

**POLICY ON QUALIFICATIONS AND CRITERIA FOR APPOINTMENT OF UNITHOLDERS
NOMINEE DIRECTORS ON THE BOARD OF SUSTAINABLE ENERGY INFRA INVESTMENT
MANAGERS PRIVATE LIMITED**

1. PREAMBLE

- 1.1. 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, the Eligible Unitholders (as defined below) of the Sustainable Energy Infra Trust (“**Trust**”) have been granted a right to appoint a nominee director on the board of directors (“**Board**”) of Sustainable Energy Infra Investment Managers Private Limited (“**Company**” or “**IM**” or “**Investment Manager**”).
- 1.2. In furtherance to the above, the Securities and Exchange Board of India (“**SEBI**”) by way of its circular bearing reference no. SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 dated September 11, 2023 (“**InvIT Circular**”) has prescribed for, *inter alia*, the nomination process and eligibility criteria for the Eligible Unitholders as well as for the Unitholder Nominee Directors (as defined below).
- 1.3. The Company, acting in its capacity as the investment manager to the Trust is required to formulate and adopt a policy providing for qualifications, criteria for appointment, and evaluation parameters of individuals nominated for Unitholder Nominee Director. Accordingly, the Board has formulated and adopted this policy (“**Policy**”) which shall prescribe the requisite procedures and guidelines for, *inter alia*, the appointment of Unitholder Nominee Directors and the criteria for evaluation of the individuals nominated as Unitholder Nominee Directors.
- 1.4. The criteria of Unitholder Nominee Directors should be read in conjunction with the InvIT Regulations (as defined below, including the InvIT Circular), as amended from time to time.

2. DEFINITIONS

- a) “**Act**” means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.
 - b) “**Applicable Law**” shall mean the laws having jurisdiction over the matter in question, including all applicable statutes, enactments, acts of legislature, ordinances, rules, bye-laws, regulations, notifications, decrees, arbitral awards, consents, directions, directives, orders or regulations or other governmental or regulatory restrictions or conditions, or any similar form of decision of, or determination by, any governmental authority, including SEBI, whether in effect as of the date of this policy or thereafter, including but not limited to the Act, InvIT Regulations and Listing Regulations.
 - c) “**Board**” means the board of directors of the Company.
 - d) “**Company**” or “**Investment Manager**” or “**IM**” means Sustainable Energy Infra Investment Managers Private Limited.
 - e) “**Eligible Unitholder(s)**” shall mean unitholder(s) holding ten (10) per cent or more of the total outstanding units of the Trust, either individually or collectively. Post first time nomination, the eligible unitholders will be determined based on the unitholding pattern of the Trust as on March 31 of the relevant financial year.
 - f) “**InvIT Regulations**” means Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, read with the circulars, clarifications, guidelines and notifications issued thereunder, as amended from time to time.
 - g) “**Listing Regulations**” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
 - h) “**Committee**” or “**NRC**” shall mean the nomination and remuneration committee of the Board of the Company.
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- i) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by them and includes perquisites as defined under the Income-tax Act, 1961.
- j) **“Sponsors”** means Mahindra Susten Private Limited and 2726522 Ontario Limited.
- k) **“Trust”** means Sustainable Energy Infra Trust.
- l) **“Unit”** means beneficial interest of the Trust;
- m) **“Unitholder(s)”** shall mean unitholder holding Units of the Trust.
- n) **“Unitholder Nominee Director”** shall mean a non-independent director nominated by Eligible Unitholder(s) on the Board of the Investment Manager.

The terms that have not been defined in this Policy shall have the same meaning assigned to them in the InvIT Regulations, Listing Regulations, Act and/or any Applicable Law for the time being in force and as and when it is amended from time to time.

3. SCOPE

This Policy applies to the Eligible Unitholders of the Trust and Unitholder Nominee Directors of the Investment Manager.

4. QUALIFICATIONS AND ELIGIBILITY CRITERIA FOR THE UNITHOLDER NOMINEE DIRECTOR

Eligible Unitholder(s) shall have the right, but not the obligation, to nominate any person for appointment as Unitholder Nominee Director.

