

UNGC – Communication on Progress (2016-17)

NTPC expresses its continued support for the Global Compact and its commitment to take action in this regard, as was communicated by the Chairman & Managing Director, NTPC in his letter dated May 29, 2001 addressed to Secretary General, United Nations.

NTPC posts the brief of Global Compact and its commitment to the principles of GC on its website at www.ntpc.co.in. NTPC, a core member of Global Compact Network India, (GCNI) actively participates in the monthly meetings, Governing Council Meetings and Annual Convention of the Global Compact Network India.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

In Workplace:

- NTPC is committed to providing a safe working environment at all its work places and promoting safety culture and consciousness among its employees and associates. Guidelines, rules / policies, General Conditions of Contract on Safety etc. are prepared and reviewed from time to time and circulated to all projects / stations for implementation.
- Most NTPC projects being located in remote areas, the company takes due care to provide self-sufficient townships to the employees with access to healthcare facilities through NTPC hospitals, education through NTPC operated schools and other recreation facilities. Cultural events are held at NTPC to celebrate all religious festivals as well as national festivals.
- NTPC is committed to freedom of association of its employees and the practices with regard to collective bargaining are in synchronization with the relevant statutes and global best practices. The various bipartite forums like National Bipartite Committee at apex level, Regional Joint Performance Committee at regional level and Joint plant/Project Level Councils, Shop (Department) Level Councils, Canteen Management Committees etc. at local level provide many opportunities to employees for both collective bargaining and participative decision-making.
- NTPC ensures uniform implementation of all HR policies/practices and does not indulge in discriminatory practices during selection as well as during course of employment.
- NTPC ensures prohibition of forced labour or child labour, either directly or indirectly, and there are strict safeguards in NTPC's policies as well as General Conditions of Contract to prohibit the same.

In the Community:

- At the time of inception of new projects, NTPC, a socially responsible Corporate Citizen starts its Community Development initiatives in the form of Rehabilitation and Resettlement (R&R) program, which aim to improve the overall economic status of persons displaced or otherwise affected by our projects. Each R&R programme is based on specific local requirements and is guided by extensive socio-economic surveys.
- NTPC spends more than 2% of average net profit of the Company for the previous three financial years calculated in line with the provisions of Companies Act 2013 under the head of CSR. During FY 2017 this expenditure was USD 42.27 million*, which was 2.43% of average of net profit of the Company for the previous 03 years in line with Companies Act 2013 (USD 1733.24 million*) and 2.96% of Profit after Tax for FY 2017 (USD 1427.85 million*).

(*1US \$= Rs 65.73 as on March 31, 2017).

The programs undertaken include activities specified in Schedule VII of the Companies Act 2013 & other activities for benefit of community at large. Focus areas of NTPC CSR & Sustainability activities are Health, Sanitation, Drinking Water, Education, Capacity Building, Women Empowerment, Social Infrastructure Development, support to Physically Challenged Person (PCPs), and activities contributing towards Environment Sustainability.

Majority of the CSR & Sustainability activities were executed in local areas around company's operations. However, in order to support Government initiatives to promote inclusive growth, activities were taken up at other locations too across the country. During the year, more than 400 villages and more than 360 schools were benefitted by NTPC's various CSR initiatives touching the lives of around 10 lakh people.

- During FY 2017 special thrust was given to “**Drinking water and Sanitation**”. NTPC enabled clean, healthy & sustainable living conditions for people around its operations by providing drinking water facilities, construction of individual, cluster and community toilets and undertaking Projects in solid waste Management. To promote cleanliness among the rural community company organized intensive awareness campaign through various activities such as Nukkad Natak, debates, slogan competitions, essay competitions, painting competitions etc. Pilot projects for mechanized cleaning and installation of Sanitary Napkin vending machines and incinerators in schools at various locations for menstrual hygiene has further enhanced cleaning & sanitation initiatives.
- Another major initiative of the company was “**Provision for income generation opportunities**” through vocational training, skill upgradation and income generation programs. NTPC has adopted 18 Industrial Training Institutes (ITIs) and is setting up 8 new ones. NTPC has signed Memorandum of Understanding (MoU) with National Skill Development Corporation (NSDC) to develop the skills

of 30000 youth over a period of 05 years spread in 12 states in order to make them self-employable. The company is providing vocational training to the village youth and has undertaken livestock developments and crop management Projects to enhance income generation of the village community. NTPC also provided support for skill development to tribal girls, skill upgradation of women in various vocational courses for better employability.

