

## Corporate Governance Framework<sup>1</sup>

*Set out below is the corporate governance framework which is applicable to POWERGRID Unchahar Transmission Limited (the “Investment Manager” or “IM”) in its capacity as the investment manager to the POWERGRID Infrastructure Investment Trust (“PGInvIT” or “InvIT”) and the special purpose vehicles held by PGInvIT (“SPVs”). Notwithstanding the below, this framework will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations, without any action from the Investment Manager or approval of the unitholders of the InvIT.*

- A. The corporate governance framework shall be applicable to the Investment Manager and shall include the following elements:
- (a). composition of the board of directors of the Investment Manager;
  - (b). constitution of committees of the board of directors of the Investment Manager;
  - (c). frequency of meetings of the board of directors/ committees of the Investment Manager;
  - (d). provisions in the articles of association of the Investment Manager;
  - (e). various policies to be adopted by the Investment Manager;
  - (f). appointment of majority directors on the board of the SPVs by the Investment Manager

B. Particulars of the Corporate Governance Framework

**1. Investment Manager**

**1.1 Board of Directors**

*In addition to applicable provisions of the Companies Act, 2013, the board of directors should adhere to the following:*

*Composition of the board of directors of the Investment Manager*

- (a). The board of directors of the Investment Manager shall comprise of not less than six directors and have not less than one-woman independent director;
- (b). Not less than 50% of the board of directors of the Investment Manager shall comprise of independent directors and not directors or members of the governing board of the Investment Manager of another infrastructure investment trust registered under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended including any guidelines, circulars, notifications and clarifications framed or issued thereunder (“**InvIT Regulations**”), provided that required number of independent directors are nominated / appointed on the governing board of the Investment Manager by the Government of India; and
- (c). collective experience of directors should cover a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), investment management or advisory and financial matters.

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<sup>1</sup>Pursuant to the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2023 notified on February 14, 2023, the Corporate Governance Framework was amended and adopted (to be effective from April 01, 2023), vide resolution passed in the meeting of board of directors of POWERGRID Unchahar Transmission Limited held on March 31, 2023, to substitute the erstwhile Corporate Governance Framework. The Corporate Governance Framework further amended and adopted vide resolution passed in the meeting of the board of directors of POWERGRID Unchahar Transmission Limited held on March 20, 2024.

[(d). unitholder(s) holding ten (10) per cent or more of the total outstanding units of the InvIT, either individually or collectively (the “**Eligible Unitholder(s)**”) shall be entitled to nominate one non-independent director nominated by Eligible Unitholder(s) on the board of directors of the Investment Manager (“**Unitholder Nominee Director**”), which shall be undertaken in accordance with the rules, guidelines, notifications, directions, circulars, issued by the Government of India from time to time. However, if the right to nominate one or more directors on the board of directors of the Investment Manager 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 InvIT (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].<sup>2</sup>

The articles of association of the Investment Manager shall not provide any right to the Sponsor to appoint any nominee directors on the board of directors of the Investment Manager.

### **Independent Directors**

The independent director on the board of the Investment Manager (“**Independent Director**”), as per InvIT Regulations means a director other than a nominee director of the investment manager and must meet each of the following criteria, as laid down in the InvIT Regulations.

- (i). The Independent Director should be a person of integrity and possesses relevant expertise and experience, in the opinion of the board of directors of the investment manager;
- (ii). The Independent Director is not or was not the promoter of parties to the InvIT, the holding company, the subsidiary or associate [or a member of the sponsor group of the InvIT]<sup>3</sup>;
- (iii). The Independent Director is not related to the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, the subsidiary or associate or their promoters or directors;
- (iv). Apart from receiving director's remuneration, the Independent Director does not have any or has had no material pecuniary relationship with the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, the subsidiary or associate or their promoters or directors, during the three immediately preceding financial years or during the current financial year;
- (v). none of the relatives of the Independent Director –
  - (a). is holding securities of or interest in the InvIT, its Holdco and/or SPV, parties to the InvIT, their holding Company, subsidiary or associate during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the unit capital of the InvIT, two percent of the paid-up capital of the parties to the InvIT, their holding company, subsidiary or associate or Holdco and/or SPV respectively or such higher sum as may be specified in applicable law;

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<sup>2</sup> Included vide resolution passed in the meeting of the board of directors of POWERGRID Unchahar Transmission Limited held on March 20, 2024, pursuant to the Securities and Exchange Board of India Circular No.: SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 dated September 11, 2023.

