BOARD EVALUATION POLICY
(Version-07)

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1. BACKGROUND:

The Board of Directors (the "**Board**") of Central Depository Services (India) Limited ("**CDSL/Company**") has, basis the recommendation of the Nomination and Remuneration Committee, adopted this Board Evaluation Policy ("**Policy**") to comply with various provisions under Regulation 19 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), [1]Regulation 25(3) read with Part C of Second Schedule of the SEBI (Depositories and Participants) Regulations, 2018 ["**SEBI (D & P) Regulations**"] and Section 178 of the Companies Act, 2013 and other relevant rules made thereunder[2].

The Policy is based on the SEBI Circular dated January 05, 2017[3] and SEBI Circular dated February 05, 2019 (as amended from time to time) which provides further clarity on the process of Board Evaluation and such other circulars issued in this regard from time to time.

Interpretation:

All words and expressions used but not defined in this Policy shall have the same meaning as defined in the Companies Act, 2013 read with Rules made thereunder, SEBI Listing Regulations, SEBI (D & P) Regulations, the Depositories Act, 1996 and any other laws applicable to the Company including any statutory modification(s) or re-enactment(s) thereof as the case may be.[4]

Committees/Board Committees for the purpose of this policy shall include only the Committees as per the Companies Act, 2013, SEBI Listing Regulations[5] **[**and SEBI (D & P) Regulations.**]**[6]

2. OBJECT:

The Policy has been framed with an objective to ensure individual Directors of the Company ("Directors") **[**& Independent External Professionals (IEPs)**]**[7] and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders. Accordingly, the Policy provides guidance on evaluation of the performance, on an annual basis, of: (i) Individual

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[5] *Added pursuant to amendment approved on 21.03.2025*
[6] *Added pursuant to amendment approved on 01.08.2026*
[7] *Added pursuant to amendment approved on 01.08.2026*

Directors (including Chairperson and Public Interest Directors (PIDs)/Independent Directors, **[**Non-Independent Directors, Managing Director & CEO & Executive Directors)**]**[8]; (ii) the Board as a whole; and (iii) various Committees of the Board ("Board Committees").

3. EVALUATION MECHANISM:

3.1 INTERNAL EVALUATION: [9]

A. Evaluation of Individual Directors:

Performance of Individual Directors of the Company **[**(including Chairperson and Public Interest Directors/Independent Directors, Non-Independent Directors, Managing Director & CEO & Executive Directors)**]**[10] shall be evaluated, on an annual basis, by: (i) the Board as a whole (excluding the Director being evaluated); (ii) the Nomination and Remuneration Committee (NRC) **[**and (iii) Public Interest Directors Committee**]**[11].

- In carrying out evaluation **[**of Individual Directors**]**[12]**,** the Board shall keep in mind the evaluation parameters set out in ***Annexure-1.***
- **[ ]** [13]

B. Evaluation of Board as a whole:

The Board shall, on an annual basis, evaluate its own performance keeping in mind the evaluation parameters set out in ***Annexure-2***.

C. Evaluation of the Board Committees:

The Directors who are members of Board Committees[14] shall, on an annual basis, evaluate the performance of their respective

[8] *Added pursuant to amendment approved on 01.08.2026*
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[10] *Amended pursuant to amendment approved on 01.08.2026*
[11] *Added pursuant to amendment approved on 01.08.2026*
[12] *Amended pursuant to amendment approved on 01.08.2026*
[13] *Deleted pursuant to amendment approved on 01.08.2026*
[14] *Amended pursuant to amendment approved on 10.06.2024*

Committees[15], as per the evaluation parameters set out in ***Annexure-3***.

D. [Evaluation of the Independent External Professionals (IEPs):

The Directors who are members of Board Committees shall, on an annual basis, evaluate the performance of IEPs of their respective Committees, as per the evaluation parameters set out in ***the Guidelines for Independent External Professionals*** of the Company.**]**[16]

3.2 EXTERNAL EVALAUTION:

A. Evaluation of Public Interest Directors:

In addition to the Internal Evaluation, the PIDs shall also be subject to External Evaluation during the last year of their first[17] term in the Company, by the management or a human resource consulting firm. The criteria for performance review of PIDs, as laid down in ***Annexure-1*** shall also be considered for external evaluation.

