



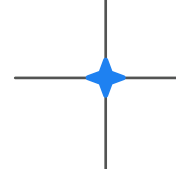
SUSTAINABILITY REPORT



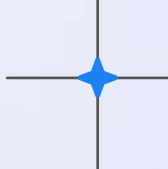
2026



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About The Report

This Sustainability Report presents the sustainability-related financial disclosures of NETSOL Technologies Limited (“NETSOL”, “the Company”, “we”, “us” or “our”) for the financial year ended June 30, 2026.

Unless otherwise stated, all monetary amounts are presented in Pakistani Rupees (PKR) and rounded to the nearest thousand.

The report was published on October 27, 2026.

Statement of Compliance

This report has been prepared in compliance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by International Sustainability Standards Board (ISSB). The Company has applied all applicable requirements of IFRS S1 and IFRS S2 and hereby provides an explicit and unreserved statement of compliance with these Standards.

The Report also complies with the Software and IT Services standard of Sustainability Accounting Standards Board (SASB). The Company’s sustainability initiatives and disclosures have also been mapped to the United Nations Sustainable Development Goals (UN SDGs), the ESG disclosure guidelines of the Securities and Exchange Commission of Pakistan (SECP) and the minimum SDG requirements of the Pakistan Stock Exchange (PSX).

The disclosures have been prepared on a fair-presentation basis and include balanced, neutral, and material information about the Company’s sustainability-related risks and opportunities that could reasonably be expected to affect its prospects.

NETSOL has availed the transition relief under IFRS S1, permitting the omission of comparative information for sustainability-related disclosures in the first annual reporting period of application.

Connectivity with Financial Statements

This report should be read in conjunction with NETSOL’s Annual Report and unconsolidated financial statements for the year ended June 30, 2026. Consistent with the principles of the IFRS Sustainability Disclosure Standards, the report seeks to provide connected information on sustainability-related risks and opportunities and their actual or potential effects on the Company’s prospects. The reporting boundary is consistent with the Company’s unconsolidated financial statements for the same period.

Subsequent Events and Restatements

Material sustainability-related events occurring between the reporting date and the date of authorization of this report have been assessed. No subsequent events requiring disclosure have been identified, consistent with Note 48 of the unconsolidated notes to and forming part of the financial statements.

Assumptions, Judgments and Forward-looking Information

Sustainability disclosures involve the use of assumptions and estimates, particularly in assessing risks and opportunities. Where significant judgments have been applied, these are described within relevant sections of the Report. This Report contains forward-looking statements that are subject to uncertainties and may differ from actual outcomes.

Further detail on judgments and uncertainties is provided in Appendix 1 of this Report.



> Statement from Chairman of Board



NETSOL was incorporated in Pakistan in 1996, at a time when few believed a Pakistani software company could compete for the trust of global banks and automotive finance houses. Three decades on, we develop and export enterprise software and asset finance solutions to clients across the globe, and we do so as part of a technology group whose platforms now operate in over 30 countries. I share this because it is the lens through which I want you to read our first Sustainability Report: sustainability, for this Company, is not a new chapter. It is the same discipline of resilience and long-term thinking that has defined us since our founding, now made explicit and measurable.

Our business sits at an interesting intersection. The engineering, delivery, and professional services capability based here builds and supports the AI-driven infrastructure that helps our group's clients extend credit responsibly and manage risk intelligently. This places a particular obligation on us, because the resilience, security and integrity of the technology built here directly shapes the resilience of the institutions our group serves worldwide. This is why cybersecurity, data protection, and responsible AI development practices sit at the center of our sustainability agenda, not at its edges.

That responsibility rests on our people. Investing in their skills in AI, cloud and secure software engineering is how we protect our clients' trust and the Company's future at the same time. We are equally committed to making our campuses and operations more resource-efficient, extending that stewardship into how we manage energy, emissions, and waste as we grow.

Good governance underpins all of it. As a company listed on the Pakistan Stock Exchange, we report to shareholders at home while serving a client base that spans the globe. This position requires us to hold ourselves to standards of transparency and accountability that meet both local regulatory expectations and those of the international institutions we serve.

This report is a starting point, not a finished picture. We will refine our metrics, sharpen our targets, and report our progress honestly in the years ahead. I thank our stakeholders for the trust that has carried this Company for three decades and that will carry us through the next phase of responsible, technology-led growth.

A handwritten signature in black ink, appearing to be 'N. Ghauri'.

