

**QUALIFYING EXPLANATORY STATEMENT
(QES)**

**TATA CONSULTANCY SERVICES LIMITED
NORTH AMERICA**

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1. Foreword

This Qualifying Explanatory Statement (QES) contains all the required information on the carbon neutrality for Tata Consultancy Services Limited's (TCS) operations in North America. If provided with any information affecting the validity of the following statements, this document will be updated accordingly to reflect the status regarding carbon neutrality where the claims are being made.

TCS is committed to reducing the impact on the environment from its operations proactively by setting targets and driving initiatives at strategic as well as operational levels. TCS had the target to reduce its Scope 1 + Scope 2 carbon footprint (per capita) by 50% over the baseline year of 2007-08 by 2020. We achieved this target in Mar 2018 due to our commitment to drive change. The Company has set a new carbon reduction target to reduce absolute Scope 1 + Scope 2 greenhouse gas emissions by 70% by 2025 over a 2016 base year. It aspires to achieve net-zero emissions by 2030. Key strategies include energy efficiency across operations, expanded use of renewable energy sources, working with supply chain partners to reduce value chain emissions, and optimizing business air travel and employee commutes. Since TCS India operations contribute the most to our carbon footprint (TCS India represents 87% of our people footprint and 97% of carbon footprint in FY23) these initiatives are taken up initially in India and will be gradually replicated in our overseas operations based on feasibility. Most of the locations in overseas geographies are put up in leased / multitenant facilities.

2. Organizational Details

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 600,000 of the world's best-trained consultants in 55 countries. The company is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index.

2.1 Organizational boundary

The organizational boundary for carbon neutrality covered in the scope of this document is based on operational control for TCS' operations in North America. All the offices owned or leased by TCS, where TCS has an operational control, are included in the boundary.

2.2 Reporting boundaries.

Direct Emissions (Scope 1 as per GHG Protocol)

- a) Direct emissions from stationary combustion – Diesel used in DG sets & Natural Gas used for space heating.
- b) Direct emissions from mobile combustion – fuel used in company owned vehicles
- c) Direct fugitive emissions from the release of GHGs in anthropogenic systems – emissions associated with leakage of refrigerant gases from the cooling systems

Indirect Emissions (Scope 2 as per GHG Protocol)

- a) Indirect emissions from imported electricity - electricity purchased from non-renewable sources, natural gas-based electricity, district heating and cooling across owned and leased offices.

Only Scope 1 and Scope 2 emissions as mentioned above are included in the carbon neutrality boundary of the geography.

2.3 Entity Responsible

GHG accounting and management is carried out by a cross functional team in TCS. Corporate Environmental Sustainability Health and Safety (ESHS) team is primarily involved in the estimation of GHG emissions. The ownership of collection of data and actions towards emission reductions are with the Corporate Admin team under the Head, Delivery Center Management and Shared Services. TCS has robust IT enabled environmental sustainability data collection and accounting method which helps in gathering data across all parameters on monthly basis and generate dashboards. This data is verified internally, and emission estimations are reviewed on periodic intervals.

2.4 Time Period Covered

1st April 2022 to 31st March 2023

3. Carbon Management Plan.

TCS' approach to sustainable growth is built on the belief that it can strengthen its business while also valuing the environment and its ecosystem. TCS has set ambitious targets in carbon footprint reduction as a part of its sustainability strategy. Key strategies include energy efficiency across operations, phased transition from conventional energy to renewable energy, working with supply chain partners to reduce value chain emissions and optimizing business air travel and employee commutes. The Company's Vision 25x25 is a strategic lever which is expected to enable achieving this aspiration, along with carbon removal offsets as a last option in the carbon management hierarchy wherever other options for reductions are not feasible.

The highest level of direct responsibility of implementing the carbon management plan rests with the Board level Stakeholder Relationship Committee consisting of three members from the board of directors including the CEO of the organization and two independent directors who overview the sustainability and carbon footprint performance on half yearly basis.

