

SUCCESSION PLANNING @ HEXAWARE

INTRODUCTION

Succession planning is referred to as identifying and preparing the right people for the right jobs from within the organization. Though applicable at all levels, it is at the senior leadership level that the most formidable challenge exists, making it necessary to put a process into place for identification of successors for key / critical roles.

It is the objective of Hexaware to emphasize the importance of continuity of management and leadership and to ensure the smooth transition in the case of a leaders' departure / movement within.

Hexaware's succession policy addresses all the leadership roles (Business unit heads and above) It aims at identifying future potential leaders to fill key positions. It covers all the leadership positions in the organization. **The philosophy of Hexaware is to promote the talent from within as therefore the policy emphasizes on identifying and nurturing the internal candidates for filling the key positions**

PURPOSE

The purpose of this policy is to articulate the organization's approach to succession planning for the key positions mentioned above. The objective is to ensure operational continuity and that the operations of the organization, especially at the management team member level do not adversely get affected by a position falling vacant. The policy covers planned succession planning and unexpected or emergency succession planning as well.

SCOPE/APPLICATION

1. All direct reports of the CEO and
2. the members of the management committee

GUIDANCE -PLANNED SUCCESSION PLANNING

The Board of Directors has delegated the review and recommendation of the succession plan to the Nomination & Remuneration Committee (NRC) of the Board. The NRC is responsible for annually reviewing the Company's succession plan for the Company's key executives and reporting its findings and recommendations to the Board of Directors of the Company. CEO leads the process for planned succession planning for the Senior Management level positions. The CEO consults the Committee

regarding executive management positions, and in the case of the organization's Chief Financial Officer, the CEO also consults with the audit committee. This plan identifies possible successors and key personal development requirements to ensure availability of successor.

PROCEDURES FOR SUCCESSION

Every year the Nomination & Remuneration Committee, along with the senior executive team, shall meet to implement the succession plan. A final review of the top management's competency list shall be completed and revised as necessary. The committee, then, shall implement a thorough assessment of the finalist candidates, including:

1. In-depth competency-focused interviews that probe for the skills and talents essential for the role
2. 360° referencing (if felt necessary) that provides added insight
3. Online psychometric testing, interpreted by an Executive Assessment psychologist, which gives shape to intangible qualities, if found necessary
4. Individual developmental training programs, both internal as well as external

Steps followed:

1. Identification of key positions
2. Determining the competencies and performance standards for these positions.
3. Using the competency profiles to nominate and rank employees with high potential for success in each position.
4. Creating development plans for each nominated employee to ensure that the identified employees build needed strengths.
5. Use of internal performance management tool to monitor and evaluate performance and also provide timely feedback.
6. At the time of identifying a successor, a summary report of the eligible candidates would be presented to the CEO by the CPO. The CEO, at his discretion, would discuss the eligible candidates with those he deems necessary and thereafter, would identify the best suitable candidate from amongst the candidates identified.

In absence of one or more qualified candidate/s, company shall recruit potential leader from outside the organization.

Competencies of the executive team member:

Vision and Strategy

- Demonstrates agility in challenging, complex or ambiguous situations and is able to integrate material from a wide range of learning and thinking
- Develops a “core” understanding of issues that challenges assumptions and the superfluous and distills the complex
- Displays both optimism (expects success, frequently identifies potential/opportunity, never feels a victim and takes calculated risks) and realism (is practical and assertive, evaluates the situation and clearly identifies problems)
- Anticipates problems and opportunities and is both reflective (considers multiple “angles” and understands the short- and long-term ramifications of decisions/actions) and decisive

Ensuring Tactical Success

- Manages situations and teams appropriately—in a hands-on or hands-off manner, depending on the situation
- Sets high standards for self and others; competes with self
- Actively manages performance, drives execution by clarifying priorities, and confronts problems and problem performers
- Hires, develops and retains excellent talent

Relationships and Communication

- Applies experience and insight regarding others
- Demonstrates empathy and effective listening
- Communicates effectively with internal/external constituencies

Motivation

- Demonstrates desire and motivation to aspire for CXO roles.
- Willingness to put in time and effort
- Being flexible and scalable
- Ability to cope with situations and challenges – capability & copability

Business

- Create and maximize success in more than one business entity
- Demonstrated ability to sustain commercial value in a business
- Raised the profile of his/her previous business entity
- Established reputation leading to credibility with board and investors/owners

Fit to Situation

- Fit to current and upcoming business stage/scope/scale strategies and tactics
- Fit to current and aspired organizational culture
- Fit to and/or actual experience in industry/market

GUIDANCE- UNEXPECTED ABSENCE OR EMERGENCY SUCCESSION

The CEO and CPO are responsible for ensuring that an unexpected or emergency succession plan is in place that addresses the immediate leadership needs of the organization and ensures that it can continue with minimum disruption. The plan will address how and to whom the duties of the absent executive will be allocated as an interim measure until the executive's return, or a permanent replacement is found.

SUCCESSION PLANNING AT BOARD LEVEL

Purpose : To smooth the transition as directors leave the board and ensure that positions are filled and skills gaps addressed. It is important to think not just in terms of board membership, but also committee membership, board and committee chairs.

The Nomination & Remuneration Committee of the Board shall be entrusted with this responsibility.

Process ;

1. The first step is to review what requirements the board is subject to. These may be found in governing legislation, in the by-laws of the organization or in its policies. They may include:

- minimum and maximum numbers for board and committee membership
- required committees
- term limits on board, committees
- possibility of term renewal or maximum number of terms permitted
- requirements re: representation from stakeholder groups
- independence requirements

2. The nomination committee should have regular candid discussions with board members regarding their intentions in order to avoid surprises. The Committee ask directors to reconfirm their commitment annually. Directors should also have input into what committee membership they are interested in holding.

3. Some vacancies will require recruiting from outside the board. Organizations may want to maintain a list of potential board members in order to facilitate the recruitment process. The nomination committee has primary responsibility for identifying suitable candidates for these positions.

4. Reasonable term limits, such as a maximum of five or ten year terms, encourage the board to keep its pipeline fueled with prospective new members and board leaders.