



HCLTech California- Climate Risk Assessment 2025

In accordance with

**Climate-Related Financial
Risk Act (SB 261)**



Introduction

HCLTech has been a key player in the Americas since 1988, with HCL America Inc. - a step-down wholly owned subsidiary - incorporated under the laws of California. The company employs more than 32,000 professionals across the region, including over 23,000 in the United States, operating 31 delivery centers, 6 innovation labs, and 10 offices in 19 states¹.

This section provides a focused summary of HCLTech's comprehensive enterprise-level climate-related financial risk report. It discloses the company's climate-related financial risks and the measures adopted to reduce and adapt to these risks, in accordance with the requirements of California's Climate-Related Financial Risk Act (SB 261). Acknowledging the escalating importance of climate change and its potential to significantly influence our business continuity, financial stability, and strategic objectives in California, this report consolidates our methodologies for climate risk identification, assessment, evaluation, adaptation, and mitigation. The disclosures presented herein align with established frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), as required by SB 261. This report provides stakeholders with a clear and concise overview of key findings, identified risks and opportunities, and proposed mitigation strategies, structured around the four thematic pillars of the TCFD. This summary aims to highlight the most critical climate-related challenges to our California operations and to articulate our organization's strategic direction for building resilience and fostering sustainable growth in a changing climate.

Recognizing the dynamic nature of climate science and the continuous advancement of tools and methodologies for evaluating climate impacts and potential climate-driven risks to our assets and business strategies, HCLTech remains committed to refining its assessment approach. Over the past few years, we have enhanced our evaluation processes, extending the scope of our analysis to encompass a greater number of physical risks and incorporating additional climate risk scenarios, specifically RCP 4.5 and RCP 8.5, across different timelines (2030, 2040, 2050) covering multiple asset portfolios across different countries, including those assets located in California. This ongoing commitment to robust assessment ensures that our understanding of climate-related vulnerabilities and opportunities within the California region is both comprehensive and forward-looking.

Furthermore, our overarching enterprise-wide commitment to achieving net-zero emissions by 2040 is deeply interconnected with the outcomes of the climate risk assessment and actions-initiated basis the same. While the overarching net-zero targets and the strategic decarbonization roadmap are formulated and managed at the enterprise level, the practical implementation of targeted actions is being executed concurrently across all our operational geographies, with California being one of the focus areas. This parallel execution ensures a vital feedback loop, where the specific climate risks and opportunities identified within the California context directly inform and are actively integrated into our broader global decarbonization strategy. This synergistic approach ensures that our enterprise-level sustainability ambitions are effectively realized through geographically relevant and contextually appropriate actions on the ground in California.

¹ [HCLTech United States: Supercharging Progress | Digital, Engineering and Cloud | HCLTech](#)

Our approach to alignment with Climate Related Financial Disclosures

At HCLTech, climate risk assessment, conducted biannually, is approached in a way that balances global consistency with local relevance. Each location, including California, is carefully assessed on its own to reflect its unique environmental context, regulatory requirements, and operational realities. These individual assessments are then brought together to form a comprehensive global picture. The strategies and actions developed at the global level are not just theoretical - they're actively cascaded down to each location, ensuring that every region is equipped to respond effectively and remain resilient towards climate-related risks.

The following table outlines HCLTech's comprehensive approach to four thematic areas of the Task Force on Climate-related Financial Disclosures (TCFD). This mapping demonstrates how our current governance structures, strategic planning, risk management processes, and metrics and targets directly address the disclosure expectations set forth by these frameworks, ensuring transparency and providing stakeholders with a clear understanding of our climate-related considerations.