Carbon Management Plan at the company is based on the carbon management hierarchy i.e., avoid by changing the technology or upgradation, reduce through energy and process efficiency, replace with low carbon/renewable energy and, lastly, offset. The green-house gas management approach at TCS has four key levers – green infrastructure, green IT, IT-enabled operational efficiencies, and renewable energy.

The company increased the renewable energy procurement through switch over to green tariffs for its operations in many locations and increased the renewable energy procurement through third party Power Purchase Agreements (PPAs). For its operations in North America, TCS has purchased high quality Energy Attribute Certificates (EAC) towards switching over to renewable energy. This resulted in an organizational level increase in the renewable energy use to 55.2% in FY23 from 37.2% in FY22. TCS is committed to improve the RE mix in its energy portfolio further in the coming years. All these initiatives have resulted in a 12.4% year on year reduction in the absolute carbon footprint across Scope 1 and Scope 2 (FY23 Vs FY22). For details on initiatives taken up in this year or earlier years, refer TCS Integrated Report on <https://on.tcs.com/Annual-Report-2023>.

4. Methodology used in emission estimation

Annex C (informative) of PAS2060 lists the suitable and acceptable GHG emission calculation methods. As per PAS 2060 the applicable standards and codes for an organization are a) BS EN ISO 14064-1, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and

reporting of greenhouse gas emissions and removals, and b) WBCSD/WRI GHG Protocol, Corporate Accounting and Reporting Standard are permitted. TCS' carbon accounting methodology is in line with these standards and hence in alignment with the PAS 2060 standard. The calculation and GHG Inventory have been prepared by TCS and verified by the Ernst & Young Associates LLP on a sample basis.

Annexure A provide the details of the emission factors, and other values used for the estimation.

5. Emission Quantification

The below table provides the emission estimation of NA

Direct emissions in tCO₂e (Scope 1)

Geography	Direct emissions from stationary combustion	Direct emissions from mobile combustion	Direct fugitive emissions arising from the release of GHGs in anthropogenic systems	Total Direct Emissions (Scope 1)	No. of CERs
NA	0	0	588	588	629

Indirect emissions from purchased electricity/heat/steam in tCO₂e (Scope 2)

Countries	Total Conventional Electricity [MWh]	No. of RECs/GOs/i-RECs purchased	Total Indirect Emissions (Scope 2) from imported electricity, electricity purchased from non-renewable sources, natural gas-based electricity, district heating and cooling tCO ₂ e
NA	8,174	8605	0

A detailed breakup of emissions is given in Annexure B

Uncertainty

Our emission estimation is based on actual data reported by the TCS offices and published emission factors and only a very small percentage of the data is estimated. Hence, the uncertainty across Scope 1 and Scope 2 emissions are assessed to be very small.

6. Carbon Offset

The below table gives details of carbon offset purchased and retired in FY 23

S.No	Project Name	Certificate number	Project Type	Location	Volume (Numbers)
1	Orb Household Solar, India	20230411474	Household Solar	India	5

2	Orb Household Solar, India	20230511500	Household Solar	India	95
3	Orb Household Solar, India	20230411475	Household Solar	India	529

6.1 The standard and methodology used to achieve carbon offset.

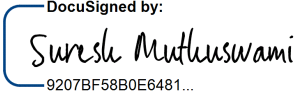
As per the PAS standard the carbon offsets that meet the criteria are either from projects from Clean Development Mechanism (Certified Emission Reductions), Gold Standard, Voluntary Carbon Standard etc. and all the offset purchase TCS has done for FY 23, meet this criterion.

