



# CSR POLICY

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**CONCEPT**

**1.1 SHORT TITLE & APPLICABILITY:**

**Short title:**

This policy, which encompasses the company's philosophy for delineating its responsibility to actively contribute to the social and economic development of the communities in which we operate beyond the interest of the Company and requirement of Law and in so doing build a better, sustainable way of life for the weaker sections of society and of the community at large, is titled as the '**HARTRON CSR Policy**'.

**Applicability:**

This policy shall apply to all CSR initiatives and activities taken up at the various locations of HARTRON, for the benefit of different segments of the society, specifically the deprived, underprivileged, abled persons / women, children, education etc.

**1.2 CSR VISION STATEMENT & OBJECTIVE:**

**Vision:**

In alignment with the *vision* of the company, HARTRON, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a *Socially Responsible Corporate*, with environmental concern.

**Objective of the HARTRON CSR Policy is to:**

1. to direct CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban india; preserving and promoting sports;
2. to develop the required capability and self-reliance of beneficiaries at the grass roots, especially of women, in the belief that these are prerequisites for social and economic development;
3. to engage in affirmative action interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons from disadvantaged sections of society;
4. to pursue CSR Programmes primarily in areas that fall within the economic vicinity of the company's operations to enable close supervision and ensure maximum development impact;
5. to carry out CSR Programmes in relevant local areas as provided by the government through notifications and/or amendments.
6. To promote sustainability in partnership with the NGOs in order to have a multiple impact on the CSR Policy programs.

## Chapter 2

### 2.1 CSR: PLANNING AND STRATEGIZING

The first step towards formalizing CSR projects in a corporate structure is the constitution of a CSR committee as per the specifications in the Companies Act, 2013, clause 135.

#### CSR Committee – Constitution and Responsibilities

##### 2.1.1 The CSR Committee shall consist of:

1	Managing Director of HARTRON	Chairman of CSR Committee
2	Additional Director, STPI, Mohali	Member of CSR Committee
3	Shri G. S. Bansal, Deputy Director General & SIO, NIC, Haryan State Unit, Chandigarh	Member of CSR Committee

Board of Directors, management and all the employees subscribe to the philosophy of compassionate care and believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of HARTRON CSR POLICY.

The CSR Committee may formulate a sub committee in order to run the projects in an effective manner and may delegate powers to sub committee as may be necessary. The sub committee shall be responsible for the implementation and continuous monitoring of the working of the CSR Projects.

##### 2.1.2 Responsibilities

- 1 To formulate and update CSR policy, which will be approved by the board of HARTRON
- 2 To suggest areas of intervention to the board of HARTRON
- 3 To approve projects that are in line with the CSR policy
- 4 To put monitoring mechanisms in place to track the progress of each project
- 5 To recommend the CSR expenditure to the board of HARTRON who will approve it
- 6 To meet atleast twice a year to review the progress made
- 7 To decide the total budget for the various CSR projects.

#### Planning and Strategy

##### Identification of Thrust Areas And Strategic Initiatives:

For purposes of focusing its CSR efforts in a continued and effective manner, the following eight **Thrust Areas** have been identified:

1. IT Literacy
2. Education
3. Health
4. Environmental sustainability
5. Women Empowerment
6. Rural Development
7. Eradicating hunger, poverty, malnutrition
8. Contributing to Prime Minister's/Chief Minister, Haryana's Relief Fund

## Chapter 3

### RESOURCES

#### 3.1 FUNDING & ALLOCATION

##### **Funding:**

For achieving its CSR objectives through implementation of meaningful & sustainable CSR Programmes, HARTRON will allocate 2% of its average three year's Profit after Tax (PAT), as its Annual CSR Budget through a separate Bank account opened specifically for CSR funding purpose.

##### **Allocation:**

From the annual CSR Budget allocation, a provision will be made towards the following expenditure heads, on a year on year basis:

- i) CSR projects decided by the Committee
- ii) Allocation towards Govt. Schemes:  
In case any Government instructions are issued, HARTRON will earmark a certain quantum, as may be advised for various companies.
- iii) In Case of any natural calamity where Prime minister / Chief Minister, Haryana Relief Fund is called for.. the corporation shall contribute to it by whatever amount possible.
- iv) Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the following year, i.e., the CSR budget will be nonlapsable in nature.

