

6 CORPORATE SOCIAL RESPONSIBILITIES & GOVERNANCE AT INFOSYS

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ABSTRACT

Corporate Social Responsibility (CSR) is becoming an increasingly important activity to business nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders. Infosys is committed to contributing to the society and established the Infosys Foundation in 1996 as a not-for-profit trust to support social initiatives. The Foundation supports programs and organizations devoted to the cause of the destitute, the rural poor, the mentally challenged, and the economically disadvantaged sections of the society

Keywords: *Corporate Social Responsibilities, Corporate Governance, Infosys Foundation.*

INTRODUCTION

Infosys is a large software company, based in Bangalore, India, specializing in customized software and development solutions. The company provides business consulting, systems integration and application development to multinational companies using its proprietary "Global Delivery Model," which divides large projects into components that are then completed in different parts of the world, including India and the US. Infosys clients include U.S. corporations, Northwestern Mutual Life Insurance, VISA, and retailers Nordstrom and J C Penney, and Japanese companies like Toshiba. At Infosys, the distribution of wealth is as important as its legal and ethical creation. A strong sense of social responsibility is therefore an integral part of their value system. Infosys has used its corporate governance practices and in particular increased transparency, as a distinguishing competitive feature for several years before its Nasdaq Listing. Given that a majority of its business is based in the US, Infosys believes that leadership in corporate governance will inspire confidence among its current and potential customers and employees both in its home market of India and in Western markets.

The company's governance policies are more robust than those promoted by India's domestic corporate governance codes, even the most recent guidance on audit committees, and of SEBI committees are framed by one of Infosys' founder. Infosys believes that sound corporate governance is critical to enhance and retain

investor trust. Accordingly, Infosys always seek to ensure that they attain their performance rules with integrity. Infosys continue to be a pioneer in benchmarking its corporate governance policies with the best in the world. Its efforts are widely recognized by investors in India and abroad. It has undergone the corporate governance audit by ICRA and CRISIL. ICRA has rated its corporate governance practices at CGR 1. CRISIL has assigned CRISIL GVC Level 1 rating to Infosys.

CSR - DEFINITION

The totality of CSR can be best understood by three words: 'corporate,' 'social,' and 'responsibility.' In broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate, not denying the fact that the purview of CSR goes much beyond this. CSR is comprehended differently by different people. CSR is also called as corporate conscience, corporate citizenship, social performance or sustainable responsible business as a form of corporate self-regulation integrated into a business model. Philip Kotler and Nancy Lee (2005) define CSR as "a commitment to improve community well being through discretionary business practices and contributions of corporate resources". CSR can be understood in terms of corporate responsibility, but with greater stress upon the obligations a company has to the community, particularly with respect to charitable activities and environmental stewardship. Corporate and social responsibility is sometimes described as being a tacit contract between business and a community, whereby the community permits the business to operate within its jurisdiction to obtain jobs for residents and revenue through taxation. Additionally, the community expects the business to preserve the environment and to make the community a better place to live and to work through charitable activities. If a company is truly committed to CSR they regard it as an integral part of the business decision making process and prominently place it

in the company's core mission, vision, and value documents. These simple but important statements succinctly state company goals and aspirations. They also provide insight into a company's values, culture, and strategies for achieving its aims. The mission or vision of a socially responsible business frequently references a purpose beyond "making a profit" or "being the best," and specifies that it will engage in ethical business practices and seek to create value for a variety of stakeholders, including shareholders/owners, employees, customers, vendors, communities, and the natural environment.

Infosys is committed to contributing to the society and thus established the Infosys Foundation in 1996 as a not-for-profit trust to support their social initiatives. The Foundation supports programs and organizations devoted to the cause of the destitute, the rural poor, the mentally challenged, and the economically disadvantaged sections of the society.