The Eligible Unitholder(s) shall be entitled to nominate only one Unitholder Nominee Director, subject to the unitholding of such Eligible Unitholder, (either individually or collectively), being 10% or more of the total outstanding Units. However, if the right to nominate one or more directors on the Board is available to any entity (or to an associate of such entity) in the capacity of shareholder of the Investment Manager or lender to the Investment Manager or the Trust (or its holding companies or special purpose vehicles), then such entity in its capacity as Unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director.

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).

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

- i. 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.
 - ii. The person is not a wilful 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.
 - iii. 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.
 - iv. 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 SEBI or any other regulatory authority or court/ tribunal in India or abroad.
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- v. 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 SEBI or any other authority.
- vi. The person should not be disqualified under the Act and shall have a valid director identification number and the relevant consent to act as a director, along with other requirements, as required under the Act.
- vii. The person should have an experience of at least five (5) years or is a person of repute in (a) investing in or providing investment advisory services in infrastructure assets; or (b) the relevant sub-sector(s) in which the Trust has invested.
- viii. Any other criteria as specified under Applicable Law or as may be identified by the IM and intimated to all Unitholders, from time to time.

Further, the Unitholder Nominee Director shall recuse from voting on any transaction where such Unitholder Nominee Director or associate of such Unitholder Nominee Director or the Eligible Unitholder who nominated such Unitholder Nominee Director or associate of such Eligible Unitholder is a party.

The Unitholder Nominee Director so nominated may be offered positions on the various committees of the Board, in accordance with and subject to Applicable Law.

5. NOMINATION PROCESS

Process for nomination by the Unitholders on annual basis

- i. The IM shall send a written intimation to all Unitholders on their email address(es) registered either with the IM or with any depository, within ten days from the end of each financial year, requesting them to inform the Investment Manager if any Eligible Unitholder(s) wish to exercise the right to nominate a Unitholder Nominee Director.
- ii. The Eligible Unitholder(s) who wish to exercise this right shall inform the IM through a written notice as provided in **Annexure A (“Notice”)** within ten days of receipt of the intimation from the IM. The eligibility of the Unitholder(s) shall be based on the unitholding pattern of the Trust as on March 31st of the financial year.

It is hereby clarified that 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 Unitholders.

- iii. The eligibility of all proposed Unitholder Nominee Directors shall be confirmed by the IM, based on the evaluation done by the NRC and/or the Board (which may include a physical or virtual interaction of the proposed Unitholder Nominee Director with the NRC/ Board) in line with this Policy within ten days of receipt of Notice from the Eligible Unitholder(s).
 - iv. Once the eligibility of a Unitholder Nominee Director is confirmed, the IM shall take necessary steps to complete the appointment of such director on the Board within thirty days from the date of such confirmation. The IM shall ensure that the appointment of the Unitholder Nominee Director complies with the requirements with respect to the composition of the board of directors of the IM and other relevant provisions under the InvIT Regulations and Applicable Law.
 - v. Further, if the candidate proposed is not eligible or not found suitable based on the evaluation done by the NRC and/or the Board in line with this Policy, the reasons shall be recorded in writing and shall be communicated by the IM to the Eligible Unitholder(s) within ten days of receipt of notice from Eligible Unitholder(s). In such case, the Eligible Unitholder(s) may submit a nomination of another candidate within a period of ten days from the receipt of such communication from the IM.
 - vi. If any Unitholder(s) acquires/holds units of the prescribed threshold of ten percent unitholding or more during a particular financial year, then such Unitholder(s) shall be entitled to exercise the nomination
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right only in the following financial year as per the process mentioned in this Policy, subject to the provisions of the InvIT Regulations.

6. EVALUATION PARAMETERS

The NRC or the Board (except the director getting evaluated) shall evaluate the performance of every Unitholder Nominee Director. Performance evaluation should be carried out at least once a year. While evaluating the performance of the Unitholder Nominee Directors, the following parameters shall be considered:

- i. Attendance and pro-active participation at the Board / committee meetings;
- ii. Time commitment;
- iii. Contribution to strategic decision making;
- iv. Fulfilment of functions and responsibilities;
- v. Effective deployment of knowledge and expertise;
- vi. Review of risk assessment and risk mitigation;
- vii. Review of financial statements, business performance;
- viii. Integrity and maintaining confidentiality;
- ix. Independence of behaviour and judgment;
- x. Teamwork;
- xi. Compliance with requirements prescribed in paragraph 4 of this Policy; and
- xii. Such other parameters as may be deemed appropriate.