- To promote education, NTPC is providing schooling facility to community children benefitting thousands of students of neighbourhood areas. Merit scholarships, books, stationery, and bicycles to young girls were also provided. Apart from this, mobile science labs were operationalized to help students in better understanding of scientific phenomenon. Existing schools were strengthened with infrastructure, equipments and furniture based on individual requirements.
- Wellbeing of community is one of the major concerns of NTPC and to address this, company provides healthcare through 20 company owned hospitals. The health initiatives were further supported by regular & specialized health checkup camps, mobile health clinics operational at inaccessible areas. The company has been proactive in providing part funding for construction of various specialties in state hospitals. NTPC has also set up generic medicine stores in its townships at 16 locations to ensure the availability of affordable medicines.
- The company believes in wholistic development of rural communities and hence consistently improves various infrastructural facility in the rural communities. Being a power producing company efforts were made to provide clean and reliable power through installation of solar street lights, centralized solar lighting systems for public buildings & schools, high mast lights. Clean cooking & lighting solutions through integrated domestic energy system are empowering rural women. Apart from infrastructure like roads for better connectivity, community halls for communal ceremonies etc. were provided.
- NTPC Foundation started in 2004 was created to engage in serving & empowering the physically challenged and economically weaker section of the society. Current activities are providing IT education to physically & visually challenged students establishing Disability Rehabilitation Centres (DRC) and operating Directly Observed Treatment cum Designated Microscopy Centre (DOTs cum DMC) with Mobile ambulance facilities. A flagship program of foundation 'NTPC Utkarsh' - Merit Scholarship for students to encourage and motivate students who are pursuing secondary, high school, engineering & medical science studies envisages to benefit 7300 students every year.

Principle 2: Make sure that they are not complicit in human rights abuses.

- NTPC respects and, at all times, makes conscious effort to safeguard the human rights.

- It privately and publicly condemns any instances of systematic and continuous human rights abuse.
- It continually consults within and outside the company with relevant stakeholders including contractors, as part of a human rights due diligence process;
- It raises awareness within the company of known human rights issues within the company's sphere of influence.
- Human resource management practices are constantly reviewed to ensure transparency and to ensure protection of Human rights.
- HSE (Health, Safety and Environment) related policies / practices are also constantly reviewed to ensure that they are in accord with global norms, local statutes and industry best practices.
- Policies and practices are constantly updated to ensure that no violation of Human Rights takes place either directly or indirectly.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- NTPC Limited is an employer of choice in India. Freedom of association and expression is one of the remarkable features of the work culture of NTPC. The practices as regards the collective bargaining rights of workmen, are in sync with the provisions of The Trade Unions Act, 1926, which is the governing the governing Indian statute on the issue.
- Three-tier structure of representative fora at unit level, at regional level and at Company/ Apex level is in existence in NTPC for a long time. Such fora are bi partite in constitution, having representation from employer as well as employee side.
- Such fora are aimed at taking the company forward together with issues like productivity, remuneration, benefits/ facilities etc. concerning the workers being discussed thread bare and thrashed out therein.
- Generally, the frequency of apex forum meeting is twice a year. The regional forum meets four times per year and unit level forum meet on quarterly basis.
- In NTPC collective bargaining fora have been able to achieve improved working conditions, introduce new training modules with success.

Principle 4: The elimination of all forms of forced and compulsory labour

- The Company has well laid down recruitment/manpower engagement system. The employees working in NTPC enjoys complete freedom to join and leave the organization as per its own volition.

