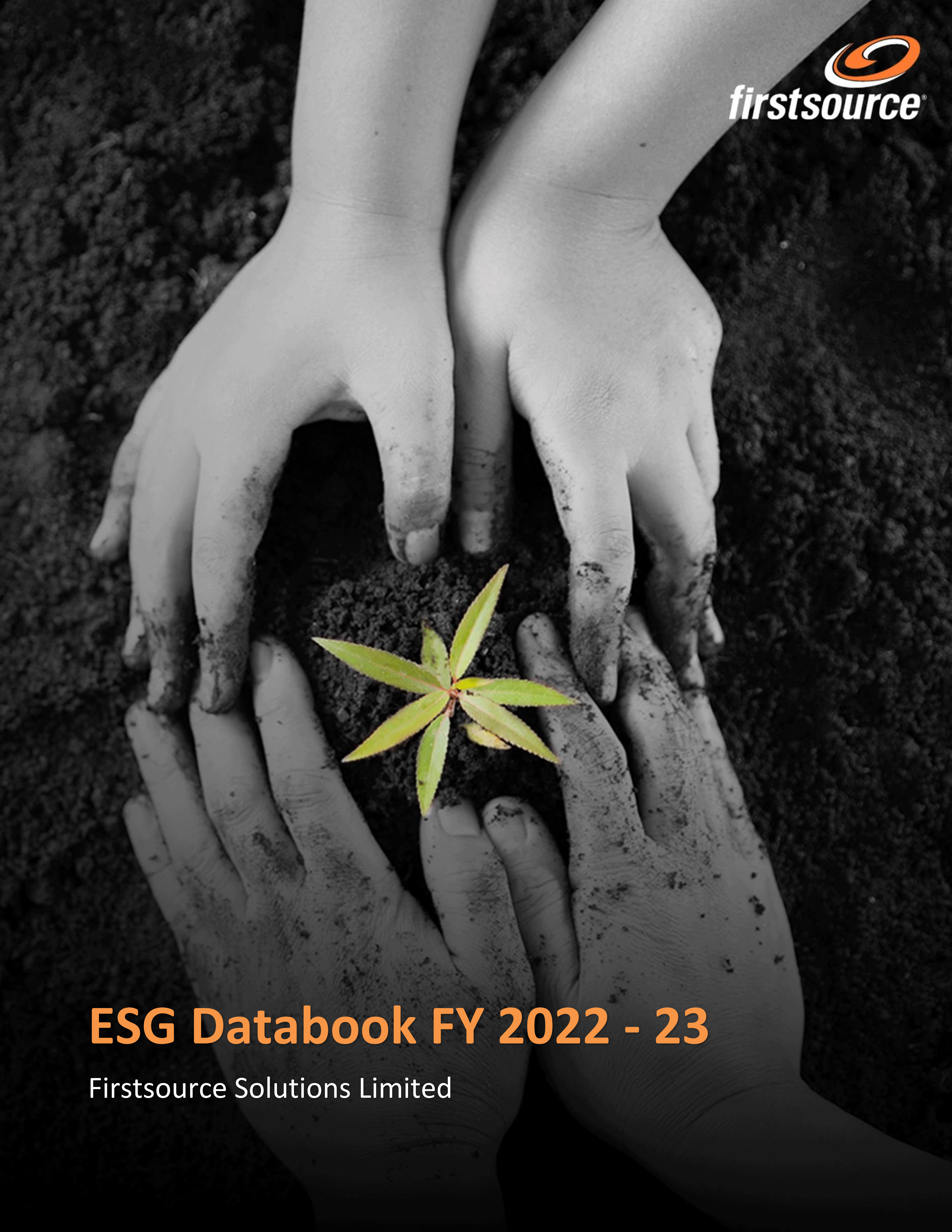

# ESG Databook FY 2022 - 23

Firstsource Solutions Limited

## Table of Content

## An Introduction to the ESG Databook

Firstsource Solutions Limited (hereafter referred to as 'Firstsource', 'Company', 'we', 'us', 'FSL' or 'our') is pleased to publish the Environmental, Social, and Governance (ESG) Databook for FY 2022 - 23. The disclosures included in the document have been made to provide our stakeholders with a better understanding of our ESG-related interventions and performance as part of our commitment to long-term, sustainable growth.

# General Information

## Revenue and Employee Count

| Company Data | FY 2019 - 20 | FY 2020 - 21 | FY 2021 - 22 | FY 2022 - 23 |
|---|---|---|---|---|
| Total Revenue (In INR) | 4,107,457,000 | 5,079,246,000 | 5,921,708,000 | 5,985,927,000 |
| Total Revenue (In USD) | 54,526,178.15 | 69,388,606.56 | 78,019,868.25 | 72,838,890.24 |
| Exchange Rate (As of 31st of March of the fiscal year-end) | 75.33 | 73.2 | 75.9 | 82.18 |
| Total employees | 21,203 | 28,004 | 26,557 | 23,018 |

**Note:** The employee count excludes contractual employees, workers, and vendor-contracted employees. Across all disclosures, wherever total count is involved, the same principle has been followed.

**GRI: 2-1, 2-7**
**DJSI: 0.1 Denominator - Total Employees / Revenues**

# Governance & Economic Dimension

## Reporting Boundaries

The disclosures cover all activities/operations considered for financial reporting purposes. The reporting boundary of our disclosures unless otherwise stated covers the entire operations of Firstsource. The disclosures pertain to the period from April 1, 2022, to March 31, 2023. The sustainability disclosures cover environmental and social indicators.

**GRI: 2-3, 2-4**
**DJSI: 1.1 Sustainability Reporting Boundaries**

## Board Tenure and Election Process

| Board Member Type | Max. tenure allowed | Regulation/Act Applicable | Remarks |
|---|---|---|---|
| Independent Director (ID) | 5 years | Companies Act/LODR | Maximum Allowed tenure of one term is 5 years, subject to shareholders approval. |
| Non-Executive Director (NED) | Not applicable | Companies Act/LODR | Every Annual General Meet (AGM) one NED gets re-appointed as per the “retire by rotation” provisions of the Companies Act, 2013 |
| Managing Director | 5 Years | Companies Act/LODR | Re-appointment is basis approval of shareholders/ others as applicable |
| Chairperson | Not applicable | Companies Act/LODR | - |

**DJSI: 1.2.6 Board Effectiveness- Board Election Process**

## Material Issues for Enterprise Value Creation

1. **Material Issue 1: Business ethics and integrity**

   **Business case:** Business ethics and integrity are crucial for any business, especially for a customer servicing industry, non-compliances or gaps, if any could significantly lead to reputation loss and affect our customer base and continuity negatively.

**Business impact:** Instances of non-compliance such as regulatory gaps, and information/data breaches would lead to reputation loss and might have financial implications in terms of penalty/fines.

**Business strategies:** Addressing the above topic through strong corporate governance: A set of systematic rules, practices, and processes by which businesses are operated, regulated, or controlled form the core of corporate governance. The company has an extensive set of globally benchmarked policies that set the tone for the ethical conduct of business. (FY 2022 - 23 Annual report, Page 50). These guidelines are then put into practice through board, and steering committees, followed by working groups. There is a well-established system of internal and external audits to keep a check on the working across the organization.

