International Financial Reporting Standards climate-related disclosures (IFRS S2)

FY2024-25

Table of contents

1. Executive summary 5
1.1. Governance 6
1.2. Strategy 7
1.3. Risk management 7
1.4. Metrics and targets 8
2. Basis of preparation 9
2.1. Compliance with IFRS S2 standards 10
2.2. Alignment with the financial statements . . . 10
2.3. Business activities and value chain 10
2.4. Reporting entity and boundary for GHG emissions 10
2.5. Judgement and uncertainty 11
3. Materiality assessment 12
3.1. Engagement with stakeholders 13
3.2. Sustainability context and value chain 13
3.3. Identifying material environmental topics 13
3.4. Material climate risks and opportunities . . . 13
3.4.1. Impact materiality 13
3.4.2. Financial materiality 14
4. Governance 15
4.1. Board oversight 16
4.2. Management responsibilities and controls . . 16
4.3. Climate risk and opportunities oversight 16
4.4. Skills and competencies 17
4.5. Climate target oversight and monitoring . . . 17
5. Strategy 18
5.1. Climate-related risks and opportunities 19
5.2. Business model and value chain 22
5.3. Strategy and decision-making 23
5.4. Financial position, financial performance and cash flows 28
5.5. Financial impacts of material policy and legal transition risks 30
5.5.1. Evolving carbon pricing mechanisms 30
5.6. Transition to low carbon emission technologies in operation 31
5.7. Climate resilience 32
5.7.1. Transitional risk scenario analysis 34
6. Risk management 37
6.1. Overview of climate-related risks and opportunities assessment 38
6.2. Inputs and tools used for assessment 38
6.2.1. Physical risk assessment 38
6.2.2. Transitional risk assessment 39
6.3. Risk identification 40
6.4. Risk assessment and prioritization 40
6.5. Monitoring and managing risk and opportunities 40
7. Metrics and targets 41
7.1. Climate-related metrics 42
7.1.1. Methodology, standards and protocols 42
7.1.2. Measurement approach, inputs and assumptions for GHG emission accounting . .42
7.1.3. Reason for choosing the measurement approach, inputs and assumptions 43
7.1.4. Changes made to the measurement, approach, inputs and assumptions during the reporting period and reasons for those changes 43
7.2. Climate-related targets 45
7.2.1. Emission reduction initiatives to achieve targets 45
7.3. Climate-related risks and opportunities . . . 46
7.3.1. Climate-related transition risks 46
7.3.2. Climate-related physical risks 46
7.3.3. Climate-related opportunities 46
7.3.4. Capital deployment 46
7.4. Internal carbon prices 46
7.4.1. Applying a carbon price in decision-making 46
7.4.2. Price of GHG/Carbon emissions 46
7.5. Remuneration linked to climate targets 47
7.6. Industry-based metrics 47
7.6.1. Energy metrics 47
7.6.2. Water metrics 48
7.6.3. Integration of Environmental Considerations into Strategic Planning for Data Centre Needs 48
7.6.4. Managing Systemic Risks from Technology Disruptions 48
8. References 49
9. IFRS S2 mapping 49

List of tables

Table 1: Time horizons for physical climate risks 19

Table 2: Associated risks and their financial impact 21

Table 3: Overview of location under climate risk assessment 22

Table 4: Current and planned initiatives, performance and capital expenditure 25

Table 5: Current and anticipated direct and indirect mitigation and adaptation efforts 27

Table 6: Resilience measures for transition risk 28

Table 7: Financial impacts of physical climate risks 29

Table 8: Financial impact of policy and legal transition risks 30

Table 9: Carbon price fluctuations over time horizons 31

Table 10: Financial impact of technology transition risks 31

Table 11: Anticipated mitigation and adaptation strategies across time horizons for physical risks 33

Table 12: Transition risk scenarios for carbon pricing across time horizons 34

Table 13: Anticipated mitigation and adaptation strategies across time horizons for transition risks 36

Table 14: Anticipated mitigation and adaptation strategies across time horizons for climate opportunities 36

Table 15: Inputs and tools used for climate physical risk assessment . . . 39

Table 16: Inputs and tools used for climate transition risk assessment . . 39

Table 17: GHG emission metrics of scope 1 and scope 2 43

Table 18: GHG emission metrics and targets of other indirect GHG emissions (scope 3) 44

Table 19: Status of SBTi approved GHG near-term emission reduction targets. 45

Table 20: Industry-based metrics-energy 47

Table 21: Industry-based metrics-water 48

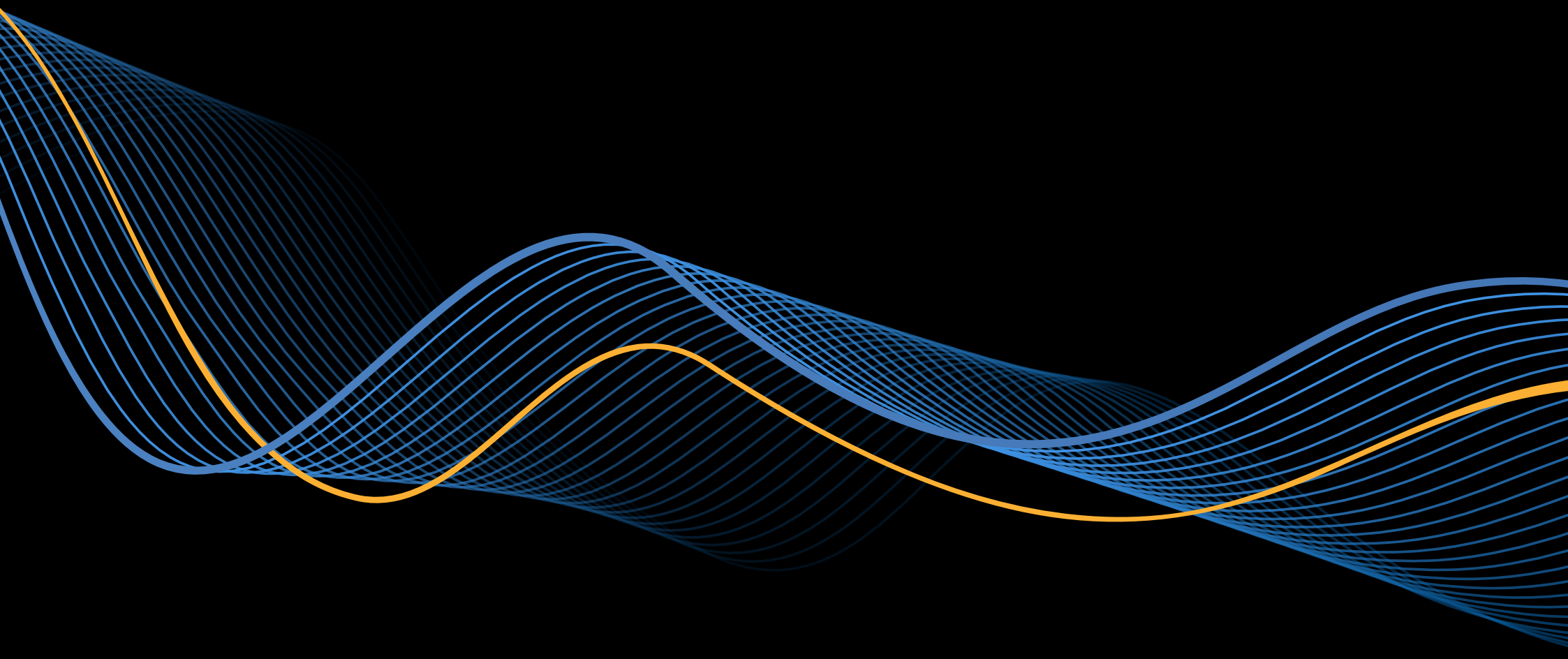
List of abbreviations

Abbreviation	Full Form
APAC	Asia Pacific
BAU	Business As Usual
BMTPC	Building Materials & Technology Promotion Council (India)
BRSR	Business Responsibility and Sustainability Report
CAPEX	Capital Expenditure
CDP	Carbon Disclosure Project
CGWA	Central Ground Water Authority (India)
CHRO	Chief Human Resources Officer
Cr. INR	Crore Indian Rupees
CRA	Climate Risk Assessment
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
Cum	Cubic Meter (for water metrics)
DEFRA	Department for Environment, Food & Rural Affairs (UK)
EAC	Energy Attribute Certificate
EPA	Environmental Protection Agency (US)
ERM	Enterprise Risk Management
ESHS	Environmental Sustainability, Health & Safety
EU	Europe
GHG	Greenhouse Gas
HVAC	Heating, Ventilation, and Air Conditioning

Abbreviation	Full Form
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IGBC	Indian Green Building Council
IMD	Indian Meteorological Department
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
LATAM	Latin America
MEA	Middle East & Africa
NGFS	Network for Greening the Financial System
NZ	Net Zero
OPEX	Operating Expenditure
PPA	Power Purchase Agreement
PUE	Power Usage Effectiveness
RCP	Representative Concentration Pathway
RE	Renewable Energy
RMC	Risk Management Committee
SAF	Sustainable Aviation Fuel
SASB	Sustainability Accounting Standards Board
SB-261	California's Greenhouse gases- Climate related Financial Risk Act
SBTi	Science Based Targets initiative

Abbreviation	Full Form
SEBI	Securities & Exchange Board of India
SRC	Stakeholders' Relationship Committee
SSP	Shared Socio-economic Pathways
STP	Sewage Treatment Plant
TCFD	Task Force on Climate-related Financial Disclosures
TCoC	Tata Code of Conduct
UK & I	United Kingdom & Ireland
UPS	Uninterruptible Power Supply
WLDS	Water Leak Detection System
WRI	World Resources Institute
ZWL	Zero Waste to Landfill

1. Executive summary



TCS is a digital transformation and technology partner for industry-leading organizations worldwide. Since its inception in 1968, TCS has upheld the highest standards of innovation, engineering excellence and customer service. TCS follows the Tata group philosophy of building sustainable businesses that are rooted in the community and demonstrate care for the environment. TCS is committed to sustainability by integrating sustainable practices into its strategy and operations towards ensuring long-term growth and competitiveness. TCS has been disclosing sustainability and climate change performance in its Integrated Annual Report as per The Integrated Reporting Framework, Global Reporting Initiative (GRI) and as per Business Responsibility and Sustainability Report (BRSR) mandated by Security & Exchange Board of India (SEBI).

In June 2023, the International Sustainability Standards Board (ISSB) released IFRS Sustainability Disclosure, comprising IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Both IFRS S1 and IFRS S2 standards became effective for annual reporting periods beginning on or after 1 January 2024.

IFRS S2 applies to disclosure of (1) climate related risks (physical and transitional), to which the entity is exposed and (2) climate-related opportunities available to the entity. In FY 2023, TCS' climate related disclosures were aligned to the Taskforce for Climate-related Financial Disclosures (TCFD). In FY 2024, TCS disclosed its climate-related risk and opportunities reporting and voluntarily aligned with the IFRS S2 standards.

In FY2025, TCS decided to report climate related disclosures to align to IFRS S2 requirements from a regulatory perspective, as many jurisdictions have endorsed the IFRS S1 and S2 standards. This has led to mandatory reporting requirements for companies falling within the scope of climate related reporting in a few geographies such as California, Australia and so on.

TCS aims to align with the IFRS S2 standard for climate-related disclosures with the objective of providing transparent, consistent and decision useful information to investors and stakeholders on how climate-related risks and opportunities could affect the company in the short term, medium term and long term. The governance, strategy, risk management, metrics and targets covered are briefly described in the following sections.

1.1. Governance

TCS has a Board level Stakeholder Relationship Committee (SRC) that oversees sustainability and climate change targets, initiatives and performance. At the Management level, the Chief Human Resources Officer (CHRO) is responsible for approving environmental sustainability and climate policies, setting targets and monitoring the progress of its targets. Responsibility for driving and tracking performance including carbon targets & climate change programs programs lie with the CHRO. He reports to the Board sub-committee that is, SRC on sustainability related matters. The Head, Environmental Sustainability, Health & Safety (ESHS) reports the progress and updates on a regular basis to the CHRO on environmental sustainability and climate change performance.

TCS provides performance incentives embedded in the variable pay component for the management of

environmental issues including attainment of climate and water targets. Climate related performance is therefore embedded in incentive schemes, linking compensation to progress on key climate goals.

1.2. Strategy

In 2025, TCS conducted climate risk assessment (CRA) at 58 of its locations spread across multiple geographies including India, North America (NA), Europe (EU), UK and Ireland (UK & I), Asia Pacific (APAC) including Japan, Latin America (LATAM) and Middle East and Africa (MEA) and covering top 11 suppliers (by spend). The locations were identified based on the type, size and scale of operations, and to ensure adequate coverage for regulatory reporting requirements. The CRA was conducted through climate scenario analysis for identifying material acute risks (extreme heat, cold waves, drought, cyclones, floods) and chronic risks (temperature changes, precipitation pattern shifts, water stress) for TCS' global operations and the 11 identified key suppliers. Transition risks including policy or legal risks (carbon pricing, disclosure requirements, litigation), technology risks (low-carbon transition), and reputation risks (stakeholder expectations) were assessed. Sustainability-linked solutions, climate data platforms, and green technology services are highlighted as growth areas that are identified as potential opportunities.

Having identified the material physical risks, the current resilience measures at these locations were considered to identify and shape mitigation and adaptation actions in the short, medium and long term, highlighting drought, heat wave, cyclone, floods and water stress as top priorities. To demonstrate climate resilience, TCS undertook scenario analyses across short-term (up to 2035), medium-term (2040), long-term (2050) and very long term (2085) horizons, applying Shared Socio-economic Pathways (SSPs) for physical risks, including:

- SSP1-2.6, a low emissions scenario reflecting sustainable development pathway with shifts to renewable energy, reduced inequality and robust climate policies.
- SSP2-4.5, a business-as-usual scenario representing the middle of the road pathway with moderate challenges for climate mitigation and adaptation.
- SSP5-8.5, a high emissions scenario with rapid economic growth reliant on fossil fuels, high energy demand and limited climate policy action.

For transition risk assessment, the Network of Greening the Financial System (NGFS) scenarios were used to explore the potential risks and impacts of climate change on the economy and financial system. NGFS scenarios have been used to assess the carbon price across 6 scenarios (NZ 2050, Low Demand, below 2 deg C, delayed transition, NDCs, current policies) and five, time horizons (2030, 2035, 2040, 2045 and 2050) as they align climate policy, technology, and macroeconomic pathways with sector-level implications.

1.3. Risk management

Enterprise Risk Management (ERM) is implemented across TCS by every business entity (vertical unit, horizontal unit, function and geography) and at enterprise level. The TCS Chief Risk Officer (CRO) regularly reviews the deployment of ERM and also presents the overall enterprise-wide view of risks to the Risk Management Committee at least once a year or as needed. At the business entity level (vertical unit, horizontal, function or geography), the execution and monitoring of ERM is done by a Unit Risk Officer (URO), who works closely with internal stakeholders to define, assess, mitigate, prioritize and monitor risks. This unit reviews all risks associated with our operations. ERM categorizes risks and opportunities into Strategic, Operational, Financial, Compliance and Catastrophic. The risk identification process is carried out for the entire organization and its value chain (both upstream and downstream) to assess all risks including the physical, compliance, operational and reputational risks due to climate change and the business opportunities associated with it. Unit-level risk assessments are performed to assess the physical risks of climate change. These are then rolled up to the enterprise-level risk portfolio register and suitably included. These risks are reviewed on a half-yearly basis or as required.