Naeem Ullah Ghauri
Chairman
Lahore



Message from Chairperson Sustainability Committee



It is my pleasure to present NETSOL's Inaugural Sustainability Report. This report marks a deliberate step in how we govern, measure, and communicate our sustainability performance, and it reflects NETSOL's belief that sustainability is best advanced through structure and discipline, not good intentions alone.

Over the past year, the Company's priority has been to build the governance foundation this journey requires: establishing clearer oversight of sustainability-related risks and opportunities, integrating these considerations into how the Board and management engage with strategy, and beginning the work of identifying the topics most material to our business and our stakeholders. An inaugural report is, by nature, a baseline. The figures we disclose this year give us a starting point against which we can set targets and measure progress in the years ahead.

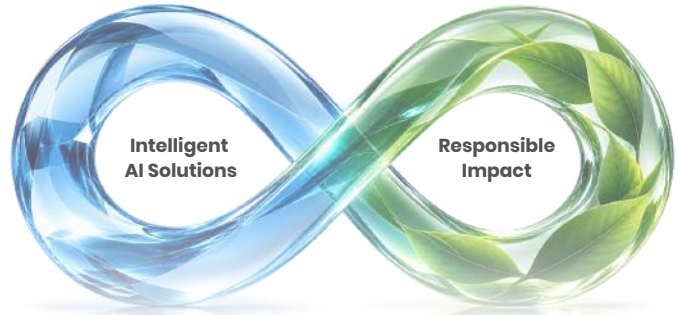
Our people remain the foundation of everything the Committee oversees. With a workforce of 1,075 employees, we recognize that the strength of our governance, the quality of our innovation, and the resilience of our operations all depend on the people who carry them out. This commitment is reflected in the 7,157 hours of training delivered this year to build the future-ready capabilities our people and clients need, ranging from technical depth to responsible AI practices. We have also continued to focus on fostering an inclusive and empowering workplace, recognizing that a diverse and engaged workforce is core to sound decision-making and long-term resilience.

On the environmental side, we have begun to assess our footprint in a structured way, including measuring our greenhouse gas emissions, which totaled 3,926 tCO₂e this year. This is an important step toward setting credible reduction targets and embedding energy efficiency and resource stewardship more deliberately into our operations. Responsible innovation is a thread that runs through the Committee's work as much as it does through our business. As NETSOL continues to invest in artificial intelligence and emerging technologies, the Committee regards it as part of its mandate to ensure that this innovation is pursued with appropriate attention to data protection, security and ethical use, so that the technology we build strengthens, rather than tests, the trust our stakeholders place in us.

This report reflects where we are, not where we intend to stay. The Committee remains committed to sharpening our metrics, deepening our materiality process, and reporting our progress with transparency as this journey continues. I thank our employees, customers, shareholders, and business partners for their continued trust and support, and I look forward to advancing this agenda together.

Hamna Ghauri
Chairperson
Sustainability Committee

> AI-FIRST. FUTURE-READY. SUSTAINABLE BY INNOVATION.



At NETSOL, Artificial Intelligence is at the core of how we innovate, deliver value, and shape the future of financial technology. Since becoming an AI-first organization in July 2024, we have accelerated our investment in AI capabilities, solutions and talent, unlocking new possibilities for our clients and creating a more sustainable and responsible future in which tomorrow begins today.

AI Driving Value Across NETSOL



Innovation

Leveraging AI and emerging technologies to develop future-ready solutions



Efficiency & Automation

Applying AI to automate tasks, streamline operations and drive efficiency



Data & Insights

Transforming data into actionable insights to support smarter, data-driven decisions



Customer Impact

Enabling personalized customer experiences through AI-driven solutions



Responsible & Human-centric AI

Using human-in-the-loop approaches, transparency and ethical standards to build trust in AI

Innovating Today. Sustaining Tomorrow.

As we lead with AI, we remain equally committed to creating long-term value for people, communities, and the planet.



Energy-Conscious Operations



Responsible Technology



People and Future Capabilities



Social and Community Impact



***NETSOL will not work for AI.
AI will work for NETSOL.***

Salim Ullah Ghauri
CEO



01

About NETSOL Technologies Limited



> Our Core Values

NETSOL Technologies Limited (“the Company”) was incorporated in Pakistan on August 22, 1996 as a private company limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). It was subsequently converted into a public limited company and listed on the Pakistan Stock Exchange on August 26, 2005. The Company is domiciled in Pakistan and is principally engaged in the development and sale of computer software and allied services in Pakistan as well as abroad.

