



AU SMALL FINANCE BANK LIMITED

Policy for orderly succession for appointments to the board and senior management

Policy for orderly succession for appointments to the board and senior management**Version Control**

Document Version	Description of Changes	Date	Prepared / Changed by	Sign-Off
1.0	First Version	April-17	Secretarial Department	
2.0	Annual Review of Policy by Board	April-18	Secretarial Department	

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1. INTRODUCTION

In accordance with the provisions of Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as “LODR Regulations, 2015), the Board of Directors (“the Board”) of **Au Small Finance Bank Limited** (“the Bank”) has adopted this policy upon the recommendation of the Nomination and Remuneration Committee.

2. OBJECTIVE

The objective of this Policy is to ensure the orderly identification and selection of new Directors or Senior Management in the event of any vacancy, whether such vacancy exists by reason of an anticipated retirement, an unanticipated departure, the expansion of the size of the Banking Company, or otherwise.

3. DEFINITIONS

- i. **“Nomination and Remuneration Committee”** or **“Committee”** means the Committee of the Board constituted/re-constituted under the provisions of Regulation 19 of the LODR Regulations, 2015 read with Section 178 of the Companies Act, 2013 as in force from time to time.
- ii. **“Board of Directors”** or **“Board”** means the Board of Directors of **Au Small Finance Bank Limited** as constituted/re-constituted from time to time.
- iii. **“Bank”** means **Au Small Finance Bank Limited**.
- iv. **“Policy”** or **“this Policy”** means Succession Policy.
- v. **“Senior Management”** mean personnel of the Bank who are members of its core management team excluding Board of Directors. This would comprise of members of management one level below the executive directors, including all functional heads as may be determined by Board of the Bank.

4. PROCEDURE

Board Level Appointment:

- a. The Nomination & Remuneration Committee of the Board, shall apply a due diligence process to determine the suitability of any person internally or from external resources who is being considered for being appointed or re-appointed as a Director of the Bank based on his/her 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.
- b. The Bank has also framed a Nomination Policy to guide the Board in relation to appointment/reappointment/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.

Sr. Management Level Appointment:

- a. The HR department of the Bank shall periodically review and consider the list of senior managerial personnel and it shall assess the availability of suitable candidates for the Bank's future growth and development.
- b. The vacancy arising shall be filled on the basis of recommendation from HR & Managing Director & CEO, either internally or externally keeping in view the talent available in-house along with organization's mission, vision, values and goals.
- c. Every member of the senior management team shall also endeavour to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing him to all aspects of work being handled by him.
- d. The recommendation of the HR, MD & CEO shall be placed to the committee for approval. While making its recommendation, the Nomination & Remuneration Committee shall consult with the Chairman, the Managing Director & CEO, 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 Bank shall be carefully considered.

Policy for orderly succession for appointments to the board and senior management**5. EMERGENCY SUCCESSION**

If a Director slot/Senior Management position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process described herein.

6. REVIEW AND MONITORING

The Nomination and Remuneration Committee shall review and monitor from time to time the implementation of this Policy to ensure its effectiveness and may also recommend changes, if any, to the Board for ensuing effective succession planning.

7. POLICY AMENDMENT AUTHORITY

Key owners responsible for Policy amendments

Policy Owners	Role
Company Secretary	Responsible for implementation of Policy Responsible for ensuring that the policy is reviewed annually

8. POLICY AUTHORIZATION

This Policy has been approved by the Board of Directors of AU Small Finance Bank.

9. REFERENCES

- RBI Master Circular : Master Circular on customer service (Dated: July 1, 2015)

https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9008#31s

Policy for orderly succession for appointments to the board and senior management**10. DISCLOSURES**

The Company shall disclose this Policy on its website.

Approving Authority	Board of Directors
Date of Approval/ Review	26 th April 2018