TCFD Pillar	TCFD requirement	Approach
Governance	A description of the Group's governance arrangements in relation to assessing and managing climate-related risks and opportunities	<p>The Sustainability team, operating within the CEO's office, is responsible for setting and managing overall sustainability goals and targets. Climate-related risks and opportunities are evaluated and addressed by the Global Head of Sustainability along with the ESG and DEI Committee. HCLTech's Board of Directors oversees climate-related matters through the ESG & DEI Committee, which engages in quarterly discussions on climate change due to its cross-functional business impact. This committee is authorized to review climate strategies, plan future actions, allocate budgets, and report on financial performance related to climate initiatives.</p> <p>The committee annually reviews the implementation progress, challenges and the performance against the set objectives and targets. Through collaboration across teams, we ensure environmental responsibility is integrated into our operations, demonstrating our commitment to both business and environmental objectives.</p> <p>Reviewing risks and opportunities: The Committee assesses various risks and opportunities associated with ESG issues which have the potential to impact the business performance of HCLTech. The risks and opportunities include the following parameters, among many others:</p> <p>Environment: Nature of core business and influence of business on environment, emissions/ waste disposals/ effluents discharge, climate change, the energy transition, emissions, including greenhouse gases and emissions reductions technology.</p> <p>Social: Impact of the HCLTech products and services on society, maintaining employee satisfaction, assessing social impacts such as human rights etc.</p> <p>Governance: Track record towards minority stakeholders, capital allocation, board performance and other metrics, auditor related metrics, disclosures, regulator compliances, policy proposals, etc. Implementing strategy for ESG: Approve the short, medium, and long-term plans, as well as part of the ESG strategy, and ensure that such initiatives are incorporated into our strategic plan. The Committee shall also approve annual sustainability goals, measurements, and targets, as well as periodically monitor performance against the targets, standards, metrics, or methodologies.</p>
Risk management	Identify, assess, manage risks. A description of how the Group identifies, assesses, and manages climate-related	<p>Climate-related risks and opportunities are overseen by the ESG and DEI Committee. Risk identification begins at the operational level, where designated risk owners assess various categories of climate-related risks. These identified risks are then escalated to the Risk & Compliance Apex Committee and the Audit & Risk Management Committee, which are responsible for evaluating, prioritizing, and supporting mitigation efforts.</p> <p>The Risk and Compliance Committee along with ESG and DEI committee ensures that risk management practices are not standalone but integrated into strategic planning, innovation, and operational excellence frameworks. The Crisis and Resilience (C&R) Program, under the Risk and Compliance function led by the Chief Risk Officer, aligns with ISO 22301 standards and global best practices. Guided by the Board and supported</p>

	<p>risks and opportunities.</p> <p>Integration into risk management process A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the Group's overall risk management process.</p>	<p>by subject matter experts, the program integrates Resilience-by-Design into work, workforce, workplace, technology, supply chain, and leadership. It leverages horizon scanning and early warning systems to proactively address risks, including climate change.</p>																																																
<p>Strategy</p>	<p>Description of (i) the principal climate-related risks and opportunities arising in connection with the Group's operations. (ii) the time periods by reference to which those risks and opportunities are assessed</p> <p>Description of the actual and potential impacts of the principal climate-related risks and opportunities on the Group's business model and strategy.</p>	<p>Physical risks: Extreme weather events can disrupt operations by damaging infrastructure like data centres and interrupting supply chains, leading to potential downtime and financial loss. The process of identifying climate-related risks and opportunities at HCLTech involves a structured, multi-step approach aligned with long-term strategic planning across three-time horizons — 2030 (5 years), 2040 (15 years), and 2050 (30 years):</p> <p>Risk Identification and Assessment: The initial phase involves identifying both physical and transition climate-related risks. These risks are evaluated based on their potential impact—categorized as very low, low, medium, high or very high — on HCLTech's physical infrastructure and operational vulnerabilities under various climate scenarios (RCP 4.5 and RCP8.5)</p> <p>The physical risk identification and assessment was conducted using powerful tools such as WWF Water Risk Filter, OS Climate, Climate Impact Explorer etc. The assessment results from these tools were normalized to arrive at the final risk rating of different climate-related risks on HCLTech's assets in California. Basis the results of this assessment, financial evaluation was conducted at enterprise level for locations with Medium/ High/ Very High-risk rating.</p> <p>The results of Physical risk assessment for California region are given below.:</p> <table border="1" data-bbox="570 1409 1471 1829"> <thead> <tr> <th rowspan="2">Type for physical risk</th> <th colspan="2">Short term</th> <th colspan="2">Medium term</th> <th colspan="2">Long term</th> </tr> <tr> <th>RCP4.5</th> <th>RCP8.5</th> <th>RCP4.5</th> <th>RCP8.5</th> <th>RCP4.5</th> <th>RCP8.5</th> </tr> </thead> <tbody> <tr> <td>Water scarcity</td> <td>Low</td> <td>High</td> <td>Low</td> <td>Medium</td> <td>Medium</td> <td>Medium</td> </tr> <tr> <td>Flooding</td> <td>Low</td> <td>Low</td> <td>Low</td> <td>Low</td> <td>Low</td> <td>Low</td> </tr> <tr> <td>Cyclones</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>High</td> <td>High</td> <td>Medium</td> </tr> <tr> <td>Extreme rainfall</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>Medium</td> </tr> <tr> <td>Heat stress</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> <td>Very High</td> </tr> </tbody> </table> <p>Based on the physical risk assessment conducted for HCLTech's California location, water scarcity, cyclones, extreme rainfall, and heat stress have been identified as critical risks across short-, medium-, and long-term horizons under both RCP4.5 and RCP8.5</p>	Type for physical risk	Short term		Medium term		Long term		RCP4.5	RCP8.5	RCP4.5	RCP8.5	RCP4.5	RCP8.5	Water scarcity	Low	High	Low	Medium	Medium	Medium	Flooding	Low	Low	Low	Low	Low	Low	Cyclones	Very High	Very High	Very High	High	High	Medium	Extreme rainfall	Very High	Very High	Very High	Very High	Very High	Medium	Heat stress	Very High	Very High	Very High	Very High	Very High	Very High
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climate scenarios. These risks have been further analyzed for their potential financial impact on revenue and operating expenses. Events such as cyclones or flooding may damage data centers or disrupt power and connectivity, leading to service interruptions. Financial evaluation indicates that flooding could result in operational downtime lasting several days, potentially causing revenue loss and/or infrastructure damage. Heat stress is expected to reduce employee productivity, while water scarcity in high-stress regions may affect utility access, increase operational costs, or necessitate investments in water efficiency and resilience measures.

