

INFOSYS LIMITED

PAS2060

**QUALIFYING EXPLANATORY
STATEMENT**

20 MAY 2021

Infosys[®]

Infosys Carbon Neutrality Declaration

“Carbon neutrality of global operations achieved by Infosys Limited in accordance with PAS 2060 at 31 March 2021 with commitment to maintain up to 31 March 2030 for the period commencing 1 April 2021, KPMG certified”



Pravin Rao U B
Chief Operating Officer

INTRODUCTION

This document presents the Qualifying Explanatory Statements (QES) to demonstrate that Infosys Limited has achieved carbon neutrality for its global operations for the period of 1 April 2020 to 31 March 2021, and is also committing to maintain carbon neutrality for the period of 1 April 2021 to 31 March 2030, in accordance with PAS2060:2014 standard.

This QES provides details on our carbon footprint and how we calculated it, our carbon footprint management plan covering our emission reduction initiatives, and our carbon offset process that we used to achieve carbon neutrality.

Infosys' achievement of carbon neutrality and commitment for the future have been reviewed and verified by KPMG. The assurance certificate from KPMG is provided in Annexure 2.

Table 1 – General information

PAS2060 Requirement	Infosys Response
Name of the entity	Infosys Limited (Infosys)
Individual responsible for the evaluation and provision of data necessary for the substantiation of the declaration including that of preparing, substantiating, communicating and maintaining the declaration;	Bose K. Varghese, Head – Green Initiatives
Subject of the declaration	Global operations of Infosys (Infosys Limited and its subsidiaries)
Boundary	Operational control approach-based emissions
Characteristics of the subject	Infosys is a global leader in next-generation digital services and consulting. Head-quartered in Bangalore, India, Infosys serves clients in 46 countries.
Rationale for the selection of the subject and boundary	Climate change is a global phenomenon and, therefore, greenhouse gas emissions, wherever they occur, are important. Accordingly, the subject is Infosys' global operations. However, our capacity to manage emissions within the subject is limited to wherever we have operational control. Accordingly, our boundary for Scope 1 and Scope 2 emissions is drawn based on operational control.
Type of conformity assessment	IP3-3: Independent third-party certification - Unified
Period for carbon neutrality	1 April 2020 to 31 March 2021
Period of future commitment	1 April 2021 to 31 March 2030
Baseline date for PAS2060	1 April 2019 to 31 March 2020

QUANTIFICATION OF CARBON FOOTPRINT

Infosys has accounted its GHG emissions as per the Greenhouse Gas Protocol, the most widely used accounting standard, and the materiality and boundary definitions adopted by Infosys. We use 'operational control' to define boundary to account our GHG emissions.

In accordance with the boundary definition, subject includes offices in India and the owned office in Shanghai, as well as offices which fall under our operational control boundary definition vis-à-vis: Shenzhen, Hangzhou and Dalian in China. Subject also includes our data centers in Quincy, Plano, Canary Wharf.

Please refer to the 'Data Computations Methods' – Annexure 5 of the Infosys Sustainability report FY2021¹ for details.

Table 2 – Infosys Carbon footprint for Carbon Neutrality

PAS2060 Requirement	INFOSYS RESPONSE
Standard used	1. Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard 2. GHG Protocol-Scope 2 Guidance
Emissions covered	Scope 1, Scope 2, and Scope 3
Scope 1 (tCO ₂ e) ²	8,678
Scope 2 (tCO ₂ e) ³	68,673
Scope 3 (tCO ₂ e) ⁴	92,762
Total (tCO₂e)	170,113

Data sources for carbon footprint calculation

Scope 1 and 2 emissions: Primary data, collected directly within the subject boundary, have been used wherever available. Secondary data were used only when primary data were not available. Scope 1 and Scope 2 emissions have been calculated from primary data.

Regionally and nationally available emission factors were used wherever available. Where such emission factors were not available, the emission factor from IPCC and/or DEFRA were used.

Scope 3 emissions: A combination of primary data, secondary data, and several assumptions have been used to calculate Scope 3 emissions.

¹ Refer to Infosys Sustainability report – FY2021: <https://www.infosys.com/about/corporate-responsibility/sustainability-reports.html>

² From fuel used in diesel generator sets, mobile emissions from company owned vehicles, fugitive emissions from refrigerants and SF6 at our campuses and CO2 from fire extinguishers

³ From the use of electricity

⁴ Included for carbon neutrality are emissions from business travel, employee commute, electricity transmission and distribution losses, upstream leased assets, wastes and work from home.

