

**POLARIS CONSULTING & SERVICES LIMITED**

**POLICY ON SUCCESSION PLANNING FOR THE BOARD AND SENIOR MANAGEMENT**

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## 1. BACKGROUND AND SIGNIFICANCE

Polaris Consulting & Services Limited (“the Company”) was incorporated on January 5, 1993 in Chennai, State of Tamil Nadu. The equity shares of the Company are listed with (i) BSE Limited (BSE); (ii) the National Stock Exchange of India Limited (NSE) and (iii) Metropolitan Stock Exchange of India Limited (MSEI) [collectively referred to as the “Stock Exchanges”]

The Securities and Exchange of Board of India (SEBI) has taken various initiatives and steps to strengthen the corporate governance framework of a listed entity. Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“SEBI Listing Regulations”) requires the Company to put in place the policy on succession for appointment to the board of directors and senior management and disseminate the said policy on the website of a listed entity.. This is one of the significant attempt to ensure that investors do not suffer due to sudden or unplanned gaps in leadership.

Succession Planning is a process designed to ensure that the Company identifies and develops a talent pool of associates through mentoring, training and job rotation to replace key business leaders within the Company as those key business leaders leave their positions.

A good succession planning program aims to identify high growth individuals, train them and feed the pipelines with talents.

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.

The Company recognizes importance of the process of Succession Planning, which provides continuity and smooth functioning. There are certain positions in the Company, which are key to Company’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 gaps. The Company has therefore put in place a Policy on Succession Planning for the Board and Senior Management (hereinafter called the “Policy”)

The success of an organization depends on the continuing productivity of people in key positions.

## 2. OBJECTIVES OF THE SUCCESSION PLANNING PROGRAMME

The Objective of this Policy is :

- to ensure that the Company is prepared with a plan to support operation and service continuity when the Board, Key Management Personnels (KMPs), Senior Management Personnel or Key business leader leave their positions;
- to identify and nominate suitable candidates for higher roles and responsibilities;
- To identify and nominate suitable candidates for the Board’s approval to fill the vacancies which arises in the Board of the Company from time to time.

- To develop career paths for associates which will facilitate the Group's ability to recruit and retain top-performing or high talent associates;
- To deliver a message to the Group's associates that they are valuable ;
- To ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to deaths, disabilities, retirements, and other unexpected occurrence;
- To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives; and
- To identify the key job incumbents in Senior Managerial positions and recommend whether the concerned individual (i) be granted an extension in term/service or (b) be replaced with an identified internal or external candidate or recruit other suitable candidate(s)

### **3. APPLICABILITY OF THE POLICY**

The Policy shall be applicable for succession planning of the following personnel:

1. Whole-Time Directors and other Board of Directors ;
2. Senior Managerial Positions : -
  - a. Key Managerial Personnel
  - b. Executive Vice President and above
3. Any other positions within the Company as decided by the Board

### **4. SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGERIAL POSITIONS**

The Nomination and Remuneration Committee of the Company shall review the leadership needs of the Company from time to time.

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

The Nomination and Remuneration Committee of the Board, shall apply a due diligence process to determine suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on his educational qualification, experience and track record, and every such person shall meet 'fit and proper' criteria, as the Company may stipulate from time to time and accordingly any appointment or re-appointment of a Director shall be subject to prior approval by Nomination and Remuneration Committee of the Company.

Accordingly, the appointment / re-appointment / removal and tenure of the Directors including the Chairman/ Managing Director / Whole Time Directors of the Company shall be governed by the provisions of the Companies Act, 2013, SEBI Listing Regulations and such other acts or

regulations as may be applicable and other requirements as may be approved by the Board from time to time.

## **6. SUCCESSION PLAN FOR THE KMPS AND THE SENIOR MANAGERIAL PERSONNEL**

The Human Resource Department (HR Department) shall periodically review and consider the list of senior managerial personnel due for retirement / attrition within the year and update the Nomination and Remuneration Committee ("**Committee**") for their consideration. The Committee shall also consider the new vacancies that may arise because of business needs/ upgradation of Department(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development. Further, based on the recommendation of Whole-Time Directors, KMP's, Head-Human Resources and others concerned, the Nomination and Remuneration Committee:

- 1) shall evaluate the incumbent after considering all relevant criteria like performance, experience, leadership quality, expertise, business exigency, etc., and recommend to the Board whether the concerned individual (i) be granted an extension in term/service or (ii) be replaced with an identified internal or external candidates
- 2) shall identify the competency requirements of Board / Key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Committee may utilize the services of professional search firms to assist in identifying and evaluating potential candidates
- 3) may recommend to the Board to appoint other suitable external candidate(s) as special recruitment in senior managerial level based on job roles and competency in order to provide a continuous flow of talented people to meet the organizational needs.

The recommendation of the Committee shall be placed before the Board for approval. While making its recommendation, the Nomination and Remuneration Committee shall consult with the Chairman, the Managing Director, as may be relevant and all factors including the available talent within the organization and the need to ensure continuous working and growth of the Company shall be carefully considered.

The Board of Directors and Head-Human Resources shall from time to time identify high-potential associates who merit faster career progression to position of higher responsibility and formulate, administer, monitor and review the process of skill development and identify the training requirements. In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart (as far as practicable) shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

Every member of the senior management team shall always endeavor to add capability in-house and mentor officials with potential working under him/her.

The appointment of Key Managerial Personnel such as Company Secretary, Chief Financial Officer and other compliance professionals shall be made in accordance with the provisions of applicable laws and in conformity with the compliance under the applicable laws.

#### **7. COMPENSATION OF EXECUTIVE, NON EXECUTIVE DIRECTORS, KMPs AND OTHER SENIOR MANAGEMENT TEAM MEMBERS**

The Compensation plan of the executive, nonexecutive directors, KMPs and other senior management team members is as per the remuneration policy approved by the Board from time to time.

#### **8. REVIEW OF THE POLICY**

In case of any amendment(s), clarification(s), circular(s) etc issued by relevant authorities, not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc shall prevail and this Policy shall stand amended to that extent. The Board has the power to replace and or amend this Policy on recommendation by the Committee, from time to time as and when deemed fit and necessary.