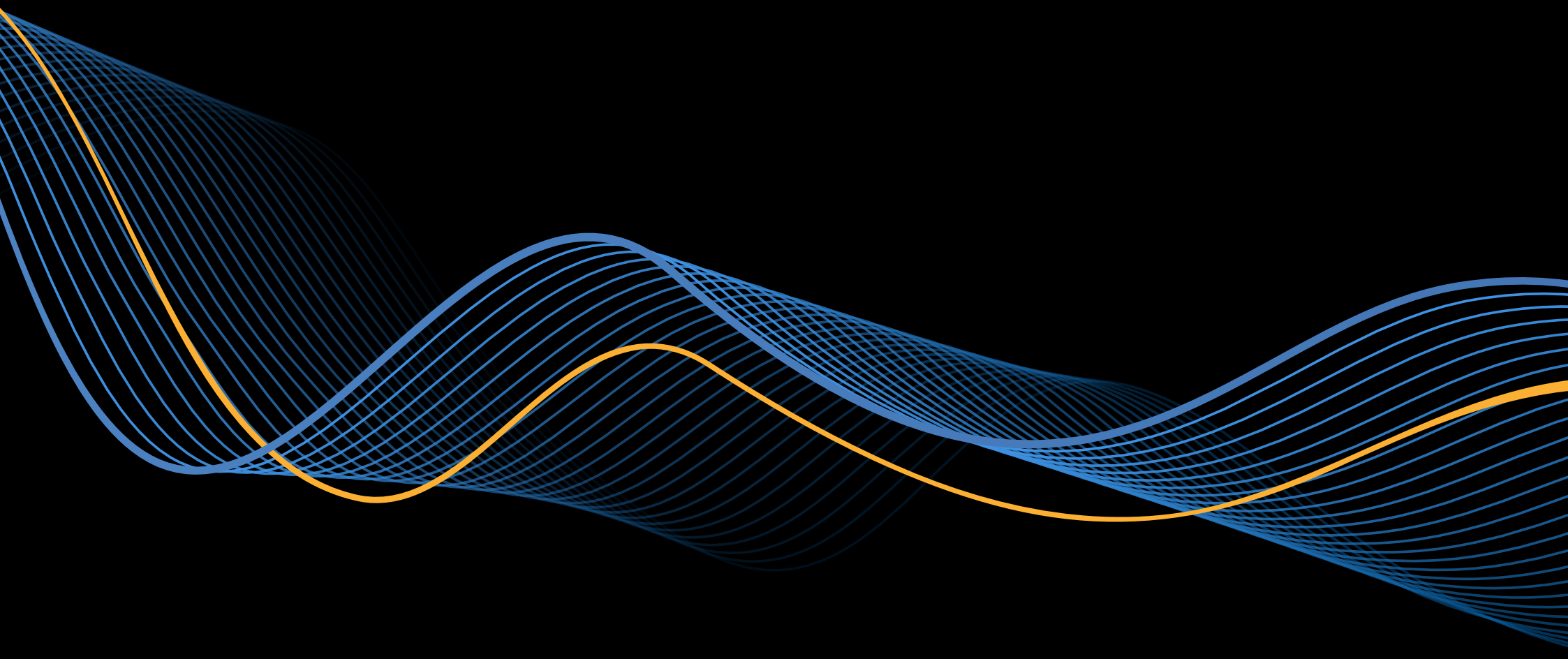
1.4. Metrics and targets

TCS is committed to the science-based targets initiative (SBTi) and has the SBTi approved near-term targets. SBTi has classified TCS' scope 1 and 2 target, in line with a 1.5°C trajectory. TCS commits to reduce absolute scope 1 and 2 GHG emissions, 90% by FY 2030 from a FY2016 base year and commits to reduce absolute scope 3 emissions, 35% by FY 2034 from a FY2020 base year. TCS has fully adopted Project Aalingana, the Tata group's sustainability roadmap and the aim is to be net zero by 2045, integrating sustainability into business strategy through the following three interlinked pillars focusing on:

- Decarbonization of the company and value chain.
- Using circular economy approach to reduce resource consumption and waste.
- Protecting and regenerating the nature and biodiversity.

To achieve these targets, the green-house gas management approach has four key levers for Scope 1 and 2 emission reduction – green infrastructure, green IT, IT-enabled operational efficiencies, and renewable energy. For scope 3 reduction, TCS has planned initiatives around transitioning to electric vehicles (EV) for hired cabs and buses, employee engagement for use of public transport, reduce business travel through collaborative tools and technology, and invest in sustainable aviation fuels (SAF) as and, when they are commercially available. TCS has reduced absolute carbon footprint across Scope 1 and Scope 2 by 84% in FY 2025 over the baseline of FY 2016 and 32% reduction in Scope 3 from FY 2020 baseline.

2. Basis of preparation



2.1. Compliance with IFRS S2 standards

This climate related disclosure of TCS consolidated has been aligned to IFRS S2 standards issued by the International Sustainability Standards Board (ISSB).

2.2. Alignment with the financial statements

The climate related disclosures are for the period April 2024 to March 2025 and needs to be read in conjunction with the consolidated financial statements prepared in the Integrated Annual Report FY2024-25 for the 12-month period 1 April 2024 to 31 March 2025. The climate related disclosures cover the same reporting entity as the consolidated financial statements as disclosed under Reporting Boundary on Page No. 128 of the Integrated Annual Report **TCS Integrated Annual Report 2024-25**.

TCS has comprehensively assessed both its own operations and key suppliers in the value chain for the current disclosure. The currency used in this report will be Indian rupees (INR) aligned to the financial statements in the integrated annual report.

2.3. Business activities and value chain

Tata Consultancy Services (TCS) is a IT consulting and Software Solutions company and is a digital transformation and technology partner of choice for industry-leading organizations worldwide. Since its inception in 1968, TCS has upheld the highest standards of innovation, engineering excellence and customer service. Rooted in the heritage of the Tata Group, TCS is focused on creating long term value for its clients, its investors, its associates, and the community at large. With a highly skilled workforce of over 607,000 associates in 55 countries and over 200 service delivery centers across the world, the company has been recognized as a top employer in six continents. With the ability to rapidly apply and scale new technologies, the company has built long term partnerships with its clients – helping them emerge as perpetually adaptive enterprises. Many of these relationships have endured into decades and navigated every technology cycle, from mainframes in the 1970s to Artificial Intelligence today promoting health, sustainability, and community empowerment. TCS generated consolidated revenues of ₹255,324 crore (US $30 billion) in the fiscal year ended March 31, 2025 (Refer Page No. 4 and 10 of **TCS Integrated Annual Report 2024-25**).

TCS has its presence in 6 continents spread across North America, Latin America, Europe, UK and Ireland, India, Asia Pacific, Australia and New Zealand, Middle East and Africa and Japan (Refer Page No. 5 of **TCS Integrated Annual Report 2024-25**).

Value chain: TCS, being an IT consulting and software solutions company, does not manufacture any products, and therefore the upstream value chain partners include the companies from whom TCS procures finished goods or products. This includes IT assets such as laptops, desktop computers, servers, network links, computer accessories, software licenses and renewals, professional services such as Annual Maintenance Contract (AMC), legal and accounting services, hardware and software as well as facility management services. Many of the partners are in India and few in NA, UK and EU geos.

2.4. Reporting entity and boundary for GHG emissions

The reporting entity is the same as included in the financial statements of the Integrated Annual Report FY2024-25 published on TCS website.

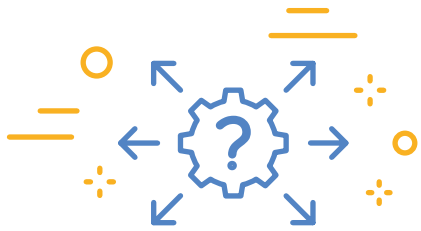
The GHG emissions are in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (2004) as required by the IFRS S2 Climate-related disclosure.

TCS uses operational control approach for GHG accounting and accounts for GHG emissions from operations where it has full control. TCS has an operational control over its physical facilities (buildings and campuses- either owned or leased) globally. The environmental impacts occur from physical facility operations- for example, energy and water consumption, carbon emissions, waste generation, and so on, and these locations cover both TCS Limited as well as subsidiaries. We have historically gathered and reported environmental data for the locations where TCS has operational control. We have included 100% of locations (where we have operational control) in the reporting boundary.

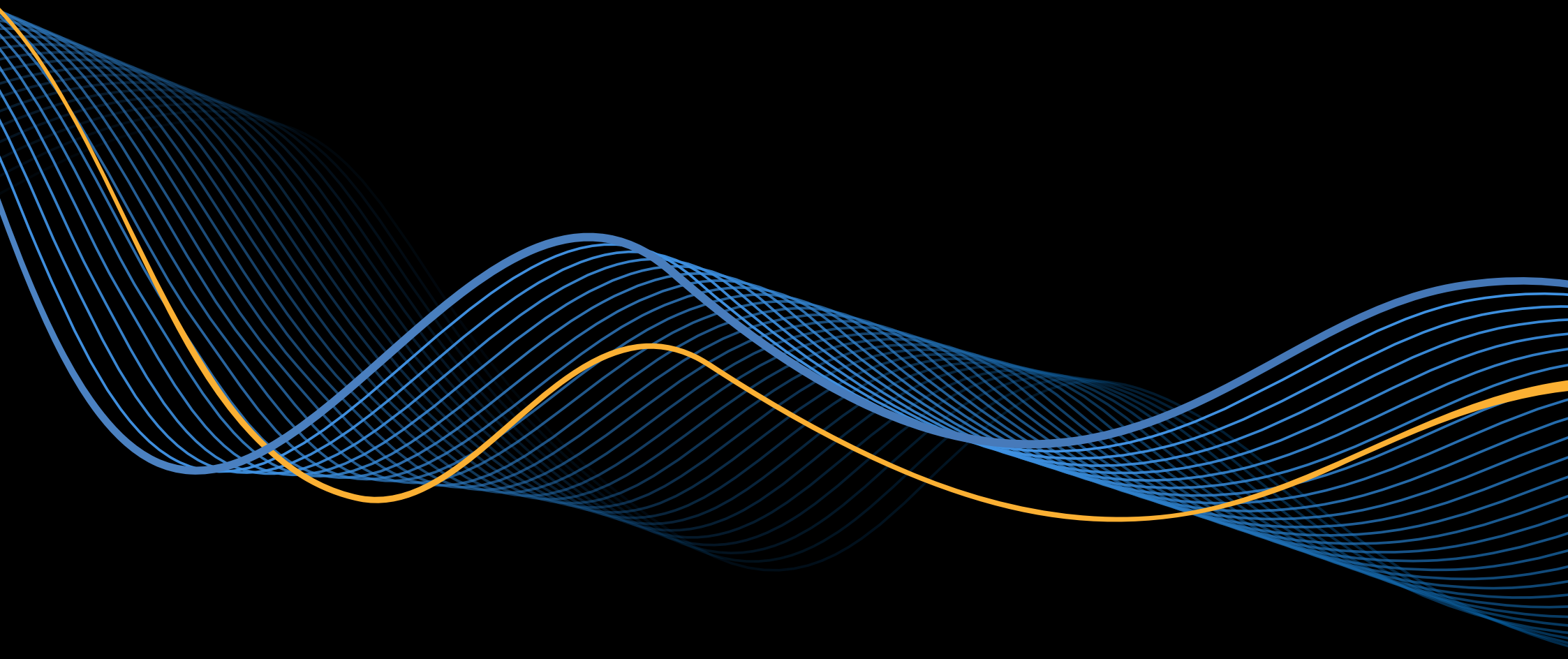
2.5. Judgement and uncertainty

TCS had to make necessary judgements towards identification of climate related risks and opportunities, reporting boundaries, measurement approach for GHG emissions and the metrics and targets

- Identification of climate risks and opportunities: TCS has conducted a climate risk assessment to identify physical, transitional risks and opportunities relevant to its operations, business model and value chain. TCS has used its judgement to identify climate tools, data sources and possible climate scenarios for identifying material climate risks and opportunities.
- Reporting boundary: TCS has used operational control approach to define its organizational boundary for reporting GHG emissions and this includes the locations where it has full control and authority to implement its policies and procedures. TCS has exercised judgement in selecting its boundary and identifying operations that fall within the operational control for reporting GHG emissions. These decisions impact the accuracy and completeness of GHG emissions reporting and corresponding climate related disclosures.
- Metrics and targets: The metrics and target section is in alignment with the recommended frameworks of IFRS S2 to ensure relevance to the climate-related risks and opportunities disclosed in the report.
- Uncertainty in Scope 1 and 2 emissions: Our emission estimation is based on actual data reported by the TCS offices covered in the operational boundary, and published emission factors (such as IEA, DEFRA and other regional sources such as US EPA, Australia's Department of Industry, Science, Energy and Resources, India's Central Electricity Authority (CEA), Government of Canada) and only a very small percentage of the data is estimated based on industry standards, regional databases or by other estimates. Hence, the uncertainty in emission estimation for Scope 1 and 2 is likely to be very small or minor.
- Uncertainty in Scope 3 emissions: TCS being an IT consulting and software solutions company, only those scope 3 categories (Cat 1 to 7) that are relevant to the operations are considered for GHG reporting and the calculation methods used are based on availability and extent of information from value chain partners. Wherever supplier specific information on emission factors is not available, spend-based calculations have been factored in (for example, purchased goods and services, capital goods) and in the event of non-availability of certain data (such as public commute modes, or transport data of supplies), estimates have been made based on publicly available information or reliable secondary sources.
- Uncertainty due to assumptions in climate risks and opportunities reporting: TCS has estimated both the current and anticipated financial impacts of climate related risks and opportunities and its impact on the financial position, financial performance and cashflows in the short term, medium term and long-term horizons. The quantification of financial impacts has some constraints due to limited availability of data and therefore certain assumptions have been used for future scenarios. TCS has used FY2025 data for assessing the impacts in the reporting period and for the future scenarios we have applied reasonable judgement and factored in assumptions based on information available from reliable sources.



3. Materiality assessment



TCS adopts a holistic approach for identifying its material ESG issues. The Company relies on (i) stakeholder engagement and (ii) assessment of market and industry trends. Through this approach, the Company tries to safeguard the interest of all its stakeholders, while aligning business objectives with the market trends for the business to be more sustainable. TCS conducts periodic materiality assessments to update the list of material ESG topics.

3.1. Engagement with stakeholders

Stakeholder interactions result in the identification of a broad funnel of issues important to each of the constituencies. Discussions with internal and external stakeholders are evaluated, to prioritize and arrive at a list of material topics with significant economic, environmental, social or governance impact on TCS' business, reputation, and operations.

3.2. Sustainability context and value chain

The Company looks at the role of TCS in wider sustainability issues, the impact the Company has through its customer engagements and its operations, and the role that the Company experts play in professional associations, industry forums and other thought leadership activities to address important issues raised by stakeholders.

For information on Materiality Assessment, refer to Sustainability Disclosures on page 319 of the Integrated Annual Report for FY2024-25 (TCS Integrated Annual Report 2024-25).

3.3. Identifying material environmental topics

There are multiple approaches leveraged by TCS to identify material environmental issues viz:

- The GRI framework provides the methodology and approach to identifying material issues.
- Internal environmental sustainability team of experts, by virtue of their qualifications and experience identify material environmental issues that are also benchmarked against peers.
- Regulatory requirements applicable to TCS across all geos indicate the material environmental issues to be addressed by the organization.
- Sectoral standards and ESG ratings such as the SASB standard for Software and IT services, MSCI ratings, CSRD, IFRS S1 and S2 indicate material issues in the sector.

External audits by accredited agencies review the organization's environmental impacts and enable validate the material issues identified internally and provide scope for improvements year on year.

Through the above process the key or material environmental issues at TCS are identified and reviewed year on year. The material issues include energy consumption, GHG emissions, water management and waste management. We measure, monitor, and report on these material issues every year in our annual report (page 319 of **TCS Integrated Annual Report 2024-25**).

3.4. Material climate risks and opportunities

Climate change has been identified as a material issue by TCS from both impact materiality and financial materiality perspective thereby following the double materiality principles.

3.4.1. Impact materiality

The impact materiality involved assessing the actual and potential impacts on the environment across the operations and value chain. TCS has offices across various geographies with a total of about 6 lakh+ associates as on 31st March 2025 and associates work in office-based work environment. We have 280+ facilities across the globe which are either owned, completely leased, or partially leased. TCS operations can cause impacts due to resource consumption (energy and water), carbon / greenhouse gas (GHG) emissions from the use of fuel, electricity, refrigerant leakage, wastewater generation and treatment, waste generation, treatment and disposal, and so on. TCS has embraced the precautionary principle and recognized resource optimization, environmental and carbon footprint mitigation as key priority areas.

Considering impact materiality, a) TCS monitors and reports GHG emissions (scope 1, 2 and 3), b) has reduced its emissions periodically over the years through initiatives, c) has taken up SBTi near term targets for Scope 1, 2 and 3 and aligned to Tata Group's Aalingana targets for Net Zero by 2045 to reduce emissions through energy efficiency, renewable energy transition, and other scope 3 reduction initiatives and

d) has also identified initiatives to reduce emissions from major contributors such as employee commute and business travel.

