



VIRESCENT
INFRASTRUCTURE

Virescent Infrastructure Investment Manager Private Limited

BOARD GOVERNANCE POLICY

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1. Preamble

Good Corporate Governance standards are vital towards achieving the objectives of transparency, accountability and effective corporate performance. The Company believes that the governance process must ensure adherence and enforcement of the principles of sound Corporate Governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. It is with the aim of enshrining principles of good corporate governance that Virescent Infrastructure Investment Manager Private Limited ("The Company") is establishing this Board Governance Policy ("Policy").

The Policy serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. Just as each organization has its own corporate culture, the dynamics of each Board is unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change. The Company considers the enhancement of this code as its prime responsibility.

Effective implementation of the policy in the organisation is intended to ensure value creation for all its stakeholders.

2. Applicability

This Policy is applicable to Virescent Infrastructure Investment Manager Private Limited and all subsidiaries, joint ventures or other affiliates of Virescent Infrastructure Investment Manager Private Limited including any entities managed by Virescent Infrastructure Investment Manager Private Limited pursuant to an Investment Management agreement under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

3. Definitions

- 3.1. "CA 2013" means the Companies Act 2013 including any amendments, rules, notifications, circulars, etc.
- 3.2. "SPVs" mean the Special Purpose Vehicles engaged in the business of generation of renewable energy in India and owned and controlled by Terra Asia Holdings II Pte. Ltd.
- 3.3. "Board" means the Board of Directors of the Company.
- 3.4. "IM" means investment manager as defined under the SEBI (Infrastructure investment trusts) Regulations, 2014
- 3.5. "PM" means project manager as defined under the SEBI (Infrastructure investment trusts) Regulations, 2014

- 3.6. "SPV assets" means assets owned by the SPVs, and includes all rights, interests and benefits arising from and incidental to ownership of such assets.
- 3.7. "Key Managerial Personnel" or 'Key Management Personnel', means-
- i. The Chief Executive Officer or the Managing Director or the manager;
 - ii. The Company Secretary;
 - iii. The Whole-Time Director;
 - iv. The Chief Financial Officer; and
 - v. Such other officer as may be prescribed under CA 2013 and Rules thereunder.
- 3.8. "Independent Director (ID)" means a non-executive director, other than a nominee director of the Company:
- i. Who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
 - ii. Who is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company;
 - iii. Who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
 - iv. Who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - v. None of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - vi. Who, neither himself, nor whose relative(s)-
 - 1) Holds or has held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - 2) 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 is proposed to be appointed, of -
 - a) A firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
 - b) Any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - 3) Holds together with his relatives two per cent or more of the total voting power of the Company; or
 - 4) 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 Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;

- 5) Is a material supplier, service provider or customer or a lessor or lessee of the Company
 - vii. Who is not less than 21 years of age;
 - viii. Who is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director;
 - ix. Who is or has not been a director on the Board of SPVs, except as Independent Director or related to the SPV by virtue of shareholding.
- 3.9. **“Senior Management Personnel”**, for the purpose of this Policy means the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Human Resource Officer, General Counsel or such other person as may be decided by the Board.
- 3.10. **“Service Provider”** means Virescent Infrastructure Investment Manager Private Limited.

4. Board Structure

Size and Composition of the Board:

- i) As prescribed under the CA 2013, the Board shall comprise up to a maximum of fifteen directors (including the Chairman). However, the Board may decide to have lesser number of directors keeping in view the size and complexity of the business of the Company.
- ii) At least one-half of the Board of the company shall be independent and shall not include such persons who are directors of another IM.
- iii) The combined experience of the directors of the Company, in fund management or advisory services or development in the infrastructure sector, shall not be less than 30 years.
- iv) In counting the combined experience, 5 years of experience in fund management or advisory services or development in the infrastructure sector shall be considered for each individual Director.
- v) The Board will be presided by a Chairperson (either fixed once for all the meetings or fixed duration or separately at each meeting).
- vi) At least one director shall be resident in India. Pursuant to CA 2013, a resident director is a person who stays in India for a period of 182 days during the financial year.
- vii) The Board may also appoint an alternate Director if so required.

- viii) The Whole time managing, executive directors and other key managerial personnel shall be compliant with the following “Fit and Proper criteria”:
- (a) Have integrity, reputation and character;
 - (b) Absence of convictions and restraint orders;
 - (c) Competence including financial solvency and net worth.

