

Corporate Social Responsibility Policy

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MICROSOFT CORPORATION (INDIA) PRIVATE LIMITED

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1. Introduction and Background:

"Our customers and society expect us to maximize the value of technology while also preserving the values that are timeless. Microsoft's commitments to corporate citizenship help us meet these expectations."

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—Satya Nadella, CEO

When Microsoft started operations in India we made a commitment to help every Indian realize their full potential. We are a productivity and platform company in a mobile-first, cloud-first world. We are focused on helping people do more and achieve more with our technology, our innovations and our creativity. Microsoft recently brought its resources and perspective from around the world to help Indian youth succeed in the new digital economy under a program called YouthSpark. YouthSpark brings together technology, training, investments and experiences to help the youth change the world. In India, we closely partner with NGOs, Governments and academic institutions to skill the youth of India, bridge the opportunity and digital divide and, catalyze the entrepreneurship climate in the country. In the last 10 years, Microsoft's not-for-profit programs have touched over 5 crore people and with an investment of over INR 650 crore from Microsoft.

We believe technology offers renewed possibilities that can empower educators, students, youth and entrepreneurs in the country. Therefore our citizenship efforts in India are guided by the three principles of empower, imagine and realize.

EMPOWER: Transforming Education and Expanding Digital Inclusion

Empower is about transforming education and expanding digital inclusion. It means helping youth acquire the skills that are necessary to survive and thrive in the 21st century workplace. YouthSpark programs do that. A few examples are:

- **Free software:** Office365 is free for all students and teachers in India and provides ready access to technology tools that power learning and collaboration. 90 lakh students use this free software today.
- **Training for teachers:** To make teachers proficient in using technology in the classroom we train teachers every year. We have already trained 7.5 lakh teachers in India through different program

Some important programs in this area include:

- **Partners in Learning – Project Shiksha,** Started in 2003, the program aims to accelerate IT literacy and enhance the classroom environment among government schools across the country.

- **YouthSpark – Project Jyoti**, in partnership with NGOs the program equips youth from marginalized background on basic IT skills, spoken English, personality development and then helps place them in appropriate jobs or start their own enterprise.
- **Project Saksham**, gives impetus to the National Mission of Education through ICT (NMeICT). The common goal is to build connectivity and a knowledge network among and within institutions of higher learning in the country.
- **Accessibility**, Microsoft has focused on technology inclusion for all, making computing easier for people with disabilities, by working with governments, industry, academia and NGOs to help develop innovative accessibility solutions.
- **Digital Saksharta or the Digital Literacy Curriculum** is a free online program to enable people with digital literacy to help them employ the edge of computing in everyday life.
- **Employee Giving and Volunteering Program** complements the efforts of the Indian government for Education, through direct contributions and participation by Microsoft employees. The amount contributed is matched by Microsoft
- **Software Donations** - Microsoft India has donated over 300 crore rupees in software products to eligible NGOs. As part of this initiative, Microsoft recently made its latest Cloud product Office365 available as a donation to eligible nonprofits.
- **Connect IT Program** - launched in 2009, the program builds the capacities of the NGOs to integrate and use technology to achieve their development projects.
- **Disaster and Humanitarian Response** - Microsoft Group in India has been at the forefront of generating assistance for natural disasters like the Uttarakhand flash-floods, J&K and Assam more recently.

IMAGINE: Unleashing Future Innovators

Imagine is about inspiration and possibilities. It is about unleashing future innovators. Young people need to imagine a different kind of world that is filled with new possibilities and believe that they can build it. At Microsoft, we want to help them imagine what a better tomorrow looks like and, help them get there.

- **Imagine Cup**, a global technology competition that provides high school and university students a chance to apply their knowledge and passion to develop technology solutions for some of the world's toughest problems.
- **DreamSpark**, a software giveaway for students, providing them with access to the latest Microsoft developer and designer tools at no charge.

- **YouthSpark LIVE events** bring young people together to identify the skills they need to succeed in life, figure out how technology will accelerate them forward, and get connected to programs that will help them get there.
- **DigiGirlz India**, launched in 2013, the program provides opportunity to high school girls to participate in workshops and connect with Microsoft's employees. Hence, encouraging more girls to take up careers in technology. Page | 4
- **Low cost devices:** highly subsidized Windows tablets and PCs running free software are helping Governments across States provide students a window to a new world. Windows software is free for OEMs manufacturing devices that are under 9 inches in size. Many local OEMs are launching low cost tablets for educational institutions with free Windows operating system
- **College Accelerators & hackathons:** Several Tier I engineering colleges are part of our college Accelerator program, learning the newest technology and participating in hackathons to build new apps every year.