Respect & Humility

We treat everyone with kindness and understanding, valuing diverse perspectives and learning from every interaction

Adaptability

We proactively anticipate and respond to our customers’ evolving needs in a fast-changing global economy

Honesty & Integrity

We ensure transparency and trustworthiness in our communications and decisions

Innovation

We foster a culture of curiosity and continuous improvement, transcending today’s limits with technology

Customer Success

We work relentlessly to overcome challenges and deliver solutions that ensure our customers are successful

> Vision



To be the leading global provider of IT solutions and services in every market we serve – by leveraging our worldwide footprint, driving sustainable growth, increasing shareholder value, and fostering a culture of excellence for our employees.



The leading and world class provider

We will continue to invest in top-quality talent, certifications, processes, infrastructure and product development.



In each market

We will focus individually on each market, while growing globally.



Creating strong growth potential

We will invest in capacity building, research and development, and emerging technology markets.



By leveraging our global positioning

We will fully harness our global solutions, customer base, presence and expertise.



Increasing shareholders' value

We aim to provide above average and superior returns to our shareholders.

> Mission



To be the premier solutions provider to the global finance and leasing industry. We will build on our market-leading position in APAC and expand our strong presence in Europe and the US to drive continued growth from our current generation of finance and leasing solutions while scaling our next-generation platform. We will harness our world-class software development capabilities to create new intellectual property in business segments where we can deliver meaningful value. We are committed to inspiring, training and rewarding our employees to be the best in their fields.

> Our Customer Base

16

Countries



5

Regions



PK

Head Office



North America

United States of America

Europe

United Kingdom
Germany

Africa

South Africa

Asia-Pacific

Pakistan
China
Japan
Korea
Taiwan
Thailand
Malaysia
Singapore
Indonesia
Hong Kong

Oceania

Australia
New Zealand

02

Our Value Creation Model





Our Business Model – Inputs

Financial Capital

- Shareholders' Equity PKR 10,918,311
- Debt PKR 2,201,771
- Long-Term Advances PKR 5,415
- Working capital PKR 9,145,349

Intellectual Capital

- R&D expenditure PKR 796,194
- Computer Softwares PKR 121,078
- Revenue generation from fully amortized NETSOL Financial Suite products through license sales, allied services, and maintenance

Human Capital

- Total Workforce 1,075 Employees
- Training Investment PKR 18,749
- Training Sessions 75 Trainings
- Training hours 7,157 hours

Social and Relationship Capital

- Strong global and local client relationships
- Trusted vendor and service provider partnerships
- Employee engagement through HR policies, training and welfare programs
- Collaboration with academic and talent development institutions
- Cross-functional collaboration through formal governance processes and platforms

Manufactured Capital

- Computer Equipment PKR 133,459
- Office Equipment PKR 39,833
- Generators PKR 8,009
- Other Property, Plant and Equipment PKR 1,043,765

Natural Capital

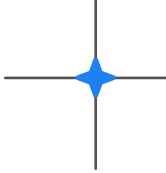
- Reverse Osmosis (RO) plant for safe drinking water
- Groundwater utilized as the primary source for purification and supply
- Office-wide recycling initiative with dedicated bins and waste segregation systems

Note: All PKR values are presented in 'Rupees in Thousands', unless otherwise stated. Also, all PKR values represent amounts applicable at the beginning of the year or incurred during the year, as relevant.

Business Activities and Outputs



Outcomes



Financial Capital

• Gross Profit Margin	43%
• Earnings retention ratio	98.5%
• Revenue Growth	16%
• Return on Equity	13%
• Return on Assets	9.5%
• Net cash from operating activities	PKR 810,274



Intellectual Capital

• Development Cost	PKR 576,385
• Certifications & Attestations	ISO 9001, ISO 20000-1, ISO 27001, SOC 2 Type II
• Revenue Growth in License Contracts	2200%



Human Capital

• Salaries and Benefits	PKR 5,781,040
• New Hires	264
• Employee Turnover	24%
• Percentage of total headcount held by women	21%



Social and Relationship Capital

Total CSR Investment	PKR 102,427
• Education	63%
• Healthcare / Humanitarian Support	0.5%
• Community Welfare and Social Support	34%
• Disaster Relief	1%
• Others	1%



Manufactured Capital

• Year-on-Year Growth in PPE	17%
• Solar Capacity Installed	500 kW
• Renewable Energy Generated	471,289 kWh
• Year-on-Year Growth in CAPEX	37%



Natural Capital

• GHG Emissions	3,926 tCO ₂ e
• Energy Consumed	14,169 GJ
• Water Consumption	367,859 Liters

Note: All PKR values are presented in 'Rupees in Thousands', unless otherwise stated.

