

POLICY ON SUCCESSION PLANNING FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

OF

NAVI FINSERV LIMITED

Version Number	1
Date of Policy Adoption	May 28, 2025
Date of amendment of Policy	–
Policy owner	Head of Human Resources Department
Approved by	Board of Directors
Periodicity of Review	Once in three years

<u>Date of Review/ Amendment</u>	<u>Particulars</u>	<u>Next date of review</u>
May 28, 2025	Adoption of the Policy in supersession of the Company's existing Policy on succession for Board and Senior Management	No later than May 27, 2028

POLICY ON SUCCESSION PLANNING FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

1. INTRODUCTION

- 1.1 Navi Finserv Limited (the “**Company**”) is a Non-Banking Financial Company- Investment and Credit Company (NBFC-ICC), placed at present in the Middle Layer of the Reserve Bank of India (“**RBI**”)’s regulatory structure.
- 1.2 The Company is a high value debt listed entity (“**HVDLE**”) as defined under Regulation 62C of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”).
- 1.3 Regulatory Background
- (i) Regulation 62D of the SEBI LODR Regulations, requires that every HDVLE put in place plans for orderly succession for appointment to the Board of Directors and Senior Management.
 - (ii) Pursuant to the email notification dated May 9, 2022 bearing reference number Ref.No.DoS.CO.PPG./SEC.3/11.01.005/2022-23, the Company is required to adopt a framework for immediate reporting of exit of Senior Management Personnel (SMP) and Non-Executive Directors, and a succession plan.
 - (iii) Pursuant to Section 7 of the Reserve Bank of India’s Circular- Compliance Function and Role of Chief Compliance Officer in Non-Banking Financial Companies dated April 11, 2022, and the Company’s Compliance Policy, the Company is required to adopt a Board approved succession plan for the appointment of the Chief Compliance Officer.
- 1.4 Accordingly, the Company has adopted this Succession Planning Policy for the Board of Directors and Senior Management (“**Policy**”) to establish a structured and comprehensive framework aimed at ensuring business continuity.

2. OBJECTIVES

- 2.1 The objective of this Policy is to establish a structured framework to facilitate seamless succession in the Board of Directors, KMPs and SMPs, ensuring leadership continuity and organizational stability. This Policy is intended to address and manage vacancies in the Board of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP), arising from events such as retirement, resignation, demise, permanent disability, or any sudden or unforeseen departure. Key objectives of the Policy include:
- (i) ***Ensuring leadership continuity*** by minimizing disruption from unexpected vacancies and enabling a smooth transition in key leadership roles.
 - (ii) ***Identifying critical competencies*** required for senior management roles and evaluating potential internal and external candidates to meet those needs.
 - (iii) ***Facilitating planned development initiatives*** to build and enhance leadership capabilities aligned

with future organizational requirements.

- (iv) **Promoting long-term leadership development** by preparing high-potential individuals within senior management to step into elevated roles as and when necessary.

3. DEFINITIONS

For the purposes of this Policy, the following capitalized terms shall have the meanings set forth below:

- 3.1 **"Board"** shall mean the Board of Directors of the Company.
- 3.2 **"KMP"** or **"Key Managerial Personnel"** shall have the same meaning ascribed to it in the Board approved Nomination, Remuneration and Evaluation Policy of the Company:
- 3.3 **"NRC"** shall mean the Nomination and Remuneration Committee of the Company.
- 3.4 **"SMP"** or **"Senior Management Personnel"** shall have the same meaning ascribed to it in the Board approved Nomination, Remuneration and Evaluation Policy of the Company.
- 3.5 **"Stock Exchange(s)"** means BSE Limited and National Stock Exchange of India Limited.

