

Rural Electrification Corporation Ltd

REC CSR Policy (realigned) with DPE Guidelines

[Updated as of May 2011]

*(Original REC CSR Policy of May 2008 re-aligned with
DPE CSR guidelines of April 2010 and subsequent circulars)*

1.0 POLICY STATEMENT

For achievement of its mission :

“To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population and to act as a competitive, client friendly and development oriented organization for financing and promoting projects covering Power Generation, Power conservation, Power Transmission and Power Distribution network in the country”

Rural Electrification Corporation Ltd (REC)'s Corporate Social Responsibility Policy is ---
“To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including consumers, share holders, employees, local community and society at large”.

Further, in September 2010 **REC CSR Vision** has been articulated as follows -“REC, through its Corporate Social Responsibility (**CSR**) initiatives would strive to encourage excellence in young Indian champion achievers in all fields to shine at international levels and also to contribute towards modernization of society as its social responsibility to all stakeholders”

2.0 REC'S APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The approach of REC towards Corporate Social Responsibility would be oriented to identify and formulate projects in response to felt societal needs in diverse areas and to implement them with full involvement and commitment in a time bound manner. In cases where other agencies/organizations are involved, approach would be to focus on collaboration and partnership. It will act as an agency to ensure delivery of services satisfying strongly felt social and community needs rather than merely financing and funding of programmes. It will also provide financial assistance in the form of grant-in-aid assistance, interest free loans, corpus fund support and soft loan support etc.

In addition to the above, the REC CSR policy shall conform fully to the CSR guidelines issued by DPE vide circular no. 15(3)/2007 -DPE(GM)- GL-99 dated April 09th, 2010. Accordingly these guidelines may be read with the aforesaid DPE circular and as amended from time to time.

3.0 AIMS AND OBJECTIVES

As a responsible corporate entity, Rural Electrification Corporation will consistently strive for opportunities to meet the expectation of its stake holders by pursuing the concept of sustainable development with focus on the following:-

1. To facilitate demonstration of commercially viable rural electricity delivery models with appropriate intervention and support on a selective basis such that they can be replicated elsewhere.

2. Promotion of rural enterprise and livelihood including skill development and training.
3. Providing development support to common facility centres / production centres in rural areas.
4. Promotion and development of rural technologies for micro enterprise promotion.
5. Making sustained efforts for environmental preservation.
6. Promotion of sports and games.
7. [deleted] –since it pertains to employees.
8. Undertaking relevant community development programmes.
9. Supporting initiatives of vocational, technical and higher education to the most disadvantaged and marginalized section of the society.
10. To be a part of national/local initiatives to provide relief / rehabilitation in times of natural disaster/ calamities
11. To encourage excellence in young Indian champion achievers and promote talent in all fields including education, sports, art and culture etc.

4.0 ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

REC would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically, in project mode, in a focused manner to the extent possible and allowed as per the DPE CSR Guidelines 2010 and any related circulars issued by DPE from time to time.

4.1 MANDATORY CSR ACTIVITIES

(sub-clauses 'i' to 'v' pertaining to employees / employee welfare deleted since not covered under CSR by DPE)

4.2 OPTIONAL CSR ACTIVITIES

4.2.1 RURAL INDUSTRY PROMOTION

- i) Promotion of rural enterprise and livelihood including skill development and training.
- ii) Providing development support to common facility centres / production centres in rural areas.
- iii) Promotion and development of rural technologies for micro enterprise promotion.

4.2.2 EDUCATION

- i) Providing grant in aid assistance to schools in rural/remote areas for development of necessary infrastructure like building, electricity, furniture, computers etc.
- ii) *[Deleted]* – [since it pertains to employees].
- iii) Supply of study material like bags, books, stationery etc. to children belonging to the under privileged class of the society.

4.2.3 HEALTH

- i) Organizing health check up camps, with particular focus on women, children, disabled and old age persons.
- ii) Organizing periodical immunization programmes and health checkup camp in schools.
- iii) Organizing health awareness programmes /campaigns and publicity of health related issues through printed materials/ films etc.

