



POLICY ON SUCCESSION PLANNING



SUNDARAM BRAKE LININGS LIMITED

1. BACKGROUND AND SIGNIFICANCE

SUNDARAM BRAKE LININGS LIMITED (hereinafter called "SBL") is a Public Limited Company incorporated on 05/09/1974 and having its registered office situated at 180, Anna Salai Chennai 600 006.

The Securities and Exchange Board of India (SEBI) revised the Code of Corporate Governance for listed companies significantly to bring it in line with the Companies Act 2013. SEBI has mandated the need for a Succession Policy via Circular dated 17th April 2014 and listed succession planning as key function of the Board of Directors. This is one of the most significant attempts to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. It is a mandate for boards of all listed companies to develop an action plan for successful transition of key executives.

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

Company recognizes the importance of the process to Succession Planning to provide for continuity in the smooth functioning of the organization. There are certain positions in SBL that 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 gap. SBL has therefore put in place a Policy on Succession Planning for the Board and Senior Management (hereinafter called the "Policy").

2. OBJECTIVES OF THE SUCCESSION PLANNING PROGRAMME

The objectives of the Succession Planning Programme shall, inter-alia, include the following:

- a) 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.
- b) To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- c) To identify the key job incumbents in Senior Managerial positions and recommend whether the concerned individual
 - (a) be granted an extension in term/service or
 - (b) be replaced with an identified internal or external candidate or recruit other suitable candidate(s).
- d) 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.

3. APPLICABILITY OF THE POLICY

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



SUNDARAM BRAKE LININGS LIMITED

1. Managing Director and other Board of Directors;
2. Senior Managerial Position: -
 - i) President
 - ii) Vice President and above
 - iii) Chief Financial Officer & Company Secretary
3. Any other positions within the SBL at the discretion of the Managing Director in consultation with the Board.

4. SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGEMENT

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

SBL has framed a Nomination & Remuneration 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.

Accordingly, the appointment / re-appointment / removal and tenure of the Directors (both Independent or Non-independent) including the Managing Director / Whole-time Directors of the present or future of SBL shall be governed by the provisions of Nomination & Remuneration policy of the Company approved by the Board.

6. SUCCESSION PLAN FOR THE SENIOR MANAGERIAL PERSONNEL

- a) The Nomination & Remuneration Committee shall periodically review and consider the list of senior managerial personnel due for retirement / attrition within the year. The Committee shall also consider the new vacancies that may arise because of business needs / up-gradation of Department(s) / other Office(s) / location (s). Considering the above, the Committee shall assess the availability of suitable candidates for SBL's future growth and development. Further, based on the recommendation of the Managing Director, the Nomination & Remuneration Committee: -
 - i) shall evaluate the incumbent after considering all relevant criteria like experience, age, health, leadership quality etc. and recommend to the Board whether the concerned individual
 - (a) be granted an extension in term/service or
 - (b) be replaced with an identified internal or external candidates.
 - ii) 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, if required, to assist in identifying and evaluating potential candidates.

- iii) may recommend to the Board to appoint other suitable external candidate(s) as senior managerial level based on job roles and competency in order to provide a continuous flow of talented people to meet the organizational needs.
 - iv) Decide on the regular internal promotion upto the cadre of Vice President shall be governed by the promotion policy of the Company.
 - v) The prevailing promotion policy of SBL shall be designed in such a way that the existing / proposed senior managerial personnel shall get all-round exposure in various domains to facilitate career progression, prepare them for administrative responsibilities and to discharge their functions effectively in senior positions.
 - vi) Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement / relieving of the concerned officer to ensure the smooth transition.
 - vii) The recommendation of the Nomination & Remuneration Committee shall be placed to the Board for approval. While making its recommendation, the Nomination & Remuneration Committee shall consult with 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.
 - viii) The Human Resources Department shall from time to time identify high-potential employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor & review the process of skill development and identify the training requirements.
 - ix) Every member of the senior management team shall always endeavor 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.
 - x) 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.
- b) In addition to the above, the appointment of Key Managerial Personnel such as Manager, Chief Financial Officer & Company Secretary etc. to be made in compliance with all applicable provisions of the Companies Act, 2013 (including the rules made there under), Listing Agreement etc.

7. REVIEW OF THE POLICY

In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant 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.

The Board has the power to replace this Policy entirely with a new policy.