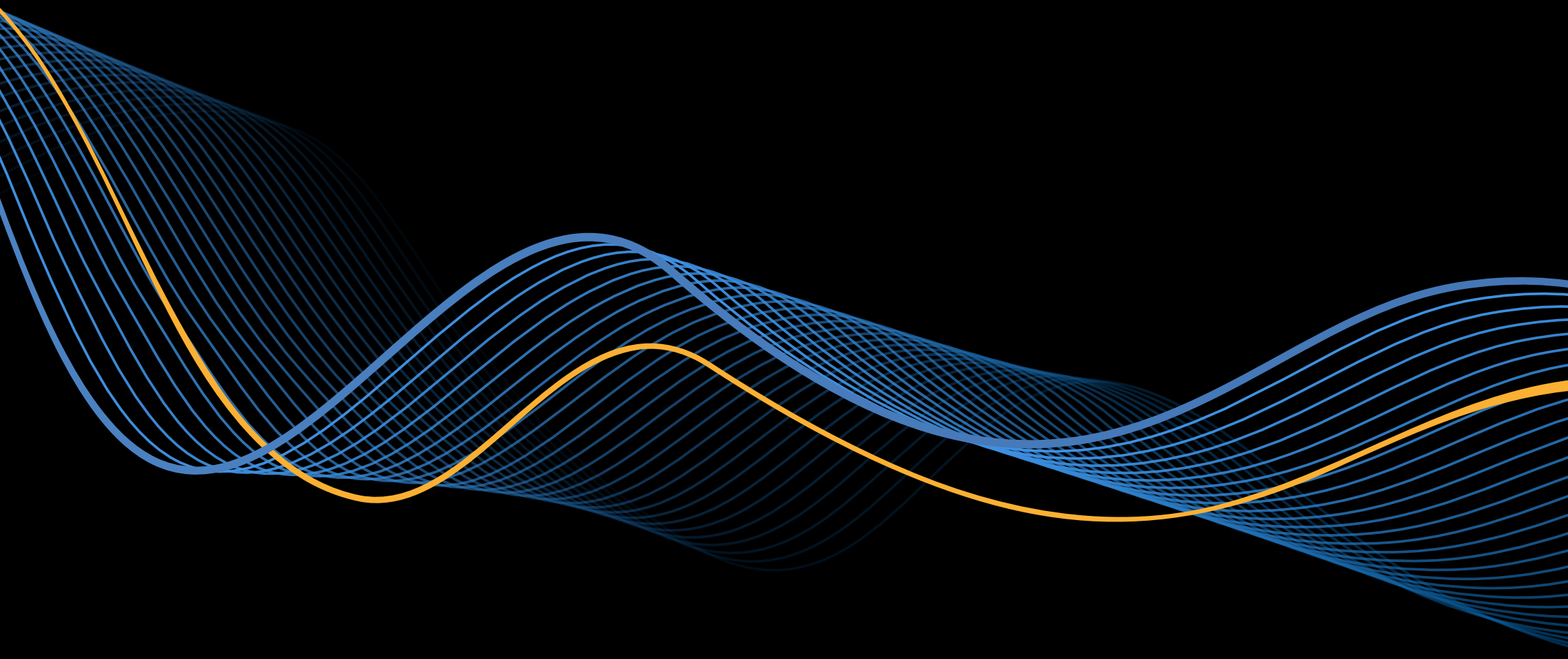
3.4.2. Financial materiality

Climate change is also assessed to be material from financial materiality perspective as the climate risks and opportunities affect the financial position, performance and cashflows over different time horizons. With globally distributed operations, TCS faces physical risks to life and property due to extreme weather events; transition risks resulting from disruptions in the market and emerging regulations; disruptions to operations due to water scarcity; risks of inadvertent non-compliance to emerging regulatory requirements, impacting health and safety in local communities and business disruption. All of these could affect TCS' growth, profitability and reputation.

We have strengthened the deployment of our enterprise risk management (ERM) framework to address environmental and climate risks and leverage the associated opportunities. TCS has identified both physical (acute and chronic) risks and transition risks due to climate change. Physical risks such as cyclones, floods, heatwave droughts, temperature increase, sea level rise and so on, can expose TCS facilities to extreme weather events causing destruction to infrastructure, threats to personal safety, business impact by shutting down offices and so on, and leads to increased costs to the company. Transition risks (policy and legal, technological, market and reputational) resulting from a global shift towards a more sustainable and low carbon economy/ Net Zero could result in increased cost of meeting the expectations of decarbonization emerging from regulatory, customer and stakeholder pressures. Climate-related opportunities due to resource efficiency, adoption of low emission energy sources, development of new sustainable and low carbon products/ services, and building resilience along supply chain and so on, could result in reduced costs to the company. Together, the climate risks and opportunities could cause financial impacts and affect financial inflows and outflows of companies. The sustainability and climate risks are integrated in the ERM and provided on page 91 of **TCS Integrated Annual Report 2024-25**.

In addition to a qualitative assessment, a quantitative climate risk analysis / assessment (CRA) was conducted in 2025 through various climate scenarios to identify material risks (acute and chronic physical risks, transition risks) and opportunities due to climate change at our 58 offices and 11 supplier locations spread across geographies and have estimated the financial impacts over short, medium and long term (both current and anticipated impacts). These are covered in this climate disclosure.

4. Governance



4.1. Board oversight

TCS adheres to the Tata group philosophy of building sustainable, community focused businesses that demonstrate deep respect for the environment. As part of the Tata group, known for its commitment to sustainability, the Company has inherited a strong tradition of ethical and transparent governance, in accordance with the Tata Code of Conduct ("TCoC"). TCS' approach to sustainable growth is built on the belief that it can expand its business by creating longer term value for all its stakeholders, including employees, customers, suppliers and local communities, while also valuing the environment. The various sustainability topics material to TCS are overseen by the relevant Board committees (refer page 98 of the **TCS Integrated Annual Report 2024-25**).

The Board level Stakeholders' Relationship Committee (SRC), which is chaired by an independent director and includes 3 members including the CEO, reviews the sustainability and climate change strategy, approach, and performance of the organization. The board oversight helps drive the program effectively with greater accountability. The CEO, as a part of the committee, is better able to review performance and drive improvement. The committee reviews sustainability and climate related aspects twice every year which includes the following topics- energy consumption, initiatives in energy efficiency and renewable energy, RE generation and procurement, carbon emission targets and performance, water consumption and recycling, waste generation and recycling, to align the company's overall policies and performance.

The broad level governance mechanisms include:

- Overseeing the setting of the corporate targets and monitoring progress.
- Overseeing and guiding capital expenditures.
- Monitoring, overseeing and guiding the implementation of business strategies.
- Monitoring, overseeing and guiding the implementation of the climate transition plan.
- Monitoring compliance with corporate policies* and commitments.

Board oversight helps drive the program effectively with greater accountability. The Board's Terms of Reference available at **Terms Reference Committees**, lists down the broad terms of reference of the SRC which includes, taking steps for environmental management, reduce carbon footprint and resource consumption, conserve electricity, recycle water, waste management, review policies and procedures periodically and recommend measures from time to time for improvement.

4.2. Management responsibilities and controls

At the Management level, the responsibility for driving and tracking overall ESG related performance including climate change, carbon targets, climate change programs lie with the Chief Human Resources Officer (CHRO). The CHRO reports to the Board sub-committee (SRC) on sustainability related matters. The Head, Environmental Sustainability Health and Safety (ESHS) provides progress and updates on environmental sustainability matters to the CHRO periodically. ESHS Head is supported by a team of qualified environmental sustainability professionals who ensure the implementation of climate related mitigation or emission reduction initiatives across TCS locations in collaboration with action owners such as Administration, Infrastructure Planning and Development (IPD), Digital Infrastructure Services (DIS), business functions, crisis management function and others, within the organization. The location level targets and achievements are periodically monitored by the location level committees.

TCS has robust Environmental Sustainability Framework which is top driven and is visible through documentation in the form of policies*, systematic processes and procedures. TCS has specific procedures towards identifying, assessing, and documenting the environmental risks and opportunities & also establish processes for planning actions. Internal procedure on Environmental Sustainability and a Risk Control Matrix defines the internal mechanism of environmental data identification, collection, analysis, review and validation.

4.3. Climate risk and opportunities oversight

In addition to the Board's SRC, the Risk Management Committee (RMC) is also briefed on all the enterprise risks including any climate change risk and opportunities. The RMC is chaired by an independent director and comprises of 3 more members including one independent director, 1 executive director, that is the CEO and one company executive, the CFO. The RMC formulates, monitors, and reviews the company's risk management policy. Climate change risks and opportunities are covered under the strategic and operational risks for the Company.

*https://www.tcs.com/content/dam/global-tcs/en/pdfs/who-we-are/sustainability-reports/Environmental-Sustainability-Policy.pdf

4.4. Skills and competencies

TCS has a policy on appointment of Directors which is available at **policy-appointment-directors-board-diversity.pdf**. The composition of the Board shall consist of individuals having the requisite skills/ expertise and competencies for effective functioning of the Board and Company and this includes understanding the a) global business dynamics across various geographical markets, industry verticals and regulatory jurisdictions, b) appreciation of long term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments and c) experience in developing governance practices, managing board and management accountability, building long term and effective stakeholder engagement and driving corporate ethics and values.

The identified Board's committee, overseeing the climate change at the company, consults regularly with the internal, permanent subject matter experts, that is the Head – Environmental Sustainability, Health and Safety (ESHS). TCS has a competent team working on Environmental Sustainability with its Head – ESHS, being a Doctorate in Environmental Science and Engineering and has over 30 years of post-doctoral experience in environmental sustainability and climate change. Head- ESHS, regularly provides input to the CHRO and CEO on any progress and updates. The ESHS team has competent professionals who have the requisite qualification and experience in climate change and environmental sustainability. The team has undergone training in advanced topics and regularly participates in external training programs and sessions on the emerging frameworks and regulatory requirements around climate change. TCS is also a member of the Confederation of Indian Industries (CII) and National Association of Software and Services Companies (NASSCOM). The company participates as panellist, assessor, or speaker in their training and capacity building workshops on sustainability and climate change with the perspective of spreading know-how on ESG, climate change mitigation and adaptation strategies among other industries.

The Board of Directors and the Key Management Personnel have participated in training and awareness programs on sustainability including that of climate change in 2025 (refer page 132 of the **TCS Integrated Annual Report 2024-25**).

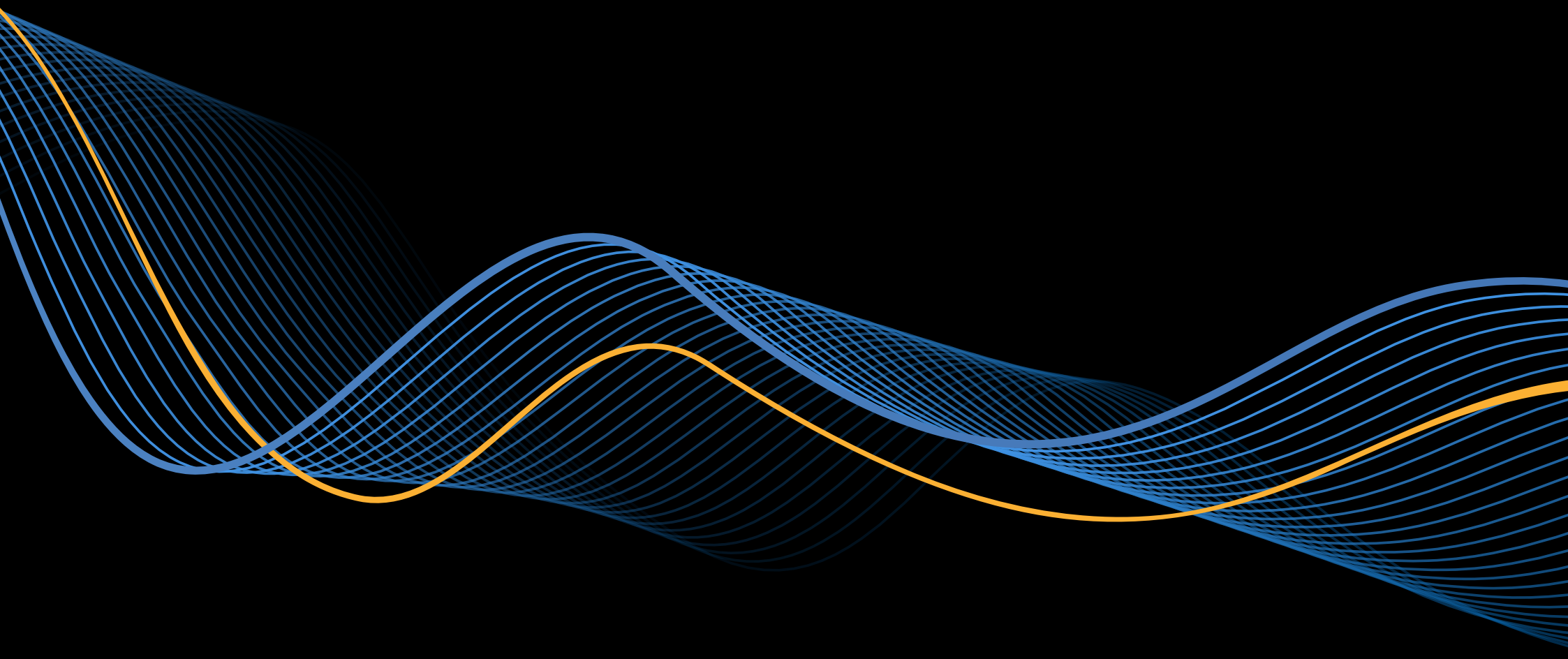
4.5. Climate target oversight and monitoring

The SRC oversees the setting of targets related to climate change and monitors progress. This is addressed in Section 4.1 above.
Remuneration: TCS provides performance incentives embedded in the variable pay component for the management of environmental issues, including the attainment of targets. Remuneration of the Board members including the executive directors is decided by the Board, based on the recommendations of the Nominations and Remuneration Committee of the Board. For executive directors, the variable component that is, commission is based on the company's performance and their individual performance (**Remuneration Policy 2019**).

TATA CONSULTANCY SERVICES

TATA

5. Strategy



As a responsible corporate citizen and a global IT leader, TCS is driven by the belief that sustainability-driven decisions are essential to business success. Also, Tata Group's sustainability vision driven through Project Aalingana, reflects a commitment to safeguarding the planet and shaping the future through cutting-edge technologies. While social and environmental responsibility has always been a core part of the TCS' ethos, TCS has committed to SBTi Near-Term Targets: to reduce absolute scope 1 and 2 GHG emissions 90% by FY 2030 from a FY 2016 base year (in line with a 1.5°C trajectory) and reduce absolute scope 3 emissions 35% by FY 2034 from a FY 2020 base year to elevate its position as a global sustainability leader. We have embraced the precautionary principle and recognized carbon footprint mitigation and environmental protection along with resource optimization as a key priority area. Hence, a Climate Risk Assessment (CRA) becomes increasingly important for several strategic, operational, and reputational reasons. This IFRS S2 report strategizes the approach towards decarbonization by including climate-related risks and opportunities into the scope of business planning, investments, and long-term strategy.

5.1. Climate-related risks and opportunities

In line with the objectives of the Paris Agreement and TCS' commitment to decarbonize its operation, all relevant functions of TCS evaluate climate-related risks and opportunities. The output from this assessment is systematically integrated into the company's strategic planning to ensure effective mitigation and adaptation to climate impacts.

TCS has adopted the COSO framework for implementation of Enterprise Risk Management in the organization. This year a Climate Risk Assessment across 58 TCS locations (across all geos) was also conducted.

The physical climate-related risks are identified and assessed over the time horizons—2035, 2040, 2050, 2085 for the scenario SSP1- 2.6, SSP2- 4.5 and SSP5 - 8.5. This temporal framework (Table 1) facilitates an evaluation of the timing and severity of physical climate risks relevant to the company's operations and strategic decision-making. Acute risks included extreme heat, cold waves, droughts, cyclones and flood and chronic risks included changes in temperature, precipitation, sea level rise and water stress. For chronic risks, IPCC SSP-RCP scenarios were considered. A variability assessment was conducted to evaluate changes in climate variables focusing on temperature, precipitation and water stress.

Sea level rise has not been found to be a material issue as none of the locations are on or near by zone of the shore or backwaters. TCS has considered IPCC AR6 Sea Level Projections/NASA database with spatial resolution of 1 km for the assessment of sea level rise. Quantification of deviations from historical levels across the selected climate scenarios and time horizons were conducted, which indicated the following in Table 2. For transitional risk, 6 NGFS scenarios were used to find the impact on carbon pricing during 2030, 2035, 2040, 2045 and 2050 across all geographies. Furthermore, in terms of transition opportunities, TCS anticipates that sustainable products will emerge as a major growth area. We also conducted climate risk assessments for 11 critical suppliers covering physical risks for the above scenarios and transition risks for carbon pricing.

Period	Time horizon (in years)	Description
Short Term	2035	TCS short-term targets are aligned to achieve shorter year-on-year targets or near-term targets (SBTi approved near term targets for reducing Scope 1,2 and 3 emissions).
Medium Term	2040	TCS medium term targets are aligned to its strategic outlook of continuing to achieve reduction in Scope 1 and 2 emissions and further reducing Scope 3 emissions..
Long Term	2050	TCS long term targets are aligned to its strategic outlook towards reaching net zero emissions and achieve water neutrality.
Very Long Term	2085	Considers anticipated risk impact in very long-term future proofing the business till perpetuity.

Table 1: Time horizons for physical climate risks

The effect of climate-related risks and opportunities that could reasonably be expected to affect TCS' prospects, business activities, and value chain is described in the following table.

