



NATIONAL INVESTMENT AND INFRASTRUCTURE FUND LIMITED

Stewardship Code

Type: Governance Document	Owner: Board of Directors	Custodian: Compliance
Effective Date: 30 July 2025	Review Schedule: Annually	Last Reviewed/ Amended: NA
Communication Plan: Email and training	Privacy Classification: Internal	Doc. No.: Version 1.0

STEWARDSHIP CODE

A. Background & Purpose

Securities and Exchange Board of India (“SEBI”) vide its Circular No. CIR/CFD/CMD1/168/2019 has prescribed stewardship principles to be adopted and implemented by all categories of Alternative Investment Funds (“AIF”), in relation to their investment in listed equity. The Code must be read in conjunction with SEBI Circular No. CIR/CFD/CMD1/168/2019 on Stewardship Code and any other related directives, etc. as may be issued by SEBI from time to time in this regard

National Investment and Infrastructure Fund Limited (“Company” or “NIIF Limited”), has been incorporated as a company under the Companies Act, 2013 (“ICA”) and is acting as the investment manager to Alternative Investment Funds (as defined under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”)).

National Investment and Infrastructure Fund Limited (NIIFL) is a collaborative investment platform for international and Indian investors, anchored by the Government of India. NIIFL invests across asset classes such as infrastructure, private equity and other diversified sectors in India, with the objective to generate attractive risk-adjusted returns for its investors.

The Company currently manages capital commitments across National Investment and Infrastructure Fund (“Master Fund”), NIIF Fund of Funds-I (“NIIF FoF”), National Investment and Infrastructure Fund II (“NIIF SOF”) and India-Japan Fund (IJF).

The Master Fund, NIIF FoF, NIIF SOF, IJF, NIIF Private Markets Fund-II (PMF II) or such other funds that may be set up from time to time pursuant to regulatory and internal approvals or any other pooling vehicle managed by the Company (including a branch or subsidiary of the Company), shall hereinafter collectively be referred to as the “**NIIF Funds**”

The Company has its registered office at Hindustan Times House, 3rd Floor, 18 - 20 Kasturba Gandhi Marg New Delhi, Central Delhi – 110001. The Company has set up a branch in Gift City, Gandhinagar in FY 2023-24.

While the primary objective of the Funds is to invest in unlisted securities, the NIIF Funds may invest in listed securities in certain circumstances and in accordance with the investment objective of the respective Fund and the SEBI (AIF) Regulations, 2012.

This Stewardship Code (“Code”) is formulated to broadly lay down the principles and guidelines to monitor and engage with the investee companies whose equity securities are listed (“investee company(ies)”), on various matters including performance, strategy, corporate governance, material environmental, social and governance (ESG) opportunities and risk, capital structure and exercising voting rights on shareholder resolutions of Investee companies. It seeks to promote the sustainable growth of these investee companies through investment and dialogue. The stewardship principles reflect the responsibility of institutional investors to engage constructively with invested companies enhancing medium to long-term investment returns for their clients and beneficiaries by improving and fostering the investee companies’ corporate value and sustainable growth through constructive engagement or purposeful dialogue based on in-depth knowledge of the companies and their business environment.

The Code shall act as guidance to the Chief Investment Officer, Fund heads, and the Investment Committee for the respective NIF Funds for discharging the stewardship responsibility; however, this Policy is not intended to curtail / restrict the fund management activities. Nothing in this code shall be construed as NIF managing investee companies.

B. Guiding Principle(s) of the Code

The Code enable(s) to formulate a guiding principle to carry out stewardship activities, including the following principles:

- a. a comprehensive policy and guiding principles to fulfill the stewardship responsibilities;
- b. managing conflict of interest to ensure investor(s) interest is placed first;
- c. continuous monitoring of listed portfolio companies in which equity investments have been made;
- d. identification of circumstances and the manner of intervention for regular assessment of portfolio/ investee companies;
- e. participation in voting and disclosure of voting activities; and
- f. periodical reporting of stewardship activities.