5. Board Appointment and succession planning

The following criteria/ competencies are to be evaluated for appointment of directors on the Board:

- i) Experience in fund management or advisory services or development in the infrastructure sector;
- ii) Understanding of financial statements;
- iii) Experience renewable energy space
- iv) Experience in asset management;
- v) Expertise in application of environmental, social and governance principles.
- vi) Other areas relevant to the Company.

Upon selection, the appointment shall be as per the applicable laws and Articles of Association, outlined below:

- i) Procurement of Director's Unique Identification Number (DIN);
- ii) Consent and qualification to act as Director;
- iii) Approval of the Board for appointment: a) as an Additional Director, where the appointment is being made by the Board/or b) for recommendation of appointment of a Director if the appointment is being made directly by the shareholders;
- iv) Finalization of the terms and appointment letter;
- v) Issuance of appointment letter and filing intimation of appointment with the regulator;
- vi) Orientation and Induction;
- vii) Approval of the Shareholders at the Annual General Meeting (AGM) of the Company, where the individual has been appointed as an additional director at the Board (since appointment in the Board meeting is only valid till the AGM);
- viii) Filing intimation of appointment with the regulator.

Director may also be appointed at a Shareholders requisition meeting

The Board is responsible for ensuring that the Board consists of an appropriate number of directors with the necessary skills to undertake the functions set out in this Policy.

This will be done by:

- i) Regularly reviewing the composition of the Board, including appropriate mix of skills, experience and independence; and
- ii) Where appropriate, identifying and selecting nominees for appointment to the Board.
- iii) Conducting Board performance evaluations periodically.

6. Values, Behaviours & Duties | Board Culture

It is imperative that the Board operates and fosters an environment of openness and honesty. The Board shall strive to create such a culture by ensuring the following:

- 1) The directors advocate a leadership structure that allows the Board to work effectively and collaboratively as a team;
- 2) Value statements and 'tone from the top' documents are agreed by the Board, lived by the Board and cascaded through the Company;
- 3) Board to ensure that steps are taken to facilitate an effective Board environment and instill the values that are core to the Company;
- 4) Directors actively demonstrate the desired corporate values in their Board engagement and supporting activities;
- 5) A clearly articulated communication strategy to communicate the agreed corporate values and desired behaviours throughout the company has been implemented;
- 6) Board works continually on modelling and supporting a culture that promotes long-term thinking, discipline and accountability;
- 7) Board follows a culture of no surprises and quick elevation of issues;
- 8) The members of the Board shall embrace and uphold ethical standards of integrity and probity;
- 9) The Board must act independently, objectively and constructively while exercising duties. In doing so, the Board shall not be influenced by extraneous considerations that may vitiate exercise of objective independent judgement in the paramount interest of the Company as a whole while concurring in or dissenting from the collective judgement of the Board in its decision-making;
- 10) The Board shall exercise responsibilities in a bona fide manner in the interest of the Company;
- 11) The Board shall devote sufficient time and attention to professional obligations for informed and balanced decision making;
- 12) The members of the Board shall not abuse the position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

- 13) The Board shall refrain from any action that could lead to a loss of their independence;
- 14) The Board shall ensure that if circumstances arise under which they may lose their independence, they shall immediately inform the Board accordingly;
- 15) The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk;
- 16) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board;
- 17) Board members should be able to commit themselves effectively to their responsibilities;
- 18) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information;
- 19) The Board should create a culture of active participation amongst the Board members to allow every member to freely express their views during Board deliberations;
- 20) Directors of the Company shall comply with duties as provided in the CA 2013;
- 21) Assist the Company in implementing the best corporate governance practices.

Independent Directors:

In addition to the aforesaid duties, the independent Directors on the Board will endeavour to follow the Code for Independent Directors as prescribed under Schedule IV of the CA 2013, which inter alia includes the following:

- I. Guidelines on professional conduct;
- II. Roles, functions and Duties;
- III. Manner of appointment, reappointment, resignation or removals;
- IV. Separate meetings; and
- V. Evaluation mechanism.