4. REVIEW OR AMENDMENT OF THE POLICY

- 4.1 The Policy shall be amended or modified with the approval of the Board. The Policy shall be reviewed by the Board once in three years. Any amendment to this Policy shall be recommended to the Board by the Nomination and Remuneration Committee.
- 4.2 Without prejudice to the foregoing, in the event the Policy requires to be amended to take into account any changes (whether on account of repeal of any existing law, or otherwise) in any existing regulation, law or policy (or any clarification with respect to any existing regulation, law or policy), the Managing Director of the Company may approve such changes to the Policy as may be required to comply with such changes, or clarifications. Any such changes approved by the Managing Director shall be placed before the Board, in its immediately succeeding meeting, for ratification by the Board.
- 4.3 Notwithstanding anything contained in this Policy, in case of any contradiction between any provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

5. PROCEDURE FOR SUCCESSION

5.1 Executive Directors

- (i) The appointment of Executive Directors (ED) including the Managing Director (MD) will be for a fixed term.
- (ii) The NRC shall initiate evaluation of the incumbent ED/MD well in advance of the end of their current term, taking into account the individual's performance, continued suitability for the role, and willingness to continue. This evaluation is intended to ensure a seamless leadership transition and continuity in the Company's management.

- (iii) In the event that the incumbent is either not suitable or not willing to continue or in case of a vacancy on account of retirement, resignation, demise, permanent disability, or any sudden or unforeseen departure, the NRC shall initiate the process of identifying potential successors from both internal and external talent pools.
- (iv) All such vacancies shall be endeavored to be filled within three (3) months from the date of such vacancy. The potential candidates will be assessed for their suitability under the Board approved Nomination, Remuneration and Evaluation Policy of the Company, and the Company's Fit and Proper Policy.
- (v) If a permanent appointment is not made by the end of the notice period, the Board shall appoint an interim ED/MD to ensure business continuity until a suitable successor is formally appointed. .
- (vi) Throughout the succession planning process, the NRC shall ensure that the Company's operations remain smooth and uninterrupted, with a clear focus on maintaining leadership stability and strategic direction.
- (vii) Any changes in Directors which would result in change in more than thirty (30) percent of the directors of the Company, excluding independent Directors shall require prior written permission of the RBI in accordance with Paragraph 42.2.1 of the RBI (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**Scale Based Directions**"). The Compliance Department of the Company shall ensure that relevant applications are submitted to the RBI and approvals are sought.

5.2 Non - Executive/ Independent Directors

- (i) NRC shall assess the balance of skill sets and expertise available in the Board, from time to time.
- (ii) NRC along with the Company's senior management shall be on the continuous look out for potential candidates for Directorship in the Company to take care of any vacancy that may arise during the financial year, due to retirement, resignation, etc. This will ensure smooth and uninterrupted functioning of the Board of the Company.
- (iii) The potential candidates will be assessed for their suitability under the Board approved Nomination, Remuneration and Evaluation Policy of the Company, and the Company's Fit and Proper Policy.
- (iv) Any vacancy in the office of a Director, including independent director shall be filled by the Company at the earliest, and in any case not later than three months from the date of such vacancy: *provided* that if the Company becomes non-compliant with the requirements with respect to composition of its Board of Directors under Regulation 62(D) (1) of the SEBI LODR Regulations, due to expiration of the term of office of any director, the resulting vacancy shall be filled by the Company not later than the date of such office is vacated.
- (v) Any change in Directors which would result in change in more than thirty (30) percent of the

directors of the Company, excluding independent Directors shall require prior written permission of the RBI in accordance with Paragraph 42.2.1 of the Scale Based Directions. The Compliance Department of the Company shall ensure that relevant applications are submitted to the RBI and approvals are sought.

- (vi) The appointment of Independent Directors shall be for a fixed term as per the Companies Act, 2013.

5.3 Key Managerial Personnel / Senior Management Personnel

- (i) The Human Resources (HR) Department of the Company, under the supervision of the NRC, shall be responsible for implementing succession planning for all KMP and SMP roles.
- (ii) The HR Department shall, -
 - (a) Identifying the core competencies required for each role of KMP and SMP;
 - (b) Identify potential internal successors for each KMP and SMP position by mapping the competencies required for the roles;
 - (c) Consider employees who, with appropriate development, may grow into the role and be ready to take on responsibilities as and when the need arises; and
 - (d) Where internal candidates are not suitable or available, identify external candidates with the requisite qualifications and experience who could be considered for the role.
- (iii) The Head of the HR Department shall, on a quarterly basis, report the succession plan for KMP and SMP to the NRC. The NRC shall review the talent pipeline and succession readiness, and the HR Department shall facilitate targeted development plans to groom high-potential individuals for critical roles.
- (iv) In the event of a vacancy for a KMP/ SMP position, the HR Department shall fill such vacancy within three (3) months from the date of such vacancy, *provided however*, (a) where the Company is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the Company at the earliest and in any case not later than six (6) months from the date of vacancy, and (b) with respect to the Chief Compliance Officer appointed in terms of the Reserve Bank of India's Circular- Compliance Function and Role of Chief Compliance Officer in Non-Banking Financial Companies dated April 11, 2022, the Company shall ensure that the vacancy is filled immediately .
- (v) If a permanent appointment is not finalized by the end of the notice period, an interim appointment shall be made to ensure there is no leadership vacuum or disruption to business continuity.