Uncertainty

The possible areas of uncertainties have been identified based on the method of estimation/calculation, measurement, aggregation, and assumptions.

For Infosys' Scope 1 and Scope 2 emission calculations, uncertainties are introduced through metering accuracy and emission factors. However, these are considered small. Scope 3 emission calculation involves an inherent uncertainty because of the various secondary data and assumptions used. These uncertainties have been mitigated by a consistently conservative approach in the calculations.

Exclusions

Greenhouse gases and emission sources, with exclusions if any, are provided in Annexures 1.

CARBON MANAGEMENT PLAN

Infosys is committed to reduce its carbon footprint. Our carbon management plan focuses mainly on Scope 2 and Scope 3 emissions, the significant components of our carbon footprint. For Scope 2 emissions, our management plan involves energy efficiency and increasing use of renewable power for electricity. For Scope 3 emissions, our management plan focuses on employee commute and business travel, where we have some control and/or influence. These plans and their progress are reviewed on a regular basis at the execution-team level and on a quarterly basis by a Board level committee⁵.

Carbon Management Plan: Scope 2

Energy Efficiency: Infosys owns over 50 million sq. ft. of office space. Energy efficiency is a key element of our carbon footprint management plan. Energy efficiency at Infosys is achieved through designing and building highly efficient new office buildings and deep-green retrofitting of existing buildings.

Smart automation has enabled remote monitoring, control and optimization of operations across over 150 buildings spanning 30 million sq. ft. of space. Controllers and sensors ensure building systems like air conditioning operate in an autopilot mode with in-built scheduling and energy-saving algorithms, providing real-time data, alerts and diagnostics at the system and the equipment levels. Our efforts in this space have ensured a low carbon growth.

We are committed to build our new infrastructure in a sustainable manner and pursue energy efficiency projects in existing infrastructure. The wealth of data from our online monitoring system is being used to drive operational optimization in buildings. We will continue to implement innovative technologies in buildings and collaborate with experts and academia to ensure our infrastructure is greener and smarter. The focus areas for energy efficiency measures in green buildings and existing buildings continue to be in the lighting, air-conditioning, automation, UPS, building façade, data centers and server rooms.

Renewable Energy: We are the first signatory to RE100 from India and we are striving to increase our renewable energy consumption. For the current commitment period, about 50 percent of our electricity in India came from renewable sources. Infosys has a total capacity of 60 MW of solar PV capacity, including rooftop and ground-mounted systems.

⁵ Pl refer to Annexure 3: Climate change Risk & opportunities assessment and management, of our ESG report Data book.

Over the next decade, Infosys plans increase its renewable energy share to 75% of the total electricity requirement. This will be achieved through a combination of captive generation and green power procurement.

Table 3 – Carbon Reduction Initiatives for FY2021

CARBON REDUCTION INITIATIVE	RENEWABLE ENERGY / ENERGY SAVING (kWh)	EMISSIONS AVOIDED (tCO ₂ e)
Energy efficiency retrofits in buildings	340,291	281
RE Third-Party Procurement	11,247,992	9,302
Solar Generation (Infosys)	68,478,133	56,631

Carbon Management Plan: Scope 3

Although we have very limited control or influence over Scope 3 emissions, we have the following emission reduction initiatives targeting Scope 3 emissions.

- Business travel: Videoconferencing facilities, carbon footprint alerts for travel booking, and EV cabs
- Employee commute: Provision of buses for mass transport, promotion of carpooling, and promotion EVs
- T&D Losses: Increase the percentage of RE in scope 2

This year Infosys has also taken a target to reduce our overall Scope 3 emissions by 30% by FY2030, against the FY2020 baseline. Infosys is also planning to work with its clients on their low carbon journey.

Carbon Offset

Carbon offsets used for achieving Infosys carbon neutrality are from projects fully funded by Infosys and implemented through partners, mostly NGOs. All projects are community-based and were selected based on the long-term socio-economic benefits they create in the communities. At the same time, thorough due diligence was carried out to ensure that there is no double counting and leakage from the Infosys identified carbon offset project.

Further, all the projects in the Infosys carbon offset portfolio have been registered against Gold Standard, the highest standard for carbon offset projects focusing on sustainable development. With this, not only are the aspects of additionality and permanence, but also the socio-economic impacts of the project are certified by third party. The methodology applied to mitigate carbon emission is sourced from UNFCCC approved Small Scale CDM Methodologies⁶.

A total of 170,113 tCO₂e carbon offsets will be retired for the compliance period. The offsets retired are from the following projects.