4.2.4 OTHERS

- i) Identification of young talent in the various fields of sports and games and promoting them to achieve their potential.
- ii) Promotion of art and culture by organizing/sponsoring programmes in the field of fine arts, music and dance etc.
- iii) Promotion of sports and organizing annual sports meet in rural/semi urban areas etc.,
- iv) *[Deleted]* [since it pertains to employees]
- v) Promote community plantation and forestry programmes.
- vi) Contribution to rehabilitation programme undertaken in the after math of natural calamities like earthquake, cyclone, flood, famine/ draught in any part of the country.
- vii) Taking measures to promote ecological balance, prevention of environmental degradation, pollution etc. through promotion of suitably conceived projects including awareness campaign etc.
- viii) Supplementing development programmes of the Government etc.
- ix) To offer employment opportunity to other deprived sections of society such as migrants from J&K State, Ex-serviceman etc. in compliance to various directives from Government of India as applicable from time to time.
- x) Adoption and maintenance of places of Public / cultural heritage sites on selective basis. In addition to the above, the Corporation after approval may adopt any of the activities not defined above, for the interest of the Corporation at large.
- xi) All activities mentioned in the Annexure at Sr no. 9 to DPE CSR Guidelines 2010 and not covered above. (extract at the end of the document)
- x) Any other activity as may be specified by DPE from time to time or as approved by the REC BoD / Governing Body, as the case may be.

5 PROHIBITED ACTIVITIES UNDER CSR

The Corporation will abstain from carrying out following activities under CSR which may create dissatisfaction among any section of the Society:-

- I. Activities concerned with religion like construction of temple/mosque etc.
- II. Activities disturbing social harmony in any manner

6 INSTITUTIONAL SET UP

- 6.1 The Corporate Social Responsibility function will be carried out by the **REC FOUNDATION** which will operate as a Society under “Societies Registration Act , 1860” and will be governed by the Governing Body under Societies Registration Act , 1860 as follows : CMD, REC – President; Director (Finance) REC – Treasurer; Director (Technical)-Secretary; All Executive Directors – Members; GM(Law) –Member and any other person as per the Byelaws
- 6.2 Society will be registered by a separate Memorandum of Association under Societies Registration Act, 1860.
- 6.3 Three members shall form the quorum for transaction of the business at the meeting of the Governing Body.
- 6.4 The REC Foundation will be responsible for overseeing the planning, coordination and implementation of CSR activities including compilation of information and preparation of annual reports etc. The foundation will also be responsible for organizing periodic meetings (not less than once every six months) and facilitating the processing of allocation of funds for various activities.
- 6.5 In the event there is a delay in fully operationalising the REC Foundation for reasons of pending relevant Income Tax registrations / exemptions etc or any other reason, the Corporate Social Responsibility function shall continue to be carried out by REC, and the funds may be continued to be released by REC directly to beneficiaries and CMD REC is authorised to exercise full powers to approve and sanction projects and to disburse the funds.

7 IMPLEMENTATION MECHANISM

While identifying the CSR initiative, REC would consider the following broad parameters while identifying/selection of schemes/projects:

- 7.1 Thrust of the schemes/projects should be in the areas of business related to REC.
- 7.2 The assistance under CSR Activities should be project based rather than in the form of donation, so as to create social impact and visibility.
- 7.3 While implementing the identified projects, time frames and milestones may be predefined.
- 7.4 The CSR projects may be based on fundamentals of sustainable development
- 7.5 In line with DPE Circular dated 04/02/2011, donation based assistance/ grants, primarily not in the nature of “Projects” if any, shall not exceed 5% of the total annual CSR budget in one fiscal year or as directed by DPE from time to time in this regard.

- 7.6 Proper screening, checks and balances shall be ensured while sanctioning the CSR proposals. As far as possible CSR proposals shall undergo screening by Committees at different levels which may be constituted by the competent authority.

8 PLANNING AND COORDINATION

- 8.1 The specific programme will be identified and formulated based on need assessment surveys for identifying the specific areas of concern. Based on the survey, a detailed programme report will be prepared detailing the need for the specific programmes, time frame for implementation and budget. If felt necessary assistance and guidance of specialized agencies/NGO's operating in these areas will be taken to help identify and implement projects.
- 8.2 Subject to 6.5 above, the REC / REC Foundation will prepare an annual plan for each year within the budgetary provisions and will be placed before the REC BoD / Governing Body for approval, as the case may be.
- 8.3 The target beneficiaries, the local authorities, professionals and institutions etc. involved in similar activities if need be, may be consulted/ associated in the process of planning and implementation of the CSR programmes.
- 8.4 REC Foundation will hire professionals on need basis wherever considered necessary to plan and implement various projects.
- 8.5 The focus of delivering services /benefits will be in line with the activities mentioned in this document and as per programs, projects and schemes approved.

