

CSR Amendments-Dec 24

1. CSR in pre mandated Period

The concept daana (giving), karma (fate) and seva (service) in Hinduism; zakat (almsgiving) and sadaqat (voluntary offerings) in Islam; and of bhiksha (food given as alms) in Buddhism emphasize giving.

The growth of CSR in India has been in four phases:

1st phase (1850-1914)

CSR was in the form of donations by big Industrialists and in 1860 India legally recognised the concept of non profit groups through societies registration act.

2nd phase (1914-1960)

Mahatma' Gandhi's model of trusteeship inspired numerous wealthy individuals and industrialists to contribute to society in a larger capacity.

3rd phase (1960-1980)

Companies engaged in questionable business practices and the contribution of sector declined. Post-independence evidenced the government assuming a larger role in development efforts and social welfare, with the participation of corporate sector slowing down.

4th phase (1980 onwards)

CSR emerged as an undertaking by the company going beyond the traditional form of donations.

2. CSR in the European Union

The European Union, in its Green Paper on Corporate Social Responsibility, defined CSR as 'the voluntary integration of companies' social and environmental concerns in their business operations and in their interaction with their

stakeholders.' · However, there are no defined CSR performance standards in European countries.

3. CSR in USA

CSR in the United States of America is not mandatory but a voluntary societal engagements by businesses.

The Corporate Social Responsibility (CSR) team in the Bureau of Economic and Business Affairs is given the responsibility of engaging with U.S. businesses for the promotion of responsible and ethical business practices. · In spite of no CSR mandate, the United States of America is by far the largest and most active philanthropic sector in the world. In 2019, Americans donated USD 450 billion for philanthropic purposes i.e., ~2% of the US GDP.

4. CSR in South America

In Brazil, CSR disclosure is not mandatory and there is no formal report form or measures for CSR disclosures. However, there are few initiatives that make CSR announcements compulsory.

5. CSR in Asia

a. India and Nepal have mandated spends on CSR by corporates. Indian companies with a net worth of INR 500 cr + or a turnover of INR 1000 cr +, or a net profit of INR 5 cr + must donate at least 2% of their net profit to CSR activities. On the other hand, Nepalese corporations with revenues above US\$1.3 million are mandated to spend 1% of their profits to CSR. Unlike India where companies exercise control over their CSR spending, the Nepalese government collects the CSR funds and directs them to charitable organizations.

- b. *The Government of the Republic of China has issued directives for state-owned companies and export companies to encourage CSR as a way to create a “harmonious society” and improve the international image of the country. Government procurement from the social sector is one of the most significant reforms, adopted by China in 2004 when the government began outsourcing social service delivery to social organizations.*
- c. *Indonesia requires corporations operating in the oil, gas and mining sectors to invest 2% of their profits in CSR programs. However, due to the vague language and lack of enforcement mechanisms, these laws are effectively voluntary.*
- d. *Japan has turned funds in dormant accounts into more resources for the social sector. The Japan Dormant Deposits Utilization Act, which came into effect in 2018, allows funds in dormant bank accounts to be directed towards meeting social needs.*
- e. *Corporate funding and support have traditionally played an important role in the social sector in Korea. Korea has been the first Asian country to introduce a legal framework for the certification of social enterprises, which grants them access to various kinds of benefits such as preferential procurement, subsidies and loans has seen a decrease in push from government to corporate sector to donate; rather the government has been focusing more on sustainable management practices*

Chapter 2- CSR Policy

CSR Policy of Infosys Limited

1. Context

Infosys Limited (“Infosys” or “Company”) has been an early adopter of corporate social responsibility (“CSR”) initiatives. Along with sustained economic performance, environmental and social stewardship is also a key factor for holistic business growth. The Company has established the Infosys Foundation and it may establish/ partner with other eligible entity / organization to fulfil its CSR commitments (“CSR Implementing Agencies”) The Company’s focus has always been to contribute to the sustainable development of society and the environment and to make our planet more liveable for future generations.

2. Focus Areas

While the Company may undertake CSR activities which the Corporate Social Responsibility Committee of the Board (“CSR Committee”) may decide from time to time, in any areas or subjects in accordance with the requirements under the Companies Act, 2013 (the “Act”) and the rules/ regulations framed thereunder and circulars / Clarifications issued thereunder (collectively, “Applicable Law”), Infosys’ CSR activities, amongst others, will focus on:

Hunger, Poverty, Malnutrition and Health

- a) Education
- b) Rural Development Projects
- c) Gender Equality and Empowerment of Women
- d) Environmental Sustainability
- e) National Heritage, Art and Culture

f) Disaster Management

3. Undertaking CSR Activities

Infosys will undertake its CSR activities (being projects / programs / other permitted activities) either directly by itself or through CSR Implementing Agencies or in collaboration with other companies, as approved by the CSR Committee, in accordance with the requirements of Applicable Law.

Identification and implementation of multi-year CSR projects / programs (ongoing projects) will be monitored by the CSR Committee and the Board of Directors of the Company ("Board"), as required under Applicable Law.

4. CSR Annual Action Plan and Location of CSR efforts

The CSR Committee shall decide on the locations for CSR activities and formulate and recommend to the Board for approval a CSR annual action plan, which shall contain all matters which are required under Applicable Law and any other matters as the CSR Committee may deem fit from time to time. The Board may modify the annual action plan as per the recommendations of the CSR Committee at any time during the financial year, based on reasonable justification.

5. Impact Assessment

Impact assessment shall be undertaken by the Company or by recipient or by implementing agency as required by and in the manner set out under Applicable Law, and the impact assessment report(s) shall be placed before the CSR Committee and the Board, and shall be disclosed as legally required.

