investments, if any;</li> <li>(vii) Valuation of undertakings or assets of the company, wherever it is necessary;</li> <li>(viii) Evaluation of internal financial controls and risk management systems;</li> <li>(ix) Monitoring the end use of funds raised through public offers and related matters;</li> <li>(x) To ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company</li> <li>(xi) Such other functions/area/term as desired/referred by the Board from time to time or required under applicable Laws/Regulation for time being in force.</li> </ul>

Committee	Constitution	Periodicity	Terms of Reference
Nomination and Remuneration Committee of the Board	3 Directors	As & when Required	<ul style="list-style-type: none"> <li>• Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal;</li> <li>• To carry out evaluation of every director's performance;</li> <li>• To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.</li> <li>• To establish criteria for fit and proper as per the guidelines issued by Reserve Bank of India or any other regulatory body or applicable statute, rule or regulation.</li> <li>• To evaluate the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as Director of the Company.</li> <li>• To establish, implement and monitor policies and processes regarding principles of corporate Governance in order to ensure the Board's compliance with its fiduciary duties to the Company and its shareholders</li> <li>• Such other functions/area/term as desired/referred by the Board from time to time or required under applicable law /listing agreement, for time being in force.</li> </ul>

Committee	Constitution	Periodicity	Terms of Reference
Risk Management Committee of the Board	3 Directors	At least one meeting in each quarter	The Committee will do the monitoring of the Risk Management of the Company and also review on an annual basis, the appropriateness and effectiveness of risk governance.
Asset Liability Management Committee	Chief Executive Officer (Chairman) and other senior officers of SBICPSL including the Chief Financial Officer, Chief Risk Officer, Head FPA, Finance Controller & Marketing Head	Monthly	The primary objective of ALCO is to set and implement the Company's policy and strategy in respect of the management of its balance sheet. The management of the balance sheet should aim to maximize profitability over time within the constraints of established policies for capital adequacy, interest rate risk management, liquidity & funding, foreign exchange, trading & derivatives, and credit risks. ALCO reviews the results of past actions in order to assess the appropriateness of past decisions with a view to identify ways in which to improve future decisions.

#### Fit and Proper Criteria

Policy on fit and proper criteria for the directors at the time of appointment and on a continuing basis has been adopted by the Company.

#### Disclosure and transparency

The following information to be placed before the Board of Directors at regular intervals:

- update on risk management system, and risk management policy and strategy followed;
- The composition of various Board level Committees and periodicity of the Committee meetings held shall be annually placed before the Board;
- A Quarterly compliance certificate to be placed before the Board in the quarterly Board Meetings;
- The Board of the Company may note the minutes of the Board committee meetings.
- Any material issue substantially affecting business of the Company;
- Other items prescribed under applicable statute, rules and regulations.

The Company shall make the necessary disclosures in the annual report as required under statutory rules /regulations.

#### Amendment

The code shall be reviewed annually or earlier, if necessary. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the code until the code is reviewed and approved next time.

Notwithstanding anything contained herein this code, in case of any contradiction of the provision of this code with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this code.

\*\*\* End \*\*\*