The consultant shall take into consideration the performance of the PID for the entire tenure served in the Company, **in accordance with provisions of SEBI (D & P) Regulations as amended from time to time**[18] before expiry of his/her term.

In order to avoid any bias or conflict of interest, external consultant should not be a related party or associated with the Company, the concerned PID **[ ]**[19] or any other board members.

Such performance review should be carried out in a fair & objective manner and the review should be recorded with clarity and verifiable facts in a standardized format covering all the relevant criteria/aspects.

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[15] *Amended pursuant to amendment approved on 10.06.2024*
[16] *Added pursuant to amendment approved on 01.08.2026*
[17] *Inserted pursuant to amendment approved on 10.06.2024*
[18] *Amended pursuant to amendment approved on 21.03.2025*
[19] *Deleted pursuant to amendment approved on 01.08.2026*

B. [Evaluation of Independent External Professionals (IEPs):

The External Performance Evaluation of IEPs for extension of tenure shall be carried out in the manner prescribed by SEBI for PIDs.][20]

4. RECOMMENDATION TO SEBI:

After taking into account the performance of a PID, on the basis of Internal Evaluation and External Evaluation, both carrying equal weightage, the NRC shall consider and recommend **[**his/her re-appointment**]**[21] to the Governing Board of the Company. The Governing Board of the Company shall in turn consider and recommend to SEBI if the **[**said PID is desired to re-appointed for**]**[22] another term of three years.

The application for **[**re-appointment**]**[23] of a PID shall be accompanied with the attendance details of PID in the meetings of various mandatory committees and of the Governing Board of the Company along with specific reasons for seeking **[**re-appointment**]**[24] of his/her term as a PID. Such specific reasons shall include facts such as whether the concerned PID, during the term served, had identified any important issues concerning any matter which may involve conflict of interest, or have significant impact on functioning of the Company, or may not be in the interest of securities market as a whole, and whether the PID had reported the same to SEBI.

5. ROLE OF PUBLIC INTEREST /INDEPENDENT DIRECTORS: [25]

The Public Interest/Independent Directors shall hold at least **[**two meetings**]**[26] in a financial year, without the presence of Non-Independent Directors and Members of Management wherein they will:

i. **[**review the performance of the Non-Independent Directors and Managing Director & CEO in accordance with the evaluation parameters set out in ***Annexure-1***.
ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Independent Directors, in accordance with the evaluation parameters set out in ***Annexure-1;***

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[20] *Added pursuant to amendment approved on 01.08.2026*
[21] *Amended pursuant to amendment approved on 01.08.2026*
[22] *Amended pursuant to amendment approved on 01.08.2026*
[23] *Amended pursuant to amendment approved on 01.08.2026*
[24] *Amended pursuant to amendment approved on 01.08.2026*
[25] *Added pursuant to amendment approved on 21.03.2025*
[26] *Amended pursuant to amendment approved on 01.08.2026*

iii. review the performance of the Board as a whole and its Committees in accordance with the evaluation parameters set out in ***Annexure-2*** and ***Annexure-3*** respectively**]**[27]; and
iv. assess the quality, quantity and timelines of flow of information between the Management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Public Interest/Independent Directors shall mandatorily attend such meetings.

In accordance with Clause II(C)(f) of Part B of Third Schedule of SEBI (D & P) Regulations, Public Interest Directors shall put in place an evaluation mechanism to assess the performance of Managing Directors on a continuing basis in line with evaluation guidelines for Public Interest Directors. Accordingly, the evaluation of Managing Director & CEO shall be as per ***Annexure-1*** which is in line with that of Public Interest Directors.[28]

6. ROLE OF NOMINATION AND REMUNERATION COMMITTEE AND GOVERNING BOARD:

The summary sheet of ratings shall be placed before the Nomination and Remuneration Committee and Board, who shall evaluate the performance of Individual Directors (including Chairperson), Board as a whole and various Committees on an annual basis (except the Director being evaluated)[29].

While evaluating the performance of Individual Directors, Nomination and Remuneration Committee and Board shall always consider the appropriate benchmarks set as per industry standards, the performance of the Individual Director, the performance of the Company and the role of the Individual Director within the Company.

