



Climate Risk Scenarios and Internal Carbon Pricing



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1. Introduction

Persistent Systems Ltd. recognizes that climate change presents both significant risks and opportunities for our business, stakeholders, and society at large. This Climate Risk Assessment (CRA) is developed in alignment with global best practices, including the Task Force on Climate-related Financial Disclosures (TCFD), and draws on scenario analysis, peer benchmarking, and internal risk management frameworks.

2. Methodology

- **Frameworks Used:** TCFD, SBTi, GRI, SASB, and BRSR.
- **Scenario Analysis:** Qualitative and quantitative assessment of physical and transition risks under different climate scenarios (including 1.5°C and 2°C pathways).
- **Materiality Assessment:** Double materiality approach, considering both business impact and stakeholder relevance.

3. Climate-Related Risks

Climate risk refers to the potential for adverse consequences arising from climate change and variability, impacting ecosystems, human health, economies, and infrastructure. Understanding climate risk is pivotal for effective climate risk assessment, which informs mitigation and adaptation strategies.

According to the Intergovernmental Panel on Climate Change (IPCC), climate risk is defined by three core components: hazard, exposure, and vulnerability.

Hazards are the physical manifestations of climate change, such as extreme weather events, sea-level rise, and changing temperature patterns. Exposure denotes the presence of people, assets, and ecosystems in places that could be adversely affected by these hazards. Vulnerability refers to the susceptibility of these systems to harm, influenced by socio-economic, environmental, and political factors.

The IPCC's Sixth Assessment Report (AR6) emphasizes that "climate-related risks result from the interaction of climate-related hazards (including hazardous events and trends) with the vulnerability and exposure of human and natural systems" (IPCC, 2023). This interplay underscores the complexity of climate risk, necessitating comprehensive assessment methodologies that integrate scientific, socio-economic, and policy considerations.

4. Types of Climate Risk

Climate risks are generally categorized into two primary types: transition risks and physical risks. Each type encompasses various subtypes that reflect the different ways climate change can impact systems and sectors.

4.1 Transition Risks

- **Policy and Regulatory:** Increasingly stringent climate regulations, carbon pricing mechanisms, and mandatory disclosures.
- **Market:** Shifting client expectations towards low-carbon solutions and sustainable supply chains.
- **Technology:** Need for investment in energy-efficient infrastructure, renewable energy, and digital transformation.
- **Reputation:** Stakeholder expectations for climate action and transparent ESG reporting.

4.2 Physical Risks

- **Acute Physical Risks:** Extreme weather events (floods, heatwaves, cyclones) impacting operations, infrastructure, and employee safety.
- **Chronic Physical Risks:** Long-term changes such as rising temperatures, water scarcity, and sea-level rise affecting business continuity and resource availability.

5. Scenario Analysis for Transition Risks

Inputs from the **International Energy Agency's "Net Zero by 2050"** Scenario were used for Transition Risk/Opportunity analysis. The IEA's "Net Zero by 2050" (NZE 2050) roadmap outlines a pathway to achieve net-zero emissions by 2050. Here are the key implications for the IT sector:

- **Renewable Energy Procurement:** Persistent Systems is actively transitioning its operations to net-zero electricity sources. The company has committed to sourcing 100% of electricity from renewable energy for all owned facilities by FY2026. This includes investments in rooftop solar, wind energy, and green tariffs, alongside the use of International Renewable Energy Certificates (IRECs) to offset Scope 2 emissions
- **Phasing Out Fossil Fuel Usage:** In alignment with its net-zero roadmap, Persistent Systems aims to eliminate on-premises fossil fuel usage for backup power and heating by 2040, with a phased approach prioritizing advanced economies. The company has already achieved carbon neutrality for Scope 1 and Scope 2 emissions for two consecutive years.
- **Digital Infrastructure:** Persistent Systems continues to invest in low-carbon and energy-efficient digital infrastructure. This includes migrating data centers to cloud-based systems and deploying IGBC LEED-certified buildings to support sustainable operations
- **Circular IT Supply Chain:** Persistent Systems emphasizes sustainable procurement and responsible IT asset management. The company is scaling up its take-back and e-waste recycling programs to ensure environmentally sound disposal of end-of-life electronics. Through partnerships with certified recyclers and adherence to global e-waste standards, Persistent Systems ensures secure data destruction and material recovery. Additionally, the company promotes green procurement practices, favouring vendors who align with its sustainability goals and offer energy-efficient, recyclable, and responsibly sourced IT hardware
- **Operational Efficiency:** Persistent Systems is committed to improving energy efficiency across its facilities through enhanced hardware utilization, virtualization, and workplace energy management. The company has implemented HVAC monitoring systems to optimize heating, ventilation, and air conditioning performance, reducing energy consumption and improving indoor air quality. Motion sensors are deployed across office spaces to automate lighting and reduce unnecessary power usage. Additionally, periodic preventive maintenance of electrical and mechanical systems ensures optimal performance, minimizes downtime, and extends equipment life.
- **Green Standards:** Persistent Systems is committed to adopting and promoting stricter energy and carbon standards across its IT hardware, cloud operations, and software development practices. As part of this commitment, the company is transitioning to green electricity tariffs wherever available, ensuring that purchased grid power is sourced from renewable energy. This complements its broader efforts to drive innovation through the adoption of low-emission technologies, energy-efficient hardware, and sustainable software engineering practices.

- **Next-Gen Technologies:** Persistent Systems leverages AI, automation, and blockchain to optimize energy usage, particularly in areas where electrification or efficiency improvements are challenging. The company's ESG theme, Re(AI)maging a Sustainable Future, reflects its commitment to using AI for climate resilience and sustainability.
- **Industry Collaboration:** Strategic partnerships with governments, energy providers, technology vendors, and industry bodies are central to Persistent Systems' ESG strategy. The company actively participates in global and national initiatives such as the UN Global Compact and NASSCOM's sustainability programs, contributing to policy advocacy and knowledge sharing in the IT sector. Persistent Systems net-zero commitment has been officially approved by the Science-Based Targets initiative (SBTi), reinforcing its alignment with globally recognized climate action frameworks..
- **Circular Economy:** The company promotes recycling, reuse, and responsible e-waste management to minimize environmental impact. These practices are embedded in Persistent Systems environmental policy and operational guidelines.
- **Consumer Incentives:** Persistent Systems advocates for enterprise and consumer adoption of green IT solutions. Through its ESG initiatives, the company supports policy frameworks and incentive mechanisms that accelerate the transition to net-zero technologies
- **Decarbonization of Data Centres:** Persistent Systems operates a single physical data center powered entirely by renewable energy. To further reduce emissions, the company is migrating internal applications to SaaS-based tools and supporting clients in their transition to cloud platforms—enhancing scalability, efficiency, and sustainability in line with its net-zero goals.

5.1 Policy and Legal Risks

Risk Description	Short-Term	Medium Term	Long Term	Potential Impacts
Regulatory Compliance and Green Policy Alignment Risk				
Stricter Environmental Compliance: Failure to meet new climate-related regulatory requirements (e.g., energy laws, green disclosures) leading to financial, operational, and reputational risks. • For an IT company like PSL, stricter climate-related regulations can extend beyond energy and waste compliance to cover data centre efficiency, mandatory ESG disclosures, and supplier sustainability requirements. • Non-alignment could increase operational costs through higher energy expenses, forced retrofits in facilities, or restrictions on resource use. • Financially, it may lead to penalties, reduced eligibility for government incentives, and rising expectations from global clients who demand low-carbon IT services. • Reputationally, gaps in compliance can weaken PSL's standing with investors and enterprise clients, particularly in markets (US, EU) where sustainability performance increasingly influences vendor selection.		✓	✓	• Higher operating costs (compliance, insurance) • Asset write-downs or early retirement • Fines and penalties for non-compliance • Risks from inadequate regulatory disclosures