#### 3.2 CSR expenditure

CSR expenditure will include all expenditure, direct and indirect, incurred by the company on CSR Programmes undertaken in accordance with the approved CSR plan. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

The distribution of expenditure among *thrust areas* will depend upon the local needs as may be determined by the need Identification studies or discussions with local government/ bodies/ citizen's forums/NGOs. And will be decided by the Board on project to project basis.

#### 3.3 Treatment of surpluses

Any surplus generated from CSR projects undertaken by us will be tracked and channelized into CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

**IMPLEMENTATION:**

**4.1 Implementation**

The company's CSR Programmes shall be implemented through company personnel or through external implementing agencies or through a trust created by HARTRON for this purpose. In such cases, the company will specify the CSR Programmes which may be undertaken by those trusts in accordance with their objects and administrative and accounting processes laid down in the respective trust deeds/ memorandum and articles of association.

The company can implement its CSR activities through the following methods:

1. Directly on its own
2. Through its own non-profit foundation set- up so as to facilitate this initiative
3. Through independently registered non-profit organizations that have a record of at least three years in similar such related activities
4. Collaborating or pooling their resources with other companies
5. NGO

**4.2 Process of Implementation:**

The process for implementation of CSR Programmes will involve the following steps:

1. Carrying baseline study of gaps between the policies of government on social welfare and its implementation.
2. Identifying the sector in which CSR to be implemented
3. Joining with any of the agencies mentioned in 4.1 to fill the gaps in the sectors identified
4. Setting budget for projects individually and fixing timeline for its completion.

CSR works being focused in the areas adjoining work centres, the Programmes identified should normally fall within a radius of 50-100 kms from the registered office/branch offices of HARTRON at various locations within the State of Haryana.

**Powers for approval of Projects**

CSR Programmes as may be identified will be required to be put up to the Board at the beginning of each financial year with due recommendations of the CSR Committees constituted. For meeting the requirements arising out of immediate & urgent situations, Chairman is authorised to approve proposals in terms of the empowerment accorded to him by the CSR Committee

**Identifying Executing agency/Partners:**

HARTRON will seek to identify suitable Programmes for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those Programmes are intended. These works would be done through:

- i) Community based organizations whether formal or informal
- ii) Elected local bodies such as Panchayats
- iii) Voluntary Agencies (NGOs)
- iv) Institutes/ Academic Organizations
- v) Trusts, Missions
- vi) Self-help Groups
- vii) Government, Semi-Government and autonomous Organizations
- viii) Standing Conference of Public Enterprises (SCOPE)
- ix) Mahila Mandals/ Samitis
- x) Contracted agencies for civil works
- xi) Professional Consultancy Organizations

**Criterion for identifying Executing agency/Partners:**

While identifying Programmes the concerned work centres will also identify the external agency who would execute the said programme. In case of programme execution by NGOs/Voluntary organizations the following minimum criteria need to be ensured:

- i) **Identity:** The NGO should exist and be registered under the appropriate law under which it is governed. It should comply with the provisions of the Act and other relevant laws.
  - The organisation has been functioning for a minimum of two years from the date of registration.
  - The physical address given by the organisation is verifiable.
  - The organisation is registered as a trust or society or Section 25 company.
  - Registration certificates and documents issued by the appropriate authority are available upon request.
- ii) **Vision, aims, objectives, achievements:**
  - The vision, purpose and aims of the NGO should be explicitly stated and be reflected in the activities being undertaken.
  - A vision, purpose or mission, which drives the organisation, is articulated beyond the registration documents in the form of activities and projects, etc.
  - The organisation has a defined aim and a set of objectives.
  - The organisation is able to show performance through defined indicators against stated objectives.
- iii) **Governance:**
  - There must be a clear commitment towards good governance for the NGO to enhance its effectiveness, serve all stakeholders, meet the needs of society and to ensure its accountability towards society in accordance with its charter of objects and purposes.
  - The organisation has a governing body.
  - The organisation follows a consultative and democratic decision-making process.
  - There is disclosure of the details of governing body members viz, name, age, gender, position and occupation. All family affiliations should be indicated.
  - The governing body has at least two meetings a year suitably spaced with quorum stipulated in its own articles of association, reviewing the functioning of the NGO, evaluating the projects undertaken by them and discussing the way forward.

