

SUSTAINABILITY POLICY



North Eastern Electric Power Corporation Limited

December 2024

Introduction and Statement of Intent

Northeastern Electric Power Corporation Limited (NEEPCO), established in 1976 and a wholly owned subsidiary of NTPC Limited, is a key power utility in India. NEEPCO harnesses hydro and thermal power in the North Eastern Region, contributing to the region's energy supply and economic growth. The Company also invests in renewable energy, reinforcing its commitment to sustainable initiatives.

At NEEPCO, sustainability drives the mission to provide reliable and renewable power to India's North Eastern and other regions. ESG considerations are integrated into the strategy, emphasizing renewable energy sources like hydro and solar to reduce carbon footprint. NEEPCO prioritizes transparency, ethical practices, and community development, ensuring legal compliance and addressing global ESG concerns. Through ongoing monitoring, NEEPCO aims to march ahead in sustainable energy and support a resilient future for the region and beyond.

The Sustainability Policy (referred to as 'The Policy' or 'Policy') outlines the commitments of the Corporation and the responsible practices that will be adopted to achieve them. This policy aligns with NEEPCO's material topics, selected through stakeholder feedback, ensuring that it effectively supports its sustainability goals and addresses the most relevant issues for our organization and stakeholders.

In addition to complying with applicable local and national regulations, the said Policy is aligned with National Guidelines on Responsible Business Conduct (NGBRC), and United Nations Sustainable Development Goals (UN SDGs).

I. Objective of the Policy

The objective of the Policy is to embed ESG principles across all levels of the operations, ensuring compliance towards sustainability goals. NEEPCO aims to actively involve employees and external stakeholders in achieving the objectives. The policy commits to allocating sufficient resources, regularly reviewing performance, and taking prompt corrective actions when needed.

II. Scope and Applicability

This Policy applies to all business operations and value chain partners unless stated otherwise. It is mandatory for all Directors, Key Managerial Personnel, employees, consultants, trainees, and interns to adhere to it.

The Policy will be communicated to all staff, including permanent and third-party personnel, and supported by in-house training and resources. It will also be shared with vendors, customers, and made publicly available on NEEPCO's website.

III. Sustainability Principles

NEEPCO recognizes its responsibility towards customers, employees, suppliers, communities, and all other stakeholders. To showcase its commitment to sustainability, NEEPCO will integrate the following core principles throughout operations:

Environmental Sustainability:

1. Sustainable Operations and Resource Efficiency:¹

- NEEPCO commits to minimizing the environmental impact of its operations by adopting sustainable practices across the lifecycle of its products and services. This includes energy efficiency, responsible resource use, and waste reduction.
- NEEPCO will proactively adopt technologies and innovations that reduce our carbon footprint, conserve natural resources, and enhance biodiversity.

2. Climate Action and Environmental Restoration:²

- NEEPCO will align its operations with global climate action goals, striving to reduce greenhouse gas emissions and implement adaptation measures to combat climate change.
- NEEPCO is committed to protecting ecosystems as well as restoring the eco system affected by our activities and thereby contributing to global biodiversity conservation efforts.

Social Sustainability:

1. Ethics, Integrity, and Human Rights:³

- NEEPCO commits to conducting business with the highest standards of ethics, integrity, and transparency. It will ensure all business decisions respect human rights and are free from corruption and malpractice.
- The Corporation will uphold international human rights standards and ensure no violations occur within its value chain, including forced labor, discrimination, or unsafe working conditions.

2. Employee Well-being and Inclusive Workplace:⁴

- NEEPCO is committed to creating a safe, diverse, and inclusive workplace that promotes the well-being of all employees, including contractors and workers in the supply chain. NEEPCO will provide fair wages, benefits, and opportunities for career growth.
- It will be ensured that the business practices are inclusive, supporting disadvantaged/vulnerable/marginalized groups across all operations.

3. Community Engagement and Equitable Development:⁵

- NEEPCO will actively engage with communities surrounding its operations, ensuring that the activities contribute to their sustainable development.

¹ NGRBC Principle 2 and 6

² NGRBC Principle 6

³ NGRBC Principle 1 and 5

⁴ NGRBC Principle 3 and 4

⁵ NGRBC Principle 8

- NEEPCO will implement social development programs that focus on education, healthcare, infrastructure, and livelihood opportunities for local communities, fostering equitable growth.