9. MONITORING AND EVALUATION

REC may institutionalize the process of assessing the CSR initiative in terms of the initiatives to integrate the business and social responsibilities of the Corporation. Further, the impact of the CSR activities may be quantified to the extent possible. The CSR activities undertaken by the REC Foundation will be reviewed on half yearly basis and progress review report will be submitted by the REC Foundation to the to the REC Board of Directors.

10. POST IMPLEMENTATION IMPACT ASSESSMENT

If considered necessary, the effectiveness of the various programmes/ activity undertaken under the CSR may be got evaluated through external agencies for providing the required feed back and inputs to formulate and improve the programmes in future.

11 ALLOCATION OF FUNDS

- 11.1 A total allocation of amount as prescribed by the DPE CSR Guidelines 2010 and approved by the Board will be earmarked every year for implementation of CSR programmes.

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- 11.2 Subject to 6.5 above, the said amount shall be transferred to the account of REC Foundation. The Foundation will be responsible for its utilization for the projects identified its account audit and other compliances as may be necessary etc.
- 11.3 The transfer of funds to REC foundation as mentioned in 11.2 shall not be exercised until the REC foundation obtains the relevant IT registrations/exemptions. Until such time and as may be decided by CMD REC, the CSR work shall be pursued by REC and CMD REC is authorized to exercise full powers to approve the CSR projects, sanction and disburse the funds by REC directly.
- 11.4 The un-utilized amount if any, will not lapse, if not spent that year and will be carried over to the next year which may accumulate.
- 11.5 The allocation of funds may vary depending on the need and requirement and provision for the national calamity in the respective year and will be decided on year to year basis.
- 11.6 The amount transferred to REC Foundation shall be deemed to have been committed to by REC to CSR activities. For the purpose of MOU compliance, it shall be deemed to have been spent on CSR activities, subject to DPE guidelines in this regard.

12 REPORTING

- 12.1 An annual report of the activities undertaken under the CSR initiatives will be prepared mentioning the activities identified, benefits accrued as a result thereof and the number of people benefited there from.
- 12.2 A quarterly report on activities/projects identified /implemented shall be submitted to REC Board of Directors.

[ANNEXE-9 extract from DPE CSR Guidelines 2010]

POSSIBLE AREAS OF ACTIVITIES UNDER CSR (THE LIST IS INDICATIVE AND NOT EXHAUSTIVE)

- i) Drinking Water Facility
 - ii) Education
 - iii) Electricity Facility
 - iv) Solar Lighting System
 - v) Health and Family Welfare
 - vi) Irrigation Facilities
 - vii) Sanitation and Public Health
 - viii) Pollution Control
 - ix) Animal Care
 - x) Promotion of Sports and Games
 - xi) Promotion of Art and Culture
 - xii) Environment friendly technologies
 - xiii) Promotion of livelihood for economically weaker sections through forward and backward linkages
 - xiv) Relief to victims of Natural Calamities like earthquake, cyclone drought & flood situation in any part of the country
 - xv) Supplementing Development Programmes of the Government.
 - xvi) Non-conventional Energy Sources
 - xvii) Construction of Community Centres /Night Shelters/ Old Age Homes
 - xviii) Imparting Vocational Training
 - xix) Setting up of skill development centres
 - xx) Adoption of villages
 - xxi) Taking action on points suggested by Ministry of Forest and Environment pertaining to Charter on Corporate Responsibility for Environment Protection for 17 categories of Industries.
 - xxii) Scholarships to meritorious students belonging to SC, ST, OBC and disabled categories.
 - xxiii) Adoption/Construction of Hostels (especially those for SC/ST and girls
 - xxiv) Skill training, entrepreneurship development and placement assistance programmes for youth
 - xxv) Building of Roads, Pathways and Bridges.
 - xxvi) Entrepreneurship Development Programme (EDP)
 - xxvii) Disaster Management Activities including those related to amelioration/ mitigation
 - xxviii) Activities related to the preservation of the Environment/Ecology and to Sustainable Development
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- SCOPE DO letter dated 15/04/2011 regarding CSR initiatives in enhancing rural prosperity, agricultural productivity etc
