



# **SUCCESSION POLICY FOR THE BOARD & SENIOR MANAGEMENT**

OF

## **SFC ENVIRONMENTAL TECHNOLOGIES LIMITED**

*(Formerly known as SFC Environmental Technologies Private Limited)*

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## 1. BACKGROUND:

Pursuant to Regulation 17(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), the Board of Directors of a listed entity are required to ensure that appropriate plans are in place for the **orderly succession** in appointments to the Board of Directors and Senior Management. This is intended to safeguard the interests of the investors by preventing any adverse impact on the Company arising from sudden or unplanned gaps in its management Accordingly, the Board of Directors of **SFC ENVIRONMENTAL TECHNOLOGIES LIMITED** (formerly known as *SFC Environmental Technologies Private Limited*) (herein after referred as the “**Company**”) has adopted this Succession Policy for the Board & Senior Management (the “**Policy**”).

The Nomination and Remuneration Committee (the “**Committee**”) shall be responsible for implementing this Policy and its related procedures.

For this purpose, “senior management” shall mean the officers and personnel of the Company 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 Chief Financial Officer and Company Secretary and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

For this purpose, ‘Senior Management’ shall mean the officers and personnel of the Company who constitute its core management team, excluding the Board of Directors. It shall include all members of management one level below the Chief Executive Officer (CEO), Managing Director (MD), Whole-Time Director (WTD), or Manager (including the CEO or Manager, if they are not part of the Board of Directors).

Senior Management shall specifically comprise the functional heads, regardless of their designation, as well as the Chief Financial Officer (CFO), Company Secretary (CS), and any other persons identified and designated as Key Managerial Personnel (KMP) by the Company, excluding the members of the Board of Directors.

Key positions in the Company, which are important for the Company’s current and future growth, are assigned to qualified and competent professionals. Succession planning is crucial to the growth and sustainability of any business and a tool for an organization to ensure its continued effective performance through leadership and management continuity through timely fulfilment of key vacancies.

## 2. **OBJECTIVES:**

The objectives of the Policy are, inter alia, as under:

i. **To make a plan for orderly succession for appointment to the Board and Senior Management:**

This objective aims to ensure that the Company maintains a structured, transparent, and well-documented process for succession planning in key leadership positions.

It seeks to establish an effective succession framework that enables the Company to identify and prepare potential successors for the Board and Senior Management roles in advance. Such planning ensures continuity of leadership, minimizes disruptions to business operations, and supports the Company's long-term strategic objectives during leadership transitions.

ii. **To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives:**

The Company shall identify the skills, qualifications, experience, leadership attributes, and behavioral competencies required for critical roles within the organization. Potential candidates, both internal and external, shall be evaluated against these competency requirements.

Where gaps are identified, the Company shall facilitate targeted training, leadership development programs, mentoring, and other learning initiatives to build the required capabilities and prepare individuals for future leadership responsibilities.

iii. **To identify the key job incumbents in senior management positions and recommend whether the concerned individual be granted an extension in term/service or be replaced with an identified internal or external candidate or recruit other suitable candidate(s):**

The Company shall periodically review the performance, tenure, and future potential of individuals occupying key positions in Senior Management. Based on such assessment, the relevant committee or authority may recommend whether the concerned individual should be granted an extension of term or service, replaced by a suitable internal successor, or succeeded by an external candidate.

The objective is to ensure that leadership roles are filled by individuals best suited to support the Company's strategic direction and operational requirements.

- iv. **To ensure the systematic and long-term development of individuals in the senior management level to replace as and when the need arises due to deaths, disabilities, retirements, separations and other occurrences with respect to members of the Board and Senior Management:**

The Company shall implement structured development initiatives to nurture and prepare employees with leadership potential to assume higher responsibilities. This includes identifying high-potential employees, providing them with appropriate exposure, training, and mentoring, and developing them to step into leadership roles as and when vacancies arise due to retirement, resignation or any other unforeseen circumstances affecting members of the Board or Senior Management.

- v. **To identify and proactively plan for key workforce positions by building a pool of potential successors, while fostering a culture that promotes knowledge transfer, skill development, and overall employee growth:**

The Company shall focus on building a sustainable leadership pipeline by identifying critical roles within the organization and developing a pool of capable employees who can assume such positions in the future.

This process also involves encouraging knowledge sharing, mentorship, and skill development, thereby fostering a culture that promotes continuous learning, professional growth, and organizational resilience.

- vi. **To build human resource programs that attract and retain qualified individuals:**

The Company shall periodically review human resource policies and programs and aim to attract talented professionals, nurturing their capabilities, and retaining them within the organization.

Such initiatives may include career development opportunities, leadership training, performance management systems, and employee engagement programs, all of which contribute to building a strong and capable workforce aligned with the Company's long-term objectives.

### **3. PROCEDURE FOR SUCCESSION:**

#### **Succession Plan for the Board and the KMPs**

The Nomination and Remuneration Committee (“NRC”) shall periodically review the leadership and management needs of the Company and accordingly identify suitable persons from among the existing top management personnel or from outside the Company to fill up the vacancy at the Board and KMP level.

The Committee shall apply a diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as a Director or KMP of the Company, as the case maybe, based on his/her educational qualifications, experience and track record. The appointment, re-appointment or termination of the person at the Board and KMP level shall be recommended by the Committee and approved by the Board.

#### **Succession Plan for Senior Management**

The Committee shall periodically review and consider the list of Senior Management due for retirement or resignation within the year. The Committee shall also consider new vacancies that may arise because of business needs or restructuring of department(s).

Accordingly, the Committee shall assess the availability of suitable candidates for the Company’s future growth and development. The recommendations of the NRC shall be placed before the Board for approval. The senior management team shall always strive to develop a strong leadership pipeline by enriching work exposure to in-house talent.

The Chairman & Managing Director, the Executive Directors and the Head of Human Resources shall also, from time to time, identify & recommend high-potential employees who merit faster career progression and formulate, administer, monitor and review the process of skill development and identify training requirements in respect of such employees.

#### **Emergency Succession or Temporary Change**

If a Director’s slot or Senior Management’s position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a meeting as early as possible to implement the process described herein, subject to the necessity involved.

#### **4. AMENDMENT:**

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict or inconsistency between this Policy and any applicable law and rules, the provisions of such applicable law and rules, as in force from time to time, shall prevail.

#### **5. POLICY REVIEW:**

The Board shall review and monitor the implementation of this Policy as and when required to ensure its effectiveness and for ensuing effective succession planning.

This Policy is intended to be in conformity with the Listing Regulations as on the date of its adoption. However, if due to subsequent modifications in the Listing Regulations, the Act or any other applicable law, the provision of this Policy or any part thereof becomes inconsistent with the Listing Regulation, the Act, or any other applicable law, then the provisions of such laws, Listing Regulations as modified, shall prevail.

#### **6. DISSEMINATION OF THE POLICY:**

This Policy shall be disclosed by the Company on its Website at <https://sfcenvironment.com/investor/governance/> in adherence with the Listing Regulations or any amendment thereto.

#### **7. EFFECTIVE DATE:**

The Policy as approved by the Board of Directors shall be effective from 24<sup>th</sup> March 2026.

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