



Nomination & Remuneration Policy
Version 2.0

Paytm Payments Services Limited

Nomination and Remuneration Policy

Version 2.0

Policy Version	Date of Board approval	Effective Date
Version 1.0	February 5, 2021	February 5, 2021
Version 2.0	January 15, 2025	January 15, 2025

TABLE OF CONTENT

Sr. No.	Particulars	Pg. No.
1	Preamble	4
2	Definitions	4
3	Objective, Purpose & Scope	5
4	Letter of Appointment	5
5	Criteria for Appointment of Directors, KMP, SMP and other employees <ul style="list-style-type: none"> ● Appointment criteria and Qualification of Directors ● Term / Tenure ● Independence of Independent Director ● Appointment Criteria and qualification of KMP and SMP and other employees ● Removal ● Retirement ● Evaluation ● Board Diversity 	5 5 6 7 7 8 8 8 8
6	Remuneration to Directors/KMP/SMP and other employees <ul style="list-style-type: none"> ● Remuneration to Executive Directors ● Remuneration to Non-Executive Directors ● Remuneration to KMP, SMP and other employees 	8 9 9 10
7	Directors and Officers Liability Insurance Policy	11
8	Recoupment	11
9	Limitation	11
10	Disclosure of this Policy	11
11	Review	11

PREAMBLE

The Nomination and Remuneration Policy (“Policy”) of Paytm Payments Services Limited (“PPSL” or “Company”) is formulated in compliance with Section 178 and other applicable provisions of the Companies Act, 2013, read with applicable rules made thereunder and other applicable laws.

The Board of Directors of the Company (“Board”) has approved and adopted this Policy on the recommendation of the Nomination and Remuneration Committee. It is understood that this policy shall be subject to the provisions of the Articles of Association of the Company and any agreements that the Company may have entered into.

DEFINITIONS

a) “Act” means the Companies Act, 2013, as amended from time to time and the rules framed thereunder.

b) “Committee” or “NRC” means the Nomination and Remuneration Committee of the Company constituted by the Board of the Company consisting of three or more non-executive directors out of which not less than one-half shall be independent directors if appointed, in compliance with the applicable provisions of the Act.

c) “Director” means a member of the Board of the Company.

d) “Employee” means any person who is a permanent employee of the Company.

e) “Independent Director” means a Director referred to under Section 149(6) of the Act as amended from time to time.

f) “Key Managerial Personnel” or “KMP” means Key Managerial Personnel as defined under sub-section (51) of Section 2 of the Act as under:

- i) the Chief Executive Officer or the Managing Director or the Manager;
- ii) the Company Secretary;
- iii) the Whole-time Director;
- iv) the Chief Financial Officer;
- v) such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board; and
- vi) such other officers as may be prescribed.

g) “Senior Management Personnel” or “(SMP)” means personnel of the Company who are members of its core management team excluding Board, comprising all members of management one level below the Chief Executive Officer and the Managing Director, and the Whole-Time Director of the Company, and shall include the functional heads as may be decided by the Committee on the recommendation of Chief Executive Director/ Whole Time Director of the Company and the Company Secretary and Chief Financial officer of the Company and as may be defined under applicable laws from time to time

Words and expressions not defined in this policy shall have the same meaning as contained in the Act.

OBJECTIVE, PURPOSE & SCOPE

The objective of this Policy is to serve as a guiding charter to appoint qualified persons

as Directors on the Board of the Company (“Directors”), Key Managerial Personnel (the “KMP”), and Senior Management Personnel (“SMP”), to recommend the remuneration to be paid to them and to evaluate their performance including to:

- a) lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive including Independent Directors) and persons who may be appointed as KMP and SMP.
- b) identify the criteria for determining qualifications, positive attribute and independence of Directors;
- c) specify framework for remuneration of Directors, KMP and SMP, based on factors including the Company’s size, financial position, trends and practices on remuneration prevailing in peer companies in the similar industry.
- d) specify the manner for effective evaluation of performance of the Board, its committees and individual Directors, Chairman of the Board KMP and SMP to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.
- e) assessing the independence of Independent Directors.
- f) providing them reward, linked directly to their efforts, performance, dedication and achievement relating to the Company’s operations.
- g) retaining, motivating and promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- h) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Act and Rules thereunder.

LETTER OF APPOINTMENT

Letter of appointment as applicable, shall be issued by the Company to each Director, KMP and SMP based on the recommendations of the Committee on the basis of the guidelines for the same under the Act, and this Policy and shall be accepted and signed by the concerned person.

