

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) exist 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's Cell also exists which looks after issues affecting welfare of women employees.

In order to provide improved health care facilities to the employees and their dependent family members, REC has expanded the list of empanelled hospitals under Direct Payment Scheme by adding 5 hospitals. Further, part time services of four specialised doctors were engaged to provide onsite medical facilities to employees. The company has also been funding sports and recreation equipment for use by employees and to promote well-being of employees and also organized a health talk/workshop on Ergonomics.

Outcomes

The quick redressal of the issues has led to further strengthening of belief of ownership amongst employees. The grievance procedure prescribes a mechanism for time bound and effective redressal of grievances leading to an environment where employees feel empowered resulting in increased level of motivation and commitment.

Plans for upcoming Year

REC shall endeavour 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 for prompt and timely disposal of 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). During the year 2016-17, no grievance relating to Human Rights abuse has been received.

Organization's efforts are reflected in low attrition rate (<10% for FY '16-17) of employees.

Outcomes

It reflects on the conducive and supportive working climate prevailing in the organization with no tolerance for Human Right Abuse.

Plans for Upcoming Year

REC shall continue to 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 2016-17. 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 2016-17, regular meetings 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 wellbeing of its employees through collaboration and participation 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".

REC is a non-banking financial CPSU company and not directly involved in the execution of construction projects possibly causing damages to our environment. However, being an environmentally conscious company, REC in its upcoming GRIHA 5 star rated Office project, being executed at Sector 29, Gurgaon, Haryana has not deployed any child labour in construction of the office building.

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 and statutory law i.e. Child Labour Prevention and Regulation 1986 is being complied.

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 Employees and Occupation

Commitment/Policies

The Organization is committed to the cause of women employees, members of the 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 accorded to the candidates belonging to the 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 (up to 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 30th Nov 2017, Women constitute about **16.97 %** of our workforce. Further, persons belonging to Scheduled Caste / Schedules Tribe/ Other Backward Classes constitute approximately **12.68 %** 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 REC Institute of Power Management & Training (RECIPMT) formerly known as Central Institute for Rural Electrification conducts a number of training programs on the subject of Sustainable Development and environment to create awareness among its stakeholders/ power utilities of various states in the country and also to various countries around the world.

During the year 2016-17, RECIPMT has organised the following Sustainable Development and Renewable Energy Programmes:

- A 5-day programme on Planning & Management of Solar Plants for 16 National Executives of 9 states.
- A 4-week programme on Solar Power Generation for 15 International Executives of 10 countries.
- A 1-week customized training of Trainers programme for 10 engineers of JKPDD on Solar Generation.

Also, Employees are regularly encouraged and sent for training on the subjects of alternative energy / renewable energy sources. Apart from the on-going 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 to Environment protection.

REC is a non-banking financial CPSU company and not directly involved in the execution of construction projects possibly causing damages to our environment. However, REC has proposed following features in their upcoming GRIHA 5 star rated office project, being executed at Sector-29 Gurgaon, Haryana:

- a) **Integrated water management:** Reduced water use in building with the use of sensor based flush system which will reduce water consumption by more than 60%.
- b) **Landscape irrigation:** STP recycled water will be used in landscape irrigation through automatic controllers, electric solenoid valves with pressure regulator etc which will reduce water consumption considerably.
- c) **Rainwater harvesting:** Every drop of the rain water which shall fall in the catchment area of the building will be collected using 1000KL underground storage tank and will be used to meet water requirement of the building.
- d) Installation of 964kwp Solar plant on roof top solar pergola with solar efficiency more than 20% to have net positive building during operations.

Action Taken

The Registered Office of the Company is located at 'SCOPE Complex' where all civil, electrical installation & maintenance is carried out by SCOPE. There was replacement of conventional lights by LED light, overall energy consciousness, energy efficient equipments, use of solar energy and effective monitoring of power consumption by technical team of SCOPE.

All State Offices of REC have replaced conventional light fittings, CFL etc with LED light fittings. RECIPMT has also taken steps for converting the conventional tube lights and CFL bulbs to the energy efficient LED lights at a total cost of Rs. 2.80 lakhs. All the conventional tube lights in all the rooms of administrative and hostel building have been changed with LED tube lights at a total cost of Rs. 1.20 lakhs and all the CFL panel lights in the corridors of administrative and hostel buildings and also in the classrooms, dining hall etc have been changed to LED panel lights at a total cost of Rs. 1.60 lakhs.

REC under its CSR initiatives has sanctioned following projects/activities to promote environmental sustainability during the financial year 2016-17:

- Supporting for installation of solar power panels in President Estate, Rashtrapati Bhawan with approx. cost of Rs. 2.50 crore.
- Supporting for establishment of SPV solar panels and installation of LED lights in the campus of Indian Institute of Science, Bangalore and Sambalpur University, Odisha with a cost of Rs. 8.38 crore.
- Supporting for establishment of SPV solar panels in the campus of Indian Institute of Technology in Madras, Kharagpur & Roorkee, campus of Indian Institute of Management, Tiruchirappalli and campus of the Barefoot College, Tilonia, Rajasthan with aggregated cost of Rs. 47.84 crore.