⁶ <https://cdm.unfccc.int/methodologies/SSCmethodologies/approved>

Table 4 – List of carbon offset projects

Sl. No.	Project Name	Gold Standard ID
1	Ramanagara biogas project, Version 02, 10 November	GS1015
2	Improved Woodstoves in Udaipur - Helping Women and Environment*	GS1021
3	The Breathing Space Improved Cooking Stoves Programme, India – VPA No. 12 Envirofit	GS5417
4	The Breathing Space Improved Cooking Stoves Programme, India – VPA No. 13 Envirofit	GS5418

* This project was renewed during FY2021, by replacing the existing stoves with new energy efficient stoves.

In addition to the above projects that will cater to the compliance period, Infosys has the following operational or under-implementation projects that will cater to future offset requirements.

- 1) Envirofit Improved Cookstove - 2, Maharashtra
- 2) Savayava Krishi Parivara Household Biogas, Karnataka
- 3) Samuha Improved Cookstove project – Karnataka
- 4) YRA household biogas project, Maharashtra.

All these projects are implemented in India and are registered with the Gold Standard. The offset credits retired have been issued and/or transferred to Infosys account in the Gold Standard registry after following all built-in checks, validations, and verifications. Annexure 3 provides details on offset that will be retired towards this declaration of carbon neutrality.

ANNEXURES

ANNEXURE 1

INCLUSION/EXCLUSION OF GREENHOUSE GASES

Emission Type	Categories	Relevance	Sources and Inclusions/Exclusions	Inventory status	GHGs reported
Direct Emissions (Scope 1)	1. Stationary combustion	<input checked="" type="checkbox"/>	HSD fuel consumption by DG sets and boilers – Relevant and reported	<input checked="" type="checkbox"/>	CO ₂ , CH ₄ , N ₂ O
	2. Mobile combustion	<input checked="" type="checkbox"/>	Fuel combustion by fleet– Relevant and reported	<input checked="" type="checkbox"/>	CO ₂ , CH ₄ , N ₂ O
	3. Physical and chemical processes	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
	4. Fugitive emissions	<input checked="" type="checkbox"/>	Refrigerants usage in HVAC equipment and SF ₆ emissions from electrical circuit breakers CO ₂ refilling in fire-extinguisher – Relevant and reported	<input checked="" type="checkbox"/>	R-410A R-407c R-134A R-22 R-123 R404A R417A R32 and SF6 CO ₂
Energy Indirect Emissions (Scope 2)	1. Emissions from the generation of purchased electricity, heat or steam – Company owned	<input checked="" type="checkbox"/>	Grid power consumption at facilities with operational control – Relevant and reported	<input checked="" type="checkbox"/>	CO ₂
Other Indirect Emissions (Scope 3)	Upstream Emissions 1. Purchased goods and services	<input checked="" type="checkbox"/>	We have a large supplier base for the procurement of goods and services to support our operations which contribute to our scope 3 emissions. Purchased goods like computers and servers, etc. are categorized as capital goods based on our financial accounting at the group level. Our typical operational expenses include spend on employee salary, salary of technical sub-cons, insurance, Travel expenses, etc. The expenses related to	<input checked="" type="checkbox"/>	NR

			IT equipment, furniture & fixtures, etc. are already accounted in the Capital goods. In order to avoid double counting, no emissions are reported under 'purchased goods'.		
		2. Capital goods	<input checked="" type="checkbox"/> We have fixed assets as land, buildings, plant and equipment, office equipment, furniture and fixtures, computers and vehicles as per our financial accounting practice. We have evaluated the significance of the emissions w.r.t the threshold. Based on the current evaluation emissions due to Office equipment and Computers are relevant – <i>Relevant and reported</i>	<input checked="" type="checkbox"/>	CO ₂
		3. Fuel- and energy-related activities (not included in scope 1 or 2)	<input checked="" type="checkbox"/> Emissions due to grid electricity T&D losses– <i>Relevant and reported</i> The upstream emissions w.r.t either the fuel or the electricity consumed in not in line with our business goals and therefore not relevant to Infosys. Infosys has neither any control, nor an opportunity to reduce the GHG of the large oil and gas companies – <i>Not relevant and therefore excluded.</i>	<input checked="" type="checkbox"/>	CO ₂ , CH ₄ , N ₂ O
		4. Upstream transportation and distribution	<input checked="" type="checkbox"/> Infosys is a service company dealing with technology, consulting and outsourcing and our services are provided over digital/mobile networks to our clients in over 46 countries and we do not sell any physical products which requires any manufacturing/ processing. The emissions from Capital goods already considers cradle to gate emissions and therefore not applicable. Hence this category is not applicable to us and we have not estimated the GHG emissions associated with this category – <i>already accounted in sub-category 2 above.</i>	<input checked="" type="checkbox"/>	NA
		5. Waste generated in operations	<input checked="" type="checkbox"/> Wastes include food waste, paper, plastic, e-waste, metal and wood waste. While this contributes only to about less than 1% of our overall emissions, we continue	<input checked="" type="checkbox"/>	CO ₂ e

