CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. CSR Policy:

IBM believes that a company culture based on core values not only helps our business, but also defines the role that we can and should play in society.

- ☐ We identify and act upon new opportunities to apply our technology and expertise to societal problems.
- ☐ We scale our existing programs and initiatives to achieve maximum benefit.
- ☐ We empower our employees and others to serve their communities.
- ☐ We integrate corporate citizenship and social responsibility into every aspect of our company.

Corporate citizenship

IBM has developed a thoughtful, comprehensive approach to corporate citizenship that we believe aligns with IBM's values and maximizes the impact we can make as a global enterprise. We focus on specific societal issues, including the environment, community economic development, education, health, literacy, language and culture.

2. CSR Committee

We have a Committee of the Board that provides guidance to ensure that the CSR objective of the Company are met. The current members of the committee are

Mr. Amit Sharma, Chairman,
Mr. Dilpreet Singh, Member, and
Mr. Chandrasekar Thyagarajan, Member

Our Objectives

Our objectives as outlined in our CSR policy are

IBM believes that a company culture based on core values not only helps our business, but also defines the role that we can and should play in society.

We identify and act upon new opportunities to apply our technology and expertise to societal problems.

We scale our existing programs and initiatives to achieve maximum benefit.

We empower our employees to exercise their "well-developed skills" to make a measurable impact on communities and develop their skills.

We integrate corporate citizenship and social responsibility into our business strategy overall, which includes our environmental policies, supply chain practices and how we treat our employees in every aspect of our company.

Focus areas

Our Focus areas has been;

Education
Economic Development & Skill Development
Cities and Citizenship Engagement
Social services

Program Report:

1. **Education**

i) **Education**

Teachers Try Science: http://teacherstryscience.org/

The focus is on science, technology, engineering and math education (STEM). IBM collaborated with NGO partners to train science teachers in government schools across India to leverage resources in The Teachers Try Science (TTS) Portal to enhance the quality of teaching and improved learning outcomes.

TTS program focuses on developing innovative lesson plans in STEM areas which are mapped to the NCERT and the State Board (SCERT) curriculum as well as training of teachers with a view to propagate creative and problem solving skills among government school teachers. TTS program trained 4845 teachers directly impacting 283,700 students in 8 states. Besides TTS program also took the lead in bringing together important stakeholders in science education such as National Council of Science and Technology Communication (NCSTC), Department of Science and Technology, Government of India, National Council of Education, Research and Training (NCERT) and the state boards in order to sensitize the stakeholders on STEM education at the National Teachers' Science Congress. NGO Partners who collaborated in this program are; Agastya International Foundation, EZ Vidya Private Limited, SRF Foundation, Learning Links Foundation, Vikram A Sarabhai Community Science Centre and Marathi Vidnyan Parishad. SRF Foundation, an IBM-TTS partner in India, bagged the CSR Times - Pandit Madan Mohan Malaviya Award 2015 under Gold Category for its Science Education Program spread across 315 schools in Haryana.

ii) **Bala Janaagraha Program** http://www.janaagraha.org/bala-janaagraha/)

The Janaagraha Centre for Citizenship and Democracy is a non-profit organization based in Bangalore, India. Janaagraha aims to improve quality of life in Urban India through systemic change. Bala Janaagraha Program is designed to enable critical thinking among children and youth for addressing local civic challenges. Through the program education sessions are conducted in schools to instill practical civic awareness and create active citizenship values in youth and children through the education system. It strives to empower them with knowledge, skills and values necessary to develop a deep sense of ownership and responsibility towards society. IBM grant is for implementing the program in 24 schools.

iii) **Kids Smart Program http://kidsmartearlylearning.org/**

The IBM KidSmart early learning program integrates new interactive teaching and learning activities using the latest technology into the pre-kindergarten curricula. Specifically designed child friendly computer units called Young Explorer (YE) units, which has colorful furniture and age appropriate software and educational materials are provided to participating schools. Implemented in 13 states pan India with deployment of 300 Young Explorer units directly benefitting 16571 children in government and NGOs run schools.