The Nomination and Remuneration Committee shall determine whether to re-appoint each Public Interest/Independent Director, on the basis of the report of performance evaluation of Public Interest/Independent Directors.

The Nomination and Remuneration Committee may also consider the following while **[**re-appointing**]**[30] the tenure of PID by another term of three years:

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[28] *Added pursuant to amendment approved on 21.03.2025*
[29] *Added pursuant to amendment approved on 21.03.2025*
[30] *Amended pursuant to amendment approved on 01.08.2026*

- It shall be ensured that the concerned PID hasn't remained absent for three consecutive meetings of the Board and has attended seventy-five per cent of the total meetings of the Board in each calendar year; failing which PID shall be liable to vacate office.
- It shall be ensured that PIDs in the Board of Company are selected from diverse fields of work, in terms of their qualification and experience.[31]

While evaluating conflict of interest of a PID, the Board of the Company shall also take into consideration provisions of Clause 3(b) of Schedule III Part B (II-B) of SEBI (D & P) Regulations under the head 'Applicable to the Directors and Committee members'[32]; and conflict of interest, if any, of any PIDs shall be disclosed to SEBI by the Board with their comments/ views.

7. Criteria for Evaluation:

The criteria for evaluation are laid out in the relevant Annexures. These include quantitative questions along with an option to provide qualitative comments. Each of the questions have the following five options:

Strongly disagree	***Disagree***	***No opinion***	***Agree***	***Strongly Agree***
1	***2***	***3***	***4***	***5***

8. FEEDBACK:

The Chairperson or any person suitably appointed by the Board may give a written assessment/an oral feedback to:

(i) each Director**[**/IEP**]**[33] separately;
(ii) the entire Board; and
(iii) each Board Committee

Provided that in case the Directors**[**/IEPs**]**[34] are not comfortable with open individual assessment, provision for confidentiality may be made where possible.

[31] *Added pursuant to amendment approved on 21.03.2025*
[32] *Amended pursuant to amendment approved on 10.06.2024*
[33] *Added pursuant to amendment approved on 01.08.2026*
[34] *Added pursuant to amendment approved on 01.08.2026*

9. ACTION PLAN:

Once responses from all the Directors have been received, a summary of results of the Board Evaluation will be placed before the **[**Public Interest Directors Committee**]**[35], Nomination and Remuneration Committee and Board. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating of **[4 or less]**[36] have been identified as areas for reflection and action planning. These are not necessarily the problem areas but definitely the areas where processes/practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas ("**Action Plan**"). While identifying the areas for reflections, proposed actions should be suggested for consideration of the evaluation panel. In some areas, suggestions from the evaluation panel are required to be provided.

The Action Plan should carry in detail the following:

i. The nature of actions, including training and skill-building, required to be undertaken to address the identified areas.
ii. Timeline within which the actions detailed in the Action Plan shall be completed.
iii. Persons responsible for the implementation of the Action Plan.
iv. Resources required to achieve the objectives set out in the Action Plan.

The Board must review the actions set out in the Action Plan within a specific time period as thought fit.

10. POLICY REVIEW:

As performance review is not a static process and requires periodical review, the Nomination and Remuneration Committee shall review the Policy, at least once in 3 (three) financial[37] years and as and when deemed necessary. Any changes made in the Policy shall be subject to approval by the Governing Board of the Company. ( )[38]

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

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[35] *Added pursuant to amendment approved on 01.08.2026*
[36] *Amended pursuant to amendment approved on 01.08.2026*
[37] *Amended pursuant to amendment approved on 21.03.2025*
[38] *Deleted pursuant to amendment approved on 10.06.2024*

and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s)/notification(s).

11. DISCLOSURE:

In accordance with the requirements under the SEBI Listing Regulations and the Companies Act, 2013, disclosure regarding the manner in which the performance evaluation has been done as per the evaluation criteria formulated by the Nomination and Remuneration[39], by the Board of its own performance, by various Board Committees of its performance by the respective members and by the individual Directors, [40]shall be included in the Board's Report as per Section 134 of the Companies Act, 2013. [ ][41]. The performance evaluation criteria for Public Interest/Independent Directors shall be included in the Corporate Governance statement contained in the Annual Report of the Company as well as on the website of the Company.[42]

