

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY OF NHPC

Revision-II

May, 2017



NHPC Limited

(A Government of India Enterprise)



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ABOUT REVISION - II

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CSR & Sustainability Policy of NHPC was issued in December, 2013 with the approval of NHPC Board. The same was further amended and approved by the NHPC Board on 7th July, 2014 in line with the Companies Act, 2013 having specific provisions for CSR under Section 135 and also the Companies (Corporate Social Responsibility Policy) Rules issued by the Ministry of Corporate Affairs, Government of India. The CSR & Sustainability Policy of NHPC has been updated to be in line with latest directives and the last amendment to the same was approved by the NHPC Board in its 403rd meeting held on 17.04.2017.

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NHPC's CSR Vision

- To contribute to sustainable development and inclusive growth while taking care of People, Planet and organizational goals / growth.

NHPC's CSR Mission

- To become socially responsible corporate entity committed to improving the quality of life of the society at large.
- To create and develop facilities for the communities we engage with.
- To balance economic, environmental and welfare development objectives through collective and unified effort of all stakeholders.



CSR-SUSTAINABILITY POLICY

1. PREAMBLE

- 1.1 NHPC Limited is a Mini Ratna Category-I Company committed to plan, promote and organize an integrated and efficient development of power through conventional and non-conventional sources in India and abroad.
- 1.2 NHPC's commitment towards environment and people is affirmed through its Corporate Vision and Mission, policies and practices adopted by the organisation.
- 1.3 NHPC is also a member of the United Nations Global Compact (UNGC) and subscribes to the principles of human rights, labour standards, environmental consciousness and anti-corruption.
- 1.4 NHPC's CSR & Sustainability Policy aims at facilitating long-term environmental, social and economic development issues of the Company and its stakeholders.

2. INTRODUCTION

- 2.1 NHPC has amended its Corporate Social Responsibility (CSR) and Sustainability Policy, formulated in the year 2013, in accordance with the CSR Policy framework mentioned in the Section-135 of the Companies Act,2013 and the Companies (CSR Policy) Rules notified / clarifications issued by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India which are effective from 1st April 2014.

- 2.2 The CSR & Sustainability Policy will form the basis for conducting NHPC's business. It will aim to integrate the objectives of profit maximization & long-term growth with sustainable development and adoption of ethical business practices.
- 2.3 CSR & Sustainability Policy is thus a statement of company's commitment to fulfil stakeholders' aspiration and contributing to sustainable development of people, planet and the organisation.
- 2.4 NHPC's key stakeholders include Employees, Shareholders, Project Affected Families, Local Communities, Local Bodies such as Panchayat, Block and District Administration etc.
- 2.5 The thrust of the Policy is two pronged viz,
- a) Conducting the business in a socially responsible way by maintaining high level of organisational integrity and ethical behaviour, in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of our activities, demonstration of concern for welfare of the employees, adoption of operational methods and management practices. This will promote social and environmental sustainability to win the trust and confidence of all stakeholders.

This is proposed to be achieved through collective and united efforts of all employees with active involvement of top management, backed up by active internal communication strategies to spread awareness, sensitize and internalize amongst all internal stakeholders the need to adopt socially and environmentally sustainable methods.
 - b) Addressing the social, economic and environmental concerns of key stakeholders directly impacted by NHPC's operations & activities.
- 2.6 NHPC's CSR & Sustainability activities will extend beyond mere philanthropic gestures and will aim to integrate it with organisation's business goals.