**Progress tracking mechanism**: Our comprehensive Global Ethics policy permeates the entire organization and is reinforced through rigorous training and evaluation programs. We provide training to all our new hires. Further, the company has a system of internal and external audits to monitor functions and their alignment with the set processes/policies. The company publicly discloses the cases of regulatory non-compliance and complaints. These disclosures for the India operation can be found on the Business Responsibility and Sustainability Report (BRSR) in the FY 2022 - 23 Annual report (Page 157-158).

2. **Material Issue 2: Employee development**

**Business case:** In a rapidly evolving work and business setup, upskilling employees is an important activity. Especially due to the nature of the services that we provide to our customers, i.e. IT-based solutions, which is one of the fastest evolving sectors presently. While we upgrade our offerings, we need to upskill our employees too. This is also a requirement given the ongoing wave of generative AI and automation in the industry.

**Business impact:** Having a set of employees with a collective - subpar level of knowledge and skills would negatively affect our service delivery. Over time, this could also lead to the replaceability of employees on account of emerging technologies.

**Business strategies:** We have a broad range of learning and development courses for employees at all levels, covering both soft and technical skills.

Training and development programs in the company are carried out by 3 teams, the leadership and management development team, capacity development team, and compliance training team. The former two teams carry out both technical and non-technical training. Technology has been significantly used for improved uptake. The employees are given the flexibility to build their curriculum through an Individual Development Plan (IDP) approach.

More on this can be found in the section - Talent Development on page 86 of the FY 2022 - 23 Annual report.

**Progress tracking mechanism**: The company tracks the amount spent on employee development activities as well as the time spent by each employee on learning and development opportunities. Average hours of training and development was 91.5 hrs. (FY 2022 - 23). Average amount spent on training and development: INR 5,609 (FY 2022 - 23)

**3. Material Issue 3: Talent recruitment and retention**

**Business case:** The availability of talent with the right set of skills and value orientation is crucial for business success. The same goes for its retention. A hyper-competitive talent market with the changing needs of a multigenerational workforce poses a great challenge to attract and retain a talented workforce and maintain consistency in service offerings.

**Business impact:** A continued and high turnover rate, especially at the mid-management level would negatively affect the quality and continuity of service delivery. An inefficient talent onboarding process would have a financial impact on the company. Having a diverse workforce has shown positive effects on work culture and output.

**Business strategies:** The company continuously strengthens its internal processes to retain critical people, create longevity of talent, and maintain a steady supply of talent. Further, the company has developed innovative recruitment channels and tech-enabled practices to streamline the hiring process. Details of these initiatives can be found in the FY 2022 - 23 Annual Report Annual Report - Page 93 (points 1 and 2), Page 82 (Talent Retention), and Page 78 (HR Technology). To have a diverse workforce, the company has an impact sourcing program in place, that provides learning and career development opportunities to disadvantaged and under-served communities. Initiatives are in place to build a gender-diverse workforce and inclusion of LGBTQIA+ and people with disabilities. Details of these initiatives can be found in the FY 2022 - 23 Annual Report Annual Report - Page 76 – 77.

**Progress tracking mechanism:** The company tracks the employee hiring cost in terms of cost per FTE, which is INR 20,805.8 (FY 2022 - 23) as well as the employee turnover data, which is 43% (total employee turnover rate for FY 2022 - 23)

**GRI: 3-2, 3-3**
**DJSI: 1.3.2 Material Issues for Enterprise Value Creation and 1.3.3 Material Metrics for Enterprise Value Creation**

## Material Issues for External Stakeholders

| Parameter | Material Issue 1 | Material Issues 2 |
|---|---|---|
| Material Issue for External Stakeholders | Grievance Management | Transparency and Reporting on ESG |

| | | |
|---|---|---|
| Topic relevance on external stakeholders | Timely redressal of grievance. complaints of external stakeholders (supply chain partners and customers) are crucial for building trust (and corrective actions when needed) within the value chain and customer base. These are related to business performance and continuity. | There has been an increased interest among external stakeholders, especially customers towards the service provider's way of doing business, i.e. whether the business is being conducted ethically and is just to the environment and community within which it operates. This goes beyond the financial parameters as a decision-making criterion. Customers, existing and potential, look forward to non-financial disclosures reported in the form of ESG reports and other timely communications. |

**GRI: 3-2, 3-3**
**DJSI: 1.3.4 Material Issues for External Stakeholders**

## Emerging Risks

1. **Emerging risk 1:** Possibility of human resource replaceability and business impact due to generative AI and automation

   **Category:** Technological

   **Description:** Advancements in Generative AI and automated systems have proven to be instrumental in enhancing operational efficiency, which could reflect positively on the financial metrics of any organization. However, for an industry or an organization that has a significant dependency on human resources for handling service offerings at current times, the shift brings a complex issue of "replaceability" to the forefront.

   Further, the nature of service that a customer needs might change drastically too. With these technologies, there is a greater chance that customers might undertake selected operations in-house.

   **Impact:** This supply-side risk concerns employee replaceability. If left un-actioned, lacking foresight, or without a well-thought-out transition strategy, it could be detrimental to the human capital within the organization (in terms of job and livelihood loss), which could have far-reaching consequences within the wider society and economy.

   The demand side risk concerning the changing nature of service requirements by customers might lead to two possible scenarios, first – wherein the customer conducts an activity in-house, second – the level or maturity of services demanded by the customers is significantly complex.

   **Mitigative actions:** For the risk concerning employee replaceability, we must strike a delicate balance of harnessing these transitions while ensuring that skilled people remain an integral part of our journey. We have already started taking action on this account. For select cohorts, we have tech upgrade courses in place.

We are exposing our resources from all levels to generative AI-based tools and methodologies. We are moving towards a more structured approach to this upskilling attempt. To translate the demand side risk into opportunity, we have started incorporating automated workflows into our service offerings. We have developed a wide suite of Digital Solutions across areas of Robotics Process Automation, Digital, and Analytics as part of its productization initiatives. A combination of domain and process expertise with best-in-breed technology is helping the Company pursue significant opportunities.

2. **Emerging risk 2:** Emergence of AI-driven ransomware attacks/threats as a new category of ransomware technological threat.

   **Category:** Technological

   **Description:** While ransomware is not a new phenomenon, there has been a recent increase in ransomware strains that utilize generative AI-based capabilities to undergo polymorphism or mimic normal system behaviors, hence rendering them untraceable for traditional IT security systems. Studies have suggested that just within the year 2023, the rise in such cases has been significant, in parallel to the growth in AI capabilities in general.

   **Impact:** Depending on the intent of the attackers, the intensity of the impact could vary, however, loss of personal and other confidential data is a potential occurrence under such an attack and in the absence of an equally advanced protection system. In extreme cases, there could be permanent data loss caused by certain strains of wipers.

   **Mitigative actions:** The company has deployed Cloud SIEM (Security Information and Event Management) and Security Orchestration and Automated Response (SOAR) system in Microsoft's public cloud platform. This provides a single solution for alert detection, threat visibility, proactive hunting, and threat response. The system collects data from different data sources, performs data correlation, and Data Visualization of the processed data in a single dashboard. It also helps to collect, detect, investigate, and respond to security threats and incidents.