<table>
<tr><th>Chronic risks</th><th>Associated acute risks</th><th>Impacted business activities and value chain</th><th>Current financial implication</th><th>Anticipated financial impact against timeframe</th></tr>
<tr><td>Change in Temperature</td><td>Heat wave, drought</td><td>• Higher HVAC/cooling demand.
• Heat stress on workforce, affecting productivity.</td><td>FY25: The assessed locations incurred a total cost of ~ INR 512 Mn. (6 million USD) corresponding to ~0.02 % of the revenue in the financial year due to cooling requirement.</td><td>Anticipated: The operating cost is estimated to increase with increase in cooling demand due to higher temperatures. The anticipated impact as a % of revenue in the respective scenarios and years is as below.<table><tr><th></th><th>2035</th><th>2040</th><th>2050</th><th>2085</th></tr><tr><td>SSP 2.6</td><td>0.08%</td><td>0.09%</td><td>0.12%</td><td>0.17%</td></tr><tr><td>SSP 4.5</td><td>0.07%</td><td>0.08%</td><td>0.09%</td><td>0.27%</td></tr><tr><td>SSP 8.5</td><td>0.09%</td><td>0.10%</td><td>0.20%</td><td>0.52%</td></tr></table></td></tr>
<tr><td>Change in Precipitation Pattern</td><td>Cyclone, drought, floods</td><td>• Increased cost of repair in case of infrastructural damage.
• Supply chain/logistics disruption due to lack of alternative routes.</td><td>FY25: No direct financial impact (as all the owned facilities are 100% insured on net written down value).</td><td>Anticipated: Since TCS assets are 100% covered by insurance (written-down value), direct financial impact due to flooding events is expected to be zero.
However, there could be indirect financial impact due to loss of operations due to flood affected days. The financial impact is 0.005%- 0.01% of revenue in 2050 and 2085 in different scenarios.</td></tr>
<tr><td>Water Stress</td><td>Drought</td><td>• Increased dependency on secondary sources of water.
• Operational challenges in running water-cooling systems for data centres/server room.</td><td>FY25: During the year water stressed locations sourced 443 Ml of water from water tankers and TCS has invested in CAPEX and OPEX to ensure seamless operation of STP and rainwater harvesting set-up. TCS has invested INR 183 Mn. (2.1 million USD) which is approximately 0.00007 % of TCS revenue for FY25.</td><td>Anticipated: The operating cost is estimated to increase due to increased dependency on secondary/alternate sources of water in the face of water stress.
The overall anticipated impact as a percentage of estimated revenue in the respective scenarios and years is as below.<table><tr><th></th><th>2040</th><th>2050</th><th>2085</th></tr><tr><td>SSP 2.6</td><td>0.01%</td><td>0.02%</td><td>0.85%</td></tr><tr><td>SSP 4.5</td><td>0.01%</td><td>0.02%</td><td>0.85%</td></tr><tr><td>SSP 8.5</td><td>0.01%</td><td>0.02%</td><td>0.85%</td></tr></table>Note: Anticipated impacts in 2035 has not been included due to limitations of data availability in the climate analytics source tool.</td></tr>
</table>

<table>
<tr><th>Transitional risk</th><th>Impacted business activities and value chain</th><th>Current financial implication</th><th>Anticipated financial impact against timeframe</th></tr>
<tr><td>Policy and Legal Risk</td><td>• Increased cost of compliance.
• Financial risk due to penalties in case of non-compliance.</td><td>TCS incurred a cost of ~4.5 Mn INR (0.05 million USD) which is approx 0.0002% of the revenue, in the reporting financial year to comply with the applicable regulatory requirement.</td><td>• The cost of compliance is expected to increase drastically in short term due to expected disclosure fee and penalty risk. The financial impact is estimated to settle at about 0.05% of revenue over long-term (2050).
• The anticipated financial impact due to carbon prices that might be applicable in the future are estimated to change as percentage of estimated revenue in the respective scenarios and years as per the following table.
<table>
<tr><th></th><th>2030</th><th>2035</th><th>2040</th><th>2045</th><th>2050</th></tr>
<tr><td>Below 2C</td><td>0.002%</td><td>0.003%</td><td>0.005%</td><td>0.006%</td><td>0.008%</td></tr>
<tr><td>Current Policies</td><td>0.00003%</td><td>0.00002%</td><td>0.00002%</td><td>0.00001%</td><td>0.00001%</td></tr>
<tr><td>Delayed transition</td><td>0.00003%</td><td>0.008%</td><td>0.012%</td><td>0.015%</td><td>0.019%</td></tr>
<tr><td>Low demand</td><td>0.005%</td><td>0.008%</td><td>0.011%</td><td>0.013%</td><td>0.019%</td></tr>
<tr><td>NDCs</td><td>0.0002%</td><td>0.0001%</td><td>0.0001%</td><td>0.0001%</td><td>0.0001%</td></tr>
<tr><td>NZ 2050</td><td>0.01%</td><td>0.01%</td><td>0.02%</td><td>0.02%</td><td>0.03%</td></tr>
</table></td></tr>
<tr><td>Technology Risk</td><td>• Increased CAPEX involved in the transition phase.
• Low-carbon technology uses may lead to increased OPEX.
• Adoption of low-carbon technologies may lead to long-term value creation.</td><td>TCS has been investing in low carbon technologies over the years. In FY 2025, it utilized ~1726 million INR (20.2 million USD), i.e. 0.07 % of the TCS FY25 revenue. Such technologies including green infrastructure and green IT</td><td>• The impact is expected to linearly increase considering business expansion and adoption of low-carbon transition technologies.
• The anticipated financial impact on the revenue is estimated to be nearly 0.14% in 2030, 0.21% in 2040 and 0.34% in 2050 respectively.</td></tr>
<tr><td>Reputation Risk</td><td>• Stakeholder expectations around climate-risk management.</td><td>TCS had published its Net Zero target in its 2021 annual report. However, this commitment was removed in 2025 as TCS published its approved SBTi near term targets. TCS has planned to align to Tata Group’s Aalingana targets for Driving Net Zero by 2045</td><td>• The negative impact on Brand Value due to failure to meet the stakeholders’ expectations is estimated to decline by 0.1%.</td></tr>
</table>

Table 2: Associated risks and their financial impact

5.2. Business model and value chain

TCS conducted both qualitative and quantitative climate scenario analyses for a few critical locations to determine how various climate-related risks might impact its value chain. Firstly, the IT/ITES services delivery locations were mapped using the shared geographical coordinates (Latitude and Longitude). In total, 58 locations were finalized for physical climate risk assessment. The locations were classified based on their climatic zones i.e., tropical and temperate. The operational sites were analysed individually to identify physical characteristics and exposure specific to that region such as extreme events like heat wave, cyclone, drought, flood (pluvial) for physical risk assessment.

Chronic climate risks were evaluated, basis the geographic classification and IPCC SSP-RCP scenarios including temperature rise, cumulative precipitation, water stress for scenario analysis. Impact of climate risk was defined based on qualitative responses from the stakeholder and quantitative responses received from each site. Material physical risk for the location was identified based on the impact and likelihood score. Based on the identified risks, a range of potential risk mitigation approaches to limit the hazard exposure were explored.

The assessment in India showcases that drought is either 'High' or 'Very High' risk for majority of sites. The sites in India also have Floods as either 'High' or 'Very High' risk. Locations near Eastern part of India appear crucial with respect to exposure to acute risks as the locations are prone to Heat Waves, Drought, Cyclone and Flood. Few Indian sites are expected to be exposed to increased temperatures, cumulative precipitation and to water stress over the considered time horizons and scenarios. North America region is observed to be under 'High' or 'Very High' risks of Heat Wave. Drought, wind hazard, water stress and high temperature also form key physical hazards in EU, UK and Ireland. The APAC, Oceania and MEA sites are observed to be exposed to Heat Wave, Drought, Flood and exposure to high temperatures The CRA has identified 6 TCS locations which may be impacted with material risk of flood when considered under the climate scenario of SSP 8.5.

Geography	Region/locations*
India	Ahmedabad, Bangalore, Bhubaneswar, Chennai, Hyderabad, Indore, Kochi, Kolkata, Mumbai, Nagpur, Delhi and NCR, Pune, Thiruvananthapuram (TVM), Goa
North America	Ohio, California, New Jersey, Texas, Canada
Latin America	Mexico, Brazil, Chile, Uruguay
Europe	Hungary, Netherlands, Sweden, Germany, Bulgaria, France, Spain, Finland, Stockholm
Asia Pacific	Philippines, Australia, Singapore, Malaysia, China
UK and Ireland	London, Peterborough, Redhill, Letterkenny
Middle East and Africa	Saudi Arabia, Johannesburg, Israel

*We have considered multiple TCS locations in certain cities for the study.
This analysis covered not only direct operations but also 11 TCS upstream suppliers, across India, London, Germany and United States of America. These suppliers particularly supply hardware and network, critical consulting services and facility management services.

Table 3: Overview of location under climate risk assessment

The impact ranges from:

- Flooding and land erosion can damage critical assets, utilities, and facilities, disrupting operations.
- Damage to infrastructure and restricted movement of personnel may result in significant business interruptions.
- Decline in property value could adversely affect financial performance.
- Rising physical risks pose safety concerns for employees and infrastructure.
- Higher insurance cost.

TCS has also conducted climate risk assessment covering 11 critical suppliers for physical risks under the above scenarios and transition risks for carbon pricing. The assessment shows that suppliers providing goods to TCS will be impacted with high temperature, (specially our network suppliers) and water stress (drought

risk). TCS service partners may be impacted by water stress (drought risk), wind hazard/cyclone, changes in temperature (higher temperature and heat wave). Over a time period, suppliers of hardware and cloud infrastructure may pass on carbon costs and increasing procurement expenses. Thus TCS may experience an indirect financial impact due to impacts passed on TCS top suppliers. As a way forward to minimize the risks, TCS may integrate sustainability KPIs into supplier contracts and assess them closely on their climate performance.

5.3. Strategy and decision-making

TCS has fully adopted Project Aalingana, the Tata group's sustainability roadmap and the aim is to be net zero by 2045, integrating sustainability into business strategy and concentrating on three interlinked pillars of the project, that is, promoting the decarbonization of our company and value chains; utilizing a systematic, circular economy approach to reduce resource usage and waste; and protecting and regenerating the nature and biodiversity. The company has restructured its business model around four environmental pillars: carbon footprint mitigation, water conservation and recycling, waste reduction and recycling, and preserving biodiversity. TCS has integrated climate considerations into its ESG materiality framework, identifying climate change and environmental aspects as material risks and opportunities. TCS has also integrated Climate-related risks in the Enterprise risk management (ERM) framework.

TCS has committed to SBTi, and the approved near-term targets are given as follows.

- SBTi has classified TCS' scope 1 and 2 target, in line with a 1.5°C trajectory.
- TCS commits to reduce absolute scope 1 and 2 GHG emissions by 90% by FY 2030 from FY 2016 base year.
- TCS also commits to reduce absolute scope 3 emissions by 35% by FY 2034 from FY 2020 base year.

To achieve these targets, the green-house gas management approach has four key levers – green infrastructure, green IT, IT-enabled operational efficiencies, and renewable energy. Initial investments in green infrastructure and renewable energy will lead to reduced operational costs over time. TCS assumes that technology will continue to evolve, making green solutions more efficient, affordable, and scalable. Also, Governments and international bodies will strengthen environmental regulations and offer incentives for sustainable practices. The transition to a low carbon economy would have external dependencies such as availability of low carbon fuels, RE availability for charging EVs, electrification of public transport, increased cost of meeting compliance, carbon price fluctuations due to upcoming regulations, product carbon footprint of supplies etc.

For more information of existing initiatives refer pages 149 to 158 of TCS Annual Report FY25 (**TCS Integrated Annual Report 2024-25**). TCS' levers to achieve its climate-related targets and the progress of plans are disclosed in Table 4.

As TCS' customers respond to climate change actions, the company is seeing opportunities to provide technology-led solutions to help them achieve their sustainability goals. The change in technology consumption reflects the prevailing trends in the economy. Recent events have accelerated digital adoption, put the spotlight on supply chain resilience and adding urgency to the sustainability imperative. Each of these represents an opportunity that can

contribute towards the growth of not just as one company, but of the ecosystem. TCS leveraged its deep expertise in IoT, advanced analytics, and machine learning to come up with a suite of offerings in this space, including intellectual property such as TCS Clever Energy™, TCS IP2™, and TCS Envirozone™. Clients across industries such as retail, manufacturing, utilities and consumer goods are engaging us to develop innovative technology led solutions to reduce energy consumption, or to measure and track green-house gas emissions across their end-to-end supply chain, reduce their carbon footprint, reduce waste and promote recycling.

	Renewable energy	Energy efficiency	Green IT	Employee commute	Business travel	Water management	Zero waste to landfill	Sustainable procurement
Ongoing Initiatives	• Greater use of Renewable Energy. • Maximize roof top solar capacities and RE procurement.	• Energy Efficiency and Optimization. • New campuses designed as per green building standard and innovative technology used. • Optimize operational energy efficiency with real-time monitoring and controls. • Upgrade legacy equipment/utilities.	• Procurement of energy efficient IT equipment. • Data center and distributed IT power management. • Sustainable PODs. • Hyper Converge Infrastructure (HCI).	• Transition to transport fleet of cabs and buses with EV.	• Reduce business travel through use of collaborative tools and technology.	• 100% recycling of treated water in TCS' owned campuses. • Water conservation, sewage treatment and reuse. • Rainwater harvesting (RWH). • Employee awareness.	• Initiatives to achieve Zero Waste to Landfill (ZWL) for all TCS campuses by 2030.	• To work with suppliers who adhere to sustainable practices.
Planned initiatives	• Explore group captive generation of renewable energy.	• Greater investment in green buildings and increase green building certification portfolio. • Procure only energy efficient equipment.	• Sustainable PODs. • Hyper Converge Infrastructure (HCI). • Procure energy efficient IT equipment. • Green and energy efficient data center.	• Employee engagement for use of public transport. • Increase the hired vehicles fleet with EVs.	• Invest in sustainable aviation fuel (SAF) as and when these are commercially available. • Continue to reduce business travel through collaborative tools & technology.	• Further investment into water stewardship initiatives. • Enhance rainwater harvesting & replenishment initiatives • Enhancing water efficiency and recycling infrastructure.	• Sustainable waste management practices through increasing the number of sites with ZWL certification to meet the targets.	• Engage and educate suppliers to track resources such as energy, water and waste and encourage them to report and take targets to reduce the same.

	Renewable energy	Energy efficiency	Green IT	Employee commute	Business travel	Water management	Zero waste to landfill	Sustainable procurement
Status / Performance due to initiatives in FY25	• 79% Renewable energy as % of total energy consumed. • 10.2 MWp Rooftop solar generation capacity across TCS campuses contributing to 2.7% energy consumption requirements.	• 71% total office space (for India) as per Indian Green Building Council standards. • Energy efficiency initiatives in building infrastructure resulted in energy savings of 12,470 MWh, equivalent to 9,066 tCO2e reduction.	• Achieved 1.59 weighted average PUE at TCS data centers. • TCS data centers use 100% RE. • Green IT initiatives like Hyper Converge Infrastructure (HCI) and Sustainable PODs led to energy savings of 626 MWh, equivalent to 455 tCO2e reduction.	• Reduced employee commute emissions by 25% against the baseline year of 2020.	• Reduced business travel emissions by 25% against the baseline year of 2020.	• 94% of treated water reused in owned campus. • 3% of water sourced from rainwater harvesting.	• 9 TCS campuses have achieved ZWL Certification. • 94% Food waste treated in biodigesters and organic waste converters in owned campuses.	• TCS has subscribed to a 3rd party Supplier Sustainability Assessment Platform during FY 2023. During FY 2025, 23.8% of value chain partners (by spend) were successfully assessed for sustainability criteria.

The above-mentioned energy efficiency and green IT projects that are completed and implemented in FY2025 have resulted in a reduction of 9521 tons of CO_2 equivalent, with an investment of 142 INR Cr, which is 0.001% of TCS revenues.

Table 4: Current and planned initiatives, performance and capital expenditure

Risk	Current efforts	Timeframe	Proposed mitigation efforts	Proposed adaptation efforts
Changes in the temperature	• Identification of associated hazards and risks with control measures in place. • Monitoring of data center cooling efficiency. • Water Leak Detection System (WLDS) in server rooms to avoid deteriorating effects of high temperatures on equipment. • Real time monitoring of energy consumption and energy optimization operational process. • Replacement of screw chillers with Variable Frequency Drive (VFD) chillers. • Chiller set points are set to ensure energy efficiency based on the ambient temperature. • Use of multiple accessible water sources. • Implementation of sewage treatment plant (STP) and rainwater harvesting system. • Installation of water-efficient fixtures (aerators, dual flush valves, sensor-based urinal, drip irrigation system and so on) to reduce water consumption. • Implementation of green building techniques and energy-efficient construction certified on standards. • Green cover increment in the campus. • Construction of Elevated Solar Panel Structure to provide car shade during summer. • Employee initiatives to promote energy saving. • Use of portable ACs and Fans.	Short term	• Optimize data center cooling (sensors, airflow). • Replace old ACs with efficient models.	• Remote/flexible work option during heatwave. • Portable cooling & hydration for support staff across large campuses.
		Medium Term	• Retrofit campuses with efficient HVAC & smart BMS. • Improve building insulation & server efficiency.	• Water-efficient cooling in data centers.
		Long Term	• Transition to liquid cooling/advanced tech in data centers. • Install additional onsite/PPA to offset cooling demand.	• Increase green cover (roofs, shaded walkways). • Pursue green building certification for all its material sites.

