

## **POLICY FOR APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A. BACKGROUND**

As per Section 178 of the Companies Act, 2013 (“**the Act**”) and the Rules made thereunder, every listed public company is required to constitute a Nomination and Remuneration Committee (“**NRC**”) consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.

Further, the NRC shall:

- i. Identify persons who are qualified to become Directors and who may be appointed in Key Managerial Personnel (KMP) role(s) and / or Senior Management Personnel (SMP) role(s) in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- ii. Formulate a criteria for determining qualifications, positive attributes and independence of a director;
- iii. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- iv. recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, criteria for evaluation of Independent Directors and the Board; and
- v. Devise a policy for Board diversity.

As the Company’s primary activity is to manage one or more Infrastructure Investment Trusts and with the perspective of higher corporate governance, this Policy has been adopted by the Board of Directors. This policy shall act as a guide or reference for the above-mentioned objectives.

### **B. QUALIFICATIONS FOR APPOINTMENT OF DIRECTORS, KMP AND SMP**

- i. The NRC shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP and SMP and recommend to the Board his/ her appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- ii. A person to be appointed as Director or KMP or SMP should possess adequate qualification, expertise and experience for the position he / she is considered for.

- iii. A person, to be appointed as Director should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
- iv. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years.
- v. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Further, while evaluating the suitability for director, the NRC shall take into account many factors, including the following:

- a) General understanding of the Company's business dynamics, business and social perspective,
- b) Educational and professional background;
- c) Skills, expertise and competences
- d) Standing in the profession
- e) Professional ethics, integrity and values;
- g) Every director should ensure to give sufficient time and attention to the Company's affairs and attend the Board meetings and other committee meetings, regularly in which he/she is a member.

The proposed appointee should also fulfill the following requirements:

- a) He/she shall possess a Director Identification Number or any other identification number prescribed by the Central Government which shall be treated as, the Director Identification Number for the purposes of the Act;
- b) He/she shall not be disqualified under the Companies Act, 2013 or pursuant to any order of other such authority;
- c) He/she shall give his/her written consent to act as Director;
- d) He /she shall endeavour to attend all Board meetings/ Committee Meetings/General Meetings;
- e) He/she shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first

meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;

f) He/she shall abide by the provisions of Section 166 of the Companies Act, 2013 which lays down the duties of directors as under:

- i. Subject to the provisions of the Companies Act, 2013, a director of a company shall act in accordance with the Articles of Association of the Company.
- ii. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole and in the best interests of the company, its employees, the shareholders and for the protection of environment.
- iii. A director shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iv. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- v. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- vi. A director of a company shall not assign his office and any assignment so made shall be void.
- vii. The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

**C. POSITIVE ATTRIBUTES:**

- a) Professional Experience
- c) Leadership skills;
- e) Commitment to high standards of ethics, personal integrity and probity;

**D. REMUNERATION :**

The remuneration payable to the Directors, KMP and other employees, shall be in line with Remuneration Policy approved by the Board of Directors of the Company from time to time and applicable laws.

**E. PERFORMANCE EVALUATION:**

The NRC shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance with the objective of having a group that best enables the success of the Company's business.

**F. CRITERIA OF INDEPENDENCE:**

The NRC shall assess the independence of director at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interests or relationships are disclosed by a director.

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance.

**G. BOARD DIVERSITY:**

The Company recognises and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity and race, which will ensure that the Company retains its competitive advantage.

The Company believes that a diverse Board will continue to the achievement of its strategic and commercial objectives, including to:

- drive business results;
- make corporate governance more effective;
- enhance quality and responsible decision making capability;
- ensure sustainable development;
- enhance the Company reputation.

The NRC is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

While all the appointments to the Board will continue to be made on merit, the NRC will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as evaluating the Board and individual members.

Accordingly, the Committee shall:

- assess the appropriate mix of diversity of skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board;

- make recommendations to the Board in relation to appointments and maintain an appropriate mix of diversity, skills, experience, and expertise on the Board;
- periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with the Articles of Association of the Company and the applicable laws.

#### **H. REMOVAL OF DIRECTORS, KMP & SMP**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, NRC may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or SMP subject to the provisions and compliance of the said Act, rules and regulations.

