SNAPMINT FINANCIAL SERVICES PRIVATE LIMITED

Policy for Compensation of Key Managerial Personnel (KMP) and Senior Management

Version 1

Document review and approval

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Date of Review / Amendment	Particulars

A. Preamble:

Snapmint Financial Services Private Limited **("SFSPL" or the 'Company')** is a Non-Banking Financial Company **("NBFC")** registered with Reserve Bank of India **("RBI")**. The Company is classified as a Middle Layer NBFC under Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.

The Company has implemented 'Policy for Compensation of Key Managerial Personnel (KMP) and Senior Management' policy in accordance with Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions **("RBI Master Directions")**. The guidelines provides broad guidance to NBFCs in formulating and governing the compensation of Key Managerial Personnel (KMP) and members of Senior Management (SMT).

B. Purpose & Applicability

The Policy is applicable to all Directors, KMPs and SMT. This policy has considered the provisions laid down under Section 178 (4) of the Companies Act 2013, which are as under:

a. The level and composition of compensation is reasonable and sufficient to attract, retain and motivate directors/KMPs/SMT of the quality required to run the company successfully;
b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
c. Remuneration to Directors, KMPs and SMT involves a balance between fixed and incentive pay reflecting short term and long-term performance objectives appropriate to the working of the Company and its goals
d. The policy addresses issues arising out of excessive risk taking caused by misaligned compensation packages.

C. Definitions:

"RBI" means Reserve Bank of India

"Key Mangerial Personnel (KMP)" means

(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 is in whole-time employment, designated as key managerial personnel by the Board; and
(vi) such other officer as may be defined in section 2(51) of the Companies Act, 2013 ("the Act"), as amended from time to time or may be prescribed by the Act or the rules made thereunder;

"Senior Management Team (SMT)" means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management including functional heads who are one level below the executive directors.

"NRC" means Nomination & Remuneration Committee

"NBFC" means Non-Banking Financial Company

"RMC" means Risk Management Committee

"Deferral" shall mean payment of a part of compensation at a date later than when it becomes due to the Directors, KMPs and/or SMT.

"ESOP" means Employee Stock Option Scheme under which employees of the company are granted stock options in a given financial year.

"Clawback" is a contractual agreement between the employee and the regulated entity in which the employee agrees to return previously paid or vested remuneration to the entity under certain circumstances.

"Malus" means an arrangement that permits the organization to prevent vesting of all or part of the

amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.

"Retention Period" means the period after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

D. Constitution of Nomination and Remuneration Committee (NRC)

The Committee shall have the constitution, as laid down in section 178 of the Companies Act, 2013 as amended from time to time.

The NRC:

1. To work in close coordination with the RMC to achieve effective alignment between compensation and risks;
2. To ensure that compensation levels are supported by the need to retain earnings of the NBFC and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP); and
3. To ensure 'fit and proper' status of proposed and existing directors and that there is no conflict of interest in appointment of directors, KMP and senior management.
4. To oversee the framing, review and implementation of this policy.

E. Compensation Structure

The compensation of Key Managerial Personnel (KMPs) and senior management needs to be reasonable, recognizing all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

The Structure shall broadly comprise the following components-

- Fixed Pay
- Variable Pay

A. Fixed Pay: The composition of Fixed Pay is as under:

- Monthly fixed salary payable (Basic salary, HRA, Special allowance, etc.)
- Perquisites and contributions towards retiral benefits (Employer contribution to PF, Superannuation, NPS, gratuity, etc.)
- All perquisites that are reimbursable (Car lease etc.) and have a monetary ceiling
- Monetary equivalent of benefits of non-monetary nature (Company provided car, Furnished house, Club membership, etc.)

B. Variable Pay:

- It is part of the compensation that is paid basis performance measures defined for the performance measurement period. It can be in the form of share-linked instruments (ESOP), or a mix of cash and share-linked instruments
- It can be reduced to zero based on performance at an individual, business-unit and company-wide level
- Proportion of Variable Pay: The proportion of variable pay in total compensation, which includes fixed and variable pay, needs to be commensurate with the role and prudent risk-taking profile of KMP / senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher.
- Deferral of variable pay: RBI guidelines for NBFC advises that a certain portion of variable pay, as decided by the Board of the company, may be deferred and this deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Also, deferral

period for such an arrangement may be decided by the Board of the company.
- The shares so granted under the heading of Variable Pay shall be governed by the ESOP Scheme of the Company.
- Compensation for Risk Control and Compliance Staff: To ensure a robust Risk Management and Control Mechanism, it is intended that KMPs and SMT engaged in financial control, risk management, compliance and internal audit are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the company. For such personnel the fixed component of the total pay will be higher than variable component. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and / or clawback, when warranted, is not rendered infructuous.

F. Guaranteed Bonus

Guaranteed bonus may not be paid to the KMPs and SMT. However, in the context of new hiring, joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

G. Malus/Clawback

In the event of subdued or negative financial performance of the NBFC and / or the relevant line of business or employee misconduct in any year, the Committee shall evaluate and decide if malus and/ or clawback need to be applied or not on the Variable Pay along with the time period covering at least the deferral and retention periods.

Circumstances under which application of Malus and Clawback is to be considered:

- Material breach of company's Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply Malus or / and Clawback provisions.
- Fraud, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information.
- Wilful misinterpretation / misreporting of financial performance of the company.
- Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement or of criminal nature.
- Non-disclosure of material conflict of interest by the employee or any misuse of official powers.
- An act of wilful, reckless, grossly negligent conduct which is detrimental to the interest or reputation of the company.
- Malus may also be applied in the situation of significant deterioration of financial or risk performance from one financial year to the next.
    a. The performance measures defined as part of goal setting process of the company, business threshold metric and sustainable business strategy framework would form the primary considerations for evaluating the application of Malus in this condition.
    b. The NRC may duly take into consideration factors that were within the control of the person, and/ or beyond reasonable control, on account of conditions such as macro events, market conditions, industry performance, changes in legal/regulatory requirements, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions etc.
- Above events are to be considered by the NRC for application of Malus and Clawback where they result in significant loss to the company or its shareholders.
- The NRC Committee also reserves the right to include any additional conditions which may trigger Malus/ Clawback provisions over and above those defined herein
- Circumstances that may trigger Malus or Clawback provisions will be reviewed periodically by the NRC.

Application of Malus & Clawback provisions

- The NRC will review the requirement to invoke the Malus or Clawback provisions in the event

one or more of the circumstances come to light.

- The review by the NRC will aim to determine involvement, accountability, severity and wilful nature of the act of the concerned person/s.
- Bonafide errors of judgment will not be subject to Malus provisions.
- The provision of a Malus arrangement would entail cancellation of deferred portion of variable pay. The NRC may decide to apply Malus on part, or all of the unpaid cash portion of variable pay or unvested ESOPs basis level of involvement, proportionality and impact.
- The provision of Clawback arrangement would entail return of already paid variable pay in cash and/ or ESOPs attributable to a given reference year to which circumstances triggering the provisions of Malus and Clawback are related.
- The NRC may decide to apply Clawback on part, or all of variable pay basis level of involvement, proportionality and impact.

Malus/ clawback clause can be applied for a period of 12 months or such other extended period as decided by NRC before expiry of the initial period of 12 months, due to any specific matters being reviewed/investigated.

H. Reporting Requirement

Company may be required to disclose Directors, KMPs and/or SMPs compensation as per regulation applicable to the company.

I. Review of the Policy:

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board as and when required. Consequent upon any amendments in RBI Master Directions or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board.