Risk	Current efforts	Timeframe	Proposed mitigation efforts	Proposed adaptation efforts
Changes in the Precipitation Patterns	• Flood scenario considered in Emergency Preparedness Procedures Register/Response Plan in locations with high and very high risks of floods. • Electrical panels, control rooms, or IT servers have been placed inside closed and elevated rooms. • Water Leak Detection System (WLDS) data centers and server rooms. • Use of multiple accessible water sources. • Installation of sewage treatment plants (STP) and rainwater harvesting system. • Installation of water-efficient fixtures (aerators, dual flush valves, sensor-based urinal, drip irrigation system and so on) to reduce water consumption. • Rainwater harvesting	Short term	• Promoting efficient water uses in the campuses. • Identifying accessible secondary sources of utilities.	• Re-evaluate and revise the current BCP and emergency response plan for material risks. • Establish an internal alert mechanism • Remote/flexible work during heavy or prolonged precipitation.
		Medium Term	• Implement water harvesting and recycling at sites prone to the risks. • Expand plantation/vegetation cover in and around the campus. • Upgradation of storm water drainage infrastructure.	• Relocation/elevation of critical IT infrastructure. • Develop integrated water management solutions.
		Long Term	• Transition to advanced cooling systems (e.g. air-side economizers) that minimize water reliance. • Redesigning of campuses to withstand high precipitation.	• Building new campuses and leasing out of campuses in low precipitation area. • Implementation of rainwater harvesting and water recycling across campuses.
Water Stress	• Real time monitoring of water consumption to reduce wastage at few locations. • Use of multiple accessible water sources. • Implementation of sewage treatment plants (STP) and rainwater harvesting system. • Installation of water-efficient fixtures (aerators, dual flush valves, sensor-based urinal, drip irrigation system and so on) to reduce water consumption. • Employee initiatives to promote water conservation.	Short term	• Install advanced water efficient systems (aerators, dual flush valves, sensor based urinals, drop irrigation system and so on) to reduce water consumption. • Develop water neutrality strategy in own operations by assessing the current water footprint and projecting future needs. • Promote efficient water use among employees.	• Remote/flexible work options for employees. • Implementation plans for water storage/ water harvesting.
		Medium Term	• Implementation of smart water-meters for monitoring water consumption in critical locations. • Investment in STP, rainwater harvesting etc.	• Diversification of water supply sources. • Adoption of water cooling systems.
		Long Term	• Transition the campuses to net-zero water consumption campuses.	• Relocation of campuses to low water stress areas.

Table 5: Current and anticipated direct and indirect mitigation and adaptation efforts

Timeframe	Policy and legal risk	Technology risks	Reputation risk
Short term	• Monitor evolving ESG compliance and disclosure requirements. • Expand renewable electricity use through captive power generation to minimize the impact of direct carbon price.	• Rapid reskilling of employees on evolving technologies. • Upgradation of IT efficiency.	• Employee engagement on sustainability • Monitor changing stakeholder preferences to develop response strategies.
Medium Term	• Achieve 100% renewable electricity. • Integrate climate-related KPIs into supplier contracts to minimize the impact of indirect carbon price.	• Invest in green and sustainable data centers, for example, AI-powered. • Adoption of advanced hybrid cooling towers.	• Position TCS as climate resilient partner by creating climate-risk resilience across operations and value chain. • Develop strategies to align to Tata Groups' Project Aalingana targets.
Long Term	• Commitment to Net-zero operations. • Shape global climate/AI regulations through alliances and public policy advocacy.	• Explore direct liquid cooled servers / underwater sub-merged data centers as per the latest technology existing then.	• Position TCS as key player in the market for sustainability partner by expanding its sustainability offerings to fulfil market demand.

Table 6: Resilience measures for transition risk

5.4. Financial position, financial performance and cash flows

TCS has conducted a comprehensive analysis to assess the projected financial impacts under various climate scenarios, utilizing a range of tools and assumptions. These projections are indicative and inherently uncertain due to constraints in data availability, modeling techniques, and the evolving nature of climate science. Strategic decisions are made with the understanding that actual outcomes may vary significantly depending on the frequency, intensity, and geographic distribution of future climate-related events.

<table>
<tr><th>Material risk</th><th>Identified sites</th><th>Risk implication</th><th>Impact during FY25</th><th>Financial impact across various timeframes</th></tr>
<tr><td>Change in temperature</td><td>Gandhinagar, Chennai, Hyderabad, Indore, Nagpur, Noida, Gurgaon, Noida, Gurgaon, New Jersey, Ivy Point, Texas, Montreal, Toronto, Hangzhou, Shanghai, Israel, Saudi Arabia</td><td>• Increased cooling demand in data centers, server rooms, and office spaces → higher energy consumption and OPEX.
• Equipment overheating risks- reduced efficiency, downtime, or accelerated hardware degradation.
• Facility management costs have risen due to the need for advanced HVAC systems and retrofits.</td><td>The assessed locations incurred a total cost of ~ INR 512 Mn. (6 million USD) corresponding to ~0.02 % of the revenue in the financial year due to cooling requirements.</td><td>Calculation is done by projecting future increase in cooling demand in coordination with the increasing temperature. The financial impact across various timeframes are as below:
<table>
<tr><th colspan="5">INR (In million)</th></tr>
<tr><th>Scenarios</th><th>2035</th><th>2040</th><th>2050</th><th>2085</th></tr>
<tr><td>SSP 2.6</td><td>2905</td><td>4272</td><td>8714</td><td>52112</td></tr>
<tr><td>SSP 4.5</td><td>2734</td><td>3844</td><td>6151</td><td>82611</td></tr>
<tr><td>SSP 8.5</td><td>3503</td><td>4955</td><td>14352</td><td>170860</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Material risk</th><th>Identified sites</th><th>Risk implication</th><th>Impact during FY25</th><th>Financial impact across various timeframes</th></tr>
<tr><td>Floods</td><td>Gandhinagar, Kolkata, Noida, Gurgaon, Ivy Point, Singapore, Malaysia</td><td>• Flooding and land erosion can damage critical assets, utilities, and facilities, disrupting operations.
• Damage to infrastructure and restricted movement of personnel may result in significant business interruptions.
• Decline in property value could adversely affect financial performance.
• Rising physical risks pose safety concerns for employees and infrastructure.
• Higher exposure to climate risks is likely to drive up asset insurance costs.</td><td>No direct financial impact during FY25</td><td>No direct financial impact, since TCS assets are 100% covered by insurance (written-down value), and therefore, direct financial impact due to flooding events is expected to be zero.
However, there could be indirect financial impact due to loss of operations due to flood affected days. The financial impact is 0.005%- 0.01% of revenue in 2050 and 2085 in different scenarios.</td></tr>
<tr><td>Water stress</td><td>Gandhinagar, Bengaluru, Chennai, Hyderabad, Park, Indore, Mihan, Noida, Trivandrum, Gurgaon, New Jersey, Toronto, Santiago, Guadalajara, Queretaro, Frankfurt, Spain, London, Redhill, Australia, Shanghai, Philippines.</td><td>• Water is mainly required in TCS offices for drinking and domestic use for sanitation purposes. Lack of water through traditional sources will compel the company to procure water from alternate sources. This will increase the water procurement costs, increase overall OPEX and related costs.</td><td>During the year water stressed locations sourced 443 Ml of water from water tankers and TCS has invested in CAPEX and OPEX to ensure seamless operation of STP and rainwater harvesting set-up. TCS has invested INR 183 Mn. (2.1 million USD) which is approximately 0.00007 % of TCS revenue for FY25.</td><td>Calculation is done by projecting future employee strength in relation to the current CAGR and corresponding water needs.
The approximate financial impact for the scenarios and years is as per the following table.
<table>
<tr><th colspan="4">INR (In million)</th></tr>
<tr><th>Scenarios</th><th>2040</th><th>2050</th><th>2085</th></tr>
<tr><td>SSP 2.6</td><td>427</td><td>1623</td><td>~256290</td></tr>
<tr><td>SSP 4.5</td><td>598</td><td>1623</td><td>~256290</td></tr>
<tr><td>SSP 8.5</td><td>598</td><td>1623</td><td>~256290</td></tr>
</table></td></tr>
</table>

Note: For more information on the Risk Assessment Process, please refer to the Risk Management Section.

Table 7: Financial impacts of physical climate risks

5.5. Financial impacts of material policy and legal transition risks

Regulators across the world are actively mandating climate-related disclosures, increasing the policy/ regulatory risk for TCS. Some of the disclosures need companies to pay annual fee for reporting. Moreover, companies might be levied with penalties in case of non-compliance leading to increased potential financial impact. TCS had a financial impact of 4.5 Million INR. in FY25 comprising of cost of data capturing, assurance and consulting fee. Although TCS hasn't observed any litigation based on its performance on managing environment, there is always an exposure to legal risks caused due to perceived non-performance and so on which can lead to financial impacts, whenever applicable. The financial impact of material policy and legal transition over the short, medium and long timeframes are given as follows.

Transition risk	Financial impact components	Financial impact (in million INR) [6]			
		2025	2030	2040	2050
Emerging climate related disclosure requirement	Cost of Assurance, Consulting Services, and Regulatory fees	4.5	1298	2591	3889
Impact as the % of Revenue (%)		0.0002%	0.04%	0.05%	0.05%

Exchange rates between the US Dollar and the Indian Rupee as of 31st March 2025 is 1USD = 85.43 INR

Table 8: Financial impact of policy and legal transition risks

5.5.1. Evolving carbon pricing mechanisms

While the IT sector is not directly subject to carbon taxes or fines in most of the countries, carbon pricing remains highly relevant for operations and long-term competitiveness of companies in the evolving carbon pricing mechanisms. Carbon pricing—through taxes, or emission trading mechanisms, places a financial value on greenhouse gas emissions, making emissions reduction economically significant. For IT companies, the major exposure lies in Scope 2 emissions from electricity use in data centers, offices, and campuses, and Scope 3 emissions from supply chains, employee commute, and business travel. As electricity grids and suppliers in many geographies come under carbon pricing regimes, IT firms might indirectly face higher power costs. Similarly, suppliers of hardware and cloud infrastructure may pass on carbon costs, increasing procurement expenses. While TCS was not impacted during FY25 for carbon taxes, through the Climate Risk Assessment we have projected the impact of carbon prices across six NGFS scenarios- Below 2-degree Celsius, Current Policies, Delayed Transition, Low Demand, Nationally Determined Contributions (NDCs), and Net Zero 2050 over time horizons- 2030, 2035, 2040, 2045, and 2050. The maximum potential impact due to carbon pricing mechanisms may be seen in Net Zero 2050 scenario where it is crucial for organizations to align their strategies to achieve Net Zero by 2050. Companies with delayed endeavors may be imparted with high financial implications due to high carbon prices. The Table 9 shows the carbon price fluctuations for TCS over various time horizons. Potential financial impact due to carbon prices includes direct financial impact due to scope 1 and 2 emissions of TCS and indirect financial impact due to impact passed on to TCS by their top suppliers.

Transition risk	NGFS scenarios	Financial impact (in million INR)					Impact as the % of revenue				
		2030	2035	2040	2045	2050	2030	2035	2040	2045	2050
Evolving carbon pricing mechanisms	Below 2 deg. Celsius	75	130	217	335	568	0.002%	0.003%	0.005%	0.006%	0.008%
	Current Policies	1	1	1	1	1	0.00003%	0.00002%	0.00002%	0.00001%	0.00001%
	Delayed transition	1	307	553	858	1377	0.00003%	0.008%	0.012%	0.015%	0.019%
	Low demand	163	293	499	783	1329	0.005%	0.008%	0.011%	0.013%	0.019%
	Nationally Determined Contributions (NDCs)	5	5	4	4	4	0.0002%	0.0001%	0.0001%	0.0001%	0.0001%
	Net zero 2050	209	501	864	1358	2306	0.01%	0.01%	0.02%	0.02%	0.03%

Exchange rates between the US Dollar and the Indian Rupee as of 31st March 2025 is 1USD=85.43INR

Table 9: Carbon price fluctuations over time horizons

5.6. Transition to low carbon emission technologies in operation

Climate-related technology risk is material to TCS as its operations mainly depend on energy-intensive operations (cooling building infrastructure, storage systems and so on) and digital infrastructure, which are vulnerable to stricter carbon regulations and prone to disruptions. Missing out on climate-tech innovation and adoption could limit its ability to transition to low-carbon operations including resource efficiency. Moreover, global clients increasingly demand low-carbon, tech-enabled solutions, and failure to deliver could erode TCS' market competitiveness. Driven by environment consciousness and external factors, it is crucial for companies to align their efforts towards transitioning to low carbon economy. Leading companies around the globe are transforming their business operations by adopting technologies which support global and organizational sustainability vision.

TCS too adopted numerous low-carbon technologies over previous years and in the reporting year. The low-emitting technologies were implemented in Data Centers, IT and Building Infrastructure. A total amount of 1726 Million INR was invested in FY 25 in adopting low-carbon technologies in its operations. The financial impact of transitioning to low-carbon operation over the short, medium and long timeframes are given in the following table.

Transition risk	Financial impact components	Financial impact (in million INR)			
		2025	2030	2040	2050
Technology risk	Cost of Green buildings, energy efficiency initiative, Green IT initiatives	1726*	4527	9850	24055
Impact as the % of revenue (%)		0.07%	0.14%	0.21%	0.34%

*This includes investment in all projects in FY2025 (completed and ongoing).

Exchange rates between the US Dollar and the Indian Rupee as of 31st March 2025 is 1USD=85.43INR

Table 10: Financial impact of technology transition risks

5.7. Climate resilience

Climate resilience has become a vital factor in assessing an organization's long-term sustainability and ability to adapt to the accelerating impacts of climate change. The physical climate-related risks are identified and assessed over the time horizons— 2035, 2040, 2050, 2085 for the scenario SSP1-2.6, SSP2 – 4.5 and SSP5 – 8.5 for the identified 58 locations at TCS. Acute risks included extreme heat, cold waves, droughts, cyclones and flood and chronic risks included changes in temperature, precipitation, sea level rise and water stress. The locations selected across TCS (across all geos) were selected for physical risk assessment covering tropical and temperate zones. The operational sites were analyzed individually to identify the physical characteristics and exposure in the specific region to various climate perils. A climate analytics tool, Indian Met Department (IMD) database, WRI aqueduct, Think Hazard World Bank tools were used for identifying and assessing extreme climate events at these locations. For chronic risks, IPCC SSP-RCP scenarios were considered. A variability assessment was conducted to evaluate changes in climate variables focusing on temperature, precipitation and water stress. Quantification of deviations from historical levels across the selected climate scenarios and time horizons were conducted, which indicated the following results. For transitional risk, 6 NGFS scenarios were used to find the impact on carbon pricing during 2030, 2035, 2040, 2045 and 2050 across all geographies. We also conducted climate risk assessments covering 11 critical suppliers covering physical risks for the above scenarios and transition risks for carbon pricing.

Climate risk	Locations	Time horizons	Scenarios	Impacts	Assumptions	Anticipated mitigation and adaptation strategies
Changes in temperature (Physical Risk)	Garima Park, Siruseri, Synergy Park, Indore, Mihan, Noida, Gurgaon, New Jersey, Ivy Point, Texas, Montreal, Toronto, Hangzhou, Shanghai, Israel, Saudi Arabia	2035, 2040, 2050, 2085	• Heat Wave: Rising maximum daily temperature may lead to increasing number of heatwave events. • Drought: Rising temperatures can increase evaporation rates and intensify drought conditions.	Financial impacts: • Increased cooling energy costs. • Increased water utility costs. • Potential need for retrofitting HVAC systems. Human resource impacts: • Employee discomfort due to heat stress. • Reduced productivity and elevated occupational health concerns. • Management challenges with respect to workforce distribution. Asset impact: • Potential overheating of servers and equipment leading to risk of downtime. • Greater HVAC system load and wear-and-tear. • Higher vulnerability at rented sites due to limited control.	Financial impact of changes in temperature is calculated based on the potential increase in cooling requirements. Projected temperatures across scenarios and across time horizons were calculated and compared to baseline a temperature to identify the delta. The increase in cooling requirement was then calculated using the assumption that for every degree rise in temp. percentage increase in cooling demand = 8% CAGR of electricity prices in India = 5%	Refer table 5 on Current and Anticipated Direct and Indirect Mitigation and Adaptation Efforts under TCS' climate-related risks and opportunities strategy and decision-making.