Business Impact Evaluation and Forecasting: In this stage, the potential implications of identified risks are analysed in the context of business operations. The focus is on projecting the impact across the defined timeframes, allowing the organization to assess severity, quantify effects, and prioritize risk areas accordingly.

Integration and Action Prioritization: Following assessment, the identified climate risks are integrated into HCLTech’s enterprise risk management framework. This phase involves the prioritization of adaptive measures and the implementation of targeted strategies to strengthen resilience and effectively address climate-related challenges.

Transition Risk: Under the Current Policy Scenario (SSP2, “Middle of the road scenario”) and the Weak Policy Scenario (SSP5), we have identified the following transitional risks that are material to our operations by the year 2030.

Identified Transitional risk	Description
Increased cost of raw material - Electricity	With increasing reliance on electricity, we expect consumption to grow consistently over time, with the cost per unit of electricity also being projected to increase due to external market and regulatory factors. The financial impact is calculated, assuming the projected increase in electricity consumption due to business growth and per unit cost of electricity.
Changing customer preferences	One of the key opportunities we have identified are the shifting preferences of our customers, who are increasingly drawn to software solutions that improve operational efficiency without harming the environment. To seize this opportunity, we are constantly investing in R&D initiatives to enhance our existing portfolio and innovate. For identifying the financial impact for this risk, we assumed a significant portion of the revenue at risk if the climate-related criteria are not met.
Carbon pricing mechanism	HCLTech has adopted a \$10/MTCO2e internal carbon pricing mechanism in response to global carbon pricing trends and regulatory pressures. Using an ex-post model based on actual emission reductions, we aim to manage rising energy costs, maintain competitiveness, and integrate climate considerations into business operations and investment decisions effectively. The financial impact of this risk is calculated in the assumption of limiting temperature rise to 1.5°C and 2°C.

