

Selection of CSR Activities

To achieve the goals set forth under the CSR & Sustainability Policy, NHPC sets apart an amount specified under sub-section (5) of section 135 of Companies Act 2013, which is at present, at least 2% of the average net profits of the company made during the 03 immediately preceding financial years, as the annual budget for CSR & Sustainability works during the year and approved by the Board of Directors.

As per Section 135 of the Companies Act, the company gives preference to the local area around it where it operates for spending the amount earmarked for CSR activities. As per NHPC's CSR Policy, at least 80 % of the CSR activities are to be 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 can be chosen, based on the needs and as per Govt. directives on national schemes as per Clause No.4.4 of NHPC CSR Policy. Proposals from beyond the Project/ Unit periphery locations are also compiled, scrutinized and evaluated within 20 % Budget allocation.

Identification of CSR Projects :

The stakeholders residing in the vicinity of our project area and those who are directly impacted by its operations and activities are mostly given priority as beneficiary of CSR and Sustainability activities. Choice of CSR & Sustainability schemes for implementation is preferably made in consultation/ association with the Administrative authorities of District/ Sub-division/ Blocks in which the NHPC's Units are operating. External proposals are received with recommendation of VIPs (MPs, Union Ministers, State Chief Minister, ex-Governors etc.), Central/ State Govt. Authorities, PSUs and a volume of NGOs registered with/ without Niti-Aayog etc.

Selection Process:

CSR proposals are sought from all NHPC locations as per need of the location containing DPR, Sustainability Plan, the requisite clearances from District Administration etc. The received proposals are compiled and examined initially through Internal CSR Committee and subsequently by Sr. level Inter Disciplinary GM level Committee with GM (CSR), GM(O&M) & GM(Finance) as committee members and put up to the Committee of Directors on CSR & Sustainability for their recommendation on programs/ projects and its fund. The recommendations are submitted to the Board of Directors for their approval. The new CSR Programs/ Project are sanctioned based on the availability of funds.

The CSR proposals are examined based on factors such as:

- Whether covered under Schedule VII of Section 135 of the Companies Act, 2013.
- Whether Detailed Project Report has been submitted.
- Whether certificate regarding non-overlapping of funds has been submitted.
- Whether the long term sustainability of the project has been justified etc.
- High CSR impact etc.

As per latest directions of DPE, CSR expenditure for thematic programme like Health care & Nutrition should be around 60% of annual CSR expenditure of CPSEs.

As per DPE directives, 03 Aspirational Districts have been allocated to NHPC namely Baramulla (UT of Jammu & Kashmir), Chamba (Himachal Pradesh) and West Sikkim (Sikkim) Aspirational Districts and these are given preference for focused intervention in the thematic areas of Health care and nutrition.

Selection of the Implementation partner:

- Due diligence in selection of Implementation partner is ensured by the approving authority of the project as per our Delegation of Powers.
- If the District Admin. is also involved as an Implementing partner, then the Government Standard Operating Procedure on Due Diligence is implemented by the District Admin. and the Project is implemented either through the MoU route with the stakeholders or through competitive bidding.
- 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 are verified by the awarding authority.
- It is ensured that the CSR activities are undertaken by the Company itself or through External agencies. Such external agencies shall have a track record of at least 3 years in undertaking similar programs or projects.
- External Agencies:
 - 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
 - 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
 - Any entity established under an Act of Parliament or a State Legislature; or
 - 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 and having an established track record of at least three years in undertaking similar activities.