Persistent

Climate Strategy and Governance – Task Force on Climate-related Financial Disclosures (TCFD) FY 2024-25

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At Persistent Systems, we are aligning our climate strategy and governance framework with IFRS S2 Climate-related Disclosures, building on the foundation set by the Task Force on Climate-related Financial Disclosures (TCFD). By integrating IFRS S2 requirements, we aim to enhance climate resilience, strengthen risk management, and ensure transparent reporting of climate-related financial risks and opportunities. This alignment reinforces our commitment to sustainability, regulatory compliance, and long-term value creation.

Governance

Board Oversight on Climate-related risks and opportunities

The Board of Directors at Persistent Systems provides oversight and strategic direction for managing climate-related risks and opportunities. Our climate strategy and governance framework are driven by the Stakeholder Relationship and the ESG Committee, ensuring continued progress toward our ESG goals. These committees oversee climate-related risks and opportunities at the Board level, with performance on key ESG metrics reported at least annually. In the reporting year, two meetings were held to review ESG progress.

Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

To steer our sustainability agenda, the ESG Committee is supported by the CEO, COO, CFO, CPO, CAO, CRO, Legal and Compliance team, Sustainability Council, and Business Leaders. This governance structure enables an integrated approach to enterprise risk and ESG governance, aligning our climate and sustainability strategy with business objectives. Additionally, our leadership's performance is assessed on ESG and climate-related parameters, ensuring accountability and alignment with evolving disclosure requirements.

For more details refer to

ESG Governance page 165

Strategy

Climate-Related Risks, Opportunities, Impacts, and Mitigation Strategies Across Short, Medium, and Long-Term

GRI 201-2

Risk management process is Integrated into the multi-disciplinary enterprise risk management process and the frequency of assessment conducted every year covering existing and new operations including Value chain partners (Upstream and Downstream).

Transition Risks

The fast-paced evolution of technology brings both opportunities and challenges for the Information Technology (IT) sector. While innovation drives growth, adapting to these transitions poses potential risks. Transition risks in IT stem from disruptions caused by emerging technologies, shifting customer expectations, and evolving regulatory requirements.

