

**SBI Global Factors Limited**

# **Nomination and Remuneration Policy (Version – 2024)**

<b>Reviewing and Approving Authority</b>	<b>Board of Directors</b>
<b>Policy Making Body</b>	<b>Nomination and Remuneration Committee</b>
<b>Version No</b>	<b>2024</b>
<b>Review Cycle</b>	<b>Annually and as may be required from time to time</b>
<b>Last Reviewed by the Board in Annual review of Policies</b>	<b>21<sup>st</sup> July, 2023</b>

## **NOMINATION & REMUNERATION POLICY**

### **1. PREAMBLE**

Section 178 of the Companies Act, 2013 requires every listed Company and such class or classes of Companies, as may be prescribed to constitute the Nomination and Remuneration Committee consisting of three or more Non-Executive Directors out of which not less than one half shall be Independent Directors. Accordingly, the Nomination & Remuneration Committee was re-constituted (earlier Nomination Committee) by the Board of Directors in its Meeting held on April 11, 2014 and it is ensured that the Committee composition complies with all applicable laws.

### **2. POLICY**

In compliance of Section 178(3) of the Companies Act 2013, SBI Global Factors has formulated criteria/ Policy relating to the nomination of Directors and remuneration for the Directors, Key Managerial Personnel and Senior Management employees of the Company. The formulated Policy is in line with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time to the extent applicable to the Company.

### **3. OBJECTIVE**

- To lay down criteria and terms & conditions with regard to identifying persons qualified to become Directors and persons who may be appointed as Key Managerial Personnel & Senior Management Personnel
- To recommend to the Board, the appointment of Directors and Key Managerial Personnel and Senior Management Personnel
- To determine remuneration for Key Managerial Personnel and Senior Management Personnel.

- To recommend Sitting fees (Approved by SBI) for Directors.
- To carry out evaluation of performance for determining criteria for payment of Performance Linked Incentive to Key Managerial Personnel and Senior Management Personnel.
- To approve payment of performance Linked Incentives to Key Managerial Personnel and Senior Management Personnel.

#### **4. DEFINITIONS**

"Board" means Board of Directors of the Company.

"Company" means SBI Global Factors Ltd.

"Director" means Director of the Company.

"Independent Director" means Director appointed as per Section 149(6) of the Companies Act 2013.

"Key Managerial Personnel" (KMP) in terms of section 203 of the Companies Act, 2013 means -

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

"Senior Management Personnel" means

- EVP – CCO
- EVP – CFO
- EVP – COO
- SVP - CBO

The Policy is applicable to:

- Directors
- Key Managerial Personnel
- Senior Management Personnel of the Company.

## **5. THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD.**

The Board constituted the Nomination and Remuneration Committee of the Board by renaming its Nomination Committee of the Board, pursuant to provisions of Section 178 of the Companies Act, 2013, at present consisting of 3 members, of which one is the nominee of State Bank of India and other are Independent Directors.

## **6. ROLE OF THE COMMITTEE**

### **The Committee Shall:**

- Formulate the criteria for determining qualifications, positive attributes and independence of an Independent Director.
- Identify persons who are qualified to become Director and persons who may be appointed as Key Managerial Personnel (by using the services of an external agencies, if required).
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel
- carry out evaluation of every director's performance.
- Devise a policy on diversity of the Board of Directors and Succession planning and ensure the adherence of these policies.

### **(a) Appointment Nomination of Directors, Key Managerial Personnel & Senior Management Personnel**

- To recommend to the Board for the appointment of Director on the Board.
- To appoint Key Managerial Personnel
- To take note of appointment of Senior Management Personnel of the Company ( Personnel of Senior Management team are the deputed staff from State Bank of India and they are governed by the rules of State Bank of India)

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

- To identify persons to be appointed as Directors and recommend to the Board for their appointment.

