

Climate Risk Assessment Report  
Birlasoft Limited

**birlasoft**

**CKA** Birla Group

## Table of Contents

<b>1. Introduction.....</b>	<b>5</b>
1.1 Reporting Boundary .....	6
1.2 Approach and Methodology .....	7
1.3 Assumptions and Limitation .....	9
<b>2. Climate Risk Assessment for Birlasoft .....</b>	<b>12</b>
2.1 ESG Governance structure .....	12
2.2 Climate Risk Strategy .....	13
2.2.1 Identification of key physical hazards for Birlasoft.....	14
2.2.2 Identification of key physical hazards for value chain partners .....	16
2.2.3 Water Risk Assessment for Birlasoft.....	18
2.2.4 Climate Risk Assessment for Birlasoft.....	20
2.2.5 Emerging Risks for Birlasoft .....	38
2.3 Climate risk management .....	40
2.3.1 Climate-Related Opportunities for Birlasoft.....	40
2.3.2 Scenario Analysis for Birlasoft .....	42
2.4 Metrics and targets.....	46
2.4.1 Climate related Goals and targets .....	46
2.4.2 Climate related Metrics .....	46

## List of Tables

- Table 1: Summary of the Climate Risk Assessment for Birlasoft: Physical risks ..... 23
- Table 2: Physical Climate Risk Assessment for Pune Location, Birlasoft ..... 23
- Table 3: Physical Climate Risk Assessment for Mumbai Location, Birlasoft ..... 24
- Table 4: Physical Climate Risk Assessment for Noida Location, Birlasoft ..... 26
- Table 5: Physical Climate Risk Assessment for Chennai Location, Birlasoft ..... 27
- Table 6: Physical Climate Risk Assessment for Coimbatore Location, Birlasoft ..... 28
- Table 7: Physical Climate Risk Assessment for Hyderabad Location, Birlasoft ..... 29
- Table 8: Physical Climate Risk Assessment for Bengaluru Location, Birlasoft ..... 30
- Table 9: Transition Risks (Current and Emerging)..... 33
- Table 10: Climate Scenarios and Regional Exposure ..... 42

## List of Figures

- Figure 1: Preliminary physical hazard rating..... 7
- Figure 2: Heatmap legends for water risks ..... 8
- Figure 3: Climate Change Risks and Opportunities for IT Sector ..... 13
- Figure 4: Physical hazard heatmap for locations where Birlasoft operates ..... 15
- Figure 5: Current Hazard Assessment for Birlasoft..... 15
- Figure 6: Physical hazard assessment for Birlasoft’s suppliers ..... 16
- Figure 7: Physical hazard assessment for Birlasoft’s customers..... 17
- Figure 8: Water Risk Assessment for Birlasoft Locations,..... 18
- Figure 9: Physical Climate Risk Heatmap for Birlasoft ..... 31
- Figure 10: Aggregated Climate Risk across Birlasoft..... 32

1

**birlasoft**  
CKA Birla Group

Introduction

## 1. Introduction

India is among the top carbon emitters globally, which has led to increasing pressure to adopt strict “green and climate-friendly” policies. This pressure translates into higher expectations from investors, customers and stakeholders, demanding renewable energy adoption, reduced carbon emissions and ecological restoration. The global warming has resulted in changes in sea surface temperature, sea-level rise, melting of glaciers, reducing biodiversity and increases in the frequency and intensity of natural calamities such as heatwave, draught, flooding, cyclones and storm surges. The global warming has significantly altered the ecosystem services as offered by several terrestrial and marine ecosystems, quite often resulting in ecological and economic losses. These impacts are influenced by the magnitude and rate of global warming, location, levels of development and vulnerability, as well as the choice of and implementation of adaptation and mitigation measures. The increase in climate related risks is associated with losses in assets, property infrastructure. It impacts the economic growth because of low agriculture yield, lost productivity, biodiversity loss, mass migration and security threats. Changes in agriculture yield influences the global food prices, restricting the consumer’s behaviour and purchase ability. The increase in energy requirement and associated cost, will influence the economy. Studies have suggested that a cumulative \$20 trillion in global damages can avoided by 2100 if global warming is limited to 1.5 °Celsius (C) rather than 2°C<sup>1,2</sup>.

Continued emissions of greenhouse gases will cause Earth's temperature to rise and an increase of more than 2°C from pre-industrial levels might have catastrophic economic and societal repercussions<sup>3</sup>. The severe environmental, social and environmental consequences of climate change have resulted an urgent call for collective solutions involving multilateral actions and interventions

India has committed to achieving net-zero emissions by 2070, as announced during COP26 and has pledged to limit global warming below 1.5°C under the Paris Climate Agreement. For Birlasoft, this global and national context means increasing pressure to adopt sustainable practices and meet stakeholder expectations. Key focus areas include:

- Transitioning to renewable energy sources
- Reducing greenhouse gas emissions
- Implementing water conservation initiatives
- Strengthening risk preparedness and business continuity plans

---

<sup>1</sup> Newel et al. 2021 <https://doi.org/10.1016/j.jeem.2021.102445>

<sup>2</sup> Burke et al., 2018 <https://ielp.worldtradelaw.net/content/files/~mburke/papers/BurkeDavisDifffenbaugh2018.pdf>

<sup>3</sup> <https://www.ipcc.ch/sr15/>

Birlasoft is committed to ensuring service continuity for customers and investing in contingency measures to recover IT infrastructure and operations during unforeseen disasters. As part of this commitment, Birlasoft aims to further strengthen its climate risk preparedness by assessing the impact of climate change on its operations and business.

Birlasoft has undertaken a comprehensive Climate Risk Assessment (CRA) to evaluate its exposure to climate-related risks and opportunities across its operations. This assessment, aligned with the IFRS S2 standard. Recognizing the growing importance of sustainability in client procurement decisions and regulatory landscapes. Birlasoft aims to integrate climate resilience into its strategic planning. The CRA identifies both physical risks—such as extreme heat, water scarcity and flooding—and transition risks arising from evolving regulations, market expectations and technological shifts, ensuring that the company remains competitive and compliant in a rapidly changing environment.

## 1.1 Reporting Boundary

The report encompasses Birlasoft’s extensive operational footprint, covering all offices and its data centres. To ensure precision, the climate risk assessment leverages region-specific weather data, considering state and district levels. The assessment aligns with the **Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S2** recommendations and incorporates **Climate Scenario Analysis** based on IPCC pathways. By modelling forward-looking scenarios, the report enables informed decision-making on climate mitigation, investment priorities and risk preparedness. It categorizes risks into **physical** and **transition risks**, mapping them against Birlasoft’s ESG strategy and Net-Zero commitment by 2050, while aligning with national and global climate action strategies.

The sites covered under the climate risk assessment are

### Offices

1. Assotech Business Cresterra, Noida, Uttar Pradesh (Office)
2. Rajiv Gandhi Infotech Park, Pune, Maharashtra (Office)
3. Prince Info City, Chennai, Tamil Nadu (Office)
4. Birlasoft Office Bengaluru, Karnataka (Office)
5. TSI Business Park, Hyderabad, Telangana (Office)
6. Birlasoft office, Navi Mumbai, Maharashtra (Office)
7. India Land Tech Park, Coimbatore, Tamil Nadu (Office)

### Data centres

1. NetApp(SDB2), Pune, Maharashtra
2. VDI(SDB1 & SDB2), Pune, Maharashtra
3. Nutanix (SDB1 & SDB2), Pune, Maharashtra

## 1.2 Approach and Methodology

The approach for Climate Risk Assessment for Birla soft covers the following

- Initial Hazard assessment including water risk analysis
- Climate Risk Assessment including emerging risks
- Scenario Analysis
- Strategic approach to climate risk

### **(A) Initial Hazard assessment including water risk analysis**

The hazard taxonomy considered in this assessment includes Cyclone, Water Scarcity, Extreme Heat, Wildfire, River Flood, Coastal Flood, Urban Flood and Landslide. To evaluate these hazards, the methodology draws on a combination of primary and secondary data sources. Secondary sources comprise peer-reviewed research and reputable media reports that provide context on recent events and policy developments.

- The step-by-step procedure begins with site inventory and categorization. Assets are grouped into two categories, Office Spaces and Data Centres, with equal weightage of 50% each during consolidation.
- Within each category, individual asset weights reflect operational significance, such as the number of employees for offices and storage or capacity for data centres.
- Hazard screening and scoring follow, where each site–hazard pair is assigned a qualitative exposure rating based on public datasets. Ratings use a four-point scale: Very Low (1), Low (2), Medium (3) and High (4).

Figure 1: Preliminary physical hazard rating

Risk level	Description
Very low	Hazard is negligible; no significant impacts anticipated.
Low	Hazard is low but could increase without adaptation; limited disruptions possible.
Medium	Clear signs of hazard; moderate impacts on operations, assets, or value chains.
High	Hazard is significant; requires proactive adaptation to avoid large-scale disruption.

For water risk analysis was carried out for the assessing water-related risks at basin levels using an open web-based tool, which integrates over 40 globally recognized indicators covering physical, regulatory and reputational dimensions of water risk. The methodology begins by mapping the geographic coordinates of the basin or site against water risk filter’s global risk layers, which include data on water scarcity, quality, flooding, governance and stakeholder

dynamics. Each indicator is normalized and aggregated into composite risk scores, typically on a scale from low to high risk. These scores are then combined to provide an overall basin-level risk profile.

Figure 2: Heatmap legends for water risks

Categories	Very High	High	Medium	Low	Very Low
Risk Scores	>4.2	4.2<x<3.4	2.6<x<3.4	1.8<x<2.6	x < 1.8

**(B) Climate Risk Assessment and Scenario Analysis**

The Climate Risk Assessment (CRA) has been conducted in alignment with IFRS S2 standard, ensuring a structured and transparent approach to identifying and managing climate-related risks and opportunities. The methodology integrates Climate Scenario Analysis to evaluate both physical and transition risks across Birlasoft’s operational footprint. Water stress, driven by limited availability and increasing demand, is identified as a critical risk factor. Climate variability adds uncertainty to water supply, quality and regulatory requirements, affecting operations and supply chains. Proactively addressing water-related risks is therefore essential for long-term resilience and sustainability.

The assessment covers Birlasoft’s operations, leveraging **region-specific climate data** incorporating assumptions related to workforce growth, built-up area expansion and revenue projections. These assumptions are validated with the line departments of Birlasoft including IT, FLM, Presales, Legal, ERM, Procurement and ESG team.

The CRA employs a combination of globally recognized tools and data sources, including:

- **WWF Water Risk tool** for water security and stress-related risks.
- **IPCC Fifth & Sixth Assessment Reports** –for physical risk assessment.
- **International Energy Agency (IEA) World Energy Outlook, NDC scenarios** for transition risk assessment aligned with Indian and Global energy and policy pathways.
- **Cost Impact Analysis** – estimating financial implications of climate risks on business operations.
- **Scenario Selection** : Two scenarios were used for scenario analysis (a) Scenario 1: Below 2°C – Managed Physical Risk and Efficiency Opportunity and (b) **Scenario 2: Above 2°C – Intensifying Physical Stress and Business Continuity Risk.**

These scenarios provide actionable insights into potential climate impacts, enabling informed decision-making on mitigation investments and strategic planning. This comprehensive methodology ensures that climate-related risks and opportunities are assessed holistically, supporting resilience, regulatory compliance and long-term value creation.