- We have Achieved carbon neutrality for Scope 1 & 2 emissions, ensuring compliance with global climate mandates. - SBTi validation of net-zero targets aligns Persistent with science-based climate regulations. - Committed to 100% renewable energy sourcing for owned facilities by FY2026. - Engaged suppliers to address Scope 3 emissions, mitigating value chain compliance risks. - Improved data center efficiency contributes to lower energy intensity and regulatory readiness.				
Carbon Pricing and Energy Transition Compliance Risk				
Carbon Pricing and Taxation: We recognize that the introduction of carbon pricing mechanisms, energy transition mandates, and evolving regulatory frameworks presents a material financial and operational risk. • These developments may increase operating costs, particularly in energy-intensive areas such as data centers, office facilities, and cloud operations. • Rising electricity tariffs, carbon taxes, and renewable purchase obligations could impact service delivery costs and margins. • Failure to optimize energy use or transition to low-carbon sources may reduce cost competitiveness and expose us to energy market volatility. - We have achieved carbon neutrality for Scope 1 and Scope 2 emissions for two consecutive years and are aligned with SBTi-approved net-zero targets. - In FY2025, we invested ₹74.32 Mn in sustainability initiatives, including rooftop solar, wind energy, and green tariffs. - We offset residual emissions using high-quality carbon credits and IRECs, and continue to migrate data centers to cloud-based, energy-efficient platforms. - 4. Our facilities are being upgraded to LEED-certified standards, and we maintain compliance with ISO 14068-1:2023. These actions are embedded in our enterprise risk framework to ensure long-term resilience and regulatory alignment.		✓	✓	• Rising costs due to carbon taxes and GHG pricing mechanisms

5.2 Market Risks

Risk Description	Short-Term	Medium Term	Long Term	Potential Impacts
Market Demand Shift and ESG Procurement Risk				
Rising Operational Complexity and Cost Pressures from Climate Transition Demands: Risk: The shift toward sustainable operations is driving a surge in resource and cost requirements across multiple dimensions. Organizations are experiencing increased expenditures related to specialized human capital for sustainability strategy, market intelligence, and supply chain transformation. Delays in adaptation may reduce competitiveness, weaken stakeholder relevance, and lead to regulatory misalignment, ultimately impacting brand positioning and profitability. - We are experiencing rising investments in specialized talent, market intelligence, and supply chain transformation to meet evolving climate expectations. - We are actively addressing these risks through strategic planning, capability building, and integrated ESG governance.	✓	✓	-	• Increased operating and compliance costs reducing profit margins • Negative impacts on brand positioning and investor confidence
Climate-Driven Market Expansion Opportunities/Access to new markets				
Resource Demands and Strategic Risks in the Shift to Sustainability The shift toward sustainable operations is driving a surge in resource and cost requirements across multiple dimensions. Organizations are experiencing increased expenditures related to specialized human capital for sustainability strategy, market intelligence, and supply chain transformation. Delays in adaptation may reduce competitiveness, weaken stakeholder relevance, and lead to regulatory misalignment, ultimately impacting brand positioning and profitability. - We recognize that the shift to sustainable operations increases resource intensity and strategic complexity. - We are investing in specialized talent, market intelligence, and supply chain transformation to meet evolving sustainability expectations.	✓	✓	-	NA

5.3 Reputation Risks

Risk Description	Short-Term	Medium Term	Long Term	Potential Impacts
Climate Action and Stakeholder Perception Risk				
Reputation Risks: As climate accountability intensifies, organizations are expected to maintain transparency, consistency, and credibility in their climate-related disclosures. Reputational risks may arise from perceived inaction, inconsistent reporting, or greenwashing, potentially impacting stakeholder trust and long-term value. - Our climate communication strategy ensures transparency, supported by GHG emissions audits aligned with ISO 14064-1:2018, ISO 14068-1:2023, and the GHG Protocol. Our near- and long-term emission reduction targets are approved by SBTi, with progress reported regularly. We engage stakeholders—including investors, clients, employees, vendors, and communities—through a double materiality assessment. - Reputation risk mitigation is embedded in our Business Continuity Planning (BCP), and ESG risks and opportunities are integrated into our enterprise risk register. All sustainability claims undergo third-party verification. Our Sustainability, BRSR, and Carbon Neutrality reports are externally audited in accordance with GRI, ISAE 3000, ISO 14064-1:2018, ISO 14068-1:2023, and SASB standards. Climate performance is integrated into our brand strategy, and we remain prepared for scrutiny from ESG rating agencies and assessors	✓	✓	-	• Inability to achieve climate action and UNSDG commitments, resulting in reputational risks. • Weak sustainability performance impacting customer trust, investor confidence, and talent attraction.