#### **➤ Qualification of Directors**

The Director shall possess appropriate skills, experience and knowledge in one or more fields of Finance, Law, Management, sales, marketing, administration, research, Corporate Governance, technical operations or other disciplines related to the Company's business.

➤ **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 of 5 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 has or had no pecuniary relationship with the Company, its holding or associate Company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year.

**7. PERFORMANCE EVALUATION**

The provisions relating to the performance evaluation of the Directors and the Board are as follows:

1. Nomination and Remuneration Committee to carry out performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board at regular intervals (yearly) or the Company may engage an independent external agency in this regards pursuant to Section 178(2) of the Companies Act 2013.
2. Independent Directors to bring objective view in evaluation of performance of Board and Management - Schedule IV(II) of the Act.
3. Disclosure in Board Report a statement indicating the manner in which formal annual evaluation of the performance has been made of Board, its Committees and of individual Directors - Section 134(3)(p) of the Act.

**8. CRITERIA FOR EVALUATION OF THE BOARD, ITS COMMITTEES & INDIVIDUAL DIRECTORS**

- a) Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board is required to carry out annual evaluation of Board, its committees and individual Directors.

For annual performance evaluation of the Board as a whole, it's Committee(s) and individual Directors including the Chairman of the Board, the Company shall formulate a questionnaire to assist in evaluation of the performance. The tool takes the form of a series of assertions/questions which should be awarded a rating on a scale of 1 to 5 (1 being the lowest and 5 being the highest rating) by all individual Directors. Every Director has to fill the questionnaire related to the

performance of the Board, its Committees and individual Directors except himself and to provide a rating on a scale of 1 to 5 (1 being the lowest and 5 being the highest rating) with the rationale for exceptional rating and poor rating. On the basis of the response to the questionnaire, a formal annual evaluation shall be made by the Nomination and Remuneration Committee on the performance of the Board and that of its Committees and individual Directors.

**b) 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 and regulations.

**c) Remuneration to Directors/ Key Managerial Personnel & Senior Management Personnel.**

- The Directors nominated by State Bank of India and who are full - time employees of the Bank will be governed by the rules of State Bank of India. They will not get any Remuneration from the Company including sitting fees.
- Managing Director & CEO is on deputation and nominated by State Bank of India. However, his salary will be reimbursed to State Bank of India. Hence rules of Nomination & Remuneration policy will not be applicable to Nominee Directors of State Bank of India (who are full - time employees of the Bank) and the Managing Director & CEO.
- The remuneration rules of Nomination & Remuneration Policy will also not be applicable to Directors nominated by other shareholders, if any. The Company will pay only sitting fees to the other nominee directors .
- The Independent Directors are Non — Executive Directors. The Company will not pay any Remuneration to the Independent Directors except sitting fees. (Sitting fees limits are laid down by State Bank of India uniformly for all subsidiaries)

To recommend to the Board Remuneration or any revision in the Remuneration paid to KMPs:

**Managing Director & CEO** - He is on deputation from State Bank of India. His Remuneration & perquisites will be as per the his scales of salary in State Bank of India.

**Company Secretary** — To recommend to the Board Remuneration or any revision in the salary paid to the Company Secretary.

**Chief Financial Officer** – He is on deputation from State Bank of India. His Remuneration & perquisites will be as per his scales of salary in State Bank of India

- To take note of Remuneration paid to senior management Personnel.
  - Those are on deputation from State Bank of India and their Remuneration & perquisites will be as per their scales of salary in State Bank of India.
  - Those who are direct recruits from market, their remuneration will route through the Committee.
- To consider and approve the criteria and payment of Performance Linked Incentive to KMPs and Senior Management Personnel.
- The Nomination and Remuneration Committee of the Board may work in close coordination with Risk Management Committee of the Board (RMC) of the company to achieve effective alignment between compensation and risks.

## 9. REVIEW OF THE POLICY

The Nomination and Remuneration Policy will be subject to review every year and as may be required from time to time.