

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, the Company has expanded the list of empanelled hospitals under Direct Payment Scheme by adding three hospitals. Further, part time services of four specialized doctors were engaged to provide onsite medical facilities to employees. The Company has also been funding sports & recreation equipment for use by employees and promote well- being of employees.

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

To protect the human rights of employees, REC has adopted employee oriented policies, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits and prevention of sexual harassment at workplace, which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations. Further, the Company believes that a sustainable organization rests on a foundation of ethics and respect for human rights and the company ensures diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse candidate pool. It upholds the principle that advancement is based on talent and performance and there is a commitment to equal opportunity. The Company also emphasizes on safe social environment, human well-being including a safe natural environment. It discourages conducts that implies granting or withholding favors or opportunities as a basis for decisions affecting an individual, in return for that individual's compliance.

The Grievance Cell acts as an Ombudsman which settles issues raised by the employees related to human rights abuse (if any). During the year 2017-18, no grievance relating to Human Rights abuse has been received.

Organization's efforts are reflected in low attrition rate (<1% for FY '17-18) 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 2017-18. During the year, 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.

Outcome

Employee relations have continued to be harmonious and cordial in REC. There was no loss of Man-hours on account of Industrial unrest. During FY 2017-18, 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.

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. The Company neither engages in any form of child labour/forced labour/involuntary labour nor adopts any discriminatory employment practices.

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. The Company is also following the guidelines/directions issued by Government of India, from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC/differently-abled categories in recruitment. 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). There is no discrimination of employees on the basis of caste, creed and religion, etc. Moreover, a women cell has also been in operation in the Company to look after welfare and all round development of women employees.

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 31st March 2018, Women constitute about **16.86 %** of our workforce. Further, persons belonging to Scheduled Caste / Schedules Tribe/ Other Backward Classes constitute approximately **28.78 %** 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 has been actively pursuing various initiatives on the front of Corporate Social Responsibility (CSR) and Sustainable Development. 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. 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.

The Company has also organized various programmes to spread awareness among the general public about Swachh Bharat and socio-economic development. All employees of REC have been participating with great enthusiasm and zeal in various social development activities and have taken proactive action in promoting cleanliness drive. REC has organized 'Nukkad Nataks' in different locations across Delhi to spread awareness about hygiene and sanitation and waste management by encouraging people to participate in 'Swachhta Hi Seva' campaign.

Outcome

These short duration training programs and nukkad nataks 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.

REC is also playing a pivotal role in partnering with Ministry of Power, Government of India in all major initiatives and is committed to improve & turn around the Power Distribution sector in the country by its involvement in electrification programmes like DDUGJY & SAUBHAGYA.

The Pradhan Mantri Sahaj Bijli Har Ghar Yojana "Saubhagya" is a prestigious and humongous mission that focuses on providing electricity connections to all the remaining un-electrified households in rural as well as urban areas of the country, in order to achieve Universal Household Electrification. This scheme is aimed to transform the lives of people particularly residing in rural part of the country by

enhancing their quality of life, improving environmental condition through substitution of kerosene, improved educational services, better health services, enhanced connectivity through radio, television, mobiles, etc, increased economic activities and jobs & improved quality of living especially for women.

Action Taken

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

REC, through its Joint Venture, EESL, is implementing world's largest non-subsidy based LED lighting programme for distribution of LED bulbs, LED tube lights and Energy Efficient fans to domestic consumers, world's largest street light replacement programme to replace conventional street lights with smart and energy efficient LED street lights in municipalities, National E-Mobility Programme to provide electric vehicles to replace the existing petrol and diesel vehicles, Solar Programme for implementing solar roof top and decentralized small solar power plant and Solar Urja Lamps (SoUL) for distribution of solar study lamps to school going children.

REC under its CSR initiatives has sanctioned following projects/activities to promote environmental sustainability during the financial year 2017-18:

- Support for establishment of solar power panels in the campus of IIT Madras in Tamil Nadu, and IIM Tiruchirappalli in Tamil Nadu, at aggregate cost of Rs. 28.70 crore.
- Support for wiring of 20,000 houses belonging to Below Poverty Line (BPL) in 14 districts of Kerala, over a year, at a cost of Rs. 10 crore.
- Support for establishment of solar power panels and installation of LED lights in the campus of Indian Institute of Science, Bengaluru and Sambalpur University, Odisha, at a cost of Rs. 8.38 crore.
- Support for installation of solar power panels, in President Estate, Rashtrapati Bhawan, New Delhi, at an approx. cost of Rs. 3 crore.
- Support for installation of solar roof-top power panel and micro grids for SMARTGRAM project in six villages of Haryana, at a cost of Rs. 2.04 crore.
- Support for providing sustainable source of employment like providing e-rikshaw etc. in 45 villages of Haryana for SMARTGRAM initiative, over a year, at a cost of Rs. 3.54 crore.