5.4 Technology Risks

Risk Description	Short-Term	Medium Term	Long Term	Potential Impacts
Net-Zero Transition Investment and Technology Obsolescence Risk				
Transitioning to Low-Emissions Technology: The global shift toward renewable energy and sustainable infrastructure is increasing demand for non-fossil raw materials and low-carbon technologies, impacting costs and supply chains. - To address this, we have strengthened our 2050 net-zero roadmap with interim milestones aligned to SBTi-approved targets. Our strategy includes investments in renewable energy, smart systems, HVAC optimization, and IGBC-LEED Platinum-certified facilities. In FY24-25, we invested ₹74.32 Mn in sustainability initiatives. - We are integrating AI-driven energy efficiency solutions and developing ROI models to demonstrate long-term value from green investments. A structured upgrade timeline ensures operational efficiency and avoids obsolescence. - Procurement strategies are being enhanced to manage rising costs and ensure access to sustainable materials. These actions are embedded in our enterprise risk management framework and aligned with our ESG strategy.	✓	✓	-	Financial implications of adopting and implementing new practices and processes

6. Scenario Analysis for Physical Risks

IT companies, despite their digital nature, face physical threats. These range from natural disasters and infrastructure outages impacting operations to complex supply chain disruptions hindering production. Physical security breaches and the impact of climate change add to the challenges. Mitigating these risks requires a comprehensive strategy for business continuity. Our risk assessment process covers 100% of our revenue and includes plans to adapt to physical climate risks for both existing and new operations. Our mitigation plan is comprehensive and includes both short-mid term measures (less than 5 years) and long-term measures (5-10 years) to implement relevant adaptation measures for existing operations

6.1 Scope

The scope of this scenario analysis is limited exclusively to the company's owned locations. All physical risk projections, assessments, and related findings focus on assets and operations under direct ownership, as opposed to leased, outsourced, or joint venture sites. This boundary ensures that the scenario inputs, exposure metrics, and adaptation considerations are directly relevant to the business's fixed assets and operational activities, improving the accuracy of risk characterization and the feasibility of any proposed resilience measures.

For the assessment of physical climate risks, scenario analysis was conducted using two **Shared Socioeconomic Pathways (SSPs) from the IPCC Sixth Assessment Report (AR6): RCP 2.6 or SSP1-2.6 and RCP 8.5 or SSP5-8.5**. These scenarios represent markedly different global responses to

climate change and span a plausible range of future climate outcomes relevant for robust risk management.

6.2 RCP 2.6 or SSP1-2.6 (Low Emissions, Sustainability)

- RCP 2.6 or SSP1-2.6 is a “sustainability” pathway characterized by swift global cooperation, inclusive development, and the adoption of clean technologies. Greenhouse gas emissions are heavily reduced, leading to net zero CO₂ emissions around 2075.
- Estimated global warming (2081–2100): approximately 1.8°C above pre-industrial levels, with a very likely range of 1.3–2.4°C.

