



# DHANLAXMI BANK

POLICY ON SUCCESSION PLANNING FOR THE BOARD

**Version 5.0**

**Date: 15.03.2023**

**DOCUMENT DETAILS**

<b>Policy Title</b>	Policy on Succession Planning for the Board
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<b>Approving body</b>	Board of Directors, Dhanlaxmi Bank
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<b>Frequency of review</b>	Yearly
<b>Related directions and regulations</b>	SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time)
<b>Related policies</b>	N/A
<b>Related Procedures and Guidance</b>	Various Regulatory Directions
<b>Policy Owner department</b>	Secretarial Department
<b>Policy User departments</b>	Secretarial Department
<b>Reviewed by</b>	appended below

**DOCUMENT VERSION HISTORY**

<b>Sr.No.</b>	<b>Date of Document</b>	<b>Version</b>	<b>Remarks</b>
1	September 29, 2015	1.0	Formation of Policy / Initial Version
2	April 17, 2019	2.0	Revision
3	June 06, 2020	3.0	Revision
4	June 09, 2021	4.0	Revision
5	December 05, 2022	4.0	Revision

Policy on Succession Planning for the Board	Company Secretary	Department Heads	MD & CEO	Nomination and Remuneration Committee	Board
	R/A	C	C/I	I	I

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## **1. BACKGROUND AND SIGNIFICANCE**

Dhanlaxmi Bank Limited is a public company incorporated on November 14, 1927 with limited liability under the Companies Act, 1913 and is a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

The Securities and Exchange Board of India (SEBI) revised the Code of Corporate Governance for listed companies significantly to bring it in line with the Companies Act 2013. SEBI has mandated the need for a succession policy via Circular dated 17.04.2014 and listed succession planning as key function of the Board of Directors. This is one of the most significant attempts to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. It is a mandate for boards of all listed companies to develop an action plan for successful transition of key executives.

Succession planning is an essential component to the survival and growth of any business. Succession planning is a tool for an organization to ensure its continued effective performance through leadership continuity. A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with talents.

The Bank recognizes the importance of the process to Succession Planning to provide for continuity in the smooth functioning of the organization. There are certain positions in the Bank that are key to Bank's current and future growth. It is, therefore, important that these positions are assigned to duly skilled and best possible incumbents. It is critical to fill up such positions well in time to avoid any leadership gap. The Bank has therefore put in place a policy on Succession Planning for the Board as well as the Senior Management.

The succession planning programme shall identify and nominate suitable candidates for the Board's approval to fill the vacancies which arises in the Board of the Bank from time to time.

## **2. APPLICABILITY OF THE POLICY**

This Policy on Succession Planning for the Board (hereinafter referred to as the "Policy") shall be applicable for succession planning of Chairman, Managing Director & CEO and other Members of the Board of Directors.

## **3. SUCCESSION PLAN FOR THE BOARD**

The Nomination & Remuneration Committee of the Board shall apply a 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,

experience & track record, and every such person shall meet the 'fit and proper' criteria as Reserve Bank of India may stipulate from time to time and accordingly any appointment or re-appointment of a Director shall be subject to prior approval by Nomination & Remuneration Committee of the Bank.

The Bank has framed a Nomination & Remuneration Policy to guide the Board in relation to appointment/re-appointment/removal of Directors, to devise criteria for performance evaluation of Independent 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.

Accordingly, the appointment/re-appointment/removal and tenure of the Directors including the Chairman/ Managing Director / Whole-time Directors of the Bank shall be governed by the provisions of the Nomination & Remuneration Policy of the Bank approved by the Board and will be subject to the requisite approvals from Reserve Bank of India.

#### **4. EFFECTIVE DATE**

This "Policy on Succession Planning for the Board (Version 5.0)" will be effective from the date of approval by the Board.

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

The Policy is valid for a period of 1 year from the date of approval by the Board of Directors of the Bank. In case of any amendment (s), clarification (s), circular (s) etc. issued by the regulatory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly, subject to the prior / post-facto approval of the Nomination & Remuneration Committee and the Board

The Board may replace / amend this Policy with a new policy on recommendation by the Nomination & Remuneration Committee.