   Other mitigation actions include 24/7 monitoring of threats through the company's security operations center, performing threat hunting proactively and iteratively through networks, attack surface monitoring, continuous monitoring of digital footprint, secure configuration reviews, application security testing, and secure source code reviews. Our network and perimeter are protected with next-generation firewalls using specific source and destination rules. Servers on-premises and cloud are protected with Extended detection and response (XDR) solutions. Automated security patching on servers is carried out.

**DJSI: 1.4.3 Emerging Risks**

## Contributions

During the FY 2022 – 23, our contributions to 3 trade unions, namely: the National Association of Software and Service Companies (NASSCOM), Hyderabad Software Enterprises Association (HYSEA), and Mortgage Bankers'

Association (MBA) amounted to INR 1,03,14,119.80. In the previous three financial years, it was INR 77,82,750.00 (FY 2021 – 22), INR 45,00,000.00 (FY 2020 – 21), and INR 77,59,640.00 (FY 2019 – 20).

The company does not make any contributions or expenditure toward political campaigns.

**GRI: 415**
**DJSI: 1.6.1 Contributions & Other Spending and 1.6.2 Largest Contributions & Expenditures**

## Data Privacy

**Breaches**

| Diversity Indicator | FY 2022 - 23 |
|---|---|
| Total number of information security breaches | 0 |
| Total number of clients, customers, and employees affected by the breaches | 0 |

**GRI: 418-1**
**DJSI: 1.7.3 IT Security/ Cybersecurity Process & Infrastructure**

## Social Dimension

### Workforce Breakdown: Gender across Employee Levels

| Diversity Indicator | Percentage | Public Target | Remarks |
|---|---|---|---|
| Share of women in total workforce (as % of total workforce) | 46.49% | NA | This includes all employees of the company (permanent, management levels and frontline) |
| Share of women in all management positions, including junior, middle, and top management (as % of total management positions) | 39% | NA | The count of total management positions excludes the frontline staff.<br><br>Note: Due to the nature of roles and responsibilities associated with the front-line staff, they are not considered as part of management / junior management) |
| Share of women in junior management positions, i.e., first level of management (as % of total junior management positions) | 40% | NA | - |
| Share of women in top management positions, i.e., maximum two levels away from the CEO or comparable positions (as % of total top management positions) | 17% | NA | - |
| Share of women in management positions in revenue-generating functions (e.g., sales) as % of all such managers (i.e., excluding support functions such as HR, IT, Legal, etc.) | 39% | NA | - |

| | | | |
|---|---|---|---|
| Share of women in STEM-related positions (as % of total STEM positions | 18% | NA | – |

**GRI: 2-7, 405-1**
**DJSI: 3.1.2 Workforce Breakdown: Gender**

## Workforce Breakdown: Race/ Ethnicity & Nationality

| Continent & Nationality | Entry Level | Junior Mngt | Middle Mngt | Top Mngt | Grand Total | Share in total workforce (as a % of total workforce) | Share in all management positions (as a % of total management workforce) |
|---|---|---|---|---|---|---|---|
| **Africa** | **35** | | | | **35** | 0.15% | - |
| Ghanaian | 2 | | | | 2 | 0.01% | |
| Nigerian | 31 | | | | 31 | 0.13% | |
| South African | 1 | | | | 1 | | |
| Zimbabwean | 1 | | | | 1 | | |
| **Asia** | **11633** | **1129** | **638** | **6** | **13406** | 58.24% | **59.68%** |
| Bangladeshi | 4 | | | | 4 | 0.02% | |
| Chinese | 2 | | | | 2 | 0.01% | |
| Filipino | 900 | 58 | 11 | | 969 | 4.21% | 2.32% |
| Indian | 10722 | 1071 | 627 | 6 | 12426 | 53.98% | 57.35% |
| Israeli | 1 | | | | 1 | | |
| Pakistani | 3 | | | | 3 | 0.01% | |
| Sri Lankan | 1 | | | | 1 | | |
| **Europe** | **4809** | **506** | **130** | | **5445** | **23.66%** | **21.41%** |
| British | 4702 | 477 | 123 | | 5302 | 23.03% | 20.20% |
| Croatian | 1 | | | | 1 | | |
| Dutch | 2 | | | | 2 | 0.01% | |
| Estonian | 1 | | | | 1 | | |
| German | 1 | | | | 1 | | |
| Greek | 1 | | | | 1 | | |
| Irish | 88 | 26 | 7 | | 121 | 0.53% | 1.11% |
| Italian | 2 | | | | 2 | 0.01% | |
| Lithuanian | 2 | | | | 2 | 0.01% | |
| Maltese | 1 | | | | 1 | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Polish | 4 | 1 | | | 5 | 0.02% | 0.03% |
| Portuguese | 1 | | | | 1 | | |
| Romanian | 2 | 1 | | | 3 | 0.01% | 0.03% |
| Slovak | 1 | | | | 1 | | |
| Spanish | | 1 | | | 1 | | 0.03% |
| **North America** | **3567** | **250** | **306** | **6** | **4129** | **17.94%** | **18.92%** |
| American | 3336 | 245 | 301 | 4 | 3888 | 16.89% | 18.58% |
| Cuban | 1 | | | | 1 | | |
| Dominican | 3 | | | | 3 | | |
| Mexican | 222 | 5 | 5 | | 232 | 1.01% | 0.34% |
| Puerto Rican | 3 | | | | 3 | 0.01% | |
| Salvadorean | 2 | | | | 2 | 0.01% | |
| **South America** | **3** | | | | **3** | **0.01%** | **-** |
| Colombian | 2 | | | | 2 | 0.01% | |
| Venezuelan | 1 | | | | 1 | | |
| **Grand Total** | **20047** | **1885** | **1074** | **12** | **23018** | **100.00%** | **100.00%** |

**Note:** Count leading to a negligible percentage have been excluded from the table.

**GRI: 2-7**
**DJSI: 3.1.2 Workforce Breakdown: Race/ Ethnicity & Nationality**

## Provisions for Human Rights Protection, Mitigation & Remediation

The company has a set of policies and procedures in place, which makes the provision for upholding aspects related to human rights. Such policies include:

- Human rights policy
- Anti-Slavery and human trafficking statement
- Quality, Health, Safety, Environment and Energy Management (QHSEE) policy
- Whistle-Blower policy
- Grievance Redressal policy
- Code of Conduct for the Board
- Code of Conduct for suppliers
- Global ethics policy
- Prevention of Sexual Harassment (POSH)
- Bullying and Harassment
- Global inclusion and diversity policy

Training sessions on diverse topics related to human rights are incorporated into the onboarding process for new employees, as well as in various training programs covering areas such as environmental health and safety, prevention of sexual harassment (POSH), and adherence to the code of conduct. Promotion and safeguarding of human rights are also a focus area as per our ESG policy. The policies can be found under the investor relations - corporate governance section of the company website (https://www.firstsource.com/investor-relations/).

These policies are applicable across all our locations.