<sup>3</sup> Inserted vide resolution passed in the meeting of the board of directors of POWERGRID Unchahar Transmission Limited held on March 20, 2024, pursuant to the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2023.

- (b). is indebted to the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, subsidiary or associate or their promoters or directors, during the three immediately preceding financial years or during the current financial year in excess of such amount as may be specified;
  - (c). has given a guarantee or provided any security in connection with the indebtedness of any third person to the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, subsidiary or associate or their promoters or directors, during the three immediately preceding financial years or during the current financial year for such amount as may be specified; or
  - (d). has any other pecuniary transaction or relationship with the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, subsidiary or associate amounting to two percent or more of its gross turnover or total income:  
Provided that the pecuniary relationship or transaction with the InvIT, its holdco or SPV, parties to the InvIT, its holding company, subsidiary or associate or their promoters, or directors in relation to points (a) to (d) mentioned herein shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.
- (vi). who, neither himself or herself, nor whose relative(s) —
- (a). holds or has held the position of a key managerial personnel or is or has been an employee of the Holdco and/or SPV, parties to the InvIT or its holding, subsidiary or associate or any company belonging to parties to the InvIT in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed:  
Provided that in case of a relative who is an employee other than a key managerial personnel, the restriction under this clause shall not apply for his/her employment;
  - (b). is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed, of –
    - (1) a firm of auditors or company secretaries in practice or cost auditors of the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, subsidiary or associate; or
    - (2) any legal or a consulting firm that has or had any transaction with the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, subsidiary or associate amounting to ten per cent or more of the gross turnover of such firm;
  - (c). holds together with his relatives two per cent or more of the total voting power of the InvIT, its Holdco and/or SPV, parties to the InvIT;
  - (d). is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company,

subsidiary or associate, any of its promoters, directors or that holds two per cent or more of the total voting power of the InvIT, its Holdco and/or SPV parties to the InvIT;

- (e). is a material supplier, service provider or customer or a lessor or lessee of the InvIT, its Holdco and/or SPV, parties to the InvIT, its holding company, subsidiary or associate;
- (vii). The Independent Director must not be less than 21 years of age; and
- (viii). The Independent Director must possess such other qualifications as may be specified by the Securities and Exchange Board of India (“SEBI”) and applicable law from time to time;

#### *Quorum*

The quorum for every meeting of the board of directors of the Investment Manager shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India. Further, the participation of the directors by video conferencing or by other audio-visual means shall be counted for the purpose of quorum and shall be recorded by the Investment Manager.

#### *Frequency of meetings*

The board of directors should meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the board of directors should meet prior to any meeting of the unitholders and approve the agenda for unitholders' meetings (including through circular resolution under applicable law).

#### *Minimum information to be placed before the board of directors:*

The minimum information to be placed before the board of directors shall include the items specified in Part A of Schedule VII of the InvIT Regulations which are as follows:

- (i). Annual operating plans and budgets and any updates.
- (ii). Capital budgets and any updates.
- (iii). Quarterly results for the Investment Manager and its operating divisions or business segments.
- (iv). Minutes of meetings of audit committee and other committees of the board of directors.
- (v). The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of chief financial officer and the compliance officer.
- (vi). Show cause, demand, prosecution notices and penalty notices, which are materially important.

- (vii). Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (viii). Any material default in financial obligations to and by the InvIT, HoldCo and/or SPV.
- (ix). Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the investment manager or taken an adverse view regarding another enterprise that may have negative implications on the investment manager.
- (x). Details of any joint venture or collaboration agreement.
- (xi). Significant labour problems and their proposed solutions, any significant development in human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
- (xii). Sale of investments, HoldCo and/or SPV, assets which are material in nature and not in normal course of business.
- (xiii). Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (xiv). Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- (xv). Reports of tabletop exercises or workshops for identifying risks and vulnerabilities, and specifying risk mitigations and processes for addressing vulnerabilities.