INFOSYS FOUNDATION

Infosys Foundation has successfully implemented projects in four key focus areas:

- Healthcare
- Rural development and social rehabilitation
- Learning and education
- Art and culture

Healthcare

Making high-quality healthcare the norm is an ongoing challenge. Since its inception, the Foundation has initiated several activities that benefit the rural and urban poor. Apart from constructing hospital wards, donating hi-tech equipment and organizing health camps, the Foundation also distributes medicines to economically-weaker sections in remote areas. The Foundation constructed the Infosys Super-

specialty Hospital on the Sassoon Hospital premises in Pune. This hospital caters to poor patients. It has spread its donations for medicines to aged and poor patients suffering from cancer, leprosy, and defects of the heart/kidney, mental illnesses and other major disorders. It helps this section meet substantial medical expenses and assures them of a steady source of income for their treatment. The Foundation installed office management software at the KEM Hospital in Mumbai. This enables the hospital to manage store requirements, keep accounts as well as publish hospital papers and other information on the Web. Additional blocks have been built at the Swami Sivananda Centenary Charitable Hospital at Tirunelveli in Tamil Nadu. Additional blocks have also been built at the Bangalore Diabetic Hospital. A Dharmashala was constructed at the Kidwai Cancer Institute in Bangalore. The Foundation constructed a pediatric hospital at the Capitol Hospital in Bhubaneswar, which caters to poor patients. A CT-scan machine was also donated to the hospital. Additional wards were built at the Swami Shivananda Memorial Charitable Hospital in Pattumadai, Tamil Nadu. The annex to a cancer hospital in Kancheepuram, Tamil Nadu was added. A hospital was built for tribals at H.D. Kote, Mysore. In Bellary, a hospital was constructed to treat patients with brain fever. The Foundation air-conditioned the burns ward of the Victoria Hospital, Bangalore. A high-energy linear accelerator unit was purchased for the treatment of cancer patients at the Chennai Cancer Institute in Tamil Nadu. The Foundation has donated ambulances to medical centers and hospitals in Kanchipuram, Tamil Nadu, Gadag, B.R. Hills and South Canara in Karnataka and Kalahandi, Chandrashekarapur and Bhubaneswar in Orissa. It has also donated high-tech surgical equipment to hospitals located at Mysore, Bijapur, Bellary and Hubli in Karnataka. Incubators, air conditioner units, neonatal resuscitation equipment and refrigerators have been given to the Bowring Hospital, Bangalore,

while ultrasound scanners have been donated to the Ramakrishna Ashram, Coorg and the Bangalore Government Hospital. The Foundation has made donations to the Drug Foundation for Nuclear Medicine at the cancer hospital in Miraj and the Kidwai Hospital in Bangalore. A leprosy camp was conducted, and relief work was carried out at the Leprosy Colony in Gulbarga.

Rural Development and Social Rehabilitation

Whether it is organizing an annual mela that empowers destitute women or building orphanages that give children a better life, the Foundation's activities address the needs of society's most neglected. The Foundation has organized unique annual melas in different parts of the country, including Bangalore and Sedam in Karnataka, and Chennai in Tamil Nadu, to distribute sewing machines to destitute women and help them earn a livelihood. Prior to the mela, the Foundation even holds tailoring classes and provides materials for the same at some centers. The Foundation has conducted relief work after natural disasters. Apart from monetary contributions, it believes in assessing the real needs of those affected and contributing accordingly. It has worked in the tsunami-affected areas of Tamil Nadu and the Andaman Islands, earthquake-affected areas of Kutch, cyclone-devastated areas of Orissa, tribal areas of Kalahandi in Orissa and drought-hit areas of Andhra Pradesh. The Foundation made a donation towards the mid-day meal program of the Akshaya Patra Foundation, Bangalore, for poor children in North Karnataka. It established counseling centers to rehabilitate marginalized devadasis in North Karnataka. The Foundation has offered compensation to families whose bread-winners have served in Defence Forces and died fighting for the country. The Foundation worked with the Red Cross Society to supply aid equipment to the physically challenged in rural areas and economically weaker sections of Karnataka. The Foundation offers monetary aid

to the Divine Life Society, which is based in the Himalayas. The Society helps senior citizens and destitutes, often picking them up from the street and looking after them with the help of volunteers, some of whom are foreign tourists in the region. The Foundation improved a rehabilitation center in Chennai for mentally retarded women. The Foundation has improved the lives of children with leprosy and those living on the streets, and in slums.