#### **I. UNITHOLDERS NOMINEE DIRECTORS**

The Company may appoint the Directors nominated by the Eligible Unitholders (as defined in Annexure A below) of InvIT for which the Company acts as the Investment Manager. With respect to such appointments of the Unitholders' Nominees, the Company shall additionally follow the framework given Annexure A.

#### **J. REVIEW OF THIS POLICY:**

The NRC will periodically review this Policy, as appropriate, to ensure the effectiveness of this Policy and make the suitable recommendation to the Board.

## ANNEXURE A

### **1. Background:**

In accordance with Regulation 4(2)(h) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“**InvIT Regulations**”) and the circular issued by the Securities and Exchange Board of India, bearing reference number SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 dated September 11, 2023 (“**InvIT Circular**”), unitholder(s) holding not less than ten percent of the total outstanding units of the InvIT, either individually or collectively, or such other percentage as may be specified under the InvIT Regulations, shall be entitled to nominate one director on the board of directors of the Investment Manager.

Accordingly, this framework shall be applicable with respect to the appointment of the Directors so nominated by the Eligible Unitholders in accordance with the InvIT Regulations and the InvIT Circular, with respect to one or more Infrastructure Investment Trust managed by the Company (hereinafter referred to as “**InvIT**”).

### **2. Eligible Unitholder(s):**

“Eligible Unitholder(s)” shall mean unitholder(s) holding ten percent or more of the total outstanding units of InvITs, either individually or collectively, or such other percentage as may be specified under the InvIT Regulations. The eligibility shall be reckoned based on the unitholding pattern of InvIT(s) as per the prevailing InvIT Regulations.

Further, subject to the InvIT Regulations, if any unitholder has the right to nominate one or more directors on the Board of Directors of the Company in the capacity of shareholder of the Company or lender to the Company or InvITs (or its HoldCo(s) or SPVs), then such entity in its capacity as the unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director.

Eligible Unitholder(s) shall have the right, but not the obligation, to nominate any person for appointment as Unitholder Nominee Director, subject to the unitholding of such Eligible Unitholder(s) exceeding the abovementioned threshold.

If the unitholding of more than one unitholder is aggregated for the purpose of qualifying as Eligible Unitholder(s) to exercise the right to nominate a Unitholder Nominee Director, then such unitholders shall not be eligible to participate in any other group of Eligible Unitholder(s).

### **3. Unitholder Nominee Director:**

“Unitholder Nominee Director” shall mean a non-independent director nominated by Eligible Unitholder(s) on the Board of Directors of the Investment Manager.

Unitholder Nominee Directors shall recuse themselves from voting on any transaction where either such director, such director’s associates or the Eligible Unitholder(s) who nominated him / her or associate of such Eligible Unitholder(s) is a party.

### **4. Competitor:**

“Competitor” means, at each relevant time of determination, (i) any entity operating in the a similar sector in which the InvIT operates, in India at such time or any affiliate thereof; and/or (ii) any financial investor (other than a solely passive investor (i.e. an investor without any board, veto or control rights)) engaged in the business of acquiring or investing in similar sector in which the InvIT operates, in India at such time or any of their affiliates; provided that the Parties to the InvIT (as defined in the InvIT Regulations), or any of their affiliates / shareholders shall not be considered as a Competitor.

## **5. Eligibility Criteria:**

The following eligibility criteria should be fulfilled by the candidates proposed to be considered for appointment as Unitholder Nominee Directors:

- a. The person should be “fit and proper” based on the criteria specified under Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as amended. (Fit & proper criteria as provided hereinafter in this framework)
- b. The person is not a willful defaulter or fraudulent borrower, or a promoter or director or person in control of a company or entity categorized as such by any bank or financial institution in accordance with the guidelines prescribed by the Reserve Bank of India.
- c. The person’s name does not appear under any list of disqualified directors issued by the Ministry of Corporate Affairs and is not debarred from acting as a director or member of management by any court, regulatory or supervisory authority.
- d. The person is not debarred from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or direction passed by the SEBI or any other regulatory authority or court/ tribunal in India or abroad.
- e. The person is not or has not been a promoter or director or person in control of any company or entity which has been debarred from accessing the capital markets by the SEBI or any other authority.
- f. The ventures promoted by the person or the companies, firms, partnerships or other entities with which the person is or was associated as a promoter, director, person in control or executive officer, has not been prohibited or debarred from accessing the capital market under any order or direction passed by the SEBI or any other regulatory authority or court/tribunal in India or abroad.
- g. The person should not be disqualified to be appointed as a director under section 164 or any other applicable provision of the Companies Act, 2013 and shall have valid DIN and provided consent to act as Director along with other requirements under Companies Act, 2013.
- h. The person should have an experience of at least ten (10) years in investing in infrastructure assets or is a person of repute in the relevant sector and sub-sector(s) in which the InvIT operates.