[39] *Added pursuant to amendment approved on 21.03.2025*
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[41] *Deleted pursuant to amendment approved on 21.03.2025*
[42] *Added pursuant to amendment approved on 21.03.2025*

Annexure 1 | Individual Directors (including Public Interest Directors/Independent Directors, Non-Independent Directors, Managing Director & CEO, Executive Directors and Chairperson)[43]

This questionnaire has been designed to enable the assessment of every Individual Director (including Chairperson) by all other members of the Board, saving the Director who is being evaluated. Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	2	3	4	5

Sr. No.	Parameters	Chairperson	Individual Directors		
			(Name)*	(Name)*	(Name)*
1.	Possesses suitable knowledge, competency, qualification and experience as required for the effective functioning of the Company and the Board.				
2.	Demonstrates adequate understanding of the Company's business, risks, governance framework, regulatory requirements & developments, and the roles and responsibilities as a Director.				
3.	Effectively discharges responsibilities assigned by the Board and applicable regulations, provides informed views on regulatory matters, identifies significant issues (including conflicts of interest), and appropriately handles critical matters.				
4.	Works collaboratively with fellow directors, values diverse viewpoints, maintains positive professional relationships, and contributes constructively to Board deliberations.				
5.	Takes initiative, seeks relevant information for decision-making, remains well-informed about the Company's operations and external environment, and demonstrates proactive engagement.				
6.	Regularly attends Board and Committee meetings, is available when required, and demonstrates commitment to the Company and its				

[43] *Amended pursuant to amendment approved on 01.08.2026*

	governance responsibilities.				
7.	Actively participates in Board discussions, contributes to strategic and business decisions with balanced judgment, and considers the interests of stakeholders and the long-term objectives of the Company.				
8.	Demonstrates the highest standards of integrity, confidentiality, ethical conduct, and regulatory compliance;				
9.	Maintains independence from the Company and its members, avoids conflicts of interest, satisfies applicable independence requirements, and keeps regulators informed of material developments where required.				
10.	Exercises objective and unbiased judgment, expresses independent views, raises concerns regarding regulatory or ethical issues, and promotes fairness, transparency, and integrity in the Company's governance.				
11.	Provides effective leadership to the Board by fostering constructive discussions, encouraging balanced participation, managing dissent impartially, coordinating deliberations efficiently, demonstrating professionalism, decisiveness and open-mindedness, and ensuring effective conduct of Board meetings.		NA	NA	NA
12.	Is sufficiently committed to the Board and its meetings		NA	NA	NA
13.	Provides strategic guidance during critical business situations and ensures Board deliberations and decisions appropriately balance the long-term interests of shareholders and other stakeholders.		NA	NA	NA

** Name(s) of the Director(s) being evaluated to be mentioned according to the Board composition*

Note 1: *Additional Comments and Suggestions, if any, to be written separately and attached to this questionnaire.*

Note 2: *The Independent Directors of the Company shall evaluate the Non-Independent Directors in a meeting without the attendance of the Non-Independent Directors and the management.*

Sd/- ___________________________
(Name of Director)

Annexure 2 | Board as a whole[44]

This Annexure has been designed to enable assessment of the Board. Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree	*Disagree*	*No opinion*	*Agree*	*Strongly Agree*
1	*2*	*3*	*4*	*5*

Sr. No.	Parameters	Rating
1.	The Board comprises directors with the appropriate mix of knowledge, qualifications, experience, skills, and competencies required for the effective governance of the Company and adequate diversity in terms of gender, age, professional background, experience, skills, knowledge, and perspectives, thereby enriching Board deliberations.	
2.	The size and composition of the Board are appropriate to enable effective oversight, decision-making, and discharge of its responsibilities.	
3.	The Board has an appropriate balance of Executive and Non-Executive & Public Interest/Independent Directors, enabling independent decision-making in tasks where there is a potential for conflict of interest.	
4.	The Board appointment and nomination process is transparent, objective, merit-based, and aligned with the Company's governance framework and succession planning requirements.	
5.	The Board periodically reviews its composition, skills matrix, succession plans and evaluation framework.	
6.	Board functions constructively as a team by fostering open dialogue, encouraging diverse viewpoints, enabling group-think and active participation by all members.	
7.	Roles and responsibilities of Board are clearly documented	
8.	Board devotes adequate time and focuses on strategic oversight by reviewing and guiding corporate strategy, business plans, risk management (including scenario planning), performance, and major investment and capital allocation decisions.	