## 1.3 Assumptions and Limitation

Particulars	Assumptions	Limitations
Data Sources and Methodology	<ul style="list-style-type: none"> <li>Publicly available platforms like ThinkHazard and government portals (IMD, WWF's WRF, CEEW) provide credible baseline hazard exposure data.</li> <li>Research Reports and sector-specific report are representative of current climate science and market/regulatory discourse.</li> <li>Media publications used are from reputed sources and reflect events or policy developments with real-world implications.</li> </ul>	<ul style="list-style-type: none"> <li>ThinkHazard provides high-level, region-based hazard probability classifications, but it does not account for location-specific coordinates, impact modelling or future climate scenario projections.</li> <li>Secondary data and research reports might not have consistency across geographies and may not completely align with global models (e.g., IPCC, WRI) but do represent local climate conditions.</li> <li>No new data was generated during the assessment and the analysis relies on departmental discussion.</li> </ul>
Geographic and Temporal Scope	<ul style="list-style-type: none"> <li>Locations analysed were selected based on their relevance to the client's operations or exposure, as understood at the time of assessment.</li> <li>Risk levels reflect current climate variability and known historical hazard patterns.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of asset-level data (e.g., elevation, terrain, flood defenses) restricts granularity and increases generalization.</li> <li>Temporal aspects are implicitly considered via existing regulatory or trend-based literature.</li> <li>Regional-level hazard data (district/state/country) may not capture microclimate or hyperlocal effects which may arise because of various local reasons.</li> </ul>
Physical Risk Assessment	<ul style="list-style-type: none"> <li>Hazard exposure is a proxy for physical climate risk; <i>for example, high flood hazard is assumed to increase operational and infrastructure risk.</i></li> <li>National and regional classifications (e.g., drought-prone areas, cyclone zones) represent meaningful proxies in absence of site-specific assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Exposure ≠ vulnerability: risk to operations depends also on asset design, resilience measures, early warning systems and response capacity which were captured in the assessment through responses from the Birlasoft.</li> <li>Data gaps exist for slow-onset risks (e.g., sea level rise, heat stress buildup) or compound events (e.g., cyclone + flood) which is an inherent limitation of climate models for such risks.</li> </ul>
Transition Risk Assessment	<ul style="list-style-type: none"> <li>Policy and regulatory shifts considered (e.g., EPR norms, carbon tax discussions, BRSR mandates) are assumed to continue evolving along current trajectories.</li> <li>Literature and industry reports used reflect high-level transition trends relevant to the sector or geography.</li> <li>Risks are assumed to arise from stringent policies, stakeholder pressure, cost of compliance, or reputational risk.</li> </ul>	<ul style="list-style-type: none"> <li>Assessment does not include quantitative modelling of technology costs, or capex impacts.</li> <li>Regulatory timelines may shift, and policies may evolve differently than current assumptions (e.g., delay in carbon markets or ESG mandates).</li> </ul>
Analytical Approach and Interpretation	<ul style="list-style-type: none"> <li>Risk ratings (e.g., very low/low/medium/high) are based on synthesis of multiple data points and qualitative judgment, following industry practice for screening-level assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Qualitative judgment introduces subjectivity, especially where data was sparse, conflicting, or open to interpretation.</li> <li>No confidence intervals (statistical modelling), sensitivity checks were conducted.</li> <li>Assessment is not done for the investment-grade risk underwriting, EHS or legal purposes.</li> </ul>

Particulars	Assumptions	Limitations
	<ul style="list-style-type: none"> <li>Where data was unavailable, rational logic and proxies were used to infer materiality.</li> <li>This assessment supports strategic awareness and prioritization discussions, not operational decision-making and physical safeguards required at the premises.</li> </ul>	<ul style="list-style-type: none"> <li>Outputs are non-binding and advisory in nature intended for internal planning only.</li> </ul>
Internal Interactions and Inputs	<ul style="list-style-type: none"> <li>Discussions with Birlasoft' personnel from the IT, FLM, Presales, Legal, ERM, Procurement and ESG team provided context-specific insights that are otherwise unavailable in public data.</li> <li>Information received is assumed to be accurate, complete and reflective of on-ground realities, to the best of the respondents' knowledge.</li> <li>Inputs around physical vulnerability, risk mitigation infrastructure, business continuity practices and regulatory preparedness are treated as fact-based, unless explicitly marked as opinion or perception.</li> </ul>	<ul style="list-style-type: none"> <li>Responses may reflect individual knowledge gaps, subjective perspectives, or internal communication constraints.</li> <li>Unintentional omissions or optimistic biases may exist, especially where no formal data tracking or documentation is in place.</li> <li>Insights may not be uniform across plants/locations due to variation in awareness levels, training, or access to risk information.</li> <li>No formal audits, field visits, or physical inspections were conducted to verify the claims made by the departments.</li> </ul>

2

Climate Risk Assessment

## 2. Climate Risk Assessment for Birlasoft

The Climate Risk Assessment forms a critical component of Birlasoft's broader sustainability roadmap, which targets carbon neutrality by 2040 and net-zero emissions by 2050. By embedding scenario-based analysis and forward-looking metrics, the report provides stakeholders with insights into potential financial impacts under multiple climate pathways, including orderly, disorderly and high-warming scenarios. This approach not only strengthens Birlasoft's enterprise risk management framework but also positions the company to capture emerging opportunities in digital sustainability solutions, such as carbon management platforms and green IT services. The proactive ESG governance and ESG-aligned initiatives and innovation are demonstrated in this climate risk assessment report in the following section:

- ESG Governance structure
- Climate Risk Strategy
- Climate risk management
- Metrics and targets

### 2.1 ESG Governance structure

At Birlasoft, sustainability is a core component of our strategic and operational framework. To ensure focused oversight and integration of Environmental, Social and Governance (ESG) principles, the Company has established a dedicated ESG Committee and adopted a formal ESG Policy. This Committee guides the Company's sustainability journey by aligning ESG initiatives with corporate objectives, stakeholder expectations and global standards.

The Board of Directors plays a significant role in shaping and overseeing Birlasoft's purpose, values, strategies and sustainability goals. To enhance focus and expertise, the Board has delegated specific responsibilities to its committees.

The Risk Management Committee (RMC) and the ESG Committee have been empowered to oversee ESG risks alongside business, geopolitical and operational risks; evaluate ESG-related risks and integrates them into the Enterprise Risk Management (ERM) and business strategies. Both committees report regularly to the Board, which retains ultimate accountability for reviewing ESG risks, opportunities and the effectiveness of due diligence processes. These reviews occur at least annually, or more frequently as needed, to ensure robust and responsive risk management aligned with Birlasoft's sustainability commitments. The ESG Committee, though not statutory, plays a critical role in steering the Company's sustainability strategy, assessing ESG risks and tracking progress against ESG goals.

ESG Taskforce, is a cross-functional operational team led by the Head of Sustainability to support these efforts ESG risk assessment. The Taskforce includes representatives from key functions such as Company Secretarial, Human Resources, Learning & Development, Marketing, Procurement, CSR, Facilities, Finance, Legal, Internal Audit, Business Excellence, CISO & Data

Privacy, Investor Relations, DEI and IT. Additional departmental representatives are engaged as needed to address specific sustainability risks and initiatives.

The Taskforce is responsible for developing ESG initiatives, KPIs and monitoring frameworks to support the Company’s ESG strategy. It also drives stakeholder engagement and alignment efforts, reporting its activities to the ESG Committee. ESG performance indicators are monitored to ensure environmental compliance and timely risk mitigation. The Board retains ultimate oversight of Birlasoft’s sustainability reporting, reviewing and approving disclosures to ensure accuracy, completeness and alignment with strategic objectives and ethical standards.

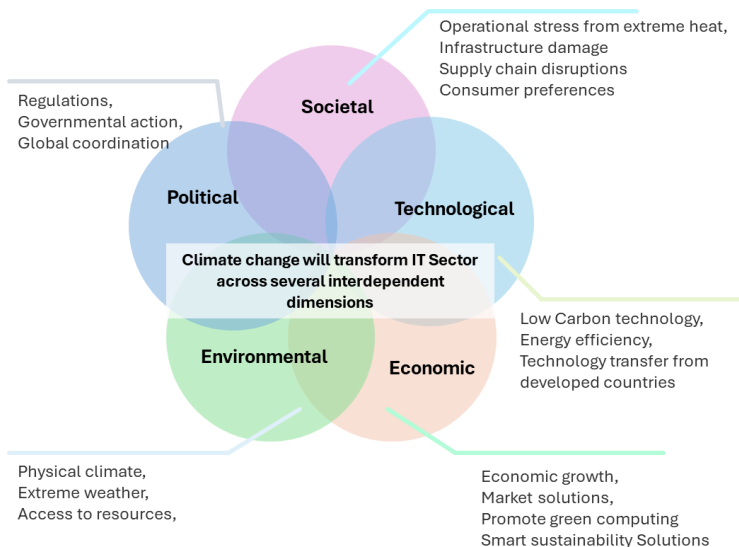
Birlasoft integrates the metrics into the compensation of performance evaluation of our employees, management, and senior leadership into the scorecard and performance review framework, especially for its CEO, CHRO, and CFO. In addition to this, the Key Result Areas (KRAs) indirectly influence other cross-departments for annual performance review, bonuses, monetary incentives, and recognition programs, ensuring accountability for the ESG priorities (Sustainability Report FY 2024-25 page 45).

## 2.2 Climate Risk Strategy

Climate Change is a material risk. Physical risks associated with the extreme weather changes disrupts the assets and supply networks whereas the transition risk is associated with policies adopted to decarbonize the global economy and is likely put sectors and companies at risks of transitional failure. Both types of climate risk pose the possibility of slowing economic growth if poorly handled, making it less conducive to investment in general. Investors need to be aware of both the effects of their investments on the climate as well as how climate change affects those assets.

Climate change presents substantial financial opportunities and challenges for the IT sector, both now and in the future. In 2022, global investment in the low-carbon energy transition was \$1.1 trillion for the faster deployment of clean energy technologies<sup>4</sup>.

*Figure 3: Climate Change Risks and Opportunities for IT Sector*



<sup>4</sup> <https://about.bnef.com/blog/global-low-carbon-energy-technology-investment-surges-past-1-trillion-for-the-first-time/>

However, depending upon the climate-related risks, the risk-return profile may change depending upon the physical and transition risk factors. Due to this transition to a lower-carbon economy requires significant changes across economic sectors and industries in the near term, the IT sector is looking forward to opportunities to support informed decision-making through *smart sustainability solutions* considering climate-related risks and opportunities, aimed at smooth transition to a lower-carbon economy.

### 2.2.1 Identification of key physical hazards for Birlasoft

Climate Action and Energy Management is a material issue to Birlasoft. Birlasoft has conducted preliminary hazard assessment to evaluate climate-related hazard exposure across Birlasoft's operational sites. The analysis is based on secondary research and is intended to support strategic decision-making and climate risk awareness and was carried out using a desktop-based review of publicly available climate data and risk indices. Sources included IPCC AR6 reports, ThinkHazard by the World Bank, research papers and publications from organizations such as the Department of Science and Technology, WRI, CEEW and NDMA. The current Hazard assessment acts as a proxy for physical climate risk; for example, high flood hazard is assumed to increase operational and infrastructure risk. National and regional classifications (e.g., drought-prone areas, cyclone zones) represent meaningful proxies in absence of site-specific assessments.