CRITERIA FOR APPOINTMENT OF DIRECTOR, KMP, SMP AND OTHER EMPLOYEES

a) Appointment criteria and Qualification of Directors

- 1) The Board shall have an optimum combination of Executive, Non-Executive and Independent Directors including at least one-woman Director in accordance with requirements of the Articles of Association of the Company, the Act, as may be considered necessary to effectively manage the affairs of the Company. The appointment of Directors shall be approved by the Board on the recommendation of the NRC and shall be subject to approval of Shareholders as per applicable provisions of the Act.
- 2) The proposed candidate should possess adequate qualification, expertise and

experience and knowledge in one or more fields of Business and Management, Technology, Digitalisation, Finance, Marketing, Corporate Governance, or such other areas related to the Company's business, as may be determined by the NRC.

- 3) The Committee shall be responsible for identifying suitable candidates for appointment/ re- appointment of Chairman, Managing Director, Whole-time Director, Non-Executive Directors including Independent Directors. While evaluating a person for appointment/re-appointment as Directors, the Committee shall consider and evaluate number of factors including but not limited to background, qualification, integrity, knowledge, skills, ability to exercise sound judgement, professional and personal accomplishment, age, experience of industry and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- 4) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- 5) The Committee shall ensure that an appropriate induction & training program is in place for new directors after their appointment. The Committee shall also ensure that all directors are provided with appropriate training and/or business/regulatory updates on a periodic basis.

b) Term/Tenure

On the recommendations of the NRC and the Board of Directors:

1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director, Whole-time Director or Executive Director for a term not exceeding five years at a time which may be extended to other terms with the approval of the shareholders, as may be permitted under the applicable laws.

2. Non-Executive Non-Independent Director

The Non-Executive Non-Independent Director's office is subject to retirement by rotation and subject to the approval of the shareholders at the general meeting in the manner as specified under the applicable laws.

3. Independent Director

An Independent Director shall be appointed / re-appointed for a term not exceeding five years with the approval of the shareholders and shall not be liable to retire by rotation.

No Independent Director, if any shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re- appointment in the Company as Independent Director after the expiry of three years of ceasing to become an Independent Director in the Company. The Committee shall take into

consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

4. Limitation on number of Directorships

No person shall serve as director in more than twenty companies (including the Company) at the same time, provided that the maximum number of public companies in which they can be appointed as a director shall not exceed ten companies.

For reckoning the limit of public companies in which they can be appointed as director, directorship in private companies that are either holding or subsidiary Company of a public Company shall be included.

Provided further that the appointment of an Executive Director as a director of any other company shall be subject to the consent of the Board of Directors of the Company as long as there is no conflict of interests involved.

The above provisions shall be subject to the applicable provisions of the act and rules made thereunder.

c) Independence of Independent Directors

The independence of Directors is decided based on the criteria provided under the relevant provisions of the Act read with rules made thereunder, and any modification/amendments made from time to time. A declaration of independence is taken from the Independent Directors at the first meeting of the Board in which he or she 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 his/her status as an Independent Director. An Independent Director shall be under the obligation to inform the Board of any change in circumstances which may affect his/her independence.

d) Appointment Criteria and qualification of KMP and SMP (not being a director) and other employees.

- 1) The Managing Director/ Whole-Time Director shall ensure that the candidate being recommended to the NRC possesses the requisite qualification, expertise and experience for the position he / she is considered for appointment, as per the Company's requirements and applicable laws/policies. The appointment of KMP and SMP shall be approved by the Board on recommendation of the NRC.
- 2) The NRC shall consider and make a recommendation to the Board for appointment of KMP and SMP. NRC / Chairman of NRC shall have a right to interview the identified candidate.
- 3) The appointment of other employees shall be made based on the experience, qualifications, and expertise of the individual as well as the roles and responsibilities required for the position.

e) Removal

Due to reasons for any disqualification mentioned in the Act and rules made there under or under any other applicable Act, rules and regulations, 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 Act, rules and regulations and terms of their respective appointment.

f) Retirement

The Directors, KMP and SMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMPs & SMPs even after attaining the retirement age, for the benefit of the Company.

g) Evaluation

The Committee shall specify the manner for effective evaluation of performance of the Board, its Committees, individual Directors, Chairman of the Board, KMP and SMP to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance as per provisions of the Act and laws applicable to the Company. The Committee will also consider regulatory lapses while doing performance evaluation of the Directors, KMP and/or SMP

h) Diversity

In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Board shall always, have an optimum composition of executive, non-executive and independent directors, if required on the Board with diverse background, without discrimination based gender, age, nationality and ethnicity and physical disability.

