



**NSPCL CSR &
SUSTAINABILITY POLICY**

2023

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1. PREAMBLE

As a responsible Corporate citizen, NSPCL envisions **"To be a sustainable, reliable and efficient power producer delivering consistent value to stakeholders."** The mission statement of NSPCL focuses on "Sustainable growth and Commitment to care for the environment and the community" in order **"To be recognized as a reliable power producer in the country"**.

NSPCL is committed to inclusive growth and sustainable development with special focus on the communities in the neighborhood of its operations *by improving the quality of life of the society, promoting inclusive growth and environmental sustainability.*

This revision in CSR & Sustainability Policy -2023 is brought out to have a greater strategic orientation with more connect with stakeholders and an outcome centric approach.

This policy is intended to be in conformity with the provisions of Companies Act, 2013 ("Act") read with rules made thereunder including amendments from time to time and Government Guidelines on CSR as applicable.

2. PURPOSE

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

- 2.1. In compliance with the law of the land.
- 2.2. Outcome centric, rather than activity based
- 2.3. Focused on broad areas of **Education, Environment, Health and Sanitation**, bringing maximum value to the society and the organization.
- 2.4. Monitored in terms of impact and opportunity for improvement
- 2.5. Useful in instilling confidence in stakeholders through effective communication
- 2.6. Contributing towards sustainable development by protecting and maintaining the environment (air, soil & water), support biodiversity and promote Renewable Energy.

3. APPLICABILITY

- 3.1. This policy is applicable to all NSPCL locations in India.
- 3.2. This Policy applies to formulation, implementation, monitoring, evaluation, documentation, reporting of CSR and sustainability activities taken up by NSPCL anywhere in India.

4. SCOPE & COVERAGE

- 4.1. NSPCL CSR efforts are focused on Local Area/ immediate vicinity of its stations/locations.
- 4.2. The Geographical limits of a district & adjacent area within 10 km where NSPCL has its presence shall be considered as "local area" for CSR activities. In addition to the CSR activities in the local areas, NSPCL shall also undertake CSR activities outside it. The indicative ratio of CSR spends between the local areas and outside would be approximately 70:30. However, projects/activities executed under the directives of GoI or of foremost concern in the national development agenda will be outside the purview of this ratio.
- 4.3. NSPCL 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 and other strategic activities.

5. GUIDING PRINCIPLES

The following principles guide the design of our CSR activities:

5.1. 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.

5.2. Low Cost-High Impact

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

5.3. Long lasting enduring in nature

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

5.4. Strategic alignment to core business

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

5.5. 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.

5.6. Sustainable Development

NSPCL- CSR shall contribute towards clean and sustainable development by protecting & maintaining the environment (air, soil and water), conserve natural resources, support biodiversity conservation and promote renewable energy, integrate CSR & Sustainability initiatives with National Development plans.

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

6. **MECHANISM**

Towards fulfillment of its commitments for CSR and Sustainability and implementation of its Policy for CSR & Sustainability, the mechanism adopted by NSPCL is as detailed below:

- 6.1. NSPCL has a Two-tier structure at Unit/Station and Corporate level that are responsible for planning, implementation, monitoring and reporting on CSR projects.

Two-tier structure

Level	Responsibility
Level/ Station Level	Project selection and implementation Budget planning MIS
Corporate	Policy formulation Project selection Budget planning Monitoring & Evaluation MIS Capability development of NSPCL CSR professionals

Unit level CSR Committee of NSPCL shall propose to the Corporate HR Department, an annual CSR action plan including budget for the financial year for their respective locations duly approved by the respective BUH. The Corporate HR department shall prepare a comprehensive annual Action Plan of CSR activities and Budget for the financial year based on the inputs received and put it up for recommendation by the CSR Committee and approval of the Board.

- 6.2. The Company shall have a Corporate Social Responsibility Committee ("**CSR Committee**") of the Board comprising of four Directors.

