

## POLICY FOR FORMULATION OF CRITERIA FOR EVALUATION OF PERFORMANCE

### 1. BACKGROUND

GR Highways Investment Manager Private Limited, (the “**IM Board**” and such company, the “**Investment Manager**”) the investment manager to the Bharat Highways InvIT (“**InvIT**”) recognises the importance of conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Code of Conduct for the Investment Manager’s board of directors (the “**IM Board**”) and the Senior Management (the “**Code**”).

Therefore, the Investment Manager has formulated this policy for evaluation of the performance of the IM Board, its committees, and individual directors (the “**Policy**”) as required under the Companies Act, 2013, as amended (the “**Companies Act**”), Regulation 26(G) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (the “**SEBI InvIT Regulations**”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”) and also the formal annual evaluation made by the IM Board of the InvIT’s performance (self-appraisals) and that of its committees and individual directors as mentioned in clause (p) of sub-section (3) of Section 134 of the Companies Act.

The evaluation of the IM Board, its committees and of each director shall be carried out in accordance with this Policy.

### 2. OBJECTIVES

The objective of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the IM Board, its committees, and directors. The Policy is to assess and enhance the effectiveness of the IM Board as a whole. An individual director is assessed on his/ her effective contribution and commitment to the role and responsibilities as a director.

### 3. EVALUATION OF PERFORMANCE

The criteria for evaluation includes quantitative questions with an option to provide qualitative comments and each of the questions have the following five options:

<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Meets Expectations</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	2	3	4	5

- A. **Evaluation of Directors of the Company:** The IM Board and the Nomination and Remuneration Committee either itself or through an independent external agency shall carry out the evaluation of performance of all directors (including chairperson and independent directors) of the Investment Manager, excluding the director being evaluated.

#### I. Criteria for evaluation of performance of Non-independent Directors:

<b>S. No.</b>	<b>Evaluation Parameter</b>	<b>Rating</b>	<b>Remarks*</b>
<b>1.</b>	attendance and contribution in IM Board and committee meetings;		
<b>2.</b>	His/ her stature, expertise, skills, behaviour, experience, leadership qualities, and understanding of business and strategic directions.		

3.	His/ her knowledge of finance, accounts, legal, investment, marketing, foreign exchange, hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance, regulatory system.		
4.	Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.		
5.	His/ her ability to open channels of communication with executive management and other colleagues on the IM Board to maintain high standards of integrity and probity.		
6.	Recognition of the role which he/ she is expected to play and understanding of internal relationships to make decisions objectively and collectively in the best interest of the InvIT and the Investment Manager to achieve success and harmonising the IM Board.		
7.	His/ her rationale, physical and mental fitness, thinking, vision on corporate social responsibility etc.		
8.	His/ her ability to monitor the performance of management and satisfy himself/herself with the integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders		
9.	His/ her level of integrity, honesty, ethics and compliance with the Code		

*\*remarks mandatory for rating below 3*

## II. Criteria for evaluation of performance of Independent Directors:

S. No.	Evaluation Parameter		Rating	Remarks*
1.	<b>Experience:</b>	in areas of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets		
2.	<b>Knowledge and Competency</b>	The person has sufficient understanding and knowledge of the operations of the Investment Manager / InvIT and the applicable regulatory norms.		

		The person has sufficient understanding of the role, responsibilities and obligations of the Independent Directors under the relevant regulatory norms.		
<b>3.</b>	<b>Fulfilment of functions:</b>	The person understands and fulfils the functions assigned to him/her by the Board and the regulatory norms.		
<b>4.</b>	<b>Ability to function as a team:</b>	The person listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members.		
		The person shares good interpersonal relationship with other directors.		
<b>5.</b>	<b>Initiative</b>	The person insists on receiving information necessary for decision making.		
<b>6.</b>	<b>Availability and attendance:</b>	The person is available for meetings of the Board and attends the meeting of governing board and Committees regularly and timely, without delay.		
<b>7.</b>	<b>Commitment:</b>	The person is adequately committed to the Board and the Company.		
<b>8.</b>	<b>Contribution:</b>	The person participates in the proceedings of Board meetings keeping in mind the interests of various stakeholders.		
		The person actively deliberates and contributes on proposed business propositions and strategic decisions taking into consideration pros and cons of such propositions, long term outlook, business goals, cost-benefit analysis, etc.		
<b>9.</b>	<b>Integrity:</b>	The person demonstrates highest level of integrity and fulfils the fit and proper		

		criteria and also adheres to the provisions of the Companies Act and the SEBI InvIT Regulations and any other regulatory provision, as applicable.		
		The disclosures such as dealing in securities and other regulatory disclosures are provided by the person on timely basis and the person doesn't disclose confidential information, unpublished price sensitive information, unless such disclosure is for the legitimate purposes only, in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.		
<b>10.</b>	<b>Independence</b>	The person satisfy the criteria of Independence as stipulated under the Companies Act and the SEBI InvIT Regulations.		
<b>11.</b>	<b>Independent views and judgment:</b>	The persons participation in decisions taken during meetings are unbiased, based on ethical judgment and are in strict conformity to the applicable regulatory norms.		
		The person raises his/her concern if anything is observed contrary to regulatory norms and the expected norms of ethical conduct.		