6. Composition of CSR Committee and Disclosures

The CSR Committee shall be comprised in accordance with the requirements of Applicable Law. This Policy, details of the composition of the CSR Committee and projects approved by the Board shall be hosted on the Company's website

7. Funding, selection and monitoring process

- Infosys' CSR Committee will evaluate proposals received for CSR projects from the Infosys Foundations or other eligible implementing entities inter alia based on Company's focus areas, assessment of potential impact of such proposals and any other criteria as may be determined by the CSR Committee and approve funding for any proposals for implementation at its discretion.*
- Infosys Foundation or other implementing / collaborating entity will work closely with and support the Board and the CSR Committee in carrying out the CSR activities of the Company.*
- Infosys Foundation or such other implementing / collaborating entity will assist the CSR Committee in identifying the areas of CSR activities and execution of initiatives in such manner as may be mutually agreed.*
- Infosys Foundation or such other entity will also assist the Board and the CSR Committee in reporting the progress of deployed initiatives and in making appropriate disclosures(internal / external) on a periodic basis.*
- Infosys' representatives will collaborate with the relevant implementing entity (Infosys Foundation or others) to monitor the status and utilization of funds for each project and will report its findings to the CSR Committee, the Board and the chief financial officer (CFO) of the Company periodically to enable them to meet their reporting, monitoring and other legal obligations.*

- *In any year, where the Company has spent in excess of its CSR obligation, such excess spending shall be available for set off against the Company's CSR obligations for up to the next three financial years in accordance with Applicable Law, and the Board shall be competent to pass a resolution in this regard.*

8. Limitation, Review and Amendment

- *In the event of any conflict between the provisions of this Policy and of the Applicable Law, the provisions of Applicable Law shall prevail over this Policy.*
- *Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.*
- *The CSR Committee may review this Policy periodically and recommend amendments for the Board's approval from time to time, as may be deemed necessary*

Amendment to the Limit of Impact assessment Expenditure

Limit has been changed from 5% or 50 lac Rs which ever is less to 2% or 50 lac Rs which ever is higher.

Concept of set off

If an amount is spent in excess to the contribution the set off of the excess amount will be available for next 3 financial years.

Chapter 5-Guidelines on CSR

1. Reliance Foundation (RF)

- RF has impacted 36 million people across India in more than 37,000 villages and several urban locations across India.*
- The foundation focuses on rural development, healthcare, education, sports, disaster response, urban development, and art, culture and heritage through its programs and initiatives, spending INR 1,271 crore in FY 2020-2023.*
- The foundation uses a direct engagement model and leverages technology and innovation to achieve its 3 core values.*

2. Oil and natural gas corporation (ONGC)

ONGC through its CSR Projects has been reaching out to marginalized and deprived sections of its local communities and bridging developmental gaps primarily in the thrust areas of Healthcare, Education, Skill Development, Promoting Art and Culture, Environmental Conservation and other focus areas specified under Section 135 of the Schedule VII of the Companies Act, 2013.

ONGC's CSR initiatives have resulted in spends of over Rs 4748.92 Cr. during FY 2022-23.

Following the government direction, 33% of CSR funding has been on the Swachh Bharat projects.

3. Hindustan Unliever Foundation

HUL's CSR policy follows its parent company, Unilever's Sustainable Living Plan (USLP) which aims to empower a billion people to take action to improve their health and wellbeing, reduce the environmental footprint of their products.

HUL has identified water as a key area of intervention by creating capacities in conserving water through significant investments in partnership with relevant stakeholders with the objective of water conservation which is carried out through HUF - the HUL foundation which operates the "Water for Good" program.

While HUL actually spent Rs. 201.32 crore during FY 2022-23, the remaining Rs. 7 crore which the company was obligated to spend, was deposited in the unspent CSR Account as per Section 135(6) of the Companies Act.

4. Mahindra & Mahindra

- Earlier before the Implementation of Companies Act, 2013, The M&M group, set up a CSR council in 2004 and committed 1% of profit after tax for CSR initiatives. The council kept 0.5% and the remaining was given to various group companies for spending on CSR Projects.
- Post the Companies Act, 2013, the group increased its CSR spending to 2% profit before tax, where CSR council spends 1% and the other 1% is given to individual companies to spend on CSR.
- M&M group runs various CSR operations under the umbrella of 'Rise for Good'.
- Mahindra has demonstrated its commitment to corporate social responsibility (CSR) through a total CSR spending of Rs. 582.2 crore from FY19 to FY23.

5. Tata Motors

- In 2014, Tata Motors designed and adopted a comprehensive 4-pillar approach to harmonise their nationwide CSR initiatives with a clear mandate to address some of India's most critical and social challenges across the domains of Health (Aarogya), Education (Vidyadhanam), Employability (Kaushalya) and Environment (Vasudhara).

- In 2014, they synchronised their diverse and distinct locational, Do-It-Yourself CSR programmes to create Harmonised Programmes across all locations based on a Common Minimum Programme, with a focus on proximate communities.
- They adopted a Human Life Cycle Approach, establishing linkages between programmes for the age continuum of beneficiaries.
- A key addition to their CSR Strategy was the concerted effort made in 2017 to adopt digital technologies into its various programmes to ensure replicability and scale.
- Five years later, in 2019, the success of some of these programmes allowed them to consolidate with the use of digital technologies and achieve nationwide scale and impact.
- Tata motors CSR initiatives have resulted in spends of over 20.81 Cr in FY 2020-2023