



POWER FINANCE CORPORATION LTD.

**COMMUNICATION ON PROGRESS
2009-2010**

Power Finance Corporation Ltd.:

PFC was set up in July 1986 as a Financial Institution (FI) dedicated to Power Sector financing and committed to the integrated development of the power and associated sectors. The Corporation was notified as a Public Financial Institution in 1990 under Companies Act, 1956. The Corporation was registered as a Non Banking Financial Company by RBI and has been conferred with the status of Nav-Ratna PSU by Govt. of India on 22nd June, 2007.

PFC is providing large range of Financial Products and Services like Project Term Loan, Lease Financing, Direct Discounting of Bills, Short Term Loan, Consultancy Services etc. for various Power projects in Generation, Transmission, Distribution sector as well as for Renovation & Modernisation of existing power projects

Our Vision:

To be the leading institution in financing for sustainable development of Indian power sector and its linkages with an eye on global operation.

Our Mission:

To become a most preferred Financial Institution in power and financial sectors providing best products and services; promote efficient investments in Power Sector to enable availability of required quality power at minimum costs to consumers; reach out to global financial system for financing power development; act as a catalyst for reforming India's Power Sector; and build human asset and systems for Power sector for tomorrow.

PFC's support in United Nation's Global Compact Programme

Human Rights

- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights;

PFC benchmarks its practices with the best practices being followed by other Corporates in the world. These policies protect the right of the employees and provide them with the freedom to nurture the spirit of each person in order to create harmony at workplace and society. The Corporation enjoys a cordial relationship with its employees.

The Corporation also protects human rights of the people which may be affected by the projects funded by PFC. In the appraisal guidelines, PFC has ensured for submission of Environment Impact Assessment Report (EIA) from power entities with details of plans for Project Affected People (PAP).

- [Principle 2](#): make sure that they are not complicit in human rights abuses.

While appraising any project, PFC ensures Rehabilitation and Resettlement for Project Affected People.

Labour

- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PFC adheres to various laws passed by the Government of India to protect the interest of the working class.

Employees of the Corporation are free to form and join Unions or Associations. These bodies provide a platform for collective bargaining and protecting the rights of the employees.

- [Principle 4](#): the elimination of all forms of forced and compulsory labour;

The Corporation does not support or have any form of forced or compulsory labour.

- [Principle 5](#): the effective abolition of child labour;

As per the recruitment policy of the Corporation, the age of the person at the time of appointment shall not be less than 18 years.

- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

The Corporation has uniform policies for all its employees. No discrimination is being made on the basis of sex, caste, religion, etc.

Environment

- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;

As PFC is providing a large range of Financial Products and Services for various Power projects in Generation, Transmission, Distribution sector as well as for Renovation & Modernisation of existing power projects, it makes sure to provide financial assistance only to the projects which have received environment clearance from the State/Central Govt.

- [Principle 8](#): undertake initiatives to promote greater environmental responsibility;

The Corporation is focusing on Renewable Energy Projects. In order to increase the business in renewable, co-generation, energy saving projects and captive power plants, PFC empanelled 31 Business Development Associates (BDAs). Further, the Company entered into an MoU with Gujarat Energy Development Agency (GEDA) for development of business in Renewable Energy Generation Projects in the States.



The Corporation also organizes State-Level painting competition for school children on a regular basis on topics related to energy conservation. This helps in creating awareness among young generation regarding energy saving mechanism. etc.



- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

The Corporation provides upto 50% funding to Renewable Power Projects. PFC has funded 81 renewable energy projects with a total capacity of 1713 MW since its inception and has sanctioned ₹2,894 Crore for these projects. These projects are funded at a rate 0.25% lower than the interest rate for Large Generation Projects in order to encourage renewable energy projects. PFC also runs Environmental schemes under which it provide funds for environment friendly equipments like pollution control equipment, dust removal equipment, etc. to Power Entities.

As a part of CSR Policy, PFC shall also be providing support for environmental up-gradation and energy conservation.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

*The Corporation has introduced **Anti-Fraud Policy**. This policy applies to any fraud or suspected fraud in the Corporation, involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and / or any other parties with a business relationship with the Corporation. This policy helps in promotion of consistent legal and ethical organizational behavior by assigning responsibility for the development of controls, providing guidelines for reporting and conduct of investigations of suspected fraudulent behavior.*

CORPORATE SOCIAL RESPONSIBILITY

The Corporation has streamlined its CSR activities through implementation of Corporate Social Responsibility Policy in the Corporation. The CSR activities shall support initiatives which will bring qualitative change in the daily life of the society/ community without compromising on ecological conditions. The Corporation has entered into an MoU with Govt. of India for spending 0.5% of PAT towards CSR Activities as a part of its Corporate Social Responsibility.

In the process of implementation the endeavor of the Corporation shall be to identify suitable projects from amongst the following thrust areas:

- *Skill Development/ Imparting Vocational Training for employment/ self employment with particular focus on the Energy/Social sector*
- *Alternate/ Non –Conventional Energy Resources*
- *Environmental Up gradation*
- *Supplementing/ Dovetailing Development Initiatives of the Govt./ Local Govt. bodies*
- *Activities pertaining to promotion of Culture & Sports*
- *R&D relating to power with special focus on non-conventional energy.*
- *Energy Conservation/Energy Safety Issues*
- *Projects relating to People empowerment for sustainable growth*
- *Natural Calamity/Disaster Management*
- *Any other area as may be identified from time to time based on need and requirement of the society.*