



Persistent

Climate Risk Assessment Report

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Executive Summary :

We have aligned our Climate action objectives with various climate related scenarios, including one that limits global warming to 1.5°C. The risk assessment and plan to adapt to physical climate risks covers our existing and new operations. We use qualitative climate related scenario analysis to transition to net-zero. Our absolute emissions targets include Scope 1, Scope 2, and Scope 3 emissions. The organization has set ambitious, yet attainable ESG goals which are translated into specific, measurable, achievable, relevant, and time-bound targets. Action plans are developed with clear ownership and timelines to ensure steady progress on achieving these targets.

Climate Strategy & Risk Identification

Persistent Systems has utilized climate-related scenario analysis, as recommended by Task Force on Climate-related Financial Disclosures (TCFD), to map and evaluate climate related vulnerability risk. The assessment encompasses potential adverse impacts on Stakeholder (Employee, Client, Shareholder, Suppliers and Society at large), services and infrastructure both in India and overseas, attribute to climate change.

Persistent Systems with the expertise of in-house sustainability specialist (SME's), conducted a thorough assessment of climate vulnerability risks using climate-related scenario analysis. This strategic analysis comprehensively evaluated the potential risks across the company's operations in both India and Overseas, employing scenario analysis and stress forecasting to anticipate potential challenges.

The report comprehensively addressed a substantial operational footprint, evaluating all activities under operational control in both India and overseas facilities. To ensure precision, the climate assessment has been customized using regional weather data specific to each area, including states or countries for overseas location specific states for India locations.

Persistent Systems has integrated TCFD recommendations, which offers a structured framework for assessing climate-related risks and conducting climate scenario analysis to evaluate future climate change risks as per IPCC Guidelines. Persistent Systems scenario analysis considers both the potential impacts of climate change on the environment and the potential effects of environmental degradation on the company.

Climate scenario analysis has become increasingly important for evaluating climate related risk and opportunities since the release of IPCC fifth assessment report. In 2022 assessment reported global average temperature rose approximately 1.15 C above the 1850-1900 average, underscoring the urgency of addressing climate impacts.

Climate Risk Assessment:

The Board's oversight of climate-related issues is through the Risk Management Committee, Stakeholder Relationship Committee & ESG Committee and CSR Committee. Performance against ESG goals are presented to SRC & ESG committee.

Physical Risk	Transition Risk	
1. Acute	1. Policy	4. Market
2. Chronic	2. Legal	5. Reputation
	3. Current & Emerging Regulation	6. Technology

Climate Scenario analysis of Persistent Systems is reported including stress analysis as recommended by TCFD, and we used several tools for evaluating the risk including

- a. Physical Climate risks using IPCC’s Fifth Assessment report
- b. International Energy Agency (IEA)
- c. Aqueduct water risk Atlas by WRI
- d. Peer analysis comparison of Climate risks identified by Persistent Systems peers.
- e. Cost impact Analysis of the Climate Risks on business

The risk severity scale is based on the probability of occurrence and impact and is rated as ‘high,’ ‘medium,’ and ‘low.’ We have further analyzed climate-related risks based on Impact and likelihood.

Timeline - Short-mid Term : less than 5 Years

Long Term - 5 to 10 Years

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 physical risk assessment process comprehensively covers both existing and new operations

Physical Risk Type	Climate related risks	Time frame	Potential Impacts to business	Mitigation/Opportunities
Acute	<ul style="list-style-type: none"> • Increased severity of extreme weather events (cyclones, floods) can damage property/assets. • Climate change-driven extreme weather events can also lead to vector-borne diseases, potentially causing epidemics or pandemics. • Water stress and scarcity pose a significant near-term risk, impacting our business operations. 	Short-mid term	<ul style="list-style-type: none"> • With a very large operational footprint in India, we have recognized direct climate change impacts: / Physical damage to our building infrastructure and other physical assets. / Disruptions to city infrastructure, including transportation networks, utilities (power and water supply), severely hampering business continuity. 	<ul style="list-style-type: none"> • Comprehensive Business Continuity plans in place to increase our resilience. • Hybrid work environment where our employees can work from home to ensure business continuity. • Exhaustive employee health care programs with health insurance benefits. • Our energy and water stewardship and conservation efforts help mitigate risk related to water. (Refer to water conservation practices section of ESG Report FY2023 - 24)
Chronic	<ul style="list-style-type: none"> • Rising sea levels lead to disruption in operations. • Rising mean temperatures. 	Long Term	<ul style="list-style-type: none"> • Few of our large office campuses are prone to sealevel rise and consequent business continuity risks. Unabated global warming can lead to chronic water scarcity across our operational geographies, especially in India, leading to operational challenges. 	<ul style="list-style-type: none"> • Comprehensive Business Continuity plans in place to increase our resilience. • Hybrid work environment where our employees can work from home to ensure business continuity. • Asset maintenance and upgrades.

			<ul style="list-style-type: none"> • Increased operating costs (e.g., inadequate water supply). • Increased capital costs (e.g., damage to facilities). • Increased insurance premiums and potential for reduced availability of insurance on assets. 	
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Transition Risks:

The rapid evolution of technology presents opportunities and challenges for the Information Technology (IT) sector. While innovation can fuel growth, navigating transitions can be risky. Transition risks in IT refer to the potential disruptions caused by shifting technologies, evolving customer demands, and changing regulatory landscapes.