	<p>An analysis of the resilience of the Group's business model and strategy, taking into account consideration of different climate related scenarios.</p>	<table border="1" data-bbox="570 94 1463 604"> <tr> <td data-bbox="570 94 781 604">Compliance with current climate-related regulations</td> <td data-bbox="781 94 1463 604"> <p>The tightening of global climate regulations poses significant risks, including fines, reputational damage, and loss of eligibility for public and private contracts. Non-compliance could disrupt revenue and stakeholder trust.</p> <p>To mitigate these risks, HCLTech is investing in climate-related certifications like ISO 14001:2015 and certified audits. HCLTech has established an internal working committee to monitor the present and upcoming climate-related regulations across the globe. The committee identifies the qualifying criteria and reporting requirements for the global climate disclosures and file report accordingly. These initiatives align operations with international standards, ensuring compliance and sustained access to key business opportunities. This proactive approach enhances resilience, protects financial stability, and reinforces HCLTech's position as a responsible and trusted business partner.</p> </td> </tr> </table> <p>Opportunities</p> <p>Transition to energy efficient and low emission technology presents a valuable opportunity for HCLTech to enhance sustainability and operational excellence. By upgrading systems such as HVAC, lighting, UPS, and integrating solar power, we aim to reduce its environmental footprint and achieve cost savings. While these initiatives require strategic investment and upfront costs, HCLTech recognizes that the long-term financial and environmental benefits significantly outweigh the initial expenditures, reinforcing its commitment to sustainable practices and more efficient infrastructure across its operations.</p> <p>Resilience strategies adopted by HCLTech</p> <p>We are committed to continuously strengthening our resilience to climate risks by upgrading infrastructure, reducing emissions, conserving resources, and aligning regulatory and market expectations. As part of this effort, we have undertaken the following measures at the enterprise level which are being horizontally implemented across all our geographies, including California (whenever and wherever feasible):</p> <ul style="list-style-type: none"> • Implemented water recycling systems, reused AHU condensate, harvested rainwater, installed efficient taps, and adopted automated irrigation to significantly cut down our water consumption. • Installed daylight sensors and energy-efficient lighting solutions across our facilities, supported by the integration of smart energy meters for better energy monitoring. • Enhanced our chiller systems at key locations, resulting in energy savings and emissions reduction. • Upgraded our HVAC systems to improve energy efficiency • Transitioned to LED lighting, integrated motion sensors, and adopted daylight harvesting techniques, • Optimized our UPS systems based on load demand and introduced passive filters, leading to energy savings and reduction in emissions. • Overhauled our Building Management Systems (BMS), focusing on AHU control in phases 1 and 2, which resulted in energy conservation 	Compliance with current climate-related regulations	<p>The tightening of global climate regulations poses significant risks, including fines, reputational damage, and loss of eligibility for public and private contracts. Non-compliance could disrupt revenue and stakeholder trust.</p> <p>To mitigate these risks, HCLTech is investing in climate-related certifications like ISO 14001:2015 and certified audits. HCLTech has established an internal working committee to monitor the present and upcoming climate-related regulations across the globe. The committee identifies the qualifying criteria and reporting requirements for the global climate disclosures and file report accordingly. These initiatives align operations with international standards, ensuring compliance and sustained access to key business opportunities. This proactive approach enhances resilience, protects financial stability, and reinforces HCLTech's position as a responsible and trusted business partner.</p>
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<p>Metrics and Targets</p>	<p>A description of the targets used by the Group to manage climate-related</p>	<ul style="list-style-type: none"> • HCLTech has developed a strategy to cut its greenhouse gas emissions by 50% by FY2030 and reach net-zero emissions by 2040 in line with the SBTi trajectory. • The plan includes goals for transitioning to renewable energy, eliminating waste sent to landfills, reducing absolute emissions, lowering Scope 3 emissions, and committing 		

	<p>risks and to realize climate-related opportunities and of performance against those targets.</p> <p>The key performance indicators used to assess progress against targets used to manage climate-related risks and realize climate-related opportunities and a description of the calculations on which those key performance indicators are based.</p>	<p>to carbon offset initiatives such as afforestation, habitat restoration, water conservation, and environmental education.</p> <ul style="list-style-type: none"> • HCLTech monitors greenhouse gas (GHG) emissions in accordance with internationally recognized standards to ensure accurate tracking and reporting. The emissions are measured using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), employing the operational control approach for calculations. Emission factors are sourced from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report, The UK Department for Environment, Food and Rural Affairs (Defra), Central Electricity Authority of India (CEA), US Environment Protection Agency (EPA), Institute for Global Environmental Strategies (IGES), enabling a thorough and consistent accounting process. This methodology allows us to comprehensively assess our emissions and implement effective strategies to minimize our environmental footprint. • As a part of our ongoing progress towards decarbonizing our operations, we periodically track our progress by following KPI's and their intensity matrix on a year-on-year basis: <ul style="list-style-type: none"> i. Scope 1, Scope 2, and Scope 3 emissions ii. Total electricity consumption (Renewable/Non-Renewable) iii. Renewable energy used as a % of total energy consumption (including PUE) iv. Water consumption v. Total waste generation, disposal and recycling ▪ Here are some of our progresses on the KPIs <ul style="list-style-type: none"> ▪ 34% Energy consumed from RE sources ▪ 46% Reduction in Scope 1&2 emissions from FY20 <p>Based on these KPI trends, further actions are planned and implemented to ensure progress toward our targets.</p> <p>For the progress against the KPIs mentioned above please refer to the Sustainability report https://www.hcltech.com/sustainability/2025-sustainability-report page 11 onwards.</p>
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The report complies with the requirement to disclose climate-related financial risks in accordance with the TCFD framework. Below is a map of the requirements that have been addressed in the report.

SB 261 Requirement	HCLTech CRA Report 2025
Disclosure of climate-related financial risk (TCFD or equivalent)	The report aligns with the Task Force on Climate-related Financial Disclosures (TCFD) framework, providing comprehensive information on governance, strategy, risk management, and metrics related to climate risks.
Disclosure of measures to reduce/adapt to climate-related financial risk	It details the specific actions and strategies adopted to mitigate and adapt to identified climate-related financial risks, including both enterprise-wide and California-specific initiatives.