NTPC Policy for CSR



November 2019 Revision

Contents

1. Preamble
2. Purpose
3. Applicability
4. Scope
5. Guiding principles
6. Governance
7. CSR Programme – Selection, Design, Delivery, Monitoring
   - *7.1. Focus Areas*
   - *7.2. Criteria for selection of CSR Activities*
   - *7.3. Delivery Mechanism*
   - *7.4. Monitoring & Evaluation*
8. Fund Allocation
9. Reporting and Communication
10. Review

Annexure-I-A: Linkage between NTPC Corporate Social Responsibility Focus Areas and Schedule VII

Annexure-I-B: Indicative list of CSR projects/ programs/ activities

1. Preamble

NTPC has set its vision and mission reflecting NTPC's goal and present work.

Vision: "*To be the World's Leading Power Company, Energizing India's Growth.*"

Mission: "*Provide Reliable Power and Related Solutions in an Economical, Efficient and Environment Friendly Manner, Driven by Innovation and Agility."*

Corporate CSR objectives are:

- To deliver business and environmental value through projects which are beneficial for business and larger ecosystem.
- To ensure sustainable power development by ensuring minimal wastage across operations.
- To actively contribute towards societal development.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilization, peripheral development and energy conservation practices.

NTPC has following policies in place to actualize its CSR objectives:

1. Initial Community Development Policy (ICD) - 2009
2. Resettlement and Rehabilitation Policy – 2017
3. CSR & SD Policy – 2016

This revision of CSR policy-2019 is brought out to have a greater strategic orientation with more connect with stakeholders and an outcome centric approach.

This CSR policy is intended to be in conformity with the provisions of Companies Act 2013 and DPE Guidelines on CSR, if any. However, new provisions shall be specifically incorporated in the policy as applicable from time to time.

2. Purpose

The purpose of this policy is to make CSR activities aligned so that they are

- Focused on broad areas of Education, Water, Health and Sanitation, bringing maximum value to the society and the organization
- Outcome centric, rather than activity based
- Monitored in terms of impact and opportunity for improvement
- Useful in instilling confidence in stakeholders through effective communication

3. Applicability

This policy is applicable to

- All NTPC locations in India.
- Formulation, implementation, monitoring, evaluation, documentation and reporting of CSR activities taken up by NTPC anywhere in India.

4. Scope

- NTPC CSR efforts are focused on immediate vicinity of its stations/locations.
- Geographical area to be considered for CSR activities in each location is broadly within the district where NTPC operates.
- NTPC may take up CSR activities in areas beyond the district depending on specific requirements like natural calamity, requirements for key communities, type and nature of projects, GoI directive etc.

5. Guiding principles

The following principles guide the design of our CSR activities:

- **Self-Supported and Sustainable**

  During planning and selection, thrust shall be given on long term viability of activities which remain viable upon disengagement at the end of the project period. This will ensure that communities can operate and maintain the assets and systems created.

- **Low Cost - High Impact**

  To adopt appropriate solutions to make the CSR activities more effective, cost efficient and impactful.

- **Long lasting enduring in nature**

  Priority to be given to projects which will bring long term, sustainable and lasting benefits to the community.

- **Strategic alignment to core business**

  In order to fully exploit the core competency and mobilise the resource capabilities in implementation of CSR activities, preference to be given to the CSR models requiring / supporting NTPC's strengths, capabilities and knowledge in a specific area.

- **Measurement and feedback based outcome centric**

  All CSR activities will have well-defined measures to assess impacts on target groups. For high impact projects, there may be an independent, third-party assessment and feedback will be a key input for redesign and / or rollout of further initiatives.

  NITI Aayog and MoSPI have mapped the 17 Sustainable Development Goals (SDGs) in Indian context. NTPC CSR activities shall be suitably aligned to the same.

6. Governance

Board level CSR Committee ensures operating system and monitoring mechanism for development and implementation of CSR activities. CSR committee in NTPC comprises:

- Director(HR) as Functional Director,
- Three Independent Directors,
- One Govt. Nominee Director

To support the board level committee, NTPC has a **Three-tier structure** i.e. Corporate, Regional, Station level who are responsible for planning, implementation, monitoring and reporting on CSR projects.