Climate risk	Locations	Time horizons	Scenarios	Impacts	Assumptions	Anticipated mitigation and adaptation strategies
Precipitation patterns (Physical Risk)	Garima Park, Noida, Gurgaon, Ivy Point, Singapore, Malaysia	2035, 2040, 2050, 2085	• Cyclone: Changes in rainfall patterns can have a significant impact on cyclonic activity. • Drought: Anomaly in rainfall patterns causing less rainfall can create drought conditions. • Pluvial Flood: Heavy precipitation may create flood like conditions.	Financial impacts: • Increased utility costs. • Increased costs for infrastructure upgrades and repair. • Increased insurance premiums and business disruption losses. Human resource impacts: • Commute disruptions and absenteeism at sites in high-rainfall regions. • Risk of water-borne diseases, damp-related • Illnesses and discomfort. Asset impact: • Infrastructure damage due to heavy rainfall, flooding or cyclone. • Increased risk of damage to IT equipment • Risk to data center cooling systems due to reduced or unavailability of sufficient water	• Financial impact of Flood is calculated based on the calculation of the Damage Ratios. • The financial impact is assumed to be zero as the sites have 100% insurance coverage, considering no deductibles.	Refer table 5 on Current and Anticipated Direct and Indirect Mitigation and Adaptation Efforts under TCS' climate-related risks and opportunities strategy and decision-making.
Water Stress (Physical Risk)	Garima Park, L Center, Siruseri, Synergy Park, Indore, Mihan, Noida, Sahyadri Park, Trivandrum, Think Campus, Gurgaon, New Jersey, Toronto, Santiago, Guadalajara, Queretaro, Frankfurt, Spain, London, Redhill, Australia, Shanghai, Philippines.	2035, 2040, 2050, 2085	• Water stress occurs due to higher demand than supply, depleting water resources and over-extraction of ground water, which—if prolonged—leads to drought.	Financial impacts: • Rising water procurement costs, including tanker supply or treated water. • Increased penalties/ restrictions on groundwater usage. • Increase in CAPEX needs for water recycling and treatment infrastructure. Human resource impacts: • Increased health and hygiene risks due to water rationing. • Reduced employee morale/comfort in high stress regions. Asset impact: • Risk to data center cooling systems due to reduced or unavailability of sufficient water	• Financial impact of Water Stress is calculated based on the projected water requirement using the projections across scenarios and time horizons. • Projected water requirement is calculated on the projected employee strength at 3.79 % CAGR of increase in employee strength from 2023 to 2025. • Increase in the water tariff rate in India is taken at 10%. • Increase in water tariff rate secondary source at 10%.	Refer Table 5 on Current and Anticipated Direct and Indirect Mitigation and Adaptation Efforts under TCS' climate-related risks and opportunities strategy and decision-making.

Table 11: Anticipated mitigation and adaptation strategies across time horizons for physical risks

5.7.1. Transitional risk scenario analysis

The NGFS scenario refers to a set of climate-related scenarios developed by the Network for Greening the Financial System (NGFS) to explore the potential future risks and impacts of climate change on the economy and financial system. These scenarios provide a common starting point for analyzing climate-related risks, including physical risks from climate change itself and transition risks related to climate policy, technology, and economic changes. NGFS scenarios have been used to assess the carbon price across the scenario and time horizon as they align climate policy, technology, and macroeconomic pathways with sector-level implications.

Scenario name	Temperature outcome	Description	Implications for IT services sector
Net zero 2050 (NZE)	~1.5°C	Rapid emission cuts starting now, aligned with net-zero by 2050.	• Strong demand for green IT solutions
Low demand	~1.5°C	Significant behavioural change reducing energy demand with well below 2°C goal.	• Steady integration of low-carbon technologies
Below 2°C	~1.8°C	Early, coordinated global policy action.	• Strong growth in demand for energy-efficient software's.
Delaved transition (DT)	~1.8-2.1°C	Climate action starts late (after 2030), requiring abrupt, costly change.	• Sudden policy changes raise compliance costs and strain IT supply chains
Nationally determined contributions (NDCs)	~2.5-2.6°C	Policies meet current pledges only; insufficient to meet Paris goals.	• Inadequate action increases reputational and operational risk
Current policies	> 3°C	No new policies; high emissions, severe physical risk.	• Escalating physical risks (e.g., floods, heatwaves) threaten IT infrastructure

Table 12: Transition risk scenarios for carbon pricing across time horizons

Climate risk	Scenarios	Impacts	Assumptions	Anticipated mitigation and adaptation strategies
Policy and Legal (Transitional Risk)	Emerging climate-related disclosure requirement. • Evolving carbon pricing mechanisms. • Climate-related litigation.	TCS has global presence and hence is exposed to the risks of evolving climate-related regulations including disclosure requirement and carbon pricing mechanisms. It must take efforts to comply with such in the reporting year, TCS had a financial impact of 4.5 million INR (0.0002% of revenue) in FY25 comprising of cost of data capturing, assurance and consulting fee.	• Financial impact of emerging climate-related disclosure requirement has been calculated based on professional fees incurred by TCS for data capturing, consultation and obtaining assurance. • The fees have been projected for years over the time horizon with 5% annual rate[1]. • Regulatory disclosure fee and the penalty have been taken into consideration while calculating the financial impact over the time horizon.	Refer Table 6 on Resilience measures for transition risks.

Climate risk	Scenarios	Impacts	Assumptions	Anticipated mitigation and adaptation strategies
Technology (Transitional Risk)	Transition to low carbon emission technologies in operations.	Driven by environment consciousness and external factors, it is crucial for companies to align their efforts towards transitioning to low carbon economy. Leading companies around the globe are transforming their business operations by adopting technologies which support global and organizational sustainability vision. TCS too adopted numerous low-carbon technologies over previous years and in the reporting year. The low-emitting technologies were implemented in Data Centers, IT and Building Infrastructure. A total amount of INR 1726 million was invested in FY 25 in adopting low-carbon technologies in its operations.	• Financial impact has been calculated for replacing existing high GWP refrigerants with low GWP refrigerants. • The low GWP refrigerants have been identified with the following assumption: – minimum retrofit requirement. – high safety classification. – similar cooling capability as replaced refrigerant. • Average annual leakage rate of 5%.[2] • Global inflation rate (%) = 3.46% (derived using average of available future years).[3] • Inflation only growth considered for estimating prices on alternate refrigerants. • CAPEX has been calculated assuming all the refrigerants are replaced in the year 2030 and OPEX from the same year onwards considering the leakage of the refrigerants.	Refer Table 6 on Resilience measures for transition risks.
Reputation (Transitional Risk)	Stakeholder expectations around climate-risk management.	Today the focus has shifted from shareholders to stakeholders and from financial bottom line to triple bottom line. The expectation that the customers as well as other stakeholders have from TCS is to be a responsible corporate citizen. If we are unable to continue to grow sustainably to meet these expectations, we are likely to lose our customers and also shareholder interest. With significant % of revenue from developed mature markets of US, UK and Europe, we estimate a loss in revenue due to loss in customer confidence, which could further increase in the years to come. The risk due to the same is realized in terms of our brand value. For the FY 2025 our brand value is estimated at US$21.3 billion (Source: Brand Finance).	Our efforts in the domain of climate change have been recognized through the TCS' environmental performance, commitments to customers and ESG ratings. We assume TCS is able to meet its climate change commitments, we expect that it can lead to negative media coverage and impact our brand and reputation, as well as international ESG ratings. A failure to keep in line with the strategy, could also potentially affect our market capital.	Refer table 4 on Current and Planned initiatives, Performance and Capital Expenditure.

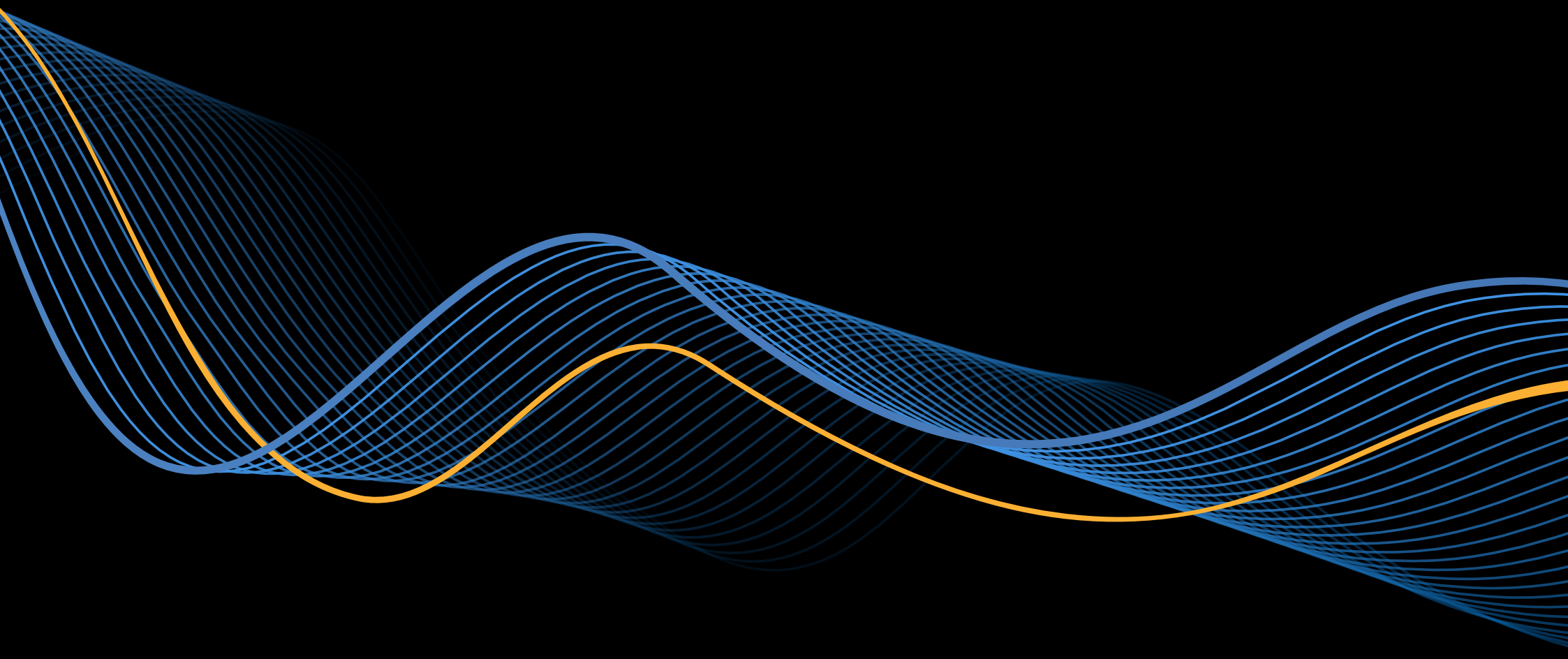
Climate risk	Scenarios	Impacts	Assumptions	Anticipated mitigation and adaptation strategies
Carbon Price (Transitional Risk)	Carbon pricing—through taxes, or emission trading mechanisms—places a financial value on greenhouse gas emissions, making emissions reduction economically significant. For IT companies, the major exposure lies in Scope 2 emissions from electricity use in data centers, offices, and campuses, and Scope 3 emissions from supply chains, employee commute, and business travel.	• While the IT sector is not directly subject to carbon taxes or fines in most countries, carbon pricing remains highly relevant for its operations and long-term competitiveness. Carbon pricing—through taxes, or emission trading mechanisms—places a financial value on greenhouse gas emissions, making emissions reduction economically significant. For IT companies, the major exposure lies in Scope 2 emissions from electricity use in data centers, offices, and campuses, and Scope 3 emissions from supply chains, employee commute, and business travel. As electricity grids and suppliers in many geographies come under carbon pricing regimes, IT firms might indirectly face higher power costs. Similarly, suppliers of hardware and cloud infrastructure may pass on carbon costs, increasing procurement expenses.	Climate analytics tool produced results for estimated carbon price at country level under different scenarios and time horizons for a sector. Additionally, it estimates sector emissions at country level based on emissions data from a sector in a region and emissions in a country. • Impacts due to carbon prices have been adjusted for inflation. • Financial impact has been calculated by multiplying the carbon price from the CAP tool and the estimated emissions in BAU scenario. The tools suggest the carbon prices using REMIND-MAgPIE 3.2-4.6 model.	Refer Table 6 on Resilience measures for transition risks.

Table 13: Anticipated mitigation and adaptation strategies across time horizons for transition risks

Climate opportunities	Scenarios	Impact and assumptions	Anticipated mitigation and adaptation strategies
Sustainable Software (Opportunity)	Climate-related opportunities are swiftly growing as economies shift towards low-carbon and resilient business models. Companies can drive growth by investing in renewable energy, enhancing energy efficiency, developing products and services, exploring and capturing markets and creating climate risk-resilience leading to reduced emissions and lower long-term costs.	• The Sustainability Management Software Market[5] is projected to grow to 8.03 billion USD by 2030, with India's share expected to reach 377.6 million USD5 during the same period. This rapid expansion underscores the increasing focus on digital solutions for sustainability reporting, carbon accounting, and ESG performance tracking. For TCS, this presents a significant opportunity to leverage its technology expertise and industry presence to develop innovative, scalable solutions that address evolving client needs, thereby strengthening its position in the sustainability technology market. • The global generative AI market[4] is expected to reach to 967.65 billion USD by 2032, exhibiting a CAGR of 39.6% from 2024. TCS can leverage its deep domain expertise and client relationships to build industry-specific Gen AI solutions that drive efficiency, personalization, and innovation.	In line with the expanding sustainability-related market, TCS is offering solutions that are built around six strategic themes enabling the company to drive business impact and cater to the evolving market: • Climate and Resource Management: Accelerating low-carbon transitions through tech-led solutions across energy, water, waste, biodiversity, and emissions. • Circularity: Promoting closed-loop, lifecycle-based models for sustainable design, production, and transparent labelling. • ESG Governance and Reporting: Ensuring compliance and transparency with agile frameworks, automated reporting, and alignment to global standards. • Inclusive Workforce: Embedding diversity, equity, and inclusion to foster innovation, productivity,and a future-ready culture. • Community and Social Impact: Creating value for all stakeholders through initiatives that advance equity, smart infrastructure, and inclusive development. • Impact Innovation: Co-creating future-focused, sustainability-driven solutions through ecosystem partnerships and bold investments.

Table 14: Anticipated mitigation and adaptation strategies across time horizons for climate opportunities

6. Risk management



6.1. Overview of climate-related risks and opportunities assessment

TCS is an Information technology (IT) organization, with globally distributed operations, data centers, and supply chains. For risk assessment, mitigation, and adaptation, Enterprise Risk Management (ERM) is implemented across TCS by every business entity (vertical unit, horizontal unit, function and geography) and at enterprise level. The TCS Chief Risk Officer (CRO) regularly reviews the deployment of ERM and also presents the overall enterprise-wide view of risks to the Risk Management Committee at least once a year or as needed. At the business entity level (vertical unit, horizontal, function or geography, the execution and monitoring of ERM is done by a Unit Risk Officer (URO), who works closely with internal stakeholders to define, assess, mitigate, prioritize and monitor risks..

Since our operations are widely spread across the globe and have been designed for robust business continuity management practices, the direct climate change risks are typically considered smaller than many other direct business risks (such as data privacy, currency fluctuation, etc.). However, Climate risks and opportunities are one of the factors while making financial considerations especially while making investments in offices, equipment, and renewable energy production. Investment in these areas constitutes a substantial share of our overall capital investment. Major investments are in green buildings, roof top solar and other energy efficiency initiatives.

Climate Risk Assessment plays an essential role in understanding risks facing the critical infrastructure, ensuring business continuity, and meeting the increasing expectations of stakeholders- clients, employees, investors and regulators. Unit level risk assessments are done to assess the physical risks of climate change. These are then rolled up to the enterprise-level risk portfolio register and suitably included. These risks are reviewed on a half-yearly basis or as required. The Climate Risk Assessment Report enables us to identify the material, physical and transition risks and evaluate the potential, financial and strategic impacts of climate-related risks and opportunities on the operations and value chain, in alignment with reporting frameworks.

6.2. Inputs and tools used for assessment

6.2.1. Physical risk assessment

TCS' CRA report includes the outcomes of climate risk assessment conducted for operating locations of TCS and suppliers. The physical risk assessment was conducted for 58 TCS operating locations and 11 supplier locations, identified as crucial on the basis of spend, across the globe. The physical climate-related risks are identified and assessed over four-time horizons— 2035,2040, 2050, 2085 for three scenarios SSP1-2.6, SSP2-4.5 and SSP5- 8.5. The climate-related opportunities have been identified based on the studies available in the public domain.