- 2.7 A baseline survey and/or need assessment study may be conducted, wherever desirable to understand the need and aspiration of the stakeholders. Based on the same, suitable CSR & Sustainability schemes/activities will be identified for implementation.
- 2.8 Selection of CSR & Sustainability schemes will be made to ensure maximum benefits reach the poor/backward & needy sections of the society and contribute to improve the quality of environment.
- 2.9 Expenditure on mandatory activities will not be accounted against CSR & Sustainability schemes/activities.
- 2.10 Provisions of NHPC's CSR & Sustainability Policy will be revised/ amended in accordance with the guidelines on the subject as may be issued by the Government from time to time.
- 2.11 NHPC will be open to join hands with the other CPSEs in planning, implementing and monitoring of mega Projects for optimal use of resources, synergy of expertise and capabilities for maximizing socio-economic or environmental impact.
- 2.12 Corporate Social Responsibility and Sustainability will be one of the parameters of MoU for Performance Evaluation to be entered into with Ministry of Power (MoP) with weightage as decided by the Government of India (GoI) from time to time for this purpose.

3. OBJECTIVES & SCOPE

3.1 OBJECTIVES

- To address the social, economic, environmental and welfare concerns of key stakeholders including those directly impacted by NHPC's operations & activities.
- Adopt green technologies, processes and standards that contribute to social and environmental sustainability.
- Contribute to inclusive growth and equitable development

through capacity building measures, empowerment of marginalised and underprivileged sections/communities.

3.2 SCOPE

- Schemes/ activity chosen under CSR/ Sustainability should primarily benefit stakeholders other than the staff of NHPC Limited. In case the benefits of the initiative are extended to NHPC employees also, it should not exceed 25 % of the total beneficiaries.
- NHPC will have an appropriate organization structure both at corporate level and NHPC's projects/field units for identification & selection of CSR & Sustainability schemes, guidance in implementation, monitoring and review of the schemes/ activities.
- NHPC will take steps to sensitize and impart training to its employees regarding CSR & Sustainability policies of the Corporation and to bring about the desired attitudinal change towards environmental protection, social development & the need to adopt ethical business practices.
- NHPC will take up schemes/activities which would give visible social, economic or environmental benefits to the society.
- NHPC will also make efforts, to the extent possible, to involve the Suppliers and Contractors associated in the adoption of sustainable technologies as a part of its CSR-Sustainability endeavours.

4. PLANNING

- 4.1 For Planning of project, available data will be used by NHPC for identification of Projects/Schemes in the thrust areas. NHPC will prepare preferably medium term (3-5 year) projects for CSR & SD activities which will be reviewed from time to time.
- 4.2 Priority will be for activities contributing to benefits of needy section of the society and environmental sustainability.

- 4.3 The stakeholders residing in the vicinity of our project area and who are directly impacted by its operations and activities will be given priority as beneficiary of CSR and Sustainability activities.
- 4.4 NHPC's projects are situated mostly in the Himalayan belt and remote areas. Hence, NHPC's thrust will be to undertake CSR & Sustainability activities primarily near to our projects, Power stations or Regional/ Liaison/Corporate Office. It will be ensured that at least 80% of the CSR & Sustainability schemes / activities are executed in and around NHPC's Projects, Power Stations and offices preferably within 25 Km and in the district where the Project is located. However, other locations beyond 25 Km may also be chosen, based on the needs and as per the direction of Govt. of India on National schemes / campaign, wherein more than 20% amount of the CSR Budget may be spent, for the larger benefit of society/ environment.
- 4.5 Choice of CSR & Sustainability schemes for implementation will preferably be made in consultation/association with the Administrative authorities of District/Sub-division/Blocks in which the NHPC's Units are operating. This will help to avoid overlapping of the works/initiatives being undertaken by these authorities so that the genuine requirements of the targeted segments of the society are addressed by the chosen schemes.
- 4.6 NHPC will endeavour to concentrate its CSR & Sustainability efforts in the following thrust areas:
- i. Facilitating Community Development.
 - ii. Support Environmental protection and conservation of Biodiversity.
 - iii. Creation of Education, training infrastructure including upgrading existing educational institutions.
 - iv. Creation of Sustainable livelihood generation opportunities.
 - v. Improvement in Health and Family Welfare infrastructures.