Value Generated

UN SDGs



Financial Capital

- Sustainable profitability growth
- Efficient capital utilization
- Strengthened financial resilience
- Operating profit growth
- Improved ROE and ROA



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



Intellectual Capital

- Certified quality standards
- Increased proprietary revenue
- Enhanced innovation capacity
- Recognition and credibility
- Sustained R&D investment



QUALITY EDUCATION



INDUSTRY, INNOVATION AND INFRASTRUCTURE



Human Capital

- Talent acquisition growth
- Workforce skill development
- Competitive compensation delivered
- Employee retention improvement
- Diversity and inclusion
- Retirement benefits security



QUALITY EDUCATION



GENDER EQUALITY



INDUSTRY, INNOVATION AND INFRASTRUCTURE



Social and Relationship Capital

- Meaningful CSR impact
- Improved supplier and partner relationship
- Positive employer brand and talent attraction
- Strong regulatory compliance
- Expanded community engagement
- Robust academic collaborations



GENDER EQUALITY



RESPONSIBLE CONSUMPTION AND PRODUCTION



QUALITY EDUCATION



PARTNERSHIPS FOR THE GOALS



Manufactured Capital

- Global operational footprint
- Renewable energy adoption
- Significant energy cost reduction
- Sustainable infrastructure growth



AFFORDABLE AND CLEAN ENERGY



INDUSTRY, INNOVATION AND INFRASTRUCTURE



RESPONSIBLE CONSUMPTION AND PRODUCTION



Natural Capital

- Safe drinking water
- Reduced water consumption
- Emissions Monitoring
- Effective waste recycling
- Sustainable resource usage



CLEAN WATER AND SANITATION



RESPONSIBLE CONSUMPTION AND PRODUCTION



CLIMATE ACTION

> Our Value Chain

Upstream Activities



Own Operations

Software Development
Source Code Management
Testing & QA

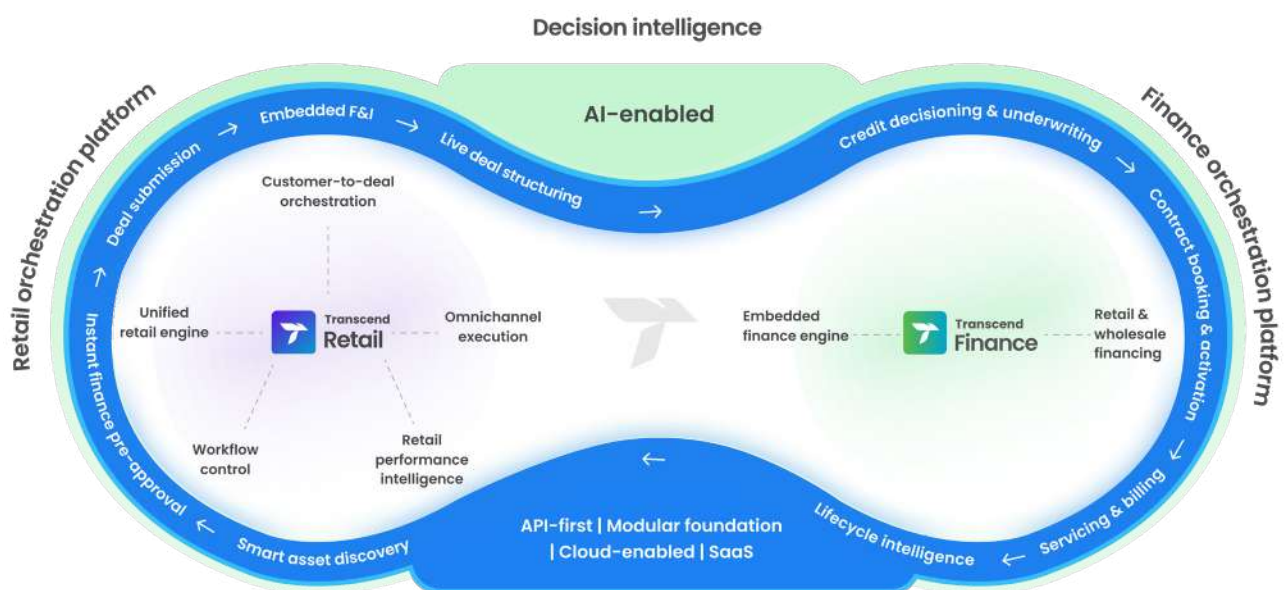
Our Workforce



Data Centers and Networking Equipment

Virtual Infrastructure Management
Network and Security Operations
ISMS Governance

