

# Climate Position

Whitepaper



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# 1.

## Introduction

In an era defined by escalating environmental concerns, the imperative for businesses to address climate change is paramount. A broad outline of Mphasis' comprehensive approach to managing climate-related risks and opportunities in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework is given below. By committing to transparency, effective governance and robust risk management, Mphasis aims to enhance its resilience and contribute positively to the global effort against climate change.

# 2.

## Governance, Oversight and Roles & Responsibilities

Mphasis recognizes the significance of robust governance in driving climate strategy. Our board of directors has established dedicated sub-committees to ensure the effective execution, monitoring and management of sustainability initiatives including climate-related aspects:

**CSR Committee:** Responsible for overseeing the execution of Mphasis' ESG program including climate strategy and the alignment of initiatives with broader corporate social responsibility goals.

**Risk Governance & Management Committee:** Responsible for overseeing climate change risks and opportunities and ensuring alignment with overall enterprise risk management processes.

### Management Responsibilities

For effective management, implementation and monitoring, ESG-related initiatives are driven by management through a dedicated ESG team at Mphasis which is headed by the CHRO. The team is responsible for the day-to-day execution and handling of ESG activities by facilitating cross-functional collaboration and implementation of climate-related initiatives. The ESG team is assisted by the Chief Risk Office for identifying, assessing and monitoring ESG risks and opportunities, including climate-related risks and opportunities.

# 3.

## Climate-related Risks and Opportunities

Mphasis recognizes the following climate-related risks and opportunities across short, medium and long-term horizons:

## Risks & Opportunities

**Regulatory Risks:** Evolving climate regulations could impact operations, supply chain and resource costs. For instance, the Energy Conservation Amendment Act 2022 introduces concepts like mandated non-fossil fuel usage and carbon credit trading to ensure faster decarbonization of the Indian economy. Apart from compliance, such requirements could impact the supply chain and energy costs in business operations.

**Technology Risks:** The escalating costs of electricity and diesel pose operational risks in India and our global operations. As we pursue carbon neutrality, Mphasis strategically invests in low-carbon technologies, such as green buildings, renewable sources of power, turning technology challenges into advantages while staying ahead of industry trends.

**Market Risks:** With the rising focus on climate change and socio-environmental issues, clients are increasingly evaluating our emission performance, net zero commitment, etc., during the bidding process. Similarly, investors are extremely cognizant of these commitments and use them in making their investment decisions. The significance of these factors in client/investor decision-making could impact our ability to secure contracts and attract investors. Recognizing this heightened risk, Mphasis is committed to investing in resources to proactively address these client concerns and maintain our competitive edge.

**Reputational Risks:** Failure to meet climate commitments could lead to reputational damage and stakeholder disengagement.

**Legal Risks:** Acknowledging our potential impact on local communities, Mphasis ensures its operations are carried out in government-approved land areas and also does due diligence on the lessor's ownership. By adhering to legal requirements and conducting environmental impact assessments near the proposed sites, we mitigate potential legal risks tied to air, water, social aspects and more. Given that Mphasis operates out of leased premises, we ensure our locations have rainwater harvesting and at least a portion of the energy needs are met from renewable sources. As of fiscal 2023, we have not faced any climate-related litigations or non-compliance issues, thanks to our robust Environment Health and Safety Management System and proactive regulatory measures.

**Acute Physical Risk:** Mphasis acknowledges the immediate physical risks posed by climate change, constituting a vital facet of our operational risk landscape. Our substantial operational presence across India exposes us to climate-related impacts such as building infrastructure damage and disruptions to critical city infrastructure, including transportation and utilities, with severe implications for business continuity. Extreme weather events linked to climate change also have the potential to compromise employee well-being, disrupt operations and introduce



vector-borne disease threats. Water stress and scarcity, particularly in our major urban operating campuses, present a tangible near-term risk that could directly impair our business operations. Aligning with the 2DS (2 Degree Scenario)/4DS (4 Degree Scenario) climate scenario analysis, we are taking measures to mitigate such risks and ensure business resilience in the face of these acute physical impacts.

**Chronic Physical Risk:** Against the backdrop of rising atmospheric carbon dioxide levels and escalating global temperatures, our operations face chronic physical risks. Our offices located in vulnerable coastal cities expose us to potential sea-level rise threats, impacting business continuity. In tandem, the persistent risk of chronic water scarcity across our operational regions, notably India, poses operational challenges. In response to these risks and challenges, Mphasis is committed to its goal of achieving net zero emissions by 2030 and is actively pursuing emission reduction targets. The company consistently invests in saving and recycling and reusing water and reducing waste.