- Employee Relations and Contract Labour Cells are placed at all units/ locations of NTPC. The issues of concern more particularly pertaining to employment and service conditions can be raised and resultantly get resolved promptly.
- With the advancement of technology and penetration of IT service which has come about with the new found thrust and focus, the issues of concern get escalated at all levels instantly. The same are registered and resolved on priority.
- Need not be said that statutory provisions on employment are adhered to by NTPC being a responsible corporate entity with global footprints. Many of NTPC sites are SA 8000 certified which by itself brings incorporation of internationally benchmarked and accepted practices including in the area under discussion.
- In the organizations, terms and conditions of employment are in written form, entailing employees to admissible leaves and clearly spelling out all conditions of work. This itself goes a long way in eliminating the menace of compulsory or forced labour.
- No employment fees of any kind is chargeable from the employees by NTPC or our contractors.

Principle 5: The effective abolition of child labour

- Time tested systems and practices are in vogue in NTPC, which ensures prohibition of engagement of child labour in its plants and offices. Our service rules stipulate that minimum age for employment in NTPC is 18 years.
- The bidding/contract documents etc. also explicitly prohibit engagement of child labour. Further, NTPC's plants being high security installations, the entry is regulated through issue of security gate pass for workers. Thorough preventive check is done at the time of issuing gate passes, to ensure that no contracting agency deploys child labour in NTPC's premises.
- Notably, the introduction of Aadhar Card – the unique-identity number system for all Indian residents and its increasing linkage to all spheres of life has the potential to eliminate any chances of engagement of child labour.
- In addition, NTPC has a number of check and balancing mechanisms such as periodic HR audits, which serve as important tools to rule out such malpractices.

Principle 6: The elimination of discrimination in respect of employment and occupation.

- In NTPC, there is no discrimination based on caste, creed, religion, gender or place of origin etc., in engagement of work force or remunerations.
- Compliance of various Indian statutes like Minimum Wages Act, Equal Remuneration Act, 1976, Payment of Wages act, 1936 etc., which are aimed at ensuring equality in terms of wages, working conditions is ensured.

- Irrespective of caste creed, religion or sex, all are afforded same level of opportunity and responsibility including career growth opportunities.
- Grievance mechanism at 03 levels is operational to redress any aberrations.
- Skill development and training opportunities are objectively provided. In fact, as a proactive measure, training development etc. of vulnerable sections of employees is mapped top take care of any slippage or lacuna.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges

- NTPC, since inception, has been proactive in addressing environmental concerns. NTPC Ltd has always envisaged environment protection and management practices as one of its prime responsibilities and focuses its efforts to minimize the impact of its operation on surrounding environment. NTPC with the goal of achieving sustainable development of the power sector in the country has taken a number of dedicated and growth oriented measures for improvement in the areas of environment conservation, protection and management in its various stations while following the principle of “3 Rs” (Reduce, Recycle and Reuse) in natural resource management. NTPC has adopted advanced and high efficiency technologies such as super critical boilers at new stations and upcoming green field projects.
- All the power stations are equipped with continuous ambient air quality monitoring stations (AAQMS) to capture the real-time data of PM 10.0, PM2.5, SO_x, NO_x and access has been provided to the Regulators such as Central Pollution Control Board and State Pollution Control Boards. Additional ozone analyzers for ambient air are also being provided phase-wise at the existing stations. Continuous Emission Monitoring Systems (CEMS) to monitor emissions of Sulphur Oxides (SO_x) and Nitrogen Oxides (NO_x) in all units on real time basis 24x7 are installed and commissioned in addition to the opacity meters installed for monitoring of particulate emission. Installation of real time monitors for pollutants in effluents (EQMS) is also completed for all its existing projects. Real-time data is being transmitted to regulators through the cloud server and alerts are being generated in case of excursions beyond the limits if any. For all the upcoming projects, real time monitors for ambient air, effluents and emissions are included in the engineering packages during design stage itself.
- In order to develop scientific data base for betterment of environment protection around its power projects, various scientific studies are being taken at all NTPC Stations. Nine such studies have been completed at different stations/ projects during FY17.