*\*remarks mandatory for rating below 3*

**III. Criteria for evaluation of performance of Chairperson (In addition to I or II above, as applicable):**

<b>S. No</b>	<b>Evaluation Parameter</b>	<b>Rating</b>	<b>Remarks*</b>
1	Leads the Board effectively		
2	Ensures participation of all members in the Board deliberations		
3	Ensures directors are as fully informed as possible on any issue where decision is required		

4	Guides the Board /Management on key issues to be brought up to the Board for deliberations		
5	Guides the Board/Management on any major initiative to be taken for improved Corporate Governance and regulatory compliance		
6	Drives consensus in decision making process		
7	Enhances the Company's image in dealing with major stakeholders/ Steps initiated towards branding of the Company.		

*\*remarks mandatory for rating below 3*

- B. Evaluation of Board and its Committees:** The IM Board either itself or through an independent external agency shall carry out the evaluation of performance of the entire Board of Directors and its Committees.

**I. Criteria for evaluation of entire Board**

S. No	Evaluation Parameter	Rating	Remarks*
1	<b>Board Composition - Size</b>	Size of the Board in terms of the numbers of directors being consistent with the needs of the company	
2	<b>Competencies &amp; Diversity</b>	Business experience, competencies, skills and diversity of background of the Board members as a whole and its adequacy	
3	<b>Board Committees</b>	Does the Board have appropriate number of committees	
		Effectiveness of the Board Committees and do they provide useful recommendations allowing for better decision-making and do they consequently make Board meetings more efficient and effective	
		Expertise of the members of the Committee on issues	
		Information to non-committee members about the Committee's deliberations	
4	<b>Board Processes/Working Procedures</b>	<b>Advance Circulation of Agenda:</b> Providing information on the various agenda items in	

		advance of Board/Committee meetings		
		<b>Adequacy of information flow:</b> Supply of proper information for effective decision-making, key issues and risks properly highlighted		
		<b>Conduct of Board Meetings:</b> Are sufficient board meetings, of appropriate length, being held to enable proper consideration of issues?		
5	<b>Assessment of efficacy of Board information flow from Management</b>	Whether the presentations given during Board/Committee meetings contain relevant information to make right decisions		
		Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues		
6	<b>Board Effectiveness</b>	Contribution by Board members in effective decision making		
		Reviewing and monitoring the Company's performance and business strategy		
		Review of business risks and ensuring adequate risk management		
		Mutual trust and respect amongst directors inter-se		
		The number of meetings during the year is adequate for the Board to be effective.		
7	<b>Ethics &amp; Compliance</b>	Transparency in business transactions and		

		disclosure of personal interest, if any		
		Efficacy of the internal process to ensure statutory and regulatory compliances		
		Compliance with policies of the Company, ethics, code of conduct, etc.		

*\*remarks mandatory for rating below 3*

## II. Criteria for evaluation of entire Board Committees

S. No.	Evaluation Parameter		Rating	Remarks*
1.	<b>Mandate and Composition</b>	The mandate, composition and working procedures of the committees of the Board are clearly defined and discussed.		
2.	<b>Effectiveness of the Committee</b>	The committee has fulfilled its functions as assigned by the Board and laws as may be applicable.		
3.	<b>Structure of the Committee and meetings</b>	The committee has properly structured and regular meetings and the frequency of such meetings is enough for the committee to undertake its duties property.		
		The notice & agenda is circulated well before the meeting and the agenda has all the relevant information to take decisions on the matter.		
		The outstanding items of previous meetings are followed-up and taken up in subsequent agendas		
		The committee discusses every issue comprehensively and is able to finish discussion and decision on all agenda items in the meetings		

		The environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone that add value to the decision making		
		The minutes of the committee meeting are being recorded properly – clearly, completely, accurately and consistently and are circulated to all the committee members.		
<b>4.</b>	<b>Independence of the Committee from the Board</b>	The independence of the committee is ensured from the Board.		
<b>5.</b>	<b>Contribution to decisions of the Board</b>	The committee's recommendations contribute effectively to the decisions of the Board		

*\*remarks mandatory for rating below 3*

**4. CONFLICT IN POLICY**

In the event of any conflict between the Companies Act, 2013 or the SEBI regulations or any other statutory enactments (“**Regulations**”) and the provisions of this Policy, the Regulations shall prevail over this Policy.

**5. AMENDMENTS**

Any subsequent amendment/modification in the Companies Act, SEBI InvIT Regulations, SEBI Listing Regulations and/or other applicable laws in this regard shall automatically apply to the Policy.

**6. REVIEW OF IMPLEMENTATION OF THE POLICY**

The Nomination and Remuneration Committee shall review the implementation and compliance of this Policy.

**7. REVIEW OF THE POLICY**

The Board has the power to review this Policy on recommendation by the Nomination and Remuneration Committee.