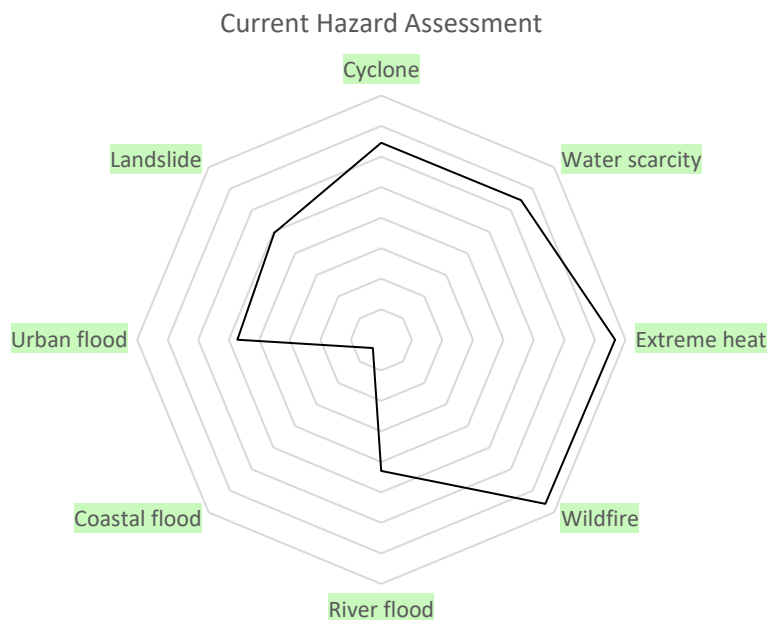
The hazard assessment considered both office spaces and data centres. Office locations were weighted based on the number of employees, while data centres were weighted according to their data storage capacity. Each location was evaluated for exposure to eight types of hazards: cyclone, water scarcity, extreme heat, wildfire, river flood, coastal flood, urban flood and landslide. Hazard ratings were assigned on a scale of *Very Low, Low, Medium and High*. Preliminary scores were calculated and multiplied by their respective weightages to derive a consolidated hazard score for Birlasoft. Equal weightage (50%) was assigned to office spaces and data centres in the final scoring. The assessment covered the operational office locations: Noida (UP), Pune (MH), Chennai (TN), Bengaluru (KA), Hyderabad (TL), Mumbai (MH) and Coimbatore (TN). Data centres assessed included Nutanix (SDB1 & SDB2), NetApp(SDB2) and VDI(SDB1 & SDB2), all located at Pune campus. Based on the consolidated scores, the following hazard ratings were determined: Cyclone, Water Scarcity, and Extreme Heat were rated as High Risk. River Flood, Urban Flood and Landslide were rated as Medium Risk. Coastal Flooding was rated as Very Low Risk due to the inland location of most sites. These ratings were refined following stakeholder consultations to map impact and vulnerability more accurately (section 2.2.4). These findings underscore the need for proactive risk management and resilience planning.

Figure 4: Physical hazard heatmap for locations where Birlasoft operates

Physical risk/Site	Offices							Data centres			Total
	Noida	Pune	Chennai	Bang.	Hyd.	Mum.	Comb.	Nutan DC	NetApp DC	VDI DC	
Cyclone	High	High	High	Medium	Medium	Medium	High	High	High	High	High
Water scarcity	High	Medium	High	High	High	Medium	Medium	Medium	Medium	Medium	High
Extreme heat	High	High	High	Medium	Medium	High	High	High	High	High	High
Wildfire	High	High	Medium	Medium	High	High	High	High	High	High	High
River flood	High	Medium	Medium	Medium	Medium	Very Low	Medium	Medium	Medium	Medium	Medium
Coastal flood	Very Low	Very Low	Medium	Very Low	Very Low	Medium	Very Low	Very Low	Very Low	Very Low	Very Low
Urban flood	High	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Landslide	Very Low	Medium	Very Low	Medium	Very Low	Medium	Medium	Medium	Medium	Medium	Medium

Impact	Description
Very low	Hazard is negligible; no significant impacts anticipated.
Low	Hazard is low but could increase without adaptation; limited disruptions possible.
Medium	Clear signs of hazard; moderate impacts on operations, assets, or value chains.
High	Hazard is significant; requires proactive adaptation to avoid large-scale disruption.

Figure 5: Current Hazard Assessment for Birlasoft

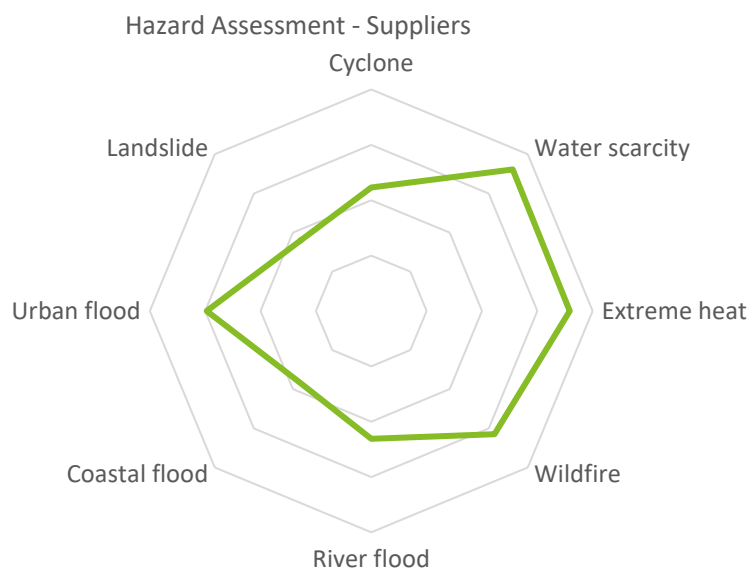


### 2.2.2 Identification of key physical hazards for value chain partners

Birlasoft's value chain is increasingly exposed to climate-related disruptions that manifest through both physical hazards and transition dynamics. On the physical side, the assessment highlights recurrent stressors such as water scarcity, extreme heat, wildfires, cyclones and various flooding types (river, coastal and urban); these can degrade asset reliability, raise operating costs and interrupt service delivery. Transition risks, arising from tightening regulations, shifting market expectations and technology adoption pressures, compound these exposures by influencing procurement choices and customer demands for greener, more resilient solutions.

The Preliminary Hazard Assessment focused on the top 50% suppliers by procurement value and the top 50% customers by revenue contribution, reflecting those entities most material to Birlasoft's commercial and operational outcomes. Within each category, individual entities were assigned weightages based on the percentage of procurement done compared to total procurement (for suppliers) and revenue generated by total revenue (for customers). Preliminary hazard scores were calculated for each location through secondary research. These scores were then multiplied by their respective weightages. The weighted scores were summed to obtain a consolidated hazard score for Birlasoft's value chain. Publicly available climate and hazard platforms (e.g., ThinkHazard and government/industry portals) served as baseline references, with departmental consultations providing context for operational vulnerability and existing mitigation practices. Hazards assessed include cyclones, water scarcity, extreme heat, wildfires, river floods, coastal floods, urban floods and landslides.

Figure 6: Physical hazard assessment for Birlasoft's suppliers



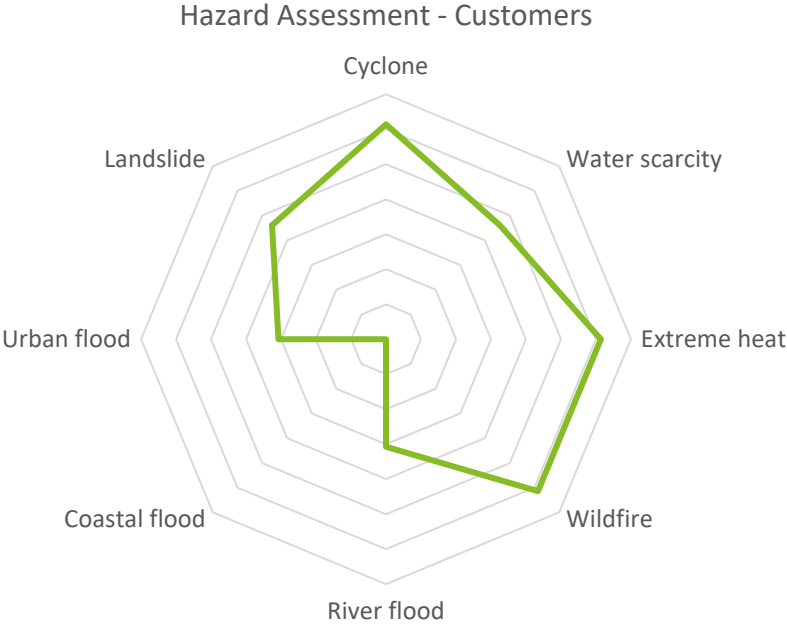
The consolidated hazard scores for suppliers rank water scarcity and extreme heat as highest bracket, followed by wildfires, indicating sustained stress on cooling loads, occupational safety

and service uptime. These hazards can elevate utilities consumption for power and water (especially for data centre–adjacent workloads and office facilities), increase dependence on backup power and compel upgrades in HVAC and fire protection systems.

Urban flooding and cyclones appear in the medium range, signalling episodic but material risks to last-mile logistics, facility access and physical asset condition. River flooding, coastal flooding and landslides risk are very low as compared to heat and water stress but can be significant for specific sites, particularly where local drainage, terrain, or coastal proximity amplifies exposure. Practically, this risk mix implies potential rises in insurance premiums, energy costs and business continuity spending, coupled with the possibility of employee relocation or flexible work arrangements during heatwaves or flood events. It also underscores the value of supplier engagement on water stewardship, demand-side energy efficiency and resilient facility design (e.g., improved shading, high-efficiency chillers, leak detection and wildfire defensible space).

For the customer cohort, the preliminary assessment indicates cyclones, extreme heat, wildfires and urban flooding as the dominant risk categories affecting continuity and service levels. While the profile varies by geography, the overall customers face elevated weather volatility that can disrupt onsite operations, impair IT service availability and influence procurement preferences toward resilient, low-carbon offerings. Water scarcity and river flooding present medium risk overall, still meaningful for capacity planning, siting and sustainability commitments. In practice, these exposures may drive customers to seek more stringent ESG alignment and climate-resilient IT solutions which may include greener cloud options, power-efficient architectures and advanced business continuity measures (redundant sites, diversified connectivity and climate-informed recovery plans).

Figure 7: Physical hazard assessment for Birlasoft’s customers



### 2.2.3 Water Risk Assessment for Birlasoft

The water risk assessment was conducted using WWF Water Risk Filter tool to identify and evaluate manage water-related risks across Birlasoft’s operational locations. The analysis highlights high-level identification of the hotspots where water availability and drought risks are most severe, while also considering governance, infrastructure and flood exposure. The high-level water risk analysis reveals significant variation across Birlasoft’s sites. Noida, Chennai, Bengaluru and Hyderabad emerge as high-risk locations due to acute water availability constraints and frequent rainfall variability, whereas Mumbai and Pune exhibit relatively lower risk levels. Although flood hazards appear low in most regions, recent extreme rainfall events in coastal cities underscore the need for robust flood preparedness. The overall risk scores, derived from WWF indicators, suggests that proactive measures are essential to safeguard operations in high-risk areas.