Three-tier structure

Level	Responsibility
Corporate (To be headed by GM (E8) level or above)	• Policy formulation & MIS • Project selection • Budget planning • Monitoring & Evaluation • Capability development of NTPC CSR professionals
Region (To be headed by AGM (E8) level)	• Coordination for state/region level activities • Monitoring & Evaluation for regional level activities
Unit Level (To be headed by AGM (E8) level)	• Project selection and implementation • Budget planning • MIS

7. CSR Programme – Selection, Design, Delivery, Monitoring

7.1. Focus Areas

NTPC shall undertake activities in four focus areas as mentioned in section 2(a). The linkage of these areas to the activities mentioned in Schedule-VII, Section 135 of Companies Act is mapped in *Annexure-I-A. List of activities mapped to* Schedule-VII, Section 135 is enclosed at *Annexure-I-B*. Majority of CSR programs taken up, shall be tailored to bring wide reaching, long lasting, impactful contribution to these focus areas.

7.2. Criteria for selection of CSR Activities

NTPC shall undertake the CSR activities conforming to any of the following:

1. Activities identified through need assessment survey periodically and/or inputs from panchayat, district administration, neighbourhood community, various stakeholders including public representatives, Village Development Advisory Committee (VDAC) and other participatory forums/bodies like interaction with senior management etc.
2. Identified activities should be in line with the list of activities specified in Schedule VII of the Companies Act 2013 & rules made there under.
3. Any other activity for benefit of community at large.

7.3. Delivery Mechanism

- In-house by stations/office or Group of stations/offices through credible implementing agencies.
- Partnership with other agencies such as reputed NGOs/Institutions (on nomination basis).
- "NTPC Foundation", a charitable trust

  With an objective to serve and empower the Physically Challenged and Under Privileged Sections of Society, "NTPC Foundation", a charitable trust has been set up by NTPC takes up projects and programmes addressing niche domains of socio-economic concerns.

- Employee Voluntary Organization for Initiatives in Community Engagement (EVOICE)

  NTPC encourages volunteering by its employees and their family members under the banner "Employee Voluntary Organization for Initiatives in Community Engagement (EVOICE)". It also facilitates planning and implementation of the identified CSR projects, complementing the CSR initiatives of NTPC.

- As far as possible every effort is made to ensure that approved CSR activities are implemented within the specified schedule.

7.4. Monitoring & Evaluation

1. The Monitoring and Review will be done at station and corporate level. Station level shall do local reviews, disseminate MIS and generate exception report. Review of company-wide CSR and budget utilization shall be done at Corporate level.
2. Effectiveness of CSR programme will be assessed through both internal and external evaluation.
3. Progress will be measured against the findings of a need-assessment / baseline survey (conducted prior to start of the project).
4. Internal audits will be carried out to verify effectiveness of implementation.
5. Social Impact Evaluation (SIE) will be done through credible external agencies for gauging impact of CSR initiatives. Findings of SIE form the basis for initiating corrective actions and formulating future schemes/ plans.
6. Success of large CSR projects will be assessed with improvement in developmental indicators.

8. Fund Allocation

- Fund allocation shall follow the GoI stipulated guidelines as issued from time to time. Surplus arising out of any CSR projects/ activities does not form part of business profit of NTPC. Funds allocated are earmarked for CSR activities approved by Board level CSR Committee. Any amount remaining unspent will be dealt with as per provisions of companies act.
- NTPC shall spend, minimum two percent (2%) of the average net profits made during the three immediately preceding financial years, for CSR activities.
- Major portion of the CSR budget will be allocated for activities in the vicinity of NTPC stations/locations as mentioned in clause 4 of this document.

9. Reporting and Communication

Stations will communicate CSR related information including efforts, achievements etc. to stakeholders through

- Company's Annual Report including in Business Responsibility Report (BRR)
- Sustainability Report
- Local/ National print & visual media, conferences, workshops and other forums.
- Internal workshops, training, news bulletins, brochures, intranet etc. are extensively used to create awareness about CSR initiatives, among internal stakeholders.

10. Review

The policy shall be reviewed every three years or sooner if necessitated by changes in business and regulatory framework.

Annexure-IA

Linkage between NTPC Corporate Social Responsibility Focus Areas

Activities in Sch.-VII (Updated till May 30, 2019)		Focus Area			
		Education	Health	Sanitation	Water
(i)	eradicating extreme hunger and poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water		✓	✓	✓
(ii)	promotion of education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects	✓			
(iii)	promoting gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	✓			
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water				✓
(v)	protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts				
(vi)	measures for the benefit of armed forces veterans, war widows and their dependents				
(vii)	training to promote rural sports, nationally recognized sports, and Paralympics sports and Olympic sports		✓		
(viii)	contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio- economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women				
(ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government				
(x)	Rural development projects	✓	✓	✓	✓
(xi)	Slum area development	✓	✓	✓	✓
(xii)	Disaster management, including relief, rehabilitation and reconstruction activities		✓	✓	✓

