Persistent

Climate Strategy and Governance & TCFD Disclosure FY 2025-26



Climate Strategy and Governance & TCFD Disclosure

IFRS S2

This section maps our climate-related disclosures to the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S2 Climate-related disclosures. All disclosures pertain to FY2026 unless stated otherwise. Cross-references point to the relevant section of this ESG Report, the ESG Factsheet and the standalone Climate Risk Scenarios and Internal Carbon Pricing document published separately.

Governance

IFRS S2-GOV | TCFD Governance (a), (b)

Board Oversight on Climate-related risks and opportunities

The Board of Directors provides oversight and strategic direction for managing climate-related risks and opportunities. The SR and ESG Committee, a Board-level committee, is responsible for reviewing climate strategy, approving ESG targets, monitoring progress against those targets and directing corrective action. The SR & ESG Committee met bi-annually during FY2026 to review ESG progress. Climate-related risks and performance on key ESG metrics are reported to the Board at least quarterly.

The SR and ESG Committee's climate-related responsibilities include:

- Approving the environmental policy, climate targets and net-zero transition plan
- Reviewing Scope 1, 2 and 3 emissions performance against the SBTi pathway
- Overseeing integration of climate risks into the Enterprise Risk Management (ERM) framework
- Reviewing the annual climate risk assessment, scenario analysis outcomes and internal carbon pricing application
- Approving climate-related capital expenditure and renewable energy procurement strategy

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

The Chief Sustainability Officer/ Global Head of ESG reports to the CFO and is responsible for translating Board-level climate commitments into operational plans. The ESG Council, comprising representatives from functions, ensures cross-functional execution of climate initiatives.

At every location, EHS Core Teams and Safety Committees conduct quarterly reviews and make recommendations on environmental and occupational health and safety programmes. The ESG function collaborates with the ERM team to assess and manage climate risks as a dedicated risk category, separate from other business risks.

Climate-Related Management Incentives

The Company integrates climate-related considerations into its performance management and incentive structures by linking remuneration to ESG and sustainability objectives. Monetary incentives, including variable pay components, are tied to the achievement of defined ESG targets such as emissions reduction, renewable energy adoption, progress against Science Based Targets initiative (SBTi)-aligned goals, social and governance goals.

Role	ESG-linked Metrics
Chief Financial Officer (CFO)	Integration of ESG and climate risks into financial planning, disclosures, controls and capital allocation
Chief People Officer (CPO)	Human capital management, talent retention, employee engagement, diversity & inclusion outcomes
Chief Information Officer (CIO)	Cybersecurity, data privacy, Responsible AI governance, digital accessibility, ESG data enablement
Chief Risk Officer (CRO)	Identification and mitigation of ESG and climate-related risks, ERM integration, compliance effectiveness
Company Secretary	Governance effectiveness, regulatory compliance, Board and Committee oversight of ESG
Global Head of Sustainability and ESG	ESG strategy execution, carbon neutrality progress, BRSR and global ESG Reporting, target achievement
Head – Administration	Renewable energy adoption, green buildings, energy efficiency, water & waste stewardship, sustainable travel
Head – Procurement	Sustainable sourcing, supply-chain ESG assessments, MSME and diversity spend, local sourcing
Business Group Delivery Head	Delivery-level ESG performance, including gender diversity targets, employee inclusion metrics and participation in CSR and community engagement initiatives; integration of ESG into delivery operations and client engagements

Climate-Related Scenario Analysis

We have conducted qualitative and quantitative climate scenario analysis using input from the International Energy Agency's Net-zero by 2050 (NZE 2050) scenario for transition risks and the IPCC Sixth Assessment Report (AR6) Shared Socioeconomic Pathways for physical risks. Water stress assessment using WRI Aqueduct Water Risk Atlas across all global locations. Ecological assessment across three Pune campuses aligned with TNFD LEAP Phase 2.

Transition Risk Scenarios

Scenario: IEA net-zero by 2050 (NZE 2050), aligned with 1.5°C pathway.