2. **Skill Development/ Employment/ Livelihood enhancement**

i) **SME Toolkit** http://www.smetoolkit.org/smetoolkit/en

IBM as the global technology partner has helped International Finance Corporation (IFC) to create a small and medium enterprise toolkit or SME Toolkit, which provides entrepreneurs and small businesses with free information critical to burgeoning businesses in areas such as finance, accounting, international business, marketing and human resources. The Toolkit is available in 35 countries and 18 languages. IBM India in collaboration with the NGO National Entrepreneurship Network (NEN) conducted 4 workshops and 18 learning and networking sessions directly supporting 744 entrepreneurs from the start up eco system in 8 cities, facilitating the scale up of their enterprises. The highly rated sessions were facilitated by Industry experts and benefitted entrepreneurs from Bangalore, Chennai, Coimbatore, Mumbai, Pune, Indore, New Delhi and Kolkata.

ii) **Diversity Affirmative Action Project for employability skill enhancement of engineering students.**

IBM India Diversity team collaborated with IBM GTS - CIC business and IBM Systems to provide the Systems Z course ware for skill development of select engineering students who belonged to the socially under privileged back ground in SGGS college Nanded Maharashtra. This program provided free education to 50 engineering students from the SC/ST/OBC background and of the 50 students, 24 students were offered jobs in IBM GTS CIC business.

3. **Community Grant:** Community Grant https://lw3-01.ibm.com/ibm/ondemandcommunity/home.wss .

IBM Community Grants program provides cash grants to eligible community organizations and schools where IBM employees and retirees are actively volunteering and in support of eligible projects. It features individual and team opportunities. IBM India provided 14 Cash grants to Not for Profit Organizations / Government schools from across Indian where IBM volunteers contribute their time

and skills for program enhancement. They addressed community issues like Education, Environment, Social Service, Healthcare, and Workforce Development.

4. **Disaster Management** http://www.ibm.com/ibm/responsibility/downloads/initiatives/DisasterResponse1010.pdf . The creation of plans through which communities reduce vulnerability to hazards and cope with disasters.

<u>Nepal Earthquake</u> – IBM India volunteers worked with the Indian Embassy in Nepal along with the Ministry of External Affairs from India and supported in tracking Indian Nationals affected during the Earthquake. 5 IBM volunteers worked off-site and 2 on-site for a period of 2 weeks along with the Government of India officials, cleaned-up, stabilized and de-duplicated list of missing persons from India, with all available status updates captured and created an open-source platform based system to track relief material flows from India to Nepal by road.

<u>Chennai Flood Relief program:</u> IBM supported custom application called 'Disaster Reporter' deployed for Android devices, and via web page with backend data hosted in IBMs Softlayer. Development of **SAHANA** (an open source software) hosted in Softlayer to support relief materials distribution for the affected population.

As a part of the Chennai Disaster activities IBM supported NGOs actively involved in rehabilitation activities in Chennai with grants for repair and reconstruction of damaged houses, skill enhancement and placement of persons lost their jobs/livelihood and income generation support to affected families. IBM grant was used for the following development programs/outcome.

- **ActionAid Association** – for repair/reconstruction of 98 flood damaged houses in the affected slum area in Chennai.

- **Plan International:** for employability skill training and placement of 100 affected youth from 5 slum communities in Saidapet and Velachery areas in Chennai.

- **Sustainable Environment & Ecological Development Society – SEEDS** – for reconstruction of 30 houses with community participation for families whose house was totally damaged in Madhavaram region in Chennai.

- **SOS Children's Villages India -** for economic rehabilitation of 150 families affected by the flood at Nagapattinam and Puducherry, by providing, resource and training support to those who lost their source of lively hood due to floods.

5. **Smarter Cities Challenge – SCC :** https://smartercitieschallenge.org/

The Smarter Cities Challenge (SCC) deploys top IBM experts to help cities around the world address their most critical challenges. A team of 5 to 6 Executives are put together as a team who work on the ground for three weeks to work closely with city leaders and deliver recommendations on how to make the city smarter and more effective. The Smarter Cities Challenge is IBM's largest philanthropic initiative, with contributions to date valued at more than $66 million. Since 2010, IBM has deployed 800 top experts to help more than 130 cities around the world. In 2015, the program's fifth year, IBM awarded grants which will be deployed through 2016.