- i. The person is not a member of more than ten (10) committees or act as a chairperson of more than five (5) committees across all the listed entities, where he or she acts as a director. It is clarified that such limit shall be determined in accordance with the InvIT Regulations.
- j. The person shall not be a director or employee or member of the governing board of an Investment Manager of another InvIT or its Sponsor group/Holdco/SPV/subsidiary/associate or promoter(s)/promoter group member or director(s) of these Sponsor group/Holdco/SPV/subsidiary/associate.
- k. The person has not submitted any application for grant of certificate on behalf of the Trust to the SEBI which has been rejected by the SEBI.
- l. The person is not or has not been a promoter or director, or employee or person in control of any company or entity which is or has been in competition with the InvIT or the Company, directly or indirectly.

#### **6. Fit & Proper Criteria:**

For the purpose of determining as to whether any person is a 'fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:

(a) integrity, honesty, ethical behaviour, reputation, fairness and character of the person;

(b) the person not incurring any of the following disqualifications:

- i. criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;
- ii. charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;
- iii. an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;
- iv. recovery proceedings have been initiated by the Board against such person and are pending;
- v. an order of conviction has been passed against such person by a court for any offence involving moral turpitude;
- vi. any winding up proceedings have been initiated or an order for winding up has been passed against such person;
- vii. such person has been declared insolvent and not discharged;
- viii. such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
- ix. such person has been categorized as a wilful defaulter;

- x. such person has been declared a fugitive economic offender; or
- xi. any other disqualification as may be specified by the Board from time to time.

## **7. Nomination Process:**

### **A. Process for first time nomination post introduction of this policy**

- i. The Investment Manager shall send a written intimation to all the unitholders within ten (10) days from the end of September 30, 2023, requesting them to inform the Investment Manager if they wish to exercise the right to nominate the Unitholder Nominee Director.
- ii. Thereafter, the Eligible Unitholder(s) who wish to exercise this right shall inform the Investment Manager through a written notice of their proposed candidate for the Unitholder Nominee Director along with following details within ten (10) days of receipt of the intimation from the Investment Manager:
  - name of the candidate
  - director identification number of the candidate
  - A certified brief profile of the candidate, including age, educational qualifications, professional qualifications, nationality, occupation, address, experience in the sector and sub-sector in which the InvIT operates and directorship in other entities, together with back-up documents;
  - details of any outstanding criminal action, regulatory action or material civil litigation against the candidate;
  - details required under the Companies Act, 2013 to facilitate the Investment Manager for filing of Form DIR-12;
  - confirmations in relation to eligibility of the candidate as set out in this Policy together with necessary certifications/ declaration;
  - a declaration from the Eligible Unitholders and Unitholder Nominee Director that they shall abide by all policies (including this policy) of the Trust, the InvIT Regulations and the stewardship code;
  - list of identified associates of the proposed candidate along with the associates of the nominating Eligible Unitholder(s).
  - demat account details and unitholding of the Eligible Unitholder(s).
  - an acknowledgement from the Eligible Unitholder(s) that their unitholding shall be maintained at least ten (10) percent of the total outstanding Units of the Trust, failing which they shall lose the right to have their Unitholder Nominee Director on the Board.
- iii. If multiple unitholders are aggregating their unitholding for the purpose of nomination right then such notice shall also identify up to two unitholders as

authorized representative of the group of Eligible Unitholder(s). Any communication by such authorized representatives to the Investment Manager for the purpose of such nomination shall be deemed to be on behalf of, and representative of the interests of, the entire group of Eligible Unitholder(s).