The status of complaints and resolutions about human rights is given below:

- There were no cases of discrimination during FY 2022 - 23.
- During FY 2022 - 23, a total of 23 incidents of sexual harassment (POSH violations) were reported. We have addressed 18 complaints and after the conclusion of the financial year, we undertook investigations into 5 additional complaints. These additional complaints have now been resolved and were handled within the time frame required by the applicable law.
- During FY 2022 - 23, 6 whistle-blowing cases were reported and 5 were resolved. Among the cases that were awaiting resolution, 1 pending case was successfully concluded after March 31, 2023.

**GRI: 407-1, 408-1, 409-1, 411-1**
**DJSI: 3.2.4 Human Rights Mitigation & Remediation**

## Training & Development of Employees

| Time and Amount Spent on T&D | FY 2022-23 |
|---|---|
| Average hours of training and development per FTE | 91.5 hrs per FTE |
| The average amount spent on training and development per FTE | INR 5,609 per FTE |

There are three teams within the HR function that organize the training development sessions at the company. These are Leadership Management & Development (LMD), Capacity Development Team (CDT), and Compliance Training Team.

### Data Breakdown: by Gender and Age (FY 2022 - 23)

| Gender | LMD | | CDT | | Compliance | |
|---|---|---|---|---|---|---|
| | Learning hours | No. of participants | Learning hours | No. of participants | Learning hours | No. of participants |
| Male | 17,216 | 6,008 | 2,062,400 | 14,899 | 8,755 | 15,418 |
| Female | 11,243 | 3,584 | | | 7,221.75 | 12,477 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Others / uncategorized | _ | _ | | | 60 | 139 |
| Avg. Age (Male) | 36 | | 36 | | 31 | |
| Avg. Age (Female) | 37 | | 37 | | 33 | |

## Data Breakdown: by Management Level (FY 2022 - 23)

| Level | LMD | | Compliance | |
|---|---|---|---|---|
| | Learning hours | No. of participants | Learning hours | No. of participants |
| Top management + All EVP's | 10 | 3 | 9.75 | 23 |
| Middle/Other Management | 5,784 | 654 | 828.5 | 1,400 |
| Junior management | 20,288 | 1,854 | 2,001.5 | 3,275 |
| Entry-Level: Non-Management | 2,377 | 194 | 13,134.5 | 23,197 |
| Others (uncategorized) | _ | _ | 60 | 139 |

**Note:** Data breakup has not been captured for CDT training. The company is exploring methods for a complete capture going forward.

**GRI: 404-1**
**DJSI: 3.3.1 Training and Development Inputs**

## Select Employee Development Programs

| | Program 1 | Program 2 |
|---|---|---|
| Name and Description of the program | RISE: a comprehensive development program that was launched by our organization to equip our Frontline People Leaders across the globe with the necessary skills and tools to lead their teams effectively. The program focuses on empowering these leaders to better understand themselves, their team members, and the overall work environment. | The Varsity: This is an online domain university that has been developed in-house. Varsity offers domain certifications across various capabilities such as Contact Centre skills, Webchat skills, Healthcare, and Provider. Learners can voluntarily sign up for the courses. They can also be assigned these courses by their supervisors. |
| Description of program objective/business benefits | The RISE program focuses on capability building and creating an ecosystem that places people leader development at the forefront. Frontline leaders can participate in a range of activities that enable them to explore new ideas, concepts, and approaches to leadership, which they can then apply in their work environment. These opportunities are designed to help frontline leaders build their leadership capabilities, enhance their communication skills, and foster greater team engagement. Additionally, the program places a strong emphasis on creating an ecosystem that supports continuous learning and development, with a focus on people leader development at the forefront. RISE also provides a platform for frontline leaders to connect, share experiences, and learn from each other's challenges and successes. | The Varsity has been built to enable up-skilling/ cross-skilling, thereby offering a compelling Employee Value Proposition for building long-term careers. The Varsity also aims to standardize and set benchmarks for skilling in the key domains that we work in, such as Contact Centre Web Chat, BFS, Healthcare, and Provider. |

| | | |
|---|---|---|
| Quantitative impact of business benefits (monetary or non-monetary). | At the moment the company does not quantify the business impact of the intervention. However, this is an action point for the upcoming financial years. | The program was launched in October 2022. This program is expected to reduce training time by up to 10% in the in-scope areas.<br><br>It is also seen as a strong Employee Value Proposition thereby impacting attrition. This program will also improve internal talent mobility by creating a trained talent pool that can be considered for job openings in various processes. |
| % of FTEs participating in the program | 46.57% | 9% |

**GRI: 404-2**
**DJSI: 3.3.2 Employee Development Programs**

## Hiring

| KPI | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 |
|---|---|---|---|---|
| Total number of new employee hires | 16,789 | 20,479 | 17,758 | 18,594 |
| Percentage of open positions filled by internal candidates (internal hires) | - | 5% | 5% | 3% |
| Average hiring cost/ FTE Currency | - | NA | INR 18,258.88 | INR 20,805.8 |

### Data Breakdown: by Age, Gender, and Management Level (FY 2022 - 23)

| Management Level | Age Range | | | Gender | | | Total |
|---|---|---|---|---|---|---|---|
| | <30 | 30-50 | >50 | Male | Female | Not Disclosed | |
| Top Management | 0 | 4 | 0 | 3 | 1 | 0 | 4 |
| Middle/Other | 0 | 98 | 0 | 61 | 34 | 3 | 98 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Management | | | | | | | |
| Junior Management | 0 | 1,357 | 0 | 649 | 657 | 51 | 1,357 |
| Entry-Level (Non-Management) | 1,948 | 15,177 | 10 | 8,434 | 8,436 | 265 | 17,135 |

**GRI: 401-1**
**DJSI: 3.4.1 Hiring**

## Employee Performance Appraisal

The approach to measuring, enhancing, and rewarding performance at the company is specifically designed to empower employees to pursue their career aspirations and encourages a culture that values learning meritocracy, and exceptionalism. The performance management framework at the company is termed ACE (Achieve. Collaborate. Enhance) and it goes on to establish a transparent platform that not only acknowledges excellence but also consistently identifies opportunities for growth and development.

Appraisals at the company are conducted at least yearly and are done based on targets and objectives set by the management. During FY 2022-23, 100% of the employees received regular performance and career development reviews.

**GRI: 404-3**
**DJSI: 3.4.2 Type of Performance Appraisal**

## Employee Support Programs

The following policies and programs are in place concerning employee support:

- Workplace stress management and mental wellness initiatives:
  - Mental Health First Aider (MFHA) Program with one qualified MHFA for a group of employees
  - Employees are encouraged to have a mental health action plan in place which is facilitated by the leaders.
  - Cuppa and Chat sessions are organized to promote mental health awareness.
- Sports and health initiatives:
  - Weekly hosting of a virtual “Wednesday Wellness Session” across geographies
  - Extends discounts on various health and fitness programs to on roll employees.
- Work conditions: Enabled flexible working hours, part-time working conditions, and remote / work-from-home arrangements for selected group of employees.

- Childcare support, in the form of financial contribution to employees in India who avail crèche facilities.
- Paid parental leave for the primary caregiver: During the FY 2022-23, a total of 153 employees took parental leave. Collectively, this results in 3,034 weeks (21,236 days) of leave for all these employees.