Learning and Education

“Basic education links the children, whether of the cities or villages, to all that is best and lasting in India,” said Mahatma Gandhi. At no time have his words been more prophetic, than now. In a world where education has become the biggest differentiating factor, the Foundation offers an edge to deprived and rural students, through its activities. The foundation has donated 10,200 sets of books in Karnataka alone, and in Andhra Pradesh, Orissa and Kerala, under its Library for Every Rural School project. Through this program, the Foundation has set up more than 10,150 libraries in rural government schools. A minimum of 200 books, depending on the strength of the school, is provided. Each set has around 200 to 250 books. The cost of each set ranges between Rs. 2,000 and Rs. 3,000. Books on various subjects, including science, history, mathematics, general knowledge, grammar, literature, geography, vocational training and fiction have been donated to cater to the interests of students in all age groups. To simplify the standard of computer education for students in rural areas, a separate book has been written and is being distributed under the library project. This book has also been translated into Hindi, Tamil and Telugu. In another innovative project that facilitates higher learning, the Foundation has set up libraries in Hubli and Bangalore that can be accessed by under-privileged students. These well-equipped libraries have the latest books prescribed in hi-

tech streams like medicine and engineering. All a student has to do is pay a deposit of Rs 800 for unlimited use of the library through his or her education. To identify and help students in dire need, the Foundation works with Prerna, an NGO in Raichur and Bangalore, and Vidya Poshak in Dharwad, to distribute scholarships to poor students. With the help of these organizations, the Foundation reaches out to deserving students across Karnataka. The Foundation has also made donations towards the reconstruction of old school buildings. For instance, 14 government schools in slum areas of Hyderabad were reconstructed. The Foundation has also renovated the Gandhinagar, Kottara St. Peter’s School and Kapikad Zilla Panchayat schools in Mangalore, Karnataka. It also contributes towards the construction of additional classrooms, school funds/corpus funds, school furniture, and equipment and so on, especially in backward areas. The Foundation recently purchased an index Braille printer for the Sharada Devi Andhara Vikasa Kendra in Shimoga, Karnataka. The Foundation donated study material, including science kits, to 20 schools in rural Karnataka. Donations have also been made towards computer centers in rural areas of Karnataka. The Foundation works with various organizations in Maharashtra, Tamil Nadu and Orissa, to facilitate the education of slum children in these states. The Foundation collaborated with the Center for Environment Education (CEE), Bangalore, for the orientation of teachers specializing in science and the environment. The Center developed training material on water. During the program, it linked the Science and Social Studies curriculum with the environmental perspective. Around 15 camps were held in various parts of Karnataka over the last 3 years. Totally, around 1,000 teachers were trained. It helps the Bangalore Association for Science towards the development and maintenance of the planetarium in Bangalore, including funding of the sky-theater program at the planetarium. The Foundation constructed a science center at

a rural school in the Kolar District of Karnataka, a one-of-its-kind center in the entire district. It caters to the students of the school, as well as schools in the neighboring villages. It made a contribution to fund new self-employment courses at post graduation and post matriculation levels at the Nrupathunga Educational Institute in Hyderabad.

Arts and Culture

Preserving our rich heritage and honoring our artisans are some of the ways the Infosys Foundation contributes to this space. The Foundation has helped revive the art of the weavers of Pochampalli village in Andhra Pradesh. It helps organize cultural programs to promote artists in rural areas of Karnataka and Andhra Pradesh. It traces and honors artistes from different parts of India. Today, the scope of the foundation's activities has widened to identifying under-privileged artists from different walks of life, be it writers, painters, poets or musicians, who don't have access to contacts or help. It assists them on a "need" basis, offering financial assistance, promoting their art, or helping them receive much-deserved recognition. It organizes programs like puppet shows and other cultural events to encourage artistes and performers in rural areas of Karnataka and Andhra Pradesh, and offers them financial assistance to carry forward their art. In Karnataka, the Gamaka form of music was fast disappearing. A few years ago, The Foundation coordinated a project to donate more than 200 sets - comprising a Gamaka cassette and record player - to 100 rural schools in Karnataka, to bring the dying art form back to life. It has sponsored art exhibitions and performing arts programs in Dharwad and Bangalore in Karnataka.

Awards for the Infosys Foundation

Some of the awards received by Infosys are:

- 'ComputerWorld Award – 2001' – International

Level.

- 'The Economic Times Corporate Citizenship Award for outstanding philanthropic work at national level.