7. Declaration

- a) Offsets granted or allowance credits surrendered represent genuine, additional GHG emission reductions elsewhere.
- b) Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting.
- c) The purchase of the carbon offsets is verified by an independent third-party verifier: Ernst & Young Associates LLP.
- d) Credits from Carbon offset projects is issued only after the emission reduction has taken place. Same calculation of emission was shared with third party vendors providing offsetting and neutralization instruments. In some instances, electricity invoices were not available and hence consumption data was not exact but projected. Hence the offsetting was carried with some buffer to cater to any inadvertent under-accounting.
- e) Credits from Carbon offset projects are retired within 12 months from the date of the declaration of achievement.
- f) Credits from Carbon offset projects are stored and retired in an independent and credible registry.
- g) Carbon offsetting certificates are available in Annexure D.
- h) Carbon Neutrality related documents will be retained for further period of 6 years

Declaration of Carbon Neutrality

Carbon neutrality across Scope 1 and Scope 2 for Tata Consultancy Services Limited across North America operations has been achieved in line with PAS2060 on 31st March 2023 for the period 1st April 2022 to 31st March 2023, certified by Ernst & Young Associates LLP.

Sign : 
Name : Suresh Muthuswami
Designation : Chairman - North America

Annexure A

Emission Factors (EFs) used for Purchased Conventional Electricity

Data Source: Bill from Energy Provider/Landlord or meter reading wherever available

Country Name	Electricity Emission Factor tCO ₂ e/MWh	Source
USA		
101 Park Avenue	0.2885	US EPA 2022
Atlanta	0.3920	US EPA 2022
Bellevue	0.2738	US EPA 2022
Bentonville	0.3367	US EPA 2022
Bloomington	0.4474	US EPA 2022
Bloomington - Cargill	0.4474	US EPA 2022
Charlotte	0.2841	US EPA 2022
Cincinnati	0.4493	US EPA 2022
Cornell Tech	0.2885	US EPA 2022
Dallas	0.3728	US EPA 2022
Denver	0.5222	US EPA 2022
Edison	0.2973	US EPA 2022
Glendale	0.2338	US EPA 2022
Hiawatha	0.4474	US EPA 2022
Houston	0.3728	US EPA 2022
Little Rock	0.3367	US EPA 2022
Milford	0.4493	US EPA 2022
Naperville	0.6764	US EPA 2022
Phoenix	0.3855	US EPA 2022
Plano	0.3728	US EPA 2022
Rockville	0.2973	US EPA 2022
Saint Petersburg	0.3801	US EPA 2022
Santa Clara	0.2338	US EPA 2022
Sharonville	0.4493	US EPA 2022
Troy	0.5260	US EPA 2022
Westerville	0.4493	US EPA 2022
Wilmington	0.2973	US EPA 2022
Canada		
Calgary	0.64	Government of Canada 2022
Montreal	0.0019	Government of Canada 2022
Regina	0.62	Government of Canada 2022
Toronto	0.028	Government of Canada 2022
Vancouver	0.0078	Government of Canada 2022

Source of emission	Data Source	EF in KgCO ₂ e/unit	Source
Petrol (company owned vehicles) [l]	Fuel Bills	2.16185	DEFRA 2022
Diesel (company owned vehicles) [l]	Fuel Bills	2.6988	DEFRA 2022
Diesel consumed in DG [l]	Fuel Bills/ Internal records	2.6988	DEFRA 2022
Natural Gas Consumed in space heating (m ³)	Bills from Energy Provider / Landlord	2.01574	DEFRA 2022

Annexure B

Detailed emission breakup

Countries	Total Conventional Electricity [MWh]	No. of RECs/GOs/i-RECs purchased	Emission from imported electricity, electricity purchased from non-renewable sources, natural gas-based electricity, district heating and cooling (Scope 2) in t CO ₂ e
NA	8,174	8605	0
Canada	933	980	0
USA	7,241	7,625	0
Milford	0	-	0

Countries	Carbon Footprint [fugitive emission (refrigerant)] in t CO ₂ e	Carbon Footprint [mobile combustion] in t CO ₂ e	Carbon Footprint [stationary combustion] in t CO ₂ e	Total Direct Emission [Scope 1] in t CO ₂ e	No. of CERs purchased
NA	0	0	588	588	629
Canada	0	0	0	0	0
USA	0	0	588	588	629