

## **POLICY ON SUCCESSION PLANNING**

Housing Development Finance Corporation Limited

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Reviewing & Approving Authority:	Board of Directors of the Corporation
Original Issue Date:	March 19, 2015
Current Revision Date:	January 29, 2019
Policy Making Body:	Nomination and Remuneration Committee
Version No.:	1.1
Review Cycle	As recommended by the Board

## 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 Corporation 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 Corporation 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 Corporation has formulated and adopted this Succession Planning Policy which was approved by the Board at its meeting on March 19, 2015. This Policy has been amended by the Board of Directors of the Corporation at its meeting held on January 29, 2019. This Policy shall be effective from February 1, 2019.

## 2. Applicability:

- The Policy focuses mainly on the Succession Planning at the Board and Senior Management level.
- ‘Executive Board’ shall mean and include Whole-time Directors of the Corporation appointed by the Board/ Shareholders.
- ‘Senior Management’ shall mean and include the following:
  - Members of Executive Management (i.e., employees one level below the Board);
  - KMPs (other than whole-time director);
  - Chief Investor Relations Officer, Chief Information Technology Officer; and
  - Any other person at the discretion of the Nomination and Remuneration Committee (‘NRC’).

## 3. Objectives:

- To ensure that the business of the Corporation 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 Corporation, 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 Corporation.
- For vacancies in the Executive Board, the NRC in consultation with the Chairman and other Members of the Executive Board, shall recommend the name(s) of the candidate(s) (whether internal or external) who have the requisite qualifications and attributes for being considered for such position(s).
- For other vacancies in the Board, 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 Executive Board, NRC shall meet and appoint from a select pool of persons 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 Executive Board shall meet, at least, once a year to 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 Executive Board shall ensure that the external candidate fits into the Corporation'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 Corporation on an ongoing basis identifies 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 Regional Business Heads, Business Heads at the branches, Functional Heads-National and other key Functional Heads in the branches which have large business volume, loan book outstanding and depositor base.

- The Executive Board during regional meets shall meet the concerned Members of Executive Management, Functional Heads and Regional Business 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 Executive 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.

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