Downstream Activities



Transcend Platform

One connected ecosystem across commerce, finance, and servicing

> Sustainability Highlights

Sustainable Operations

12%

of total energy consumption from on-site renewable generation



27.2%

reduction in purchased electricity in second half of the year due to solar installation

0.12 tCO₂e

Scope 1 & 2 emissions intensity per million rupees of revenue

1.35 GJ

energy intensity per million rupees of revenue

Empowering People

7,157

total learning hours completed by employees

264

new employees hired

20.2%

of employee promotions awarded to women



PKR 18.7m

invested in employee training and development

Responsible Leadership

5:2

gender diversity ratio of Board of Directors

67%

women representation in Sustainability Committee



Zero

data breaches identified

Zero

corruption cases identified

03

Governance Framework



> Board of Directors



Naeem Ullah Ghauri
Chairman
Non-Executive Director

NC



Salim Ullah Ghauri
Chief Executive Officer
Executive Director

HR

NC

SC



Omar Shahab Ghauri
Chief Operating Officer
Executive Director

RM

NC



Hamna Ghauri
Non-Executive Director

HR

SC



Noman Hussain
Independent Director

AC

RM



Huma Fakhar
Independent Director

AC

HR

SC



Vaseem Anwar
Non-Executive Director

AC

RM

Board Committees

AC

Audit
Committee

HR

HR & Remuneration
Committee

RM

Risk Management
Committee

NC

Nomination
Committee

SC

Sustainability
Committee

Board's Skills and Competencies

The Board of Directors is responsible for providing strategic leadership, ensuring the Company's long-term success, and safeguarding the interests of shareholders and stakeholders. In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board evaluates its overall performance, the effectiveness of its Committees, and the contribution of individual Directors.

The evaluation covers the Board's structure, size, composition, skills, knowledge, experience, roles, and areas for improvement. The Human Resource & Remuneration Committee circulates a structured questionnaire to all Board members to obtain their feedback. The assessment also considers Directors' contributions to Board and Committee deliberations, their effectiveness in fulfilling oversight responsibilities and the need to balance continuity and institutional knowledge with diverse perspectives.

The Nomination Committee reviews and recommends to the Board matters relating to the structure, size, and composition of the Board and its Committees, including the required skills, knowledge and experience. The Board believes that its members collectively bring a strong mix of industry insight, leadership, and functional expertise aligned with the Company's strategy and long-term objectives.

The Board has identified a set of skills and competencies that enables an assessment of its collective capabilities and effectiveness in providing strategic oversight of NETSOL's business and supporting its long-term objectives.



Digital Transformation, Technology and Cybersecurity

Experience or knowledge in technology, information security matters and digital transformation, including innovation and artificial Intelligence.



Sales Strategy and Market Positioning

A strong understanding of market dynamics and customer needs, and experience in competitive positioning to drive growth, brand value and commercial success.



Corporate Management and Reporting

Experience overseeing corporate management, operational performance, internal controls, and corporate reporting (financial and non-financial).



Financial Strategy and Capital Management

Experience providing strategic oversight of finance, accounting, and investment activities, including financial reporting, budgeting, capital allocation, and investment strategy.



Enterprise Risk Management and Business Resilience

Experience overseeing the enterprise risk management process, including the effective identification, prioritization and management of risks and their integration with corporate strategy to support organizational resilience.



Global Business Knowledge

The capability to understand international markets, cross-border business dynamics and geopolitical influences, enabling strategic decisions to be guided by an awareness of global opportunities and risks.



Human Capital Management

Experience providing strategic oversight of human capital management and human rights considerations, including talent acquisition, development, retention, succession planning and workforce strategy to drive corporate objectives and long-term value creation.



Legal, Regulatory and Ethical Compliance

The ability to understand and oversee compliance with applicable laws, regulations and ethical standards, ensuring that the organization's decisions and operations uphold strong governance and integrity.



Governance, Leadership and Oversight

The capacity to provide strategic direction, uphold strong governance practices, ensure accountability and lead organizations in a responsible and transparent manner.



Stakeholder and Investor Relations

Experience in managing relationships with investors, shareholders, clients, regulators, and other key stakeholders, including engagement strategies, and transparent communication of corporate strategy and performance.



Strategic Planning and Decision Making

Experience implementing and scaling organic and inorganic growth strategies, driving corporate strategy, building strategic partnerships to promote growth and identifying acquisitions and business combinations aligned with long-term organizational objectives.