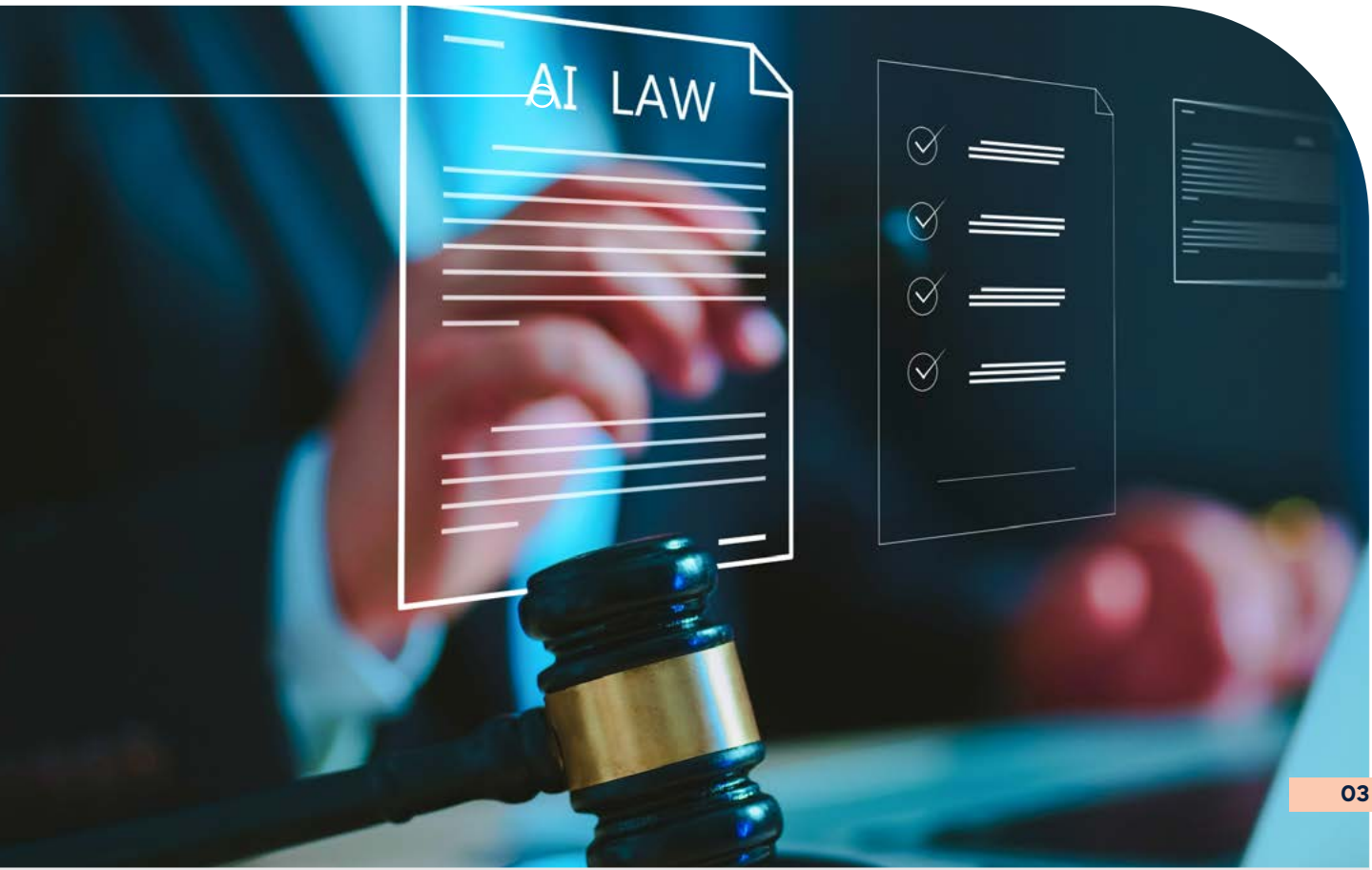
Transition Risk Type	**Policy and Legal Current and Emerging regulation**
Climate-related issue	**Evolving Climate Regulations:** Increasing compliance requirements on emissions, energy efficiency, and sustainability disclosures. **Carbon Pricing and Taxation:** Rising costs due to carbon taxes and GHG pricing mechanisms. **Stricter Environmental Compliance:** Regulatory mandates on energy use, waste management, and emissions reduction. **Reputation Risks:** Stakeholder expectations on climate action impacting brand value and market position.
Timeframe	Long-Term
Potential Impacts to business	• Increased operating costs (e.g., compliance expenses, insurance premiums) • Asset impairment and early retirement of existing assets • Fines and penalties due to non-compliance with environmental regulations • Risks associated with failure to meet regulatory disclosure requirements
Mitigation/ Opportunities	• Ensuring compliance with all applicable environmental laws and regulations across operational regions (Refer to the Environmental Compliance section for details). • Proactively minimizing environmental impact and mitigating climate-related risks. • Continuously improving Environment, Health, and Safety (EHS) Management Systems to enhance compliance and operational resilience.

Transition Risk Type	**Market / Reputation risks**
Climate-related issue	**Reputation Risks:** Stakeholder expectations on Company's ESG performance and climate action impacting brand value and market position.
Timeframe	Short-mid term
Potential Impacts to business	• Inability to achieve climate action and UNSDG commitments, resulting in reputational risks. • Weak sustainability performance impacting customer trust, investor confidence, and talent attraction.
Mitigation/ Opportunities	• Commitment to climate action with defined short-, medium-, and long-term goals. • Implementation of a Decarbonization Roadmap to achieve climate targets. • Alignment with client sustainability expectations by integrating ESG into business strategy. • Strong focus on Diversity & Inclusion (D&I) and Corporate Social Responsibility (CSR) to attract and retain talent. • Transparent ESG reporting through sustainability reports to enhance stakeholder trust.

Transition Risk Type	**Technology Risk**
Climate-related issue	**Transitioning to Low-Emissions Technology:** High investment requirements for adopting low-emissions technologies and infrastructure.
Timeframe	Shot-mid Term
Potential Impacts to business	Financial implications of adopting and implementing new practices and processes
Mitigation/ Opportunities	As part of our commitment to reducing emissions, we have implemented various initiatives and mitigation measures focused on energy efficiency and renewable energy adoption. **Key Initiatives:** • Use of Lower-Emissions Energy Sources: Investment in renewable energy programs and adoption of energy efficiency measures. • Deployment of More Efficient Equipment: Replacement of outdated assets with advanced, energy-efficient technological devices. Key Benefits: • Reduced Operational Costs: Lower energy consumption leads to cost savings. • Lower GHG Emissions: Contributes to our sustainability goals. • Enhanced Asset Value: Adoption of sustainable infrastructure, such as LEED-certified buildings. • Improved Employee Well-being: Better indoor air quality and safer work environments.

