

Communication on Progress

#1 Businesses should support and respect the protection of internationally proclaimed human rights.

Commitment /Policies

REC as an organization is committed to safeguarding the basic human rights provided by The Constitution of India under tenets of a Welfare State.

Action Taken

REC endows on all its employees the right to freedom of opinion, expression, peaceful assembly and association. Every employee in the Organization has the right to life, liberty, security and legal recourse. Exhaustive framework of policies related to social security schemes, post - retirement medical benefits and maternity and child care leave (for women employees) exists in REC. A Grievance redressal committee looks after the task of resolving employee grievances that could not be resolved at departmental level. It is headed by a top management functionary. A women cell also exists which looks after issues affecting welfare of women employees.

Outcomes

The quick redressal of the issues has led to further strengthening of belief of ownership amongst employees. In all **Four (4)** grievances were received from employees during FY 2013-14. However, all the grievances stand settled.

Plans for upcoming Year

REC shall endeavor and make all out efforts to take necessary and appropriate measures in future in its commitment to the cause of its employees.

#2 Businesses should ensure that they are not complicit in Human Rights abuse.

Commitment/Policies

The Company has constituted a Grievance Redressal Committee to redress the grievances of officers and staff. The scope of the committee has further been

enlarged to cover Public Grievances also. One day during a week has been fixed as meetingless day to attend the grievances by the Heads of Divisions at Corporate Office as well as at Zonal/ Projects Offices and CIRE. This ensures prompt and timely disposal of employee grievances. A Complaints Committee to redress complaints against Sexual Harassment of women employees also exists in REC. REC commits itself to promote and protect human dignity and maintain/uphold the human rights of all employees such that these rights are not infringed upon arbitrarily.

Action Taken

The Grievance Cell acts as an Ombudsman which settles issues raised by the employees related to human rights abuse (if any).

Organization's efforts are reflected in low attrition rate (<2% for FY '12-13) of employees as also **Four (4)** grievances were received from employees during FY 2013-14 and all the grievances were settled.

Outcomes

It has boosted the Employees' faith in the efforts made by the Organisation for their betterment. It has also helped in attracting new and retaining existing employees.

Plans for Upcoming Year

REC shall continue its strive in the upcoming year also to adopt noble measures and incorporate new ideas which go on to further strengthen the cause of Work with Dignity.

#3 Businesses should uphold the freedom of association and the effective recognition on the right to Collective Bargaining

Commitment/Policies

REC as an Organization attaches considerable importance to the rights of Employees/ Labour. It believes with conviction to recognize the employees' right to Collective Bargaining.

Action Taken

REC continues to uphold the right of association of employees and encourages collective bargaining as a medium of discussion and settlement of matters concerning employees. The Unions exist in the Organisation and decisions related with the employees' Service Terms/ Working conditions and Environment/Welfare and the like are not made /enforced without their active involvement. The compensation and service conditions of non-executive employees are decided mutually through collective bargaining. In order to maintain continuous and uninterrupted communication with the employee representatives, a conscious decision has been taken to have formal meetings with both REC Employees' union and REC officers' Association on quarterly basis.

The Industrial Relations continued to be cordial and harmonious in the financial year 2013 -14 also. There was no loss of man days on account of industrial unrest. Regular discussions were held with REC Employees Union and REC Officers Association. They were consulted on major issues affecting employee welfare. Commitment towards participative management is reflected by the fact that consensus could be reached on a majority of issues. This has helped build an atmosphere of trust and cooperation resulting in the motivated workforce and continued improvement in business performance.

Accordingly during the year 2013-14, a total of **One (1)** meeting have been held with the Union / association and majority of contentious issues as also other issues concerning employee welfare and service conditions have been discussed and amicably settled.

Outcome

Employee relations have continued to be harmonious and cordial in REC with **zero(0)** loss of man-hours on account of industrial unrest.

Plans for upcoming Year

REC in accordance with prevailing norms shall continue to encourage the cause of improving well being of its employees through the existence of Unions in the coming year also.

#4 Businesses should make efforts in elimination of all forms of Forced & compulsory Labour

Commitment/Policies

REC being a Public Sector Enterprise is committed to follow the provisions of Bonded labour System (Abolition) Act 1976 and other Government rules.

Action Taken

REC has never been implicated for violations of these legal provisions in Indian courts of law.

Outcomes

REC has never been implicated for any violation of the norms.

Plans for the upcoming Year

REC repeats its commitment to maintain the status in future also.

#5 Businesses should take measures for effective abolition of Child Labour

Commitment/Policies

REC as an enlightened and socially conscious Employer is committed not to engage Child Labour and supports effective abolition of the same.

Action Taken

The organization is committed to follow governmental and legal provisions on prohibition of employment of "Children".

Outcomes

REC is seen by the Stakeholders viz. Suppliers/Employees/Customers/Society as an Organisation adhering to Egalitarian norms of the Society.