6.3 RCP 8.5 or SSP5-8.5 (High Emissions, Fossil-fuel led Development)

- RCP 8.5 or SSP5-8.5 assumes rapid economic growth driven by fossil fuel-intensive energy, limited climate policy, and aggressive material consumption. CO₂ emissions roughly triple by 2075, leading to high radiative forcing and severe global warming by 2100
- Estimated global warming (2081–2100): approximately 4.4°C above pre-industrial levels, with a very likely range of 3.3–5.7°C

6.4 Consolidated results as per The Optimistic Scenario (RCP 2.6 or SSP1-2.6) and the Business-as-Usual Scenario (RCP 8.5 or SSP5-8.5)

Locations	Heatwave	Flooding	Basin Physical Risk	Water Scarcity	Water Quality
Bengaluru - Pritech Park	Low Risk	Extreme Risk	Very High Risk	Very High Risk	Very High Risk
Fontaine	Very Low Risk	Medium Risk	Medium Risk	Low Risk	Extreme Risk
Goa-Charak Bhaskar	Very Low Risk	Very High Risk	Medium Risk	Very Low Risk	High Risk
Indore- Brilliant Centre	High Risk	High Risk	High Risk	Very High Risk	Extreme Risk
Nagpur-Gargi Maitreyi	Very High Risk	Very High Risk	High Risk	High Risk	Very High Risk
Pune-AR-PG	Low Risk	Very High Risk	High Risk	High Risk	Extreme Risk
Pune-Hinjawadi	Low Risk	Very High Risk	High Risk	High Risk	Extreme Risk

	Minimal impact expected; negligible disruption to operations or assets.
	Limited exposure with manageable consequences; minor operational adjustments
	Noticeable impact requiring proactive mitigation; moderate disruption possible.
	Significant threat to operations or assets; requires strategic planning and response.
	Severe consequences likely; urgent mitigation and adaptation measures needed.
	Critical and potentially irreversible impact; demands immediate and comprehensive

7. Climate Risk Management & Mitigation

- **Enterprise Risk Management (ERM):** Climate-related risks are systematically integrated into Persistent Systems ERM framework, which is overseen by a dedicated Risk Management Committee (RMC) at the Board level. The RMC includes independent directors with risk expertise and meets quarterly to review strategic, operational, and ESG-related risks. The ERM function operates independently of business units, ensuring objective risk identification, assessment, and mitigation. Climate risks are categorized under sustainability and strategic risks, and are evaluated based on impact, likelihood, and velocity. Risk appetite statements and Key Risk Indicators (KRIs) guide decision-making, while mitigation plans are embedded into operational processes. Regular internal and external audits, aligned with ISO standards (e.g., ISO 22301, ISO 14001), ensure compliance and continuous improvement. Climate risk exposure is reviewed periodically to ensure alignment with Persistent Systems strategic goals and regulatory obligations.
- **Business Continuity Planning:** Persistent Systems has implemented a robust BCP framework aligned with ISO 22301 standards, ensuring operational resilience against climate-related disruptions. The company's BCP includes disaster recovery protocols, redundant infrastructure, and hybrid work models that allow seamless business operations during extreme weather events or environmental emergencies. Climate resilience is embedded into infrastructure planning, with LEED-certified buildings, cloud-based data centers, and AI-driven predictive analytics used to anticipate and mitigate risks. Regular BCP drills, scenario testing, and cross-functional coordination ensure preparedness across global locations. Comprehensive insurance coverage is maintained for sites, encompassing a wide range of risks including physical climate risks, to further safeguard assets and ensure business continuity. The framework is reviewed periodically to align with evolving climate risks and regulatory expectations, supporting uninterrupted service delivery and stakeholder confidence.
- **Decarbonization Roadmap:** Persistent Systems has committed to a science-based decarbonization strategy aligned with the SBTi Corporate Net-Zero Standard, targeting net-zero GHG emissions across its value chain by FY2050. The roadmap includes near-term goals to reduce Scope 1 and 2 emissions by 54.6% by FY2034, and long-term goals to cut 90% of Scope 1, 2, and 3 emissions by FY2050. The company achieved carbon neutrality for Scope 1 and 2 emissions for two consecutive years (FY2024 and FY2025), ahead of its original target. Emissions are tracked using ISO 14064-1 and verified by DNV under ISO 14068-1 standards.
- **Water Stewardship:** Persistent Systems has adopted a comprehensive water stewardship strategy to address climate-related water risks across its operations. Using the Aqueduct Water Risk Atlas, the company identified high water stress zones at key locations including Pune, Nagpur, Hyderabad, Gurugram, Noida, Indore, Ahmedabad, Jaipur, Kochi, Bengaluru, and Chennai. To mitigate these risks, Persistent Systems implemented advanced water-saving technologies, automated water level controls, and touchless, battery-free taps across campuses. The company achieved zero effluent discharge in all owned facilities, with 100% wastewater recycled, and 35% reused for non-potable applications like gardening and flushing.
- **Supply Chain Engagement:** Persistent Systems has embedded ESG principles into its supply chain strategy to mitigate climate-related risks and promote responsible sourcing. The company conducts ESG screening of suppliers, focusing on carbon emissions, water usage, and human rights practices, in alignment with its net-zero and sustainability goals. As part of its commitment to the UN Global Compact, Persistent Systems ensures that suppliers adhere to universal principles on labour rights, environmental responsibility, and anti-corruption. The company actively engages with vendors through capacity-building initiatives, helping them improve their ESG performance and align with Persistent Systems decarbonization roadmap.

