



SUCCESSION PLAN OF DIRECTORS AND SENIOR MANAGEMENT

Introduction

The Securities market regulator- Securities and Exchange Board of India (SEBI) wide its notification issued on 2nd September, 2015 has repealed the clauses under Listing Agreement entered into by the Companies with the Stock Exchange(s) and has put in place Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to come into force from the 90th day from the date of publication in the Official Gazette (i.e. from 1st December, 2015).

Purpose

Succession Planning is an important component often addressed as part of strategic planning. It is critical to the success of the organization and should provide for a process that recognizes, develops and retains top leadership talent. Boards often create a succession plan outlining the process for retaining, developing, and/or appointing the Board of Directors and Senior Management personnel of organization.

Succession planning can also mean creating an objective in a strategic plan around succession planning for all senior staff positions. If the organization is interested in developing an internal process to ensure that it develops and retains the best people, it may outline a development plan for each key position in the organization.

The Board of Directors (“the Board”) of DEN Networks Limited (“the Company”) has adopted the following plan and the Board may amend this from time to time.

Key Considerations in the Succession Planning Process

- Identify the long term vision and direction of the organization. (Strategic Plan)
- Review the mission and values of the organization.
- Determine who the key leadership people are that you want to develop and nurture for the future.
- Determine which positions need a succession plan – not all positions in the organization require a plan.
- Identify core competencies and skills needed to lead the organization.
 - Determine talents needed for the long term
 - Review current job description and revise and update.
 - Review salary history, budget, and market rates for position
 - Seek key stakeholder input
- Determine interim management and leadership plan for unplanned leaves



- Appointing an acting director from inside organization or contracting with another person for specified time period or until another person is hired
- Develop timeline and position description for interim position
- Hiring a Permanent CEO/Executive Director for Planned Exit
- Determine recruitment strategies:
 - Hiring search firm vs. board managed process
 - Seek bids and determine fees, scope of work, etc
 - Develop selection criteria for key candidates to recommend to the board. ○ Develop communication strategy- key stakeholders
 - Develop transition plan – mentoring and coaching, orientation, etc may create an individual development plan with key expectations and performance review process for first year.
 - Conduct search process
 - Define roles of search committee and board during search and interview process
- Create communication strategy during the process
- Determine decision making process.
 - Hiring process
 - First year plan

The Succession Plan

The succession plan decides on what steps will be taken to transition from a current leadership to a new CEO/Executive Director. It is an outline or description of the process that the Board of Directors has previously decided it would use to recruit, hire and supervise a new CEO/Executive Director.

The plan outlines the following steps:

1. Review process for defining the skills profile, qualifications and leadership priorities for a new CEO/Executive Director. This includes a review of the current strategic plan including mission, vision, values and goals or strategic results to be achieved in the next two to three years. It is important for the organization to have a clear sense of its strategic direction before it begins a hiring process.
2. Review key partnerships and collaborations to see which are important and could impact future relationships. Is this the time to consider reorganization, a merger or major changes in organization?
3. Review and determine job description, salary and benefit package and other compensation issues such as relocation, hiring bonuses, etc. Review budget and adjust accordingly.
4. Review financial statements and financial position for next 6 to 12 months. Draft letter on the process to key funders. Engage them if necessary.
5. Determine search and recruitment process and steps. – see outline in the plan. Key will be whether the organization is using a search firm or conducting the search through the board.



6. Determining timeline for search and recruitment process. Count on a four to six month timeline for adequate recruitment and contingencies.
7. Determine if interim appointment needed for short term transition.
8. Review management team and their roles in organization. Determine if internal promotion is an option and how that will be handled. This could be Step 3 in a larger organization.
9. Review board expertise, roles and responsibilities to determine if additional talent is needed on the board. Some boards bring back former chairs or key members for the search and hiring process.
10. Develop communication plan for the process both internally and externally.

Board of Directors Role

The Board of Directors plays an important role during the hiring of a new CEO/ Executive Director. The board has to have the right mix of members with the skills to lead the organization through the transition. They need a strong board chair that can lead the process and clearly articulated roles for committees that might be involved in the process. The board must know enough about the organization to be able to develop the job description and describe important skills and qualifications for the next CEO/Executive Director. They must have members that understand the mission, programs and values of the organization. The board should understand the financial position of the organization, its key funding sources and what fundraising activities will be required in the near term.

Key considerations include:

- Board role in governance, board development and committees
 - What resources or training would be helpful to board members?
- Mission and strategic priorities for the organization.
 - What are our core operating values and how do we live out these values during the hiring process and the transition.
- Financial situation – current budget year and the next budget year
- Funding sources and fundraising activities to support the budget
- Understanding of the role the board will play during a transition of leadership.

Role of Current CEO /Executive Director

The current CEO/Executive Director has an important role to play in the hiring process and the transition to new leadership. This includes helping the board define key skills and qualifications for a new leader. The current CEO/ Executive Director can help evaluate their job position to inform the board on what strengths and weaknesses they have brought to the position and thus the organization.

It is important to have healthy closure with the departing CEO/Executive Director. The board should honor the departing CEO/Executive Director for their contribution and their legacy at the organization. The board should also avoid allowing unresolved issues to continue that will sabotage the new beginning of the new CEO/Executive Director.



Defining their transition role is also important. What role will they continue to play and for what time period? Will they stay on in a fundraising or consulting capacity for a limited time? Will they train their new replacement? Are they expected to introduce the new CEO/Executive Director to key funders and stakeholders?

Finally the current CEO/Executive Director should develop a transition memo on key information for the new leader. This memo should cover key issues facing the organization, key external relationships and other information needed by a new leader.

Policy applies to

Board of Directors, Key Managerial Personnel & Senior Management Personnel