- Supporting farmer-centric Integrated Watershed Management Programme for improving rural livelihood amongst farmers & women in select districts of Andhra Pradesh and Telangana with a cost of Rs. 22.33 crore for five year project up to the year 2018-19, out of which Rs. 6.11 crore sanctioned for the year 2016-17.

Outcomes

SCOPE has saved around 2.09 million units of electricity resulting in savings of Rs. 2.19 crore during the financial year 2016-17.

The above projects are under implementation. The projects mentioned above, in first three points will help in reducing dependency on grid. It will also help in reduction of usage of non-renewable energy.

The last project will help to increase resilience of dry land farming through innovations that stabilize, safeguard and enhance natural resource capital, biological & systems diversity and land health. It will also help to decrease rural poverty by increasing farm incomes through more productive & profitable crops.

Plans for the upcoming Year

REC under its CSR initiatives is planning to take up further solar power projects. The following projects have been sanctioned:

- Supporting for wiring of 20,000 houses belonging to poor and underprivileged classes in various districts of Kerala at a cost of Rs. 10 crore.
- Supporting for installation of solar roof-top power panel and micro grids under Smartgram project in various rural areas of Haryana at a cost of Rs. 5.58 crore.
- Supporting for installation of Solar Based Street Lighting System and Solar High Mast Lights in various rural and urban region in Uttar Pradesh at a cost of Rs. 2.38 crore.
- Supporting for installation of SPV panels in Government schools in various districts of Karnataka and an Institute for the poor tribal youngster in Uttarakhand at an aggregated cost of Rs. 11.45 crore.
- Supporting for development and maintenance of a public park in New Delhi at a cost of Rs. 5 crore.
- Supporting farmer-centric Integrated Watershed Management Programme for improving rural livelihood amongst farmers & women in select districts of Andhra Pradesh and Telangana with a cost of Rs. 22.33 crore for five year project up to the year 2018-19, out of which Rs. 3.76 crore sanctioned for the year 2017-18.

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 the carbon emission, thereby reducing burden on natural resources.

Action Taken

REC has diversified its business by financing Renewable Energy Projects across the country to safeguard the environment against global warming. The company extends financial assistance to Renewable Energy Projects at lower interest rates as compared to conventional generation projects. Further, during the financial year 2016-17, REC sanctioned loan assistance for 16 grid connected Renewable Energy projects including Solar, Wind and Small hydro projects and disbursed highest ever loan amount for Renewable energy projects during the year.

Outcomes

REC grants loans at concessional interest rates for development of Renewable Energy Projects. Further, the company has also contributed funds for distribution of solar lanterns in poorly electrified areas of backward districts of Andhra Pradesh, Telangana and Odisha for setting up innovative Jute processing BHAGIDARI model through biomass-gasifier based decentralised electricity system in Purnea Cluster of the state of Bihar and for installation of Roof Top Solar PV power plant in residential schools owned by the ST & SC Development Department of Govt of Odisha in rural locations in various districts of Odisha under its CSR initiatives.

Plans for the upcoming Year

REC would make its utmost efforts towards Green Energy initiative and its resolution towards funding of Renewable Energy Projects including participating in Green Energy Corridor, in its bid to encourage environment 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 behavioural 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 2016-17, the Company did not receive any complaint under the Whistle Blower Policy.

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 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. Business operations and decision making are carried out in conformity with corporate governance guidelines which lay down robust framework for ensuring accountability, transparency and fairness.

Action Taken

- E-reverse auction introduced.
- Integrity Pact as envisaged by the CVC has been adopted. Appointment of Independent External Monitors (IEMs) is in progress.
- E-procurement of all tenders above Rs. 2 lakhs.
- Online Vigilance Clearance System is in place.
- Preventive vigilance work during the year:
 - Rotation/transfer of employees holding sensitive posts.
 - Review of Annual Property Returns.
 - Review of Audit Reports- Internal, Statutory & CAG Audit Reports.
 - Review of a few projects of Renewable Energy and Generation Divisions.
 - Review scrutiny of a few tenders/contracts awarded.
 - Planned as well as surprise inspections of Regional Offices.
 - Vigilance Awareness Week has been organised.

Outcomes

During the financial year 2016-17, no complaint having vigilance angle (other than anonymous/ pseudonymous complaints) was received. As on March 31, 2017, no complaint is under scrutiny/investigation.

Plans for the upcoming Year

REC endeavours to take all necessary measures for further strengthening the Systems and processes in an effort to improve the business prospects of the Corporation.