Based on the above parameters, the Committee shall undertake the evaluation process of Unitholder Nominee Directors and the final evaluation shall be placed before the Board for its noting.

In addition to the above, the Unitholder Nominee Directors shall also be subjected to the formal annual evaluation to be done by the NRC and/or Board and/or independent directors of the IM under InvIT Regulations, Listing Regulations, the Act and Applicable Law.

7. REPORTING AND MONITORING

The IM shall within ten (10) 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 the Trust and make a report of the same which shall be submitted to the trustee of the Trust.

8. GROUNDS FOR DISCONTINUATION OF UNITHOLDER NOMINEE DIRECTOR

A Unitholder Nominee Director shall continue to remain on the Board unless:

- i. the nomination is withdrawn by the Eligible Unitholder(s),
- ii. change in the Unitholder Nominee Director is requested by the Eligible Unitholder(s),
- iii. the unitholding of the Eligible Unitholder(s) falls below the required threshold consequent to which the Unitholder Nominee Director resigns/ steps down from the Board,
- iv. the Unitholder Nominee Director is unable to serve or resigns or is removed from the Board for any reason to be recorded in writing,
- v. the Unitholder Nominee Director is unable to meet the requirements prescribed in paragraph 4 of this Policy and the NRC/ Board recommends the removal of such director, or
- vi. if the Unitholder Nominee Director is disqualified and is required to vacate the office under the provisions of the Act, the InvIT Regulations and Applicable Law.

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, then such Eligible Unitholder(s), or their authorized representatives, shall inform the IM and the Unitholder Nominee Director of the same in writing, and the Unitholder Nominee Director shall resign/step down from the Board forthwith.

Change in Unitholder Nominee Director:

If an Eligible Unitholder or a group of Eligible Unitholders propose to change a Unitholder Nominee Director who has been appointed on the Board, then such Eligible Unitholder(s), or their authorized representatives, shall inform the Investment Manager of the proposed candidate in the manner set out in paragraph 5 of this Policy and then the IM shall evaluate the proposed candidate as mentioned above.

Retire by Rotation:

The Director so appointed shall not be liable to retire by rotation, subject to the compliance under the Act and InvIT Regulations.

Vacation of office of a Unitholder Nominee Director:

- a. **Change in existing unitholding:** If at any time, the individual or collective unitholding of the Eligible Unitholder(s), who have nominated a Unitholder Nominee Director, falls below 10 per cent of the total outstanding units of the InvIT, then the Eligible Unitholder(s) shall immediately inform the IM within two (2) working days from such change and the Unitholder Nominee Director shall resign/step down from the Board within two (2) working days from such change.
- b. **Fresh issue of Units by Trust:** If at any time, the individual or collective unitholding of the Eligible Unitholder(s), who have nominated a Unitholder Nominee Director, falls below 10 per cent of the total outstanding Units of the InvIT on account of fresh issuance of Units by the InvIT, then the Eligible Unitholder(s) shall immediately inform the IM within two (2) working days from the date of allotment of fresh units and the Unitholder Nominee Director shall resign/step down from the Board within two (2) working days from such date of allotment.
- c. **Death or permanent disability of Nominee Director:** 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 described in paragraph 5 of this Policy.
- d. **Removal by the IM:** The Board (including the NRC) shall have the power to remove a Unitholder Nominee Director from office, for reasons to be recorded in writing, including, but not limited to, if the Unitholder Nominee Director ceases to meet the eligibility criteria as set out in paragraph 4 of this Policy or in the opinion of the Board and/or NRC, the performance evaluation as set out in paragraph 6 of this Policy of the said director by the Board/ NRC is not found satisfactory.

9. REMUNERATION OF UNITHOLDER NOMINEE DIRECTOR

The Unitholder Nominee Director shall be entitled to the rights and privileges as exercised by the non-executive directors of the Investment Manager, subject to the recommendations of the NRC and approval of Board and requirements of Applicable Law including the nomination and remuneration policy of the Trust.

