

POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS OF SUSTAINABLE ENERGY INFRA INVESTMENT MANAGERS PRIVATE LIMITED

1) PREAMBLE:

The Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder (the “**InvIT Regulations**”), read with Regulation 17(10) and Part D of Schedule II of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and the Companies Act, 2013 (“**Companies Act**”), prescribe that the board of directors (the “**Board**”) of Sustainable Energy Infra Investment Managers Private Limited (the “**Investment Manager**”), being the investment manager of the Sustainable Energy Infra Trust (the “**Trust**”) has adopted the following policy and formulated a mechanism for evaluation of the performance of the board of directors (“**Policy**”) of the Investment Manager. Any actual or potential violation of the Code of Conduct for Board and Senior Management Personnel (“**SMP**”) and this Policy by the directors would be a matter of serious concern for the Trust.

Therefore, the Investment Manager has formulated this Policy to comply with various provisions under the InvIT Regulations, Listing Regulations, and the Companies Act and also the formal evaluation made by the Board of its own performance (self-appraisals) and that of its committees and independent directors as mentioned under Part D of Schedule II of the Listing Regulations. The Policy shall become effective from September 26, 2023.

2) DEFINITIONS

- i. “**Committee**” shall mean the Nomination and Remuneration Committee of the Board of the Investment Manager formed under the provisions of Regulation 19 of the Listing Regulations.
- ii. “**Director**” or “**Board**” means the Director or the Board, in relation to the Investment Manager, and deemed to include the collective body of the Board of the Investment Manager including the Chairman of the Investment Manager.
- iii. “**Independent Director**” shall mean an Independent Director as defined under Regulation 2(saa) of the InvIT Regulations.
- iv. “**InvIT Regulations**” means Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder
- v. “**Listing Regulations**” means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- vi. “**Policy**” shall mean this Policy for Evaluation of performance of Board of Directors of the Investment Manager.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the InvIT Regulations, the Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended.

3) POLICY

The object of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the entire Board including the Independent Directors, and to also adopt the best practices to manage the affairs of the Trust in a seamless manner and ensure long term value creation for unitholders of the Trust (“**Unitholders**”) by achieving good corporate governance.

4) VARIOUS KINDS OF PERFORMANCE EVALUATIONS

- a. APPRAISAL SYSTEM:** Appraisal of each Director of the Investment Manager shall be based on the criteria as mentioned herein below.
- b. PROCEDURE TO RATE THE PERFORMANCE:** Based on evaluation criteria, the Committee and the Board shall rate the performance of the each and every Director. The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top-level management of the Investment Manager and consequently the Trust, for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Investment Manager and Unitholders.
- c. FEEDBACK SYSTEM:** Evaluation of each Director of the Investment Manager shall be based on feedback as mentioned herein below.

Note: Rating 90 and above - excellent, between 75 to 89 - Very good, between 60 - 74 - Good, between 35 to 59 - Satisfactory and less than 35 - Unsatisfactory

5) EFFECTIVENESS OF THE BOARD

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the appointments, re-appointments and removal of the non-performing Directors of the Investment Manager. Further, the Committee has laid down the criteria for evaluation of performance and overall effectiveness of the Board:

1. Does the Board have a good mix of backgrounds, capabilities and experience to address issues that come up before it and to provide guidance to the company's strategic and operating issues when needed?
2. Is the size of the Board appropriate?
3. Are the Board dynamics such that constructive free and frank discussion occurs, and differences in opinion / judgments are constructively resolved such that the outcome is a superior one?
4. Do the Board processes help in enabling the Board to discharge its role well?
5. Does the Board perform its role as per the known best practice corporate governance?
6. Is the Board and management aligned in their understanding of the role of the Board?
7. What does the Board do well?
8. What does it do but not too well?
9. What does it not do that it needs to start doing?

6) SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS

Evaluation of the non-independent Directors shall be carried out by entire Board except the non-independent

Director being evaluated. The meeting for the purpose of evaluation of performance of Board members shall be held at least once in a year and the Investment Manager shall disclose the criteria laid down by the Committee for performance evaluation on the web site of the Trust for the reference and also in the annual report of the Trust and the Investment Manager.

7) CRITERIA FOR EVALUATION OF PERFORMANCE

The Committee shall evaluate the performance of each Director as per the Nomination and Remuneration Policy of the Investment Manager and based on their functions as mentioned in the Code of Conduct of the Directors and Senior Management Personnel and the criteria for the evaluation of the performance as prescribed in this Policy.

Based on the performance evaluation of each and every Director and the Chairman of the Investment Manager, the Committee shall provide the ratings based on each criteria and sub-criteria.

Evaluation of Independent Director shall be carried on by the entire Board which shall include –

- (a) performance of the Directors; and
- (b) fulfilment of the independence criteria as specified in the InvIT Regulations and the Listing Regulations as to their independence from the management. The Directors who are subject to evaluation shall not be allowed to participate.