- The organisation is not for profit and its resources are deployed only for accomplishing the objectives for which it has been formed.
- The organisation has attained recognition under Section 12A of the Income Tax Act. (80G of the Income Tax Act is preferable).
- Minutes of board meetings are documented and circulated.
- The governing body approves Programmes, budgets, annual activity reports and audited financial statements.
- The governing body ensures the organization's compliance with applicable laws and statutory regulations.
- All pending legal disputes are declared.

**iv) Operations:**

- Operations refer to the capacity to conduct Programmes and administrative activities efficiently and effectively in the public interest. The NGO should have norms in respect to the nature of the programme it undertakes, the nature and style of its management; and the roles and responsibilities of its human resources including personnel and volunteers.
- The activities are in line with the vision, aim and objectives of the organisation.
- The organisation periodically reviews the progress of Programmes.
- The accounts of the organisation are regularly maintained and those with an annual income above 50,000 INR are audited by the chartered accountant.
- The roles and responsibilities are defined for all personnel and volunteers.
- All personnel are issued letters of contract and appointment.
- An appropriate HR policy is in place.

**v) Accountability and transparency:**

- Accountability and transparency are key requirements of good governance and necessary for building trust among stakeholders. This works as a testimony to the fact that the organisation has been working efficiently and effectively.
- A financial management policy has been developed and is adhered to.
- Signed audited statements are prepared annually and available on request: balance sheet, income and expenditure statement, receipts and payments account, schedules to these, notes on accounts and the statutory auditor's report.
- Statement of accounts indicating whether constructed on a cash or accrual basis.
- There are no serious adverse notes on the veracity of the functioning of the organisation.
- There are no material transactions involving conflict of interest between a board or staff member and/or adverse comment and observation relating to operational issues or financial dealing in the record of public authority.
- The organization's annual report is distributed and communicated to stakeholders and others and is made available upon request every year, within eight months of the end of the organization's financial year.
- The annual report contains a description of the main activities, a review of the progress and results achieved in the year and information on board member names, positions, remuneration or reimbursement as well as brief financial details.



- The NGO shall disclose their funding details i.e. the sources of funds, annual revenue (O&M) and project expenditure. The organisation shall produce timely reports on the use and management of funds which should be made available on request.
- Dovetailing with government schemes will be preferred.
- The NGO should give out accurate information regarding their projects i.e. survey reports, target population, location, sustainability of the projects, their success ratio, etc on request.

**Agreement between HARTRON & Executing agency:**

Once the executing agency has been identified HARTRON will be required to enter into an agreement with executing/implementing agency as per the Standard Model Agreement. The distribution of expenditure among thrust areas will depend upon the local needs as may be determined by the need Identification studies or discussions with local government/ bodies/ citizen's forums/NGOs. And will be decided by the Board on project to project basis.

**GOVERNANCE**

1. Every year, the CSR and sustainability committee will place for the board's approval, a CSR plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The board will consider and approve the CSR plan with any modification that may be deemed necessary.
2. The corporate social responsibility committee (CSRC) will assign the task of implementation of the CSR plan within specified budgets and timeframes to such persons or bodies as it may deem fit.
3. The persons/bodies to which the implementation is assigned will carry out such CSR Programmes as determined by the CSRC within the specified budgets and timeframes and report back to the CSRC on the progress thereon at such frequency as the CSRC may direct.
4. The CSRC shall review the implementation of the CSR Programmes once a quarter and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this policy.
5. Once every six months the CSRC will provide a status update to the CSR and sustainability committee on the progress of implementation of the approved CSR Programmes carried out during the six month period. It shall be the responsibility of the CSRC to review such reports and keep the board apprised of the status of implementation of the same.
6. At the end of every financial year, the CSRC will submit its report to the board.

## Chapter 6

### MONITORING AND FEEDBACK

1. To ensure effective implementation of the CSR Programmes undertaken, a monitoring mechanism will be put in place.
2. The progress of CSR Programmes under implementation will be reported to corporate office on a monthly basis.
3. The CSR department at the corporate office will conduct *impact studies* on a periodic basis
4. Proper feedback shall be obtained from the beneficiaries about the Programmes.
5. Appropriate documentation of the HARTRON CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
6. CSR initiatives of the Company will also be reported in the Annual Report of the Company and also on the website of the Company.

### GENERAL

1. In case of any doubt with regard to any provision of the policy and als in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Board of Directors, HARTRON shall be final.
2. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.
3. The Company reserves the right to modify, cancel, add, or amend any of these Rules.