In addition to the duties laid down in the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, as applicable to Infrastructure Investment Trusts and the InvIT Regulations, the board of directors of the Investment Manager shall perform the following activities:

- a) The board of directors of the Investment Manager shall review compliance reports every quarter pertaining to all laws applicable to the InvIT as well as steps taken to rectify instances of non-compliances.
- b) The chief executive officer, the chief financial officer and the compliance officer shall provide the compliance certificate, along with the supporting documents, to the board of directors of the Investment Manager including the items specified in Part B of Schedule VII of the InvIT Regulations.

The board of directors of the Investment Manager shall set forth clearly the recommendation of the investment manager in the notice to the unitholders for each item referred to in sub-regulation (5) of regulation 22 of the InvIT Regulations.

## 1.2 Remuneration of directors

- a) Remuneration, including sitting fee of the directors, will be decided by the board of directors, [as per applicable laws]<sup>4</sup> from time to time.

## 1.3 Committees of the board of directors

### *(a). Investment Committee*

#### *Composition of the Investment Committee*

The investment committee will comprise at least three members. A majority of the members of the Investment Committee shall be independent directors, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India. The remaining members on the investment committee shall have relevant industry experience.

#### *Quorum*

The quorum shall be at least one-third of the members of the Investment Committee or two members, whichever is higher. At least 50% of the members present, shall be independent directors, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India.

#### *Frequency of meetings*

The investment committee should meet at least once in a year.

#### *Scope of the Investment Committee*

The terms of reference of the investment committee should include the following:

- (i) review of the investment decisions with respect to the underlying assets or projects of the InvIT from the Sponsor including any further investments or divestments to ensure protection of the interest of unitholders;
- (ii) undertaking all functions in relation to protection of unitholders' interests and resolution of any conflicts of interest (other than in relation to investors' grievances) including reviewing agreements or transactions in this regard;
- (iii) approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets;
- (iv) overseeing activities of the project manager in accordance with the InvIT Regulations and the project implementation and management agreement; and
- (v) formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

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<sup>4</sup> Inserted vide resolution passed in the meeting of the board of directors of POWERGRID Unchahar Transmission Limited held on March 20, 2024.

(b). Audit Committee

*Composition of the Audit Committee*

The audit committee should comprise at least three members, and at least two-third of the members of the audit committee shall be independent directors and the chairperson of the committee shall be an independent director, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India. All members of the committee shall be [financially literate]<sup>5</sup> and at least one member shall have accounting or related [financial management expertise]<sup>6</sup>. The company secretary shall act as the secretary to the audit committee.

*Quorum*

The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India.

*Frequency of meetings*

The audit committee should meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the audit committee should meet prior to any declaration of distributions and provide recommendations to the board of directors regarding any proposed distributions.

*Scope of the Audit Committee*

The terms of reference of the audit committee should include the following:

- (i). provide recommendations to the board of directors regarding any proposed distributions;
- (ii). overseeing the InvIT's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- (iii). giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the InvIT and the audit fee subject to the approval of the unitholders;
- (iv). giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the internal auditor of the InvIT;
- (v). reviewing and monitoring the independence and performance of the statutory auditor of the InvIT, and effectiveness of audit process;

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<sup>5</sup> financially literate shall mean the ability to read and understand basic financial statements i.e., balance sheet, profit and loss account, and statement of cash flows.

<sup>6</sup> For the purpose of this requirement, a member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

- (vi). approving payments to statutory auditors of the InvIT for any other services rendered by such statutory auditors;
- (vii). reviewing, with the management the annual financial statements and auditor's report thereon of the InvIT, before submission to the board of directors for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for such change;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions; and
  - modified opinions in the draft audit report;
- (viii). approving such related party transactions as may be required under the InvIT Regulations;
- (ix). reviewing, with the management, all periodic financial statements, including but not limited to quarterly, half-yearly and annual financial statements of the InvIT whether standalone or consolidated or in any other form before submission to the board of directors for approval;
- (x). reviewing, with the management, the statement of uses/application of funds raised through an issue of Units by the InvIT (public issue, rights issue, preferential issue, etc.) and issue of debt securities and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;
- (xi). approval or any subsequent modifications of transactions of the InvIT with related parties;
- (xii). scrutinising loans and investments of the InvIT;
- (xiii). reviewing valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;
- (xiv). evaluating internal financial controls and risk management systems of the InvIT;
- (xv). reviewing, with the management, the performance of statutory auditors of the InvIT, and adequacy of the internal control systems, as necessary;
- (xvi). discussion with internal auditors of any significant findings and follow up there on;
- (xvii). reviewing the adequacy of internal audit function if any of the InvIT, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xviii). reviewing the findings of any internal investigations by the internal auditors in relation to the InvIT, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;
- (xix). reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to the InvIT and the



interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fees or charges payable out of the InvIT's assets;

- (xx). discussing with statutory auditors prior to commencement of the audit about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xxi). reviewing and monitoring the independence and performance of the valuer of the InvIT;
- (xxii). to look into the reasons for substantial defaults in the payment to the depositors, debenture holders and creditors;
- (xxiii). giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of the InvIT;
- (xxiv). evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to the InvIT and payments to any creditors of the InvIT or the SPVs, and recommending remedial measures;
- (xxv). reviewing management's discussion and analysis of financial condition and results of operations;
- (xxvi). reviewing the statement of significant related party transactions, submitted by the management;
- (xxvii). granting omnibus approval to the related party transactions in accordance with the manner set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations;
- (xxviii). reviewing on a quarterly basis the details of the related party transactions entered into by the InvIT pursuant to the omnibus approval and approving or suggesting modifications to transactions of the Investment Manager with related parties in accordance with applicable law;
- (xxix). reviewing the management letters/internal audit reports and letters of internal control weaknesses issued by the statutory auditors or internal auditors;
- (xxx). giving recommendations to the board of directors regarding audit fee to be paid to the statutory auditors of the Investment Manager and payments for any other services rendered by such statutory auditors;
- (xxxi). examination of the financial statement of Investment Manager and the auditors' report thereon;
- (xxxii). reviewing the functioning of the vigil mechanism/ whistle blower mechanism;
- (xxxiii). approval of appointment of chief financial officer/finance head after assessing the qualifications, experience and background, etc. of the candidate;
- (xxxiv). reviewing the utilization of loans and/ or advances from/investment by the InvIT in the SPVs exceeding ₹1,000 million or 10% of the asset size of the SPV, whichever is lower including existing loans / advances / investments;

- (xxxv). the appointment, removal and terms of remuneration of the chief internal auditor, if any, shall be subject to review by the audit committee;
- (xxxvi). reviewing the statement of deviations in accordance with the InvIT Regulations;
- (xxxvii). reviewing the compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended at least once in a financial year and verifying that the systems for internal control are adequate and are operating effectively;
- (xxxviii). formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above;
- (xxxix). performing such other activities as may be delegated by the board of directors and/ or are statutorily prescribed under any law to be attended to by the Audit Committee

*(c). Stakeholders' Relationship Committee*

*Composition of the Stakeholders' Relationship Committee*

The stakeholders' relationship committee shall have at least three directors with at least one being an independent director, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India. The chairperson of this committee shall be a non-executive director as defined under the InvIT Regulations,

*Quorum*

The quorum for a stakeholders' relationship committee shall be either two members or one-third of the members of the committee, whichever is greater.

*Frequency of meetings*

The stakeholders' relationship committee should meet at least once in a year.

*Scope of the Stakeholders' Relationship Committee*

The terms of reference of the stakeholders' relationship committee should include the following:

- (i). resolving the grievances of the security holders of the InvIT including complaints related to transfer/transmission of units, non-receipt of annual report, non-receipt of declared distributions, issue of new/duplicate certificates, general meetings etc.;
- (ii). review of measures taken for effective exercise of voting rights by unitholders;
- (iii). review of adherence to the service standards adopted by the InvIT in respect of various services being rendered by the Registrar & Transfer Agent;
- (iv). review of the various measures and initiatives taken by the InvIT for reducing the quantum of unclaimed distributions and ensuring timely receipt of distributions warrants/annual reports/statutory notices by the unitholders;

- (v). update unitholders on acquisition / sale of assets by the InvIT and any change in the capital structure of the Holding Companies or the SPVs, as applicable;
- (vi). review of any litigation related to unitholders' grievances and reporting specific material litigation related to unitholders' grievances to the Board;
- (vii). approve report on investor grievances to be submitted to the Trustee; and
- (viii). performing such other activities as may be delegated by the board of directors and/ or are statutorily prescribed under any law to be attended to by the Stakeholders' Relationship Committee.