## Other Opportunities

The other opportunities that we envisage include:

**Innovation Opportunities:** Developing sustainable technologies and solutions could generate new revenue streams.

**Cost Efficiencies:** Energy-efficient operations and resource optimization could lead to cost savings.

**New Markets:** Expanding into emerging green markets and providing climate-focused services could drive growth.

**Talent Attraction:** Demonstrating a commitment to climate action can attract and retain talent.



## Impact on Business, Strategy and Financial Planning

The identified climate-related risks and opportunities significantly influence Mphasis' business, strategy and financial planning. Integrating these factors into strategic decision-making enhances resilience, fosters innovation and positions Mphasis on long-term growth while minimizing potential disruptions.

## Resilience of Strategy

Mphasis shall assess its strategy's resilience through rigorous scenario analysis, including a 2°C or lower warming scenario. This examination ensures our strategy remains adaptable, minimizes climate impacts and capitalizes on opportunities under varying climate futures.

## Processes for Identifying and Assessing Climate-related Risks

Mphasis employs a rigorous process for identifying and assessing climate-related risks. This process entails ongoing engagement with industry peers, trade associations, collaboration with experts and continuous monitoring of regulatory changes and technological advancements.

## Processes for Managing Climate-related Risks

Mphasis mitigates climate-related risks through a comprehensive approach that addresses current and emerging regulations, technology, legal, market, reputational, acute physical and chronic physical risks. By engaging in strategic partnerships, investing in research and adopting adaptive measures, we proactively manage these risks.

## Integration with Overall Risk Management

Climate-related risks are integral to Mphasis' risk management framework. However, given the dynamic nature of climate risks, a dedicated focus allows us to fully comprehend, mitigate and capitalize on these risks while maintaining robust overall risk management.

## Metrics and Targets

To assess climate-related risks and opportunities, Mphasis utilizes a range of metrics aligned with our strategy and risk management processes. Key indicators include:

1. GHG emission metrics
  - Scope 1, 2 & 3 emissions vs. reduction targets
  - Increasing usage of renewable energy
  - Carbon offset vs. targets
2. Cost of transition to energy efficient and low carbon solutions (for lighting, heating, cooling, servers, etc.)
3. Physical risk severity – impact of physical risks on operations, assets and supply chains

## Performance Against Targets

Mphasis sets climate targets to drive progress and regularly reports on performance against these targets. Transparency enhances accountability, facilitates stakeholder engagement and drives continual improvement.

## Most Significant Risk and Mitigation Methods

The most significant climate-related risk identified is regulatory uncertainty. To address this, Mphasis engages actively with regulatory bodies and climate experts and consultants, anticipates policy changes and integrates flexibility into our strategy.

## Significant Opportunities

Mphasis embraces significant opportunities stemming from climate change, including:

- a) Innovation and development of sustainable solutions
- b) Expansion into new markets with green technology offerings
- c) Cost savings through energy efficiency measures and sustainable resource management
- d) Improved/enhanced quality of engagement with customers, investors, vendors and stakeholders at large

# 4.

## Conclusion

In conclusion, Mphasis is committed to addressing climate-related risks and opportunities in alignment with TCFD requirements. By fostering effective governance, robust risk management and transparent reporting, Mphasis aims to navigate the complexities of climate change while contributing positively to a sustainable future.

## About Mphasis

Mphasis' purpose is to be the "Driver in the Driverless Car" for Global Enterprises by applying next-generation design, architecture and engineering services, to deliver scalable and sustainable software and technology solutions. Customer centricity is foundational to Mphasis, and is reflected in the Mphasis' Front2Back™ Transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized ( $C = X2C^2 = 1$ ) digital experience to clients and their end customers. Mphasis' Service Transformation approach helps 'shrink the core' through the application of digital technologies across legacy environments within an enterprise, enabling businesses to stay ahead in a changing world. Mphasis' core reference architectures and tools, speed and innovation with domain expertise and specialization, combined with an integrated sustainability and purpose-led approach across its operations and solutions are key to building strong relationships with marquee clients. [Click here](#) to know more. (BSE: 526299; NSE: MPHASIS)

For more information, contact: [marketinginfo.m@mphasis.com](mailto:marketinginfo.m@mphasis.com)

**USA**  
Mphasis Corporation  
41 Madison Avenue  
35<sup>th</sup> Floor, New York  
New York 10010, USA  
Tel: +1 (212) 686 6655

**UK**  
Mphasis UK Limited  
1 Ropemaker Street, London  
EC2Y 9HT, United Kingdom  
T : +44 020 7153 1327

**INDIA**  
Mphasis Limited  
Bagmane World Technology Center  
Marathahalli Ring Road  
Doddanakundhi Village, Mahadevapura  
Bangalore 560 048, India  
Tel.: +91 80 3352 5000

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