Moreover, 'Saubhagya' program, as referred above, has brought socio-economic transformation in India. The impact assessment shows that this initiative has permitted a larger social good of the unprivileged and contributes immensely towards sustainability in various manners. Before electricity, kerosene was used as the primary medium to light up lamps and seek light in the dark. The use of kerosene leads to carbon emissions, therefore, leaving behind the carbon footprints. Now with electricity,

kids can now study even during the night leading to better education. Women have a safer environment with illuminated streets. The use of diesel pumps is substituted with electrical pumps leading to a better environment to live and breathe in. Also, electricity is providing an avenue for new occupations such as owning a Photostat the machine, Atta Chakki, a small factory, a shop with a fridge to sell ice creams, cold drinks etc. This is leading to betterment in their economic status and their lifestyles.

Outcomes

REC Limited Gurgaon office building has been awarded by GRIHA council as winner of year 2017 for demonstration of “Integrated water Management” and “Energy Management”.

REC Limited Scope office building - Effective monitoring, controlling & scheduling the operation of AC chilling units, elevators & by putting other energy efficient equipments, replacement of conventional light fittings, CFL, etc. with LED light fittings and maintaining power factor nearest to unity, SCOPE has saved around 10.31 lakh units consumption during the financial year 2017-18, resulting saving in terms of amount of around Rs. 1.10 crore.

As a result of Saubhagya program, substitution of use of Kerosene with electricity for lighting purposes has reduced annual subsidy on Kerosene and has also helped to reduce the import of petroleum products. Electricity in each home has provided improved access to all kind of communications like Radio, Television, Internet, mobile etc. through which everyone is now able to access all kind of important information available through these communication mediums. Farmers can access information about new and improved agriculture techniques, agro-machinery, quality seeds etc. resulting in significant increase in agriculture production and consequently increase in income. Farmers and youths can now explore the possibilities of setting up agro based small industries.

Plans for the upcoming Year

REC under its CSR initiatives is planning to take up further solar power projects. One such project is providing support for establishment of Roof-Top SPV Plant, providing insulation to rabbit conductor and establishment of E-learning centres in 10 residential Government Schools in Karnataka at a cost of Rs. 13 crore.

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. During the FY 2017-18, REC sanctioned loan assistance of Rs. 7,034.24 crore to 28 Renewable Energy projects with installed generation capacity aggregating 704 MW, out of which 17 are new grid connected projects, 4 projects are under micro grid under decentralized distributed generation projects, 1 solar pump set project and 6 projects for meeting renewable purchase obligations to state DISCOMs. Energy Efficiency Services Limited, a joint venture of REC, provides LED bulbs to domestic consumers at a low price. LEDs have a relatively longer life and are highly energy efficient as compared to incandescent bulbs and CFLs (Compact Fluorescent Lamps), thus saving both energy and costs in the medium term. Nearly 30 crore LED bulbs, 65 Lakh tube lights and 19 Lakh fans have so far been distributed by the Government, a move that resulted in savings of over Rs. 15,500 crore per year in the electricity bills of consumers, leading to reduction of over 320 Lakh tonnes of Carbon Dioxide per year. During the financial year 2017-18, REC became the first Indian PSU to launch Green Bonds denominated in US Dollars and raised USD 450 million for a tenor of ten years, which attracted overwhelming response from investors across the globe, with the issue getting oversubscribed 6.7 times. These Bonds are listed on the International Securities Market (ISM) segment of London Stock Exchange and Singapore Stock Exchange. It was an affirmation of our commitment to promotion of green energy and a step towards realization of the national goal of harnessing the enormous green energy potential in the country to achieve the targeted capacity of 175 GW by 2022.

Outcomes

Under Decentralized Distributed Generation (DDG) scheme, the Company is acting as an agency for channelizing the subsidy of Government of India for DDG projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar, etc. Further, REC grants loans at concessional interest rates for development of Renewable Energy Projects. The offices of REC have also been made more energy-efficient by replacement of all conventional light fittings/CFL with energy

efficient LED lights. Further, during the financial year 2017-18, REC sanctioned a loan of Rs. 86.03 crore to Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) for installation of 5,000 Nos. of Solar Pumps in various districts of Andhra Pradesh.

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. Further, other stakeholders are also required to conform to principles of fairness, ethics and transparency in their dealings with REC.

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 2017-18, the Company did not receive any complaint under the Whistle Blower Policy and Fair Practices Code.

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

- Advised to issue appropriate addendum / corrigendum to Procurement Policy after reviewing the guidelines of Government regarding GeM. Standard Operating Procedure (SOP) for procurement has been finalized.
- Appointment of Independent External Monitors (IEM) in REC has been approved by CVC.
- Consultant has been appointed to review the existing HR policies of REC.
- 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.
 - Inspection of CSR projects and Rural Electrification works (DDUGJY / RGGVY)

- Integrity clubs through CSR funds in 25 schools across the country

Outcomes

During the financial year 2017-18, no complaint having vigilance angle (other than anonymous/ pseudonymous complaints) was received. As on March 31, 2018, 10 complaints are 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 transparency and bring ethics in all operations of the Corporation.