- 6.3. The CSR Committee shall:
- a. formulate and recommend to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company in areas mentioned under Schedule VII of the Act.
 - b. The CSR Annual Budget and an annual action plan comprising of the list of CSR projects/ activities to be undertaken along with budget allocation shall be placed before the CSR Committee in pursuance of the CSR & Sustainability Policy.
 - c. The CSR Committee shall recommend the CSR projects/ activities along with budget allocation for the approval of the Board.
 - d. The CSR Committee shall also monitor of the implementation of the CSR Policy and activities undertaken, from time to time.
- 6.4. Broadly, the CSR Annual Action Plan for CSR Activities will be in line with the CSR policy of NSPCL and the extant rules/norms.
- 6.5. Based on the recommendations of the CSR Committee, the Board shall approve the CSR Policy of the Company, Annual CSR Budget, Annual Action Plan with funds allocated to respective projects/ activities, in line with the statute.

7. CSR PROGRAMME

7.1. Focus Areas

7.1.1 NSPCL shall undertake activities in the focus areas having linkage to the activities mentioned in Schedule-VII, Section 135 of Companies Act & rules made there under. Majority of CSR programs taken up, shall be tailored to bring wide reaching, long lasting, impactful contribution to these focus areas.

7.1.2 Any other activity for benefit of community at large.

7.2. Criteria for selection of CSR Activities/ CSR Planning & Implementation

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

7.2.1 Activities identified through need assessment periodically and/or inputs from panchayat, district administration, neighborhood community, various stakeholders including public representatives, Village Development Advisory Committee (VDAC) and other participatory forums/bodies like interaction with senior management etc.

- 7.2.2** Identified activities should be in line with the list of activities specified in Schedule VII of the Companies Act, 2013 & rules made there under.
- 7.2.3** Preference for CSR & Sustainability activities is given to local areas (within the district) around NSPCL's operations, ensuring that majority CSR funds are spent for activities in local areas. However, considering Inclusive Growth & Environment Sustainability and to supplement Government effort, activities are taken up anywhere in the country.
- 7.2.4** The plans may be combined with specific government programmes to achieve the desired targets. Adequate care is taken to ensure that there is no duplication of CSR & Sustainability projects with that of Government's programmes.
- 7.2.5** Participation of Panchayat, community & local authorities is encouraged during planning, implementation & monitoring of CSR & Sustainability projects, for their acceptance, support & recognition of CSR initiatives.
- 7.2.6** NSPCL being a Joint Venture of NTPC and SAIL (two Maharatna Companies) proposes to follow DPE guidelines for CSR as good corporate governance practices according to which around 60% of the CSR budget is required to be spent on the CSR theme identified for the year by DPE.

7.3. Delivery Mechanism

- (i) CSR activities /projects/ programs shall be undertaken by the company itself or-
- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses(iv), (v), (vi)or(via)of clause(23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - (c) any entity established under an Act of Parliament or a State legislature
(Explanation. - For the purpose of clause (c), the term "entity" shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.); or
 - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or(via) of clause(23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

- (ii) NSPCL encourages volunteering by its employees and their family members under the banner "Employee Voluntary Organizations for initiatives in Community Engagement (EVOICE)"
- (iii) The company may collaborate with other Corporations/Companies/PSUs for undertaking projects or programs or CSR activities. However, these projects should be in a position to be reported separately as per the related requirements /provisions of the Companies Act, 2013 in this regard.
- (iv) 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), wherever required.
4. Periodical audits will be carried out to verify effectiveness of implementation.
5. Impact Assessment shall be undertaken, through an independent agency wherever required. The expenditure for the impact assessment shall be booked towards CSR for that financial year, which shall not exceed two percent of total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher
6. In addition to the above, Social Impact Evaluation (SIE) may be done through credible external agencies for gauging impact of CSR initiatives, wherever required. Findings of SIE would form the basis for initiating corrective actions and formulating future schemes/ plans.

8. FUND ALLOCATION & EXPENDITURE

1. In line with the requirement of the Companies Act, 2013, the Company is required to spend two percent (2.0%) of the average net profits (to be calculated in accordance with the provisions of the Companies Act, 2013) made during the three immediately preceding financial years, for CSR & Sustainability activities.
2. Funds allocated are earmarked for CSR & Sustainability programs/activities approved the Board. NSPCL endeavors to fully spend the funds annually allocated for CSR & Sustainability activities/projects.
3. Unspent CSR Funds does not form part of business profit of NSPCL.

