

ENERGY INFRASTRUCTURE TRUST

POLICY ON NOMINATION OF UNITHOLDER NOMINEE DIRECTORS

1. PREAMBLE:

EnCap Investment Manager Private Limited (Formerly known as “Brookfield India Infrastructure Manager Private Limited”) is a private limited company incorporated under the Companies Act, 2013 (“**Company**”). The Company is acting as the investment manager (“**Manager**”) of Energy Infrastructure Trust (formerly known as India Infrastructure Trust) (hereinafter referred to as “**Trust**”), an infrastructure investment trust, registered under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (“**SEBI InvIT Regulations**”)

Accordingly, the board of directors (“**Board**”), on the recommendation of the NRC (as defined below), of the Manager have adopted this policy on nomination of Unitholder Nominee Directors (as defined below), which shall come into effect from the date it was adopted by the Board at its meeting held on September 29, 2023 and as may be amended by Board from time to time.

2. OBJECTIVE AND PURPOSE:

This Policy lays down a framework and provides guidance in relation to the qualifications and criteria for appointment, removal and evaluation of individuals nominated as the unitholder nominee directors on the Board of the Manager as the case may be (“**Unitholder Nominee Director**”) in accordance with the provisions of the Securities and Exchange Board of India (“**SEBI**”) circular on ‘*Board nomination rights to unitholders of Infrastructure Investment Trusts (InvIT)*’ dated September 11, 2023 (“**SEBI Circular**”), read with the SEBI InvIT Regulations.

This Policy aims at setting out the qualifications and criteria for appointment and evaluation parameters of individuals nominated for appointment as Unitholder Nominee Director, remuneration/ sitting fees, process of removal or resignation of the Unitholder Nominee Director(s) and the role of the NRC and/or the Board in such matters and also to ensure that the interests of InvIT and its stakeholders are promoted, protected and aligned. This Policy shall be read along with the trust deed and the investment management agreement for the InvIT, as amended from time to time, with respect to the nomination of Unitholder Nominee Directors.

3. DEFINITIONS:

“**Applicable Law**” means any statute, law, regulation, ordinance, rule, judgement, order, decree, bye-law, approval of any governmental agency, directive, guideline, policy, requirement or other government restriction or any similar form of decision of or determination by, or any interpretation having the force of law of any of the foregoing governmental agency having jurisdiction, applicable to any party, in force from time to time, including but not limited to the SEBI InvIT Regulations;

“**Companies Act, 2013**” shall mean the Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder;

“**Eligible Unitholder(s)**” shall mean unitholder(s) holding 10% or more of the total outstanding Units of the InvIT (or such other number of Units as may be prescribed under the SEBI InvIT Regulations), either individually or collectively. The Eligible Unitholders will be determined based on the unitholding pattern of the InvIT as on March 31st of the financial year;

“HoldCo” shall mean entity(ies) incorporated or acquired by the InvIT from time to time which qualifies as a holding company under the SEBI InvIT Regulations;

“Manager” shall mean the investment manager of India Infrastructure Trust, namely, Brookfield India Infrastructure Manager Private Limited;

“NRC” shall mean the Nomination and Remuneration Committee of the Board;

“Policy” shall mean this policy on nomination of Unitholder Nominee Directors on the Board of Directors of the Manager, as amended from time to time;

“SPVs” shall mean entity(ies) incorporated or acquired by the InvIT from time to time which qualifies as a “special purpose vehicle” under the SEBI InvIT Regulations;

“SEBI” shall mean Securities and Exchange Board of India;

“SEBI InvIT Regulations/InvIT Regulations” shall mean SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time read with the circulars, master circular, notifications and guidelines issued by the SEBI from time to time;

“Trustee” shall mean the trustee of the InvIT, which expression shall, unless repugnant to or inconsistent with the context or meaning thereof, be deemed to mean and include its successors and permitted assigns;

“Unit” shall mean an undivided beneficial interest in the InvIT, and such Units together represent the entire beneficial interest in the InvIT;

“Unitholders” shall mean any person who holds any Unit of the InvIT; and

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

4. CONDITIONS FOR NOMINATION OF A UNITHOLDER NOMINEE DIRECTOR.

4.1 Eligible Unitholders have the right, but not an obligation, 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 (or such other number of Units as may be prescribed under the SEBI InvIT Regulations).

4.2 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 Manager or lender to the Manager or the InvIT (or its HoldCo or SPVs), then such entity in its capacity as Unitholder, is not entitled to nominate or participate in the nomination of a Unitholder Nominee Director.

Provided that the above restriction relating to the right to nominate a Unitholder Nominee Director shall not be applicable if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.

- 4.3 If the Unitholding of more than one Unitholder is aggregated for the purpose of qualifying as an Eligible Unitholder to exercise the right to nominate a Unitholder Nominee Director, then such Unitholder is not eligible to participate in any other group of Eligible Unitholder(s).
- 4.4 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.