In 2015, IBM India worked in partnership with 3 Government Agencies in the cities of Vizag, Allahabad and Surat. 15 IBM Executives from 7 countries worked on projects with city municipal corporations on projects focusing on critical issues faced by the city municipal corporations.

Vizag – Team of 5 IBM executives from 3 countries were engaged with Vizag Municipal Corporation to study the existing disaster preparedness of the city and provide recommendations and roadmap to improve and enhance the city emergency system. The recommendations provided by the IBM team endeavour to help the District of Visakhapatnam become an intelligent, data-driven and people-centric Smarter City.

The short-term recommendations would allow the region to see immediate results empowering citizens, initializing an information management roadmap and creating a more robust communication network, transportation system and utilities infrastructure. The medium-term recommendations helps define the requirements for data collection and integration, as well as the technology and infrastructure required to enable faster and smarter responses to emergencies. Finally, the long-term recommendations helps to transform Vizag into a Smarter City that is more efficient, with a resilient infrastructure and a data-driven approach to predict, analyse, report and react to disasters.

Allahabad – Rapid Urbanization in Allahabad has resulted in great amount of untreated municipal waste in the city. The City municipality tourism faces a major challenge in solid waste management.

IBM deployed 5 executives from 4 countries to study the current situation of the city and proposed 13 recommendations, each with specific actions, to guide Allahabad through pragmatic yet frugal implementation of SWM improvements. While the recommendations are complementary and interdependent, they support three key themes: accelerating sustainable community engagement, developing data-driven management to improve the current solid waste management system and implementing optimal governance models that are an absolute mandate to move Allahabad forward in its vision to become a smart city.

Surat – IBM executives worked with Surat Municipal Corporation to study the city's existing challenges in administering the civic infrastructures and services and engaging citizens as partner in the growth of the city and provide technology based solutions to increase utilization and enhance user experience of the SMC digital platform developed for citizens to provide key public services. IBM team recommended a transformation framework that is based on three major principles: simplification, standardisation and integration. The major elements of the framework includes Technology standardization, Liberation of data through data sharing and reuse, Simplified digitised processes, Integrated governance with a focus on doing "the right thing the right way for citizens" and enablement of a citizen-centric culture

6. **Corporate Service Corps – CSC:** http://www.ibm.com/ibm/responsibility/corporateservicecorps/

Corporate Service Corps is a pro-bono consulting program to help communities around the world solve critical problems while providing IBMers opportunity for community service as well as leadership development. CSC program was implemented in Varanasi, Raipur, Anand and Mysore. 44 IBM employees from 20 countries worked with 14 NGOs/Institutions resulting in the completion of 14 projects. CSC program is implemented in partnership with NGOs; VSO India Trust and Pyxera Global along with

Local community partners in each of the locations. The projects are in areas of education, rural agricultural development, livelihood and women empowerment, disability, health care and vocational skill development. IBM international teams achieved the following projects outcomes;

- Developed the frame work for comprehensive MIS solution for JSS Polytechnic for the differently abled in Mysore, Karnataka.
- Drawn up a knowledge Management systems and intranet solution for Swami Vivekananda Youth Movement in Mysore.
- Studied the DDUGKY program implemented through APITCO in Karnataka and recommended for modifications and IT curriculum enhancement.
- Drawn up the digital strategy for Pratham Mysore's rural education program for enhancing efficiencies.
- Developed the branding and marketing strategy for Chhattisgarh State Rural Livelihood Mission (SRLM)
- Developed and implemented the MIS solution for Chhattisgarh State Child Protection and Child Rights commission.
- Drawn up the frame work for the Comprehensive MIS solution for Chhattisgarh Agricon Samithi.
- Designed the process and tools for skill and opportunity mapping for BKG academy to facilitate vocational training and placement of unemployed youth in Naya Raipur.
- Designed a business communication system and social media marketing strategy for Banaras art and Crafts products for livelihood enhancement of artisans initiated by HWA foundation in Varanasi.
- Developed the frame work for a comprehensive Monitoring Evaluation and Learning System for Manava Seva Kendra in Varanasi.
- Developed the communication system for SRF foundation for outreach to internal and external stakeholders.
- Developed a management plan with metrics for implementation and monitoring for FES programs in Anand, Gujarat.
- Developed a marketing strategy for IRMA's MDP program.
- Developed a pricing strategy and mechanism for cost based pricing of milk in GCMMF (Amul)

