



QUALIFYING EXPLANATORY STATEMENT (QES)

TATA CONSULTANCY SERVICES LIMITED

Europe

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Foreword

This Qualifying Explanatory Statement (QES) contains all the required information on the carbon neutrality for Tata Consultancy Services Limited's (TCS) operations in Europe. 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. TCS has achieved this target ahead of planned timelines by reducing 71% (in FY23) and 80% (in FY24) of its Scope 1 & 2 emissions against 2016 baseline levels. TCS has committed 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 78% of our people footprint and 96% of carbon footprint across Scope 1 and 2 in FY24) 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 / multi-tenant facilities.

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.

Organizational boundary

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

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.

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.

Time Period Covered

1st April 2023 to 31st March 2024

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 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 Europe, 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 74% in FY24 from 55.2% in FY23. TCS is committed to improve the RE mix in its energy portfolio further in the coming years. All these initiatives have resulted in a 31% year on year reduction in the absolute carbon footprint across Scope 1 and Scope 2 (FY24 Vs FY23). For details on initiatives taken up in this year or earlier years, refer TCS Integrated Report on [Integrated Annual Report 2023-2024 \(tcs.com\)](https://www.tcs.com)

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 KPMG Assurance and Consulting Services LLP has provided limited assurance on the GHG Inventory for the period from 1 April 2023 to 31 March 2024.

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

Emission Quantification

The below table provides the emission estimation of Europe

Direct emissions in tCO₂e (Scope 1)

	Direct fugitive emissions arising from the release of	Direct emissions from	Direct emissions from stationary combustion	Total Direct Emissions (Scope 1)	No. of CERs purchased

	GHGs in anthropogenic systems	mobile combustion			
Europe	28	0	119	148	199

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

	Total Conventional Electricity [MWh]	No. of REC/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	No. of CERs purchased
Europe	6,161	6,636	0	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 less than 1%.

Carbon Offset

The below table gives details of carbon offset purchased and retired in FY 24

S.No	Project Name	Certificate number	Project Type	Standard	Location	Volume (Numbers)
1	Orb Household Solar	20240312333, 20240312321, 20240312331, 20240412372, 20240312317, 20240312329, 20240312336, 20240312313,	Household Solar	Gold Standard	India	199

		20240412374, 20240312319, 20240312326				
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The standard and methodology used to achieve carbon offset.

A 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 24 meet this criterion.


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: KPMG Assurance and Consulting Services LLP for the period from 1 April 2023 to 31 March 2024.
- 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 Europe operations has been achieved in line with PAS2060 on 31st March 2024 for the period 1st April 2023 to 31st March 2024. KPMG Assurance and Consulting Services LLP has provided limited assurance on the carbon neutrality claim.

Sign : 
Name : Sathagiri Chapalapalli
Designation : Head - TCS Europe

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
Austria	0.1968	IEA v6 - IEA 2023 (01/2024)
Belgium	0.1486	IEA v6 - IEA 2023 (01/2024)
Bulgaria	0.4104	IEA v6 - IEA 2023 (01/2024)
Czech Republic	0.4376	IEA v6 - IEA 2023 (01/2024)
Denmark	0.1039	IEA v6 - IEA 2023 (01/2024)
Estonia	0.3333	IEA v6 - IEA 2023 (01/2024)
Finland	0.0958	IEA v6 - IEA 2023 (01/2024)
France	0.0572	IEA v6 - IEA 2023 (01/2024)
Germany	0.3333	IEA v6 - IEA 2023 (01/2024)
Germany TTS	0.3333	IEA v6 - IEA 2023 (01/2024)
Hungary	0.1944	IEA v6 - IEA 2023 (01/2024)
Italy	0.2569	IEA v6 - IEA 2023 (01/2024)
Luxembourg	0.2378	IEA v6 - IEA 2023 (01/2024)
Netherlands	0.2966	IEA v6 - IEA 2023 (01/2024)
Norway	0.0104	IEA v6 - IEA 2023 (01/2024)
Poland	0.6193	IEA v6 - IEA 2023 (01/2024)
Portugal	0.1515	IEA v6 - IEA 2023 (01/2024)
Romania	0.2723	IEA v6 - IEA 2023 (01/2024)
Spain	0.1462	IEA v6 - IEA 2023 (01/2024)
Sweden	0.0136	IEA v6 - IEA 2023 (01/2024)
Switzerland	0.0942	IEA v6 - IEA 2023 (01/2024)

Source of emission	Data Source	EF in KgCO ₂ e/unit	Source
Petrol (company owned vehicles) [I]	Fuel Bills	2.0975	DEFRA 2023
Diesel (company owned vehicles) [I]	Fuel Bills	2.6594	DEFRA 2023
Diesel consumed in DG [I]	Fuel Bills/ Internal records	2.6594	DEFRA 2023
Natural Gas Consumed in space heating (m3)	Bills from Energy Provider / Landlord	2.0384	DEFRA 2023

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	No. of CERs purchased
Europe	6,161	6,636	0	0
Austria	1.0	3	0	0
Belgium	80.7	149	0	0
Bulgaria	40.9	90	0	0
Czech Republic	40.3	107	0	0
Denmark	57.2	135	0	0
Estonia	2.7	8	0	0
Finland	137.7	138	0	0
France	1,226.9	1,362	0	0
Germany	1,167.4	1,158	0	0
Germany TTS	7.2	19	0	0
Hungary	2,536.9	2,010	0	0
Italy	13.3	21	0	0
Luxembourg	0.0	0	0	0
Netherlands	10.8	29	0	0
Norway	45.1	266	0	0
Poland	183.9	184	0	0
Portugal	62.2	131	0	0
Romania	34.7	92	0	0
Spain	357.1	637	0	0
Sweden	2.1	39	0	0
Switzerland	152.9	58	0	0

	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
Europe	28	0	119	148	199
Austria	0	0	0	0	8
Belgium	0	0	18	18	82
Bulgaria	0	0	9	9	6
Czech Republic	0	0	0	0	0
Denmark	0	0	0	0	0

Estonia	0	0	0	0	7
Finland	0	0	0	0	0
France	0	0	0	0	0
Germany	0	0	69	69	65
Germany TTS	0	0	0	0	6
Hungary	28	0	10	38	5
Italy	0	0	0	0	5
Luxembourg	0	0	13	13	9
Netherlands	0	0	0	0	4
Norway	0	0	0	0	0
Poland	0	0	0	0	0
Portugal	0	0	0	0	
Romania	0	0	0	0	
Spain	0	0	0	0	
Sweden	0	0	0	0	2
Switzerland	0	0	0	0	