

Communication on Progress

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

Commitment /Policies

REC 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. A day in a week has been fixed as a meeting less Day to attend to grievances by the Heads of Departments. No grievance was received from employees during FY 2014-15.

Plans for upcoming Year

REC shall endeavor to 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 '14-15) of employees. No grievance was received during the year 2014-15.

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 regular basis.

The Industrial Relations continued to be cordial and harmonious in the financial year 2014-15 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 2014-15, 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. There was no 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 reiterates 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 **17 %** of our workforce. Further persons belonging to Scheduled Caste / Schedules Tribe/ Other Backward Classes constitute approximately **25.79 %** 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

- (a) During the Financial Year 2014-15, in line with the principles of Maintaining and creating Clean and Healthy Environment REC participated in the flagship initiative of the Government of India, launched by the Hon'ble Prime Minister of India on 15th August 2014, for building of toilets in schools in various districts in six States in the country, with an overall budget of Rs. 190 crore, to be disbursed during financial year 2014-15 and financial year 2015-16, under the Company's CSR initiatives. The programme was steered and closely monitored by the Ministry of Human Resource Development and the Ministry of Power. Under the programme, completion of construction of 12,379 nos. of toilets in schools in 34 districts in six States, i.e. Uttar Pradesh, Madhya Pradesh, Punjab, Jharkhand, Bihar and Rajasthan, is slated to be achieved was achieved by the Company in the mandated time span of one year, ie, by 15th August 2015
- (b) Further, to promote Environment Sustainability, under Corporate Social Responsibility activities undertaken by REC, the Company has implemented Environmentally Sustainable projects in the area of "Environment Management through Solar Intervention" etc. The details are as under:

Project Details	Project Area
Implementation of Solar PV Smart Mini Grids	Koraput and Mayurbhanj -Districts, Odisha
Installation of Micro Solar Grid	Pratapgarh and Udaipur-Districts, Rajasthan
Solar Micro Grids	Sonitpur and Lakhimpur Districts, Assam
861 nos. of LED based Solar street lighting	Uppersiang, Dibang valley, Lower Dibang valley, Kurung, Kumey and Lohit Districts, Arun. Prad
1600 nos. of LED based Solar street lighting	Ashoknagar, Guna, Shivpuri districts, Madhya Pradesh
Setting up of 237 LED based Solar Street Lighting Systems	Bharatpur District, Rajasthan

All the above mentioned Projects have been commissioned.

- (c) All civil, electrical installation & maintenance of "SCOPE Complex", where the Company's Registered Office is located is carried out by Standing Conference of

Public Enterprises (SCOPE), an autonomous body. During the financial year 2014-15, SCOPE has saved around 4 lakh units of electricity consumption, resulting in saving of Rs. 40 lakh in terms of amounts mainly due to effective monitoring, controlling & scheduling the operations of chilling units, elevators, etc. & initiatives like installing energy efficient equipment, replacement of conventional light fittings/CFL, etc. with LED light fittings and maintaining power factor nearest to unity.

Further, during the financial year 2014-15, REC has also taken initiative to replace all conventional light fittings/CFL with energy efficient LED lights at its Registered office.

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. However, installation of Solar PV Smart Mini and Micro Grids in Koraput, Mayurbhanj Districts of Odisha, Pratapgarh and Udaipur District in Rajasthan and Sonitpur and Lakhimpur Districts of Assam has helped the beneficiaries to undertake small livelihood generating activities in their home.

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

(a) Harnessing Environmental Friendly Technologies with focus on renewable energy viz Solar and Biomass, REC commissioned the following projects in specific areas of three States.

Project Details	Project Area
Implementation of Solar PV Smart Mini Grids in 5 Off-grid locations in Dhenkenal, Odisha	Dhenkenal, Odisha
Providing of 4000 Solar-Lanterns and installation of 100 Mobile-charging Solar Stations in natural calamity-struck Rudraprayag in Uttarakhand	Uttarakhand
Setting up innovative jute processing BHAGIDARI model through biomass-gassifier based decentralized electricity system in Purnea Cluster of the State of Bihar	Bihar

(b) Also, continuing its focus on financing renewable energy projects during the financial year 2014-15, REC sanctioned loan assistance of Rs. 547.92 crore to 8 new, grid connected Renewable Energy projects with installed generation capacity aggregating 193.86 MW which included 6 Solar photo-voltaic projects of 173.06 MW and 2 Wind project of 20.8 MW. The total cost of these projects aggregates to Rs. 1,768.19 crore. During the year, total disbursement was Rs. 295.25 crore for Renewable Energy.

Outcomes

Promoting the usage of solar lanterns for rural home-lighting and Mobile charging Solar stations is expected to add to economic prosperity and quality of life for rural India. The project scale is expected to result in greater inclusion of villagers. 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

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. The Whistle Blower Policy was revised and came into effect from 31 July 2014. The Revised Whistle Blower Policy enables Directors / employees of REC and/ or its subsidiaries to raise concerns regarding any alleged malpractice or wrongdoing, which could affect the business or reputation of the Company. The complaint can be made to the Competent Authority in the manner prescribed under the Revised Policy.

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.

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

During the financial year 2014-15, the Company did not receive any complaint under the Whistle Blower Policy and Fair Practices Code. Further, 13 general complaints (other than anonymous/pseudonymous complaints) were received

during the financial year 2014-15. Out of these, four complaints were relating to ethics, bribery and corruption issues and were scrutinized/investigated. As on March 31, 2015, two complaints (i.e. 50%) were disposed/resolved and two complaints are under scrutiny/investigation.

In addition, the Company had received 581 and 3,614 complaints from Equity Shareholders and Bondholders (Listed/ Un-listed Debt Securities) respectively. All complaints of Equity Shareholders and Bondholders received during the financial year 2014-15 have been satisfactorily resolved, except one equity shareholder complaint which has also been resolved since then.

All the complaints received from various stakeholders in the reporting period have been resolved, except one equity shareholder complaint which has been resolved since then. Further, there are three cases relating to investors in bonds, pending in various consumer courts.

No complaints have been received by the Company from the borrowers under the Fair Practices Code during the financial year 2014-15

Plans for the upcoming Year

REC plans to take measures for further strengthening the initiatives in this direction. To enlighten and enhance the understanding of Ethics, Corporate Governance and other Vigilance related issues, REC conducts training programmes for its employees from time to time.

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 2014-15 (Pl. refer Annexure-IV at page no. 91 of Annual Report 2014-15 of Rural Electrification Corporation Limited attached).