Key implications assessed for our operations

- Renewable energy procurement: committed to 100% RE for owned facilities by FY2026; achieved
- Phasing out fossil fuel usage: target to eliminate on-premises fossil fuel usage for backup power and heating by 2040
- Digital infrastructure: migrating workloads to cloud-based systems; deploying IGBC/LEED-certified buildings
- Circular IT supply chain: scaling take-back and e-waste recycling programmes; green procurement practices
- Operational efficiency: HVAC optimization, BMS monitoring, LED transitions, 100% laptop buy-back policy

Physical Risk Scenarios

Scenario	Description	Global Warming (2081-2100)
RCP 2.6 / SSP1-2.6 (Optimistic)	Swift global cooperation, inclusive development, clean technology adoption; net-zero CO_2 around 2075	~1.8°C (range 1.3-2.4°C)
RCP 8.5 / SSP5-8.5 (Business-as-usual)	Rapid economic growth driven by fossil fuels, limited climate policy; CO_2 triples by 2075	~4.4°C (range 3.3-5.7°C)

Scope: Physical risk projections are assessed for owned locations only.



Strategy

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

GRI 201-2 , IFRS S2-SBM | TCFD Strategy (a), (b), (c)

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 Decarbonisation 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	Short-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 programmes 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

Timeframe - Short-mid Term: less than 5 Years; Long-Term: 5 to 10 Years



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 covering 100% of revenues and 100% of our 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	Short-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 programmes, 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

Financial Risks and Opportunities Arising from Climate Change

During FY2026, 406.13 INR Mn CAPEX spent 1.82% of revenue was invested in climate-related capital expenditure across HVAC retrofits, energy-efficient cooling systems and emission control devices. In FY2025, INR 10.7 Mn was invested in operational expenditure towards sustainability initiatives including rooftop solar, wind energy and green tariffs.

Persistent Systems Limited adopts an integrated approach to identifying, assessing and managing climate-related and broader ESG risks and opportunities, aligned with its enterprise risk management framework and evolving global disclosure standards, including TCFD and ISSB. The Company evaluates potential business impacts arising from physical and transition risks, resource constraints, regulatory developments and changing stakeholder expectations. This structured assessment supports risk mitigation, strengthens organisational resilience and enables the identification of emerging opportunities driven by sustainability trends, innovation and technology, thereby supporting long-term value creation and strategic alignment.

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 281.

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 help 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.



We systematically assess climate-related risks, opportunities & integrate them into our ERM & sustainability strategy. The table below outlines key exposures, associated business impacts & our mitigation and value creation approach.

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:



Decarbonisation 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.

Resilience Conclusion

Under the 1.5°C-aligned pathway (IEA NZE 2050), our SBTi-validated targets, 100% RE sourcing for owned facilities and carbon neutrality across Scope 1 and 2 position us ahead of expected regulatory requirements. The primary transition risk is carbon pricing; our internal carbon price of USD 15/tCO_2e ensures investment decisions already internalize this cost.

Under the high-emissions pathway (RCP 8.5/SSP5-8.5), physical risks at water-stressed locations (Pune, Nagpur, Indore, Bengaluru) and flood-exposed campuses require additional adaptation capex. Our mitigation measures include comprehensive Business Continuity Plans, hybrid work model enabling remote operations, rainwater harvesting at all owned facilities and robust employee healthcare programmes. Persistent Systems is certified for ISO 22301:2019, maintaining a comprehensive Business Continuity Management System with regular call tree tests, data restoration tests and DR drills.

Financial Impact of Climate-Related Risks and Opportunities

Risk/Opportunity Type	Estimated Financial Implication (INR Mn)	Time Horizon
Regulatory: evolving climate regulations and compliance (transition)	**551.95**	**5 years**
Physical: water scarcity (chronic)	**551.95**	**5 years**



Process for managing Climate-related risk

Risk	Management Process
Regulatory and carbon pricing	Compliance with all applicable environmental laws; SBTi-aligned Decarbonisation roadmap; internal carbon pricing embedded in capex and opex decisions; LEED/IGBC certified facilities; ISO 14068-1:2023 carbon neutrality certification
Technology obsolescence	Annual technology assessment; ROI models for green investments; structured upgrade timeline; 406.13 INR Mn CAPEX spent was invested 1.82% of total revenue was invested capex in energy-efficient HVAC, power quality and emission control in FY2026
Market and reputation	Transparent ESG Reporting aligned with GRI, SASB, BRSR, TCFD, IFRS S2; third-party assurance by DNV Business Assurance India Private Limited; SBTi validation; climate performance integrated into brand strategy
Physical: acute weather	ISO 22301:2019 certified BCMS; comprehensive BCP and DR plans; regular call tree, data restoration and DR drills; hybrid work model; facility-level flood and cyclone preparedness
Physical: water scarcity	WRI Aqueduct classification of all locations; location-level mitigation plans; rainwater harvesting at all owned facilities; STP-based wastewater recycling; CSR watershed development programmes