				to track and report these emissions – <i>relevant and reported</i>		
		6. Business travel	<input checked="" type="checkbox"/>	Road, rail, air (long & short- haul, Chartered flights) transport – <i>Relevant and reported</i>	<input checked="" type="checkbox"/>	CO ₂ , CH ₄ , N ₂ O
		7. Employee commuting	<input checked="" type="checkbox"/>	All modes of surface transport – <i>Relevant and reported</i>	<input checked="" type="checkbox"/>	CO ₂ , CH ₄ , N ₂ O
		8. Upstream leased assets	<input checked="" type="checkbox"/>	Energy consumption by: 1) Infosys operating out of leased offices and 2) Vendors operating out of Infosys food courts: LPG, PNG and other fuel usage by vendors in canteens/food courts and guest houses. - <i>Relevant and reported</i>	<input checked="" type="checkbox"/>	CO ₂ e
	Downstream Emissions	9. Downstream transportation and distribution	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
		10. Processing of sold products	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
		11. Use of sold products	<input checked="" type="checkbox"/>	Infosys is a service company dealing with technology, consulting and outsourcing. We do not attribute emissions from the use of our consulting and outsourcing services at our client locations across the world. Our technology solutions provided for our clients from different sectors consume electricity when used by them and the resulting have been identified as part of our scope 3 emissions. We have evaluated and spoken to several standard setting bodies for guidance on the same. However, no standards/guidelines are readily available at this point to estimate the same. Furthermore, the overall product business (Edge verve, etc) did not significantly contribute to the business	<input checked="" type="checkbox"/>	NA

				revenues and thus is a negligible %. Hence, we are unable to evaluate or state the emissions due to use of our software solutions and their significance in line with our de-minimis - <i>not evaluated</i>		
		12. End-of-life treatment of sold products	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
		13. Downstream leased assets	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
		14. Franchises	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
		15. Investments	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>	NA
Other Indirect emissions	1. Others, as applicable Work from Home emissions		<input checked="" type="checkbox"/>	FY2021 saw over 95% of our employees working from home (WFH) because of Covid-19. Infosys neither has control nor any influence on the energy consuming devices used by employees at home. However, we have decided to include these emissions in our carbon neutrality goal for the year – <i>Relevant and reported</i>	<input checked="" type="checkbox"/>	CO ₂ e

NA – Not Applicable

NR – Not Reported

Scope 1 emissions: All our global operations are included, except Shanghai.

Scope 3 exclusion for carbon neutrality: Emissions associated with capital goods, although reported in our annual sustainability report, are not included for carbon neutrality. Our capital goods come mostly from large corporations and, as a retail consumer, we do not have any control or influence in reducing these emissions. Thus, the Scope 3 emissions included in our carbon neutrality commitment include business travel, employee commute, transmission and distribution losses, upstream leased assets, and waste.



ANNEXURE 2

KPMG ASSURANCE STATEMENT

KPMG Assurance and Consulting Services LLP
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DLF Cyber City, Phase - II
Gurugram - 122 002 (India)

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Independent Reasonable Assurance Statement to Infosys Limited on Demonstration of Carbon Neutrality for FY 2020-21

To the Management of Infosys Limited, IL Bangalore STP Park – I, No. 45 & 46, 3rd Cross, Electronics City, Hosur Road, Bangalore, Karnataka – 560100, India

Introduction

We ('KPMG Assurance and Consulting Services LLP' or 'KPMG') have been engaged by Infosys Limited ('Infosys' or 'the Company') for the purpose of providing assurance on demonstration of carbon neutrality for the financial year 2020-21. Our responsibility was to provide reasonable assurance as described in the scope, boundary and limitations.

Reporting Criteria

The Greenhouse Gas (GHG) emissions have been quantified and reported by the Company according to the World Resource Institute (WRI) / World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standards). Our responsibility was to provide assurance on the Company's demonstration of carbon neutrality presented in the Qualifying Explanatory Statement ('the QES') in accordance with the requirements of the PAS 2060:2014 Specification for demonstration of carbon neutrality with assessment type 'Independent third-party certification – unified' (I3P-3).