ESG and Decarbonization

Experience in integrating ESG considerations, decarbonization, and operational initiatives to drive long-term sustainability, organizational resilience, and stakeholder value, with the ability to identify and manage environmental and social impacts of business activities.

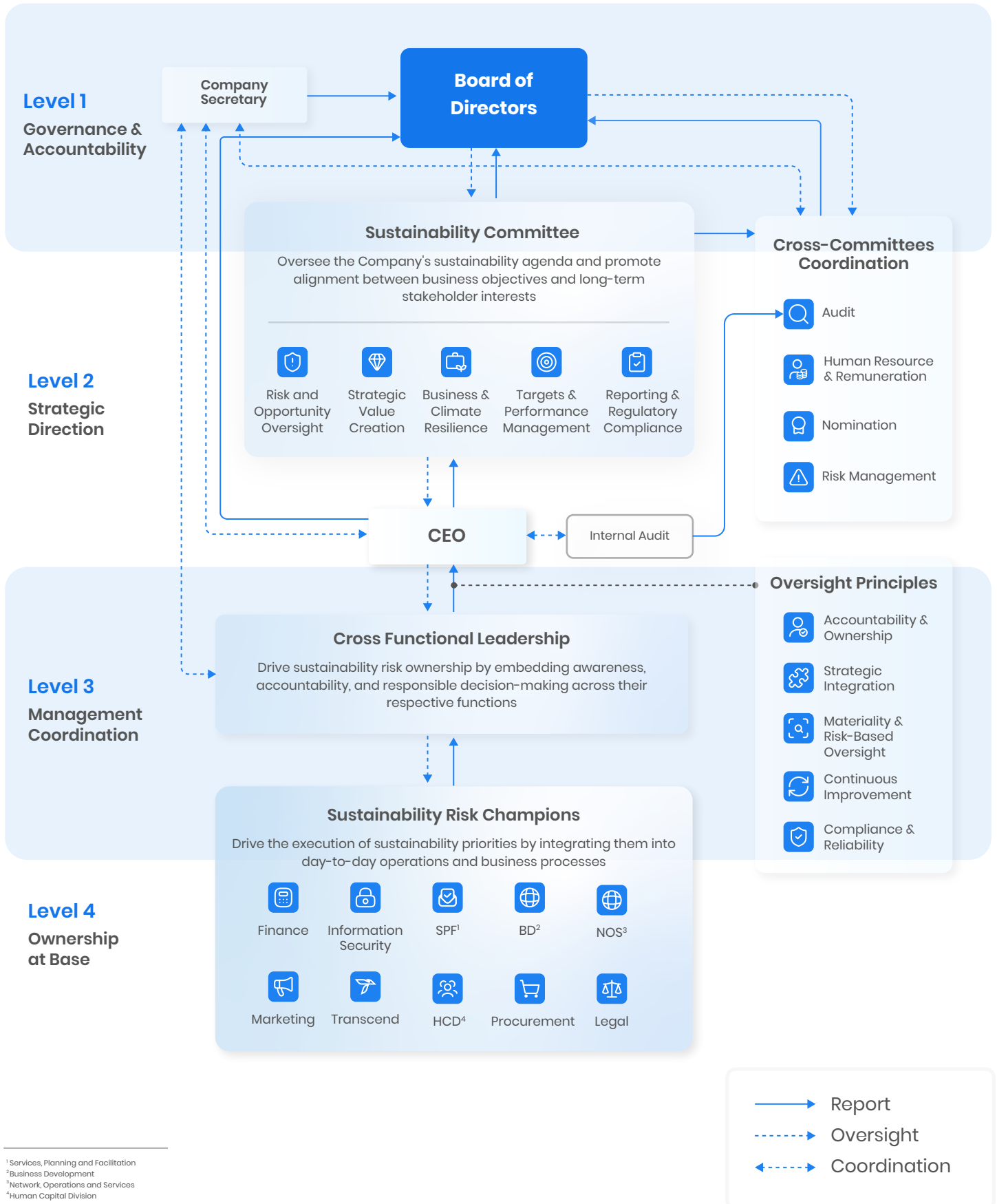
Board’s Skills and Competencies Matrix

	Naeem Ullah Ghauri	Salim Ullah Ghauri	Vaseem Anwar	Noman Hussain	Hamna Ghauri	Huma Fakhar	Omar Shahab Ghauri
Digital Transformation, Technology and Cybersecurity							
Corporate Management and Reporting							
Enterprise Risk Management and Business Resilience							
Human Capital Management							
Governance, Leadership and Oversight							
Strategic Planning and Decision Making							
Sales Strategy and Market Positioning							
Financial Strategy and Capital Management							
Global Business Knowledge							
Legal, Regulatory and Ethical Compliance							
Stakeholder and Investor Relations							
ESG and Decarbonization							