C. Responsibility for the implementation of the Code

The Fund heads, Investment Committees, and the key investment team of the respective Funds will be responsible for the effective implementation of the Code. They shall refer to the Investment and Portfolio Management Policy (**IPM Policy**) and the Investment and Portfolio Management

Operational Manual (**IPM Manual**) to decide on the level of monitoring for different investee companies, areas of monitoring, mechanisms for monitoring, voting decisions, mechanisms of voting, disclosures, and reporting, etc. Towards fulfilment of stewardship activities, Fund heads, Investment Committees, and the key investment team of the respective Funds shall abide by this Code and shall be guided by the following principles:

1. Policy and guiding principles to fulfill the stewardship responsibilities: Fund heads, Investment Committees, and the key investment team of the respective Funds shall follow the Portfolio Management Process and the Quarterly Portfolio Review Process as enshrined in the **IPM Policy and the IPM Manual**, which shall include but not be limited to -

- i. Monitor the corporate governance practices, mergers/ acquisitions, other corporate restructuring, and anti-takeover provisions of investee companies;
- ii. Enhance investor value through productive engagement with investee companies; and
- iii. Engage with investee companies on matters including environmental, social and governance parameters.
- iv. Monitoring strategy and performance of the investee companies (operational, financial)
- v. Industry-level monitoring and possible impact on the investee companies
- vi. Monitoring appointment/ removal of Directors and Auditors
- vii. Monitor changes in capital structure, including increases and decreases of capital, preferred stock issuances, buy- back, and dividend

This may be done through:

- i. Voting on shareholders' resolutions with a view to enhancing value creation for the investors and the investee companies;
- ii. Using the services of external agencies wherever deemed fit to discharge the duties;
- iii. Advocating corporate governance practices as a driver of value creation;
- iv. Working collectively with other institutional investors and supporting collaborative engagements organised by representative bodies and others.

2. Managing conflict of interest to ensure investors interest is placed first:

When carrying out portfolio investments, the NIIF Funds may face a conflict of interest. In such a situation, the NIIF Funds should follow the process as specified in the conflict-of-interest policy of the Fund, the Private Placement Memorandum, and the contribution Agreements executed with the investors of the respective NIIF Funds.

The Investment Manager has a Conflict of Interest Policy to address situations of conflict of interest or potential conflicts of Interest. Employees are required to declare any conflict of interest, if any, at the earliest opportunity. Employees are also required to affirm their compliance with the Conflict of Interest Policy quarterly.

The Investment Manager has a policy in place prohibiting insider trading. Employees, as well as their Immediate Relatives, are not permitted to have any dealings in securities of investee companies where the Fund has a stake. They are also required to submit annual statements of holdings in listed and unlisted Companies.

3. Continuous monitoring of listed portfolio companies in which equity investments have been made:

The Investment team shall ensure that investee companies are regularly monitored, through regular review, interactions with investee companies' management, participation in industry calls of the investee company management, research material, and other means of control measures.

They may determine the level of monitoring depending upon the quantum of investment and certain special situations that require greater monitoring in line with both regulatory and investment requirements.

In all cases of engagement with the management and/ or the Board of Directors of the investee company, all communications and discussions will be conducted in a private and confidential manner. The objective of the interactions is to play a constructive role in enhancing the value proposition of the investment.

NIIF Limited should also be mindful of regulations on insider trading when seeking information from investee companies for monitoring. While dealing with the investee company, NIIF Limited shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

4. Identification of circumstances and the manner of intervention for regular assessment of investee companies:

NIIF Limited shall intervene if, in its opinion, any act/omission of the investee company is considered material on a case-by-case basis, including but not limited to insufficient disclosures, non-compliance with regulations, performance parameters, governance issues, corporate plans/ strategy, or any other related matters. NIIF Limited may consider intervening in matters if, in the

reasonable opinion of the Fund heads, Investment Committees' members, and the Key Investment Team, the issue involved may adversely impact the overall corporate governance or investment. However, the Fund heads, members of the Investment Committees, and the Key Investment Team may decide to intervene if they believe their intervention is required to protect the value of the investment and discharge their stewardship responsibilities, even when the volume of investment is low, if the circumstances so demand.

Material matters shall be escalated to appropriate governance forums (e.g., CIO/IC), in line with the IPM Policy.

The escalation matrix followed by NIIF Limited for intervention shall be as follows:

- i. **Communication and engagement:** The Fund heads and the Key Investment Team shall communicate to the investee company's management about any concerns raised at the investment committee (IC) meetings of the relevant fund, including steps to be taken to mitigate such concerns.
- ii. **Escalation:** If the management of the investee company fails to undertake constructive steps to resolve the concerns raised within a reasonable timeframe. The Fund heads, ICs and the Key Investment Team of relevant NIIF Funds shall take all reasonable steps to engage with the senior management/board of the investee company to resolve concerns.
- iii. **Collaboration:** The Fund heads, ICs, and the Key Investment Team of relevant NIIF Funds shall also consider collaboration with other institutional investors, professional associations, regulators, and other relevant entities as deemed necessary.

5. Participation in voting and disclosure of voting activities:

The nominee Directors on the portfolio entity's Board must exercise their voting rights on material decisions, guided by the Fund Head and the Chief Investment Officer (CIO). For routine matters, the nominee Director must seek guidance from the respective Fund Head.