**GRI: 401-2**
**DJSI: 3.4.4 Employee Support Programs**

## Employee Turnover Rate

| KPI | FY19-20 | FY 20-21 | FY 21-22 | FY 22-23 |
|---|---|---|---|---|
| Total employee turnover rate | 44.08% | 33% | 48% | 43% |
| Voluntary employee turnover rate | 38.64% | 29% | 43% | 39% |
| Data coverage (as % of all FTEs globally) | 100% | 100% | 100% | 100% |

### Data Breakdown: by Age, Gender, and Management

| Management Level | Age Range | | | Gender | | | Total |
|---|---|---|---|---|---|---|---|
| | <30 | 30-50 | >50 | Male | Female | Not Disclosed | |
| Top management | 0 | 2 | 1 | 2 | 1 | 0 | 3 |
| Middle/Other Management | 10 | 160 | 28 | 127 | 71 | 0 | 198 |
| Junior management | 152 | 236 | 17 | 244 | 161 | 0 | 405 |
| Entry-Level (Non-Management) | 4,613 | 1,413 | 221 | 3,215 | 3,025 | 7 | 6,247 |

**GRI: 401-1**
**DJSI: 3.4.5 Employee Turnover Rate**

## The Trend of Employee Well-being

| Core focus | Unit | FY 2020 | FY 2021 | FY 2022* |
|---|---|---|---|---|
| Employee satisfaction | % of employees with the top level of engagement, satisfaction, well-being, or employee net promoter score (E-NPS) | 86 | – | 62 |
| Data coverage | % of employees who responded to the survey | 62 | – | 81 |

The following aspects are addressed in the company's employee surveys:

- Job satisfaction
- Purpose
- Happiness
- Work stress

We replaced the annual Global Employee Survey (GES) with a tri-annual Pulse Survey in May 2022. This allows employees an opportunity to share their thoughts on "better ways of working". The Pulse survey aims to keep Firstsource connected to the pulse of its people by seeking meaningful insights and implementing changes in line with the feedback received.

*We have successfully conducted three Pulse surveys in May September 2022 and February 2023. **The results given in the table above for 2022 are the average of the three surveys conducted.** Our employees were provided with an opportunity to share their experiences and feedback aligned with the drivers thrice during the year. Additionally, campaigns communicating actions taken and implemented based on survey feedback were shared through a series of "Your Ask. Our Commitment" mailers to demonstrate the impact of the employee feedback.

**DJSI: 3.4.6 Trend of Employee Wellbeing**

## Occupational Health & Safety

Our OHS management system, as well as the Quality, Health, Safety, Environment & Energy (QHSEE) Management Policy, makes provisions for conducting risk and hazard assessments within our premises. This is carried out by location management representatives from the administration team at least once a year. Based on these assessments and identified risk areas, a prioritization plan with accountabilities is set up. As a part of potential risk and hazard identification, emergencies are also identified to develop emergency preparedness and response plans.

We regularly carry out safety audits to identify any hazardous activities ensuring adherence to regulations and assessing the effectiveness of our safety standards. Our Integrated Management System (IMS), aligned with ISO 14001 (Environment), ISO 45001 (Occupational Health and Safety), ISO 50001 (Energy), and ISO 9001 (Quality) serve as the foundation for our operations. The IMS undergoes regular audits conducted by both an internal audit team and an external certifying agency. Internal audits are conducted at regular intervals throughout the year.

At Firstsource, our QHSEE audit follows a systematic and well-documented verification process. The purpose is to collect and evaluate evidence to determine the audit requirements. The core team is responsible for monitoring compliance with the observations raised during the audit and ensuring their sustained implementation.

Our policy mandates training and assessment of employees across various regions in the areas of hazard identification, risk assessment, and risk control measures. We conduct safety training sessions for all our employees, with a specific focus on routine fire safety training for support staff, emergency mock drills to prepare for unforeseen circumstances, and regular electrical safety training. We also conduct cross-functional training for topics such as hygiene, security policies, and chemical safety. In collaboration with our clinical services partner, Active One in the Philippines, we also organized a briefing on mental well-being in the workplace aimed at raising awareness about the importance of prioritizing mental health.

All provisions regarding OHS at Firstsource apply to suppliers/value chain partners too. They also form a part of procurement and contractual requirements.

**GRI: 403-10, 403-2, 403-5, 403-8, 403-9**
**DJSI: 3.5.2 OHS Programs**

## Absentee Rate

The absentee rate for FY 2021 – 22 was 11.87%. This includes the data for India operations only. For US and UK, employees are paid as per "hours worked" and absenteeism is not calculated in the conventional manner. The company is strengthening its internal systems to capture the absentee rates for every year across all geographies effectively.

**GRI: 403-10**
**DJSI: 3.5.3 Absentee Rate**

## Customer Satisfaction Survey

| Satisfaction Measurement | Unit | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 |
|---|---|---|---|---|---|
| Satisfaction Measurement | Satisfaction measurement methodology: *Customer satisfaction survey* | 94 | 94 | 95 | 94.5 |
| Data Coverage | % of customers, from whom a response was received | 21% | 47% | 44% | – |

For FY 2022 - 23, the company adopted an alternative approach to capture customer satisfaction levels. Instead of relying solely on traditional customer satisfaction surveys, a deliberate choice was made to prioritize the acquisition of continuous feedback from customers through multiple channels. This shift was encouraged by the pursuit of acquiring real-time insights and a more holistic comprehension of the evolving preferences and expectations held by the clients.

**DJSI: 3.6.1 Customer Satisfaction Measurement**

## Privacy Policy; Systems and Processes

| Satisfaction Measurement | Remark | Further Reference |
|---|---|---|
| The privacy policy applies to the entire operations, including suppliers | Yes | https://www.firstsource.com/privacy-policy/ |
| Designated person or department responsible for privacy issues | Data Protection Officer | https://www.firstsource.com/privacy-policy/ |
| Privacy policy system embedded in group-wide risk/compliance management | Yes, Cyber Security / Data Privacy Risks are a part of Firstsource's enterprise risk management framework | Annual Report (FY 2022 – 23) page 91 |
| Disciplinary actions in case of breach (i.e. zero tolerance policy) | The Company adopts a zero-tolerance policy towards non-compliance with this framework | Annual Report (FY 2022 – 23) Page 91 - 92 |

| | | |
|---|---|---|
| We conduct third-party audits of privacy policy compliance | We conduct an independent audit periodically by external bodies to validate the effectiveness of data privacy control while penetration tests are conducted every quarter. | Annual Report (FY 2022 – 23) Page 92 |
| We conduct internal audits of the privacy policy compliance. | Audits are conducted periodically, and any non-conformance observed is fixed immediately. | Annual Report (FY 2022 – 23) Page 91 |

During FY 2022 - 23, there were no complaints regarding customer data breaches.