Risk types	Climate drivers	Inputs and parameters	Tools and data sources
Acute physical risk assessment	Identified and assessed the current level of extreme climate events such as drought risk, flood risk, cyclone and so on, at the locations of the company's site using credible data tools and sources	GPS Coordinates (Latitudes and Longitudes) for all the TCS offices were mapped as per geographical regions where they operate. Following IPCC SSP-RCP scenarios were considered: • SSP1-2.6. • SSP2-4.5. • SSP5-8.5. The Scenario projections included the time horizon of 2035, 2040, 2050 and 2085.	• Think Hazard tool highlights the likelihood of different natural hazards affecting project areas. • Used BMTPC data for environment-friendly and energy-efficient building materials and construction technologies in India. • Aqueduct tool developed by World Resources Institute (WRI) was used for all water-related risks like floods and droughts. Cyclone and heat wave risk were assessed using IMD's database.
Chronic physical risk assessment	Temperature rise, precipitation, and water stress are taken into consideration to evaluate the potential impacts of climate change.	The variability assessment was conducted to evaluate expected changes in climate variables, focusing on temperature, precipitation, and water stress. The analysis aimed to quantify deviations from historical levels across the selected climate scenarios and time horizons. Following IPCC SSP-RCP scenarios were considered: • SSP1-2.6. • SSP2-4.5. • SSP5-8.5. The Scenario projections included the time horizon of 2035, 2040, 2050 and 2085.	Tools used for scenario analysis and risk assessment: • Temperature: – IMD. • Cumulative Precipitation: • Water Stress: – Aqueduct.

Tools considered for identifying and assessing extreme climate events and evaluating material acute and chronic physical risks at 58 locations includes a climate analytics tool, Indian Met Department (IMD) database, WRI aqueduct, Think Hazard World Bank and few others.

Table 15: Inputs and tools used for climate physical risk assessment

6.2.2. Transitional risk assessment

The transition risk assessment outcomes and climate-related opportunities are at an organizational level. Transition risk assessment was conducted pertaining to the available data for the years 2030, 2040 and 2050. The analysis of carbon price was comprehensively done for six NGFS (Network for Greening the Financial System) scenarios and for six-time horizons.

Material Transition Risks includes:

- Emerging climate-related disclosure requirement.
- Evolving carbon pricing mechanisms.
- Climate-related litigation.
- Transition to low carbon emission technologies in operations.
- Stakeholder expectations around climate-risk management.

To understand more about TCS transitional risk scenarios and to assess the impacts of these risks and opportunities across the defined time horizons, please refer Section 5.1 Climate resilience under strategy).

Risk types	Inputs and parameters	Tools and data sources
Transitional risk	For carbon pricing	Network for greening the financial system (NGFS).

Table 16: Inputs and tools used for climate transition risk assessment

6.3. Risk identification

While TCS takes a holistic view of its enterprise risk profile, covering strategic, operational, compliance, financial and catastrophic risks, thus enabling informed decision-making. TCS conducts an annual integrated multi-disciplinary company-wide risk assessment across its value chain stage(s) covering direct operations, upstream, downstream, risk management processes. Risks are assessed and managed at various levels with a top-down and bottom-up approach across the enterprise, business units, geographies, business functions, customer relationships and individual projects. For TCS the substantive financial or strategic impact due to climate related risks mainly appears in the risk class 'Physical Infrastructure' and 'Catastrophic Risk' which are attributed to the extreme weather events that are relevant to many of the regions where TCS operates.

For climate related risks, in particular, anything with the potential to disrupt regular operations by more than 10% and trigger BCP sites is considered substantial because of the revenue loss potential. The financial risk exposure is calculated considering the following quantifiable indicators:

- The proportion of business units affected OR percentage of operations impacted.
- Probability of occurrence of extreme climate related events.
- The impact potential at the affected locations is based on the size of the operation.

6.4. Risk assessment and prioritization

For the climate scenario assessment, TCS has adopted a risk assessment process that identifies **Short-term, Medium-term, Long-term risks** and its mitigation measures. Once the identification of risks is done, based on the severity and the risk exposure, the appropriate risk response is finalized (accept, avoid, reduce and transfer).

While for the Climate related risks, once identified, TCS prioritizes them using its Risk Score matrix to evaluate both likelihood and impact magnitude where,

- **Risk Score** is the product of the Impact Score and Likelihood Score.
- **Impact** is arrived at through historical data and stakeholder interactions, into a 4 scale- Low, Medium, High and Very High.
- **Likelihood (Exposure)** is arrived at through the stakeholder interactions into a 4 scale- Low, Medium, High and Very High.

Risk Score = Impact × Likelihood (Exposure)

The final calculated **Risk scores** are classified as per the Risk scale as defined in the following table.

Only the Risks which are classified as **High** and **Very high** are considered as Material and are used for further analysis and calculation of Financial Impact.

Risk scale:	Low	Medium	High	Very High
	1 to 4	5 to 8	9 to 12	13 to 16

6.5. Monitoring and managing risk and opportunities

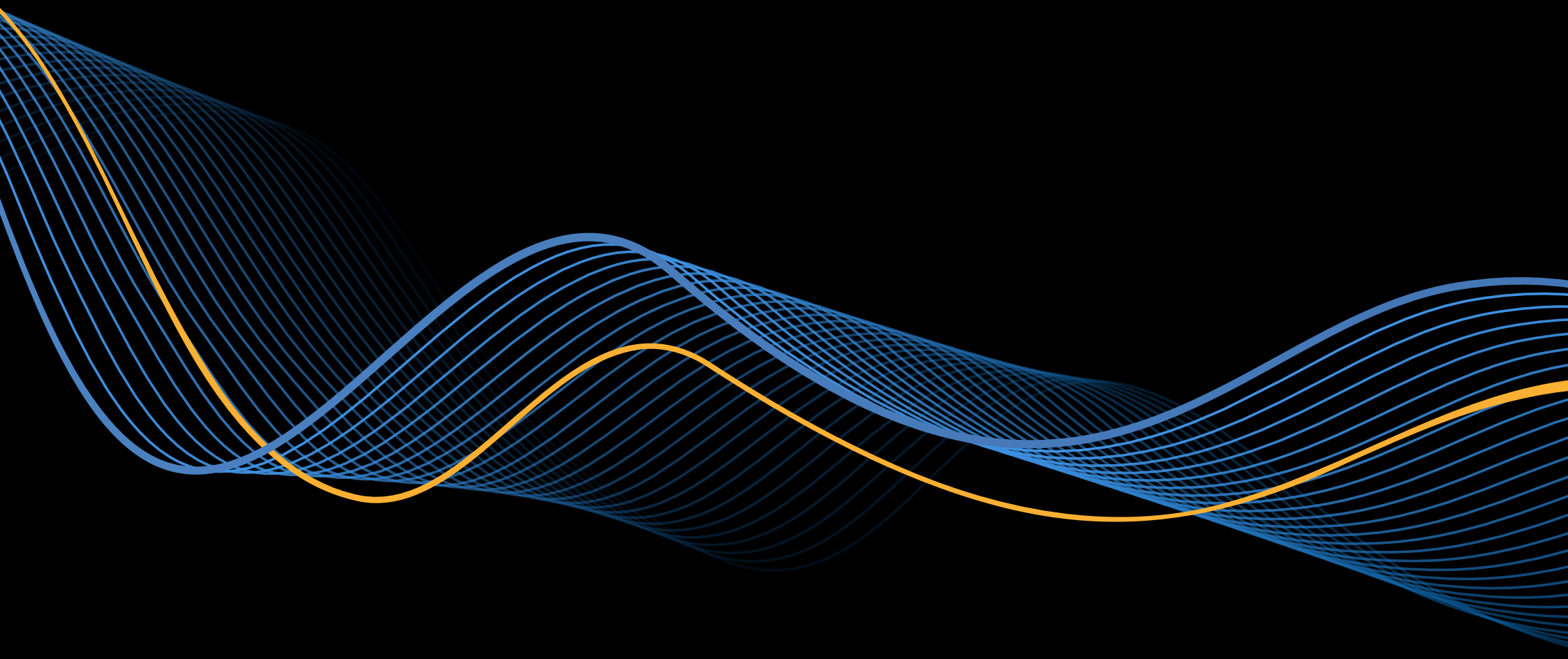
TCS follows a comprehensive enterprise risk management framework (based on best practices from COSO 2017 and ISO 31000:2018) that encompasses risk identification, risk assessment, risk response planning and actions, risk monitoring and overall risk governance. Fostering a risk aware culture and empowering leaders to take intelligent risks to maximize value are crucial. We have strengthened the deployment of our enterprise risk management (ERM) framework to address environmental and climate risks and leverage the associated opportunities.

TCS regularly conducts risk reviews, assessments, and scenario planning to anticipate potential challenges and develop mitigation plans. Key risk indicators and control indicators are used to assess risks, provide early warnings, and consider effectiveness of the mitigation actions, respectively. Furthermore, the company engages with all stakeholders, including customers, employees, suppliers, partners and regulatory authorities, to ensure transparent and collaborative risk management practices.

Subsequently, Climate related assessment is integrated into the ERM process. Risks that also contains Climate-related opportunities primarily through resource efficiency, cost savings, adoption of low emission energy sources, development of new sustainable and low carbon products/ services, and building resilience along supply chain and so on, are identified, as these can potentially lead to financial inflows/ reduced costs to the company.

While the Company tracks various risks to the business, some of the key risks (R) and opportunities (O), anticipated impact on the Company and mitigation strategies are mentioned from Pg-91 of the TCS' Annual Report. (**Annual Report 2024-25**).

7. Metrics and targets



TCS has aligned with the IFRS S2 Climate-related disclosure. The company's performance in relation to climate-related risks and opportunities, including progress towards climate targets are detailed in this section.

7.1. Climate-related metrics

7.1.1. Methodology, standards and protocols

TCS has used the following standards, guidelines and emission factor databases for measuring and reporting our GHG emissions:

- Greenhouse Gas (GHG) Protocol- A Corporate Accounting and Reporting Standard (2004).
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- Science Based Targets initiative (SBTi)'s recommendations and suggestions during setting of near-term targets based on GHG Protocol minimum boundary requirements.
- IEA CO2 emissions from fuel combustion.
- US EPA Emissions and Generation Resource Integrated Database (eGRID).
- 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019.
- CO2 Baseline Database for the Indian Power Sector, User Guide, Version 20.0, December 2024, published by the Central Electricity Authority of India.

7.1.2. Measurement approach, inputs and assumptions for GHG emission accounting

The GHG accounting method is based on operational control approach and has been reported on consolidated basis. Greenhouse gas emission accounting categories are as per the Greenhouse Gas Protocol.

Scope 1: The Scope 1 emissions are from direct GHG sources such as fuel used in Company owned vehicles, in diesel generators, cafeteria, space heating, and fugitive emissions of refrigerants. The primary data of fuel used, and refrigerant topped up is captured which forms the input to scope 1 calculation.

Scope 2: The Scope 2 emissions are from electricity purchased from non-renewable sources, natural gas-based electricity, district heating and cooling. The invoices/bills of purchased electricity, heating or cooling is considered as input. In a few cases where data is not available the electricity, heating or cooling requirements would be estimated using regional /country specific databases.

Scope 3: The scope 3 emissions include the indirect emissions from 7 categories from GHG protocol detailed as follows:

- Category 1: Purchased goods and Services- Emissions from all purchased goods and services relevant to the organisation are calculated using the spend data. The emission factors (spend based) for purchased goods are taken from the latest available US EPA (Supply Chain GHG Emission Factors for US Commodities and Industries).
- Category 2: Capital goods- Emissions associated with capital goods such as office and computer equipment, electrical installations, furniture and fixture, plant and equipment and others as applicable are calculated using spend data. Emission factors (spend based) for capital goods are taken from the latest available US EPA (Supply Chain GHG Emission Factors for US Commodities and Industries).
- Category 3: Indirect emissions from imported energy/Fuel and energy related activities - These are the fuel and energy related activities not included in Scope 1 and 2. The well to tank (WTT) emissions from the consumption of electricity, fuel used in stationary and mobile combustion such as diesel in DG sets and owned vehicles, LPG or PNG in cafeteria, natural gas for space heating/ cooling, fuel used in hired vehicles (cabs/ buses) are included in this category. The electricity and fuel use data are available as mentioned in Scope 2 section.
- Category 4: Upstream transportation and distribution for goods - Emissions associated with transport of goods by the company, for example, IT assets procured, water tanker supplies, cafeteria and kitchen supplies, housekeeping, stationery and other supplies. For IT assets the estimates are based on the LCA of the IT asset. For other non-IT assets/supplies, emission estimates are based on estimated distances of transport for supplying the goods. We have accounted for the WTT emissions from upstream transportation based on latest DEFRA emission factors for the transport emissions based on vehicle type and weight.
- Category 5: Disposal of solid and liquid waste/ Waste generated in operations - The emissions are based on disposal mechanisms (for example, recycling,

reuse, landfill) for different categories of waste (plastic, metal, e-waste, batteries, food waste, garden waste and so on). The quantities of waste recycled, reused and sent to landfill or other disposal methods are captured and the emissions have been computed based on relevant emission factors from DEFRA. This category also includes emissions from transport that occur during waste disposal from facilities to disposal sites.

- Category 6: Business travel - Emissions from business related air and rail travel and their WTT emissions fall into this category. The business travel distances are based on actual travel done by the employees during the year and use a distance-based method for computing emissions. The relevant emission factors are taken from DEFRA.
- Category 7: Employee commute - The employee commute related carbon emissions include those from TCS hired vehicles for transport of employees, personal employee commute and public employee commute. For TCS hired vehicles we use the actual distance travelled through invoices from transport vendors, and DEFRA emission factors as applicable to the vehicle type. For personal transport, the number of 2-wheeler and 4-wheelers used by associates is captured and the approx. distances are factored for calculating the emissions. Public transport use by associates is based on assumptions on mode of transport used by associates and distances. DEFRA emission factor for the relevant private and public vehicle is used to calculate the emissions.

7.1.3. Reason for choosing the measurement approach, inputs and assumptions

The approach follows the GHG Protocol methodology, and the suggestions provided by SBTi during near-term target validation. The inputs are based on data collected by TCS across the locations and as mentioned, most of the data used in calculating scope 1 and 2 emissions are primary data with very limited approximations/ estimates during thumb rule or other relevant methods.

Scope 3 has certain levels of assumptions and approximations due to a) non-availability of product carbon footprint (PCFs) for categories 1 and 2- purchased and capital goods, b) complexity in data collection for category 4 – upstream transportation and distribution for all supplies, c) approximations made with respect to Cat 7- employee commute for private and public vehicles used by associates, due to the large number of associates working across various geos and difficulty in obtaining exact data. Rest of the scope 3 emission categories such as Cat 3 (Fuel and energy), Cat 5 (Waste), Cat 6 (Business travel) and part of Cat 7 (Employee commute from hired vehicles) are based on actual data gathered at the locations.

7.1.4. Changes made to the measurement, approach, inputs and assumptions during the reporting period and reasons for those changes

There was a change in the approach during FY2025 as TCS has incorporated the emission accounting methodology as proposed by SBTi for Scope 3 emissions while validating the near-term target validation in FY 2025. This approach follows the GHG minimum boundary requirements, includes WTT emissions under Cat 4, 6 and 7 and have recalculated the emissions under Cat 1 Purchased goods and services as per SBTi suggestions. SBTi's guidance has been considered for FY2025 and for recalculating emissions for base year FY2020 (base year), FY2021, FY2022, FY2023, FY2024 respectively.

Key Metrics	Units	FY2016	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	tCO2e	31,923	26,714	16,284	16,684	20,972	21,949	20,495
Scope 2 (location based)	tCO2e	454,598	427,557	225,169	216,216	259,364	296,008	335,563
Scope 2 (market based)	tCO2e	439,400	384,258	193,994	141,045	117,265	73,722	55,599

The emissions are externally assured and available in the respective Integrated Annual Report. For FY25 please refer printed page 165-168 of TCS Integrated Annual Report 2024-25

Table 17: GHG emission metrics of scope 1 and scope 2

TCS has procured renewable energy during FY2025 through Power Purchase Agreements (PPAs), switching over to green tariffs and procurement of Energy Attribute Certificates (EACs).

Scope 3 - Emissions

TCS reports GHG scope 3 categories according to the Greenhouse Gas Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard (2011).
Scope 3 consists of value chain under 7 categories. Category 8 is included under Scope 1 & 2 emissions and other categories (Cat 9 to 15) are not applicable to TCS..

Key Metrics	Units	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total scope 3 emissions	tCO2e	772,372	171,128	193,191	358,990	494,721	523,810
Category 1 - Purchased good and services	tCO2e	76,873	49,809	59,503	64,382	70,469	76,719
Category 2 - Capital goods	tCO2e	25,369	19,222	17,289	18,549	20,299	36,796
Category 3 - Fuel and energy related activities (not included in Scope 1 or 2)	tCO2e	162,393	60,647	52,913	32,094	35,495	30,056
Category 4 - Upstream transportation and distribution	tCO2e	5,908	12,647	11,245	6,128	3,144	4,276
Category 5 - Waste generated in operations	tCO2e	1,908	492	639	1,070	1,179	1,303
Category 6 - Business travel	tCO2e	146,817	19,135	42,290	108,465	120,629	110,405
Category 7 - Employee commuting	tCO2e	353,104	9,176	9,312	128,302	243,326	264,255

Table 18: GHG emission metrics and targets of other indirect GHG emissions (scope 3)

7.2. Climate-related targets

TCS has committed to SBTi and have set near term targets that are approved by SBTi in FY2025 and is a GHG mitigation target that applies to TCS entity in its entirety. SBTi has classified TCS' scope 1 and 2 target, in line with a 1.5°C trajectory. TCS commits to reduce absolute scope 1 and 2 GHG emissions 90% by FY 2030 from a FY 2016 base year. TCS also commits to reduce absolute scope 3 emissions 35% by FY 2034 from a FY 2020 base year. This gross green-house emission target was derived using the absolute contraction method of SBTi. In the current reporting period, TCS has purchased 2,315 carbon credits to offset the Scope 1 or 2 emissions in accordance with PAS 2060: 2014 standard in non-India geographies for the purpose of compensating the emissions but, these are not used to offset any emissions for meeting the net GHG target. The carbon credits purchased pertain to renewable energy such as hydro, solar and wind and minor quantities from bundled waste processing facilities.