As on date, no regular employee of REC is below the age of 18 years.

Plans for the upcoming Year

REC repeats its commitment to maintain the status in future also.

#6 Businesses should take measures in elimination of discrimination in respect of Employment and Occupation

Commitment/Policies

The Organization is committed to the cause of women employees, members of marginalized sections, differently abled persons such that no discrimination in respect of employment and occupation whatsoever is made

Action Taken

During the course of recruitment drives, relaxation(s), as prescribed by Government of India, are afforded to the candidates belonging to marginalized sections (Scheduled Caste / Schedules Tribe/ Other Backward Classes) of society. Further employees from such marginalized sections are also given benefit of relaxations as per government norms during promotions process (upto a certain level in organizational hierarchy).

Outcomes

The efforts are visible in the way that the family of the Organization represents all hues of the Society with equal opportunity to one and all.

As on date, Women constitute about **16 %** of our workforce. Further persons belonging to Scheduled Caste / Schedules Tribe/ Other Backward Classes constitute approximately **24.56 %** of REC's workforce.

Plans for the upcoming Year

REC in accordance with prevailing norms shall continue to encourage the cause of discouraging such discrimination.

#7 Businesses should support a precautionary approach to Environmental challenges.

Commitment/Policies

REC believes with conviction that efforts are required to rein in the unstinted damage to environment and brace itself for future environmental challenges.

Action Taken

REC through its training institute, the Central Institute for Rural Electrification (CIRE) conducts a number of training programs on the subject of Sustainable Development and environment to create awareness among its stakeholders / power utilities from various states in the country. Also, Employees are regularly encouraged and sent for training on the subjects of alternative energy / renewable energy sources. Apart from the ongoing efforts, REC has sensitized its Employees and Stakeholders about its concern towards Environmental challenges and the stress laid by the organization on the issue.

Outcome

These short duration training programs created awareness on the subject and were well received by the participants who attended the programs. The outcomes of these measures would manifest in coming months/years.

Plans for the upcoming Year

REC would make every effort to enlarge the scope of these activities as a part of its contribution to cause of environment.

#8 Businesses should undertake initiatives to promote greater environmental responsibility

Commitment/Policies

REC as an environmentally responsible Organization believes in and gives active support through various policy interventions/ Studies to the initiatives related with environment protection

Action Taken

During the Financial Year 2013-14, in line with the principles of Sustainable Development, the Company has implemented Sustainable Development (SD) projects in broad areas of “Energy Audit and Emissions mitigation”, “Energy Management through Solar Intervention” etc.

- i) **Energy Audit and Emissions Mitigation** - REC initiated a project to estimate the sources of GHG emission from its operations, to quantify the emission levels and to identify the possible mitigation measures. The assignment was conducted by M/s Energy Efficiency Services Limited (EESL) as per ISO 14064 norms and also included “Energy Audit” of the Corporate building. The data was collated and analysed for 24 month period i.e. fiscal 2012 & 2013 for REC Corporate Office building and conversion parameters used were as per internationally accepted norms and databases. For the 24 month period, the GHG emission level for REC Corporate Office has been assessed as aggregate of 5,236 tons CO₂-equivalent, comprising of Direct Emissions (874), Energy Indirect Emissions (1,845) and Other Indirect Emissions (2,517). Credits /offsets were also provided for the 16,400 non-solar Renewable Energy Certificates (equivalent to 15,458 tons of CO₂), purchased on voluntary basis by REC as part of sustainable development expenditure in fiscal 2013. Thus, REC Corporate Office can be deemed to be ‘carbon-neutral’ as emissions are less than the mitigation measures

ii) Energy Management through Solar Intervention

- a) Setting up a collaborative “Bhagidari” model for processing of Jute end-products in the Jute Cluster in Purnea, Bihar, with about 36 nos. automatic looms and provision of 2x100 kW biomass-gasifier based decentralized electricity generation for reliable and assured power supply for the looming machines being executed by The Energy Resources Institute (TERI). The project cost is estimated to be USD 0.92 million out of which REC is co-funding this project to the extent of USD 0.35 million along with other partners including REEEP (Renewable Energy and Energy Efficiency Partnership) - a reputed international body. The project is expected to demonstrate integration of locally available biomass/ rice husk for renewable electricity generation using biomass gasification technology for Jute processing cluster and generate awareness, knowledge sharing with focus on replicable extensions to other clusters.