REALISE: Increasing Employability and Entrepreneurship

Realize is about helping young people apply their skills and ideas to secure employment, pursue greater education, or start a new business or social venture. Some examples of programs that help increase employability and entrepreneurship.

- **BizSpark**, gives software startups access to Microsoft software development tools and connections with key industry players, including investors.
- **Microsoft Academia Accelerator**, in collaboration with the faculty at select leading Indian engineering colleges, aims to enhance the Computer Science curriculum in selective areas.
- **Microsoft Student Partners (MSPs)**, aimed at empowering student's community across colleges and universities by giving them access to free Microsoft technology, trainings on Microsoft platform & products, and through certifications and skill development.
- **Microsoft Innovation Centers (MICs)**, launched with a vision of driving innovation and providing incubation and expert hands-on support on Microsoft technology innovation, research, and software solutions, aimed at creating a pool of student technology experts across India.

Microsoft Group in India is committed to contributing significantly towards India's inclusive and sustainable growth. In this regard, a Corporate Social Responsibility ("**CSR**") Committee was set up by Microsoft Corporation (India) Private Limited (the "**Company**") on December 14, 2014.

Based on the recommendations of the CSR Committee, the Board of Directors ("**Board**") of the Company, approved this CSR policy in its meeting of December 19, 2014.

2. Objectives of the CSR policy:

- To promote a strategic and sustainable approach to CSR across the Company in line with our corporate vision to help individuals and businesses realize their full potential.
- To ensure that our CSR investments are relevant to the national agenda and contribute in a significant way to India's inclusive development.
- To strengthen and deepen commitment across the organisation through a sustained program for employee participation and engagement in the Company's CSR and nation building agenda.

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3. Scope and Applicability:

The policy covers the current as well as proposed CSR projects to be implemented by the Company aligned with the relevant provisions of the Companies Act, 2013 ("**Act**") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("**Rules**").

It covers projects implemented either directly or through our implementing partners and NGOs.

4. Policy statement:

4.1 CSR Projects

The Company's CSR vision is to use our technology and investments to help individuals, communities and businesses across sectors, geographies and age groups to realize their full potential. Aligned to this, the Company will focus its investment in any or all of the following CSR Projects, in line with Schedule VII of the Act. The Company shall, with respect to the following CSR Projects, also give preference to the local areas where it operates.

- a. **Promoting education and digital inclusion** including training of teachers to use technology for better educational outcomes.
- b. **Skilling, employability and entrepreneurship:** provide digital and vocational training and job placement support for youth (especially girls and women), facilitate young people to start their own micro enterprises and small businesses.

- c. **Women and girl empowerment:** participation of girls and women in jobs, science and technology careers and other activities to promote gender equity.
- d. **Technology for Good:** Helping NGOs to use technology to magnify the social change and impact through donating software and services, improving access to hardware, sharing knowledge and building capacities of NGOs to leverage technology for social good and provide innovative technology solutions.
- e. **Promoting employee Giving and volunteering** to contribute to various CSR projects focusing on ensuring education of girls through provision of safe and clean sanitation facilities, support mid-day meal programs, provide fellowship grants, support education of street children.
- f. **Disaster response:** Supporting humanitarian relief and disaster management efforts in areas effected by natural calamities through our partnership and grants to national-level disaster response NGOs like Oxfam, assisting in rehabilitation work around provision of shelters, safe and clean water, medical aid and ensuring sanitation in the relief facilities. As appropriate, facilitate technology solutions for disaster response and management.
- g. **Accessibility:** Expanding opportunity for children and youth living with disabilities.
- h. Environment sustainability: Through responsible use of resources in our operations across our offices.
- i. Support sanitation drives as part of an overall education program to help drive better results from education programs.
- j. Contribution and support provided to technology incubators within academic institutions approved by central government.
- k. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio economic development and welfare in areas aligned to the Company's CSR focus as mentioned above.

The Company will review the policy and the Projects at periodic intervals and make revisions as appropriate.

