

CORPORATE SOCIAL RESPONSIBILITY (CSR)POLICY OF NHDC

SEPTEMBER 2014

NHDC LIMITED
(A Joint Venture of NHPC Ltd. & Govt. of Madhya Pradesh)

Corporate Identity No. (CIN): U31200MP2000GOI014337

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CONTENTS

	<u>Page No.</u>
1. Preamble	01
2. Introduction	01
3. Objectives & Scope	02
4. Planning	03
5. Management Structure for implementation	04
6. Roles & Responsibilities	05
7. Resource Allocation	06
8. Implementation	07
9. Monitoring	08
10. Evaluation of Performance, Impact Assessment and Reporting	09
11. MoU Evaluation	09
Annex I : List of CSR activities may be undertaken by NHDC	10

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1. PREAMBLE

- 1.1 NHDC Ltd. is a Joint Venture Company of NHPC Ltd. & Govt. of Madhya Pradesh, committed to plan, promote and organize an integrated and efficient development of power through conventional and non-conventional sources in Madhya Pradesh, India.
- 1.2 NHDC's commitment towards environment and people is affirmed through its Corporate Vision and Mission, policies and practices adopted by the organisation.
- 1.3 NHDC's CSR Policy aims at facilitating long-term environmental, social and economic development issues of the Company and its stakeholders.

2. INTRODUCTION

- 2.1 DPE vide OM F No. 15(7)/2012-Dec (GM)-GL-104 dated 12th April, 2013 issued a set of new Guidelines on Corporate Social Responsibility & Sustainability for Central Public Sector Enterprises, to come into effect from 1st April 2013. Further, Ministry of Corporate Affairs, Government of India vide notification file No. 1/15/2013-CL.V dated 27.02.2014 have issued Companies (Corporate Social Responsibility Policy) Rules, 2014. For implementation of aforementioned guidelines and Rules, NHDC has formulated its own CSR Policy.
- 2.2 The CSR Policy will form the basis for conducting NHDC'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 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 NHDC'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.

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- b) Addressing the concerns of key stakeholders directly impacted socially, economically and environmentally by NHDC's operations & activities.
- 2.6 NHDC's CSR 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 schemes/activities will be identified for implementation.
- 2.8 Selection of CSR 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 schemes/activities.
- 2.10 Provisions of NHDC's CSR 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 NHDC 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 will be one of the parameters of MoU for Performance Evaluation to be entered into with Holding Company (NHPC Ltd.) with weightage as decided by the Government of India (GoI) from time to time for this purpose.

3. OBJECTIVES & SCOPE

3.1 OBJECTIVES

- Promote organisational integrity and ethical business practices through transparency in disclosure and reporting procedures.
- 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.
- Promote welfare of employees and labour (casual/contractual), by addressing their concerns of safety, security, professional enrichment and healthy working conditions.

3.2 SCOPE

- NHDC will undertake implementation of schemes in the vicinity of the project. Nevertheless, as part of GoI's Policy, NHDC will also undertake schemes for implementation in the identified backward districts of the country.
- Schemes/activity chosen under CSR should primarily benefit stakeholders other than the staff of NHDC Ltd. In case the benefits of the initiative are extended to NHDC employees also, it should not exceed 25 % of the total beneficiaries.
- NHDC will have an appropriate organization structure both at corporate level and NHDC's projects/field units for identification & selection of CSR schemes, guidance in implementation, monitoring and review of the schemes/activities.

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- NHDC will take steps to sensitize and impart training to its employees regarding CSR policies of the Corporation and to bring about the desired attitudinal change towards environmental protection, social development & the need to adopt ethical business practices.
- NHDC will take up schemes/activities which would give visible social, economic or environmental benefits to the society.
- NHDC 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 endeavours.

4. PLANNING

- 4.1 For Planning of project, available data will be used by NHDC for identification of Projects/Schemes in the thrust areas. NHDC will prepare preferably medium term (3-5 year) projects for CSR 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 work area and who are directly impacted by its operations and activities will be given priority as beneficiary of CSR activities.
- 4.4 NHDC's projects and its reservoirs are situated in the districts Khandwa, Dewas and Harda of Madhya Pradesh. NHDC's thrust will be to undertake CSR activities within vicinity of our projects and reservoirs, Liaison/Corporate office/R&R Office Khandwa. However, other locations can also be chosen, based on the needs in the light of DPE's Guidelines, for the larger benefit of people and environment.
- 4.5 Choice of CSR schemes, as far as practicable and to the extent possible, for implementation will preferably be made in consultation/association with the Administrative authorities of District/Sub-division/Blocks in which the NHDC'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 Some areas out of the identified backward districts of the country may also be adopted to meet the requirements of DPE's latest Guidelines on CSR initiatives (if any) to extend benefits of capacity building, creation of sustainable means of livelihood to the populace and environmental protection as a part of MoU commitments of the Corporation.
- 4.7 NHDC will endeavour to concentrate its CSR 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.