For voting on matters requiring shareholders approval, the Fund Head must exercise the voting rights with respect to routine activities of the Portfolio Entities without CIO approval.

The Fund head, in consultation with the CIO, shall determine whether any of the items proposed to be voted on at the Board/shareholders meeting require prior approval from the IC. Any voting resolution items that dilute the Fund's rights and economics materially would be presented to the IC for approval before the meeting.

The key areas that the CIO, Fund heads, and the Investment Committees' members should consider for voting will be related to corporate governance and matters related to future prospects of the

investee companies, including Director appointments and compensation, corporate restructuring, and related party transactions. They may also consider additional factors, including recommendations made by any proxy advisory firms while voting. NIIF Limited shall endeavour to maintain a record of its voting on investee company resolutions along with rationale, subject to confidentiality obligations. The voting policy of the Company is annexed as Annexure A and shall also be disclosed on NIIF Limited's website.

6. Periodical reporting of stewardship activities:

An annual report of the NIIF Fund's stewardship activities shall be placed on the Investment Manager's website and shall form part of the annual reports to the investors.

NATIONAL INVESTMENT AND INFRASTRUCTURE FUND LIMITED

Voting Policy

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VOTING POLICY

A. Background & Purpose

The Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/CMD1/168/2019 dated December 24, 2019 (SEBI Circular) has prescribed stewardship principles to be adopted and implemented by all categories of Alternative Investment Funds (AIFs) in relation to their investment in listed equities. In the said Circular, SEBI has mandated that, all AIFs shall disclose their policy and procedure, for exercising the voting rights in respect of shares held on behalf of the Funds on their website as well as in the annual reports to the investors.

National Investment and Infrastructure Fund Limited (“Company” or “NIIF Limited”), has been incorporated as a company under the Companies Act, 2013 (“ICA”) and is acting as the investment manager to Alternative Investment Funds (as defined under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”)) set up under the NIIF (defined hereinafter) umbrella.

National Investment and Infrastructure Fund Limited (NIIFL) is a collaborative investment platform for international and Indian investors, anchored by the Government of India. NIIFL invests across asset classes such as infrastructure, private equity and other diversified sectors in India, with the objective to generate attractive risk-adjusted returns for its investors.

NIIF Limited currently manages capital commitments across National Investment and Infrastructure Fund (“Master Fund”), NIIF Fund of Funds-I (“NIIF FoF”), National Investment and Infrastructure Fund II (“NIIF SOF”) and India-Japan Fund (IJF).

The Master Fund, NIIF FoF, NIIF SOF, IJF, Private Markets Fund-II (PMF II) or such other funds that may be set up from time to time pursuant to regulatory and internal approvals or any other pooling vehicle managed by the Company (including a branch or subsidiary of the Company), shall hereinafter collectively be referred to as the “**NIIF Funds**”

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While the primary objective of the Funds is to invest in unlisted securities, the NIIF Funds may invest in/ have invested in listed securities in certain circumstances and in accordance with the investment objective of the respective Fund and the SEBI (AIF) Regulations, 2012.

This Voting Policy ("Policy") is formulated to broadly outline the voting mechanism, guidelines, disclosure requirements, and review and control procedures in relation to its holdings in listed equity securities. The Investment Manager may rely on a company's disclosures, its board's recommendations, the company's track record, specific best practices codes, in-house research analysis, and recommendations from external voting advisory services, among other factors.

The Policy is approved by the Board of Directors of the Investment Manager and is applicable to the Funds managed by NIIFL. The Code must be read in conjunction with SEBI Circular No. CIR/CFD/CMD1/168/2019 on Stewardship Code and any other related directives, etc. as may be issued by SEBI from time to time in this regard.

B. Guiding Principle(s) of the Policy

While deciding on exercising a vote, the Investment Manager's objective would be:

1. To support such proposals that tend to maximise shareholders' value and in turn, enhance the value proposition for the investors;
2. To evaluate proposals and take voting decisions such that the interest of the minority shareholders is protected and to signal dissent to proposals that favour promoters / dominant shareholders at the expense of minority shareholders; and
3. To ensure that the decision to cast a vote is not influenced by a conflict of interest.

