

**POLICY FOR PERFORMANCE REVIEW
OF
PUBLIC INTEREST DIRECTORS**

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1. Background:

National Securities Depository Limited ('NSDL'/'Company'), based on the recommendation of the Nomination and Remuneration Committee ('NRC'), adopted this Performance Review Policy ('Policy') of Public Interest Directors (PIDs) in accordance with the SEBI Circular SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 05, 2019 pertaining to performance review of PIDs.

2. Applicability:

This Policy shall be applicable for evaluating performance of all PIDs.

3. Evaluation Mechanism:

PIDs shall be subjected to internal as well as external evaluation, carrying equal weightage.

- I. Internal Evaluation:** All the Board Members shall evaluate the performance of each PID, on an annual basis at the end of every financial year.
- II. External Evaluation:** PIDs shall also be subject to external evaluation during their last year of the term, by a management or a human resource consulting firm. In order to avoid any bias or conflict of interest, external consultant should not be a related party or associated with NSDL, concerned PID or any other Board Members. The consultant shall take into consideration the performance of PID for entire tenure served in Company, at least up to 4 months before the expiry of his/her term. Such performance review should be carried out in fair and objective manner and

the review should be recorded with clarity and verifiable facts in a standardized format covering all the relevant criteria/aspects.

4. Evaluation Criteria:

The criteria for performance evaluation of PIDs, which shall be considered for both internal evaluation and external evaluation, shall be as under and additional criteria may be considered, as may be deemed appropriate from time to time:

- a. Qualifications:** PID's qualification in area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets, including any recent updates in this regard.
- b. Experience:** PID's prior experience in area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets, including any recent updates in this regard.
- c. Knowledge and Competency:**
 - Whether the PID has sufficient understanding and knowledge of the NSDL and the applicable regulatory norms.
 - Whether the PID has sufficient understanding of the role, responsibilities and obligations of PID under the relevant regulatory norms.
 - How the PID fares across different competencies as outlined below, as identified for effective functioning of Board of NSDL:
 - i. Constructive and analytical decision making abilities
 - ii. Strategic expertise - the ability to understand and review the strategy
 - iii. Legal - Understanding of legal and regulatory framework

- iv. Financial – Ability to read and understand the basic financial statements
 - v. Risk management - experience in managing areas of major risk to the organisation
 - vi. Business acumen and sound commercial judgement
 - vii. Leadership
- Whether the PID has sufficient understanding of the risk attached with the business structure.

d. Fulfilment of functions:

- Whether the PID understands and fulfils the functions as assigned to him/her by the Board and the regulatory norms.
- Whether the PID gives views and opinion on various regulatory matters when comments are invited by SEBI through various means.

e. Ability to function as a team:

- Whether the PID is able to function as an effective team- member.
- Whether the PID listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members.
- Whether the PID shares good interpersonal relationship with other directors.

f. Initiative:

- Whether the PID actively takes initiative with respect to various areas.
- Whether the PID insists on receiving information necessary for decision making.

- Whether the concerned PID keeps himself well informed about the functioning of NSDL and the external environment in which it operates.
- Whether the PID remains updated in terms of developments taking place in regulatory areas.
- Whether the PID has identified any important issues concerning any matter which may involve conflict of interest for NSDL, or may have significant impact on its functioning, or may not be in the interest of securities market, and whether the PID has reported same to SEBI.
- Whether the PID appropriately deals with critical matters.

g. Availability and attendance:

Whether the PID is available for meetings of the Board and attends the meeting of Board and Committees regularly and timely, without delay.

(Note: PIDs cannot remain absent for three consecutive meetings of the Board and needs to attend seventy five percent of the total Board meetings held in each calendar year; failing which the PID shall be liable to vacate office)

h. Commitment:

Whether the PID is adequately committed to the Board and NSDL.

i. Contribution:

- Whether the PID has contributed effectively to the entity and in the Board meetings.
- Whether the PID participates in the proceedings of Board meetings keeping in mind the interests of various stakeholders.
- Whether the PID actively deliberates and contributes on proposed business propositions and strategic decisions taking into

consideration pros and cons of such propositions, long term outlook, business goals, cost-benefit analysis, etc.

j. Integrity:

- Whether the PID demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).
- Whether the PID strictly adhere to the provisions of the SEBI (D&P) Regulations, 2018 and any other regulatory provision, as applicable, along-with the code of conduct and code of ethics prescribed under other applicable regulatory norms.
- Whether disclosures such as dealing in securities and other regulatory disclosures are provided by the PID on timely basis.
- Confirmation on the PID being a Fit & Proper person.
- Confirmation that the PID doesn't disclose confidential information, including technologies, unpublished price sensitive information, unless such disclosure is expressly approved by the Board of directors or required under the applicable laws.

k. Independence:

- Whether the PID is independent from NSDL and the other directors and there is no conflict of interest.
- Confirmation as to non-association of the PID with NSDL and its members.
- Whether the PID keeps regulators informed of material developments in NSDL's functioning, from time to time.

1. Independent views and judgment:

- Whether the PID exercises his/her own judgment and voices opinion freely.
- Whether the PID's participation in decisions taken during meetings are unbiased, based on ethical judgment and are in strict conformity to the applicable regulatory norms.
- Whether the PID raises his/her concern if anything is observed contrary to regulatory norms and the expected norms of ethical conduct.
- Whether the PID is committed to ensure that there is fairness and integrity in NSDL's system, in letter as well as spirit.

5. Review of the Policy:

The NRC shall review this Policy, at least once in 3 years and shall recommend changes, if any to the Board for its approval. In case of any amendment(s), clarification(s), circular(s), notification(s) etc. issued by the relevant authority, not being consistent with the provisions laid down in this policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions herein and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s)/clarification(s)/circular(s)/notification(s), etc.