- vi. Creation & improvement of Sanitation facilities, drinking water schemes.
 - vii. Adoption of innovative methods of irrigation, conservation of water, management of energy requirements and waste management.
 - viii. Promotion of Indigenous methods of agricultural farming techniques and conservation of indigenous knowledge on medicinal plants.
 - ix. Preservation & promotion of sports, heritage, art, music & culture in keeping with the Indian tradition.
- 4.7 In accordance with Schedule VII of the Companies Act 2013 as amended from time to time, the items of CSR activities, which may be undertaken by NHPC, is placed at Annex-I. Expenditure on any other activity / items not in conformity with the list of items given in Annex-I will not be accounted towards CSR expenditure.
- 4.8 While planning long-term / mid-term projects, budgetary provisions to meet cost of each project till its completion will be ensured. Each long-term / medium term project will be broken up into annual targets and activities to be implemented each year and budget be allocated for the implementation of these activities and achievements of targets set for each successive year till the completion of the project.
- 4.9 While shortlisting the CSR & Sustainability activities, ad-hoc/ one time/ philanthropic activities, which do not contribute to social value creation, environment protection or sustainable development, will be avoided.
- 4.10 Possibilities for associating with other CPSEs to pool the resources for taking up the CSR & Sustainability projects which can cover more number of beneficiaries and provide wider and long lasting visible impact will also be taken up.
- 4.11 CSR & Sustainability schemes may be implemented through external specialized agencies for execution of such schemes/ activities, except in cases, where the planned CSR &

Sustainability activity is closely aligned with NHPC's business processes and core competencies.

- 4.12 Panels of specialized agencies/ NGOs maintained by Government Ministries/ Departments, Niti Aayog, National/ Regional CSR Hubs, Other CPSUs and Organizations empanelled by NHPC will be considered for the above purpose.
- 4.13 Services of reputed and recognized institutions having expertise and professional competence for conducting training & skill development under CSR & Sustainability initiatives can also be taken. Such organizations will have a track record of at least 3 years in undertaking similar programs or projects.

5. MANAGEMENT STRUCTURE FOR IMPLEMENTATION

- 5.1 The Management structure for CSR & Sustainability will be as follows:
- a) The Committee of Directors on CSR & Sustainability headed either by the CMD or an Independent Director to allocate budget, review the progress and guide various CSR & Sustainability initiatives.
 - b) Nodal Officer preferably of the Rank of Executive Director assisted by his team, who will co-ordinate the identification and selection of CSR & Sustainability schemes/activities and also exercise an effective oversight on progress of implementation of the same.
 - c) Regional ED/Project Head/Unit Head and his team for identification, implementation & monitoring of CSR & Sustainability schemes/activities etc.

6. ROLES & RESPONSIBILITIES

6.1 Committee of Directors on CSR & Sustainability

- a. To oversee formulation of broad guidelines for selection of projects, planning, execution, monitoring, evaluation

and strategies for efficient implementation of CSR & Sustainability schemes.

- b. Allocation of budget to CSR & Sustainability schemes/ activities.
- c. Selection and approval of projects in accordance with the policy framework of NHPC and Guidelines/ Notifications/ Circulars issued by the Ministry of Corporate Affairs / DPE.
- d. Periodic monitoring of implementation of CSR & Sustainability activities.
- e. Sustainability Reporting of CSR & Sustainability schemes annually.
- f. The Committee of Directors on CSR & Sustainability will submit half yearly report to the Board of Directors for their information, consideration and necessary directions.
- g. Signing of a Responsibility Statement by the Chairman, CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company

6.2 Nodal Officer

- a. To co-ordinate with the Regional Offices/ Projects/ Power stations/ Units to finalize and shortlist the CSR & Sustainability schemes to be taken up during the year along with the annual targets to be achieved for consideration of the Committee of Directors on CSR & Sustainability.
- b. To compile the annual budgetary requirement for each project keeping in view the financial targets in terms of the policy and getting it processed for approval of competent authority.
- c. To coordinate with other departments/PSUs for exchange of information related to promotion/collaboration of CSR & Sustainability schemes.