Good Governance:

1. Ethical and Transparent Governance:⁶

- NEEPCO will maintain transparent governance structures, ensuring all decisions and operations align with ethical standards and legal compliance. It commits to full accountability to its stakeholders.
- In matters of public policy, NEEPCO will engage responsibly, ensuring that its advocacy efforts support fair regulatory frameworks and do not compromise public interest.

It will ensure responsible marketing and fair dealings with consumers in order to provide safe, reliable, and sustainable energy solutions.

IV. Governance Mechanism

NEEPCO has an established framework to oversee and implement policy commitments, ensuring regular reviews to stay aligned with regulatory requirements. NEEPCO has a CSR Committee and a Risk Management Committee of the Board. The CSR Committee reports to Director (Personnel) and the Risk Management Committee reports to Director (Technical). The Director (Finance) actively participates as a member of the Stakeholders Relationship Committee, contributing to the resolution of security holders' grievances and ensuring effective engagement with stakeholders. Decisions on sustainability-related matters are undertaken by respective Directors.

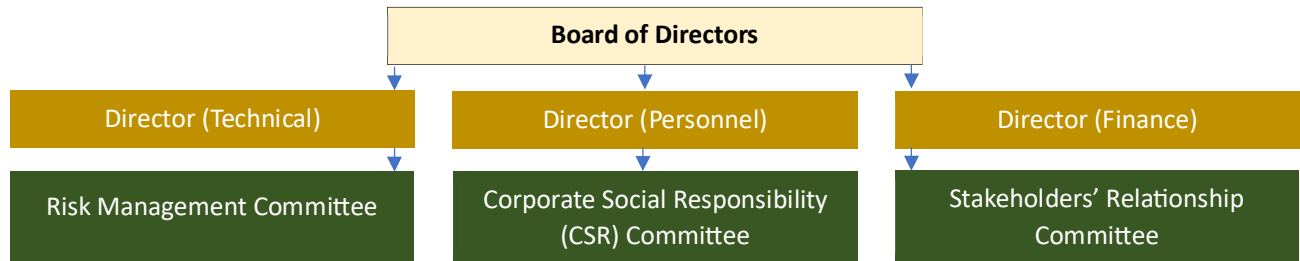
The CSR Committee oversees CSR policy implementation and supports the Board in advancing the Corporation's CSR and sustainability agenda. The Committee regularly submits reports for Board review and approval. The Head of the project/office is responsible for executing CSR and sustainability activities within their jurisdiction. A project-level Committee on CSR & Sustainability is established, comprising representatives from the HR, Technical, and Finance departments. This committee oversees the organization, coordination, and implementation of CSR and sustainability activities within the project. It also compiles updates on these activities and reports them to the Corporate CSR department periodically.

The Risk Management Committee is tasked with identification of both internal and external risks specific to the organization. These risks cover a range of areas, including financial, operational, sectoral, and sustainability risks, with particular emphasis on ESG-related risks.

The Stakeholders Relationship Committee addresses security holders' grievances, reviews voting rights measures, monitors service standards of the Registrar & Share Transfer Agent, and ensures timely delivery of dividends, reports, and notices while reducing unclaimed dividends.

⁶ NGRBC Principle 1, 7 and 9

Additionally, the Board of Directors regularly review progress on various subjects, providing timely direction and guidance, as needed.



V. Linkage to other Internal Policies

The Sustainability Policy works in harmony with NEEPCO's broader policy framework, embedding sustainability into the core of our decision-making. This interconnected approach ensures that our environmental, social, and governance commitments are consistently reflected across all facets of our operations, driving responsible and forward-thinking business practices. Other sustainability-related policies at NEEPCO inter alia include:

1. Equal Opportunity Policy
2. Risk Management Policy
3. Manual for disposal of surplus/ unserviceable/ obsolete items, equipment and spares
4. Water Conservation Policy
5. Corporate Social Responsibility Policy
6. Materiality of related party transactions
7. Preservation of documents and archival Policy
8. Transfer Policy
9. Citizen's Charter
10. Promotion Policy
11. Website Policy
12. Information Security Policy
13. Safety Policy
14. Code of Conduct for Board Members
15. Cyber Security Policy
16. Fraud and Whistle blower Policy
17. Furniture & Office / EDP Equipment Disposal Policy
18. Vendor Development Policy
19. Information Technology Policy

- 20. Training & Development Policy
- 21. Nomination and Remuneration Policy
- 22. Policy for Re-skilling, Re-musteration and Re-deployment of Employees
- 23. Policy of Forwarding of Application for Outside Employment

VI. Policy Approval and Review

Approving authority	
Approval date	
Effective date	
Issued by	

Review:

Review date	Gist of review