

Policy on Succession Planning for appointment/Nomination/induction to the board of directors and Senior Management

DOCUMENT DETAILS

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| Prepared By | HR Department |
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1. BACKGROUND AND SIGNIFICANCE:

LIC Housing Finance Limited registered under Companies Act, 2013 is a public listed company (hereinafter referred as "Company"). 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. The Company recognises that Succession Planning is a continuous process and 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.

2. DEFINITIONS:

- a. **"Board"** means the Board of Directors of the Company
- b. **"Key Managerial Personnel"** shall mean key managerial personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013.
- c. **"Policy"** means this Policy on Succession Planning for the Board and Senior Management
- d. **"Senior management"** shall have the same meaning as assigned vide Regulation 16(1)(d) of SEBI (LODR), 2015 i.e. officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive

officer/manager, in case they are not part of the board) and shall specifically include the Company Secretary and the Chief Financial Officer.

3. 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.

4. FOR APPOINTMENT TO THE BOARD OF DIRECTORS:

The Chart or a matrix setting out the skills / expertise / competence of the Board of Directors has already been adopted by the Board in the 202nd meeting held on 5th March, 2019.

It has to be ensured that the person appointed to the Board has the appropriate skill set and experience as prescribed by the Chart or a matrix. The following are succession plans in respect of various categories of Directors in the Board:

| Type of Board Member | Succession Plan |
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| 1.1 Non-Executive Chairman | <p>As per Article 176 (a) and (b) of the Articles of Association of the Company,</p> <p>(a) The Board of Directors shall appoint a Chairman.</p> <p>(b) The Chairman shall be the LIC Director to be nominated by LIC. Such nomination shall be effected by writing and/or telefax addressed to the Board of Directors of the Company by the Chief Executive Officer or Secretary of LIC.</p> <p>Accordingly, the appointment of the Chairman should be within the terms of reference made in the Articles of association of the Company.</p> |
| 1.2.1 Managing Director & Chief Executive Officer | <p>As per Article 189(1) of the Articles of Association of the Company the Board, if it considers necessary to have Managing Director, shall from time to time appoint one of the directors nominated/proposed by LIC as Managing Director of the Company with such designation, for such period, and on such terms as the Board of Directors may think fit, and may from time to time remove him from office, and appoint another in his place but the appointment shall be subject to determination ipso facto if he ceases for any cause to be Director of the Company.</p> <p>As per Article 194 (b) subject to the provisions of the Act , LIC may nominate Chief Executive Officer.</p> <p>As per Article 194 (c) subject to the provisions of the Act the Board may appoint the Managing Director and Chief</p> |

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| | <p>Executive Officer for a term of five (5) years unless otherwise informed by LIC of India in writing in this regard.</p> <p>Accordingly, the appointment of the Chairman should be within the terms of reference made in the Articles of association of the Company read with the provisions of the Companies Act, 2013 and SEBI (LODR), 2015.</p> |
| 1.2.2 Chief Operating Officer (COO) | <p>In order to ensure stability and effective implementation of long term business strategies and for smooth transition at MD & CEO level, it was envisaged that senior official from LIC of India may be deputed to LIC Housing Finance Limited in advance, say 4 to 6 months before the retirement / elevation / transfer of MD & CEO, by creating a new position of COO who would subsequently take over as MD & CEO of the Company on retirement / elevation / transfer of the MD & CEO as part of succession plan for MD & CEO and in terms of the Article 138(b) of the Articles of Association of the Company.</p> |
| 1.3 Non-Executive Nominee Director from LIC | <p>As per Article 138(b) so long as LIC holds at least 33% of the issued equity share capital of the Company, LIC shall be entitled to appoint/nominate to the Board one third of the total number of Directors and to remove the Directors so appointed and to appoint/ nominate another or others in his or their place or in the place of any such Director who resigns or otherwise vacates his office. Such appointment/nomination or removal shall be effected in writing, or by telefax addressed to the Board of Directors of the Company by the Chief Executive Officer or Secretary of LIC and the same shall take effect forthwith upon being received by the Company. The Director or Directors so appointed shall not be required to hold any qualification shares.</p> <p>Accordingly, one of the nominees of LIC of India apart from the Chairman and the MD&CEO in the Company's Board should also be inducted in the Board of the Company as a Nominee of LIC pursuant to Article 141 of the Articles of Association of the Company, Section 161, other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any amendment, modification, variation or re-enactment thereof.</p> |