5. PROCESS OF NOMINATION OF THE UNITHOLDER NOMINEE DIRECTOR

- 5.1 The Manager shall send a written intimation to all the Unitholders on their e-mail addresses registered either with the Manager or with the depository, within 10 days from the end of each financial year requesting them to inform the Manager if any Eligible Unitholder(s) wish to exercise the right to nominate a Unitholder Nominee Director.
- 5.2 Eligible Unitholder(s), who wish to exercise such right, are required to inform the Manager through a written notice within 10 days from the receipt of such intimation from the Manager, failing which such Unitholder(s) will be able to exercise their right to nominate Unitholder Nominee Director(s) at the end of the following financial year subject to them meeting the requisite threshold.
- 5.3 The Eligible Unitholders are required to provide the details in relation to their proposed candidate for the Unitholder Nominee Director as provided in **Annexure A**.
- 5.4 If any Unitholder acquires 10% unitholding or more of the InvIT during a particular financial year, then such Unitholder(s) shall be eligible to exercise the nomination right only in the following financial year (subject to such Unitholder(s) qualifying as Eligible Unitholder(s) as on March 31st of that particular financial year).
- 5.5 If multiple Unitholders are aggregating their Unitholding for the purpose of exercising the nomination right, such notice (as referred in para 5.2 above) is also required to identify up to two Unitholders as authorized representative of the group of Eligible Unitholder(s). Any communication by such authorized representatives to the 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).
- 5.6 The notice is also required to set out the names, demat account details and Unitholding of the Eligible Unitholder(s) in addition to containing a specific acknowledgement from the Eligible Unitholder(s) that their Unitholding shall be maintained at minimum 10% of the total outstanding Units, failing which they shall lose the right to have their Unitholder Nominee Director on the Board.
- 5.7 Based on the evaluation done by the NRC and/or the Board, in line with this Policy, the Manager is required to confirm the eligibility of the Unitholder Nominee Director, within 10 days of receipt of notice from the Eligible Unitholder(s).

- 5.8 Upon confirmation of the eligibility of the Unitholder Nominee Director, the appointment of the Unitholder Nominee Director shall be completed within 30 days from the date of such confirmation.
- 5.9 The 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 under the SEBI InvIT Regulations and other Applicable Laws.
- 5.10 However, 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 are required to be recorded and communicated by the Manager to the Eligible Unitholder(s) within 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 10 days from the receipt of such communication from the Manager.

6. PRINCIPLES FOR EVALUATION OF CANDIDATES FOR APPOINTMENT AS UNITHOLDER NOMINEE DIRECTOR(S)

- 6.1 The responsibility for evaluation of candidates for appointment as Unitholder Nominee Director(s) is entrusted to the NRC on behalf of the Board.
- 6.2 The Unitholder Nominee Directors are required to have adequate expertise, know-how and personal attributes and are also required to understand the operations and requirements of the InvIT's business and the environment, including the regulatory framework, in which it operates.
- 6.3 While evaluating a person for appointment as a Unitholder Nominee Director, the NRC shall consider and evaluate number of factors including but not limited to background, professional experience, educational background, experience and understanding of the sector, industry, and other disciplines relevant to the business of the InvIT.
- 6.4 Further, the Board recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Accordingly, in designing the Board's composition, Board diversity shall be considered from a number of aspects, including but not limited to educational background, professional experience, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates might bring to the Board.
- 6.5 Accordingly, in evaluating a proposed Unitholder Nominee Director candidate, the NRC is required to identify the competencies required to enable the Board to fulfil their respective responsibilities within the framework of the overall objectives and goals of the InvIT.
- 6.6 The NRC shall formulate the criteria and framework for evaluation of performance of every director on the Board or engage with a third- party facilitator in doing so, and make necessary recommendations to the Board.
- 6.7 The NRC shall discuss the findings of the evaluation and give its recommendation to the Board in this regard.

7. REVIEW OF UNITHOLDING OF ELIGIBLE UNITHOLDER(S) BY THE MANAGER

- 7.1 The Manager is required to within 10 days from the end of each calendar month review the unitholding of the Eligible Unitholders who have exercised the board nomination right and make a report of the same which shall be submitted to the Trustee.
- 7.2 If it is found that Eligible Unitholder(s) do not have/hold the required number of Units, then such Unitholder(s) shall require the relevant Unitholder Nominee Director nominated by such Unitholder(s) to resign/ step down from the Board and such Unitholder Nominee Director shall accordingly resign/ step down from the Board. The Manager is required to inform the Trustee and such Unitholder(s) and the Unitholder Nominee Director of the same.

