

SBI Life Insurance Company Limited (SBI Life)
SBI Life Employee Stock Option Scheme 2018 – “Scheme”

SBI LIFE INSURANCE COMPANY LIMITED

SBI LIFE EMPLOYEE STOCK OPTION SCHEME 2018 – “SCHEME”

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1. Name of the Scheme

This scheme shall be termed the SBI Life Employee Stock Option Scheme 2018 (“Scheme”). forms a part of the SBI Life Employees Stock Option Plan 2018 (“Plan”). The Plan including this Scheme has been approved by special resolution passed on September 27, 2018 by the shareholders at the 18th General Meeting. This Scheme - I shall be effective from September 27, 2018 herein after referred as the “Effective date”.

2. Purpose of the Scheme

SBI Life Insurance Company Limited (“Company” or “SBI Life”), a company incorporated under the Companies Act, 1956 and having its registered office at ‘NATRAJ’, M.V. Road & Western Express Highway Junction, Andheri (East), Mumbai - 400 069 has structured this Scheme for its employees.

The Company has structured this Scheme for its employees, whose present and potential contributions are important to the success of the Company, by offering them an opportunity to participate in the Company’s future and also acquire a proprietary interest in the Company by award of Options. The objectives of this Scheme are as under:

- (a) Attain performance targets
- (b) Competitiveness
- (c) Retention of performers
- (d) Wealth creation for the employee

These objectives / purpose is sought to be achieved through the Grant of Options to employees eligible under this Scheme.

3. Definitions and Interpretation

Unless otherwise defined, the terms mentioned herein shall have the same meaning for the purpose of “Scheme” as defined in the Plan. Apart from the generality of the aforesaid,

- 3.1 “Average Fair Market Value” shall mean a simple average of the closing price of the share on the recognized stock exchange during 15 trading days immediately prior to the relevant date.

As the Shares of the Company are listed on more than one recognized stock exchange, closing price of the share on the recognized stock exchange, which is considered for the purposes of arriving at the Fair Market Value referred on Clause 3.6, will be considered for determining the simple average.

- 3.2 “Closing Date” shall be 30 days from the Grant Date during which options can be accepted by the Grantee. In case such date is a non-working day, then it shall be the immediately following working day;

- 3.3 “Eligible Employee” for the purpose of this Scheme shall mean an Employee identified in accordance with Clause 5 of this Scheme to whom the Grant of Options shall be made;

- 3.4 “Exercise Price” shall mean the purchase price of each Share payable by the Participant/ Beneficiary for exercising the Vested Options Granted to the Participant in pursuance of the Scheme, as per Clause 8 of the Scheme and shall be communicated in the Grant letter;
- 3.5 “Exercise Period” shall mean the period of 7 years from the Grant Date, subject to Clause 16 of the Plan, unless the Board or the Nomination and Remuneration Committee decides otherwise;
- 3.6 “Fair Market Value” shall
mean the closing price on a recognized stock exchange on which the Shares are listed on the date immediately prior to the relevant date.
- As the Shares are listed on more than one recognized stock exchange, the fair market value shall be the closing price of the share on the recognized stock exchange, which records the highest volume of trading in the share, on the date immediately prior to the relevant date.
- In case there is no trading in the share on the date immediately prior to the relevant date, the closing price on the date immediately preceding such date needs to be considered.
- 3.7 “Relevant Date” means date of the meeting of the Committee on which the Grant is made;

4. Interpretation

- 4.1 In this Scheme, unless the context thereof otherwise requires:
- 4.1.1 words importing a particular gender include any other gender;
- 4.1.2 words using the singular or plural number also include the plural or singular number, respectively;
- 4.1.3 the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Scheme and not to any particular Clause, sub-Clauses or section of this Scheme
- 4.1.4 whenever this Scheme refers to a number of days, such number shall refer to calendar days unless otherwise specified;
- 4.1.5 any reference to any statute or statutory provision shall include:
- 4.1.5.1 all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated);
- 4.1.5.2 such statute or provision as may be amended, modified, re-enacted or consolidated;
- 4.1.5.3 headings and captions are used for convenience only and shall not affect the interpretation of this Scheme;

4.1.5.4 references to Recitals, Clauses, sub-Clauses and Appendices shall be deemed to be a reference to the recitals, clauses, sub-clauses and schedules/appendices of this Scheme;

4.1.5.5 reference to a Clause number shall also include reference to all its sub-Clauses; and

4.1.5.6 reference to any Appendix hereto includes a reference to any part of that Appendix which is incorporated by reference.

4.2 In the event of any inconsistency between the provisions of this Scheme and the provisions of the employment offer letter or employment agreement of the Eligible Employee, the provisions of this Scheme shall prevail.