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| | <p>Such director shall remain in the Board until such director's continuation in the employment with LICl and after the discontinuance of such person from the employment of LICl due to transfer, superannuation etc. the new person replacing such person in LICl shall be nominated to the Board of the Company, subject to the decision of LICl.</p> |
| 1.4 Other Non-Executive Directors | <p>In order to enable the Company to comply with the provisions of section 152(6) (c) of the Companies Act, 2013 pertaining to retirement by rotation, the Board shall constitute an optimum combination of independent and non-independent directors. Any appointment in the Board position other than LIC Directors shall be from amongst the eminent professionals having ability integrity and standing and such persons appointed should possess all the skill set and experience as prescribed by the chart or a matrix adopted by the Board for being appointed as a director in the Company.</p> <p>The Company may also evaluate the profiles of various persons available in the database maintained with the Indian Institute of Corporate Affairs.</p> <p>If there is a vacancy between two Annual General Meeting, in such case such vacancy would be filled by the Board by appointing such person as an additional director as per the recommendation of the Nomination and Remuneration Committee, which shall after due diligence and after satisfying that the person being recommended for appointment satisfies the 'fit and proper criteria' as required by the Regulator.</p> <p>Such appointment as additional director shall be until the forthcoming Annual General Meeting, where the candidature of such Non-Executive director retiring by rotation would be placed for the approval of members and such directorship would be continued after the approval of the members.</p> |

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| 1.5 Director women Director | Independent including Independent | <p>The Company shall ensure that the number of Independent directors in the Board, including women Independent Director, is such that the Company is always in compliance with the provisions of Regulation 17 (1) of the SEBI (LODR), 2015 as amended from time to time and also the provisions of Section 149(4) of the Companies Act, 2013.</p> <p>Accordingly, the vacancy caused in the position of an Independent Director shall be replaced by another Independent Director by following the prescribed procedure as per law and regulations.</p> <p>The person considered for appointment as an Independent Director shall be amongst the eminent professionals having ability integrity and standing and shall comply with the requirements of Section 149 (6) of the Companies Act, 2013 and other related provisions of the Act and Rules made thereunder and also Regulation 16(1)(b) of the SEBI(LODR), 2015 as amended from time to time. Also before considering for appointment it shall be ensured that, such persons appointed should possess all the skill and experience as prescribed by the Chart or a matrix adopted by the Company for being appointed as a director in the Company.</p> <p>The Company may also evaluate the profiles of various persons available in the database maintained with the Indian Institute of Corporate Affairs.</p> <p>If there is a vacancy between two Annual General Meeting, in such case such vacancy would be filled by the Board by appointing such person as an additional director as per the recommendation of the Nomination and Remuneration Committee, which shall after due diligence and after satisfying that the person being recommended for appointment satisfies the 'fit and proper criteria' as required in the Regulation.</p> <p>Such appointment as additional director shall be until the forthcoming Annual General Meeting, where the candidature of such Non-Executive director retiring by rotation would be placed for the approval of members and such directorship would be continued after the approval of the members.</p> |
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5. Succession Plan for appointment of Senior Management

For succession planning of Senior Management, the Company will have a Manpower Planning System whereby the Management shall periodically review and consider the list of senior management personnel due for retirement/attrition and also consider new vacancies that may arise due to business needs/up-gradation of Departments/Offices. Considering this the Management shall assess the availability of suitable candidates for the Company's growth and development. The Company will create specialized groups especially in positions where technically qualified people is required. The manpower planning will be reviewed every year.

In the event of any unexpected vacant in respect of any member of the Senior Management Personnel, the next person as per the organization chart shall take interim charge of the position or any other person as decided by Managing Director & CEO of the Company, pending a regular appointment in terms of the succession plan.

Further, the management shall evaluate the incumbent after considering all relevant criteria like experience, age, health, leadership quality etc. and then decide whether to post an officer from existing officers under the direct payroll of the Company including those deputed in the subsidiaries or on deputation from LIC of India or may be appointed through lateral recruitment with such criteria as prescribed by the management from time to time.