8. Internal Carbon Pricing

Persistent Systems has adopted an internal carbon price of **\$15 per ton of CO₂e** using a **shadow pricing** approach, equivalent to ₹1,287.75 (based on a conversion rate of 1 USD = ₹85.85), where a hypothetical or internal price is assigned to each ton of carbon emitted, even in the absence of direct regulatory costs. This price is integrated into financial analyses, project evaluations, and investment decisions to reflect the potential future cost of carbon and encourage low-carbon choices. At Persistent Systems, the shadow price is applied to Scope 1 and 2 emissions under our operational control, with calculations based on dividing the incremental Capital Expenditure (CAPEX) and operational Expenditure (OPEX) by the total tonnes of CO₂e abated over a project's lifetime. This ensures that climate considerations are embedded in our capital and operating expenditure processes, project evaluation, and business planning. Internal carbon pricing will be applied for all decision making process such as CAPEX investment, OPEX, investment in low-carbon and clean technologies, Carbon abatement, Carbon offsetting projects. Scope 3 emissions from business travel and associate commute are not included in our internal carbon pricing calculation, as we have minimal operational control over these sources.

At Persistent Systems, the Internal Carbon Pricing (ICP) mechanism is embedded across all business decision-making processes. It serves as a strategic tool to evaluate the environmental impact of investments and operational choices, ensuring that sustainability considerations are integrated into financial planning and long-term value creation.

8.1 Shadow Pricing

Shadow pricing is a strategic tool that enables organizations to estimate the “true” or social cost of carbon emissions by assigning a notional price to each tonne of CO₂e. This internal price is not paid to any external party but is factored into business cases, capital allocation, and operational decisions. The main objectives of shadow pricing are to:

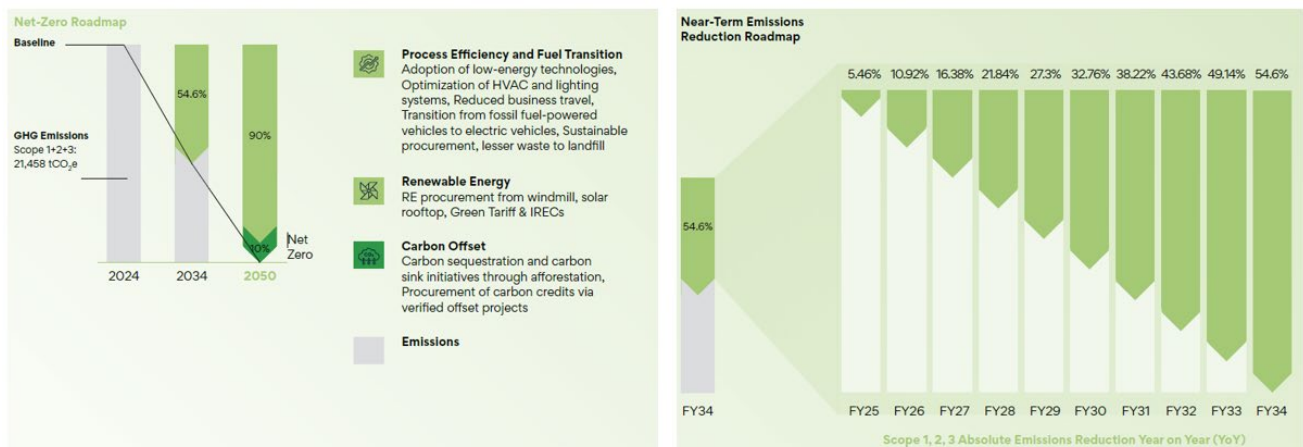
- **Conduct cost-benefit analysis:** We conduct cost-benefit analyses to quantify the financial impact of carbon emissions and evaluate projects on a like-for-like basis, factoring in their climate implications.
- **Drive energy efficiency:** We drive energy efficiency by incentivizing investments in energy-saving technologies and operational improvements across our facilities and digital infrastructure
- **Drive low-carbon investments:** We prioritize low-carbon investments, selecting initiatives that deliver the highest emissions reductions per dollar spent.
- **Reduce upstream value chain emissions:** We actively work with our suppliers and partners to reduce upstream value chain emissions, encouraging the adoption of sustainable and low-carbon practices
- **Setting and/or achieving of climate-related policies and targets:** We are committed to setting and achieving climate-related targets, including our approved Science-Based Targets initiative (SBTi) and long-term net-zero goals
- **Set a carbon offset budget:** We allocate a dedicated carbon offset budget to invest in high-quality offsets that address residual emissions responsibly.
- **Identify and seize low-carbon opportunities:** We continuously identify and invest in low-carbon opportunities, exploring innovative, climate-aligned business models and technologies.
- **Incentivize consideration of climate-related issues in risk assessment:** We integrate climate-related risks into our enterprise risk management and scenario planning to ensure resilience and preparedness.
- **Influence strategy and/or financial planning:** We align our long-term strategy and financial planning with climate goals, regulatory developments, and stakeholder expectations.

- **Incentivize consideration of climate-related issues in decision making:** We embed climate considerations into decision-making, ensuring that sustainability is a core factor in all major business choices.

9. Decarbonization Roadmap

Persistent Systems' decarbonization roadmap is aligned with the Science Based Targets initiative (SBTi) and global best practices. Our key climate action goals include:

- **Net-Zero by 2050:** Commitment to achieve net-zero greenhouse gas emissions across our value chain by FY 2050. Please refer to approved [Net Zero Target](#)
- **SBTi-Approved Targets:**
 - Near-term: Reduce absolute Scope 1, 2, and 3 emissions by 54.6% by FY 2034 from a FY 2024 base year. Please refer to approved [Near Term Target](#)
 - Long-term: Reduce absolute emissions by 90% by FY 2050. Please refer to approved [Long term Target](#)
- **Renewable Energy Transition:** Sourcing 100% of electricity from renewable energy for all owned facilities by FY 2026.
- **Annual Carbon Neutrality:** Maintaining carbon neutrality for Scope 1, 2 and 3 emissions Year on Year through energy efficiency, renewable energy procurement, and high-quality offsets.



9.1 Net-Zero Strategy:

Our Net Zero strategy prioritizes direct reduction, investment in renewable energy, offset mechanisms, and climate governance. We aim to minimize Scope 1,2 & 3 emissions across the operations through direct reduction measures, such as improving process efficiency, transitioning away from high emissions fuel, and incorporating innovative technologies. Offsetting will be applied exclusively to emissions that are technically challenging to eliminate, with transparency and sustainable effectiveness ensured by adhering to global standards and encouraging collaborative offset projects among affiliates.

