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Q®u /TEL. Qjhnkckn /Faridabad 19-05-2010

## NHPC's COMMITMENT IN SUPPORT OF U.N.G.C. PROGRAM

NHPC LTD. (A Government of India Enterprise) is a leading Miniratna Public Sector Undertaking, engaged in construction, operation & maintenance of large Hydroelectric Power Projects in India and abroad.

The Company confirm its commitment to UNGC's Ten Principles and intend to advance the same within the sphere of influence and day-to-day operations.

It has also taken a lead in promoting the principles by becoming the member of local network.

(R.R.Sharma)
General Manager (HRD)

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## **Global Compact Network**

| S.No.   | Global<br>Compact<br>Principle  | Commitment/ Policies, Action Taken & Impact achieved and / or plans for the upcoming year                           |   |
|---|---|---|---|
| 1   | Business<br>should support<br>and respect the<br>protection of<br>internationally<br>proclaimed | Commitment/Policies   | NHPC strongly believes in achieving organisational excellence through human resources and follows "People First" approach. It also support and respect that maximum protection of the rights and freedoms of the individuals. |
|   | human rights  | Action taken  | All the rights and freedoms of individuals are being displayed and circulated from time to time for the knowledge of the employees.   |
|   |   | Outcomes  | rights and freedoms of each individuals are protected   |
|   |   | Plans for the upcoming year   | To continue with the present and for betterment.  |
| that the not com  | and make sure<br>that they are<br>not complicit in<br>human rights                              | Commitment/Policies   | NHPC strongly believes in people development through practical assistance, encouragement and moral support to avoid complicit in human rights abuse.  |
|   | abuses  | Action taken  | prevents and addresses risks of complicity through adopting a systematic management approach to human rights issues.  |
|   |   | Outcomes  | complicit in human rights abuse avoided   |
|   |   | Plans for the   | :To continue with the present and for   |
|   |   | upcoming year   | betterment.   |
| 3 Business should uphold the freedom of association and the effective recognition of the right to | should uphold<br>the freedom of   | Commitment/Policies   | NHPC respect freedom of association and recognises the Apex Unions and Association as bargaining agent in the collective bargaining process.  |
|   | Action Taken  | :Four Apex Unions exists in NHPC as bargaining agent and have been recognised in the Collective bargaining process. |   |
|   | collective  | Outcomes  | Smooth Industrial Relations Scenario created.   |
|   | bargaining;   | Plan for the  | Constitution of the Bipartite Forums at three   |
|   | <b>T</b> P 2  | upcoming year   | levels.   |
| 4   | The elimination of all forms of   | Commitment/Policies   | All the Labour Laws bans the forced and compulsory labour is applicable.  |
| comp  | forced and compulsory labour  | Action Taken  | All the Statutory provisions exists to ban the forced and compulsory labour are being strict implemented.   |
|   |   | Outcome   | No forced and Compulsory labour engaged.  |
|   |   | Plans for the   | To continue with the present and for betterment.  |
|   |   | upcoming year   |   |
| 5   | The effective abolition of child labour   | Commitment/Policies   | Child Labour (Prohibition and Regulation) Act, 1986 is applicable.  |
|   |   | Action Taken  | All the provision of the said Act are strictly implemented.   |
|   |   | Outcome   | No child labour is allowed to work in NHPC.   |
|   |   |   | Plans for the upcoming year: To continue with the present and for betterment.   |
|   |   |   |   |

| 6 and the elimination of discrimination |   | Commitment/Policies          | All the Labour Laws applicable to eliminate the discrimination in respect of employment & occupation are also been applicable in NHPC.  |
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|   | in respect of employment  | Action Taken Outcome         | Ensuring strict compliance of all the labour laws.  :No such discrimination in employment and   |
|   | and occupation  | Gutoomo                      | occupation reported   |
|   |   | Plans for the upcoming year: | To continue with the present and for betterment.  |
| 7                                       | Businesses<br>should support<br>a precautionary<br>approach to<br>environmental<br>challenges | Commitment/<br>Policies      | NHPC complies with all the relevant Acts like Environment (Protection) Act, 1986, Forest (Conservation) Act, 1980 etc. required for Environment, Forest and Wildlife Clearances of Ministry of Environment and Forests, Govt. of India. NHPC is adhering to the guidelines stipulated in the Environmental Impact Assessment Notification 1994 amended in year 2006.  |
|   |   |                              | NHPC is committed to sustainable development of hydro power with strong environment conscience and corporate vision of NHPC "A world class, diversified & transnational organization for sustainable development of hydro power and water resources with strong environment conscience" is a testimony to this commitment.  |
|   |   | Action Taken                 | As per guidelines of Ministry of Environment and Forests, Govt. of India (MOEF), NHPC undertakes comprehensive Environmental Impact Assessment (EIA) studies for its projects. Based on the findings of the EIA study, suitable Environment Management Plans (EMP) are formulated for mitigation of anticipated adverse impacts and to cater to all the aspects of environment conservation with respect to hydropower development. Major EMPs which have been/ are being implemented in NHPC Projects are as under: Compensatory Afforestation, Catchment Area Treatment, Biodiversity Conservation, Green Belt Development, Fishery Management, Health Management, Solid Waste Management, Rejuvenation of Dumping Sites and Quarry Sites, Disaster Management Plan, Resettlement & Rehabilitation etc. |
|   |   | Outcomes                     | <ul> <li>Mitigation and improvement of environment, landscaping and beautification of the areas and biodiversity conservation due to implementation of various Environmental Management Plans at NHPC projects.</li> <li>Improvement in health care and educational</li> </ul>  |