Capability Status

- Mature**
(Strong expertise and experience)
- Developing**
(Growing capabilities and experience)

> Sustainability Oversight



> Board Oversight Mechanism

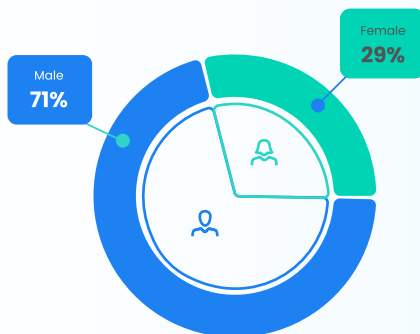
The Board of Directors holds overall responsibility for providing strategic direction, overseeing the Company's performance, and ensuring effective oversight of its risks and opportunities. To support the effective discharge of these responsibilities, the Board establishes specialized Committees with defined mandates and delegated responsibilities that contribute to achieving the Company's strategic and governance objectives.

During FY2026, the Board considered the Company's investment of PKR 95.2 million in on-site solar energy infrastructure as part of its capital allocation decisions. In evaluating the investment, the Board considered the trade-offs between the upfront capital commitment, emissions reduction, energy cost savings, and longer-term energy resilience. The investment is estimated to avoid approximately 227 tCO₂e of greenhouse gas emissions each year. Against an annualized capital cost of around PKR 6.5 million, annual grid-electricity savings of approximately PKR 25 million more than offset the cost of abatement, resulting in net financial saving and an expected payback period of less than four years. This assessment reflects the integration of climate-related considerations into the Company's capital allocation decisions.

- F** The Board has delegated the mandate to the Sustainability Committee to oversee sustainability-related risks and opportunities and ensure their integration into the Company's strategy, risk management, decision-making, and long-term value creation.
- M** The Risk Management Committee supports the Board in identifying and prioritizing business risks, evaluating the effectiveness of mitigation measures, addressing high-priority risks, and strengthening the Company's Enterprise Risk Management infrastructure.
- M** The Audit Committee oversees financial reporting, internal and external audit matters, internal controls, regulatory compliance, investigations, and mechanisms for reporting financial or other improprieties.
- F** The Human Resource & Remuneration Committee provides oversight of human resource governance, remuneration, performance evaluation, training and development, key management appointments, and the annual evaluation of the Board and its Committees.
- M** The Nomination Committee supports effective Board composition by reviewing its structure, size, skills, knowledge and experience, and recommending changes, succession plans, Committee composition, chairmanship, and appointments to fill vacancies.