9.1.1 Scope 1 & 2 Emissions Reduction Plan

Short-Term:

Reduction in consumption Transition away from high emissions:

- Adopt high efficiency Heating, Ventilation, and Air Conditioning (HVAC) and Variable Refrigerant Volume systems
- Improve energy efficiency by conducting energy audits to fix energy leakages, replacement of LED bulbs, installation of motion sensors
- Monitoring of energy consumption through Internet of Things (IoT) and Building Management Systems (BMS)
- Switching fossil fuel powered cars to electric vehicles

Medium and Long-Term:

Transition away from high emissions:

- Replacement and addition of ACs with low Global Warming Potential
- Leasing LEED-IGBC certified facilities which provide renewable energy

Transition to 100% Renewable energy:

- Increase Renewable energy adoption and resource management
- Continue to purchase of international Renewable energy certificates (IREC) to deficit demand
- Invest into carbon offset mechanisms for leftover emissions

9.1.2 Scope 3 Emissions Reduction Plan

Supplier Engagement Levers:

- Capacity building workshops for key suppliers
- SBTi target adoption
- Procurement from low carbon intensive suppliers

Action for emission reduction:

- Categorize the suppliers and start GHG accounting
- Collection of data related to ESG and carbon emission
- Procurement from low carbon intensive suppliers
- Implement Green Procurement policy for all suppliers
- SBTi target setting for the top suppliers

Reduction for other categories:

- Reduce business travel
- Switch to cleaner fuel
- Zero Waste to landfill
- Use of public transport

Action for emission reduction:

- Encourage virtual meet, selection of low carbon flights, insetting through SAF
- Switching over to EV will automatically reduce Fuel & Energy emissions
- Adopt zero waste to landfill for all owned facilities and lease LEED-IGBC certified facilities
- Encourage employees to use EV, car/bike pool, public transport for daily commute

By integrating shadow pricing and a robust decarbonization roadmap, Persistent Systems ensures that climate action is embedded in our business strategy, risk management, and value creation for all stakeholders.

For further information on our absolute YoY near term targets please refer to page number 214 our [ESG report FY25](#)

10. Scope of Emissions Considered

Persistent Systems considers all elements of Scope 1, 2, and 3 emissions that fall within our operational control. However, Scope 3 emissions from business travel and associate commute are excluded from internal carbon pricing calculations, as we have minimal operational control over these sources. This approach aligns with best practices and ensures focus on areas where we can drive the most impact.

11. Monitoring, Reporting, and Continuous Improvement

- **KPIs:** Cost per tons of CO₂e abated, percentage reduction in absolute emissions, return on low-carbon investments.
- **Board-Level Oversight:** Our ESG performance, including climate-related risks and opportunities, is reviewed at the board level by the Stakeholders Relationship Committee (SRC) and the ESG Committee, ensuring strategic alignment and accountability.
- **Annual Review:** Internal carbon price and climate risk strategy are reviewed annually to reflect changes in technology, policy, and market conditions.
- **Stakeholder Engagement:** Regular disclosure of climate risk management and performance in ESG reports and stakeholder communications.
- **Third-Party Assurance:** Independent verification of ESG data and climate disclosures.

About Persistent

Persistent Systems (BSE: 533179 and NSE: PERSISTENT) is a global services and solutions company delivering AI-led, platform-driven Digital Engineering and Enterprise Modernization to businesses across industries. With over 25,000 employees located in 18 countries, the Company is committed to innovation and client success. Persistent offers a comprehensive suite of services, including software engineering, product development, data and analytics, CX transformation, cloud computing, and intelligent automation. The Company is part of the MSCI India Index and is included in key indices of the National Stock Exchange of India, including the Nifty Midcap 50, Nifty IT, and Nifty MidCap Liquid 15, as well as several on the BSE such as the S&P BSE 100 and S&P BSE SENSEX Next 50. Persistent is also a constituent of the Dow Jones Sustainability World Index. The Company has achieved carbon neutrality, reinforcing its commitment to sustainability and responsible business practices. Persistent has also been named one of America's Greatest Workplaces for Inclusion & Diversity 2025 by Newsweek and Plant A Insights Group. As a participant of the United Nations Global Compact, the Company is committed to aligning strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, as well as take actions that advance societal goals. With 468% growth in brand value since 2020, Persistent is the fastest-growing IT services brand in 'Brand Finance India 100' 2025 Report.

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