

# **Policy on Succession Planning**

**HDFC CREDILA FINANCIAL SERVICES LIMITED**  
**(Formerly known as HDFC Credila Financial Services Private Limited)**

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| Reviewing and Approving Authority                       | Board of Directors                                |
| Original Issue Date                                     | Oct 20, 2021                                      |
| Current Revision Date                                   | -   |
| Policy Making Body                                      | Nomination and Remuneration Committee             |
| Version No  | 1.0   |
| Review Cycle  | Annually and as may be required from time to time |
| Last Reviewed by the Board in Annual review of Policies | April 21, 2022                                    |

## 1. Background

- Succession planning is a process of ascertaining the need for filling positions at the Board, senior management and other key positions. It involves identification for the said roles, assessment of their potential and developing next generation of leaders as potential successors for key leadership roles in an organization. The process of development primarily concentrates on coaching, mentoring and training the identified employees to assume higher responsibilities when the need arises. The Company has always endeavored to nurture, train and increase the skill sets of employees at all levels, with the key objective of ensuring smooth succession without impeding the performance in current roles and responsibilities.
- The Company recognises that Succession Planning is a continuous process rather than a onetime event and hence, intends to put in place this Policy that aligns talent management with the said objective and endeavours to mitigate the critical risks such as Vacancy, Readiness and Transition risk.
- In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Corporation 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. In view of the same, the Company has formulated and adopted this Succession Planning Policy which was approved by the Board at its meeting on October 20, 2021. This Policy shall be effective from October 20, 2021

## 2. Applicability

- The Policy focuses mainly on the Succession Planning at the Board and Senior Management level.
- 'Supervisory Board' shall mean and include Whole-time Directors, MD & CEO and Chairman of the Organization appointed by the Board/ Shareholders.
- 'Senior Management' shall mean and include the following:
  - Members of Management Team reporting to the MD & CEO
  - KMPs (other than whole-time director);
  - 
  - Any other person at the discretion of the Nomination and Remuneration Committee ('NRC').

## 3. Objectives

- To ensure that the business of the Company is not affected on account of interruptions caused due to superannuation or voluntary retirement or resignation or death or permanent incapacitation or sudden exit of any Member of the Board or Senior Management or any other employee covered under this Policy.
- 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 roles in the Company, whenever the need arises.
- To ensure timely and high-quality replacements for those personnel who are currently holding positions at Board and Senior Management levels.

#### 4. Implementation Process

##### A. Positions at the Directors level:

- The responsibility of ensuring timely replacement for positions of any Director, lies with the NRC of Directors of the Company.
- For vacancies in the Board, the Supervisory Board and the NRC shall identify and recommend name(s) of the candidate(s) who has the requisite qualifications and attributes for being considered for such position(s).
- The NRC shall undertake a process of due diligence to determine the suitability of the person for appointment / re-appointment / continuation as a Director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- In the event of any unexpected vacancy in the Supervisory Board, NRC shall meet and appoint a suitable person to take charge of the said position either on an interim basis or on permanent basis.

##### B. Positions at the Senior Management and other critical positions:

- The NRC shall review the vacancies, if any, at Senior Management level and other critical positions and based on such requirements, shall formulate and adopt an appropriate action plan.
- Such action plan, at the first instance, shall relate to identifying and short listing an employee within the same location/function or through a lateral transfer of an employee from another location/function. In case of non-availability, the said plan may involve selection of an external candidate having requisite skills, experience, leadership quality and expertise deemed necessary for the said position.
- The Supervisory Board shall ensure that the external candidate fits into the

Company's culture and has the ability to lead by example, work with the team, motivate them, work congenially with the Members of the Senior Management and other staff members and demonstrate the ability to significantly contribute towards achievement of the strategic and business objectives of the Corporation.

- It is also extremely important to have a contingent plan in place to deal with sudden exits at the said Senior Management level. The Human Resource Department of the Company on an ongoing basis shall identify a select pool of employees who can be groomed to occupy senior level positions in case of any such eventuality and train them adequately.

#### C. Positions at other levels:

- Apart from the key positions mentioned above, it is equally important to have succession plans, in place, at the functional, branch and regional level, such as Location Heads, Function Heads at the branches and any other critical position within the organization.
- The Supervisory Board shall meet the concerned Members of Senior Management, Functional Heads and Regional Heads to inter alia review the following:
  - Identify key positions and incumbents targeted for succession planning. This will include an analysis of planned retirements and predictable turnover in their branch/ department.
  - Identify individuals who possess the potential needed for progression into the targeted positions of leadership within their branch/ department.
  - Outline the actions taken to be taken in the next six months to groom identified individuals to assume a role of elevated responsibility in the future.
- Based on such review, the Supervisory Board shall give its consent to implement the succession plan for the concerned Region/Branch/Function, within a definite time frame.

## 5. Confidentiality

All persons responsible for execution of the Succession Planning Policy shall ensure confidentiality of the discussions and decisions with regard to the prospective candidate, except that the information may be shared, if required, with the concerned candidate in order to prepare him for such elevation.

## 6. Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Board from time to time.