



**JM FINANCIAL ASSET RECONSTRUCTION COMPANY
LIMITED**

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

APRIL 2025

1. Introduction:

Succession planning is an essential component to the survival and growth of any business as it ensures continuity of business process and also provides a way to identify key roles, people with the right skills and positions that may need filling when the need arises.

As per regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of a listed entity shall satisfy itself that the plans are in place for orderly succession for appointments on the Board and to the Senior Management.

The Company recognizes the importance of Succession planning and accordingly, in terms of aforesaid provisions have formulated the Succession Planning Policy (the “Policy”).

2. Objective:

The objective of this Policy is to ensure continuity of business process and also provide a way to identify key roles, people with the right skills and positions that may need filling when the need arises.

3. Key Elements:

- Build a strong, effective and sustainable leadership pipeline.
- Preparing for the unexpected or in some cases, preparing for what is expected.
- Proactively prepare a smooth transition plan to ensure that the changes do not interrupt business.
- Preserving institutional knowledge and continuity.

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of a listed entity shall satisfy itself that the plans are in place for orderly succession for appointments on the Board and to the Senior Management. In view of the same, the Company has formulated and adopted this Succession Planning Policy.

3.1 Events which can cause vacancy in the office of a Director:

There are several foreseeable and unforeseeable factors due to which the office of directors may become vacant, few of which are briefly stated below. The reasons are not exhaustive though.

- Completion of the term of the Director.
- Resignation by a Director before expiry of his/her term.
- Untimely death of a Director causing casual vacancy.
- Director is removed from his/her position by the Board of Directors.

In case if casual vacancy arises on the Board, the members of the Nomination and Remuneration Committee (the “**NRC**”) shall adopt the following approach.

For Independent Directors/Non-Executive Directors:

- In case if any vacancy arises by reason of death or otherwise, the NRC shall convene a special meeting as early as possible to identify a suitable candidate out the pool of candidates available with the Company.
- The NRC, for identifying the suitable candidate, may consult whatever sources it deems appropriate, including, but not limited to, referrals from the existing directors, recommendation from third-party search firms, or in case of independent directors the directors' database established by the Indian Institute of Corporate Affairs (the "IICA").
- Depending upon the nature of vacancy on the Board, the NRC, while identifying the candidate, shall evaluate the skills required by the Company and overall knowledge and experience on the Board vis-à-vis the other factors such as educational qualifications, expertise, track record, integrity, skills, 'fit and proper' criteria', etc., among others.
- Basis such evaluation, the NRC shall prepare a description of the role and capabilities required of a director and accordingly, make recommendation to the Board, of a candidate, who fulfils such requirements.
- The NRC shall also take in consideration the parameters as laid out under the Company's Policy on selection and appointment of directors.
- In case of re-appointment of the Independent Director for a second term of up to five years or less, the NRC shall also take into consideration the feedback received for such a director in annual performance evaluation process undertaken by the Company for the Board members.

4. Succession Planning for the Senior Management of the Company:

4.1 "Senior Management" for this purpose shall mean officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company.

4.2 Implementation Process:

- Identify what role to plan for Succession with business leaders

The Human Resources team in consultation with the respective Head of Department and the Management shall plan the succession of respective senior positions due to retirement, natural career progression and resignations. The Human Resources team may prepare the timeline to identify the roles that will need succession plan.

- Evaluate readiness for succession planning and leadership development

The Human Resources team, in consultation with the respective Heads of Department and the Management, shall develop a successor profile thereby enabling to gain a greater understanding of the key responsibilities and the requirements for each candidate to perform well in the proposed role.

- Understand future needs, skills, and competencies

Once key roles are identified and assessed, the Human Resources, in consultation with the respective Heads of Department and the Management, shall identify the competencies required for each role for the individuals to perform it successfully. This will include defining skills, qualifications, personality attributes, etc. required for the role.

- Identify and assess potential successors

The Human Resources shall discuss career plans and interests with potential successors. They shall also identify the key areas and positions that are vulnerable and the candidates who are ready to advance or whose skills and competencies could be developed within the required time frame. In case of non-availability, the said plan may involve selection of an external candidate having requisite skills, experience, leadership quality and expertise deemed necessary for the said position.

- Create Development Plans to close gaps

After assessing the candidate's capabilities and identifying areas they need to improve on, the Human Resources team in consultation with the HR shall build a development plan based on the skills and capability gaps identified. The development plan will help candidates prepare for the potential new role by increasing their skills, competency and experience in the areas that need improvement.

The Human Resources team, shall on an ongoing basis, have a contingent plan to deal with sudden exits at the Senior Management level and shall identify employees who can be groomed to occupy senior level positions in case of any such eventuality.

- Periodically assess effectiveness of succession planning and adjust as needed

To ensure effective implementation of the succession planning process, the Human Resources team shall regularly evaluate and monitor the progress of each candidate against the development plan. Implement an annual review framework to highlight the progress made by the candidates and to adapt plans accordingly.

5. Confidentiality:

All persons responsible for execution of the Succession Planning Policy shall ensure confidentiality of the discussions and decisions with regard to the prospective candidate, except that the information may be shared, if required, with the concerned candidate in order to prepare him for such elevation.

6. Amendment/Review:

This Policy may be reviewed from time to time and any amendment or modifications in this Policy shall be subject to the review by the NRC and approval by the Board of Directors of the Company.

In case any amendments, clarifications, circulars and guidelines issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not consistent with the requirements specified under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail and accordingly this Policy shall stand amended effective from the date as laid down under such amendments, clarifications, circulars and guidelines.