- b) Installation of Solar PV Smart Mini Grids in 5 Off-grid locations in Dhenkanal, Odisha. The target villages are un-electrified, and have the least chance of getting access to electricity, as they lie inside the Kandhara Reserve Forest near the 'elephant corridor' located in Hindol Block, of Dhenkanal district of Odisha. REC funded about 30% of the project cost for an amount of approx 35,000 USD and the remaining part funded by international bodies. All the mini-grids have been commissioned.
- c) In another ambitious project being implemented by the Solar Energy Corporation of India (SECI), REC sanctioned assistance of USD 2.77 million for distribution of about 1,50,000 solar lanterns of advanced design. The lantern will be able to provide two days (8 hrs each) of continuous lighting once charged. SECI has developed rugged and advance design lanterns with models having 1 to 2 Watt LED light source with different illumination angles and lead acid as well as lithium ion batteries. Promoting the usage of solar lanterns for rural home-lighting is expected to add to economic prosperity and quality of life for rural India. The project scale is large and has the potential for employment generation from the supply chain and O&M activities, thus resulting in greater inclusion of villagers.

Outcomes

Owing to the recent implementation of the above mentioned projects, the outcomes and benefits derived from these initiatives shall be available in the time to come.

Plans for the upcoming Year

In its adherence to Environmental concern, REC would comply with the norms established by Govt. of India from time to time.

#9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

Commitment/Policies

REC is committed to promote technologies which are helpful in reducing burden on natural resources.

Action Taken

Continuing its focus on financing renewable energy projects during 2012-13, during the financial year 2013-14, REC sanctioned loan assistance of Rs. 295.48 crore to 6 new, grid connected Renewable Energy projects with installed generation capacity aggregating 98 MW which included 3 Solar photo-voltaic projects of 75 MW; 2 Small Hydro Projects of 21 MW; and 1 Wind project of 2MW. The total cost of these projects aggregates to Rs. 993.08 crore. During the year, total disbursement was Rs. 134.99 crore for Renewable Energy.

Outcomes

The outcome of these projects once executed would be huge in terms of reduction of carbon footprints and go a long way in promotion and propagation of the Clean energy initiative

Plans for the upcoming Year

REC would make all efforts to take further, its resolve towards establishing Green Energy initiative and also develop Renewable Energy Projects in its bid to encourage environmentally friendly technologies.

#10 Businesses should work against all forms of corruption, including extortion and bribery

10(i)

Commitment/Policies

REC is committed to adherence to Fair practices in conduct of its Business and root out corruption including extortion and bribery.

Action Taken

1. REC is committed to act professionally, fairly and with integrity in all its dealings and has put in place a "Policy for prevention of Fraud" and "Whistle Blower Policy" which set forth obligations on part of every employee for prevention, detection and reporting of any act of fraud, bribery or corruption. REC has also framed Conduct, Discipline and Appeal (CDA) Rules which define code of conduct for employees and the acts of bribery, corruption etc. are included as misconducts on the part of employees. Central Vigilance Commission's (CVC) guidelines/instructions etc. are also followed in this regard. The above policies,

rules, guidelines/instructions etc. are also applicable to the subsidiaries of REC and these (except CDA Rules) are available to other stakeholders like borrowers, banks, public, etc.

2. REC has adopted “Code of Business Conduct & Ethics for Board Members and Senior Management” which captures the behavioral and ethical standards. Further, in compliance of guidelines on Fair Practices Code of Reserve Bank of India (RBI), REC has also developed the Fair Practices Code (FPC) for its lending operations which intends to provide assurance to all the borrowers of the Company’s commitment to fair dealing and transparency in its business transactions.

Outcomes

Under the Whistle Blower Policy and Fair Practices Code, the Company did not receive any complaint during the financial year 2013-14. Further, the Company had received 8 general complaints during the year, relating to ethics, bribery and corruption and out of these, 4 complaints (50%) were closed for want of verifiable facts and 4 complaints are under investigation. The Company had received 604 and 2,997 complaints from Shareholders and Bondholders (Listed/Un-listed Debt Securities) respectively. All complaints of shareholders and Bondholders received during the year have been satisfactorily resolved and no complaint is pending at the end of financial year.

Plans for the upcoming Year

REC has planned to take up issues relating to Bill Payment, Random Scrutiny of tenders/contracts awarded for procurement of Goods and Services/ projects sanctioned for grants under Corporate Social Responsibility (CSR) and to conduct training programme to REC employees on Ethics, Corporate Governance and other Vigilance related issues.

10(ii)

Commitment/Policies

REC has its own Conduct, Discipline & Appeal Rules which define bribery, corruption etc. as a misconducts on the part of the Employee. REC adheres to the rules, regulations, instructions, manuals etc. issued by the Central Vigilance Commission and/or Ministry of Power. The rules being issued by the CVC are available for Public on their website as well as on the website linked with REC's website.

Action Taken

Not Applicable

Outcomes

Not Applicable

Plans for the upcoming Year

REC endeavours to take all necessary measures for further strengthening the Systems and processes in an effort to improve governance mechanism.

Further, REC in its Annual Disclosure report/Annual Report has also added a detailed feature on Business Responsibility Report (BRR) for the Financial year 2013-14 (Pl. refer Annexure-IV at page no. 86 of Annual Report 2013-14 of Rural Electrification Corporation Limited attached).