



SBI CARDS AND PAYMENT SERVICES LTD

NOMINATION AND REMUNERATION POLICY

(Classification: Public)

NOMINATION AND REMUNERATION POLICY

(Framed under Section 178 of Companies Act, 2013, Regulation 19 read with Schedule II, Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Master Direction – RBI (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 updated from time to time.)

1. PREAMBLE

In accordance with Master Direction – RBI (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 updated from time to time, all applicable NBFCs shall form a Nomination and Remuneration Committee to ensure 'fit and proper' status of proposed/ existing directors. The Nomination and Remuneration Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013, Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“**the Listing Regulations**”).

The Board had vide Circular Resolution passed on June 2, 2015 renamed the Nomination Committee as Nomination and Remuneration Committee.

2. POLICY

In compliance of Section 178 of the Companies Act 2013, Regulation 19 of the Listing Regulations and the RBI Master Direction, SBI Cards and Payment Services Limited (hereinafter referred as the “Company” or “SBICPSL”) has formulated criteria/ Policy relating to the nomination of Directors and Senior Management employees and remuneration for the Directors, Key Managerial Personnel and other employees of the Company.

3. OBJECTIVE

The Key Objectives of the Policy shall be:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Formulation of criteria for evaluation of performance of Independent Directors and the board of directors. Identify persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel and in senior management.
- To recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

- Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.
- To 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 Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance and ;
- To formulate Policy relating to the remuneration for the Directors, key managerial personnel and other employees.

4. DEFINITIONS

“**Board**” means Board of Directors of the Company.

“**Company**” means SBI Cards and Payment Services Limited.

“**Director**” means Director of the Company.

“**Independent Director**” means an independent Director referred to in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

“**Key Managerial Personnel**” (**KMP**) means Key Managerial Personnel as stated under the Companies Act, 2013 i.e.

- Managing Director & CEO
- Chief Financial Officer
- Company Secretary

“**Senior Management Personnel**” means

officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

5. CONSTITUTION

The Composition of the Nomination and Remuneration Committee of the Board shall be as stated under the Companies Act, 2013 and the Listing Regulations.

6. ROLE OF THE COMMITTEE

The Role of the Nomination and Remuneration Committee shall include:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the “**Board**” or “**Board of Directors**”) a compensation policy relating to the remuneration of the directors, key managerial personnel and other employees (“**Remuneration/Compensation Policy**”) and to oversee the framing, review and implementation of the same;

For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, a description of the role and capabilities required of an independent director shall be prepared. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of independent directors and the Board and to 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 Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
 - Devising a policy on Board diversity;
 - 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;
 - Ensuring ‘fit and proper’ status of the proposed and existing directors and to ensure that there is no conflict of interest in appointment of directors on Board of the Company, KMPs and senior management.
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
 - To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

- To recommend to the board, all remuneration, in whatever form, payable to senior management;
- To exercise such powers as are granted under the applicable employee stock option scheme of the Company, as amended from time to time; and
- To perform such other activities as may be delegated by the Board and carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or under the Master Directions or provided under the Companies Act or any other applicable law, as and when amended from time to time.
- The NRC to work in close coordination with Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation and risks
- The NRC to ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).

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

(i) Appointment criteria and Qualification of Directors

The Company has 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 skills/expertise/competencies are classified in following three Categories:

1. Industry Knowledge/Experience: relevant industry experience, knowledge of sector, knowledge of broad policy direction, understanding of government legislation/legislative process.
2. Technical Skills/Experience: Appropriate skills, experience and knowledge in one or more fields of Finance, Banking, Law, Management, sales, marketing and business development, administration, research, technical operations, information technology, corporate strategy, corporate governance, international business, operations management or other disciplines related to the Company's business.
3. Governance Competencies: Prior Director experience, Financial literacy, Compliance and Corporate Governance focus, strategic thinking/planning from a governance perspective.

The Director shall fulfil the requirements of Company's Policy on fit and proper criteria for directors and shall be appointed and hold position in accordance with the Articles of Association of the Company.

Maximum Term/ Tenure of Independent Director

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

No Independent Director shall hold office for more than two consecutive terms, 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., Regulation 16(1)(b) and Regulation 25 of the Listing Regulations.

(ii) 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.

(iii) 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 Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance annually.

(iv) Removal

Due to reasons for any disqualification mentioned in the Act 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. Otherwise, the power of removal of executives of the Company rests with the Company in accordance with the HR Policy.

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

- The Director nominated by SBI (except MD & CEO) and who is an officer of the Government or Reserve Bank of India or the State Bank of India or any subsidiary of the State Bank of India will not get any Remuneration from the Company including sitting fees. MD & CEO is not entitled for sitting fees.
- The Independent and other Non – Executive Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013 and the Listing Regulations. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- Remuneration paid to KMPs, Senior Management and to other employees:
 - Managing Director/ CEO is a person on deputation from SBI. His Remuneration & perquisites will be as per SBI's standard Policies and Practices.
 - Other deputees from SBI shall also be paid Remuneration & perquisites as per SBI's standard Policies and Practices.
 - Other employees, CFO and Company Secretary shall be paid Remuneration & perquisites in accordance with processes and procedures followed by the Company to determine the Remuneration & perquisites.
 - Criteria of performance evaluation and payment of Performance Linked Incentive to KMPs, Senior Management Personnel and other employees shall be in accordance with Company's Policy.

- 9.** The Policy shall be reviewed at Biennial (once in two years) interval. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the policy and same shall be placed before the Nomination and Remuneration Committee /Board for ratification/approval. 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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Change Tracker – Nomination and Remuneration Policy

Policy Name: Nomination and Remuneration Policy Last Approved on October 16, 2023 Policy Change Log				
Page No. Para Reference	Section Heading	Existing Provision	Revised Provision	Rationale for change
Page 2	-	(Framed under Section 178 of Companies Act, 2013, Regulation 19 read with Schedule II, Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & RBI Master Direction - updated from time to time.)	(Framed under Section 178 of Companies Act, 2013, Regulation 19 read with Schedule II, Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Master Direction – RBI (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 updated from time to time.)	Changes done pursuant to the updated RBI Directions.
Page 7 Para 9	-	The Policy shall be reviewed Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the policy and same shall be placed before the Nomination and Remuneration Committee /Board for ratification/approval.	The Policy shall be reviewed at Biennial (once in two years) interval. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the policy and same shall be placed before the Nomination and Remuneration Committee /Board for ratification/approval.	Change made as advised by the Board.