*Timeline - Short-mid Term: less than 5 Years
Long-Term - 5 to 10 Years

For further details,
Refer to our Energy Management section on Page 61



Physical Risk

Despite being digitally-driven, IT companies are vulnerable to physical risks, including natural disasters, infrastructure failures, and supply chain disruptions that can impact operations. Additionally, climate change-related events and physical security threats pose significant challenges. Mitigating these risks requires a robust business continuity strategy. Our physical risk assessment process ensures comprehensive evaluation across both existing and new operations.

Physical Risk Type	**Acute**
Climate-related issue	• Intensified extreme weather events (cyclones, floods) pose risks to property and assets. • Climate change-induced extreme weather can contribute to the spread of vector-borne diseases, increasing the risk of epidemics or pandemics. • Water scarcity and stress present an immediate risk, potentially disrupting business operations.
Timeframe	Shot-mid Term
Potential Impacts to business	• Physical damage to building infrastructure and other assets due to climate change impacts. • Disruptions to city infrastructure, including transportation, power, and water supply, affecting business continuity
Mitigation/ Opportunities	• Implementation of comprehensive Business Continuity Plans to enhance resilience. • Hybrid work model enabling remote operations to ensure uninterrupted business continuity. • Robust employee healthcare programs, including health insurance benefits. • Strong energy and water stewardship initiatives to mitigate water-related risks.

Physical Risk Type	**Chronic**
Climate-related issue	• Rising sea levels pose a risk to infrastructure and operational continuity. • Increasing mean temperatures impact energy demand, workforce productivity, and infrastructure resilience.
Timeframe	Long-Term
Potential Impacts to business	• Some large office campuses are vulnerable to sea-level rise, posing business continuity risks. • Chronic water scarcity, driven by global warming, may disrupt operations, particularly in India. • Higher operating costs due to inadequate water supply. • Increased capital expenditure for facility repairs and climate adaptation. • Rising insurance premiums and potential difficulty in securing asset coverage
Mitigation/ Opportunities	• Robust Business Continuity Plans to enhance operational resilience. • Hybrid work model enabling remote operations for uninterrupted business continuity. • Regular asset maintenance and infrastructure upgrades to mitigate climate-related risks.

* Timeline - Short-mid Term: less than 5 Years
Long-Term - 5 to 10 Years

Climate-related Scenario Analysis

Exploring Pathways Well Below 1.5 Degree Celsius

Climate-related scenario analysis is a vital tool for understanding and preparing for the potential impacts of climate change. This process involves examining a range of possible future climate conditions and their consequences for various sectors, allowing stakeholders to make informed decisions and develop robust strategies.

We have conducted qualitative climate-related scenario analysis for scenarios well below 1.5 degrees Celsius, aligning with the goals set by the Paris Agreement to mitigate global warming.

- Identify key risks and opportunities associated with different climate futures.
- Develop strategies to mitigate and adapt to climate impacts.
- Enhance resilience and sustainability in the face of uncertainty.
- Align with regulatory and policy frameworks aimed at reducing greenhouse gas emissions.

Financial Risks and Opportunities Arising from Climate Change

Financial Risks of Climate Change

Persistent Systems is certified for ISO 22301:2019 and has a well-defined Business Continuity Management System in place. This includes business continuity and disaster recovery plans that are charted to ensure minimum impact to business and operation in case of emergency or disaster as well as regular testing including calls, tree tests, data restoration tests, DR drills, etc. which ensure high level of readiness for handling Business Continuity impact related events.

Persistent governance risk and compliance services have a structured BCP/DRP framework and methodology, which will assist the enterprise in overcoming all the challenges by analysing business impact, defining the recovery strategy, and documenting plans for our BCP/DRP. We can also test the BCP/DRP to ensure it is current and meets the RTO/RPO requirements. For more details, refer to Business Continuity and Disaster Recovery on Page 196.

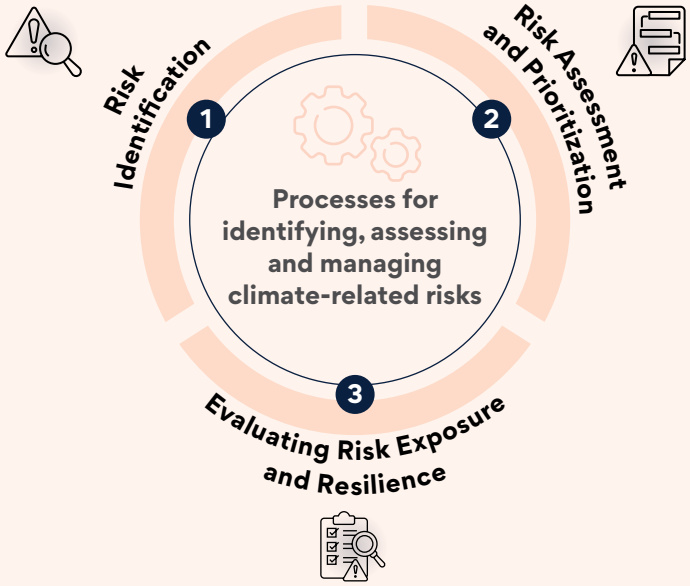
The identified climate-related risks do not have any potential to cause a substantive change in business operations, revenue or expenditure.