Principle 8: Undertake initiatives to promote greater environmental responsibility

- NTPC has taken a number of initiatives towards protection of the environment by providing advanced environment protection control systems for air and water pollution control and resource management.
- All stations are equipped with advanced treatment facilities for liquid effluent such as Liquid Waste Treatment Plants (LWTP), Coal Settlement Pit (CHP), Ash Water Recirculation System (AWRS), closed cycle condenser cooling water systems with higher Cycle of Concentration (COC), Sewage Treatment Plant (STT) with reuse of treated effluent for horticulture purposes. For effective monitoring of water use, flow meters with integrators are being installed at all designated locations in operating stations.
- High efficiency Electro-Static Precipitators (ESPs) with efficiency of the order of 99.97% and above, with advanced control systems have been provided in all coal based stations to keep Particulate Matter (PM) below the prevailing permissible limits. All upcoming units/projects are being provided with ESPs designed in such a manner that would cater to the notified future stringent norms. In existing units for performance enhancement of ESPs operating over the years is being carried out by augmentation of ESPs fields, retrofitting of advanced ESP controllers, new technology i.e MEEP (Moving electrode Electrostatic Precipitators) and adoption of sound O&M practices.
- NO_x control in coal fired plants is presently achieved by controlling its production by adopting best combustion practices (primarily through excess air and combustion temperatures controls. In gas based stations, NO_x control systems (hybrid burners or wet DeNO_x) have been provided for good combustion practices. For compliance of new norms for coal based stations, pilot study based on selective catalytic/non-catalytic reduction (SCR/SNCR) technology are being undertaken at 11 locations to find out the optimal solution and suitable technology for DeNO_x system for the TPP operation with Coal containing high ash content.
- For control of SO_x, first Flue Gas Desulphurization (FGD) unit has been commissioned at Vindhyachal station. Erection of FGD at Bongaigaon is in advance stage. In case of existing units, FGDs are being planned in a phased manner depending on techno-commercial viability and space availability to comply with new norms.
- Fugitive emissions from ash pond are controlled by maintaining water cover, plantation on abandoned ash ponds, water spray and earth cover in inactive lagoons. Providing dust suppression and extraction system in CHP area has further added to reduction in fugitive dust during operations.
- NTPC has undertaken conservation of vulnerable & endangered species of turtle 'The Olive Ridley Turtles' the smallest of all sea turtles that travel from Mexico to Indian shores between the months of November and March just to breed and nest

in peace. Visakhapatnam's coast are their sporadic nesting grounds. Their numbers have been declining over the past few years and NTPC has proactively involved in conservation of these turtles for a period of five years i.e. from 2016-2020 in collaboration with Bio-Diversity Conservations Society, Forest Department, Govt. of Andhra Pradesh all along the coasts of Srikakulam, Vizianagaram, Visakhapatnam, East Godavari, Krishna, Guntur, Prakasam and Nellore districts.

- NTPC Ltd is undertaking tree plantation covering vast areas of land in and around its projects and till date about 32 million trees have been planted throughout the country. Further, NTPC has embarked upon long-term Memorandums with State authorities to assist National Commitment of Intended Nationally Determined Contributions (INDC) in COP 21, 10 million trees are planned to be planted over a period of 10 years i.e. during 2016-2026 @ 1 million trees per year across the country.
- 10 million trees were planted in a short span of 03 months during FY 2017 under accelerated afforestation programme. The afforestation has not only contributed to the 'aesthetics' but also helped in carbon sequestration by serving as a 'sink' for pollutants released from the stations and thereby protecting the quality of ecology and environment.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