- iv. The notice shall also set out the names, demat account details and unitholding of the Eligible Unitholder(s). The notice shall also contain a specific acknowledgement from the Eligible Unitholder(s) that their unitholding shall be maintained at at least ten percent of the total outstanding units of the InvIT, failing which they shall lose the right to have their Unitholder Nominee Director on the Board of Directors of the Investment Manager.
- v. The eligibility of a Unitholder Nominee Director shall be confirmed by the Investment Manager, based on the evaluation done by the Nomination and Remuneration Committee and/or the Board of Directors of the Investment Manager in line with this policy, within ten days of receipt of notice from Eligible Unitholder(s).
- vi. Once the eligibility of a Unitholder Nominee Director is confirmed, the Investment Manager shall take necessary steps to complete the appointment of such director on the Board within thirty (30) days from the date of such confirmation. The Investment Manager shall ensure that the appointment of the Unitholder Nominee Director is in compliance with the requirements with respect to the composition of the board of directors under the InvIT Regulations and other applicable laws.
- vii. Further, if the candidate proposed is not eligible or not found suitable based on the evaluation done by the Nomination and Remuneration Committee and/or the Board of the Investment Manager in line with this policy, the reasons shall be recorded in writing and shall be communicated by the Investment Manager to the Eligible Unitholder(s) within ten (10) days of receipt of notice from Eligible Unitholder(s). In such case, the Eligible Unitholder(s) may submit another candidate within a period of ten (10) days from the receipt of such communication from the Investment Manager.

**B. Process for subsequent nomination by the unitholders on annual basis**

- i. The Investment Manager shall send a written intimation to all the Unitholders on their email address(es) registered either with the Investment Manager or with any depository, within ten (10) days from the end of each financial year, requesting them to inform the Investment Manager if any Eligible Unitholder(s) wishes to exercise the right to nominate a Unitholder Nominee Director.
- ii. Eligible Unitholder(s) who wish to exercise this right shall inform the Investment Manager through a written notice within ten (10) days of receipt of the intimation from

the Investment Manager. The Eligible Unitholder(s) shall be determined based on the unitholding pattern of the InvIT as on March 31<sup>st</sup> of the financial year.

- iii. The process mentioned in paragraph A above (for first time nomination) shall apply in regard to the notice by Eligible Unitholder(s) to the Investment Manager and for appointment of the Unitholder Nominee Director.
- iv. If any Unitholder(s) acquires or holds units of the prescribed threshold of ten (10) percent unitholding or more during a particular financial year, then such Unitholder(s) shall be entitled to exercise the nomination right only in the following financial year as per the process mentioned in this Policy.

#### **8. Review of Unitholding of Eligible Unitholder(s) by the Investment Manager**

The Investment Manager of the InvIT shall, within ten days from the end of each calendar month, review whether the Eligible Unitholder(s) who have exercised the board nomination right, continue to have/hold the required number of units of InvIT and make a report of the same. The Investment Manager of the InvIT shall submit such report to the Trustee of the InvIT. On review by the Investment Manager, if it is found that Eligible Unitholder(s) do not have/hold the required number of units, then the Investment Manager shall inform the same to the Trustee, such unitholder(s) and the Unitholder Nominee Director. The Investment Manager and such Unitholder(s) shall require the relevant Unitholder Nominee Director nominated by such Unitholder(s) to resign / step down from the Board of Directors of the Investment Manager forthwith and such Unitholder Nominee Director shall accordingly resign / step down from the board.

#### **9. Change in Unitholder Nominee Director or withdrawal of nomination**

If an Eligible Unitholder or a group of Eligible Unitholders propose to withdraw their nomination for the Unitholder Nominee Director that has been appointed on the Board of Directors of the Investment Manager, then such Eligible Unitholder(s), or their authorized representatives, shall inform the Investment Manager and the Unitholder Nominee Director of the same, and the Unitholder Nominee Director shall resign / step down from the Board of Directors of the Investment Manager forthwith. If an Eligible Unitholder or a group of Eligible Unitholders propose to change a Unitholder Nominee Director who has been appointed on the Board of Directors of the Investment Manager, then such Eligible Unitholder(s), or their authorized representatives, shall inform the Investment Manager of the proposed candidate in the manner set out in Annexure A of this Policy. The Investment Manager shall evaluate the proposed candidate in the manner set out in Annexure A of this Policy.