5.4 Reporting Requirements

- (i) The Compliance Department of the Company shall ensure that exits of any Directors and KMPs/SMPs are notified to RBI promptly and in any case within two (2) working days from

the date of such person tendering resignation or the Company issuing the notice of termination.

- (ii) The Compliance Department shall also ensure that all appointments of Directors are to RBI, no later than one month of the appointment, in accordance with the Scale Based Directions.
- (iii) The Compliance Department shall ensure that a prior intimation to the Senior Supervisory Manager, Department of Supervision, Reserve Bank of India, shall be provided before appointment, premature transfer, resignation, early retirement or removal of the Chief Compliance Officer appointed in terms of the Reserve Bank of India's Circular- Compliance Function and Role of Chief Compliance Officer in Non-Banking Financial Companies dated April 11, 2022. The aforesaid intimation shall be supported by a detailed profile of the candidate along with the 'Fit and Proper' certification by the MD & CEO of the Company, confirming that the person meets the prescribed supervisory requirements and rationale for changes, if any. 'Fit and Proper' criteria may be examined based on the aforesaid requirements.
- (iv) The Secretarial Department of the Company shall ensure that all removal and appointment of any Directors and KMPs/SMPs are notified to the Stock Exchanges as required under the SEBI LODR Regulations.

6. **ROLES AND RESPONSIBILITIES**

Board of Directors	(a) Reviewing this Policy, annually, and approving any modifications proposed to be made to the Policy (if any) as recommended by the NRC and approve the same.
Nomination and Remuneration Committee of the Board	<ul style="list-style-type: none"> (a) Reviewing this Policy, and recommend the same to the Board for approval. (b) Evaluating the incumbent ED/MD to determine whether such person will continue in their current role. (c) Interacting with relevant SMP to ascertain their suitability and eligibility for appointment as ED of the Company, as and when the need arises. (d) Evaluating proposals for appointment of Directors, in accordance with the Company's Fit and Proper Policy and recommending to the Board the appointment of Directors. (e) Evaluating proposals for appointment of KMP/ SMP in accordance with the Company's Fit and Proper Policy and recommending to the Board the appointment of Evaluate appointment of Non-executive Directors. (f) Reviewing the talent pipeline and succession readiness for KMP/SMP roles.
Head of HR Department	Reporting the succession plan to the NRC on a quarterly basis.

HR Department	<ul style="list-style-type: none"> (a) Identifying potential internal and external candidates as successors for each KMP and SMP position. (b) Facilitating targeted development plans to groom high-potential individuals for critical roles
Compliance Department	<ul style="list-style-type: none"> (a) Reporting removal of any Directors and KMPs/SMPs to RBI as required under Section 5.4(i). (b) Reporting appointments of Directors to RBI in accordance with <u>Section 5.4(ii)</u> of this Policy; (c) Submitting applications for prior approval of RBI in the event of change in more than thirty (30) percent of the directors of the Company, excluding independent directors. (d) Sending prior intimation to the Senior Supervisory Manager, Department of Supervision, Reserve Bank of India, before appointment, premature transfer, resignation, early retirement or removal of the CCO
Secretarial Department	<ul style="list-style-type: none"> (a) Publishing the removal or appointment of Directors or KMPs or SMPs to Stock Exchanges as required under SEBI LODR Regulations.

7. **DISCLOSURES**

- 7.1 The Policy shall not be disclosed on the website of the Company, and shall be used for internal purposes.