However, the Unitholder Nominee Director shall not be entitled to any stock option of the Company or the Trust. They shall not be eligible to participate in any share-based payment schemes.

10. CONFLICT WITH APPLICABLE LAW

The Policy shall not contradict the provisions of any Applicable Law. In case of any discrepancy, the provisions of the Applicable Law shall prevail over the provisions of this Policy.

11. AMENDMENT

Any amendment or variation to this Policy shall be undertaken in compliance with the InvIT Regulations and Applicable Law. Notwithstanding the above, this Policy will stand amended to the extent of any change in Applicable Law, including any amendment to the InvIT Regulations, the Listing Regulations and/or the Act, without any action from the Investment Manager or approval of the Unitholders.

Adopted by Sustainable Energy Infra Investment Managers Private Limited on December 14, 2023.

Certified True Copy

Authorised Signatory

Name: Devjeet Ghosh

Designation: General Counsel and Chief Compliance Officer

Annexure A

Notice of Nomination by Eligible Unitholder(s)

Date: _____

To,

Compliance Officer,

Sustainable Energy Infra Investment Managers Private Limited
(Acting as Investment Manager to Sustainable Energy Infra Trust ('SEIT'))

Subject: Notice of Nomination for the Unitholder Nominee Director pursuant to the Intimation dated [date of Intimation] received from the Investment Manager

Name of the Unitholder(s)	
Permanent Account Number (PAN)	
Details of Demat Account	
Unitholding of the Eligible Unitholder(s):	
Exercising the right to nomination:	<input checked="" type="checkbox"/> Individually <input checked="" type="checkbox"/> Collectively
Names and PAN of Unitholders forming part of the Eligible Unitholder(s) group (Applicable in case the right is being exercised collectively by a group of Eligible Unitholder(s))	Name: PAN: Name: PAN:
Name of Authorised Representatives (Applicable in case the right is being exercised collectively by a group of Eligible Unitholder(s))	
Associates identified in accordance with the definition of "associate" under the SEBI (Infrastructure Investment Trust) Regulations, 2014	

Details of the proposed candidate:

Sr. No.	Particulars	Details
1.	Name	
2.	DIN	
3.	Address	
4.	Brief profile of the candidate including age, educational qualifications, professional qualifications, nationality, occupation, address, experience in the sector and sub-sector in which the Trust operates and directorship in other entities, together with back-up documents	
5.	Profile - Back up documents for experience and education qualifications	
6.	Directorship in other entities, membership in other Firms	

7.	Details of any outstanding criminal action, regulatory action or material civil litigation against the candidate	
8.	Details required under the Companies Act, 2013 to facilitate the Investment Manager for filing of requisite eForm with MCA and disclosures as required under InvIT regulations.	
9.	Associates identified in accordance with the definition of “associate” under the SEBI (Infrastructure Investment Trust) Regulations, 2014	

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

- i. 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.
- ii. The person is not a wilful 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.
- iii. 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.
- iv. 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 SEBI or any other regulatory authority or court/ tribunal in India or abroad.
- v. 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 SEBI or any other authority.
- vi. The person should not be disqualified under the Act and shall have a valid director identification number and the relevant consent to act as a director, along with other requirements, as required under the Act.
- vii. The person should have an experience of at least five (5) years or is a person of repute in (a) investing in or providing investment advisory services in infrastructure assets; or (b) the relevant sub-sector(s) in which the Trust has invested.
- viii. Any other criteria as specified under Applicable Law or as may be identified by the IM and intimated to all Unitholders, from time to time.

We confirm and undertake that we [together with the other members of our Eligible Unitholder(s) group] *[Retain the text in square brackets if the right is being exercised collectively, else delete]* shall ensure that our unitholding is maintained at not less than 10% of the total outstanding units of SEIT at all times, failing which we understand, acknowledge and agree that we will lose the right to have our Unitholder Nominee Director on the Board of Directors of the Investment Manager and undertake to immediately withdraw the nomination.

<Name and signature of the Unitholder>

Place:

Date:

Note – Unsigned, incomplete or unclear notices are liable to be rejected upon evaluation by the Investment Manager in its sole discretion.