#### **10. Vacation of office/Removal of Nominee Director:**

The vacation of office of the Unitholder Nominee Director shall be as per the prevailing laws and regulations. Additionally, any removal of Unitholder Nominee Director shall be governed through this Policy.

If at any time, the individual or collective unitholding of the Eligible Unitholder(s), who have nominated a Unitholder Nominee Director, falls below ten percent of the total outstanding units of the InvIT, then the Eligible Unitholder(s) shall, notwithstanding the requirement contained in Clause 8 above, immediately inform the Investment Manager within two working days from such change and the Unitholder Nominee Director shall resign / step down from the Board of Directors of the Investment Manager within two working days from such change.

If the individual or collective unitholding of the Eligible Unitholder(s), who have nominated a Unitholder Nominee Director, falls below ten percent of the total outstanding units of the InvIT on account of any fresh issuance of units by InvIT, then the Eligible Unitholder(s) shall, notwithstanding the requirement contained in Clause 8 above, immediately inform the Investment Manager within two working days from the date of allotment of fresh units of the InvIT and the Unitholder Nominee Director shall resign / step down from the Board of Directors of the Investment Manager within two working days from such date of allotment.

In case of death or permanent disability of a Unitholder Nominee Director, the Eligible Unitholder(s) that nominated such Unitholder Nominee Director may propose another individual as a replacement in the manner as described in this Policy.

The Board of Directors (including the Nomination and Remuneration Committee) shall have the power to remove a Unitholder Nominee Director from office, for reasons to be recorded in writing, including if the Unitholder Nominee Director ceases to meet the eligibility criteria or other requirements, including as set out in this Policy.

#### **11. Remuneration:**

The remuneration payable to the Unitholder Nominee Directors shall be in line with Remuneration Policy approved by the Board of Directors of the Company from time to time and applicable laws.

## APPENDIX

### Notice of Nomination by Eligible Unitholder(s)

**Date:** \_\_\_\_\_

To,  
**Company Secretary and Compliance Officer,  
Edelweiss Real Assets Managers Limited  
(acting in its capacity as the Investment Manager of \_\_\_\_\_)**  
**Registered Office:**

**Subject: Notice of Nomination for the Unitholder Nominee Director pursuant to the  
Intimation dated \_\_\_\_\_ received from the Investment Manager**

**Exercising the right to nomination:**

- Individually
- Collectively

Name of the Unitholder(s):

Demat Account Details:

Unitholding of the Eligible Unitholder(s):

Names of authorised representatives\*:

\*Applicable in case of multiple unitholders are aggregating their unitholding for the purpose of nomination right

**Details of the proposed candidature:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the candidate	
2.	DIN of the candidate	
3.	Brief profile of the candidate, including age, educational qualifications, professional qualifications, nationality, occupation, address, experience in the sector and sub-sector in which the InvIT operates and directorship in other entities, together with back-up documents	
4.	Details of any outstanding criminal action, regulatory action or material civil litigation against the candidate	
5.	Details required under the Companies Act, 2013 to facilitate the Investment Manager for filing of Form DIR-12	
6.	Confirmations in relation to eligibility of the candidate as set out in the Policy for Appointment of Directors and Key Managerial Personnel together with necessary certifications/ declaration	
7.	A declaration from the Eligible Unitholders and Unitholder Nominee Director that they shall abide by all policies (including the Policy for Appointment of Directors and Key Managerial Personnel) of the Trust, the InvIT Regulations and the stewardship code.	
8.	Associates identified in accordance with the SEBI (Infrastructure Investment Trust) Regulations, 2014	Associates of the proposed candidature: 1. 2. 3.  Associates of the Nominating Eligible Unitholder(s): 1. 2. 3.

**Declarations:**

In this connection, the Eligible Unitholder(s) of InvIT declare that:

1. The unitholding shall be maintained at at-least ten percent of the total outstanding units of InvIT, failing which we shall lose the right to have the Unitholder Nominee Director on the Board of Directors of the Investment Manager.
2. The stewardship code in accordance with SEBI (Infrastructure Investment Trust) Regulations, 2014 has been duly adopted.

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<Name and signature of the Unitholder>

Place:

Date: