

CLIMATE RISK ASSESSMENT REPORT

EXECUTIVE SUMMARY - FOR LTIMINDTREE LTD

Addressing climate change induced by global warming and limiting global warming to an ambitious target of 1.5 degrees by 2050, remains one of the most pressing and complex challenges. LTIMindtree is cognizant of the impact of climate change on Triple Bottom Line and the urgent need to transition to a sustainable/low-carbon economy.

CLIMATE STRATEGY & RISK IDENTIFICATION

LTIMindtree has mapped and assessed climate vulnerability risks using the climate-related scenario analysis recommended by the Task Force on Climate-Related Financial Disclosure (TCFD) and in accordance with the Task Force on Nature-related Financial Disclosure (TNFD) framework to assess the potential negative impacts of its operations in India and overseas. This includes potential adverse effects on employees, communities, livelihood, health/wellbeing status, economic, social, and cultural assets, services (including environmental), and infrastructure due to climate change.

LTIMindtree appointed Developmatrix Consulting LLP as an external consulting agency to undertake an in-depth assessment of climate vulnerability risks using climate scenario analysis. This analysis strategically examines potential risks within the company's operations in India and overseas, using scenario analysis and stress forecasting to predict possible challenges.

The report covers a significant operational footprint, assessing all 45 offices in India and 35 international offices with a minimum seating capacity of 10. To ensure accuracy, the climate assessment has been tailored to regional weather data, considering distinct regions such as states/districts for India and counties or states for international locations.

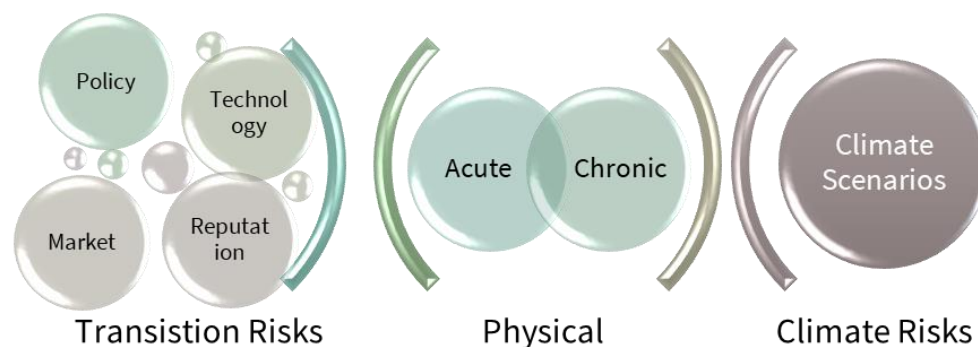
LTIMindtree has referred to the recommendations of TCFD, which provides a structured framework for evaluating climate-related risks and climate scenario analysis to assess future risks related to climate change as per IPCC. The analysis also considers the TNFD framework, which recognizes that climate change and nature loss are interconnected and nature loss is a source of systematic risk to the economy. The LTIMindtree scenario analysis aligns to this interconnectedness by considering the potential impacts of climate change on nature and the potential impacts of nature loss on the company. The LTIMindtree climate scenario analysis is an excellent example of how organizations can use such tools to align themselves with the TCFD framework recommendations.

Climate Scenario analysis has gained prominence for assessing climate-related risks and opportunities. This approach gained traction after the IPCC's fifth assessment report was released. The increase in global average temperatures, with 2022 witnessing a temperature rise of about 1.15°C above the 1850-1900 average, highlights the urgency of understanding the impacts of climate change.

CLIMATE RISK ASSESSMENT

From the perspective of climate risk assessment, the need to prioritize the assessment of physical and transition risks in the near-term, mid-term, and long-term is essential.

The presence of human capital and facilities within India is considerably high. Therefore, we have analyzed the climate-related risk assessment majorly for LTIMindtree India's operations as per TCFD recommendations.



The methodology used in this report uses Climate Scenario Analysis, including Stress analysis, as recommended by TCFD, and includes the use of several tools such as:

1. Aqueduct Water Risk Atlas by WRI
2. Physical Climate Risks using IPCC's Fifth & Sixth Assessment report through the Climate Knowledge Portal (CMIP6) of the World Bank
3. International Energy Agency's World Energy Outlook
4. Assessment of Climate Change over the Indian region and regions abroad
5. Comparison or Peer Analysis of Climate Risks identified by LTIMindtree's peers
6. Cost Impact Analysis of the Climate Risks on business

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

PHYSICAL RISKS

Despite global efforts to reduce GHG emissions and reach net-zero emissions by 2050, the physical climate changes will still have an acute and chronic climate impact. There will be frequent occurrences of extreme weather events, viz. cyclones, floods, and droughts. Economic losses (physical damage to property and assets) from extreme weather events (flood, cyclone, heatwave, etc.) and chronic events like rise in mean temperature and acute water scarcity attributed to climate change are also possibilities.

We also continue to test tools for climate risk assessment and conduct scenario analysis according to the company's current climate strategy. We have chosen RCP 8.5 (Business as Usual Scenario), a pessimistic scenario to analyze physical risks aligned broadly with Current Policies or Business-As-Usual Scenarios.

The Physical Risks Assessment for India and LTIMindtree’s Global Operations, including Acute and chronic Physical Risks, and Water-related Risks are available at the link below:

[LTIMindtree TCFD Datasets](#)

Outcomes of our Assessment

Risk type	Risk
Physical Acute	Acute climate change impacts are related to extreme weather events like drought and floods. Increased intensity of physical risks such as cyclonic activity, floods, drought, and heatwaves will likely impact our business significantly and increase the risks of physical damage to our assets and infrastructure.
Physical Chronic	Chronic risks are long-term climatic impacts related to variance in weather patterns, water stress, or increasing water temperature/creasing groundwater levels due to drought stress or water stress that can lead to process constraints or a usual way of life. Such natural calamities may affect certain operations, physical assets, infrastructure, employee travel, and health.

Risk Type	Risk	Magnitude	Likelihood	Potential Financial Impact
Physical Acute	Acute physical risk arises through increasing severity and/or frequency of severe weather like heatwaves, floods, or droughts.	Relevant, sometimes included	Moderate	<p>Floods, heat waves, and droughts call for emergency planning and may seriously harm our assets, reducing revenue due to asset loss and damage and increasing operating costs.</p> <p>Higher costs from negative impacts on the employees due to the climatic events would impact employees’ health and safety, leading to productivity loss and more work absenteeism.</p>
Physical Chronic	Rise in mean temperature	Relevant, always included	High	Impact on transmission and distribution networks, disruption in operational working hours, employee health and safety, increase in energy consumption

Physical Chronic	Acute water scarcity results from changing rainfall patterns increasing demand for consumption. High precipitation can lead to droughts.	Relevant, always included	High	Increased operating costs due to the purchase of municipal water or installations of water treatment plants to overcome water scarcity in particular regions. Higher costs from negative impacts on the employees due to the climatic events would impact employees' health and safety, leading to more absenteeism.
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TRANSITION RISKS

Our transition risks have been further identified as per regulatory, technology-related, market, and reputational risks. These risks are interconnected for investors as they navigate an increasingly aggressive low-carbon agenda that can create capital and operational consequences for their assets. For transition risks, we have additionally referenced IEA's Net Zero by 2050 scenario, which outlines a pathway to achieve global net-zero greenhouse gas emissions by 2050 to limit the increase in global temperatures to 1.5°C above pre-industrial levels. This scenario involves significant changes to the energy system, including a rapid transition to renewable energy, improvements in energy efficiency, and the electrification of various sectors, such as transportation and buildings.

Transition Risk Type 1: Policy / Regulations / Legal		
Risk	Impact	Likelihood
Imposing climate-related regulations to decarbonize the companies: As India is a signatory member of the Paris Climate Agreement and UNFCCC, there are bound to be many changes in rules or upcoming regulations, especially on climate change, like incentivizing decarbonization for companies.	Failure to comply with these regulations or failure to acknowledge them will produce a negative effect on the reputation of the company. Geopolitical crises, carbon pricing, and energy shortages would lead to increased prices for electricity energy and fossil fuel price dependency and GHG emissions. Higher operational expenditure.	High, Relevant
Energy Efficiency Regulations or Renewable Purchase Obligations: While India has no explicit carbon tax policy, it has schemes that place an implicit price on carbon, like the Perform, Achieve, and Trade (PAT) scheme. It increased indirect taxes on fossil fuels, Carbon Cess on Coal, and incentivizing schemes like Renewable Purchase Obligations (RPO).	Penalty to be paid (if any) by LTIMindtree/write-offs of old energy-intensive equipment, built infrastructure, vehicles, etc.	High, Relevant

Transition Risk Type 2: Market		
Risk	Impact	Likelihood
Stakeholders from all industries emphasize energy efficiency and greenhouse gas emissions, and businesses must anticipate customer needs and innovate to meet them. There is also increasing stakeholder or investor pressure for the Climate Disclosure Project or other climate-related disclosures.	Increase of human resources for specialized purposes like managing market and services demand of the overall company and other expenses related to facility management and logistics	High, Relevant

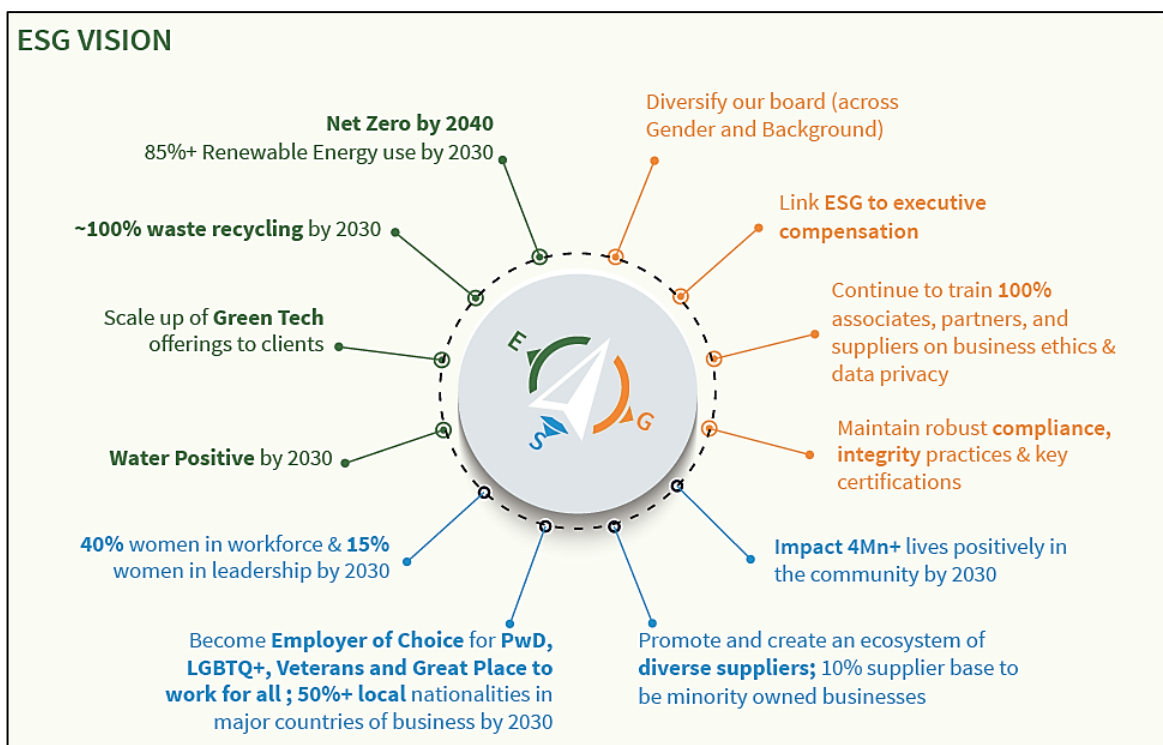
Transition Risk Type 3: Technology		
Risk	Impact	Likelihood
Installation of energy-efficient technologies like LED lights, BLDC Fans, 5-star rated appliances, green buildings, IOT sensor-based electrical appliances, and CEMS.	Impact multiple aspects of the operating costs, including utility costs, rise in energy cost, and reduced revenue.	High, Relevant
Transition to low-carbon technologies and products: The increasingly rapid shift to low or zero-carbon energy sources such as renewables and improvements in energy efficiency will increase prices for non-fossil-based raw materials and products.	High expenditure is required to develop sustainable products, reliable energy supply, and low-carbon technologies like RE and RE-based appliances, which can impact the company’s profitability.	High, Relevant

Transition Risk Type 4: Reputation		
Risk	Impact	Likelihood
Reputational risk arises because of increased scrutiny following a change in stakeholder perceptions of climate-related action, inaction, or failure to achieve GHG emission reduction and other climate-related targets.	High	Moderate

CONCLUSION

LTIMindtree is committed to reducing its climate impact and becoming a climate-resilient organization. To achieve this goal, LTIMindtree is implementing a comprehensive climate resilience strategy covering many areas, including energy efficiency, renewable energy, water stewardship, and climate risk assessment. The strategy is based on best practices and innovative solutions, and it is designed to help LTIMindtree mitigate climate risks, reduce its environmental footprint, and create a more sustainable future.

To mitigate climate risks, LTIMindtree has set out a broad vision for ESG and is implementing several climate risk mitigation strategies.



- LTIMindtree is committed to bringing out a 1.5-degree world, with a decarbonization strategy that includes net zero by 2040 and set forth bold ESG ambitions to become five times water-positive by 2030 for our India operations.
- We are committed to sourcing 85% of our energy from renewable sources
- We are investing in energy conservation initiatives like the replacement of T5 Lights with LED Lights, optimization of UPS, installation of motion sensors, replacement of refrigerants and old AC units with energy-efficient units, installation of Variable Frequency Drives (VFD), installation of APFC and AHF.
- LTIMindtree has been recycling and recharging water systems using watershed and water management recharging systems for the benefit of the community. As part of our biodiversity conservation initiatives, we have implemented several afforestation and water conservation programs. They include increasing mangrove forests through preserving and planting mangrove species and increasing access to water through water replenishment projects.
- LTIMindtree will ensure that all existing and future campuses have green building infrastructure with Platinum LEEDs certifications. In FY 2023, we have invested INR 2,735.6 million in green buildings.

- A robust Business Continuity Plan and a hybrid model during extreme weather events are in place. Our contingency measures include a Hybrid working model where the project work of critical client projects continues with employees asked to work from home.
- ESG tech ‘by design’ offerings and engineering solutions help businesses, societies, and the planet flourish while building long-term value for all our stakeholders. Our ESG service offerings are designed to help clients with enterprise ESG strategy and activation, responsible and circular supply chain, regulatory compliance and reporting, NetZero transition, sustainable intelligence, risk and controversies management, green IT and green alpha enablement and emphasizing biodiversity to attain net-zero emissions.

Our Climate Risk Assessment (CRA) report encapsulates the journey of strategic foresight and approach with strong analysis, robust risk management team, and initiatives to reduce carbon emissions, indicating our dedication to transparency, accountability, and effective stewardship. The CRA conducted by us serves as a cornerstone that will guide us in the evolving landscape of climate change. Through diligent climate risk assessment, we have identified potential risks and serve as a compass, guiding our organization toward becoming a climate-resilient organization.

We welcome your feedback, please write to sustainability@ltimindtree.com.