Adherence to the above standards by the independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, regulators and companies in the institution of independent directors

7. Responsibilities of the Board

The role of the Board is to provide strategic oversight and direction for the Company's activities and ensure that organisational activities are aligned with its mission and that of its parent entity. Generally, the roles and responsibilities of the Board are governed by the CA 2013. Without limiting those matters, the Board expressly considers itself responsible for the following key functions:

1. Making investment decisions with respect to the underlying assets of the SPVs including any further investment or divestment of the assets;
2. Overseeing activities of the service provider and/or PM (when so appointed) with respect to compliance with these regulations;
3. Ensuring that the infrastructure assets of the SPVs have proper legal titles, if applicable, and that all the material contracts entered into on behalf of SPVs are legal, valid, binding and enforceable by and on behalf of the SPVs;
4. Advising the parent Company on its strategic investments;
5. Applying Environmental, Social and Governance (ESG) criteria while evaluating the Companies/Assets for making investments;
6. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance;
7. Reviewing the annual audit plan and effective delegation to implement the same;
8. Ensuring adequate insurance coverage for the SPVs assets as required legally and contractually;
9. Ensuring all related party transactions are entered into within the provisions of the CA 2013 or other applicable legislation;
10. Ensuring that the Company has adequate infrastructure and sufficient key personnel with adequate experience and qualification to provide management services to its parent Company and the SPVs at all times;
11. Overseeing major capital expenditures, acquisitions and divestments;
12. Monitoring the effectiveness of Company's governance practices periodically and making changes as needed;
13. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning;
14. Aligning key executive and board remuneration with the longer-term interests of the company and its shareholders;
15. Obtaining a Directors and Officer's Insurance;
16. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, and perspective in the Board;

17. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
18. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
19. Overseeing the process of disclosure and communications;
20. Ensuring compliance with the CA 2013 and the applicable regulations.

8. Accountability to Members and Stakeholders

The Board is primarily responsible and accountable to the Company's members to oversee the proper management and conduct of the business of the Company and while doing so to keep the best interests of all stakeholders.

9. Powers of the Board

Section 179 of CA 2013 provides for general powers of the Board and restrictions thereon. It states that subject to the provisions of the CA 2013, the Board of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do.

Further, Section 179 of CA 2013 provides that certain powers to be exercised by Board only at meetings. The list of matters prescribed thereunder is annexed herewith as Annexure A.

10. Delegation of Authority

The Board is expected to ensure that adequate controls are in place and that all authorities are exercised in the best interests of the business and in accordance with the approved plans and the business efficiency is not hampered by excessive authority limits or approval processes.

The Board shall endeavour to have in place a Delegation of Authority Matrix (DoA) for various functions of the Company to ensure that all decision-making processes are subject to approved authorization levels.

Any change in the DoA will require the approval of the Board. There may be instances where certain individuals act beyond their delegated authority in urgent circumstances. It shall be the duty of the management to avoid any such instances. However, where any such instance does occur, it shall be brought to the notice of the Board for its ratification as soon as practical. The Board shall consider the circumstances under which such action was undertaken, the impact such action has on the Company and other stakeholders, any legal implications and satisfy themselves of the necessity of such action before ratifying any such act.

11. Meetings of the Board

The Board shall meet at least once in every 3 months and at least 4 such meetings shall be held every year. Further, the time gap between any 2 meetings should not be more than 120 days.

An illustrative list of matters that are required to be placed before the Board is annexed herewith as Annexure B.

12. Committees

The Board may constitute committees as may be required under the Companies Act 2013 and applicable regulations thereof from time to time for effective governance.

The Board may also set up a panel/ group of advisors or sub-committees of Board members and/ or non-board members or a combination thereof, as and when required, for expert advice or to seek support in its functions.

13. Board Orientation

1. The Board orientation refers to a process for helping new directors contribute fully and as early in their tenure as possible. A Board orientation meeting is not just about the transfer of information but to make the new Director feel comfortable and understand the working culture, ethics, vision and missions of the organisation at large.
2. This orientation meeting will provide the new Directors an overview of the Company's activities namely:
 - a. To understand their roles, responsibilities and time commitment;
 - b. To be aware of the current goals, opportunities and challenges facing the organization;
 - c. To be aware of who the organization's main stakeholders are including members, funders, clients, partners, the public, as well as staff;
 - d. To understand how self-own background, knowledge, experience and skills will contribute to the current work of the board and the goals of the organization;
 - e. To know how board meetings are run, decisions are made and what formal governing polices and practices exist; and
 - f. How the organisation board functions similarly or differently than other boards they have served on or are serving on.
3. Directors should be provided with proper information in relation to the Company before accepting appointment.
4. Directors should be able to access professional development activities, for improved knowledge, skills or information required to enable the Board to carry out its role.