**GRI: 418-1**
**DJSI: 3.7.1 Privacy Policy: Systems/ Procedures**

## Customer Privacy Information

We inform customers on the following privacy protection issues:

| Aspect | Yes / No | Further Reference |
|---|---|---|
| Nature of information captured | Yes | https://www.firstsource.com/privacy-policy/ |
| Use of the collected information | Yes | What do we use personal data for? https://www.firstsource.com/privacy-policy/ |
| Possibility for customers to decide how private data is collected, used, retained, and processed | Yes | Access to information and your rights https://www.firstsource.com/privacy-policy/ |
| How long the information is kept on corporate files | Yes, retention frequency is based on the client's requirement | – |
| How the information is protected | As per the provisions of the Global Data Privacy Policy and | https://www.firstsource.com/wp-content/uploads/2023/04/Global- |

| | | |
|---|---|---|
| | Cyber Security Policy | Data-Privacy-Policy.pdf<br><br>https://www.firstsource.com/wp-content/uploads/2023/03/Global-Cyber-Security-Policy.pdf |

**GRI: 418-1**
**DJSI: 3.7.2 Customer Privacy Information**

# Environment

## GHG emissions (Scope 1, 2, and 3)

| GHG Emissions | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---|---|---|---|---|
| Scope 1 (in tCO2e) | 465.70 | 393.82 | 1,589.98 | 366 |
| Scope 2 (in tCO2e) | 7,879.69 | 10,768.40 | 13,192.67 | 15,439 |
| Scope 3 (in tCO2e) | 555.68 | 499.24 | 417.28 | 26,156 |

**Note**

Data for FY 2019-20 includes India, PHP (Philippines), and UK

Data for FY 2020-21 and FY 2021-22 scope 1 & 2 includes the whole of UK, along with certain clients in India and the Philippines. Whereas the Scope 3 boundary is limited to UK.

Data for FY 2022-23 includes India, UK, US, and Philippines.

The decrease in scope 1 emissions during the FY 2022 – 23 is mainly on account of a change in the schedule of DG testing. The increase during FY 2021 – 22 is on the account of office reopening, post the pandemic. Scope 3 Emissions for FY23 have grown due to better reporting techniques.

**GRI: 2-5, 305-1, 305-2**

**DJSI: 2.2.1 Direct Greenhouse Gas Emissions, 2.2.2 Indirect Greenhouse Gas Emissions**

## Scope 3 Category

| Scope 3 Category | Emissions in FY 2022-23 (Metric tons CO2e) | Emissions calculation methodology and exclusions |
|---|---|---|
| Purchased Goods and Services | 5,038.99 | Emissions calculation methodology- Average spend-based method.<br>This category includes emissions of technology suppliers and emissions of water used at office locations. |
| Fuel-and-energy-related-activities (not included in Scope 1 or 2) | 3,449.38 | Emissions calculation methodology- Average data method.<br>This category includes emissions from Well to Tank (WTT) Flights, WTT Trains, WTT Cars and Vans, Transmission and Distribution Electricity, WTT Fuels |

| | | |
|---|---|---|
| Waste generated in operations | 242.87 | Emissions calculation methodology- Waste-type-specific method.<br>This category includes emissions for 6 categories of waste generated across Firstsource office locations. The waste categories considered are construction, Refuse, Electrical Items, Metal, Plastic, Paper, and Others (books, glass, and clothing). |
| Business travel | 2,438.4 | Emissions calculation methodology- Distance-based method.<br>This category includes emissions from Business Air Travel, Business Train Travel, Hotel Stays. |
| Employee commuting | 6,826.98 | Emissions calculation methodology- Distance-based method.<br>This category includes employee commute. |
| Upstream leased assets | 8159.6 | Emissions calculation methodology- Average data method.<br>This category includes emissions from Business Travel and working from home. |

**Note:** Capital Goods, Upstream transportation and distribution, Downstream transportation and distribution, Processing of sold products, Use of sold products, End-of-life treatment of sold products, Downstream leased assets, Franchises, and Investments are not included in scope-3 calculation because Firstsource is a business process management services company, and these categories are not relevant to the company.

**GRI: 2-5, 305-3**
**DJSI: 2.2.3 Indirect Greenhouse Gas Emissions**

## Energy Consumption

| Total energy consumption | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---|---|---|---|---|
| Total non-renewable energy consumption (MWh) | 19,894.95 | 15,109.70 | 23,434.20 | 21,930 |
| Total renewable energy consumption (MWh) | 1,720.40 | 1,549.90 | 3,562.62 | 5,183.72 |

**Note:** Data for FY 2019-20, FY 2020-21 and FY 2021-22 includes India, Philippines, and UK. Data for FY 2022-23 includes UK, US, India, and Philippines

**GRI: 2-5, 302-1**
**DJSI: 2.3.1 Energy Consumption**

## Waste Disposal

| | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---|---|---|---|---|
| Total waste recycled/ reused (MT) | 0.0022 | 8.900012 | 14.9082 | 160.68 |
| Total waste disposed (MT) | 13.12 | 8.91 | 14.92 | 724.48 |
| Waste landfilled (MT) | 0.012 | No Waste is sent to the Landfill | No Waste is sent to the Landfill | 520.009 |
| Waste incinerated with energy recovery (MT) | - | - | - | - |
| Waste incinerated without energy recovery (MT) | - | 0.006 | 0.01108 | 43.59 |
| Waste with unknown disposal method (MT) | - | No Waste sent to another disposal method | No Waste sent to another disposal method | 0.2 |

Note: Data for FY 2019-20, FY 2020-21, FY 2021-22 data is available for India, FY 2022-23 includes India, Philippines, UK

**GRI: 2-5, 306-4, 306-5**
**DJSI: 2.4.1 Waste Disposal**

## Water Use

| Water consumption | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---|---|---|---|---|
| Total water use (million m3) | 0.0068246 | 0.0048728 | 0.0041668 | 0.01166742 |

Note- Data for FY 2019-20, FY 2020-21, and FY 2021-22 includes India and Philippines.
Data for FY 2022-23 includes India, UK, US, and Philippines.

**GRI: 2-5, 303-5**
**DJSI: 2.5.1 Water Use**

## Climate Governance

- Board-level Risk Management Committee- The highest level of responsibility on climate-related issues rests with the Board-level Risk Management Committee which meets half yearly in a financial year. It fulfills its environment-related risk management and risk governance oversight responsibilities. The board-level Risk Management Committee members are responsible for the approval of key business objectives and creating a mechanism to ensure the executive management effectively manages risks impacting the business. Under this leadership, Firstsource has taken progressive steps to strengthen the company's actions towards managing climate risk. The Board-level Risk Management Committee monitors and reviews risk management practices at Firstsource. It is also tasked with the oversight of the company's climate and sustainability-related strategy, plans, and performance monitoring. It is responsible for identifying, evaluating, and mitigating operational, strategic, and external climate-related risks. Lastly, the Committee guides the management on the implementation of initiatives. The board-level Risk Committee comprises 3 Directors and 2 C-Suite officers (one of which is the ESG Lead)
- Executive level Steering Committee- The Board Level Risk Management Committee is advised by an Executive level Steering Committee composed of members from the executive leadership team and select senior business leaders across functional domains. The Steering Committee helps to operationalize our ESG strategy and monitor progress through action plans and performance metrics. This work is then delegated to working groups, led by functional heads, each tasked with executing specific initiatives and projects in line with our overall ESG strategy and roadmap.