Noida faces severe groundwater depletion and high drought probability, necessitating immediate action on regional rainwater harvesting initiatives and supply diversification. Bengaluru’s escalating borewell crisis and water stress demand aggressive demand management and reuse strategies. Coimbatore’s vulnerability stems from Noyyal River pollution, requiring enhanced water quality monitoring and pretreatment systems. Mumbai, despite lower stress, remains exposed to urban flooding during intense monsoon spells, calling for drainage upgrades and continuity planning. Chennai’s dual challenge of drought and flooding highlights the need for integrated resilience measures, including storage and drainage improvements. Pune shows moderate risk but requires vigilance on seasonal groundwater fluctuations, while Hyderabad’s persistent drought and groundwater stress necessitate multi-source planning and reuse. The accompanying heatmap, ‘Water Risk Assessment for Birlasoft Locations,’ highlights our thorough evaluation of water-related risks across various regions.

Figure 8: Water Risk Assessment for Birlasoft Locations,

Risk Indicators		Locations						
		Noida	Bangaluru	Coimbatore	Mumbai	Chennai	Pune	Hyderabad
<b>Water Availability</b>	Water Depletion	Red	Red	Red	Yellow	Red	Yellow	Red
	Baseline Water Stress	Red	Red	Yellow	Yellow	Red	Red	Red
	Blue Water Scarcity	Red	Red	Red	Red	Red	Red	Red
	Groundwater	Red	Red	Yellow	Yellow	Red	Green	Red
<b>Drought</b>	Drought Frequency Probability	Red	Yellow	Red	Green	Red	Green	Red
	World Atlas of Desertification	Red	Red	Red	Yellow	Red	Red	Red

Risk Indicators		Locations						
		Noida	Bangaluru	Coimbatore	Mumbai	Chennai	Pune	Hyderabad
<b>Flooding</b>	Flood hazard	Red	Green	Yellow	Green	Green	Green	Green
<b>Enabling Environment</b>	Freshwater Policy Status (SDG 6.5.1)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Institutions &amp; Governance</b>	Private Sector Participation in Water Management (SDG 6.5.1)	Red	Red	Red	Red	Red	Red	Red
<b>Management Instruments</b>	Management Instruments for Water Management (SDG 6.5.1)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	Density of Runoff Monitoring Stations	Red	Yellow	Red	Red	Yellow	Yellow	Yellow
<b>WASH Infrastructure</b>	Access to Basic Safe Drinking Water	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

Risk rating classification

Very High	High	Medium	Low	Very Low
Red	Red	Yellow	Yellow	Green

By integrating WWF’s basin-level insights with current regional trends, Birlasoft has strategically aligned its business operations to identify actionable strategies that mitigate risks and enhance water security (**Sustainability Report 2024-2025 Page 98-101**). These initiatives include transforming wastewater into a valuable resource through advanced treatment technologies such as the CAMUS®-SBT® (Continuous Advanced Multistage System – Soil Biotechnology) Sewage Treatment Plant and implementing a “Zero Liquid Discharge (ZLD)” mechanism across all facilities.

At the Pune campus, a well-engineered stormwater drainage system efficiently manages rainwater runoff, preventing flooding and waterlogging. Birlasoft has also conducted a feasibility study for a rainwater harvesting system at this location, with implementation planned in the coming years. Additionally, the company intends to introduce Atmospheric Water Generators (AWGs) at the Pune campus. AWGs extract moisture from the air and condense it into potable water, providing a reliable and renewable water source in regions with high humidity.

## 2.2.4 Climate Risk Assessment for Birlasoft

### Climate Risk Assessment

Birlasoft has set ambitious sustainability goals towards climate action and drive long-term environmental stewardship. The Company aims to increase the share of renewable energy to 30% of its total electricity consumption and reduce Scope 2 emissions by FY 2029-30. It has also committed to achieving **Carbon Neutrality by 2040** and reaching **Net-Zero** greenhouse gas emissions **by 2050**.

A sizeable portion of Birlasoft's enterprise clients now prioritize sustainability when selecting digital service providers. With majority of clients actively revising their ESG mandates, Birlasoft faces increasing market risk if its solutions do not align with evolving expectations for sustainable and climate-conscious digital services. In line with its commitment to climate resilience and water stewardship, Birlasoft has conducted a comprehensive climate risk assessment (CRA) across its operations and value chain. This assessment aimed to identify physical and transitional risks, as well as emerging risk and opportunities under various climatic conditions prevalent at the locations where Birlasoft offices are located. It has been conducted in accordance with globally recognized frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the IFRS S2 standard issued by the International Sustainability Standards Board (ISSB).

Birlasoft conducted a comprehensive desktop review of publicly available climate data and risk indices, including IPCC's Sixth Assessment Report (AR6), ThinkHazard and relevant research papers. This analysis enabled the identification of site-specific exposure to climate hazards such as extreme heat, flooding and water stress. To ensure a detailed understanding of risk exposure and potential financial impacts, the assessment has integrated historical and location-specific observations, including facility locations, material sourcing points, production volumes, sales and revenue and have engaged with a diverse set of stakeholders to gather insights from various operational levels, ensuring the relevance and accuracy of the assessment outcomes. This objective of inclusive approach was enhance the effectiveness of the Company's climate risk management strategies and strengthen its overall risk management framework. The CRA evaluated both physical climate risks and transition risks across our operational footprint, providing strategic insights into vulnerabilities, mitigation measures and emerging opportunities.

To validate findings and gather localized insights, cross-functional internal stakeholders—including Procurement, Plant Operations, Finance and Marketing—were engaged through focused workshops. These sessions helped confirm secondary research, uncover location-specific vulnerabilities and identify existing mitigation practices.

Each identified climate risk was assessed using a standardized framework based on three parameters: **Exposure**, **Impact** and **Vulnerability**. Risks were scored on a scale from low to extreme for each parameter and aggregated to determine overall risk intensity by site and hazard type.

The final output was a set of location-specific heatmaps that highlighted:

- Key climate hazards (e.g., flooding, drought, heat stress) by geography
- Comparative risk exposure across Indian and international operations

**Definitions Used in the Framework:**

- **Hazard:** A potentially damaging climate-related event or trend—such as floods, heatwaves, cyclones, or sea level rise—measured by its likelihood and intensity (e.g., a 1-in-100-year flood).
- **Impact:** The potential consequences of a hazard, including loss of life, economic damage, infrastructure disruption, or service interruption.
- **Vulnerability:** The degree to which people, assets, or systems are exposed and unable to cope with or recover from a hazard (e.g., data centres lacking flood defenses).

Parameter	Definition	1 – Very Low	2 – Low	3 – Medium	4 – High
<b>Hazard</b>	<i>How often and how strong is the climate event (like heatwaves, floods)?</i>	Climate-related hazard is negligible. No significant physical threat is expected.	Hazard is minor and infrequent, with low intensity and limited impact.	Hazard is plausible and may occur occasionally with moderate intensity.	Hazard is likely or recurrent, with significant intensity or duration.
<b>Impact</b>	<i>What happens to your operations if this event occurs?</i>	Climate hazard with minimal to no impact, unlikely to disrupt operations.	Low likelihood or a hazard with small to moderate impacts that could be managed	Moderate likelihood or moderate impact, possibly requiring some interventions	High likelihood or significant impact, requiring major adaptations and operational changes.
<b>Vulnerability</b>	<i>How easily can your site be affected and how ready are you?</i>	Very low sensitivity and high adaptive capacity in place.	Low to moderate sensitivity, with moderate climate mitigation plans in place	Moderate level of sensitivity and susceptibility to climate hazards	Plant site is highly susceptible to negative impacts of climate hazards

**The Risk is defined as a function of hazard, impact and vulnerability**

$$\text{Magnitude of Risk} = f(\text{Hazard, Impact, Vulnerability})$$

Risk Level	Score Range (Range ∈ [1,4] , Interval = 0.9)	Description
Very Low Risk	0.01 – 1.00	Risk is negligible or well-managed; no significant impacts anticipated.
Low Risk	1.01 – 2.00	Risk is low but could increase without adaptation; limited disruptions possible
Medium Risk	2.01 – 3.00	Clear signs of risk; moderate impacts on operations, assets, or value chains
High Risk	3.01 – 4.00	Risk is significant; requires proactive adaptation to avoid large-scale disruption

*Physical Climate Risks*

The Physical Risk Assessment (PRA) evaluates climate-related threats across Birlasoft’s operational sites using a structured methodology that considers three core parameters: **Hazard**, **Impact** and **Vulnerability**. Hazards refer to the likelihood and intensity of climate events such as floods, cyclones, heatwaves and wildfires. Impact assesses the potential consequences of these events on operations, while vulnerability gauges the exposure and preparedness of assets and systems. Each parameter is rated on a scale from Very Low to High and the overall magnitude of risk is derived as a function of these three dimensions. The assessment applies this framework to multiple Birlasoft locations—Pune, Mumbai, Noida, Chennai, Coimbatore, Hyderabad and Bengaluru—highlighting site-specific risks and mitigation strategies.

In Pune, medium risks are associated with cyclones and extreme heat, while other hazards such as water scarcity, wildfires and flooding are rated low due to strong infrastructure and adaptive measures. Mumbai faces medium risk from extreme heat, with low risks for other hazards owing to its robust drainage systems and coastal safeguards. Noida shows medium risk for water scarcity and extreme heat, with low or very low risks for other hazards, supported by efficient cooling and secure siting. Chennai presents medium risks from cyclones, water scarcity, extreme heat and coastal flooding, but maintains low vulnerability through resilient infrastructure and proactive management. Coimbatore’s medium risks stem from cyclones and extreme heat, while other hazards remain low due to effective drainage and HVAC systems. Hyderabad and Bengaluru both exhibit medium risks for water scarcity and extreme heat, with low or very low risks for other hazards, thanks to inland geography and strong operational safeguards.

The heatmap and aggregated risk charts further illustrate the relative exposure across climate dimensions, with extreme heat and water scarcity emerging as the most prominent risks across sites. However, Birlasoft’s consistent application of climate resilience measures—such as elevated equipment, redundant cooling systems and preventive drainage—ensures that most risks remain within manageable bounds. The PRA concludes that while certain acute and chronic climate hazards pose moderate threats, the company’s infrastructure and preparedness

significantly mitigate operational disruptions, maintaining overall risk at low to medium levels across its locations.

Table 1: Summary of the Climate Risk Assessment for Birlasoft: Physical risks

Risk	Observations
<b>Extreme Heat</b>	All sites face medium risk due to recurring heatwaves, with temperatures often exceeding 40°C. Cooling infrastructure and energy-efficient systems have helped mitigate operational impacts.
<b>Water Scarcity</b>	Medium risk in Noida, Hyderabad and Bengaluru due to groundwater stress and seasonal variability. Birlasoft’s water conservation practices and backup systems have ensured continuity
<b>Cyclones &amp; Coastal Floods</b>	Many of the locations are moderately exposed to cyclonic activity and Chennai has a medium risk to coastal flooding. Resilient infrastructure and elevated operations have minimized disruptions
<b>Urban Flooding</b>	Seasonal waterlogging is a concern in low-lying areas, but preventive drainage systems and strategic siting have kept operations stable
<b>Wildfires &amp; Landslides</b>	These risks are generally low across all sites, with no recorded incidents affecting operations.

Table 2: Physical Climate Risk Assessment for Pune Location, Birlasoft

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	High	Very Low	Low	Pune’s inland location limits cyclone severity, though Arabian Sea storms increasingly reach interior regions. Birlasoft’s certified buildings, elevated equipment reduces disruption likelihood, leaving controlled risk exposure.	Medium
Acute	Water scarcity	Medium	Very Low	Very Low	Despite Pune’s Medium scarcity from growth and droughts, Birlasoft avoids disruption through efficient VRF cooling, conservation accolades and backup tanker supply. Strong practices and reserves maintain resilience, yielding Low operational vulnerability overall.	Low
Acute	Extreme heat	High	Low	Low	No incidents recorded; minimal exposure reduces vulnerability. Regional fire hazard warrants monitoring, but current operational risk remains controlled and moderate.	Medium
Acute	Wildfires	High	Very Low	Very Low	Though Pune is located in Western Ghats, the risk related to wildfires are Low	Low

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
					considering the topography and the local climatic conditions.	
Acute	River flood	Low	Very Low	Very Low	Short-lived waterlogging occurs in Pune during intense rainfall, unlike metro-level disruptions. Birlasoft's drainage systems and secure siting of critical assets prevent interruptions, resulting in negligible operational exposure and consistently Low flood risk.	Low
Acute	Urban flood	Low	Very Low	Very Low	Western Ghats create medium hazard during monsoon, but Birlasoft's offices are in stable urban zones. No incidents recorded; infrastructure is secure, leaving landslide risk Low despite regional geographic susceptibility to slope failures.	Low
Chronic	Landslide	Medium	Very Low	Very Low	Pune is an inland city without coastal interface or tidal influence. Hence, Birlasoft's facilities have zero exposure to coastal flooding hazards, making this peril irrelevant and not applicable to risk assessment.	Low

Table 3: Physical Climate Risk Assessment for Mumbai Location, Birlasoft

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	Low	Very Low	Low	Mumbai faces occasional Arabian Sea cyclones like Nisarga (2020), but events remain infrequent and weaker than Bay of Bengal storms. Structural safeguards and incident protocols minimise operational exposure.	Low
Acute	Water scarcity	Low	Very Low	Low	Mumbai's reservoir system ensures reliable supply, with only seasonal shortages during weak monsoons. Birlasoft's shared water management, VRF cooling and tanker backup reduce dependency	Low

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Extreme heat	High	Low	Low	High temperatures and humid conditions strain Mumbai, worsened by urban heat island effects. Birlasoft's redundant precision cooling and proactive monitoring maintain stable indoor environments.	Medium
Acute	Wildfires	High	Very Low	Very Low	Sanjay Gandhi National Park records recurring wildfires in dry seasons, yet Birlasoft's urban offices are well-insulated from these hazards, making wildfire exposure negligible though background hazard remains High.	Low
Acute	River flood	Very Low	Very Low	Very Low	Mumbai is not a major riverine city; river flood hazard is Very Low, leaving negligible vulnerability and Very Low assessed risk overall.	
Acute	Coastal flood	Low	Very Low	Very Low	Coastal flooding occasionally arises from High tides, surges, or intense rains, but events are limited. Birlasoft's facilities remain unaffected, supported by drainage and pump systems, keeping coastal flood risk contained and Low.	Low
Acute	Urban flood	Low	Very Low	Very Low	Intense rains cause localised waterlogging, though citywide drainage systems prevent prolonged flooding. Birlasoft offices have avoided disruptions due to preventive measures and secure siting.	Low
Chronic	Landslide	Medium	Very Low	Very Low	Landslides occur in hilly Mumbai zones during monsoons, particularly near Sanjay Gandhi National Park. Birlasoft's offices are outside such zones with no past incidents, resulting in Very Low operational vulnerability and Low risk.	Low

Table 4: Physical Climate Risk Assessment for Noida Location, Birlasoft

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	Very Low	Very Low	Low	Noida's inland geography ensures negligible cyclone exposure. Though protocols and NBC-compliant infrastructure exist, only minimal vulnerability remains, keeping overall cyclone risk very low for operations.	Low
Acute	Water scarcity	High	Very Low	Low	Noida depends heavily on stressed groundwater and Yamuna supply, yet Birlasoft avoids disruption through efficient cooling, shared reserves and tanker backup. Operational vulnerability remains low despite regional scarcity.	Medium
Acute	Extreme heat	High	Low	Low	Heatwaves regularly exceed 45°C in Noida, amplified by urban heat island effects. Birlasoft's redundant cooling, monitoring and facility management ensure resilience, limiting risk to manageable operational impacts.	Medium
Acute	Wildfires	High	Very Low	Very Low	Nearby dry vegetation and Aravalli fringes present wildfire hazard, but Birlasoft's offices are urban and unaffected. No incidents reported, leaving current operational wildfire risk low.	Low
Acute	River flood	High	Very Low	Very Low	Proximity to the Yamuna increases flood hazard during monsoons, yet Birlasoft offices are secure, with preventive drainage and siting protections keeping operational risk at a medium level.	Low
Acute	Urban flood	High	Very Low	Very Low	Rapid urbanisation and poor drainage create high waterlogging risk. Birlasoft's drainage safeguards and secure siting prevent operational disruption, keeping actual vulnerability and overall risk manageable.	Low

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Chronic	Landslide	Very Low	Very Low	Very Low	Noida's flat plains prevent landslide hazards. With no hills or slopes nearby, Birlasoft facilities face no exposure, leaving vulnerability negligible and overall risk very low.	Very Low

Table 5: Physical Climate Risk Assessment for Chennai Location, Birlasoft

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	Very Low	Very Low	Low	Chennai faces frequent Bay of Bengal cyclones, yet Birlasoft's resilient NBC-compliant infrastructure, ITIL protocols and higher-floor operations ensure continuity. Since 2015, only one event caused three days downtime.	Medium
Acute	Water scarcity	High	Very Low	Low	Chennai experiences recurrent water crises, but Birlasoft relies on shared reserves, efficient cooling and tanker backup. With no operational disruptions reported, vulnerability remains contained.	Medium
Acute	Extreme heat	High	Low	Low	Heatwaves often exceed 42°C, yet redundant precision cooling, monitoring and facility scaling ensure stable operations. Energy demand rises slightly in summer, but no significant productivity impacts are observed.	Medium
Acute	Wildfires	High	Very Low	Very Low	Chennai's urban profile limits wildfire risk, with rare scrubland fires on outskirts. Birlasoft offices remain unaffected, with no recorded disruptions, leaving wildfire exposure and vulnerability very low.	Low
Acute	River flood	High	Very Low	Very Low	Rivers like Coolum and Adyar occasionally flood during monsoons, but Birlasoft facilities avoid disruption through drainage safeguards and siting. Since 2015, no major operational impacts have been recorded.	Low

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Coastal Flood	Medium	Low	Low	Low-lying coastlines expose Chennai to storm surges and tides, yet Birlasoft offices remain secure. Preventive maintenance and sump systems limit impacts,	Medium
Acute	Urban flood	High	Very Low	Very Low	Poor drainage causes seasonal waterlogging in Chennai, but Birlasoft sites are unaffected. Preventive drainage and sump checks mitigate impacts, with no significant operational disruption since the 2015 floods.	Low
Chronic	Landslide	Very Low	Very Low	Very Low	Chennai's flat coastal plains eliminate landslide hazards. With no slope exposure or past incidents, Birlasoft offices face negligible vulnerability and very low operational risk.	Very Low

Table 6: Physical Climate Risk Assessment for Coimbatore Location, Birlasoft

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	High	Very Low	Low	Inland Coimbatore occasionally faces cyclone rains and winds, but Birlasoft's SEZ facility, ITIL protocols and elevated operations minimise exposure and maintain service continuity.	Medium
Acute	Water scarcity	Medium	Very Low	Low	Seasonal shortages affect local reservoirs and the Noyyal River, but shared reserves, tanker supply and efficient HVAC ensure negligible operational impacts for Birlasoft offices.	Low
Acute	Extreme heat	High	Low	Very Low	Summers often exceed 42°C, raising cooling demand. Redundant HVAC, automated monitoring and proactive management ensure stable conditions, limiting both employee productivity impacts and operational risks.	Medium

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Wildfires	High	Very Low	Very Low	Western Ghats see seasonal wildfires, but Birlasoft's urban offices face no direct exposure. No incidents reported, keeping current operational wildfire vulnerability low.	Low
Acute	River flood	Low	Very Low	Very Low	Monsoon rains occasionally swell the Noyyal, but drainage maintenance and sump pumps protect Birlasoft facilities. No recorded flood-related disruptions have affected operations to date.	Low
Acute	Urban flood	Low	Very Low	Very Low	Waterlogging occurs locally during heavy rain, but preventive drainage checks and facility safeguards have kept Birlasoft's operations unaffected, with no flood disruptions reported.	Low
Chronic	Landslide	Low	Very Low	Very Low	Outskirts near the Western Ghats face slope failures, but Birlasoft offices on city plains remain safe, with no incidents recorded and negligible vulnerability.	Low

Table 7: Physical Climate Risk Assessment for Hyderabad Location, Birlasoft

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	Low	Very Low	Very Low	Inland Hyderabad is rarely affected by cyclones. Occasional heavy rainfall from decaying systems occurs, but Birlasoft's protocols and resilient infrastructure keep operational impact minimal.	Low
Acute	Water scarcity	High	Very Low	Low	Hyderabad faces water stress from river dependence and groundwater overuse, yet shared reserves, efficient HVAC and emergency tanker supply maintain uninterrupted operations.	Medium

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Extreme heat	Medium	Low	Low	Summers often exceed 40°C with low humidity. Redundant cooling, automated monitoring and proactive management ensure indoor comfort and minimal operational disruption.	Medium
Acute	Wildfires	High	Very Low	Very Low	Surrounding scrublands and forested outskirts can burn during dry months, but Birlasoft offices remain unaffected with no incidents recorded, keeping operational vulnerability low.	Low
Acute	River flood	Low	Very Low	Very Low	Musi and small rivers flood occasionally during heavy rains, yet drainage, sump systems and facility safeguards prevent disruptions at Birlasoft locations.	Low
Acute	Urban flood	Low	Very Low	Very Low	Localized waterlogging occurs in low-lying neighbourhoods during heavy rain, but Birlasoft offices remain protected by drainage and facility maintenance measures.	Low
Chronic	Landslide	Very Low	Very Low	Very Low	Flat terrain ensures landslide hazard is virtually non-existent. Birlasoft facilities have no exposure or recorded incidents, with negligible vulnerability.	Very Low

Table 8: Physical Climate Risk Assessment for Bengaluru Location, Birlasoft

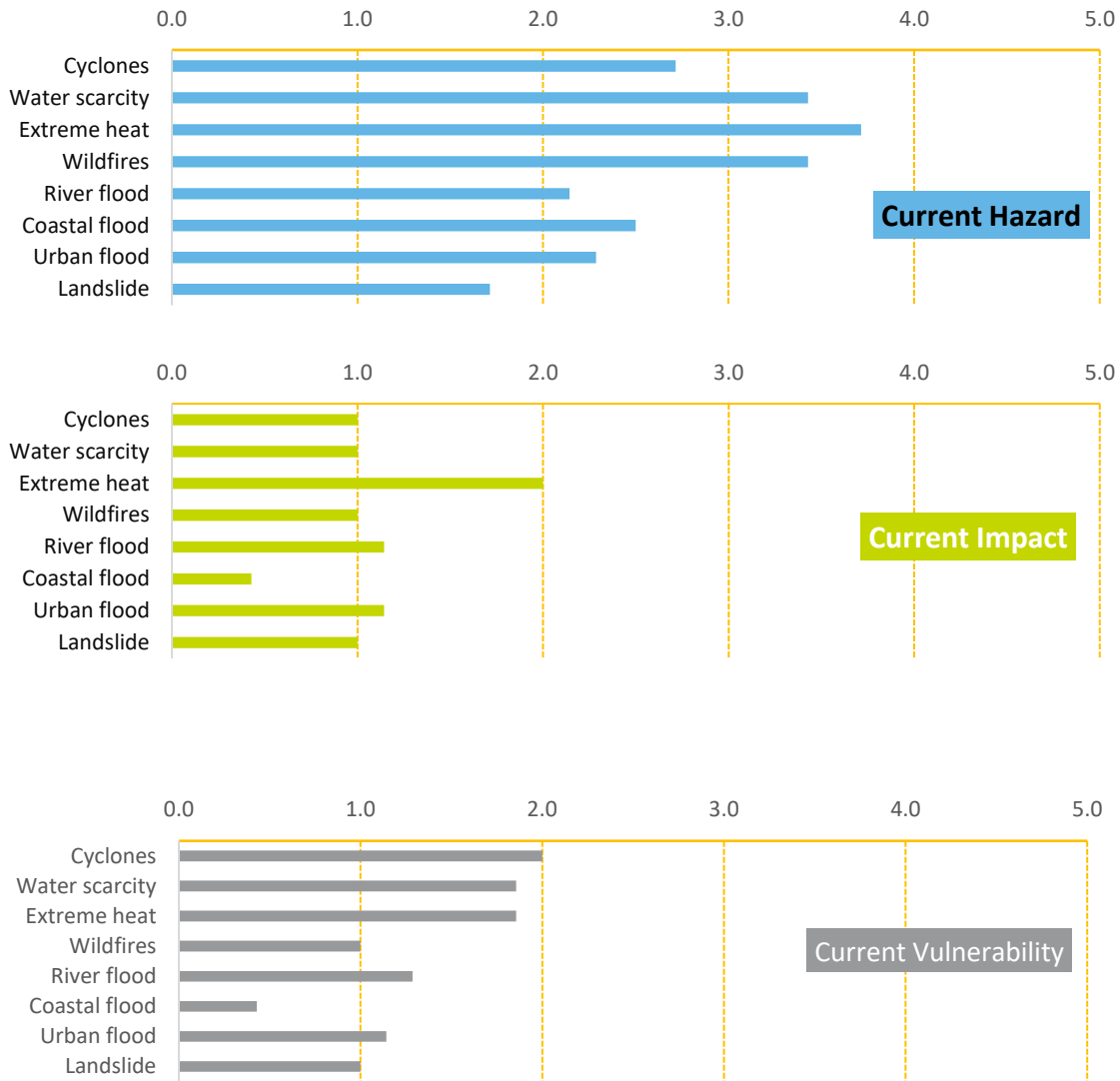
Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Cyclones	Low	Very Low	Low	Inland Bengaluru is rarely impacted by cyclones. Occasional decayed systems bring heavy rain, but protocols and resilient infrastructure keep operations unaffected.	Low
Acute	Water scarcity	High	Very Low	Low	Reliance on lakes, reservoirs and groundwater causes seasonal stress. Shared water reserves, emergency tankers and HVAC independence maintain operational continuity	Medium

Risk Type	Risk	Hazard	Impact	Vulnerability	Rationale	Magnitude of Risk
Acute	Extreme heat	Medium	Low	Low	Summers reach 38–40°C, intensified by urban heat islands. Redundant cooling, proactive management and automated monitoring prevent operational disruptions.	Medium
Acute	Wildfires	Low	Very Low	Very Low	Nearby scrublands and dry patches are fire-prone, but incidents are infrequent and Birlasoft offices remain unaffected.	Low
Acute	River flood	Low	Very Low	Low	Small rivers like Vrishabhavathi flood occasionally during heavy rains, but drainage, sump pumps and facility safeguards keep offices operational	Low
Acute	Urban flood	Low	Very Low	Very Low	Localized waterlogging occurs in low-lying neighbourhoods during heavy rain, but office drainage and maintenance measures prevent operational impact.	Low
Chronic	Landslide	Very Low	Very Low	Very Low	The plateau terrain ensures landslides are virtually non-existent. Facilities have no exposure and no history of disruption.	Very Low

Figure 9: Physical Climate Risk Heatmap for Birlasoft

Physical Risk	Pune	Mumbai	Noida	Chennai	Coimbatore	Hyderabad	Bengaluru
Cyclones	Orange	Yellow	Yellow	Orange	Orange	Yellow	Yellow
Water Scarcity	Yellow	Yellow	Orange	Orange	Orange	Orange	Orange
Extreme heat	Orange	Orange	Orange	Orange	Orange	Orange	Orange
Wildfire	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
River Flood	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow
Coastal Flood	Grey	Yellow	Grey	Orange	Grey	Grey	Grey
Urban Flood	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Landslide	Yellow	Yellow	Green	Green	Yellow	Green	Green

Figure 10: Aggregated Climate Risk across Birlasoft



Overall, Birlasoft’s proactive infrastructure planning, business continuity protocols and climate adaptation measures have resulted in low to medium physical risk levels across all locations.

*Transition Risks (Current and Emerging)*

Birlasoft is exposed to emerging regulatory risks stemming from evolving national legislation focused on environmental performance and sustainability. Key regulatory developments in India underscore the need for proactive compliance and operational alignment. For instance, the Energy Conservation Act, as amended in 2022, mandates industrial entities to implement energy-efficient practices, including continuous monitoring and optimization of energy consumption. These requirements are reinforced by sector-specific guidelines issued by the Bureau of Energy Efficiency, which outline performance standards for equipment, heating and cooling systems and energy management protocols. Similarly, water usage regulations—particularly under the Water

(Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act, 1986— require businesses to monitor and report effluent discharge, obtain necessary consents and comply with groundwater extraction norms in water-stressed regions. Non-compliance may lead to financial penalties, operational restrictions and reputational damage.

The key observations of climate transition risk (current and emerging) are enclosed as below:

Table 9: Transition Risks (Current and Emerging)

Risk Type	Risk	Exposure	Impact	Vulnerability	Rationale	Magnitude of Risk
Regulatory Risk	Stricter compliance requirements under India's Energy Conservation Act, water usage restrictions and ESG disclosure frameworks (BRSR)	Medium	Low	Very Low	<p><b>Hazard/Exposure:</b> Birlasoft faces moderate exposure as its data centres and offices are subject to India's Energy Conservation Act, regional water restrictions and evolving ESG disclosure requirements.</p> <p><b>Impact:</b> Realized impact has been minimal; no non-compliance incidents occurred in the past three years, with quarterly ERM reviews and ESG Committee oversight ensuring proactive mitigation.</p> <p><b>Vulnerability:</b> Low vulnerability exists due to robust compliance tools, global framework alignment and leadership oversight, though evolving ESG regulations mean the company must continually monitor emerging obligations.</p>	Low
	Operational disruptions due to local permit restrictions on water and energy usage	Low	Very Low	Low	<p><b>Hazard/Exposure:</b> Exposure is relatively low; Birlasoft mitigates risks via water recycling, backup energy sources and reduced dependence on municipal utilities and permit approvals.</p> <p><b>Impact:</b> Realized impact has been negligible; no operational disruptions or regulatory breaches reported. Internal audits and business continuity plans ensure smooth operations.</p> <p><b>Vulnerability:</b> Vulnerability is low due to proactive FLM oversight and contingency measures, though stricter future regulations in water-</p>	Low

Risk Type	Risk	Exposure	Impact	Vulnerability	Rationale	Magnitude of Risk
					stressed areas could still pose challenges.	
Reputational Risk	Delays in client deliveries due to extreme weather disruptions	Medium	Very Low	Low	<p><b>Hazard/Exposure:</b> Exposure is medium; extreme weather like floods or heatwaves can disrupt data centres or global delivery facilities, potentially affecting client service timelines.</p> <p><b>Impact:</b> Realized impact is minimal; robust continuity plans, backup systems and alternative work arrangements have prevented visible delivery interruptions and reputational damage so far.</p> <p><b>Vulnerability:</b> Vulnerability is low due to strong continuity planning and force majeure clauses, though simultaneous severe weather events could still strain operations and affect client perceptions.</p>	Low
	Reputational fallout from supplier or partner non-compliance with ESG standards	Medium	Very Low	Low	<p><b>Hazard/Exposure:</b> Medium exposure; Birlasoft's reputation can be indirectly affected if suppliers fail ESG standards, despite mandatory pre-onboarding screening of all vendors.</p> <p><b>Impact:</b> Realized impact is minimal; Supplier Code of Conduct and Global Supplier Management Policy have prevented reputational incidents from third-party breaches so far.</p> <p><b>Vulnerability:</b> Vulnerability is low; strong screening and oversight mitigate risks, though unmonitored lapses by smaller or international suppliers could still cause reputational spillovers.</p>	Low
Reputational Risk	Negative publicity or stakeholder scrutiny around environmental	Medium	Very Low	Low	<p><b>Hazard/Exposure:</b> Medium; heightened visibility as a sustainability-conscious IT provider increases scrutiny from clients, investors, or civil</p>	Low

Risk Type	Risk	Exposure	Impact	Vulnerability	Rationale	Magnitude of Risk
	performance and sustainability claims				<p>society over any perceived gaps.</p> <p><b>Impact:</b> Realized impact is very low; ERM embeds ESG monitoring, annual disclosures maintain transparency and no adverse stakeholder or media incidents have occurred.</p> <p><b>Vulnerability:</b> Low; consistent ESG integration and structured monitoring mitigate risk, though global sustainability scrutiny means vulnerability cannot be considered negligible.</p>	
	Inadequate or delayed crisis communication during environmental or ESG-related incidents	<i>Medium</i>	<i>Very Low</i>	<i>Medium</i>	<p><b>Hazard/Exposure:</b> Medium; operational, regulatory, or supply chain issues can escalate quickly if communication is mismanaged, despite structured protocols reducing exposure.</p> <p><b>Impact:</b> Realized impact is very low; proactive disclosures, stakeholder updates and initiatives like Project Shodhan maintain credibility and prevent reputational harm.</p> <p><b>Vulnerability:</b> Low; integrated communication frameworks and escalation mechanisms mitigate risk, though major incidents with multiple stakeholders could increase vulnerability.</p>	<i>Low</i>

In addition, ESG disclosure compliance as the SEBI BRSR /BRSR Core framework, requires detailed reporting on environmental metrics such as energy and water usage, emissions, waste management and climate-related risks. It also introduces third-party assurance/assessment requirements and value chain disclosures, reinforcing transparency and accountability in sustainability performance

- As Birlasoft advances its sustainability journey, it faces transition risks linked to evolving regulations, stakeholder expectations and market dynamics.
- Regulatory Compliance: Exposure to India's Energy Conservation Act, ESG disclosure mandates (BRSR) and water usage norms is moderate. However, strong internal governance and compliance systems have kept risk levels low.
- Reputational Risk: Potential risks from supplier non-compliance or climate-related service disruptions are mitigated through robust screening, continuity planning and ESG integration.
- Market Expectations: With majority of clients demanding sustainable IT solutions, Birlasoft continues to invest in green IT offerings to maintain competitiveness. Risks from geographic misalignment and competitor positioning are actively monitored.

All transition risks were assessed as low, with Birlasoft demonstrating strong preparedness and adaptability.

#### *Climate-Related Market Risks*

Birlasoft will continue its best practices in energy saving initiatives, energy-efficient technologies and green building certifications for its operational sites. These initiatives not only reinforce its commitment to sustainability but also enhance its ability to respond to climate-related disruptions. Through strategic planning, stakeholder engagement and continuous improvement, Birlasoft is building a resilient and sustainable future aligned with evolving global expectations.

Birlasoft is actively pursuing a decarbonisation strategy that focuses on improving operational efficiency, increasing the use of renewable energy and transitioning from conventional to non-conventional energy sources. A structured Energy Management System (EnMS), aligned with ISO 50001:2018, enables responsible energy use across its facilities. These efforts are led by the Facilities & Logistics Management (FLM), IT and ESG teams, with active participation from employees through daily conservation practices. As part of its commitment to science-based climate action, Birlasoft is aligning with the Science Based Targets initiative (SBTi) and is in the process to finalize and validate its emissions reduction targets. To mitigate the transitional risks, Birlasoft is actively aligning its internal processes, reporting mechanisms and sustainability initiatives with national legislation and ESG frameworks. This includes enhancing data collection systems, engaging with regulatory bodies and integrating compliance into enterprise risk management.

Risk Type	Risk	Exposure	Impact	Vulnerability	Rationale	Magnitude of Risk
Market Risk	Rising client expectations for sustainability in digital services	Medium	Very Low	Low	<p><b>Hazard/Exposure:</b> High; 70–80% of enterprise clients increasingly demand sustainable IT solutions, with competitors’ stronger ESG offerings potentially affecting market share.</p> <p><b>Impact:</b> Realized impact is negligible or positive; Birlasoft’s ESG initiatives and client climate engagement has strengthened reputation and relationships.</p> <p><b>Vulnerability:</b> Medium; maintaining competitive advantage requires ongoing investment in green IT, net-zero services and advanced carbon management as client expectations rise.</p>	Low
	Competitive pressure on sustainability-driven product positioning	Medium	Very Low	Medium	<p><b>Hazard/Exposure:</b> Medium; clients value low-carbon, sustainable IT, but aggressive competitor ESG positioning could challenge Birlasoft’s differentiation.</p> <p><b>Impact:</b> Realized impact negligible; positive client reception strengthens reputation and trust in sustainability-focused digital solutions.</p> <p><b>Vulnerability:</b> Medium; continuous ESG innovation, certifications and renewable-powered IT solutions are needed to maintain competitive advantage.</p>	Low
	Geographic misalignment between client ESG priorities and Birlasoft’s market focus	Medium	Low	Medium	<p><b>Hazard/Exposure:</b> Medium; strong ESG demand in Europe contrasts with US-focused operations, creating potential strategic misalignment.</p> <p><b>Impact:</b> Realized impact minimal; European client expectations met while maintaining cost-effective US business growth.</p> <p><b>Vulnerability:</b> Medium; competitors with deeper European ESG presence could capture market share if regional ESG requirements accelerate.</p>	Medium

Birlasoft also invests in managing transitional risks arising from evolving national regulations related to environmental performance and ESG disclosures. These investments are projected over a medium to long-term horizon (3–7 years) and include:

- Development of a comprehensive ESG strategy and roadmap,
- Establishment of an internal ESG governance team,
- Integration of ESG objectives with legal and enterprise risk management frameworks,
- Internal capacity building and training programs,
- Other compliance-related expenditures.

These measures ensure alignment with key regulations such as India’s Energy Conservation Act and SEBI’s BRSR Core framework, enabling Birlasoft to maintain regulatory compliance, mitigate financial and reputational risks and support sustainable operations.

### 2.2.5 Emerging Risks for Birlasoft

In FY 2024-25, Birlasoft identified key emerging risks, in line with our broader risk assessment procedures and systems. While these risks may have impacts on the business in the long-term, the anticipation of mitigating actions required allows us to improve our resilience and preparedness as we continue to grow. In line with our commitment to transparency and disclosure, the emerging risk descriptions and respective mitigation plans are disclosed below

#### *Emerging Risk Event # 1 Environment, Social and Governance (ESG) Non-Compliance Risk*

The rapid rise of ESG (Environmental, Social, and Governance) risks has created a globally interconnected set of challenges that significantly impact a Company’s reputation with all stakeholders. It is crucial to revitalize ESG initiatives to align with the evolving sustainability landscape and meet the expectations of investors, customers, and regulators regarding ESG practices. Failure to manage these risks effectively can result in reputational damage, loss of business opportunities, and potential regulatory non-compliance.

Birlasoft has identified the emerging ESG risks of non-compliance to evolving ESG regulations and frameworks. This is classified as an economic and environmental risk given the significant impacts on both the environment and Birlasoft’s business. Since the implications of changes to the ESG sphere have an increasing impact on businesses across the globe, including Birlasoft, it is our endeavour to continually monitor our compliance to various ESG requirements.

**Mitigation plan:** At Birlasoft, the ESG Committee plays a pivotal role in mitigating risks related to Environmental, Social, and Governance factors. The ESG Committee identifies and assesses ESG risks across the organization and develops a comprehensive ESG strategy and framework aligned with Birlasoft’s business objectives. The monitoring of ESG compliances at leadership level through ESG Committee and implementation team. This framework guides decision-making, risk

assessment, and goal setting. Birlasoft's ESG risk mitigation strategy includes periodic assessments annually to identify compliance gaps, alignment with industry standards, and commitment to ESG program goals.

To communicate progress and our ESG compliance to all stakeholders, the Company annually publishes a Sustainability Report in accordance with Global Reporting Initiative (GRI) standards and SEBI's Business Responsibility and Sustainability Report (BRSR) in alignment with regulatory requirements. In addition, the Company regularly revises its ESG policies which are made available on the Company's website, with reference to updates in applicable standards and regulations. Birlasoft is committed to transparent communication with all stakeholders, including regulatory authorities. The Company also participated in EcoVadis and Dow Jones Sustainability Indices (DJSI) ESG ratings. Additionally, Birlasoft has revised its publicly available ESG goals and commitments to reflect actual performance on an annual basis. These goals and commitments are available on our website, along with various ESG-related certifications the Company has obtained.

#### *Emerging Risk Event # 2 Operational Risk due to Climate Disruptions*

Given the nature of Birlasoft's business and a growing demand for digital solutions, comes an increase in use of energy and dependency on the functioning of data storage centres. The impacts of climate change are linked with extreme weather conditions that can impact power supply, contribute to grid disruptions, and elongate downtime or outages. This is an environmental risk that translates to potential adverse impacts on the way Birlasoft conducts business.

**Mitigation plan:** Birlasoft has in place comprehensive business continuity plans and disaster recovery processes that allow us to ensure minimum impact on operational efficiency, in case of any adverse situation. Periodic testing ensures that the disaster-response team is aware of the appropriate response techniques for unique situations. Further, our data security measures provide assurance that cybersecurity threats due to downtime are detected and immediately mitigated. In addition, Birlasoft is continuously propelling towards the use of renewable energy and reducing dependencies on the power grid.

The utilisation of energy storage systems at our operational sites will further improve resilience to outages and power failures. This will not only ensure business continuity but also help us reduce the impact our operations have on the environment. Further, the Company is committed to investing in energy efficient technologies, use sustainable materials and obtain green building certifications for our operating locations. These efforts not only enhance our commitment to sustainability but also help us improve disaster response that mitigates operational risks from climate-related disruptions.

## 2.3 Climate risk management

The global climate-tech market is undergoing rapid expansion, reflecting the global push for decarbonization, integration of renewable energy and the adoption of digital solutions aimed at sustainability. India mirrors this momentum with its renewable energy capacity, with planned 40 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. Regulatory initiatives such as SEBI's BRSR Core and progressive state-level renewable policies are catalysing demand for green IT services, ESG reporting and climate-aligned digital solutions. However, realizing this potential requires following challenges including transmission bottlenecks, regulatory uncertainties and the capital-intensive nature of green projects.

- **Cost savings & efficiency:** Green IT, buildings and renewables can cut 20–40% energy costs and improve operational margins.
- **Regulatory pressure:** SEBI's BRSR Core and India's net-zero 2070 target are pushing IT firms to disclose and reduce emissions.
- **Market demand:** Global clients increasingly require low-carbon vendors, making sustainability a differentiator in IT outsourcing deals.
- **Talent & brand:** Over 60% of Indian millennials/Gen Z prefer sustainable employers, improving retention and attraction.
- **Investor expectations:** ESG-focused funds and rating agencies reward companies with strong climate strategies, improving access to capital.

### 2.3.1 Climate-Related Opportunities for Birlasoft

Recognizing the climate risks associated with increased energy use and data centre dependency, Birlasoft is investing in renewable energy infrastructure to reduce reliance on the power grid and improve resilience to outages. These measures support business continuity and minimize the environmental impact of operations. The Company has robust business continuity and disaster recovery plans in place, which are periodically assessed to ensure preparedness for adverse situations. Additionally, strong data security protocols help mitigate cybersecurity threats during downtime. The CRA also identified significant opportunities for Birlasoft to lead in climate-tech and sustainable IT services:

- Carbon neutrality goal by 2040 and net zero greenhouse gas emissions across our value chain by 2050, aligning with global climate goals and driving sustainable growth.
- Renewable Energy Procurement :Adoption of rooftop solar, green tariffs, and power purchase agreements (PPAs).
- Water Stewardship through Zero Liquid Discharge (ZLD) and improve water use efficiency per employee at all owned premises
- Carbon neutrality goal by 2040 and net zero greenhouse gas emissions across our value chain by 2050, aligning with global climate goals and driving sustainable growth.

- Unlock new revenue streams by offering solutions that support clients' sustainability
- To address climate-related market opportunities, Birlasoft has strategically invested in the development of digital solutions and services that align with evolving client expectations around sustainability and ESG performance.

A growing majority of Birlasoft's enterprise clients (now consider sustainability a critical factor in selecting digital service providers. This shift presents a significant opportunity for Birlasoft to diversify its business activities and unlock new revenue streams by offering solutions that support clients' sustainability ambitions, cloud-centric infrastructure, data privacy and occupational health and safety. Birlasoft estimates that climate-related opportunities could contribute a low to moderate increase in revenue over the medium to long term. This growth is driven by:

- Rising demand for sustainable IT services,
- Stricter ESG requirements across industries,
- Heightened sensitivity to climate issues in key geographies.
- To capitalize on these opportunities, Birlasoft has adopted a strategic approach focused on:
  - Diversifying business activities through sustainability-aligned digital offerings,
  - Developing new revenue streams that address client ESG priorities.

To address climate-related market opportunities, Birlasoft has strategically invested in the development of digital products and services that align with evolving client expectations around sustainability and ESG performance. These solutions are designed to reduce carbon footprints, optimize energy usage and support clients' sustainability goals. The financial investment associated with this response is reflected in capital expenditure (CAPEX), research and development (R&D) and marketing costs linked to the design, development and promotion of sustainable digital offerings.