14. Board Effectiveness

1. An evaluation on the effectiveness of the Board and the Committees thereof is advisable to be done on an annual basis. The objective is to ensure that the individual directors of the Company and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders.
2. The above evaluation may be conducted by independent agency/NRC (if there is such a committee constituted) having well qualified person or an independent expert.
3. The Board may consider the outcome of the review on the collective actions of the Board in a meeting and develop a series of actions and goals to guide improvement. The Chair provides each Director with confidential feedback on his or her performance.
4. An orientation meeting for new directors should be scheduled as required. This meeting will provide an overview of the Company's activities, organisational structure, corporate policies, etc. This Charter should be sent to each Director at the time of their induction on the Board.

15. Policy Oversight and Review

The Company Secretary along with the Company Board, will review, on a regular basis, the implementation and effectiveness of the Policy.

The Company Secretary is also responsible for updating the Policy and training materials on regular basis.

Annexure A – Powers of the Board under Section 179 of CA 2013

Sr. No.	Board Approval
a.	To make calls on shareholders in respect of money unpaid on their shares
b.	To authorise buy-back of securities
c.	To issue securities, including debentures, whether in or outside India
d.	To borrow money
e.	To invest the funds of the company
f.	To grant loans or give guarantee or provide security in respect of loans
g.	To approve financial statement and the Board's report
h.	To diversify the business of the company
i.	To approve amalgamation, merger or reconstruction
j.	To take over a company or acquire a controlling or substantial stake in another company
k.	To make political contributions
l.	To appoint or remove key managerial personnel (KMP)
m.	To appoint internal auditors and secretarial auditor

Note: The Board of Directors may delegate the powers under (d) to (f) to any Committee of Directors, Managing Director, the Manager or any other principal officer of the Company.

Annexure B – Indicative list of information to be provided to the Board:

Particulars	Responsibility	Frequency
Annual operating plans and budgets and any updates	CFO / COO / Financial Controller	To be placed before the beginning of FY but not later than [60] days from the beginning of FY
Capital budgets and any updates	CFO / Financial Controller	Annual / Event based
Quarterly results of the SPVs standalone and consolidated results	CFO / Financial Controller	Quarterly
Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business	CFO / COO / Financial Controller	Event based
Cash Flow Review (Historical)	CFO / Financial Controller	Quarterly
Cash Flow projections	CFO / Financial Controller	Half yearly
Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material	CFO / Financial Controller	Quarterly
Strategy and Long-Term Business Plan Review	CEO / CFO / COO / Financial Controller	Annual
Portfolio Review	CEO / CFO / COO / Financial Controller	Half Yearly
Material Events impacting the business and the enterprise	CEO	Quarterly
Contract tender for generation, distribution and transmission of energy	COO	Event based
Tenders for entering into operation and maintenance contracts and bidding for BOT (Build Operate Transfer) or BOOT (Build Own Operate Transfer) projects	COO	Event based
Show cause, demand, prosecution notices and penalty notices, which are materially important	General Counsel / Company Secretary	Event based

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.	CHRO	Quarterly
Information on recruitment and remuneration of senior officers just below the level of board of directors	CHRO	Quarterly
Any material default in financial obligations to and by the entity, or substantial non-payment for goods or services sold by the entity	CFO / Financial Controller	Quarterly
Details of any joint venture or collaboration agreement	CFO / COO	Event based
Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property	CFO / Financial Controller	Quarterly
Proposals for diversification of business, business expansion plans, generation units, etc.	CFO / COO	Quarterly
Regulatory updates and Compliance Reports	Company Secretary	Quarterly
Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems	COO	Quarterly
Policies for approval and review	Company Secretary	As per the frequency for review
Leverage Covenant Updates	CFO / General Counsel	Event based
Significant regulatory / statutory changes impacting Renewables	General Counsel / Company Secretary	Event based
Environmental Health and Safety Update	COO	Quarterly
*Newsletter / Management and Discussion Analysis (MD&A)	CEO / CFO / Financial Controller	Quarterly
Board Calendar and Work Plan	Company Secretary	Annually once (By end of Q4 of each year)
Consider and approve dividends to shareholders/ unitholders	CEO / CFO / Financial Controller / Company Secretary	Event Based

* Monthly newsletter proposed to be circulated to the Board of Directors and placed quarterly for noting before the Board of Directors.