  The highest level of responsibility on climate-related issues rests with the Board level Risk Management Committee which meets half yearly in a financial year. The company's multi-level reporting mechanism which supports decision-making at the Board level is described below:

  - The Steering Committee receives quarterly updates to review the progress and performance of the working groups. It is documented in quarterly ESG progress reports and provided to the Risk Management Committee for its biannual meetings. The following matters are covered in the reports- risk management updates, review of performance and sustainability-related engagements, and review of updates from value chain stakeholders on sustainability-related matters.
  - The Board level Risk Management Committee guides and monitors actions on climate issues relevant to Firstsource. The Committee advises on managing strategic long-term impacts of climate change on the company.
  - The board-level Risk Management Committee deliberates upon the recommendations made by the Steering Committee and makes the final decision.
- Chief Sustainability Officer (CSO)- The ESG lead (equivalent to Chief Sustainability Officer) is a position crafted within the company to drive the ESG strategy including the climate strategy at Firstsource. The ESG lead is part of the Board level Risk Management Committee and is responsible for decision-making related to the climate strategy. The ESG Lead is tasked with the responsibility of coordinating efforts and actions across functional teams working on operationalizing ESG initiatives which include climate change-related projects. The key responsibilities of the ESG lead are:

- Support the Board level Risk Management Committee with expertise and strategic advice to identify and address climate-related risks to Firstsource.
- Monitor and update the leadership on the rapidly evolving ESG landscape, which includes climate-related regulatory frameworks, disclosure standards, and reporting requirements.
- Work in collaboration with other teams and departments to develop climate risk management strategies, implementation plans, and monitoring frameworks. The ESG lead acts as a bridge to ensure seamless interconnections across our governance system.

**DJSI: 2.6.1 Climate Governance**

## Climate-related Management Incentives

We recognize that providing incentives for the management of climate-related issues is a useful tool in prompting the executives within the company to address climate change and thereby transition into a more sustainable business. In this regard, we have initiatives related to monetary and non-monetary performance incentives for the management of climate-related issues for select positions, such as the ESG lead.

- Chief Sustainability Officer (CSO)- Our CSO is entitled to receive a monetary reward as a bonus with his salary, this incentive is linked to a short-term incentive plan. The performance is monitored with the company's progress towards a climate-related target, achievement of a climate-related target, implementation of an emissions reduction initiative, and company's performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score, etc.)
- Employees- All our employees are eligible for a non-monetary reward. Based on the employee involvement and their contribution to sustainability initiatives we facilitate, they are recognized through the company reward system called ‘FirstReward’.

We plan to expand monetary incentives to other positions and link our executive compensation to performance against sustainability parameters such as the number of climate mitigation initiatives undertaken, energy efficiency technologies adopted, and the associated energy savings and other process improvements. We encourage our employees to participate in several sustainability-related volunteer initiatives. We also facilitate initiatives aimed at improving their awareness of climate change and sustainability matters.

**DJSI: 2.6.3 Climate-Related Management Incentives**

## Climate Risk Management

We have reported our climate risks in alignment with the TCFD Framework. The risk assessment included physical climate risks and transition-related risks to the business. Our initiatives align with leading frameworks and guidelines, such as the Task Force on Climate-Related Financial Disclosure (TCFD) and the Carbon Disclosure Project (CDP) Climate Change assessment. Our TCFD methodology is grounded in rigorous climate risk studies, GHG inventorization, and analysis of existing institutional arrangements. We are using both qualitative and quantitative climate-related scenario analysis.

Identification, management, and reporting of climate-related risks is integrated into our ERM process and has oversight of the Board level Risk Management Committee.

While the Board level Risk Management Committee is the ultimate authority on climate-related decisions, business managers are responsible for the identification, assessment, management, and reporting of risks faced on a day-to-day basis. These risks are reviewed by the ESG Leads, Steering Committee and presented to the Board level Risk Management Committee.

**Physical Risks:** Physical risk is calculated based on the IPCC AR5 Risk Assessment Framework. Here, risk (or impact) is considered to be a function of hazard, exposure, and vulnerability. It is used primarily to refer to the risks of climate change impacts. For this assessment, we have used two scenarios:

- SSP 2 (RCP 4.5) assumes that moderate actions are taken, and the global temperature will be closer to 2°C (between 1.7 to 2.4).
- SSP 5 (RCP 8.5) which is a Business-as-usual scenario where the use of fossil fuels and energy-intensive lifestyles will continue. The global temperature will increase to 4°C. The hazard was calculated based on the climate change-related indicators and the exposure, sensitivity, and adaptive capacity were based on a qualitative questionnaire conducted across Firstsource sites. A few key indicators used in this assessment are:
  - Hazards: Maximum and minimum temperature, number of hot days, number of cool days, etc. among others.
  - Sensitivity: Percentage of employees working from an office, disaster, or climate-related events in business unit locations in the past 5-10 years, Age of the infrastructure of the Business Unit, Location-specific sensitivity, etc. among others
  - Adaptive capacity: Average distance from work to home, Disaster or hazard identified as part of the Enterprise Risk Management (ERM)/Business Continuity Plan, Future disasters or climate-related events identified, among others, etc.

**Transition Risks:** Transition risk is conducted by evaluating various factors related to policy and legal risks, market risks, reputation risks, and technology risks relevant to Firstsource. A scenario analysis using NGFS is also conducted to assess the range of hypothetical outcomes in the transition to a low-carbon economy. A scenario analysis using Network for Greening the Financial System (NGFS) Scenarios was also conducted. NGFS has developed a set of 6 scenarios (Net Zero 2050, Below 2°C, Divergent Net Zero, Delayed transition, Nationally Determined Contributions (NDCs), and Current Policies) to help organizations understand the risks associated with the transition to a low carbon economy.

The scenarios are grouped across 3 dimensions- an orderly world, a hothouse world, and a disorderly world. The orderly world dimension assumes that there is an early introduction of climate policies, which get progressively stringent over time. The disorderly world dimension assumes that policies are either delayed or divergent across regions and sectors. The hothouse world dimension assumes that although policies are introduced across various parts of the world, they prove to be insufficient to stop significant warming.

The three dimensions have varying physical and transition risk implications. In our NGFS-based transition risk assessment 5 scenarios were used, excluding the Current Policies scenario. Additionally, a peer assessment on risks, resilience, and adaptation strategies was also conducted to gain an understanding of industry best practices.

