

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

In compliance with the requirements set out in the SEBI (Depositories and Participants) Regulations, 2018, Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Nomination and Remuneration Committee of National Securities Depository Limited ('NSDL') has formulated this Nomination and Remuneration Policy ('Policy') in order to set out criteria for remuneration of Directors, Key Managerial Personnel and other employees of NSDL.

2. DEFINITIONS

2.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2 **Board** means the Board of Directors of NSDL.

2.3 **Director** means a Director (excluding Managing Director) appointed on the Board of NSDL.

2.4 **Key Managerial Personnel** means Key Managerial Personnel as per the Companies Act, 2013 and SEBI (Depositories and Participant) Regulations, 2018:

2.4.1 **Key Managerial Personnel as per Companies Act, 2013** shall be as defined under section 2(51) of the said Act read with rules prescribed thereunder.

2.4.2 **Key Managerial Personnel as per SEBI (Depositories and Participants) Regulations, 2018** shall be as defined under regulation 2(k) of the said regulations.

2.5 **The Committee** means the Nomination and Remuneration Committee constituted by the Board.

2.6 **Regulation** means the SEBI (Depositories & Participants) Regulations, 2018.

3. CRITERIA FOR REMUNERATION OF DIRECTORS

All the Directors (excluding Managing Director & CEO) are paid sitting fees in compliance with the prescribed limit, as mentioned under Companies Act, 2013.

4. CRITERIA FOR REMUNERATION OF KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees of the quality required to run the company successfully. Remuneration involves a mix of fixed and variable pay based on performance rating. The remuneration of Key Managerial

Personnel and other employees of the organisation is in line with the internal policies and procedures established by the Company.

Further, the remuneration of Key Managerial Personnel as per the SEBI (Depositories and Participants) Regulations, 2018 shall be in accordance with the norms specified by SEBI. The Compensation norms, in this regard, shall be as follows:-

- a) The variable pay component shall not exceed one-third of total pay.
- b) Fifty percent of the variable pay shall be paid on a deferred basis after three years.
- c) ESOPs and other equity linked instruments in the depository shall not be offered or provided as part of the compensation.
- d) The remuneration shall be subject to malus and clawback arrangements.

While determining the remuneration, following factors shall also be considered:

- i. Financial condition / health of the depository
- ii. Average levels of compensation payable to employees in similar ranks
- iii. The remuneration shall not contain any provisions regarding incentives to take excessive risks over the short term
- iv. Revenues, net profit of the depository
- v. Comparable to the industry standards
- vi. Role and responsibilities of the key management personnel
- vii. Periodic review

5. BOARD DIVERSITY

The Board shall consist of such number of Directors as prescribed under regulation 24 of the SEBI (Depositories and Participants) Regulations, 2018.

The Committee will lead the process for recommendation of Directors to SEBI, subject to Board's approval. Recommendation of Directors to SEBI will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Committee shall seek to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience. The candidates may be considered against criteria with an endeavour to have due regard to the benefits of diversity on the Board.

6. REVIEW AND AMENDMENT

- I. The NRC or the Board may review the Policy as and when it deems necessary.
- II. This Policy may be amended or substituted by the NRC or by the Board as and when required.