*(d). Nomination and Remuneration Committee*

*Composition of the Nomination and Remuneration Committee*

The nomination and remuneration committee shall have at least three directors and all directors of the Committee shall be non-executive directors, as defined under the InvIT Regulations with at least two thirds of the directors shall be independent directors and the chairperson of this committee shall be an independent director, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India.

*Quorum*

The quorum for nomination and remuneration committee shall be either two members or one-third of the members of the committee, whichever is greater, with at least one independent director in attendance provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India.

*Frequency of meetings*

The nomination and remuneration committee should meet at least once in a year.

*Scope of the Nomination and Remuneration Committee*

The terms of reference of the nomination and remuneration committee should include the following, to the extent applicable, in light of the Investment Manager being a Government company:

- (i). formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (ii). for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a) use the services of an external agencies, if required;
  - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c) consider the time commitments of the candidates.

- (iii). formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (iv). devising a policy on diversity of board of directors;
- (v). identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (vi). whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (vii). recommend to the board, all remuneration, in whatever form, payable to senior management; and
- (viii). performing such other activities as may be delegated by the board of directors and/ or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

(e). Risk Management Committee

*Composition of the Risk Management Committee*

The risk management committee shall have at least three members with majority of them being members of the board of directors with at least one being an independent director provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India. The chairperson of this committee shall be a member of the board and senior executives of the Investment Manager may be members of the committee.

*Quorum*

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

*Frequency of meetings*

The risk management committee should meet at least twice in a year such that not more than 180 days shall elapse between any two consecutive meetings.

*Scope of the Risk Management Committee*

The terms of reference of the risk management committee should include the following:

- (i). to formulate a detailed risk management policy which shall include:
  - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c) Business continuity plan.
- (ii). to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the InvIT;
  - (iii). to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
  - (iv). to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
  - (v). to keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
  - (vi). the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; and
  - (vii). performing such other activities as may be delegated by the board of directors and/ or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

#### **1.4 *Articles of Association of the Investment Manager***

The articles of association shall not include any affirmative rights for the Sponsor.

#### **1.5 *Policies to be adopted by the Board of Directors of the Investment Manager***

The Investment Manager should adopt the following policies in relation to management of the InvIT:

- (i). Code of Conduct;
- (ii). Borrowing policy;
- (iii). Policy on related party transactions of the InvIT;
- (iv). Distribution policy;
- (v). Policy on appointment of auditor and valuer of the InvIT;
- (vi). Policy on unpublished price-sensitive information and dealing in units by the parties to the InvIT;
- (vii). Policy for determining materiality of information for periodic disclosures;
- (viii). Code of Conduct for Board of Directors and Senior Management Personnel of Investment Manager;

- (ix). Nomination and Remuneration Policy;
- (x). Risk Management Policy;
- (xi). Policy on Succession Planning for the Board and Senior Management of Investment Manager;
- (xii). Policy for Familiarization Programmes for Independent Directors of the Investment Manager; and
- (xiii). Whistle Blower and Fraud Prevention Policy.
- [(xiv). Policy on diversity of Board of Directors of Investment Manager]<sup>7</sup>
- [(xiv). Policy for Unclaimed Distributions]<sup>8</sup>

## **2. SPVs**

### ***Board of Directors of SPVs***

The Investment Manager, in consultation with the Trustee, shall appoint majority of the board of directors of the SPVs or governing board of the holding company and SPVs.

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<sup>7</sup> Adopted vide resolution passed in the meeting of the board of directors of POWERGRID Unchahar Transmission Limited held on September 27, 2023 by POWERGRID Unchahar Transmission Limited.

<sup>8</sup> Adopted vide resolution passed in the meeting of the board of directors of POWERGRID Unchahar Transmission Limited held on February 28, 2024 by POWERGRID Unchahar Transmission Limited.