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- 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.
 - x. Promoting welfare of employees and labour (casual & contractual) by addressing issues of safety, security, professional enrichment and healthy working conditions, apart from those already mandated.
- 4.8 In accordance with Schedule –VII of the Companies Act 2013, the items of CSR activities, which may be undertaken by NHDC, 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.
- 4.9 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.
- 4.10 While short listing the CSR activities, ad-hoc/ one time/ philanthropic activities, which do not contribute to social value creation, environment protection or sustainable development, will be avoided.
- 4.11 Possibilities for associating with other CPSEs to pool the resources for taking up the CSR projects which can cover more number of beneficiaries and provide wider and long lasting visible impact will also be taken up.
- 4.12 CSR schemes may be implemented through external specialized agencies for execution of such schemes/activities, except in cases, where the planned CSR activity is closely aligned with NHDC's business processes and core competencies.
- 4.13 Panels of specialized agencies/NGOs maintained by Government Ministries/Departments, Planning Commission, National/Regional CSR Hubs, Other CPSUs and Organizations empanelled by NHDC will be considered for the above purpose.
- 4.14 Services of reputed and recognized institutions having expertise and professional competence for conducting training & skill development under CSR 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 will be as follows:
- a) The Board level Committee headed either by the CMD or an Independent Director to allocate budget, review the progress and guide various CSR initiatives.

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- b) Nodal Officer of the level of a General Manager or in case a General Manager is not available then a Chief Engineer/ Chief assisted by his team, who will co-ordinate the identification and selection of CSR schemes/activities and also exercise an effective oversight on progress of implementation of the same.
- c) Project Head/ HOD and his team for identification, implementation & monitoring of CSR schemes/activities etc.

6. ROLES & RESPONSIBILITIES

6.1 BOARD LEVEL COMMITTEE ON CSR

- a. To oversee formulation of broad guidelines for selection of projects, planning, execution, monitoring, evaluation and strategies for efficient implementation of CSR schemes.
- b. Allocation of budget to CSR schemes/activities.
- c. Selection and approval of projects in accordance with the policy framework of NHDC and DPE's Guidelines.
- d. Periodic monitoring of implementation of CSR activities.
- e. Sustainability Reporting of CSR schemes annually.
- f. The Nodal Officer will submit quarterly report to the Board of Directors for their information, consideration and necessary directions.

6.2 NODAL OFFICER

- a. To co-ordinate with the Projects/Units to finalize and shortlist the CSR schemes to be taken up during the year along with the annual targets to be achieved for consideration of the Board level Committee.
- 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 schemes.
- d. To organize training workshops and seminars for the employees of NHDC for Sensitization and education of the internal stakeholders for efficient implementation of CSR Initiative.
- e. To submit quarterly, yearly report on the progress of CSR initiatives to the Board level Committee.
- f. To prepare annual CSR 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 PROJECT HEAD/ HOD

- a. To get Baseline/Need Assessment studies conducted wherever feasible and required.
- b. To identify CSR 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 Scheme along with photographs, video clippings and/or documentary proofs.

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- 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 Policy, NHDC 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 works during the year and approved by the Board of Directors.
- 7.2 At least 80% of the annual budget earmarked for CSR 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 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 agenda of a company, would be accounted for as CSR expenditure from the budget allocated for this purpose.
- 7.5
 - a) Based on the proposals recommended for implementation by different Project/Unit, a consolidated proposal in the form of CSR Plan/Budget will be prepared & submitted with the recommendations of the Nodal officer for CSR works for approval of Board level Committee.
 - b) In respect of Works/Projects not included in the approved annual plan, the same will be processed for approval of the Board level Committee through the Nodal Officer.
 - c) CSR works approved as above will be executed in accordance with a set of delegations for CSR 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 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.

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- 7.8 NHDC 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 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 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: Panels of specialized agencies/NGOs maintained by the Corporation/ Government Ministries/Departments, Planning commission and National/Regional CSR Hubs should be considered for finalizing the external specialized agencies for implementation of CSR 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. The company shall resort to various means of getting the works of CSR executed as deemed fit such as through MoU route, through empanelment of relevant agencies or using empanelled agencies from the available panels of such agencies maintained by the Corporation/ Government Ministries / Departments, Planning Commission, autonomous organisations, or the National / Regional CSR Hubs, other CPSUs, or direct reference from district authorities for meeting of last mile gap filling of various schemes of government where works are to be implemented with no profit no loss basis, and tendering wherever desirable. However, tendering shall not be the sole means of awarding the work to various agencies.
- 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.

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- 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 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 NHDC.
- 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 schemes under implementation at each of the location will be reported by the DMC to Nodal Office of CSR 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 Projects/Activities will also be exercised by the Nodal Officer (CSR) with the assistance of the team working with him. The designated Nodal Officer will regularly submit reports regarding the progress of implementation of CSR activities to the Board level Committee on CSR on quarterly basis.
- 9.6 NHDC 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 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 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 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 Policy and initiatives undertaken by NHDC will be posted on NHDC's website in line with the existing practices and guidelines of Government of India.

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10.5 A brief summary of CSR initiatives and achievements will also be included in the Annual Report of NHDC.

11. MOU EVALUATION

- 11.1 Evaluation of CSR initiatives under the MoU framework will be done in accordance with the Guidelines for MOU evaluation applicable for the year.
- 11.2 CSR projects/ activities allotted through MOU process of Department of Public Enterprises (DPE) shall be evaluated under the MOU framework of DPE, however other works as recommended by CSR Committee of the Board and duly approved by the Board shall be evaluated by CSR Committee of the Board.

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Annex I

List of CSR activities may be undertaken by NHDC

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and 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;
- (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.
- (xii) Any other item as decided and circulated by Ministry of Corporate Affairs, Govt. of India under this schedule as well as any item as directed by DPE shall automatically construed/stands included in this list.

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Page 10 of 10