- d. To organize training workshops and seminars for the employees of NHPC for Sensitization and education of the internal stakeholders for efficient implementation of CSR & Sustainability Initiative.
- e. To submit quarterly, yearly report on the progress of CSR & Sustainability initiatives to the Committee of Directors on CSR & Sustainability.
- f. To prepare annual CSR & Sustainability Report indicating progress and achievement of the activities and impact assessment reports of activities, wherever feasible, to be undertaken annually or at any other suitable time intervals.

6.3 Regional ED/Project Head/Unit Head

- a. To get Baseline/Need Assessment studies conducted wherever feasible and required.
- b. To identify CSR & Sustainability schemes, and prepare project proposal with physical and financial targets.
- c. To co-ordinate with Nodal Officer for approval of scheme and allocation of budget, implementation, monitoring & sending the monthly progress report of the CSR/SD Scheme along with photographs, video clippings and/or documentary proofs.
- d. To get Impact Assessment studies done for the long term and other scheme wherever feasible and required.
- e. Imparting training to stakeholders.

7. RESOURCE ALLOCATION

- 7.1 To achieve the goals set forth under the CSR & Sustainability Policy, NHPC will set apart an amount specified under sub-section (5) of section 135 of Companies Act 2013, which is at present, at least two percent of the average net profits of the company made during the three immediately preceding financial years, as the annual budget for CSR & Sustainability

- works during the year and approved by the Board of Directors.
- 7.2 At least 80% of the annual budget earmarked for CSR and Sustainability activities shall have to be spent on implementation of activities in the project mode.
- 7.3 Up to 5% of the annual budget for CSR and Sustainability activities will be earmarked for meeting the Emergency needs, which may arise on account of any relief works to be undertaken due to natural calamities/ disasters and contributions towards Prime Minister's or any other fund set up by the Central Government for socio-economic development and relief and welfare of Scheduled Caste, the Scheduled Tribe, other backward classes, minorities and women.
- 7.4 The expenditure incurred on baseline survey/need assessment study, on capacity building programs such as training, workshops, seminars, conferences, etc. and on corporate communication strategies for engagement of all stakeholders, whether internal or external, to implement the CSR and Sustainability agenda of a company, would be accounted for as CSR and Sustainability expenditure from the budget allocated for this purpose.
- 7.5
- a) Based on the proposals recommended for implementation by different Region/Project/Unit, a consolidated proposal in the form of CSR & Sustainability Plan/Budget will be prepared & submitted with the recommendations of the Nodal officer for CSR & Sustainability works for approval of Committee of Directors on CSR & Sustainability.
 - b) In respect of Works/Projects not included in the approved annual plan, the same will be processed for approval of the Committee of Directors on CSR & Sustainability through the Nodal Officer.
 - c) CSR & Sustainability works approved as above will be executed in accordance with a set of delegations for CSR & Sustainability works to be drafted and got approved from the competent authority.

- 7.6 All out efforts should be made by each of the Unit to utilize the allocated budget to achieve the targets fixed for the year, though the unutilized funds will be permitted to be carried forward to the next year for utilization. However, in case, the fund allocated for a particular year is not utilized, the reasons for the non-utilization will be specified in Board's Report.
- 7.7 Reasons for delay / shortfall in utilization of CSR & Sustainability Budget, if any, will be supported with appropriate justifications by the concerned Units, which will also be submitted at the time of evaluation against the agreed MoU targets.
- 7.8 NHPC will build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including such expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the company in one financial year.

8. IMPLEMENTATION

- 8.1 While engaging or partnering with the external agencies, apart from availability of necessary capabilities and expertise for the planned CSR-Sustainability works, credentials of reliability, integrity of such agencies should be got verified by the awarding authority. Such organizations will have a track record of at least 3 years in undertaking similar programs or projects.
- 8.2 Specialised agencies may include:
- a) Community based organizations whether formal or informal.
 - b) Elected local bodies such as Panchayat raj institutions.
 - c) Voluntary Agencies (NGOs).
 - d) Not-for-Profit organizations.
 - e) Institutes/Academic Organizations.
 - f) Registered Trusts, Missions etc.
 - g) Self help groups.