[44] *Amended pursuant to amendment approved on 01.08.2026*

Sr. No.	Parameters	Rating
9.	Board devotes adequate time and oversight on governance, compliance, financial reporting, internal controls, risk management, disclosures, and the effectiveness of the Company's corporate governance framework, including review of governance assurance and compliance certifications.	
10.	Whether the Board effectively evaluates, guides, and oversees executive management, including performance assessment, remuneration, succession planning, strategic challenge, and alignment of management actions and incentives with the Company's long-term objectives and shareholder interests.	
11.	Whether the Board effectively oversees and periodically reviews the key risks impacting the organisation, ensuring that risk assessment is balanced, comprehensive and objective, without resulting in over-optimism or exposing the entity to excessive or unrecognised risks.	
12.	Whether the Board effectively oversees and periodically reviews the investor grievance redressal mechanism, including the status of grievances received, resolved and pending, to ensure timely and effective resolution.	
13.	Whether the Board effectively oversees and manages potential conflicts of interest involving management, Directors and shareholders, including misuse of corporate assets and related party transactions, and ensures adequate independent oversight in matters where conflicts of interest may arise.	
14.	Whether the Board effectively promotes stakeholder value by making informed, ethical and diligent decisions in the best interests of the entity and its stakeholders, ensuring fair treatment of all stakeholder groups, maintaining effective stakeholder engagement, and periodically reviewing the entity's business responsibility, sustainability and corporate social responsibility initiatives.	
15.	Whether the Board sets a corporate culture and the values by which executives throughout a group shall behave.	
16.	Whether the Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively.	
17.	Whether the level of independence of the management from the Board is adequate.	

Sr. No.	Parameters	Rating
18.	Whether the Board and the management are able to actively access each other and exchange information.	
19.	Whether adequate secretarial and logistical support is available for conducting Board meetings.	
20.	Whether sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting, etc.	
21.	Whether the Board ensures that New Directors are provided with adequate induction, and other Directors with adequate orientation and continuous professional development programmes to enhance their knowledge, skills and awareness of evolving regulatory, governance and business developments.	
22.	Board Meetings are held on regular basis, and Board meets frequently to undertake its duties properly & the Board is adequately informed of material matters in between the Meetings.	
23.	Board Meeting agenda papers are comprehensive and facilitate effective discussions, are circulated in a timely manner; ensure follow-up of previous matters, consideration of Committee activities, and timely completion of Board decisions.	
24.	Board Minutes are properly recorded (including dissenting views), circulated in a timely manner & approved properly in accordance with set procedures.	

Sd/- ______________________________
(Name of Director)

Annexure 3 | General Evaluation Criteria for the Committees of the Board[45]

While evaluating the performance of the Committees of the Board the following general criteria shall be considered by the Board. Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	*2*	*3*	*4*	*5*

Sr. No.	Parameters	AC	NRC	SRC	CSR & ESG	RMC	SCOT	IC	ROC	MC
1.	Appropriateness of the Committee's composition having regard to the mix of skills, expertise, experience and independence from the Governing Board.									
2.	Effectiveness in discharging its roles and responsibilities, including oversight of matters within its Terms of Reference, applicable regulatory requirements and risk areas.									
3.	Quality of deliberations, decision-making and recommendations made to the Governing Board, and effectiveness in monitoring implementation of its decisions.									
4.	Adequacy of meetings, agenda, information and participation of members to facilitate informed and constructive discussions.									

[45] *Amended pursuant to amendment approved on 01.08.2026*

5.	Effectiveness of interaction and coordination with the Governing Board, Management and other Committees, wherever required.									
6.	Overall contribution towards strengthening corporate governance, regulatory compliance and achievement of the Company's strategic objectives.									

AC: Audit Committee, NRC: Nomination & Remuneration Committee, SRC: Stakeholders Relationship Committee, CSR & ESG Committee: Corporate Social Responsibility and Environmental, Social & Governance Committee, RMC: Risk Management Committee, SCOT: Standing Committee on Technology, IC: Investment Committee, ROC: Regulatory Oversight Committee, MC: Member Committee

Sd/-___________________________
Name of the Director