Our comprehensive Business Continuity plans in place helps to increase our resilience and flexibility to adopt remote working options when required. Rest assured that we are well-prepared for any situation that may arise.

Financial Opportunities Arising from Climate Change

Combating climate change isn't just about managing risks; it presents significant opportunities. Resource efficiency, cost savings, adoption of clean energy, and building a resilient supply chain are just some areas where we see a path forward.

Risk Management - Climate-Related Risks



Risk Identification

At Persistent Systems, we proactively identify climate-related risks by engaging with key stakeholders, including customers, employees, shareholders, suppliers, and community partners. Our risk identification framework integrates insights from evolving global trends, ensuring a comprehensive approach to climate-related risks such as technological disruptions, physical risks, transition risks, and regulatory changes. This structured engagement enables us to anticipate challenges and position ourselves for long-term resilience.

Risk Assessment and Prioritization

We leverage climate scenario analysis to evaluate identified risks, assessing their magnitude, likelihood, and financial consequences over short-, medium-, and long-term horizons. Prioritizing risks that require immediate action ensures their integration into our strategic decision-making process. By embedding climate-related risks into our Enterprise Risk Management (ERM) framework, we strengthen governance, enhance resilience, and align with the TCFD framework.

Evaluating Risk Exposure and Resilience

At Persistent Systems, we employ quantitative assessments to evaluate the impact of financial, environmental, social, and governance-related risks. These assessments help us identify vulnerabilities, anticipate potential disruptions, and implement proactive mitigation strategies. Scenario analysis, in line with TCFD recommendations, deepens our understanding of climate risks and informs the development of effective response measures. Additionally, various business functions leverage these analytical approaches to drive data-informed decision-making. We have identified key ESG risks and opportunities for which sensitivity analysis and stress testing are systematically conducted.

Identified ESG Risks	Business Impact
Sustainability Risk - Climate Change	At Persistent Systems, we recognize that climate change presents significant risks to our business, including operational disruptions due to extreme weather events, supply chain vulnerabilities, and increasing regulatory pressures. Rising temperatures and unpredictable weather patterns could impact our infrastructure, workforce productivity, and overall business continuity. To address these risks, we integrate climate considerations into our risk management and sustainability strategies.
Water Scarcity Risk	Water scarcity poses challenges such as higher operational costs, limited resource availability, and increased regulatory constraints. A lack of adequate water supply could also impact our supply chain. To mitigate this, we focus on water-efficient technologies, conservation initiatives, and responsible water management practices.
Energy Demand Risk	As a technology-driven Company, we depend on a stable and sustainable energy supply to power our data centres and office facilities. Rising energy demand, increasing costs, and grid reliability issues could affect our operational efficiency and sustainability goals. To manage this risk, we prioritize energy efficiency, adopt renewable energy solutions, and optimize power consumption across our facilities.

Identified ESG Risks	Business Impact
ESG - Customer / Stakeholder Demand Risk	Our customers and stakeholders are placing greater emphasis on ESG performance in their business decisions. Failing to meet these expectations could impact our reputation, reduce business opportunities, and affect investor confidence. We are committed to integrating ESG principles into our operations, enhancing transparency in reporting, and aligning with global sustainability frameworks to maintain trust and competitiveness.
ESG - Regulatory Compliance Risk	Evolving ESG regulations impose stricter compliance requirements, and non-compliance could lead to legal repercussions, financial penalties, and operational disruptions. We proactively monitor regulatory changes, align with international ESG standards, and strengthen our governance frameworks to ensure compliance with sustainability-related policies and mitigate regulatory risks.

