



# Guidelines on Succession Management

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## Overview

### What is Succession Management?

Succession Management is the process of identifying prospective successors for key roles, assessing their capabilities and determining how they will need to be developed to meet the current and future challenges of the organization. It's an **ongoing process** that identifies necessary competencies to meet the business needs, and then works to assess, develop, and retain employees, in order to ensure a continuity of leadership for all critical positions.

A strong succession plan includes:

- Tracking critical roles that are emerging as “resource pressure points”
- Proactively sourcing and developing a strong talent pool of future successors.

### Objectives of the Policy

- Provision of a continuous flow of talented people to meet the organization's current & future needs.
- Ensuring a systematic & long term development of individuals to replace key job incumbents

### Scope

- This policy is applicable to all the Businesses – India & Overseas of the Aditya Birla Group.
- This policy is applicable for Job Band 3 & above positions, including Board of Directors & Managing Director.

### Succession Planning Process

1. Identification of Critical Positions
2. Identification & Development of Potential Successors
3. Apex Talent Reviews & Group level succession plan consolidation
4. Recommendation on creation of vacancy

## 1. Identification of Critical Positions

The first step is to identify critical positions within the business that exert critical influence on the activities, operationally and strategically. Failure to fill these positions within a short timeframe would result in the inability to meet the business strategy and/or Aditya Birla Group's mission.

While identifying critical positions, following critical positions may be considered:

- I. **Business Director and all direct reportees of Business Director**
- II. **Any other critical position, identified basis following parameters:**
  - A. **Overall Impact on Business** as defined by:
    1. Business Volumes (Budgets, market, share, sales, volume, geographical spread)
    2. Positions which are managing key value drivers for the business
    3. Special business knowledge
  - B. **Impact on the Business Strategy**
    1. Long term and short term
    2. Core capabilities for the organization
  - C. **Availability of Talent**
    1. Availability in the market
    2. Ease of replacement
    3. Cost of Vacancy

## 2. Identification & Development of Potential Successors

As a next step, respective CHROs identify suitable candidate's basis the Potential, Performance of the employee and relevant experience required for the role. These potential successors are then discussed & finalized in discussion with Business Directors and respective CXOs. The identified candidates should have consistently demonstrated high performance across the years and segmented as high potential by the business.

An essential criterion while identifying a successor is to look at the runway of the identified employee. It is recommended that a successor should have minimum 4-5 years' time frame to make significant impact. However, the emergency successors identified for unforeseen circumstances may have shorter runway of 1 to 2 years.

Successor's readiness can fall under the below categories:

- **Ready Now** – A successor meeting 70 % of the skills and competencies required and is fairly ready to take up the role.
- **Ready in 1 – 2 years** – A successor meeting 50 -70 % of the skills and competencies required and can be groomed to take up the role in the next 1 – 2 years.

- **Ready in 3 – 5 years** - A successor meeting less than 50 % of the skills and competencies required and demonstrates high potential to take up the role in the next 3 – 5 years.
- **Emergency Successor** – A successor who possess unique knowledge or skills and especially that can be replicated in the event of an emergency and is ready to take up the role.

### 3. Apex Talent Reviews & Group level succession review

As a next step, respective Business Directors & CHROs share this succession plan with Apex Talent Council comprising of Chairman-Aditya Birla Group, Business Director, Director GHR, Group Executive President GHR and Chief Learning & Leadership development Officer (CLLDO).

During these discussions, CLLDO also recommends individuals from other group businesses, who can act as successor to critical positions in the discussed business roles.

The inputs from the Apex Talent Reviews are then consolidated centrally to create a Group Level Succession Plan. This succession plan comprises of best possible successor option after evaluating both within & cross business options.

### 4. Recommendation on creation of vacancy

The consolidated Succession plan is reviewed from time to time, basis movement of the employees into new roles. These recommendations are used by the Chairman & Director Group HR Head for identification of suitable successors for critical position as and when the need arises

## Summary

The objective and the rigor of this exercise is enhanced by having a comprehensive discussion amongst the key stakeholders. It also makes the decision making process more systematic without biases involved. An element of judgment is applied over and above this scientific exercise to finalize the successors.