In FY 2024–25, Birlasoft launched several innovative offerings to meet these objectives:

- Generative AI integration across service lines to enhance automation, intelligence and operational efficiency.
- Cloud-native data platforms to modernize legacy systems and deliver scalable, real-time solutions.
- SAP S/4HANA transformations to reduce application sprawl, lower operational costs and support carbon reduction.
- SkillFolio, an AI-powered talent platform, to upskill teams in AI fluency, digital leadership and sustainability

By aligning its offerings with evolving client expectations, Birlasoft aims to enhance market share, improve cash flows and reinforce long-term value creation through sustainable growth.

## 2.3.2 Scenario Analysis for Birlasoft

### Physical Risk

Birlasoft’s operations and client engagements are increasingly influenced by physical climate risks, driven by the dual imperatives of global decarbonisation and adaptation. With **86.5% of revenue derived from the Americas** and key offices located in **India** the company’s exposure to changing climate patterns necessitates both regional and global resilience strategies. The assessment follows the **Task Force on Climate-related Financial Disclosures (TCFD)** framework and draws on **Representative Concentration Pathways (RCPs)** and **Shared Socioeconomic Pathways (SSPs)** to evaluate exposure under distinct temperature rise scenarios:

- **Scenario 1 – RCP 2.6 / SSP1 (“Below 2°C”):** Sustainable development with strong climate action.
- **Scenario 2 – RCP 4.5 / SSP2 (“Above 2°C”):** Moderate mitigation with rising physical stress.

Table 10: Climate Scenarios and Regional Exposure

Parameter	Scenario 1: Below 2°C (RCP 2.6 / SSP1)	Scenario 2: Above 2°C (RCP 4.5 / SSP2)
Global Warming Trend	~1.8°C rise by 2100	~2.7°C rise by 2100
India – Mean Temperature Change	+1.2°C	+4.5°C by 2090s
Water Availability (India)	Seasonal fluctuations; moderate risk	High water stress in >50% of districts in India
Extreme Weather Events	Contained through strong mitigation and planning	Frequent floods, cyclones and heatwaves
Energy Demand (Cooling Load)	Approximately +10–15%	Approximately +40–80%
Operational Continuity Risk	Low-to-moderate	High (data centres, grid outages, workforce)
Opportunity Outlook	Energy-efficient digital infrastructure, renewables	Resilient IT services, climate risk analytics

### Scenario 1: Below 2°C – Managed Physical Risk and Efficiency Opportunity

Under a sustainable development trajectory, physical risks remain contained but require proactive management. India’s mean surface temperature is projected to rise by approximately **1.2°C**, increasing the baseline cooling energy requirement in major urban centres. Birlasoft’s **data centres and offices** may experience moderate stress on air-conditioning and power systems. However, the company’s early investments in **renewable energy integration**, such as the **390-kW solar installation in Pune** and sourcing **13% of electricity from renewables**, establish a credible foundation for operational resilience.

Monsoon variability may intermittently affect local water availability, particularly in western and southern India, but the **SSP1** pathway's emphasis on sustainable urban water management and infrastructure investment supports adaptive capacity. In the Americas, which generate the majority of Birlasoft's revenue, physical risks are expected to remain relatively stable under this low-emission trajectory.

From a strategic standpoint, this scenario presents an **opportunity to enhance operational efficiency** and reinforce Birlasoft's positioning as a climate-resilient digital transformation partner. Expansion of **energy-efficient cooling systems**, deployment of **building management automation** and engagement with **renewable energy suppliers** could collectively deliver both emission reduction and cost-saving benefits.

### **Scenario 2: Above 2°C – Intensifying Physical Stress and Business Continuity Risk**

In a moderate-mitigation world, where global warming reaches approximately **2.7°C by 2100**, the physical implications for Birlasoft intensify significantly. Rising temperatures in India—up to **4.5°C** by the 2090s—will place sustained pressure on cooling infrastructure, potentially increasing energy demand by **40–80%**.

In a moderate-mitigation world, where global warming reaches approximately 2.7°C by 2100, the physical implications for Birlasoft intensify significantly. Rising temperatures in India—up to 4.5°C by the 2090s—will place sustained pressure on cooling infrastructure, potentially increasing energy demand by 40–80%. Data centres may face heightened risks of overheating, energy cost escalation and downtime during peak load periods. Data centres may face heightened risks of overheating, energy cost escalation and downtime during peak load periods. Furthermore, worsening **water stress**—affecting more than half of India's districts—poses a dual challenge: reduced municipal supply reliability and increased competition for groundwater resources. Intermittent flooding during high-intensity monsoons could also disrupt logistics, employee mobility and local infrastructure near key campuses.

In the Americas, increased hurricane intensity, heatwaves and occasional flooding may lead to service interruptions in client operations, indirectly influencing project delivery schedules. This underlines the importance of incorporating **redundant systems, disaster recovery protocols** and **geo-diversified data management strategies** across the enterprise.

Despite these risks, the scenario also creates new market opportunities. As **Manufacturing (39.7% of revenue)** and **Energy & Utilities (16.1%)** clients navigate sectoral decarbonisation and climate resilience pressures, demand for **IT-driven adaptation and transition solutions**—such as digital twins, predictive analytics and cloud-based risk modelling—is expected to grow. Birlasoft is strategically positioned to capture this emerging demand through its digital engineering and ESG technology services portfolio

### *Climate Transition Risk Analysis (NGFS Scenario Framework)*

Birlasoft Limited, a global IT services provider and part of the CKA Birla Group, operates across digital transformation, manufacturing, BFSI, life sciences and energy sectors. With 86.5% of revenue from the Americas and a client base moderately exposed to carbon-intensive industries, the company faces distinct transition risk pathways under the NGFS climate scenarios.

#### **Orderly Transition Scenarios (Net Zero 2050 / Below 2°C)**

These scenarios create **moderate operational** but **significant indirect risks** through Birlasoft's client sectors.

- **Operational Exposure:** Data centres, accounting major consumptions of power use, face carbon pricing and energy cost escalation. Current renewable electricity (13%) and onsite solar capacity (390 kW, Pune) provide a foundation for scaling toward net-zero operations.
- **Client Transition Exposure:** Manufacturing (39.7% of revenue) and Energy & Utilities (16.1%) clients face decarbonisation pressures, creating both revenue risk and opportunity for IT-driven transition solutions.
- **Opportunity:** Growing client demand for digital sustainability solutions; carbon accounting, ESG data systems and energy management aligns with Birlasoft's ERP and cloud expertise.

#### **Disorderly Transition (Delayed Policy Scenario)**

Delayed regulatory action until 2030 followed by abrupt policy shifts creates **acute client disruptions**, particularly in manufacturing and energy. Data centre operations face volatility from energy price spikes and grid instability, while policy divergence across US, EU and India amplifies compliance complexity.

#### **Hot House World (Above 2°C)**

Under higher warming pathways, **physical climate impacts dominate**. Rising extreme heat and grid instability increase data centre operating costs, while manufacturing and life sciences clients face supply chain disruptions and adaptation pressures.

#### **Risk Channels and Market Implications**

- **Policy and Regulation:** Growing BRSR, ISSB and EU disclosure requirements increase compliance demands.
- **Technology:** AI and cloud expansion drive energy intensity but also enable emissions reduction across client sectors.
- **Market Dynamics:** Client budgets increasingly prioritise sustainability transformation; talent upskilling in climate analytics and ESG technology becomes essential.

- **Reputation:** Recognition by ISG for ESG services enhances Birlasoft's positioning as a sustainability-enabler for clients<sup>5</sup>.

### *Strategic Response and Opportunity Outlook*

Birlasoft's climate resilience strategy integrates operational adaptation with client-oriented innovation. The company is progressively expanding its **renewable energy footprint** while embedding **climate resilience criteria** into facility planning, particularly for energy and water-intensive sites. Ongoing investments in **smart cooling, green buildings and energy monitoring systems** are expected to reduce physical vulnerability. In parallel, opportunities are emerging from enabling clients' transition journeys. By leveraging its domain strengths in **cloud computing, AI and analytics**, the opportunity lies in developing solutions that address real-time climate risk monitoring, operational continuity and carbon intelligence supporting clients across manufacturing, utilities and industrial verticals.

Physical climate risks ranging from intensifying heatwaves to stressed water resources, represent a material concern for IT service providers globally. For Birlasoft, these challenges also signify a **strategic opportunity to lead in climate-resilient digital transformation**. Through its proactive investment in renewable energy, sustainable operations and client-focused transition solutions, the company is well positioned to enhance its operational resilience while enabling its customers' adaptation and net-zero goals. Birlasoft's strategic focus includes:

- Scaling renewable energy use to 30% by FY 2029-30.
- Diversifying business activities through sustainability-aligned digital offerings
- Integrating scenario-based risk assessments into business strategy and governance.
- Diversifying client exposure away from high-emission sectors while strengthening partnerships for decarbonisation support.

Birlasoft's exposure to transition risks is balanced by significant growth opportunities in digital sustainability. Under orderly pathways, the company benefits from sustained demand for climate-aligned IT services, while disorderly or high-warming scenarios highlight the need for enhanced operational resilience and client sector adaptation. Through proactive risk governance and sustainability-focused innovation, Birlasoft is positioned to lead the digital enablement of global climate transition.

---

<sup>5</sup><https://www.birlasoft.com/company/news/2022/birlasoft-recognized-as-rising-star-isg-digital-business-enablement-esg-services-provider-lens-report>

## 2.4 Metrics and targets

As part of its commitment to environmental stewardship, Birlasoft publishes an annual Sustainability Report that transparently discloses its Environmental, Social and Governance (ESG) performance. In alignment with the IFRS S2 Climate-related Disclosures, the company also releases a dedicated Climate Risk Report. This report outlines key climate-related metrics and targets, offering valuable insights into Birlasoft's exposure to and management of climate-related risks and opportunities. These disclosures are intended to support stakeholders in evaluating the company's progress toward climate resilience and its strategic alignment with global decarbonization objectives.

### 2.4.1 Climate related Goals and targets

- **Climate Action and Decarbonisation** : Achieve Carbon Neutrality by 2040 and Achieve Net Zero Target by 2050
- **Energy Management** Increase Renewable Energy share to 30% of Total Electricity consumption by FY 2029-30.
- **Water Management** Achieve Zero Liquid Discharge (ZLD) and improve water use efficiency per employee at all owned premises.

[Sustainability Report FY 2024-25](#) Page 43

### 2.4.2 Climate related Metrics

Birlasoft discloses climate-related metrics in alignment to the requirement mentioned in IFRS S2 and these metrics offer a standardized view of Birlasoft's exposure to climate-related risks and opportunities, as well as its progress in managing them. These include

- **GHG Emissions and Performances** (Scope 1, 2 and 3) [Sustainability Report FY 2024-25](#) Page 89-92: Emission management
- **Energy Management** [Sustainability Report FY 2024-25](#) Page 84-88. Climate Action and Energy Management: Driving Towards Efficiency
- **Water Management** [Sustainability Report FY 2024-25](#) Page 98-101.

Birlasoft monitors the KPIs of these climate related metrics and disclose them annually as Sustainability Report and BRSR report.