8. CHANGE IN UNITHOLDER NOMINEE DIRECTOR OR WITHDRAWAL OF NOMINATION BY ELIGIBLE UNITHOLDER(S)

- 8.1 If at any time during the financial year, an Eligible Unitholder or a group of Eligible Unitholders propose(s) to withdraw their nomination for the Unitholder Nominee Director that has been appointed on the Board, then such Eligible Unitholder(s), or their authorized representative(s), is required to inform the Manager and the Unitholder Nominee Director of the same, and the Unitholder Nominee Director is required to resign/ step down from the Board.
- 8.2 If at any time during the financial year, an Eligible Unitholder or a group of Eligible Unitholders proposes to change a Unitholder Nominee Director who has been appointed on the Board, then such Eligible Unitholder(s), or their authorized representatives, are required to inform the Manager of the proposed candidate in the manner set out in clause 5.2 to 5.5 read with Annexure A of this Policy, and the Manager and/or the Board shall evaluate the proposed candidate in the manner set out in clause 5.7 to clause 5.10 of this Policy.

9. TENURE OF UNITHOLDER NOMINEE DIRECTOR

- 9.1 A Unitholder Nominee Director will continue to remain on the Board unless:
- i. the nomination is withdrawn by Eligible Unitholder(s); or
 - ii. change in the Unitholder Nominee Director is requested by Eligible Unitholder(s); or
 - iii. the Unitholding of Eligible Unitholder(s) falls below the required threshold consequent to which the Unitholder Nominee Director resigns/ step downs from the Board; or
 - iv. the Unitholder Nominee Director is unable to serve or resigns or is removed from the Board for any reason including the reasons set out in the SEBI Circular and this Policy.

10. CESSATION OR VACATION OF OFFICE OF A UNITHOLDER NOMINEE DIRECTOR

- 10.1 If the unitholding of the Eligible Unitholder(s) (individually or collectively) who have nominated a Unitholder Nominee Director, falls below 10% of the total outstanding units of the InvIT including on account of any fresh issuance of units by the InvIT, then the Eligible Unitholder(s) are required to immediately inform the Manager within two working days from such change and the Unitholder Nominee Director is required to resign within two working days from such change.

- 10.2 The Eligible Unitholder(s) may propose another individual as a replacement in the manner set out in clause 5.2 to 5.5 read with Annexure A of this Policy, in case of death or permanent disability of their nominee.
- 10.3 The Board including the NRC, may remove a Unitholder Nominee Director from office, by recording such reasons in writing, including if the Unitholder Nominee Director ceases to meet the eligibility criteria or other requirements as specified in this Policy, SEBI InvIT Regulations and Applicable Law and such Unitholder Nominee Director shall be required to resign/ step down from the Board within the timelines provided by the NRC/Board.

11. SITTING FEES/ REMUNERATION OF UNITHOLDER NOMINEE DIRECTORS

- 11.1 No remuneration/ compensation/ commission/ sitting fees will be paid to the Unitholder Nominee Directors.

12. AMENDMENT OF THIS POLICY

Notwithstanding the above, this Policy shall stand amended to the extent of any change in Applicable Law without any action of the Manager. The NRC and the Board reserve the right to amend or modify this Policy, in whole or in part, from time to time.

Annexure A

The Eligible Unitholder(s) are required to inform the Manager in writing of their proposed candidate for the Unitholder Nominee Director along with following details:

1. name of the candidate;
2. DIN of the candidate;
3. a brief profile of the candidate, including
 - a. age,
 - b. educational qualifications,
 - c. professional qualifications,
 - d. nationality, occupation,
 - e. address,
 - f. experience in the sector and sub-sector in which the InvIT operates; and
 - g. directorship in other entities, together with back-up documents;
4. any details with respect to any outstanding criminal action, regulatory action or material civil litigation against the candidate (including but not limited to any disciplinary action(s) / proceeding(s) initiated against the candidate, or penalties imposed on the candidate, by the SEBI, any stock exchange, or any regulatory or governmental authority);
5. all relevant details required under the Companies Act, 2013 for filing of Form DIR-12, including a confirmation as to whether the candidate is required to obtain a security clearance from the Ministry of Home Affairs, Government of India under Sub-Rule (1) of Rule 10 of the Companies (Appointment and Qualification of Directors) Rules, 2014 before applying for a Director Identification Number;
6. information / confirmations in respect of the Eligible Unitholder(s) as set out below:
 - a. Name of the Eligible Unitholder(s);
 - b. Demat account details of the Eligible Unitholder(s);
 - c. A specific acknowledgement on the letterhead, that the Eligible Unitholder(s) shall maintain their unitholding at least 10% (ten) percent of the total outstanding units of the InvIT, failing which the Eligible Unitholder(s) shall lose the right to have their UH Nominee Director on the board of directors of BIIMPL; and
7. confirmations in relation to eligibility of the candidate as set out below:
 - a. the person is “fit and proper” based on the criteria specified under schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as amended;
 - 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 by the SEBI or any other authority
 - 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