7.

Impact Grants http://www.ibm.com/ibm/responsibility/initiatives/impact_grants.shtml -

IBM Impact Grants is an innovative pro-bono consulting program which provides a non-profit organization with training, consulting expertise and software specifically designed to support educational and not-for-profit organizations in their efforts to serve our communities. IBMs top consultants are deployed in NGOs to support in areas of strategic growth, capacity building and business analytics. Following are brief descriptions of the Impact Grants delivered;

- **Movement for Alternatives and Youth Awareness:** IBM consultants provided 'Strategic Assessment' with consulting services to review Maya Health business objectives, current operating model, determine strategic gaps and potential initiatives in line with growth plans. Implementation of the recommendations by IBM team helped Maya to make their current projects more impactful and also to plan their important projects expansion activities in an efficient way.

- **Population Services International:** The grant offering was to study the existing HR problems in the organization and to use the IBMs SPSS Modeler and Data Mining solution. IBM gave solution to PSI along with SPSS licence, which helped them to build advanced analytical capabilities to solve HR problems and also gather insight in effectively handling the issues in other areas of their operation.

- **Sankara Eye Foundation India** – IBM partnered with Sankara Foundation in offering a grant to study their HR Data collection process, analyze gaps and address the issues on the staff training requirement and attrition rate. The offering was a Data Analytics module to enable organization to prioritize business problems, build and test a replicable model for predictive capabilities and use the IBM SPSS software. This solution helped the organization in creating effective data analytics models to create reports and study for making decisions for effective management of the organization.

- **WWF – India:** The grant offering was on 'Social Strategies Accelerator' workshop. A team of 20 participants were trained on the Social strategies platforms through workshops, which included discussion of module topics, best practices, case studies and planning strategies. The workshops along with the roadmap would help organization to achieve its milestone of reaching 1 million users by 2020.

- **Learning Links Foundation:** The 'Discovery' grant offering was to determine the best use of mobile application for delivery of Science Technology Engineering and Mathematics (STEM) teaching resources and strategies. The grant explored the feasibility of linking the mobile application to IBM's Teachers Try Science resources that could be leveraged by government school teachers across India.

- **Mahila Sewa Trust (SEWA):** The 'Discovery' grant offering focused on a strategic assessment of the rural financial inclusion digital implementation roadmap initiative of SEWA. By implementation of the digital solution, SEWA will be able to achieve its plan of using mobile application to make safe and fast financial transactions by their members located in remote areas.

8. **Employee Volunteering.**

On Demand Community – ODC https://www-01.ibm.com/ibm/ondemandcommunity/home/aboutODC.jsp

This is an innovative global program that reflect IBM's strategy to help the world a better place. It makes a wide range of knowledge and expertise available to volunteers online and encourages IBM employees and retirees to volunteer in schools and communities around them. ODC extends IBMs long tradition of community engagement by IBMers worldwide, drawing on our strengths in innovation, expertise, reliability and trust. In India, currently there are 15715 registered IBMers collectively contributed over 236,550 hours of their volunteering time for social projects of their choice.