- h) Government, Semi-government and autonomous organizations.
 - i) Standing Conference of Public Enterprises (SCOPE).
 - j) Mahila Mandals/Samitis and the like.
 - k) Contracted agencies for civil works.
 - l) Professional Consultancy Organization etc.
- 8.3 Panels of specialized agencies/NGOs maintained by Government Ministries/Departments, Niti Aayog and National/Regional CSR Hubs should be considered for finalizing the external specialized agencies for implementation of CSR and sustainability projects. Such organizations will have a track record of at least 3 years in undertaking similar programs or projects.

8.4 Steps in implementation :

- i. Memorandum of Understanding will be signed with the implementing partners with specific deliverables.
- ii. Detailed Annual Plan of implementation of approved projects will be drawn up with key performance indicators/milestones both with regards to physical and financial targets.
- iii. The required budgetary allocation for the project will be approved by the Management.

9. MONITORING

- 9.1 Departmental Monitoring Committees (DMC) comprising of 2-3 members will be constituted at Projects/Power stations/Units or at Regional levels to closely monitor the progress of CSR & Sustainability schemes.
- 9.2 In case of schemes/activities, that require specialized subject knowledge, the committee will comprise of experts from suitable external agencies including representative from NHPC.

- 9.3 Regular monitoring of progress will be done in respect of all key performance indicators covering physical and financial parameters.
- 9.4 The progress of CSR & Sustainability schemes under implementation at each of the location will be reported by the DMC to Nodal Office of CSR & Sustainability at Corporate Office on a monthly basis. Records will be maintained along with photographs/videos to show progress of works.
- 9.5 Effective oversight & implementation of CSR & Sustainability Projects/Activities will also be exercised by the Nodal Officer (CSR/Sustainability) with the assistance of the team working with him. The designated Nodal Officer will regularly submit reports regarding the progress of implementation of CSR and Sustainability activities to the Committee of Directors on CSR & Sustainability on quarterly basis.
- 9.6 NHPC will also obtain feedback from beneficiaries about the implementation of activities and its outcome from time to time wherever possible and would take necessary actions, if required, for improvement.

10. EVALUATION OF PERFORMANCE, IMPACT ASSESMENT AND REPORTING

- 10.1 The CSR & Sustainability Projects/activities undertaken for implementation will be evaluated under the MoU framework for the achievement of Physical and Financial targets wherever required.
- 10.2 Impact assessment studies by external agencies will be undertaken after completion of long-term schemes / projects and for other schemes wherever possible. The impact will be assessed and compared against the planned benchmarks fixed at the time of planning to gauge the degree of success or failure of the CSR / Sustainability initiative.
- 10.3 Video-graphic / Photographic records of the progress / achievements and impacts are systematically documented

apart from the routine monitoring and field progress reports for the purposes of organization's own appraisal as well as for evaluation of performance against the MoU commitments.

- 10.4 Disclosure of CSR & Sustainability Policy and initiatives undertaken by NHPC will be posted on NHPC's website in line with the existing practices and guidelines of Government of India.
- 10.5 A brief summary of CSR & Sustainability initiatives and achievements will also be included in the Annual Report of NHPC.

11. MOU EVALUATION

- 11.1 Evaluation of CSR & Sustainability initiatives under the MoU framework will be done in accordance with the Guidelines for MOU evaluation applicable for the year.

List of CSR activities

- (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 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 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 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, Paralympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government 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.

Explanation - The term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.



View of Parbati-III Power Station (Dam)



NHPC Limited

(A Government of India Enterprise)

NHPC Office Complex, Sector-33,
Faridabad - 121 003, Haryana (India)

CIN : L40101HR1975GOI032564

Website: www.nhpcindia.com