INFOSYS SCIENCE FOUNDATION

During fiscal 2009 Infosys Science Foundation, a not-for-profit trust was established to promote research in pure and applied sciences in India. The Infosys Prize endeavors to elevate the prestige of scientific research in India and inspire young Indians to choose a vocation in scientific research. It also seeks to boost the confidence of economists, social scientists and other researchers who are already engaged in and committed to advanced research in these areas.

The Infosys Science Foundation Prize categories include:

- Physical Sciences – Physics and Chemistry
- Mathematical Sciences – Mathematics and Statistics
- Engineering Sciences – All branches of Engineering
- Life Sciences – Biology and Medicine
- Social Sciences and Economics – Economics, History, Sociology, Political Sciences and other Social Sciences.

The jury for each area consists of eminent international personalities selected by the trustees of the Foundation. The inaugural Infosys Prize laureates were felicitated and awarded prizes at a grand ceremony in New Delhi on January 4, 2010, by Honorable Vice President of India Mohammad Hamid Ansari. The prize in each category comprised a special gold medallion, a citation expounding the laureate's work and Rs. 50 lakhs as prize money.

Emergency aid

In 2009, floods in Andhra Pradesh and Karnataka caused widespread destruction of life and property. The Infosys Foundation and Infosys donated 30 crore towards rehabilitation and reconstruction of homes. In 2010, Infosys Australia organized a fund-raiser to support Red Cross' disaster relief efforts in the wake of earthquakes in Haiti and Chile. Infosys USA worked with Red Cross to provide Haitians with food and medical care.

Digital empowerment

Infosys initiates children into Information Technology at a young age through the SPARK program. In 2009-10, Infosys touched the lives of more than 70,000 students across India by undertaking IT training and mentoring teachers of government-aided schools in rural areas.

Shaping policies

Members of the board of directors of Infosys serve on global councils and contribute to policy making in corporate governance, education, healthcare, diversity, and the environment. Infosys is partnering with state utilities in India to introduce 'voluntary green tariff', enabling consumers to offset the cost of renewable energy. Infosys hosted the Climate Roadmap Sub-National Workshop at Mysore, a platform to share best practices in environment sustainability.

Promoting education and research

Infosys is working with more than 400 engineering colleges in India to enhance their curriculum and enrich the talent pool through the Campus Connect program. The Infosys Science Foundation promotes research in pure and applied sciences with an annual prize of 50 lakhs for Indian researchers.

Social Awareness and Education

The role among corporate stakeholders is to work collectively to pressure corporations that are changing. Shareholders and investors themselves, through socially responsible investing are exerting pressure on corporations to behave responsibly. Non-governmental organizations are also taking an increasing role, leveraging the power of the media and the Internet to increase their scrutiny and collective activism around corporate behaviour. Through education and dialogue, the development of community awareness in holding businesses responsible for their actions is growing. In recent years, the traditional concept of CSR is being challenged by the more community-conscious Creating Shared Value concept (CSV), and several companies are refining their collaboration with stakeholders accordingly.

Social contract

Infosys is committed to an equitable society. Infosys employees make a difference by taking up social causes in healthcare, education, art and culture, rural rehabilitation and inclusive growth.

CORPORATE GOVERNANCE ACHIEVEMENTS AND RATINGS AT INFOSYS

Infosys is committed to long-term shareholder value. Its business activities are anchored in three pillars of corporate behaviour, viz., Business Ethics, Corporate Governance and Corporate Social Responsibility. In 2000, the company was conferred the National Award for Excellence in Corporate Governance by the Government of India. The Business World — IMRB Survey ranked Infosys number one among the most respected companies in India, in 2001. It was voted as India's best managed company for 6 years in a row, between 1996 and 2001 by the Asia Money Poll. In the year 2000, in the survey

of Far Eastern Economic Review, Infosys was selected as one of Asia's leading corporations and was ranked first as "The Company that Others Try to Emulate". The company was voted "India's Most Admired Company" in Economic Times in 2000. In 2003, Infosys Technologies co-founder and chairman, Mr. N. R. Narayana Murthy, won the Ernst & Young World Entrepreneur of the Year award and his company's "outstanding financial performance and global impact in a dynamic and volatile industry". Infosys Technologies has won the prestigious Global "Most-Admired Knowledge Enterprises" (MAKE) Award, for 2004. Infosys Technologies made a winning sweep in the Business World "Most Respected Companies' Award" 2004. The Business Today—AT Kearney study conducted in March 2005 placed Infosys Technologies as "India's Best Managed Company". It was also recognised in a number of other categories including corporate governance, creation of shareholder value, corporate social responsibility and innovation. CRISIL assigned the company the "CRISIL GVC Level 1" rating, which indicates the capability to create wealth for all stakeholders while adopting sound corporate governance practices. ICRA assigned "CGR 1" rating to the company's corporate governance practices. The asset magazine acclaims Infosys's corporate governance and has been named as the best company in India in corporate governance in 2008.