- NTPC started its journey since 1975 and in order to increase its efficiency of power generation while conserving resources, has been continuously evolving in technology and has been migrating from 200 MW units, to 500 MW units, to 660 MW supercritical technology units. In 2016-17 company has commissioned first unit of 800 MW super critical technology unit which is more efficient. NTPC Ltd is augmenting its capacity by installing solar power systems in a big way and small hydel power systems attached to its thermal power stations, wherever possible, so as to encourage garnering of renewable energy resources. These measures are aimed not only to achieve reduction in pollution and minimize use of precious natural resources but also to lead to reduction of CO₂ emissions per unit of generation thereby reducing global warming.
- In view of water stressed scenario and new norms for specific water consumption, water conservation and reduction in water consumption per unit of generation has assumed great importance. In addition to embracing the principle of 3R's, in the area of water conservation also NTPC has taken a proactive approach of making all its power stations to operate with ZLD (Zero liquid discharge) progressively in phases. ZLD at six power plants have already been completed during 2016-17. Further, ZLD will be achieved at all other operating stations during the current year.

- NTPC has taken initiative to save energy consumption by replacing tube lights with LED lights at its office complexes as well as residential townships. In addition, motion sensor technology has been adopted for switching ON the lights in the offices to reduce energy consumption.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

NTPC has a corporate function called Vigilance, dedicated to prevent irregularities, malpractices, corruption and bribery across NTPC. Chief Vigilance Officer (CVO) who is a nominee of the Central Vigilance Commission of India (CVC) heads the group. CVO functions independently and submits reports to Competent Authority including the Board of Directors. The CVO functionally reports to the Central Vigilance Commission of India. This group is further supported by dedicated personnel at power station wise satellite vigilance functions.

The following are different instruments and practices to promote a culture of corruption free working environment:

1. **Integrity Pact** has been implemented in NTPC since 2008, wherein Independent External Monitors (IEM) are appointed. The intervention of IEMs in cases of procurement and contracts has led to the effective resolution of several matters and improvement in process efficiency.
2. **Fraud Prevention Policy** has been formulated and implemented in NTPC since 2006.
3. **Complaint Handling Policy** formulated in 2013
4. **Whistle Blower Policy** formulated in 2014.
5. **Vigilance Helpline on internet and intranet of the company** to protect honest officers in NTPC from harassment of unscrupulous officials. These grievances are directly, received & looked after by CVO.
6. **Policy for Banning/Suspension of Business Dealings**
Policy of suspension of business dealings with agencies found indulging in unfair practices has been implemented in NTPC. Standard operating procedures have been prepared for taking up uniform action against such cases.
7. As advocated by the Central Vigilance Commission of India, Preventive Vigilance Workshops are conducted to sensitize the employees about sensitive points in work areas and their role in prevention of negligence and unfair practices, periodically.
8. NTPC observes Vigilance Awareness Week every year during last week of October. Topical themes are chosen by CVC to highlight & focus on concern around vigilance issues. Also competitions, debates, quiz, street plays etc. are

organized for employees with families, vendors, public and students of nearby schools & colleges.

9. The Vigilance Awareness Week commences with **an Integrity Pledge taken** by employees spread across 50 locations of NTPC. For taking the e-pledge on CVC's website, 45 links are provided on intranets of all NTPC projects including Subsidiaries and Joint Ventures during Vigilance Awareness Week every year. Pamphlets of Citizens Pledge in local languages are also made available and distributed for wider awareness of citizen.

10. Filing of Annual Property Returns as per NTPC CDA Rules:

All employees furnish annual property returns in a detailed format. Issuance of vigilance clearance for employee related process has also been linked with the submission of Annual Property Returns by the employees.

11. Hand Book for Vigilance Executives

Vigilance department has launched a Hand Book for Vigilance Executives during 2015 containing Package/Area wise Checklist of Vulnerable Points for Technical Examination/Inspections, Guidelines for Vigilance Executives, Model CTE Type Reports, Model Investigation Reports, Proformas and Procedures for carrying out vigilance functions with Dos and Don'ts for Vigilance Executives. This book helps the newly inducted vigilance executives to conduct intensive examination of packages in a comprehensive manner, besides doing investigations and other vigilance works.

12. Preventive Vigilance Manual

Vigilance Department had come out with a Preventive Vigilance Manual during 2016, highlighting common irregularities/lapses observed in the past in procurement of materials, works and contracts along with case studies and checkpoints to be followed for improvement and preventing wrong activities.