We have defined the climate-related risks and opportunities as the short, medium, and long term.

| | Time frame (in years) | Explanation |
|---|---|---|
| Short Term | 0-5 | The short-term time horizon set by Firstsource is aligned with the climate risks that may potentially occur and impact business in the next 0-5 years. |
| Medium Term | 5-10 | The medium-term time horizon set by Firstsource is aligned with the climate risks that may potentially occur and impact business in the next 5-10 years. |
| Long Term | 10-20 | The long-term time horizon set by Firstsource is aligned with the climate risks that may potentially occur and impact business beyond 10 years. |

Types of climate-related risk included in risk assessment:

| | |
|---|---|
| Current regulation | As a global company operating across five countries, we monitor regulatory requirements consistently. This means that we are abreast of the evolving regulatory landscape. Our Risk Management team monitors this on an ongoing basis. As not following current regulations would affect our reputation and cause a breach of compliance, we ensure that all relevant regulations are followed. |
| Emerging regulation | Emerging environmental and climate-related regulations could impact Firstsource's business. Our Risk management team monitors the regulatory landscape in all regions of our operation. An emerging regulatory risk could include carbon pricing (tax and ETS). However, as per the existing policy and regulatory framework, carbon pricing regulations do not pose a major risk to Firstsource in its present location. However, it is a "Highly Likely" risk over the medium to long-term horizon. |
| Technology | Technology risks are included in Firstsources' climate risk assessment. A transition to a low-carbon economy would require the adoption of energy-efficient IT equipment, facilities, or buildings. Firstsource could potentially face risks from rising costs due to the shift to such low emissions technologies. Our risks could also arise from unsuccessful investments in new technology, i.e., newer computing technology involving lower emissions while generating more computing power, or the cost of not transitioning to new technologies. Meeting Firstsource's long-term climate goal also faces a risk in a scenario where global technological innovations in renewable energy and clean energy do not advance adequately |
| Legal | As a global company operating across five countries, we are exposed to numerous |

| | |
|---|---|
| | regulations, policies, and other requirements. Thus, assessing legal risks is our priority. Our Risk Management team monitors any legal regulations to comply with. The team also seeks the assistance of external consultants, law firms, and other relevant groups to comply with necessary legal requirements. |
| Market | There is an increasing client demand for companies like Firstsource to have strong environmental commitments in place. This is therefore a significant risk item in our risk assessment process. We also work closely with our suppliers to ensure that we have a sustainable procurement process. In FY23-FY24, we aspire to develop a sustainable supply chain framework. We have introduced a supplier scorecard that provides Firstsource insights on the procurement process and helps to manage its risks and identify suppliers with underdeveloped ESG practices. |
| Reputation | The failure to meet certain client and investor expectations on accepted standards of climate change actions, such as maintaining ESG-related ratings or failing to achieve publicly communicated targets related to GHG emissions or other climate-related targets, could have an impact affecting Firstsource's businesses. Thus, reputational risks are included in our climate risk assessment. These risks are managed in several ways at Firstsource. We are targeting several sustainability goals, including increasingly powering our services through renewable energy. Firstsource stands to benefit from its commitment to being a responsible business partner for clients and investors. Thus, we constantly review the reputational impacts of our sustainability targets and initiatives. |
| Acute physical | We conducted location-specific physical risk assessments of all our sites in India, Philippines, UK, and US under IPCC's SSP 2 & 5 scenarios. We are aware that extreme weather events could potentially cause severe damage to our assets or disrupt our operations. For acute physical risk, we looked at indicators including cyclones, drought, heavy precipitation, and flood. In this assessment, it was found that two of our office locations in India are in areas susceptible to heavy rainfall and cyclones. Typical failures in the infrastructure due to cyclones/wind can be observed. An increasing number of rainy days and flooding events will impact our employees' ability to travel to work safely. |
| Chronic physical | Since Firstsource is a business process management firm, our chronic physical risks are much lower in comparison with businesses in the manufacturing and heavy industry sectors. Most of our employees could move into remote working roles in all our office locations if required, keeping our risks minimal.<br>However, certain of our office locations are likely to be impacted by chronic physical risk factors, including acute water stress, and experiencing higher hot days and higher humidity. Higher hot days or warmer summers would likely increase demand for cooling during the day and night, which could lead to significant changes in patterns of energy demand. The availability of water can become a challenge with changes in the mean precipitation and rising temperature poses a risk to our workforce. |

**DJSI: 2.6.2 TCFD Disclosure, 2.6.4 Climate Risk Management, 2.6.5 Climate-Related Scenario Analysis**

## Financial or Strategic Impact of Climate Risk on Business

Substantive financial impact from climate-related risks is defined as the potential to disrupt Firstsource's business performance leading to an impact on financial metrics such as profits, revenue, and shareholder value in the defined short- (0-5 years) and medium- (5-10 years) term time horizon terms. Parameters considered across locations:

1. Disruption of business operations and damage to office facilities and infrastructure due to climate events
2. Disruption of the supply chain due to climate impacts on customers and vendors.
3. Higher costs due to increasing operational costs as a result of climate events (e.g.- higher energy bills as a result of extreme heat) and insurance to mitigate risk.

Substantive strategic impact from climate-related risk is defined as the potential to impact Firstsource's competitive advantage leading to missed business opportunities and degrowth in the defined medium- (5-10 years) and long-term (beyond 10 years) time horizon. Parameters considered across locations:

1. Impact on the demand for our services due to (i) change in customer preference for companies demonstrating strong environmental stewardship and (ii) evolving needs of customers.
2. Impact on the demand for our services due to evolving customer needs for sustainability services.
3. Impact on our operations, reporting requirements, and procurement processes due to evolving climate-related compliance and policy landscape.

The climate risk assessment conducted by Firstsource for all its office locations identified cyclones as a key acute physical risk. One of its locations in India (Savitha Plaza) and two locations in the Philippines (Skyrise 1 and CDT22) are at risk of this climate hazard in the long term. The projected impacts of a cyclone on Firstsource locations are related to service disruption due to:

- Damage to infrastructure- Firstsource is expected to be impacted by damage to office buildings and data centers.
- Power outage- Power supply is expected to be intermittent due to damage to power infrastructure and may disrupt services.
- Poor office connectivity for employees and productivity: Storms and floods due to cyclones are expected to affect employee health as well as their ability to commute to the office.

**DJSI: 2.6.6 Physical Climate Risk Adaptation**

## Emissions Reduction Targets

Firstsource is looking to align itself with the Science Based Targets initiatives (SBTi) to amplify its commitments towards reducing its overall emissions. Through its alignment with SBTi, FSL ensures that its targets are in line with up-to-date scientific understanding of climate. The new target will include scope 1, scope 2, and scope 3 emissions for all its locations. The Scope 3 target will include 6 categories. Firstsource shall be rolling out SBTi targets in the future. In this direction, we have conducted a comprehensive inventory of our emissions across operations all our locations. This step will help us with a clear understanding of our footprint and the key areas of operation that contribute to emissions the most. It will allow us to identify and put in place effective mitigation strategies.

We are in the process of adopting absolute emission reduction targets covering Scope-1, Scope-2, and Scope-3 (Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2), Category 5: Waste generated in operations, Category 6: Business travel) emissions.

| Scope covered by the target | Target Timeframe | Baseline year emissions covered and as a % of total base year emissions |
|---|---|---|
| Scope-1 | Base year: 2023 | Base year Scope 1 emissions covered (metric tons CO2e)- 366.33<br>% of total base year Emissions- 0.87% |
| Scope 2 | Base year: 2023 | Base year Scope 2 emissions covered (metric tons CO2e)- 15,438.82<br>% of total base year Emissions- 36.79% |
| Scope 3 | Base year: 2023 | Base year total Scope 3 emissions (metric tons CO2e)-26,156.22<br>% of total base year Emissions- 62.33% |

**Note**: We do not have any other climate-related targets that are active in the reporting year.

**GRI: 305-5**
**DJSI: 2.6.7 Emissions Reduction Targets**