Identified ESG Opportunities	Business Impact
Global Regulatory Landscape	As global regulations on data privacy, ESG disclosures, and cybersecurity continue to evolve, we see an opportunity to expand our services and support customers in navigating complex compliance requirements. By providing services that enable our customers to meet their ESG-related requirements, we position ourselves as a trusted partner in regulatory compliance. Strengthening our governance framework and aligning with international standards allows us to enhance our market presence, drive innovation in ESG solutions, and create long-term value for our business and clients.
GenAI Advancement	The rapid evolution of Generative AI (GenAI) presents a significant opportunity to drive innovation and business transformation. Through AI for Tech, we have launched SASVA 2.0, a fully integrated end-to-end solution that supports businesses from ideation to post-deployment operations, enhancing customer experiences and productivity. Additionally, AI for Business enables us to engage with multiple customers, unlocking new GenAI-driven opportunities across industries. By leveraging our expertise in AI, we can expand our market reach, offer cutting-edge solutions, and establish ourselves as a leader in AI-powered business transformation.
Climate Action	Proactive climate risk assessment presents an opportunity to strengthen our resilience and adaptability to environmental challenges. By integrating climate considerations into our strategy, we ensure preparedness for potential adversities. Additionally, our focus on using technology that supports low carbon emissions and reduces our carbon footprint positions us as a leader in sustainable innovation. This commitment not only enhances operational efficiency but also aligns with global sustainability goals, creating value for our business and stakeholders.

Risk Mitigation and Management

We take a proactive approach to mitigating climate risks by aligning our operations with evolving regulations and global climate commitments. Our mitigation strategy is built on

Regulatory Compliance & Governance

Continuous monitoring of policy developments and integrating regulatory requirements into our operations.

Energy Efficiency & Emissions Reduction

Implementing sustainable practices, optimizing resource consumption, and reducing greenhouse gas emissions.

Investment in Renewable Energy & Low-Carbon Technologies

Accelerating the adoption of clean energy solutions and deploying cutting-edge innovations for long-term sustainability.

Resilience & Adaptation

Strengthening infrastructure, improving supply chain sustainability, and ensuring business continuity through robust risk management frameworks.

Comprehensive Climate Risk Assessments

Evaluating risks across our operations, upstream activities, and supply chain to identify vulnerabilities and enhance resilience.

Beyond mitigating risks, we recognize that climate change presents significant opportunities for innovation and competitive differentiation. Our strategic response focuses on:

Decarbonization Initiatives

Developing a structured roadmap to achieve net-zero emissions and aligning with global climate action goals.

Sustainable Product & Service Innovation

Designing low-carbon solutions that help our clients transition to sustainable business models.

Technology & Digital Transformation

Leveraging AI, IoT, and data analytics to drive sustainable efficiencies and optimize operations.

Customer & Market Alignment

Meeting growing investor and client expectations for sustainability leadership and ESG transparency.

By integrating climate considerations into our core business strategy, we ensure long-term resilience, enhance stakeholder confidence, and position ourselves as a leader in the transition to a low-carbon economy.

Integration of Climate-Related Risks into Enterprise Risk Management (ERM) Process

As our operations expand and ESG risks become more complex, we recognize the critical need to integrate climate-related risks into our broader risk management framework. Our Enterprise Risk Management (ERM) process systematically identifies, assesses, and mitigates these risks, ensuring resilience and long-term sustainability. Through our assessment, we incorporated the following list of five key identified ESG risks into our ERM framework:

- Sustainability Risk - Climate Change
- Water Scarcity Risk
- Energy Demand Risk
- ESG - Customer / Stakeholder Demand Risk
- ESG - Regulatory Compliance Risk

Climate risk assessments are conducted periodically and incorporated into our multi-disciplinary ERM framework, which includes a structured annual evaluation covering both existing and new operations, as well as value chain partners across upstream and downstream activities. The ESG function collaborates closely with the ERM team to assess and manage climate risks separately from other business risks, ensuring a focused approach to sustainability challenges.

To ensure strategic oversight, Executive management and the Board receive quarterly updates on climate-related risks, mitigation strategies, and progress. By embedding climate risks into our enterprise-wide risk governance, we enhance our ability to anticipate regulatory changes, strengthen operational resilience, and align our business strategy with global sustainability goals.

Metrics and targets

We have strategically aligned our climate action objectives with globally recognized climate scenarios, including those aimed at limiting global warming to 1.5°C. Our medium- and long-term emissions reduction targets are validated by the Science Based Targets initiative (SBTi), ensuring alignment with defined climate pathways.

Our absolute emissions reduction targets encompass Scope 1, Scope 2, and Scope 3 emissions, ensuring a holistic approach to decarbonization across our entire value chain.

Target and Metrics

Maintaining Carbon Neutrality across Scope 1 and Scope 2 emissions every year

FY 2025-26	FY 2033-34	FY 2049-50
Sourcing of 100% Renewable energy across owned locations	Reduce absolute Scope 1 and 2, 3 GHG emissions by 54.6% from a FY 2023-24 base year	Achieve net-zero greenhouse gas emissions across the value chain

We have a well-defined roadmap to achieve our Climate action goals, incorporating diverse strategies and targeted actions.

For further details, refer to
Net-Zero Commitment section

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