REMUNERATION TO DIRECTORS/KMP/SMP AND OTHER EMPLOYEES

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. The overall limit of remuneration of the Directors including Executive Directors (i.e., Managing Director, Whole-Time Director etc.) is governed by the applicable provisions of the Act & rules made thereunder. The overall remuneration, including fixed and variable pay including but not limited to ESOP, will be benchmarked with other companies based on size, sector or other parameters as may be considered appropriate by the Committee and/ or Board.

a) Remuneration to Executive Directors (Managing Director and Whole-Time Director)

As per the provisions of Section 197 of the Act read with the rules made thereunder, the remuneration of Executive Directors shall be approved by the shareholders based on the recommendation of the Board and the Committee. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act.

The remuneration payable to Executive Directors may consist of the following components which shall be reviewed by the Committee and/or Board based on their performance.

- I. Base Compensation (fixed salaries): This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are a normal part of remuneration package in line with market practices.
- II. Variable salary/Long Term Incentives: A relevant part of remuneration is payable as variable salary linked to Company and individual performance, fulfilment of quantitative and or qualitative targets or the attainment of certain financial or other objectives set in this regard.
- III. Stock Options in accordance scheme of the Company, holding company or group company, if any and in accordance with applicable laws.
- IV. Any other component/benefits as may be recommended and approved by the NRC as per applicable provisions of the law and/or policies of the Company.

b) Remuneration to Non-Executive Directors including Independent Directors:

As per the provisions of Section 197 of the Act read with the rules made thereunder, the remuneration payable to Non-Executive Directors including Independent Directors shall be based on the remuneration structure as determined by the Board basis the recommendation of the Committee and subject to approval of the shareholders of the Company, wherever applicable, and is revised from time to time, depending on individual contribution of Directors, the Company's performance. The remuneration may be benchmarked with other companies based on size, sector or other parameters as may be considered appropriate by the Committee and/ or Board including the following components:

- I. Fixed Remuneration – The Non-Executive Directors, including Independent Directors shall be eligible to receive remuneration as recommended by the Committee and approved by the Board and shareholders, as applicable.
- II. Variable Remuneration – The Non-Executive Directors including Independent Directors may receive remuneration based on criteria like type of committee membership/ chairmanship, attendance of meetings of the Board or Committees of the Board to which they are appointed from time to time thereof.
- III. The Non-Executive Directors including Independent Directors are entitled for the sitting fees and reimbursement of expenses for participation in the Board and / or Committee meetings such as flight, transportation, accommodation etc., as may be decided by the Board.
- IV. In the event of absence or inadequacy of profits, subject to the approval of the shareholders of the Company and on the recommendation of the Committee, the Company shall pay remuneration to its Non-Executive including Independent Directors in accordance with the provisions of Schedule V of the Act.
- V. Stock incentive: The Independent Directors shall not be entitled to any stock incentive of the Company.

Non-Executive Nominee Directors shall not be paid any remuneration. However, they shall be entitled for reimbursement of expenses for participation in the Board and/ or Committee meetings such as flight, transportation, accommodation etc., as may be decided by the Board.

c) Remuneration to KMP (other than covered in Clause a above), SMP and other employees:

The remuneration of KMP (other than covered in Clause above), SMP and other employees, shall be as per the policies of the Company. The Committee shall recommend to the Board, all remuneration, in whatever form, payable to KMP and SMP.

The remuneration payable to KMP, SMP and other employees may consist of the following components which shall be reviewed by the Committee and/or Board based on their performance:

- I. Fixed Pay: This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non- statutory benefits which are a normal part of remuneration package in line with market practices.
- II. Variable salary/Long Term Incentives: A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified quantitative and qualitative targets or the attainment of certain financial or other objectives set in this regard.
- III. Stock Options in accordance scheme of the Company, holding company or group company, if any
- IV. Perquisites and such other benefits as may be deemed appropriate as per applicable laws and/or Policies of the Company.

DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

All Directors and officers (including KMP and SMP) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

RECOUPMENT

In the event, the Company restates its financial statements due to fraud or non-compliance of any rules, regulations, accounting standards, applicable to the Company, to the extent permitted or required by governing laws, the Company shall seek to recover any Incentive Based Compensation received by the concerned employee that is in excess of what would have been payable based on the restated and corrected financial statements. Additionally, Executive Director and any KMP/SMP related to, or providing oversight to the respective function could also be subject to similar recoupment.

LIMITATION

In the event of any conflict between the provisions of this Policy and the Act, rules made there under, or any other statutory enactments or rules as maybe applicable, the provisions of Act, rules made there under, or any other statutory enactments or rules shall

prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

DISCLOSURE

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall be disclosed in the Board's Report.

REVIEW

- a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.
- b) In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- c) This policy shall be reviewed by the Committee as and when any changes are to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee, provided that such review should be undertaken at least once in two years. Any changes or modification to the policy as recommended by the Committee would be placed before the Board for their approval.