Financial details

Section 135 of the Companies Act, 2013 and the Rules framed thereunder prescribe that every company having a net worth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall ensure that the company spends in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to CSR is applicable to IBM India Private Limited. The financial details required are as follows:

Particulars		Rs. In crores
3. Average net profit of the Company for last three financial years		1603.63
4. Prescribed CSR expenditure (2% of the average net profit as computed above)		32.07
5. Details of CSR expenditure during the financial year		
(a) Total amount to be spent for the financial year		Rs. 32.07
(b) Amount spent		Rs. 4.79
(c) Shortfall in spend (Refer Note 6)		Rs. 27.28

(c) The manner in which the amount spent during the financial year is appended below

1	2	3	4	5	6	7	8	9
S. No.	CSR Project	Sector covered	Projects/Program Specify State/ location where projects/program were undertaken.	Project Budget Amt. spent projects	Amt. spent projects	Administrative Overhead	Cumulative Exp.	Amt. spent through Implementing Agency
Program 1	KidSmart	Education	Maharashtra, Gujarat, Madhya Pradesh, Tamilnadu, Karnataka, Uttarakhand, Chattisgarh, Andhra Pradesh, Odisha, Rajasthan, Haryana, West Bengal, Punjab		Rs. 2,15,593 (US $ 4,791)			Vendor
Program 2	Teachers TryScience	Education	Andhra Pradesh, Telangana, TamilNadu, Maharashtra, Haryana, Delhi, Karnataka and Gujarat.		Rs. 99,85,680 (US $ 221,904)			NGO partner
Program3	Balajanaagraha Program	Education	Kerala, Karnataka, AndhraPradesh, Telengana, Maharashtra.		Rs. 22,50,000 (US $ 50,000)			NGO Partner
Program 4	SME Toolkit	Skill Development	Bangalore, Chennai, Coimbatore, Mumbai, Pune, Indore, New Delhi, Kolkata.		Rs. 40,91,953 (US $ 90,932)			NGO partner

Program	Name	Focus Area	Location		Budget			Partner
Program 5	Diversity Affirmative Action Project	Skill Development	Nanded, Maharashtra		Rs. 11,47,500 (US $ 25,500)			NGO/Edu.p artner.
Program 6	Community Grant	Education, health, skill training, Disability,	Bangalore, Kolkata, Noida, Telangana, Tamil Nadu, Andhra Pradesh		Rs. 12,65,000 (US $ 28,111)			NGO Partner
Program 7	On Demand Community	Education, Skill Development,	West Bengal		Rs. 1,30,000 (US $ 2,856)			NGO Partner
Program 8	Disaster Management	Livelihood enhancement, urban community development,	Tamilnadu (Chennai)		Rs. 44,00,000 (US $ 97,778)			NGO partner
Program 9	Smarter Cities Challenge	Economic Development	Vizag, Allahabad, Surat		Rs. 56,00,632 (US $ 124,458)			NGO partner/ven dor
Program 10	Corporate Service Corps	Education, health care, women empowerment, skill development, rural development, livelihood & economic development	Karnataka, Gujarat, Utter Pradesh, Chhattisgarh.		Rs. 189,00,000 (US $ 420,000)			NGO partners

6. Reason for not spending the prescribed CSR expenditure:

IBM is a global leader in its corporate responsibility, leveraging its expertise and technology to solve societal problems. IBM's programs are designed for global scale to enable IBM to implement them across the world in over 170 countries. In line with the global citizenship and responsibility initiatives, IBM has vibrant and robust CSR programs that have been in operation in India since 2004, i.e. well before the recent CSR legislation in India.

In addition to the spend done centrally for global programs, there are CSR programs and investments in local spend in India which may not fall within the definition of the activities presently covered under Schedule VII of the Companies Act, 2013. The benefit of these programs accrues to the community in India. Our internal team is looking at the design of some of these global programs to explore that some of the spend takes place through IBM India (i.e. is recorded in the books of the Company) and/or the feasibility of the activities being realigned so that they are covered under Schedule VII, in order to comply with the requirements of Section 135 of the Companies Act, 2013. Further, the company continues to drive citizenship initiatives based on provision of IBM's deep global technical expertise and related services on a pro-bono basis in support of community efforts such as Impact Grants and Disaster Management even though such spending does not qualify for reporting under the Act.

7. The CSR committee, hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Vanitha Narayanan
Managing Director

Mr. Amit Sharma
Chairman of CSR Committee