Infosys wins Platinum Award in the Asset Corporate 2010 Awards

Infosys Technologies has been awarded The Asset Corporate Governance Platinum Award for overall financial performance, management acumen, corporate governance, social responsibility and environmental responsibility and investor relations.

The Asset magazine honors excellence by evaluating entries and selecting winners based on

a stringent methodology. The board of editors of the magazine hears presentations of shortlisted companies and conducts interviews of clients or investors. Winners are announced based on scores that are tabulated according to quantitative and qualitative factors.

Infosys' score (Percentage of votes)

- Corporate governance - 90%
- Social responsibility - 81%
- Environmental responsibility - 91%
- Investor relations - 81%

Infosys is India's best company for corporate governance

Infosys topped a poll on best practices in corporate governance conducted by Asia money. Infosys ranked number one across categories of 'disclosure and transparency, responsibilities of management and the board of directors, and shareholders' rights and equitable treatment'.

Percentage of votes polled by Infosys

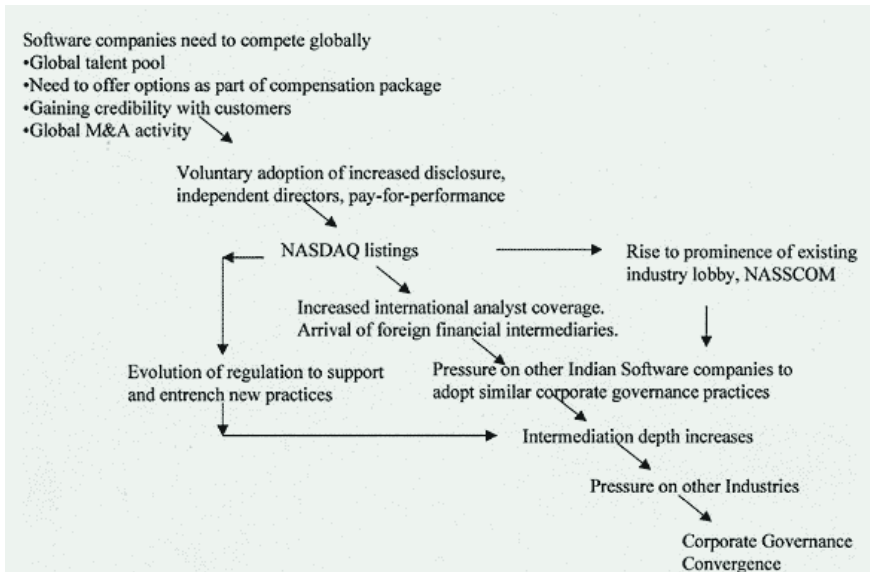
- Corporate Governance - 17.74%
- Disclosure and Transparency - 20.90%
- Responsibilities of management and the board of directors - 18.75%
- Shareholder's right and equitable treatment - 20.93%

Asia money reports that the biggest winners in its poll are companies that inspire confidence among investors and financial backers through sound corporate governance. The magazine recognized Infosys as the 'best managed large cap company' in India for growing its global footprint, increasing profitability and controlling costs.

CEOs, CIOs, senior executives from fund management and hedge fund companies, and heads of research and senior analysts across the Asia-Pacific region participated in the Asia Money

Corporate Governance Poll 2010.

Effects of Infosys Corporate Governance Initiatives



CONCLUSION

Infosys has contributed to a great extent to the world. They have helped each segment of the society like Healthcare, Rural Development and Social Rehabilitation, Learning and Education, Art and Culture. Infosys is committed to long-term shareholder value. Its business activities are anchored in three pillars of corporate behaviour, Viz., Business Ethics, Corporate Governance and Corporate Social Responsibility. Infosys has practiced best CSR and governance practices and has become role model for other companies.

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