



**SURYODAY SMALL FINANCE BANK**

**POLICY ON  
SUCCESSION PLANNING**

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## POLICY ON SUCCESSION PLANNING FOR THE BOARD AND SENIOR MANAGEMENT

### 1. BACKGROUND AND SIGNIFICANCE

Succession planning is an effective tool for any organization to ensure smooth succession generally across employees of all levels and specifically with members of the Board and senior management personnel without affecting the current roles and responsibilities and facilitating leadership and management continuity.

Succession planning involves identification and assessment of potential and developing the next generation of leaders to assume higher responsibilities and key leadership roles in the Bank. In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ( "**SEBI Listing Regulations**") the Board of Directors of the Bank is required to oversee the succession planning and shall satisfy themselves that plans are in place for orderly succession for appointments to the Board and to the Senior Management.

### APPLICABILITY OF THE POLICY

The Policy shall be applicable for succession planning of the Managing Director/Whole-time/ Executive directors, Non-executive directors, Independent directors and other members of the Board and senior management personnel of the Bank. This Policy shall be effective from the date of listing of the Bank. Senior Management' shall mean and include the following:

- Employees reporting to MD & CEO including Key Managerial Personnel ('KMP') (other than whole-time director); and
- any other person as may be determined by the Nomination and Remuneration Committee ('NRC').

### 2. OBJECTIVES OF THE POLICY

The objectives of the Policy are, *inter alia*, as under:

- i) To ensure that the business of the Bank is not affected on account of vacancies arising in the Board of Directors or in the senior management, whether such vacancies are caused by reasons such as retirement, resignation death or permanent incapacitation or sudden exit for any other reason.
- ii) To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives;
- iii) To identify the key job incumbents in senior management positions and recommend whether the individual concerned be granted an extension in term/service or be replaced with an identified

internal or external candidate or recruit other suitable candidate(s);

- iv) To identify and create a talent pool of high potential personnel, who can be considered for appointment at the Board and Senior Management positions and to groom them to assume such higher roles and responsibilities in a seamless manner whenever the need arises;
- v) To ensure systematic and long term development of individuals in the KMP and senior management level to replace when the need arises due to the death, disability, retirement or any other unexpected occurrence.

### **3. SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGEMENT**

The Nomination and Remuneration Committee of the Bank shall oversee and review succession plan from time to time and recommend the same to the Board.

#### **A. Succession Plan for the Board**

The Nomination and Remuneration Committee (NRC) shall proactively review the succession requirements for the Board and carry out the due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Bank based on his educational qualification, relevant experience, track record, reputation etc. Every such person shall meet the 'fit and proper' criteria as Reserve Bank of India may stipulate from time to time

The Bank has framed a Policy for appointment and remuneration of Directors to guide the Board in relation to appointment/re-appointment/removal of Directors, to devise criteria for performance evaluation of Directors and the Board and to ensure adequate diversity in the Board to make good use of the varied skills, regional and industry experience, background, gender and other qualities of the Directors.

The NRC shall evaluate the proposed candidate to determine whether the identified candidate meets the eligibility criteria as per the Companies Act, RBI Guidelines; Listing Regulations and other Applicable Laws and thereafter recommend such candidate to the Board for its consideration and approval .

The NRC may, at its discretion, implement a preliminary transition plan and establish a time frame and plan for recruitment and selection of the Chief Executive Officer/Managing Director/Joint Managing Director, from the existing pool of talent within the Bank or from outside and if necessary, with assistance from any recruitment agency depending upon the requirement of the Bank.

#### **B. Succession Plan for Senior Management Personnel and Key Managerial Personnel**

Based on the inputs received from the management, the NRC shall periodically review any vacancy / probable vacancy in the position of Senior Management which may arise on account of retirement, resignation, death, removal, transfer, business expansion, incapacity whether temporary or permanent or otherwise.

For KMP viz Managing Director or Chief Executive Officer or Manager (and in their absence, a Whole-time Director) , Company Secretary and Chief Financial Officer , the NRC shall evaluate the suitability of any person based on factors viz., educational qualification, experience, age, health, leadership qualities, suitability to external market requirement / expectation etc., and recommend his/ her candidature to the Board well before such vacancy arises to facilitate smooth transition.

The NRC shall also identify the competency requirements of Board/key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The NRC may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.

In the event of any unexpected occurrence in respect of any member in the senior management team, the next person as per the organization chart and hierarchy shall take interim charge of the position subject to the approval of the NRC, pending a regular appointment in terms of the succession plan,

The Board may authorize the Managing Director and Chief Executive Officer( MD & CEO) to frame an internal policy for identifying and developing an internal pool of talent for future leadership role in different department(s)/division(s) in accordance with the requirement of such department(s)/division(s)

Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the officer concerned to ensure a smooth transition.

The MD & CEO and the Head of the Human Resources Department of the Bank shall, from time to time, identify high-potential employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor and review the process of skill development and identify the training requirements.

#### **4. DISCLOSURES**

The disclosures as required under the relevant provisions of the Companies Act, the rules made thereunder and the Listing Regulations and other Applicable Laws shall be made as per the extant provisions.

#### **5. REVIEW OF THE POLICY**

This Policy may be reviewed by the NRC as and when necessary. Further, this Policy may be amended, modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and rules made there under; SEBI Listing Regulations; the Securities and Exchange Board of India Act, 1992 and rules/regulations/ guidelines made there under; Reserve Bank of India (RBI) Regulations/Guidelines or any other law and any other regulatory provisions applicable to the Bank and/or its business relating to employee/directors' compensation, issued from time to time. In case of any amendment(s), clarification(s), circular(s) etc.

issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

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