Assurance Standards Used

We have conducted our work in accordance with requirements of:

- Reasonable Assurance procedures as per International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements.
 - A reasonable assurance engagement in accordance with ISAE 3000 (Revised) and ISAE 3410 involves performing procedures to obtain evidence about the quantification of emissions and removals and related information in the QES.
 - The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the QES whether due to fraud or error.

Scope, Boundary and Limitations

The scope of assurance covers the QES which includes the Company's demonstration of achievement of carbon neutrality for its global operations for the period of 1 April 2020 to 31 March 2021 and commitment to maintain carbon neutrality for the period of 1 April 2021 to 31 March 2030. The QES details the Company's direct GHG emissions (Scope 1), indirect GHG emissions (Scope 2) and other indirect GHG emissions (Scope 3) for the period from 1 April 2020 to 31 March 2021, carbon management plan and carbon offsets.

As a part of the assurance process, no physical site visits were undertaken, because of the prevailing COVID-19 scenario. The collated data for India and overseas operations as well as aggregated corporate level data were remotely verified. The Scope 3 emission data are restricted to following

categories¹:

- Employee business travel (road, rail and air)
- Employee commute
- Transmission and distribution losses
- Waste generated in operations
- Energy consumption in leased offices
- Vendor fuel consumption in food-courts
- Work from home emissions

The assurance scope excludes the following:

- Data related to Company's financial performance.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Mapping of the QES with other reporting frameworks.

Assurance Procedures

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the GHG statement whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the QES in order to design assurance procedures that are appropriate in the circumstances.

Our reasonable assurance procedures comprise of:

- Assessment of the Company's reporting procedures for GHG emissions about their consistency with the WRI / WBCSD Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard)
- Verification of systems and procedures used for quantification, collation, and analysis of emissions
- Understanding the appropriateness of various assumptions, estimations, emission factors and materiality thresholds applied by the Company for data analysis
- Discussions with the individuals responsible for reporting of the GHG emissions and carbon management plan and carbon offsets
- Assessing data reliability and accuracy

The review and management interactions were performed virtually using screen sharing tools. Appropriate documentary evidence were obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same with the Company during virtual interactions.

Conclusions

Based on our assurance procedures and in line with the scope and limitations, we conclude that the Company's declaration of carbon neutrality presented in the Qualifying Explanatory Statement is in accordance with the requirements of the PAS 2060:2014 Specification for demonstration of carbon neutrality for the period from 1 April 2020 to 31 March 2021.

¹ The Categories for Scope 3 emissions are as defined by the Corporate Value Chain Scope 3 Accounting and Reporting Standards published by World Resources Institute.

Independence

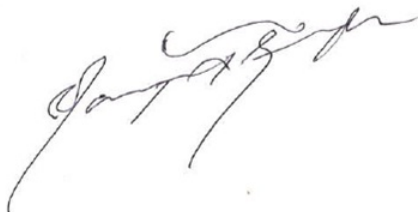
The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 and ISAE 3410 standards. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

Infosys Limited is responsible for preparing the QES, evaluating the GHG inventory, establishing and maintaining appropriate internal control systems and derivation of performance data reported.

This statement is made solely to the Management of the Company in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to Infosys those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Infosys for our work for this statement, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the exclusions and disclaimers mentioned above.



Manpreet Singh
Partner
KPMG Assurance and Consulting Services LLP
20 May 2021

ANNEXURE 3
CARBON OFFSET TO BE RETIRED

No.	Project Name	GS ID	Type of Credits	Project Type	Vintage Range	Volume Verified ⁷
1	Ramanagara biogas project, Version 02, 10 November	GS1015	GS-VER	Biogas-Heat	2020	49,306
2	Improved Woodstoves in Udaipur - Helping Women and Environment	GS1021	GS-VER	Energy Efficiency Domestic	2019 to 2020	38,561
3	The Breathing Space Improved Cooking Stoves Programme, India – VPA No. 12 Envirofit	GS5417	GS-VER	Energy Efficiency Domestic	2019 to 2020	44,228
4	The Breathing Space Improved Cooking Stoves Programme, India – VPA No. 13 Envirofit	GS5418	GS-VER	Energy Efficiency Domestic	2018to 2020	38,018
Total Credits Volume to be Retired for Carbon Neutrality						170,113

Our project wise volume of credits available/retired can be accessed from the following link. (<https://registry.goldstandard.org/credit-blocks/mine?q=&page=1>)

⁷ As verified by Designated operational entities (independent 3rd parties)