



Succession Planning for Board of Directors and Senior Management Policy

History of Revisions

Version	Summary of Revisions	Date of Approval
1.5	Annual Review	04-May-2022
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1. Preamble

1.1 Objective of the Policy

The objective of this Policy is to provide a framework, which will enable the Equitas Small Finance Bank to avoid any leadership gap in the Board and Senior Management by following a systematic process of identifying and developing candidates for leadership positions over time, in order to ensure continuity of management and leadership.

The objective of the Succession Planning program will, inter-alia include the following:

- a. To ensure sustenance of a professional and efficient Board with optimal mix of expertise in diverse fields, capable of making independent and unbiased judgements and taking decisions in the long-term interest of the Bank and its stakeholders
- b. To identify the competency requirements of senior management positions, assess potential candidates and develop required competency through planned development and learning initiatives
- c. To ensure systematic and long-term development of individuals in the senior management level so that they are ready to step into higher positions as and when the need arises.

1.2 Scope of the Policy

This Policy on Succession Planning for the Board of Directors and Senior Management will be applicable for succession planning of Chairman, Managing Director &CEO, other Members of the Board of Directors and Other Senior Management Executives.

2. Regulatory Framework - Applicable Regulations

2.1 [Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) Regulations, No. SEBI/LAD-NRO/GN/2015-16/013](#)

Regulation 17 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulates that “The board of directors of the listed entity should satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management”

3. ESFB Policy framework

3.1 Role of Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) of the Board will oversee and review succession plans from time to time and recommend the same to the Board.

3.2 Succession Planning for Executive Directors including Managing Director

The appointment of Executive Directors including Managing Directors will be for a fixed term as approved by Reserve Bank of India. NRC will commence evaluation of the incumbent Executive Directors including Managing Directors(ED, MD) for assessing his/her continued suitability taking into account his/her willingness to continue in the position well in advance of the expiry of the current tenure to ensure smooth transition and continuity in management and leadership.

NRC will periodically interact with senior management personnel on a one-on-one basis for assessing their skill sets, knowledge, expertise and temperament and ascertaining their suitability and eligibility for appointment as Executive Director / Managing Director of the Bank as and when the need arises.

If the incumbent ED or MD is found suitable and willing to continue, NRC will recommend to Board / RBI, his/her continuance for such further term as approved by RBI. If either condition viz., suitability or willingness is not met, NRC will commence the process of scouting for potential candidates – both internal and external.

It will be the endeavor of NRC to ensure that the Bank's operations continue in a smooth and uninterrupted manner during the course of transition.

3.3 Succession Planning for Non-Executive Directors

NRC will assess the balance of skill sets and expertise available in the Board, from time to time. NRC will be on the continuous look out for potential candidates for Directorship in the Bank to take care of any vacancy that may arise during the Financial Year, due to retirement, resignation, etc. This will ensure smooth and uninterrupted functioning of the Board of the Bank.

The potential candidates will be assessed for their suitability under the Board-approved Policy for Selection of Directors.

3.4 Succession Planning for Senior Management

Senior Management will mean officers/ personnel who are members of its core management team excluding Board of Directors and includes all members of management one level below the executive directors, including all functional heads.

Human Resources (HR) Department will assist NRC in identifying:

- a) Potential internal successors for each of those positions from the available pool of emerging leaders by mapping their competencies with that required for the respective senior management position. While performing this exercise, any employee with potential to grow his/ her competencies and who would be available as and when the need arises, will also be considered.
- b) External candidates with corresponding competencies required for the senior management position in case no suitable internal successor could be identified.

4. Provisions in policy over and above but in consonance with RBI guide lines - None

5. Changes to the Policy

Not Applicable

6. Periodicity of Review of the Policy

The Board will review this policy at annual intervals and at such intervals as may be required on the regulatory and business exigencies.

Author of the Policy	Secretarial/ HR
Reviewer of the Policy	Compliance
Name of Committee which recommended to the Board	Executive Policy Formulation Committee
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