

INDIAN CLEARING CORPORATION LIMITED - BOARD EVALUATION POLICY

1. BACKGROUND

The board of directors (the “**Board**”) of Indian Clearing Corporation Limited (the “**Company**”) has, basis the recommendation of the Nomination and Remuneration Committee, adopted this board evaluation policy (“**Policy**”) to comply with the various provisions under Regulation 19 and Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”) and the Companies Act, 2013 (“**Companies Act**”).

The Policy is based on the SEBI circular dated January 5, 2017 which provides further clarity on the process of board evaluation (“**SEBI Guidance Note**”).

2. OBJECT

The Policy has been framed with an objective to ensure individual directors of the Company (“**Directors**”) 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 Directors (including the Chairperson and independent directors of the Company (“**Independent Directors**”)); (ii) the Board as a whole; and (iii) various committees of the Board (“**Board Committees**”).

3. MANNER OF EVALUATION

Evaluation of Individual Directors

- 3.1 Performance of individual Directors of the Company (including the Chairperson and Independent Directors) shall be evaluated, on an annual basis, by: (i) the Board as a whole (excluding the Director being evaluated); and (ii) the Nomination and Remuneration Committee.
- 3.2 In carrying out its evaluation, the Board and/ or the Nomination and Remuneration Committee, shall keep in mind the evaluation parameters set out in: (i) Annexure 1 with respect to all Directors other than the Independent Directors and Chairperson; (ii) Annexure 2 with respect to the Independent Directors; and (iii) Annexure 3 with respect to the Chairperson of the Company.

- 3.3 While evaluating the performance of individual Directors, the Nomination and Remuneration Committee 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. Further, the Nomination and Remuneration Committee shall determine whether to extend or continue the term of appointment of each Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- 3.4 In addition, the Independent Directors shall hold a meeting at least once in any given year, without the presence of the non-Independent Directors of the Company, to review the performance of: (i) such non-Independent Directors in accordance with the evaluation parameters set out in Annexure 1; and (ii) the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors, and the evaluation parameters set out in Annexure 3. All Independent Directors shall strive to attend such meeting.

Evaluation of the Board

- 3.5 The Board shall, on an annual basis, evaluate its own performance keeping in mind the evaluation parameters set out in Annexure 4. The feedback scores shall be compiled into a summary with the names of the evaluators being masked. The summary shall then be shared with the Directors.
- 3.6 In addition, the Independent Directors, in the meeting referred to in paragraph 3.4 above, without the presence of the non-Independent Directors of the Company, shall (i) review the performance of the Board as a whole in accordance with the evaluation parameters set out in Annexure 4; and (ii) 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.

Evaluation of the Board Committees

- 3.7 The Board shall, on an annual basis, evaluate the performance of each Board Committee as per the evaluation parameters set out in Annexure 5.

Criteria for Evaluation

- 3.8 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**

4. FEEDBACK

The Chairman or any person suitably appointed by the Board shall give written assessment/ oral feedback to:

- (i) each Director separately;
- (ii) the entire Board; and
- (iii) each Board Committee.

Provided in case the members are not comfortable with open individual assessment, provision for confidentiality may be made where possible.

5. ACTION PLAN

5.1 Once responses from all the Directors have been received, a summary of results of the Board evaluation will be placed before the Nomination and Remuneration Committee. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating of less than 4 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.

5.2 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.

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

6. POLICY REVIEW

Subject to the approval of the Board, the Nomination and Remuneration Committee reserves its right to review and amend this Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

7. DISCLOSURE

In accordance with the requirements under the LODR and the Companies Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of its own performance, performance of various Board Committees and individual Directors will be made by the Board in the Board's report. Further, the Board's report containing such statement will be made available for the review of shareholders at the general meeting of the Company. The key features of this Policy will be included in the corporate governance statement contained in the annual report of the Company.