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

As our operations scale and ESG risks increase in complexity, we recognise the critical importance of integrating climate-related risks into our enterprise-wide risk management framework. Our Enterprise Risk Management (ERM) approach provides a structured and systematic process to identify, assess and mitigate these risks, thereby enhancing organisational resilience and supporting long-term sustainable value creation.

Based on our climate risk assessment, the following five key ESG risks have been formally integrated into our ERM framework:

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

Climate-related Metrics and targets

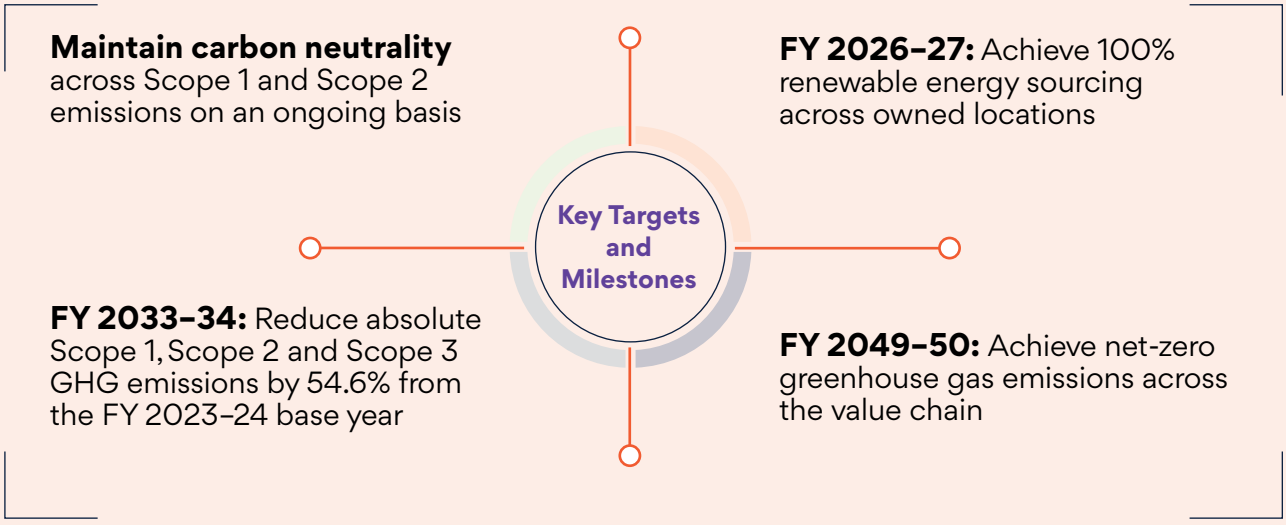
Climate-related risk assessments are conducted periodically and embedded within our multi-disciplinary ERM framework. This includes a structured annual evaluation covering both existing and emerging risks across operations, as well as across upstream and downstream value chain activities. The ESG function works closely with the ERM team to assess and monitor climate risks as a distinct risk category, ensuring focused oversight and targeted mitigation.

To strengthen governance and strategic oversight, Executive Management and the Board are provided with quarterly updates on climate-related risks, associated mitigation actions and progress against defined targets. By embedding climate considerations into enterprise-wide risk governance, we enhance our ability to anticipate regulatory developments, improve operational resilience and align our strategy with evolving global sustainability priorities.

Metrics and targets

We have strategically aligned our climate action objectives with internationally recognised climate scenarios, including pathways 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 scientifically defined climate thresholds.

Our targets adopt a comprehensive approach to decarbonisation, covering Scope 1, Scope 2 and Scope 3 emissions across our operations and value chain.



We have established a clearly defined roadmap to achieve these climate action goals, supported by targeted interventions and continuous monitoring to drive progress.

For further details refer to
Net-zero section

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 Modernisation to businesses across industries. With over 27,500 employees located in 21 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 Best-in-Class 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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