Annexure-IB

Indicative list of CSR projects/ programs/ activities

Activities in Sch.-VII (Updated till May 30, 2019)	CSR projects/ programs/ activities
(i) eradicating extreme hunger and poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water	• In the area of healthcare activities to: – Promote good health through Yoga, Lifestyle Changes and Awareness Creation on health related issues etc. – Prevent disease through fogging/ spraying/ distribution of mosquito nets etc. – Making primary health care accessible, affordable and inclusive through: ♦ Health camps ♦ Outreach Services through Mobile Medical Unit – Partnering with GoI in Revised National Tuberculosis Control by providing Designated Microscopy Centres (DMC) and Directly Observed Treatment (DOT) in the surrounding areas of NTPC's operations. – Augmenting and strengthening healthcare infrastructure - primary, secondary and tertiary • In the are of water activities to: – Augment water availability - watershed management, check dams, deepening of ponds etc. – Improve access to water - bore wells/ tube wells/ hand pumps/ piped water • In the are of sanitation activities to: – Improve sanitation facilities by: ♦ Construction of individual toilets ♦ Construction of community/ public toilets ♦ Construction of drains ♦ Installation of sanitary napkin vending machines with incinerators ♦ Setting up low cost sanitary napkin manufacturing units through women self help groups – Improve awareness about sanitation • Mainstreaming physically challenged persons by: – providing them with aids and appliances – Operating Disability Rehabilitation Centres for assessment and provision/ fitment of assistive devices to persons with disability
(ii) promotion of education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects	• In the are of education activities like: – Providing basic educational supplies to school children essential to the fulfilment of their right to education – Making education inclusive by providing scholarships – Providing coaching for competitive examinations – Improving learning levels – Holistic education of girls – Augment and strengthen educational infrastructure – Providing various assets to schools

Indicative list of CSR projects/ programs/ activities

Activities in Sch.-VII (Updated till May 30, 2019)	CSR projects/ programs/ activities
(ii) promotion of education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects	• In the are of vocational training and livelihood enhancement activities like: – Training to youth to make them Employable, Enterprising and Entrepreneurial – Capacity building of farmers through training, demonstration, exposure visits, hand holding – Enhancing milk production by improving cattle breed through artificial insemination, improved feed and fodder practices, making available on farm veterinary services etc. – Supporting the Government of India's scheme for upgradation of ITIs under PPP mode – Setting up Industrial Training Institutes
(iii) promoting gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	• Providing training to women to make them Employable, Enterprising and Entrepreneurial • Augmenting and strengthening infrastructure and providing assets for old age homes/ hostels for women/ orphanages etc. • Other measures for reducing inequalities faced by socially and economically backward groups
(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water	• Activities for protecting & maintaining environment (Air, Soil and Water). • Initiate & support measures to conserve natural resources (by reduction, reuse and recycling), optimize usage of renewable energy, increase energy efficiency and reduce GHG emissions. • Activities for Biodiversity Conservation, protection of Fauna & Flora & restoring ecological balance. • Promoting Animal Welfare & Agro Forestry. • Awareness / training programs / workshops / seminars on sustainable development
(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts	• Promoting rural art and culture - rural cultural programmes, performing arts, festivals & melas • Programs for Protection of national heritage including restoration of buildings and sites of historical importance • Protection, promotion and development of traditional arts & culture, handicrafts etc.
(vi) measures for the benefit of armed forces veterans, war widows and their dependents	Activities for the benefit of armed forces veterans, war widows and their dependents

Indicative list of CSR projects/ programs/ activities

Activities in Sch.-VII (Updated till May 30, 2019)		CSR projects/ programs/ activities
(vii)	training to promote rural sports, nationally recognized sports, and Paralympics sports and Olympic sports	Support for rural and national sports - talent scouting, training, sports infrastructure, sports equipment, leagues and tournaments
(viii)	contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;	• Relief to victims of Natural Calamities like earthquake, cyclone, drought, fire & flood • Activities for support to welfare of the Scheduled Castes, the Scheduled Tribes, backward classes, minorities and women
(ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government	Support for technology incubators
(x)	Rural development projects	Projects for improvement in health, education, sanitation, and water etc. in rural areas.
(xi)	Slum area development	Projects for improvement in health, education, sanitation, and water etc. in slum areas.
(xii)	Disaster management, including relief, rehabilitation and reconstruction activities	Various activities for relief, rehabilitation and reconstruction etc. for disaster affected areas