

**CHARTERED FINANCE & LEASING
LTD. (CFL)**

(“NBFC/ B-13.02480”)

SUCCESSION PLANNING POLICY

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SUMMARY OF POLICY

Particular	Details
Policy Name	Succession Planning Policy
Version	V2
Latest Approval/Review Date	07 th April, 2026
Review Cycle	Annually
Approver	Board of Directors of Chartered Finance & Leasing Ltd

VERSION HISTORY

VERSION NO.	APPROVAL	VERSION DESCRIPTION	REGULATORY REFERENCE	REMARKS
I	07 th August, 2025	2025	RBI Regulation	Policy adopted by the Board
II	07 th April, 2026	2026	RBI Regulation	Policy adopted by the Board

Succession Planning Policy

1. Objective

This Policy is framed pursuant to the applicable provisions of the Companies Act, 2013 and, insofar as it relates to succession planning for the Compliance function, the Reserve Bank of India (Non-Banking Financial Companies – Compliance Function) Directions, 2026, each as amended from time to time. The objective is to ensure leadership continuity, stability of operations, and minimization of disruptions by identifying, developing, and retaining talent for critical roles within the Company.

2. Scope and Applicability

- This Policy applies to the Board of Directors, Key Managerial Personnel (KMPs), and Senior Management.
- For the purpose of this Policy, “critical positions” include:
 - Managing Director (MD)
 - Chief Risk Officer (CRO)
 - Chief Compliance Officer (CCO)
 - Chief Technology Officer (CTO)

3. Guiding Principles

1. **Continuity of Business Operations** – Ensure seamless functioning in case of sudden or planned vacancies.
2. **Meritocracy** – Appointments shall be based on competence, performance, and adherence to the Fit & Proper criteria prescribed by RBI.
3. **Transparency and Fairness** – A structured and documented process will be followed for all successions.
4. **Regulatory Compliance** – Compliance with RBI guidelines, Companies Act, and other applicable laws will be ensured at all stages.

4. Types of Succession

4.1 Emergency Succession

- Triggered by sudden events such as resignation, incapacity, or death of a key executive.
- The NRC, in consultation with the Board, will immediately identify an interim appointee from within senior management or nominate a Director until a permanent replacement is appointed.
- Any interim arrangement for the post of CCO shall be approved by the Board / Audit Committee, and the interim incumbent shall not have any reporting relationship with business verticals, business targets or any responsibility which brings elements of conflict of interest.

4.2 Planned Succession

- Applies in case of retirement, end of tenure, or known resignation.
- The NRC shall initiate the search and grooming process at least six months in advance.
- The CCO shall be appointed for a fixed minimum tenure of not less than three years; in exceptional cases the Board / Audit Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place.

4.3 Long-Term Succession

- Focused on building a leadership pipeline through structured talent development, mentoring, and training programs.
- Senior managers with high potential will be identified for future leadership roles.

5. Roles and Responsibilities

5.1 Board of Directors

- Approve the Succession Planning Policy.
- Oversee implementation and review annual updates on succession preparedness.

5.2 Nomination & Remuneration Committee (NRC)

- Identify critical roles and potential successors.
- Review Declarations & Undertakings (D&U) and ensure Fit & Proper criteria.
- Oversee leadership development programs.
- Recommend appointments to the Board for approval.

5.3 Accounts Department

- Maintain an updated database of key roles, incumbents, and potential successors.
- Develop leadership training, mentoring, and rotation programs.
- Support the NRC in assessing readiness of successors.

6. Succession Process

1. **Identification of Critical Roles** – Roles listed in Section 2 are reviewed annually.
2. **Assessment of Talent Pool** – NRC, with HR, assesses internal candidates based on performance appraisals, integrity, and regulatory fit & proper norms.
3. **Development Plans** – Identified potential successors undergo structured training, cross-functional exposure, and mentoring.
4. **External Benchmarking** – Where internal candidates are unavailable, external search may be initiated.
5. **Board Approval** – All final appointments to KMP and critical roles require Board approval. The Company shall: (i) give prior intimation to the Senior Supervisory Manager, Department of Supervision, RBI before appointment, premature transfer, resignation, early retirement or removal of the CCO, supported in case of appointment by a detailed profile and the 'fit and proper' certification by the MD & CEO; and (ii) in case of change in directors, comply with the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025.
6. **Documentation** – Succession decisions, rationale, and development actions are recorded and maintained.

7. Monitoring and Review

- The NRC shall review the succession plan at least annually.
- The Board shall receive an annual Succession Readiness Report, covering critical roles and identified successors.
- Emergency succession arrangements shall be reviewed after each activation to incorporate learnings.

8. Disclosure and Compliance

- Succession planning forms part of the Company's internal governance framework and will be made available to regulators upon request.
- Compliance with RBI's "Fit & Proper" and corporate governance requirements will be ensured in all appointments.
- Successors to the Board shall meet the 'fit and proper' criteria under the Company's Board-approved policy and successors to the post of CCO shall have a clean track record, unquestionable integrity and the knowledge specified in the Reserve Bank of India (Non-Banking Financial Companies - Compliance Function) Directions, 2026.

9. Effective Date and Review

This Policy comes into effect from 01st September, 2025 and shall be reviewed annually by the NRC and approved by the Board.