4.2 CSR Committee

The Company has as per the requirements of Section 135 of the Act formed a committee to manage the CSR projects of the Company. The members of the CSR Committee are:

- a. Karanjit Singh Bajwa;

- b. Benjamin Owen Orndorff; and
- c. Ashwini Sachdev

The Company may also employ full time employee(s) who are dedicated to co-ordination and monitoring the CSR projects of the Company.

4.3 CSR Budget/Total Outlay

The Company will specifically contribute, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years towards the CSR projects and activities identified under this policy. The net profit and average net profit shall be calculated in line with the provisions of section 198 of the Act.

The Company's spend on CSR will be in accordance with the themes/activities identified in Schedule VII of the Act.

Expenses incurred by the Company for the fulfilment of any other statute or regulations would not count as CSR expenditure under the Act.

The Company may also build capabilities of their personnel/CSR team and the implementing partners while ensuring that such expenditure is no more than 5% of the total CSR spend of the Company.

Salaries paid by the Company to regular CSR employees as well as to volunteers of the Company (in proportion to Company's time/hours spent specifically on CSR) will be factored into CSR project cost as part of the CSR expenditure.

In the unlikely scenario of the Company failing to spend the target amount within the specific financial year, the CSR Committee shall submit a report in writing to the Board of Directors.

Any surplus, if any, arising out of the CSR projects will not be considered as a part of the business profits of the company.

Maintenance of any assets created as part of the CSR projects will belong to the implementing NGO/agency and an undertaking to that effect will be taken from them for the said asset.

4.4 Governance

The relevant CSR programs and projects will be identified by the individual Citizenship program owners in line with the guidelines set in the policy.

The CSR Committee shall be responsible for monitoring and periodic review of the policy.

Once every six months the Citizenship program owners will provide a status update to the CSR Committee on the progress of implementation of the approved CSR Programs carried out during the six month period. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.

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At the end of every financial year, the CSR Committee will submit its formal report on CSR projects for the year to the Board.

4.5 Implementation

- The investment in CSR would be project based and every project will have clear deliverables, measurable outcomes and periodic milestones which will be defined at the outset.
- Each project will also have a budget assigned with modalities for utilization of funds
- Projects identified and approved under the annual CSR plan will be implemented either directly by the company through our employees, CSR personnel or through NGOs having an established track record of atleast three years in implementing the specific activities.
- The CSR Projects and activities identified in this policy will be executed and implemented in accordance with the implementation schedule set out at **Annexure A** to this policy.
- The following minimum eligibility criteria will be ensured for selecting NGOs for project implementation:
 - a. The NGO is a registered Society/Public Charitable Trust/Section 25 Not for Profit organization/Company established under the section 8 of the Act
 - b. The NGO has a valid Tax Exemption Certificate
 - c. The NGO has a current Foreign Contribution Regulation Act (FCRA) Certificate

Additionally, each of the implementing agency/NGO will be evaluated on a set of criteria identified by the Company and dependent on the project scope as a part of the pre-approval due diligence process.

Collaboration

The Company may also collaborate with other Microsoft legal entities in India or any other company to implement joint CSR projects where there is a possibility of each organisation being able to report separately on such projects and programs. This would be undertaken after due approval from the CSR Committees of the respective organizations and shall form a part of the Annual CSR Plan.

The Company may form trusts on its own to carry out CSR projects/activities in accordance with CSR rules and to administer its CSR activities. The Company may jointly along with other Microsoft entities form Trust/s to administer the CSR projects/activities as may be eligible and approved by the respective CSR Committees.

4.6 Monitoring and Reporting

A result-based quarterly monitoring and reporting mechanism will be put in place for all the CSR projects and activities. The quality of project delivery will rest with individual program manager, including submitting a status report to the CSR Committee as and when required.

Specifically, the mechanisms put in place for monitoring and reporting will include:

- a. Quarterly reports by implementing NGO partners/agencies against the quarterly targets set in the project proposals;
- b. Periodic field visit by the CSR personnel and project managers
- c. End of the project final report submitted by the partner
- d. Periodic review by the CSR Committee against the deliverables and budget which would be presented annually to the Board.

In addition, the report of the Board shall, at regular intervals, monitor the implementation of this policy and shall include an annual report on CSR containing the particulars specified in the Rules.

4.7 Review

This policy will be reviewed from time to time by the CSR Committee to update and to comply with the applicable laws. The CSR Committee may also refer matters to the Board in order to seek guidance on CSR matters.