4.3 In the event of any inconsistency between the provisions of this Scheme and the Articles of Association, then the provisions of the Articles of Association shall prevail and be deemed to have been incorporated herein by reference.

5. Eligibility

5.1 Eligible Employees will be as determined in pursuance of the Plan;

5.2 Such eligible employees will be eligible to participate in the Plan subject to such criteria as may be decided by the Board and/ or the Nomination and Remuneration Committee at its own discretion, including, but not limited to the date on which the Employee joins the Company, grade of the Employee, period of service with the Company, criticality or any other criteria, as the Committee determines.

5.3 The Scheme shall be applicable to the Company and Options may be granted to the Employees of the Company as determined by the Board and/ or the Nomination and Remuneration Committee at their own discretion. It is clarified that Employees working abroad will be entitled to participate in this ESOP 2018, subject to compliance Applicable Laws including applicable laws of the jurisdiction in which such Employee is working for the Company.

5.4 At all times, Employees eligible for ESOP 2018 shall exclude all Employees on deputation from State Bank of India and BNP Paribas SA (including nominee directors of State Bank of India and BNP Paribas SA), as the case may be.

6. Grant of Options

6.1 The Company through the Board or the Nomination and Remuneration Committee shall Grant the Options to the identified Eligible Employees in accordance with the terms and conditions of this Scheme for the time being in force.

6.2 Subject to Clause 9 and Clause 15.2 of the Plan and in accordance with Clause 10 of the Plan, the maximum number of Options Granted to any Grantee during one year under "Scheme" shall not exceed 1 percent of the total share capital at the time of the Grant. However, the maximum number of Options in aggregate that may be granted pursuant to Grant of Options to an employee under this Scheme cannot exceed 1,00,00,000 Options.

- 6.3 The Grant of the Options to the Eligible Employee upon approval by the Committee shall be made in writing in Letter of Grant and communicated to the Eligible Employee. Such Letter of Grant shall state the Grant Date, number of Options offered, Vesting period, the Exercise Price and the Closing Date.

7. Method of acceptance

- 7.1 In accordance with Clause 11 of the Plan, any Grantee who wishes to accept the Grant made pursuant to Clause 6, must deliver a Letter of Acceptance, prescribed by the Board and/ or the Nomination and Remuneration Committee from time to time, duly completed as required therein to the Board and/ or the Nomination and Remuneration Committee on or before the Closing date.
- 7.2 The Grant of Options to any Grantee who fails to return the Letter of Acceptance or any Letter of Acceptance received by the Board or the Nomination and Remuneration Committee, as applicable, after the Closing date shall not be valid and the Options granted will stand cancelled, unless the Board or the Nomination and Remuneration Committee determines otherwise.

8. Vesting of Options

- 8.1 Subject to Clauses 16.1 and 16.2 of the Plan, the minimum vesting period shall be one year from the date of grant.
- 8.2 Subject to continued employment or directorship (as the case may be) and achieving a minimum annual performance rating of 3 in the performance evaluation cycle prior to the date of vest and in accordance with Clause 12 of the Plan, the Options shall Vest as per the schedule set forth:
- (i) 30% of the Options shall vest on the First anniversary from the Grant Date;
 - (ii) Next 30% of the Options shall vest on the Second anniversary from the Grant Date
 - (iii) Balance 40% of the Options shall vest on the Third anniversary from the Grant Date.

9. Exercise Price

- 9.1 The Exercise Price for the Options granted shall be the Fair Market Value or Average Fair Market Value, whichever is lower.
- 9.2 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the methods specified in Clause 14.6 of the Plan.

10. Exercise of Options

- 10.1 In accordance with Clause 14 of the Plan and subject to Clause 16 of the Plan, the Participant/ Nominee can Exercise the Vested Options immediately on or after vesting but within the Exercise Period. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 11.3 of the Plan shall stand automatically terminated without any obligations whatsoever on the Compa-

ny or the Board or the Nomination and Remuneration Committee and no rights in that regard will accrue to the Participant after such date.

11. Duration of the Scheme

- 11.1 Scheme shall continue to be in effect unless terminated by the Company through the Board and/ or the Nomination and Remuneration Committee.

12. Lock in

- 12.1 Subject to Clause 19 of the Plan, the Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Clause 10 shall not be subject to a lock-in unless the Board and/ or the Nomination and Remuneration Committee decides otherwise.

13. Conflict

In case there is a conflict between the terms of this Scheme and the terms of the Plan, then for the purposes of this Scheme, the terms of this Scheme shall prevail, unless specifically provided otherwise in the Plan.