4. The Board of the Company may pass a resolution for setting-off the excess amount spent for CSR in a financial year; however, surplus the Unspent CSR amount cannot be set-off. Excess CSR Expenditure in a financial year can be set-off for a maximum period of 3 succeeding financial years.
5. All administrative expenses pertaining to CSR activities may be borne through the CSR Budget. However, this shall not exceed 5% (five per cent.) of total CSR Expenditure in such financial year.
6. In the event, that amount mandated above is not spent in its entirety in that Financial Year, unspent amount shall be accounted for as per the provisions of the extant statute.
7. The CSR Committee and the Board shall be informed about the utilization of CSR funds after the end of the financial year and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

9. REPORTING AND COMMUNICATION

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

- 9.1 Company's Annual Report
- 9.2 Company's Website
- 9.3 Local/ national print & visual media, conferences, workshops and other forums.
- 9.4 Internal workshops, training, news bulletins, brochures, intranet etc. may be extensively used to create awareness about CSR & Sustainability initiatives, among internal stakeholders.

10. POLICY REVIEW

- 10.1. Any minor change in policy arising on account of any amendment made in the Companies Act, 2013 or the rules made thereunder may be made after due approval of the Chief Executive Officer. However, for any substantial changes in the policy, the same shall be recommended by the CSR Committee to the Board for its approval.
- 10.2. Policy shall be reviewed after every 3 years or earlier, if required, due to changes in Govt. policy or statute.

Annexure-A

Activities in Sch.-VII	FocusArea				
	Education	Health	Sanitation	Environment	Other areas
(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.		✓	✓	✓	
(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	✓				
(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers 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 quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.				✓	

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;					✓
(vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;					✓
(vii) Training to promote rural sports, nationally recognized sports, Para Olympic sports and Olympic sports		✓			
(viii) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;					✓
(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT);					✓

Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]					
(x) Rural development projects					✓
(xi) Slum Area development.					✓
(xii) Disaster management, including relief, rehabilitation and reconstruction activities.					✓

Annexure-B

Indicative list of CSR projects/programs/ activities

Activities in Sch.-VII	CSR projects/ programs/ activities
<p>(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water</p>	<ul style="list-style-type: none"> • In the area of healthcare activities to: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> ◆ Health camps ◆ Outreach Services through Mobile Medical Unit – Partnering with GoI in Revised National Tuberculosis Control by providing Designated Microscopy Centers (DMC) and Directly Observed Treatment (DOT) in the surrounding areas of NSPCL's operations. – Augmenting and strengthening healthcare infrastructure - primary, secondary and tertiary • In the area of water activities: <ul style="list-style-type: none"> – 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 area of sanitation activities to: <ul style="list-style-type: none"> – Improve sanitation facilities by: <ul style="list-style-type: none"> ◆ 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 <ul style="list-style-type: none"> – Improve awareness about sanitation • Mainstreaming physically challenged persons by: <ul style="list-style-type: none"> – providing them with aids and appliances – Operating Disability Rehabilitation Centers for assessment and provision/ fitment of assistive devices to persons with disability

<p>(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.</p>	<ul style="list-style-type: none"> • In the area of education activities like: <ul style="list-style-type: none"> – Providing basic educational supplies to school children essential to the fulfillment 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 • In the area of vocational training and livelihood enhancement activities like: <ul style="list-style-type: none"> – 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 up gradation of ITIs under PPP mode – Setting up Industrial Training Institutes
<p>(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.</p>	<ul style="list-style-type: none"> • 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

<p>(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga</p>	<ul style="list-style-type: none"> • 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
<p>(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts</p>	<ul style="list-style-type: none"> • 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.
<p>(vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows</p>	<p>Activities for the benefit of armed forces veterans, warwidows and their dependents</p>

Activities in Sch.-VII (Updated till May 30, 2019)	CSR projects/ programs/ activities
(vii) Training to promote rural sports, nationally recognized sports, Para Olympic 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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, 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) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology(DST);Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian	Support for technology incubators

<p>Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).</p>	
(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