The Committee has further laid down the criteria for evaluation of performance of non-independent Directors, Independent Directors, Chairman and the Board:

1. Attendance and contribution at Board and Committee meetings.
2. Possession of sufficient skills, experience and level of preparedness which allows the person to add value to discussions and decisions
3. His / her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
4. His/her knowledge of the Trust's business/activities.
5. His / her knowledge of finance, accounts, legal, investment, marketing, industry and global trends, foreign exchange / hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
6. His / her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
7. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
8. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
9. Recognize the role which he / she is expected to play, internal board relationships to make decisions objectively and collectively in the best interest of the Investment Manager and Trust to achieve organizational successes and harmonizing the Board.

10. His / her global presence, rational, broader thinking, vision on corporate social responsibility etc.
11. Quality of decision making on source of raw material / procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
12. His / her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
13. His / her contribution to enhance overall brand image of the Investment Manager and the Trust.
14. Appointment on the Board will be based on merit, in the context of skills, experience, independence and knowledge, for the Board, as a whole to be effective.
15. Ability of the candidates to devote sufficient time and attention to his professional obligations as Director for informed and balanced decision making.
16. Adherence to the code of conduct and highest level of corporate governance in letter and in spirit by the Directors.
17. His / her ability to challenge views of others in a constructive manner.
18. Devotion of adequate time to discharge duties.

Rating scale shall be 1 to 10 (1 being least effective and 10 being most effective)

Criteria's for Performance Evaluation	Sub-Criteria of Evaluation of Performance	Rating
Based on job profile	1. Knowledge of job profile.	
	2. Skills required to perform or to execute the job profile.	
Based on responsibilities and obligations	1. Attendance and participation in the meetings.	
	2. Expert opinions in respect of the serious issues.	
Based on strategies	1. Strategies formulated and successfully implemented.	
	2. Various directions provided in the best interest of the Trust on key issues.	
Based on performance management	2. Financial performance.	
	3. Achievement of domestic or international awards.	
Based on risk management	1. Avoidance of high financial risk while executing the functions and duties.	
	2. Avoidance from any other high risk.	
Based on mergers and acquisitions	1. Number of Mergers and Acquisitions ("M&A") taken place.	
	2. Number of brands undertaken from outsiders or competitors.	
	3. Success rate in executing M&A.	

Based on talent management	1. Achievement in respect of successful negotiations.	
	2. Level of talent retained at low, mid and top level.	
Based on core governance and compliance management	1. Review of detailed compliances applicable under the various laws, rules and regulations.	
	2. Reviewing whether the business is running legally or not.	
Based on annual targets	1. Targets achieved in domestic and international sales and marketing.	
	2. Targets achieved in manufacturing activity.	
Based on expansion and diversification	1. New successfully executed business expansions.	
	2. New successfully executed business diversifications.	
Based on succession planning	1. Provision for additional or alternate Directors.	
Based on conflict-of-interest of management	1. Strategy to resolve the conflict of interest in other Directors.	
	2. Strategy to resolve the conflict of interest in other employees.	
Based on financial and operational control mechanism	1. Control on financial dealings.	
	2. Control on internal operational activities.	
	3. Successes in executing financing arrangements.	
Based on maintaining of corporate culture and moral values	1. Initiatives to maintaining corporate culture of the Investment Manager and Trust.	
	2. Initiatives to maintaining moral values of the Investment Manager and Trust.	
Based on maintaining high level of integrity and ethics	1. Initiative to maintaining high level of integrity.	
	2. Initiative to maintain high level of ethics.	
Based on compliance with the Code of Conduct for Board of Directors and Senior Management Personnel	1. Functioning of duties and responsibilities as per the Code of Conduct for Board of Directors and senior management personnel.	
	2. Abidance and behavior in accordance with Code of Conduct for Board of Directors and Senior Management Personnel.	
Based on the in-general knowledge and skills	1. Skills required for carrying out business activities.	
	2. Communication skills and quick responsiveness.	

8) CONFLICT WITH APPLICABLE LAW

The Policy shall not contradict with the provisions of any applicable law. In case of any discrepancy, the provisions of applicable law shall prevail over the provisions of this Policy.

9) AMENDMENT

- (i). Any amendment or variation to this Policy shall be undertaken in compliance with the InvIT Regulations and other applicable law.

- (ii). Notwithstanding the above, this Policy will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations and the Listing Regulations, without any action from the Investment Manager or approval of the unitholders of the Trust.

Adopted by Sustainable Energy Infra Investment Managers Private Limited on September 26, 2023.

Certified True Copy

Authorised Signatory

Name: Devjeet Ghosh

Designation: General Counsel and Chief Compliance Officer