Transition Risk Type	Climate related risks	Time frame	Potential Impacts to business	Mitigation/Opportunities
Policy and Legal: Current and Emerging regulation	<ul style="list-style-type: none"> • Emerging Regulations: The IT sector is subject to various laws and regulations in different jurisdictions, such as data privacy, Cybersecurity, intellectual property, taxation, and trade. Changes in these policies and legal frameworks can affect our operations, costs, revenues, and reputation. • Higher pricing of GHG emissions and carbon tax. • Requirements on environmental regulations. • Risk to reputation. 	Long Term	<ul style="list-style-type: none"> • Increased operating costs (e.g., higher compliance costs, increased insurance premiums). • Asset impairment and early retirement of existing assets. • Non-compliance to environmental regulations resulting in fines and penalties. • Failure to comply with regulatory disclosures. 	<ul style="list-style-type: none"> • We comply with applicable environmental regulations and laws in the countries in which we operate. (Refer to the Environmental Compliance Section of ESG Report FY 2023 - 24 for more details). • We are committed to proactively conserving the environment, controlling our impact on climate change, and continually improving the performance of our Environment, Health and Safety (EHS) Management Systems of ESG Report FY 2023 - 24 for more details).

Transition Risk Type	Climate related risks	Time frame	Potential Impacts to business	Mitigation/Opportunities
Market / Reputation risks	<ul style="list-style-type: none"> Increased stakeholder expectations from customers, institutional investors on company's ESG performance. 	Short-mid term	<ul style="list-style-type: none"> Failure to meet climate action goals including the commitment to UNSDG Goals leading to reputational risk. Poor sustainability reputation leads to an inability to attract customers, investors and talent. 	<ul style="list-style-type: none"> Our commitment towards climate action goals with short, medium and long term goals. Decarbonization Roadmap to achieve our climate action goals. Our efforts enable us to meet the ever-increasing expectations of our clients, who consider sustainability as a key driver. Our focus on D&I and CSR helps attract and retain talent. Transparency in reporting on our ESG progress through ESG report.
Technology Risk	Cost to transition to lower emissions technology	Short-mid Term	Cost to adopt/deploy new practices and processes	<p>As part of climate action goals to reduce our emissions</p> <ul style="list-style-type: none"> Use of lower-emission sources of energy we have invested in renewable energy programs and adoption of energy efficiency measures Use of more efficient equipment: We have replaced old assets with new technological devices. These opportunities provide benefits such as <ul style="list-style-type: none"> - Reduced operational costs - Reduced GHG emissions - Increased value of fixed assets (e.g., LEED-certified buildings) - Improved health and safety of the employees - Refer to energy conservation efforts for more details

At Persistent Systems, we are dedicated to reducing our climate impact and ensuring resilience across our organization. To achieve this objective, we are implementing a comprehensive climate resilience strategy that encompasses various initiatives. These include enhancing energy efficiency through operational measures, increasing our use of renewable energy, developing a decarbonization strategy, promoting water stewardship, improving waste management processes, and conducting thorough climate risk assessments. We continually evolve our strategies based on the best practices and innovative solutions, aiming to mitigate climate risks, minimize our environmental footprint and foster a sustainable future.

Climate Action, Energy and Emission Management Goals and Achievement

Goals	FY 2023-24	FY 2022-23
2025 Carbon Neutral for Scope 1 and Scope 2 emissions	42% Emissions reduced through	43% Emissions reduced through
	2 windmills (2.1 MW each) 4,798 tCO ₂ e	2 windmills (2.1 MW each) 2,611 tCO ₂ e
	2MW solar rooftop 1,356 tCO ₂ e	2MW solar rooftop 1,362 tCO ₂ e
2025 RE 100 (100% electricity sourced from renewable energy)	44% Renewable Energy consumed within our facilities *India locations 39% of Renewable energy consumed from Wind and Solar across Global Locations. 16% Self-generated Renewable Energy Certificates (REC) and 45% of purchased International Renewable Energy Certificates (I-RECs)	44% Renewable Energy consumed within our facilities *India locations
2028 Reduce 30% emissions (Scope 3) from our global operations	25,000 Trees planted, taking overall count to 121,035 trees	13,420 Trees planted and nurtured taking overall total to 96,035 trees
2050 Net-zero Emissions aligned with Science-based Target initiatives(SBTi) standards from our 2024 baseline year	Committed to set near and long-term companywide emission reductions in line with science-based net-zero with the SBTi.	
2026 Reduce freshwater consumption and achieve 100% wastewater recycling in owned campuses	28.3% Of treated wastewater in owned campuses is used within our facilities	30% Of treated wastewater in owned campuses is used within our facilities
Increase groundwater recharge and water storage capacities in water affected regions	100% wastewater recycling in owned campuses *India locations	100% wastewater recycling in owned campuses *India locations

Our Climate Risk Assessment (CRA), conducted in collaboration with our ERM team, reflects our commitment to strategic foresight and a rigorous approach. Through detailed analysis and robust risk management initiatives aimed at reducing emissions, we demonstrate transparency, accountability, and effective environmental stewardship. This assessment serves as a critical milestone, guiding us in the rapidly evolving sustainability landscape. Through regular and diligent climate risk assessments, we have identified current and potential risks, using them as a navigational tool to steer our organization towards resilience.

About Persistent

We are a trusted Digital Engineering and Enterprise Modernization partner, combining deep technical expertise and industry experience to help our clients anticipate what's next. Our offerings and proven solutions create a unique competitive advantage for our clients by giving them the power to see beyond and rise above. We work with many industry-leading organizations world-wide including 14 of the 30 most innovative US companies, 80% of the largest banks in the US and India, and numerous innovators across the healthcare ecosystem. Our company fosters a values-driven and people-centric work environment. Our strength of over 22,500+ employees is spread over 18 different countries across the globe.

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