In the Context of the Company the Senior Management may be categorised as follows:

- 1) Key Managerial Personnel (excluding MD&CEO as he is a part of the Board of Directors) i.e. Company Secretary and Chief Financial Officer
- 2) General Managers
- 3) HODs other than General Managers
- 4) Other designated persons required by regulatory provisions
- 5) Regional Managers

| Type of Senior Management | Succession Plan |
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| 2.1 Key Managerial Personnel (excluding MD&CEO as he is a part of the Board of Directors) i.e. Company Secretary (CS) and Chief Financial Officer (CFO) | <p>i) The Company Secretary (CS): May be an employee under the direct payroll of the Company including those deputed in the subsidiaries, who shall be a member of the Institute of Company Secretary of India. Such person may be succeeded by another person with the same qualification. The Company may consider to post another Company Secretary as the deputy of the Company Secretary within such time before the retirement or superannuation of the Company Secretary, as may be decided from</p> |

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| | <p>time to time, and after such retirement or superannuation of the Company Secretary the Deputy Company Secretary may be elevated to the post of the Company Secretary. (OR)</p> <p>ii) May be an employee deputed by LIC having the membership of ICSI and similar experience. (OR)</p> <p>iii) May be appointed through lateral recruitment with such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> <p>iv) May be appointed on contract with such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> <p>The Chief Financial Officer (CFO):</p> <p>i) May be an employee under the direct payroll of the Company including those deputed in the subsidiaries, who shall be a member of the Institute of Chartered Accountants of India. Such person may be succeeded by another person with the same qualification. The Company may consider to post another CFO as the deputy of the CFO within such time before the retirement or superannuation of the CFO, as may be decided from time to time, and after such retirement or superannuation of the former the Deputy CFO may be designated as the CFO. (OR)</p> <p>ii) May be an employee deputed by LIC having the membership of ICAI and similar experience. (OR)</p> <p>iii) May be appointed through lateral recruitment having such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> <p>iv) May be appointed on contract with such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> |
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| 2.2 General Managers | <p>i) The general managers may be existing officers under the direct payroll of the Company including those deputed in the subsidiaries, (OR)</p> <p>ii) On deputation from LIC in the cadre of Senior Divisional Manager (SDM) or above. The terms and conditions of their appointment shall be as per the Service Rules of LIC. They shall be succeeded by other persons with similar cadre of SDM or above, posted on deputation from LIC of India. (OR)</p> <p>iii) May be appointed through lateral recruitment with such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> |
| 2.3 HODs other than General Managers | <p>i) The HODs may be existing officers under the direct payroll of the Company including those deputed in the subsidiaries (OR)</p> <p>ii) On deputation from LIC. (OR)</p> <p>iii) May be appointed through lateral recruitment with such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> |
| 2.4 Other designated persons required by regulatory provisions; | <p>There may be certain other key positions required to be created and appointed as per various regulatory requirements such as the following:</p> <p>i) Chief Risk Officer: The CRO shall be a senior official in the hierarchy of an HFC and shall possess adequate professional qualification/ experience in the area of risk management. Such official shall be replaced by another senior official, who possesses similar qualification/ experience in the area of risk management as recommended by the MD&CEO and approved by the Board/its Committee.</p> <p>ii) The Chief Information Officer: Shall possess such qualification and skill as is required by the regulatory norms and shall be replaced by another official who possesses similar qualification/ experience in the area of Information dissemination as recommended by the MD&CEO and/or approved by the Board/its Committee.</p> <p>iii) The Chief Technology Officer: Shall possess such qualification and skill as is required by the regulatory norms and shall be replaced by another official who possesses similar qualification/ experience in the area of Information Technology as recommended by the MD&CEO and/or approved by the Board/its Committee.</p> |

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| | <p>iv) Chief Compliance Officer: The official shall be a senior official in the hierarchy of an HFC and shall possess adequate professional qualification/ experience in the area of compliance. Such official shall be replaced by another senior official, who possesses similar qualification/ experience in the area of compliance as recommended by the MD&CEO and approved by the Board/its Committee</p> <p>The above officers may be directly on the payroll of the Company from the in-house team including those deputed in the subsidiaries (or) may be recruited through the process of lateral recruitment (or) may be officers on deputation from LIC (or) may be appointed on contractual basis, with requisite qualification, skill and/or experience as required by the relevant regulatory or statutory provisions.</p> |
| 2.5 Regional Managers; | <p>i) The Regional managers may be existing officers under the direct payroll of the Company including those deputed in the subsidiaries, (OR)</p> <p>ii) On deputation from LIC in the cadre of Senior Divisional Manager (SDM) or above. The terms and conditions of their appointment shall be as per the Service Rules of LIC. They shall be succeeded by other persons with similar cadre of SDM or above, posted on deputation from LIC of India. (OR)</p> <p>iii) May be appointed through lateral recruitment with such criteria as may be prescribed by the management with the approval of the Board from time to time.</p> |

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 of directors of the Company shall from time to time review the above policy and carry out appropriate changes therein as may be required, within the ambit of the Articles of Association of the Company and/or any other applicable regulatory or statutory provisions made in this regard.

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