|   |  |                             | • | facilities due to NHPC hospital and school at project areas Improvement in infrastructure facilities due to implementation of the projects  |
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|   |  | Plans for the upcoming year | • | Various Environmental Management Plans are being implemented at the construction projects simultaneously with other construction activities.  For new projects, EIA & EMP are under formulation as par guidelines of MOFF.  |
| 8 | 8 Undertake initiatives to promote greater | Commitment/<br>Policies     | • | formulation as per guidelines of MOEF.  The implementation of Environmental Management Plans and other conditions as stipulated by MOEF while according the environment clearance to the project.   |
|   | environmental responsibility;              | Action Taken                | • | The implementation of Environmental Management Plans is monitored by project level and central level Monitoring Committees constituted for the purpose. The views/ suggestions of the committee are taken into account during execution of the plans.  Apart from this, NHPC, on its own initiative, has undertaken post-construction Environmental & Social Impact Evaluation of Uri and Rangit Power Stations so as to assess the effectiveness of various environmental management plans and social development interventions implemented at the projects. Latest techniques have been put to use for this study viz. Remote Sensing data processing and interpretation, integrated with sophisticated Geographical Information System (GIS) approach.  Organizing workshop/ training to sensitize the employees on environmental and social concerns.  To meet the needs and aspirations of the project affected families, NHPC has come up with its own Resettlement and Rehabilitation Policy-2007 which is in line with National Rehabilitation and Resettlement Policy (NRRP) 2007 of Govt. of India.  NHPC volunteered its Teesta-V Power Station for trialling of International Hydropower Association's (IHA) Draft Sustainability Assessment Protocol for hydroproject so as to assess its practicability and efficacy of implementation of EMPs. |
|   |  | Outcomes                    | • | Successful implementation of various environmental management plans and social development interventions at the   |

|   |   |                             | projecto   |
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|   |   | Plans for the upcoming year | <ul> <li>projects.</li> <li>Further, post-construction Environmental &amp; Social Impact Evaluation of Uri and Rangit Power Stations have indicated that EMPs have been by and large successful in meeting the objectives of environment protection and upgradation.</li> <li>Trialling of Draft Sustainability Assessment Protocol of IHA on Teesta-V Power Station has been done successfully by IHA representative.</li> <li>Implementation of environmental management plans for future projects as per conditions stipulated by MOEF.</li> </ul>  |
| 9 | And encourage<br>the<br>development<br>and diffusion of<br>environmentally<br>friendly<br>technologies; | Commitment/<br>Policies     | <ul> <li>Hydroelectric Projects are renewable and environmental friendly source of energy. No waste water is generated during the course of electricity generation. Water from the river is diverted through the water conductor system and after passing through the turbines the same is released into the river without any net consumption and any pollutant getting added.</li> <li>Hydropower projects are known to be non-polluting and environmentally benign and have an edge over other sources of power generation which use non-renewable conventional resources like coal and oil, which are depleting at a faster pace and also have the associated problems of emissions and waste disposal.</li> </ul> |
|   |   | Action Taken                | The implementation of Environmental Management Plans and other conditions as stipulated by MOEF while according the environment clearance to the project including monitoring of air and water quality during construction phase of the project.   |
|   |   | Outcomes                    | <ul> <li>Apart from speedy development of hydropower projects of NHPC it has given equal importance to execute and operate its projects in an environment- friendly and socially responsive manner.</li> <li>Successful implementation of Environmental Management Plans at projects under construction.</li> <li>Further, under Clean Development Mechanism two medium sized hydroelectric projects of NHPC, namely Nimoo Bazgo (45 MW) and Chutak (44 MW) located in Jammu &amp; Kashmir state have been registered by CDM Executive Board of United Nation Framework Convention on Climate Change (UNFCCC). Nimoo Bazgo and Chutak projects shall annually reduce</li> </ul>  |

|   |                     | Plans for the  | emissions of approximately 187,893 metric tonne CO <sub>2</sub> equivalent and 166,831 metric tonne CO <sub>2</sub> equivalent respectively after their commissioning.   |
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|   |                     | upcoming year  | <ul> <li>Formation of EIA&amp; EMP for future projects<br/>and successful implementation of<br/>Environmental Management Plans at<br/>projects under construction.</li> </ul>  |
| 10 Businesses should work against all forms of corruption, including extortion and bribery. | Commitment/Policies | NHPC signed MOU with TII (Transparency International India) in May 2009, for increasing transparency in tendering process. Integrity Pact is to be signed with all the bidders for tenders above threshold limits and as per Integrity Pact being signed with the bidders, NHPC is committed to have most ethical and corruption free business dealings with the Bidders/Contractors.  In addition to this, Contract Provisions are there to cancel the bid/terminate the Contract if the Bidders/Contractors indulge in corrupt or fraudulent practice. |  |
|   |                     | Action Taken   | The Integrity Pact signed with all the bidders for tenders above threshold limits since May 2009.  To EMD/ Bid Security is forfeited or Performance Security is recovered, of defaulting Bidders or Contractors and action is to be taken for banning of business dealings with such parties |
|   |                     | Outcomes   | The Integrity Pact implementation is being monitored by Independent External Monitors (IEMs) appointed by CVC and the aggrieved parties are required to refer their complaints to IEMs. No complaint has been reported so far.   |
|   |                     | Plans for the<br>Upcoming Years  | To continue the above practice and further reinforce the provisions as per guidelines of CVC.  |