TCS has adopted Project Aalingana, the Tata group's sustainability roadmap and the aim is to be net zero by 2045, integrating sustainability into business strategy and concentrating on three interlinked pillars of the project, that is, promoting the decarbonization of our company and value chains; utilizing a systematic, circular economy approach to reduce resource usage and waste; and protecting and regenerating the nature and biodiversity (Refer page 10, Letter from the CEO, Integrated Annual Report 2023-2024). TCS plans to use carbon credits for neutralization at the end of this NZ target.

The company monitors the emission reduction and reviews the target status periodically and reports the performance against the targets once a year in its Integrated Annual Report under the Natural Capital section and the CDP (Climate Change).

To achieve these targets, the green-house gas management approach has four key levers – green infrastructure, green IT, IT-enabled operational efficiencies, and renewable energy. TCS has reduced absolute carbon footprint across Scope 1 and Scope 2 by 84% in FY 2025 over a baseline of FY 2016 and 32% reduction in Scope 3 from FY 2020.

Key performance indicator	Unit	Baseline year	FY2025 Vs. baseline year (% reduction)	SBTi reduction target (%)	Target year
Absolute Scope 1 and 2 emissions	tCO2e	FY 2016	84%	90%	2030
Absolute Scope 3 emissions	tCO2e	FY 2020	32%	35%	2034

Table 19: Status of SBTi approved GHG near-term emission reduction targets

7.2.1. Emission reduction initiatives to achieve targets

During the year FY2025, several initiatives were aligned to achieve the carbon targets which included those in building and IT infrastructure. Initiatives in building infrastructure included higher energy efficiencies in heating, ventilation, and air conditioning ("HVAC") systems, uninterruptible power supply ("UPS"), green buildings and energy monitoring and analytics (Clever Energy and Resource Optimisation Centre) which have resulted in energy savings of 12,470 MWh, equivalent to 9,066 tCO2e reduction.

Green buildings: All new campuses owned by TCS are designed according to green building standards for energy and resource efficiency. They have roof-top solar photovoltaic installations to reduce the carbon footprint. The green certified area in India has increased from 67.3% to 71% in FY2025, over the total built-up area. This accounts for 45 TCS offices and campuses with over 28.8 million sq.ft. of area under certified green building by Indian Green Building Council.

Green IT: Initiatives in green IT focused on data center and IT device consolidation and optimization to reduce the carbon footprint. The Company's data centers have achieved a weighted average PUE of 1.59 in FY 2025 compared to 1.7 in FY 2024. The data centers use 100% renewable electricity. In addition to this, the Company continues to ensure energy efficiency of the procured equipment.

Energy analytics and monitoring: TCS' IoT-based Real-time Energy Management System (TCS Clever Energy TM) involves real-time energy monitoring, continues to yield benefits in terms of optimization of operational energy efficiency across the Company's offices.

Renewable energy: The roof top solar photo voltaic installations this year remained at 10.2 MWp contributing to 2.7% of total electricity use in the reporting year. TCS continued its procurement of renewable energy through power purchase agreements ("PPA's"), availing green tariffs in India and procurement of Energy Attribute Certificates ("EACs"). Renewable energy procurement has resulted in an increase in renewable energy use to 79% of total energy use during the year.

Scope 3 emission reduction: Planned scope 3 emission reduction initiatives for reducing employee commute and business travel emissions include:

- Transition to transport fleet of cabs, and buses with EV.
- Employee engagement for use of public transport.
- Reduce business travel through use of collaborative tools and technology.
- Invest in sustainable aviation fuel (SAF) as and when these are commercially available.

Energy management systems (ISO 50001): As a commitment to energy conservation and management, the Company has continued to implement initiatives, monitor and measure energy performance at 22 large campuses in India, which are certified to ISO 50001:2018.

The above energy efficiency and renewable energy procurement efforts helped achieve a year-on-year reduction in absolute carbon footprint (across Scope 1 and Scope 2) of TCS' global operations by 20% and 84% reduction in Scope 1 and 2 emissions in FY2025 Vs. FY2016 (base year).

Continued focus on the above initiatives will enable the Company's aspiration to achieve its SBTi-approved near term targets and NZ targets as planned.

7.3. Climate-related risks and opportunities

7.3.1. Climate-related transition risks

The amount and percentage of assets or business activities vulnerable to climate-related transition risks - refer to section 5.1, Table 2, under strategy

7.3.2. Climate-related physical risks

The amount and percentage of assets or business activities vulnerable to climate-related physical risks - refer to section 5.1, Table 2, under strategy

7.3.3. Climate-related opportunities

The amount and percentage of assets or business activities aligned with climate-related opportunities - refer to section 5.7.1, Table 13, under strategy

7.3.4. Capital deployment

The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities - refer to section 5.3, Table 4, under strategy

7.4. Internal carbon prices

7.4.1. Applying a carbon price in decision-making

TCS has calculated an internal carbon price in 2025 based on the total investments envisaged for green buildings, energy efficiency programs (HVAC upgradation, UPS consolidation, Green IT and so on), transition to renewable energy (green tariffs, PPA, renewable energy certificates) and other investments towards emission reductions. Currently we do not apply this carbon price to determine the feasibility of projects or to apply a carbon tax to generate funding for the projects. All these projects and initiatives are driven through internal accruals since they align to our overall company and Tata Group philosophy.

7.4.2. Price of GHG/Carbon emissions

An implicit price of carbon has been calculated by using scientific guidance, cost of measures required to achieve climate targets, price/ cost of RE procurement, price of voluntary carbon offset credits only for scope 1 and 2 emission reductions. The price would range from 3772 to 6587 INR/tCO2e. While TCS is not currently using the carbon price for decision making, this could help take decisions on capital expenditure, operations, procurement and risk management.

7.5. Remuneration linked to climate targets

Remuneration of the Board members including the executive directors is decided by the Board, based on the recommendations of the Nominations and Remuneration Committee of the Board (refer page 102-103 of the TCS Integrated Annual Report 2024-25). For executive directors, the variable component that is, commission is based on the company's performance and their individual performance.

Remuneration for the Environmental Sustainability manager for progressing towards targets, performance against environmental sustainability index, achievement of emission reduction initiatives, implementing employee awareness and training programmes, the effectiveness in driving and tracking of resource efficiency projects, improved energy and carbon performance indicator helps determine the variable allowance component.

Remuneration of a facility manager for progressing and achieving environmental targets, implementing emission reduction initiatives such as energy efficiency projects, increasing share of RE, increased engagement of suppliers on environmental issues are part of delivery center reviews on a half yearly basis. Performance on these KPIs is a part of their goals and hence integrated with their performance reviews and financial incentives such as bonus and increment.

7.6. Industry-based metrics

IFRS S2 requires industry-based metrics to be reported that are derived from SASB standards. Appendix B Industry-based disclosure requirements for Software and IT services has been reported below.

Sustainability disclosure topics and metrics include the environmental footprint of the hardware infrastructure as described in the following sections.

7.6.1. Energy metrics

Electricity from the grid is the most significant form of energy for TCS. Over the years, TCS has increased the share of Renewable Electricity (RE) through onsite rooftop solar generation, "green tariff" schemes offered by the state electricity providers, procurement from third party producers in India through Power Purchase Agreements (PPAs) and procurement of Energy Attribute Certificates (EAC). The roof top solar photovoltaic installations during FY2025 remained at 10.2 MWp contributing to 2.7% of total electricity use. The onsite solar generation and renewable energy procurement have resulted in an increase in renewable energy use to 79% of total energy use in FY2025 when compared to 74% in FY2024.

Other sources of energy include natural gas (mainly used for space heating/cooling, district heating and cooling, mostly in non-India geographies), fuel used in company owned vehicles, cooking gas used in cafeteria and diesel used in diesel generators (mainly used as a back-up source during power shortages).

Metrics*	Unit	FY2022	FY2023	FY2024	FY2025
Total energy consumed	GJ	1,124,366	1,505,016	1,709,183	1,940,927
Grid electricity	%	60%	40%	22%	10%
Renewable energy (RE)	%	37.2%	55.2%	74%	79%

*The metrics are calculated based on SASB standards for Software & IT Services Sustainability Accounting Standard, Industry Standard Version 2023-12

Grid electricity: Section 2.1 of the standard- The percentage shall be calculated as purchased grid electricity consumption divided by total energy consumption.

RE%- Section 3.2 of the standard- The percentage shall be calculated as renewable energy consumption divided by total energy consumption.

Table 20: Industry-based metrics-energy

7.6.2. Water metrics

The sources of freshwater at TCS include third party water (89%), groundwater (8%) and rainwater harvested (3%). TCS optimizes water consumption through conservation, sewage treatment and reuse, and utilization of harvested rainwater. All newer campuses have been designed for higher water efficiencies, treatment and recycling of sewage, and rainwater harvesting. Details of water metrics are as provided in the following table.

Metrics	Unit	FY2022**	FY2023**	FY2024**	FY2025**
Total water withdrawal	Cum	1,440,959	22,88,688	29,46,578	34,88,269
Total water consumed	Cum	1,319,696	20,82,781	24,67,342	28,71,784
Percentage of water withdrawal in regions with High or Extremely High Baseline Water Stress	%	37%	24%	26%	34%
Percentage of water consumption in regions with High or Extremely High Baseline Water Stress	%	39%	25%	26%	21%

Table 21: Industry-based metrics -water

** The data presented for FY 2022, 2023 and 2024 pertains to operations within India geography, whereas the data for FY 25 is for TCS global operations (India and overseas). The overall withdrawal and consumption from overseas (non-India) geographies is very low/ insignificant when compared to withdrawal and consumption from India geography. The data for water stressed locations across TCS global (including top 20 non- India locations) has been included in FY 2025 as against coverage of only India locations in FY 2024. For TCS India operations the Central Ground Water Authority (CGWA), India and for other geographies the WRI Aqueduct have been used to identify water stressed locations respectively.

7.6.3. Integration of Environmental Considerations into Strategic Planning for Data Centre Needs

TCS considers Telecommunications Infrastructure Standard for Data Centers (TIA 942) standards, a globally recognized framework for designing and operating all server rooms for Customer Project hosting. TCS initiatives in Green Information Technology (Green IT) are focused on data centers and IT device consolidation and optimization to reduce the carbon footprint. The areas covered under green IT initiatives include IT energy optimization in data centers and equipment rooms. All new campuses owned by TCS are designed according to green building standards for energy and resource efficiency. The data centers or equipment rooms are also located in TCS green building locations. TCS' data centers have a weighted average PUE of 1.59 (FY 2025) compared to PUE of 1.7 (FY 2024). Apart from the two main data centers, TCS also has 54 equipment rooms for business as usual (BAU) activities, wherein the weighted average PUE was 1.79 in FY 2025. TCS data centres use 100% RE. The total power consumed by TCS data centers was 6.6 GWh during the reporting year. In addition to the above, green attributes are considered in every IT asset procurement.

7.6.4. Managing Systemic Risks from Technology Disruptions

During the year no performance issues, service disruptions or customer downtime were reported due to climate change. For more information on business continuity risks related to disruptions of operations, refer Principle 6, Leadership Indicator, section 5 on business continuity and disaster management plan. Link: **TCS Integrated Annual Report 2024-25**

8. References

1) https://www.in2013dollars.com/Professional-services/price-inflation
2) https://ghgprotocol.org/sites/default/files/hfc-cfc_1.pdf
3) https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/ADVEC/WEOWORLD
4) Information Technology Market Trends to 2034
5) Sustainability Management Software Market Report, 2030
6) USD to INR Conversion sourced from https://www.exchange-rates.org/exchange-rate-history/inr-usd-2025-03-31

9. IFRS S2 mapping

IFRS S2 Standard Clauses	TCS IFRS S2 Sections	Page No
Governance		
IFRS Section 6 (a)-(i), (ii), (iii), (iv), (v)	Section 4.1- Board oversight Section 4.3- Climate risk and opportunities oversight Section 4.4- Skills and competencies Section 4.5- Climate target oversight and monitoring	16-17
6 (b)-(i), (ii)	Sections 4.2- Management responsibilities and controls	16
Strategy		
9 (a)	Section 5.1- Climate-related risks and opportunities	19
9 (b)	Section 5.2- Business model and value chain	22
9 (c)	Section 5.3- Strategy and decision-making	23
9(d)	Section 5.4- Financial position, financial performance and cash flows	28
9 (e)	Section 5.7 Climate resilience	32
Climate-related risks and opportunities		
10. (a), (b), (c), (d), 11	Section 5.1- Climate-related risks and opportunities	19
Business model and value chain		
13 (a)	Table 2: Associated risks and their financial impact	21

IFRS S2 Standard Clauses	TCS IFRS S2 Sections	Page No
13 (b)	Section 5.2- Business model and value chain	22
Strategy and decision-making		
14(a) – (i), (ii), (iii)	Section 5.3 Strategy and decision-making	23
	Table 5: Current and anticipated direct and indirect mitigation and adaptation efforts	27
	Table 6: Resilience measures for transition risk	28
14 (a)- (iv), (v), (b), (c)	Table 4: Current and planned initiatives, performance and capital expenditure	25
15 (a), (b)	Table 7: Financial impacts of physical climate risks Table 8: Financial impact of policy and legal transition risks	29-30
16. (a), (b), (c)-(i), (ii), (d)	Section 5.1. Climate-related risks and opportunities Table 7: Financial impacts of physical climate risks Table 8: Financial impact of policy and legal transition risks	19, 29-30
22 (a), (b)	Section 5.7. Climate resilience	32
Risk management		
25(a)- (i), (ii), (iii), (iv), (v)	Section 6.2- Inputs and Tools used for Assessment Section 6.3- Risk Identification Section 6.4- Risk Assessment and Prioritization Section 6.5- Monitoring and Managing Risk and Opportunities	38-40
25 (b), (c)	Section 6.5 - Monitoring and Managing Risk and Opportunities	40
Metrics and Targets		
28 (a), (b)	Section 7.6- Industry-based metrics	47
28 (c)	Section 7.2-Climate-related targets	45
29 (a)	Section 7.1.1- Methodology, standards and protocols Section 7.1.2- Measurement approach, inputs and assumptions for GHG emission accounting	42
29, (b), (c), (d), (e)	Section 7.3. Climate-related risks and opportunities	46
29 (f)	Section 7.4 Internal Carbon Prices	46
29 (g)	Section 7.5. Remuneration linked to climate targets	47
33, 34, 35, 36	Section 7.2. Climate-related targets	45

About Tata Consultancy Services (TCS)

Tata Consultancy Services (TCS) (BSE: 532540, NSE: TCS) is a digital transformation and technology partner of choice for industry-leading organizations worldwide. Since its inception in 1968, TCS has upheld the highest standards of innovation, engineering excellence and customer service.

Rooted in the heritage of the Tata Group, TCS is focused on creating long term value for its clients, its investors, its employees, and the community at large. With a highly skilled workforce of 613,069 consultants in 55 countries and 202 service delivery centres across the world, the company has been recognized as a top employer in six continents. With the ability to rapidly apply and scale new technologies, the company has built long term partnerships with its clients – helping them emerge as perpetually adaptive enterprises. Many of these relationships have endured into decades and navigated every technology cycle, from mainframes in the 1970s to Artificial Intelligence today.

TCS sponsors 14 of the world's most prestigious marathons and endurance events, including the TCS New York City Marathon, TCS London Marathon and TCS Sydney Marathon with a focus on promoting health, sustainability, and community empowerment. TCS generated consolidated revenues of US $30 billion in the fiscal year ended March 31, 2025.

For more information, visit **www.tcs.com**

Follow TCS on **LinkedIn** | **Instagram** | **YouTube**

All content / information present here is the exclusive property of Tata Consultancy Services Limited (TCS). The content / information contained here is correct at the time of publishing. No material from here may be copied, modified, reproduced, republished, uploaded, transmitted, posted or distributed in any form without prior written permission from TCS. Unauthorized use of the content / information appearing here may violate copyright, trademark and other applicable laws, and could result in criminal or civil penalties.

Copyright © 2026 Tata Consultancy Services Limited