C. Guidelines for exercising a vote:

The policy applies to the exercise of the voting rights/proxy votes by NIIF Funds where NIIFL is an Investment Manager, in the AGMs / EGMs / meetings of creditors/preference shareholders of the investee companies. Specific decision on a particular resolution i.e. to support, oppose or abstain from voting, shall be taken on a case-to-case basis considering potential impact of the vote on shareholder value and interests of the investors of the schemes of the NIIF Funds at large. The Investment Manager may, also at its discretion, choose to abstain from participating in any resolution and hold a neutral stance, should the concerning issue be of no major relevance for the shareholder value and/or investor interest. The general guidelines that the CIO, Fund Heads and the Investment Committees' members would follow while evaluating voting decisions are as follows:

1. support changes to the capital structure which appear to give better returns on capital employed and in the long-term interest of the shareholders;
2. votes on key decisions concerning fundamental corporate changes, extraordinary transactions, key corporate governance decisions, shall be decided on the case to case basis in the long term interest of the investors;
3. support proposals for employee stock option plans which appear to have been designed for creating an employee ownership culture, which in turn would enable better employee participation and value creation;
4. generally support proposals for appointment of Independent Directors as proposed by the board of directors of the listed company and proposals that strengthen the independence of the board of directors;
5. other proposals submitted to shareholders related to selection of the auditors, amendments to the company's charter or by-laws, and issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, would be addressed on a case-to-case basis with a focus on the potential impact of the vote on shareholder value;
6. to evaluate proposals on related party transactions of investee companies after considering, inter alia, compliance with the provisions of the Companies Act, 2013, SEBI (Listing and Disclosure Obligations) Regulations, 2015, applicable accounting standard and disclosures made in this regard by the investee companies. Investment Manager shall not support related party transactions which are not in the best interest of the investors;
7. in case the investment manager of NIIF Funds has different views, the voting at Fund(s) level shall be allowed on case to case basis subject to recording of detailed rationale for the same;
8. key areas that may be considered for the purpose of voting will be related to corporate governance and matters related to future prospects of the investee companies including director appointments and compensation, corporate restructuring and related party transactions. Additional factors, including recommendations made by any proxy advisory firms while voting, may also be considered.

D. Decision-Making Process

The Fund Heads and the members of the Investment Committees will be responsible for the effective implementation of this Policy, which shall be read with the Stewardship Code, NIIFL's Investment and Portfolio Management Policy (**IPM Policy**), and the Investment and Portfolio Management Operational Manual (**IPM Manual**). The process to be followed while evaluating voting decisions is as follows:

1. For voting on matters requiring shareholders' approval, the Fund Head may exercise the voting rights with respect to routine activities of the Portfolio Entities without CIO approval. The Fund head in consultation with the CIO, shall determine if any of the items proposed to be voted on at the Board/shareholders meeting need prior approval of the IC. Any voting resolution items that dilute the Fund's rights and economics materially would be presented to the IC for approval before the meeting.
2. The Investment Manager may consult with other institutional shareholders and may consider the inputs from external agencies to arrive at the decision, if so required however ultimate decision shall be of IC; and
3. The voting rights on behalf of the NIIF Funds will be exercised by the authorised representatives of the Investment Manager.

E. Conflict of Interest:

From time to time, the Investment Manager may face a conflict of interest or a potential conflict of interest in relation to its stewardship responsibilities. As a rule, in all cases of conflict of interest, the voting decision will be based on the best interest of the investors.

F. Mechanism of Voting

With the introduction of voting through electronic means, the Investment Manager cast its votes on the voting platforms offered by NSDL/CDSL and other service providers. At times, even after voting through the electronic means, the Investment Manager may decide to attend the general meetings of the investee companies as it provides an opportunity to pose questions to the directors of the investee companies. Where e-voting is not mandated or in cases where e-voting is not possible, the Investment Manager may endeavour to vote through proxy.

G. Disclosures:

Wherever a vote is exercised (for, against, or abstained) by the Investment Manager per the Policy, such actual exercise of the votes or proxy votes (as applicable) in the AGMs/EGMs of the listed investee companies shall be disclosed to the investors and on the website of the Investment Manager.

The Investment Manager shall disclose the following with respect to votes cast:

- (a) specific rationale supporting their voting decision (for, against, or abstain) with respect to each vote proposal stated above.
- (b) such disclosure on the Investment Manager's website shall be done on a quarterly basis, within 30 working days from the end of the quarter; and

(c) the Investment Manager shall continue to disclose voting details in its annual report to the investors of the Funds.

This Policy has been disclosed on the website of the Investment Manager, i.e., <https://niifindia.in>, and shall also be suitably outlined in the Annual Report distributed to the subscribers.

H. Review and control

The Policy will be reviewed by the Investment Manager as needed.

If at any point of time a conflict of interpretation/information between this policy and any regulations/rules/guidelines/notifications/clarifications/circulars/master circulars/master directions issued by SEBI, then interpretation of such regulations/ rules/ guidelines/ notifications/ clarifications/circulars/master circulars/master directions issued by SEBI shall prevail.