



- REC maintains a majority of non-executive directors (five of eight) and has Audit, Risk Management, Nomination & Remuneration, CSR, Stakeholders' Relationship and ITSC Committees chaired by Independent Directors.

Public-Service Ethos and Absence of Conflicts

All Whole-time and Nominee Directors are senior civil servants or domain specialists selected for their expertise in finance, power-sector policy, and public administration. As career public officials, they do not hold any personal financial interest in REC and are bound by the Central Civil Services Conduct Rules, DPE guidelines eliminating typical conflicts of interest that may arise in privately held enterprises. Their mandate is nation-building, ensuring reliable power infrastructure and responsible deployment of public capital rather than personal gain.

Outcome-Focused Governance

REC's independent governance model anchors long-term value creation for stakeholders and society:

- **Transparent decision-making:** All major proposals undergo multi-tier review by functional directors, committees, and the full Board before approval.
- **Enhanced accountability:** Quarterly ESG and risk dashboards are tabled before the Risk Committee and disclosed under SEBI LODR regulations.
- **Alignment with national priorities:** Board deliberations explicitly consider contributions to India's Panchamrit climate commitments, rural electrification goals, and inclusive growth.

9.10 Board Diversity

REC Limited remains steadfast in its commitment to cultivating a Board that is both diverse and highly skilled, recognizing its essential role in ensuring sound corporate governance and informed decision making. In alignment with SEBI LODR Regulations and other applicable statutory requirements, the Company's policy mandates an appropriate balance of Executive and Non Executive Directors, inclusive of Independent Directors and Women Directors.

We actively seek individuals with varied perspectives, occupational experience, gender, and cultural backgrounds, as this expands the Board's collective competence and balances the skills and judgment exercised by Directors. This includes a preference for Non-official (Independent) Directors from backgrounds such as banking, finance, academia, or seasoned professionals with expertise relevant to the Company's operations. Furthermore, the Company prioritizes the appointment of Board members with knowledge and expertise in critical areas like Financial Management, Power Sector Domain, Risk Management, and Environmental & Social Concerns, ensuring a comprehensive skill set to effectively guide the Company, enhance its competitive position, and ultimately create sustainable value for all stakeholders. To ensure these parameters of diversity and skills are met, matters of suitable nomination, appointment, and reappointment of Directors are taken up with the administrative ministry, the Ministry of Power, Government of India, for their consideration.

9.11 Board Performance Evaluation

The Ministry of Corporate Affairs (MCA) vide notification dated July 5, 2017, had prescribed that the provisions relating to the review of the performance of Independent Directors and the evaluation mechanism, as specified in Schedule IV of the Act, are not applicable to Government companies. The administrative ministry carried out the performance evaluation of Non-Executive Directors of the Company, i.e. MoP, as per its internal guidelines.

Moreover, the Company enters into a Memorandum of Understanding (MoU) for the financial year with its Holding Company, namely PFC, and the key parameters of which are finalised in consultation with the Ministry of Power (MoP). The performance of the Company is evaluated vis-à-vis the MoU parameters, as per the framework prescribed under the MoU Guidelines issued by the Department of Public Enterprises (DPE)

9.12 Business Ethics and Integrity

At REC Limited, we are committed to upholding the highest standards of legal and ethical conduct, with a firm zero-tolerance approach to corruption and bribery. Central to this framework is the Chief Vigilance Officer (CVO), who leads the organization's ethics and compliance framework while promoting a culture of integrity, accountability, and trust. REC Limited strictly adheres to the guidelines issued by the Central Vigilance Commission (CVC), ensuring transparency, fairness, and accountability in all procurement activities and government processes. For the wide dissemination of business ethics and to ensure employees are well aware of the code of conduct, the vigilance division, functioning under the CVO, has published a vigilance handbook.

In FY 2025-26, our dedication to these principles was evident through a series of initiatives:

- Vigilance wing conducted 17 training sessions and workshops were conducted on key themes such as Ethics and Integrity, Cyber Hygiene, Investigation techniques, Financial fraud prevention, Framing of charge-sheets, CTE type examinations with tender checklists and Conduct Rules.



- The CVO's office carried out periodical inspections of 8 Regional Offices.
- Site visits were conducted for three CSR projects to ensure adherence to ethical standards.
- Annual Property Returns of 153 employees were thoroughly examined.
- 16 Internal Audit (IA) reports were scrutinized to identify and address any potential concerns.

The Chief Vigilance Officer (CVO) works in close collaboration with business units, actively promoting adherence to legal and ethical practices. This coordinated approach ensures that all organizational activities remain consistent with established moral standards and comply with applicable laws and regulations. To reinforce this framework, REC Limited has instituted a comprehensive set of policies and procedures that serve as guiding principles for ethical conduct across the Company.

To accomplish this, we have established a detailed set of policies and procedures.

- **Fair Practice Code** Our Fair Practice Code ensures transparency, fairness, and ethical conduct in all dealings with customers, promoting trust and integrity within the organization.
- **Whistle Blower Policy** The Whistle Blower Policy provides a secure and confidential channel for employees to report unethical practices and misconduct, safeguarding the company's integrity
- **Code of Business Conduct Ethics for BoD/Senior Management** Our Code of Business Conduct Ethics outlines the principles and standards that guide Board of Directors and senior management in their decision-making and professional conduct.
- **Conduct, Discipline, and Appeal Rules** The Conduct, Discipline, and Appeal Rules establish a framework for maintaining professional discipline, integrity and duty, ensuring a fair and respectful workplace.
- **Code of Ethics** Our Code of Ethics defines the core values and ethical standards that all employees must adhere to; fostering a culture of integrity and accountability.
- **Nomination and Remuneration Policy** outlines the criteria, process for selecting and compensating directors, senior executives, and ensuring alignment with organisational goals.

Strengthening an Ethical Culture – Vigilance Awareness Campaign 2025

- **Three-month integrity drive.** In the run-up to Vigilance Awareness Week 2025 (27 Oct – 2 Nov, with the theme – "Vigilance: Our Shared Responsibility"), REC's Vigilance Division rolled out a three-month organization-wide campaign aimed at embedding zero-tolerance for corruption across every function.
- **Widespread employee engagement.** The Vigilance Division administered an online Integrity Pledge to all staff, launched micro-learning modules on conflict-of-interest rules, and set up grievance-redressal kiosks to encourage whistle-blowing
- **Communication and training about anti-corruption policies and procedures**

A total of 17 training sessions and workshops were conducted on key themes such as Ethics and Integrity, Cyber Hygiene, Investigation techniques, Financial fraud prevention, Framing of charge-sheets, CTE type examinations with tender checklists and Conduct Rules.