M Male Chairperson **F** Female Chairperson

Gender



Independence

2 Members

Age Group

30 to 50
Years

4
Members

Over 50
Years

3
Members

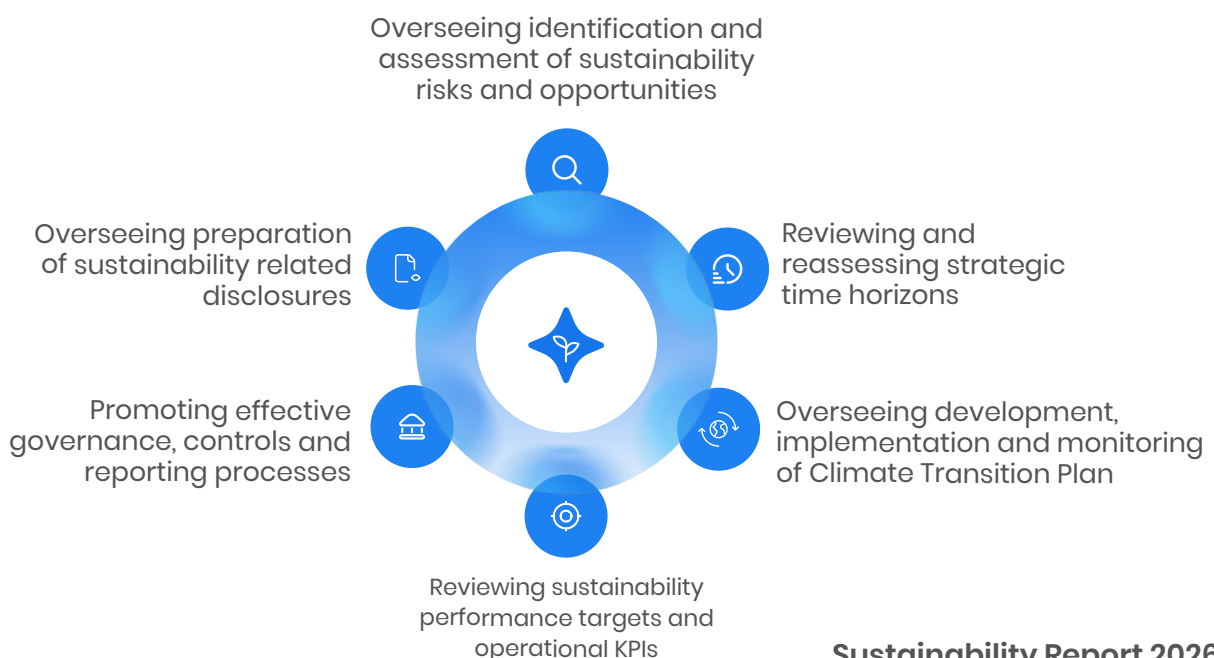
Sustainability Committee

The Sustainability Committee at NETSOL has been constituted by the Board to provide dedicated oversight of sustainability-related risks and opportunities and to support their consideration within the Company's strategic and business decision-making. The Committee is chaired by a non-executive female director, reflecting NETSOL's commitment to inclusive, diverse and effective governance, and comprises members with the requisite skills, expertise and experience to provide effective oversight of sustainability-related matters.

The Committee is responsible for overseeing the identification, assessment and management of material sustainability-related risks and opportunities, strengthening the Company's sustainability governance framework, and guiding the integration of sustainability considerations into strategy, risk management and business planning. It also provides oversight of sustainability performance and reporting, including the development and monitoring of relevant targets and key performance indicators as the Company's sustainability framework evolves. In overseeing strategic and business decisions, the Committee considers the potential implications of material sustainability-related risks and opportunities, including their relevance to long-term value creation.

The Committee is informed of sustainability-related risks and opportunities through periodic updates, management reporting and assessments presented for its consideration, with additional engagement where significant developments or emerging matters arise. During the year, NETSOL also conducted sustainability-related risk and opportunity assessment training for its Risk Champions and management to strengthen awareness and understanding of sustainability-related considerations across the organization. As the Company continues to develop its sustainability governance practices, further capacity-building will be undertaken where required to strengthen the skills and capabilities needed to effectively identify, assess and manage sustainability-related risks and opportunities.

The Committee advises the Board on significant sustainability-related matters and coordinates with Board committees to promote clear accountability and effective implementation of sustainability priorities. The Committee meets twice a year to discharge its responsibilities and may hold additional meetings as required to consider significant developments or emerging sustainability-related risks and opportunities. During the reporting year, the Committee held two meetings to review and oversee sustainability-related matters.



> Management Accountability

Management is responsible for translating the strategic direction provided by the Board and Sustainability Committee into day-to-day implementation across NETSOL's operations and business functions. The Chief Executive Officer serves as the executive focal point for sustainability-related matters and coordinates with the Sustainability Committee, while sustainability responsibilities are embedded across the cross-functional leadership team. This structure supports the identification, assessment and management of sustainability-related risks and opportunities within respective areas of responsibility and promotes their consideration in operational and business decisions.

Management is supported by designated Sustainability Risk Champions and functional heads who facilitate the monitoring of sustainability-related risks, provide relevant data and updates, and support the implementation of sustainability priorities within their respective functions. The Sustainability Risk Management Framework provides the underlying mechanism for capturing, monitoring and maintaining sustainability-related risk information, with relevant functions contributing data and updates.

The role of the internal audit function continues to evolve in response to events, risks, and regulatory changes impacting the Company, ensuring that its mandate remains aligned with organizational objectives. Our internal controls are designed to offer reasonable assurance regarding the reliability of our financial reporting and the preparation of external financial statements in accordance with International Financial Reporting Standards. However, due to the inherent limitations of any internal control system, management acknowledges that there may be limitations in the effectiveness of these controls. Nonetheless, the Company maintains an effective internal control framework, characterized by clear structures, defined authority limits, accountabilities, and well-established policies and procedures for review processes.

Through this integrated structure, sustainability-related risks and opportunities are connected with existing management functions rather than being managed as a standalone activity. The approach enables sustainability considerations to flow from Board-level oversight through executive management and functional leadership to business units and employees, supporting accountability, risk-informed decision-making and the continued integration of sustainability into NETSOL's business practices.



> Remuneration Structure

Non-Executive Directors, including the Independent Directors, receive no remuneration from NETSOL other than fees for attending Board and Committee meetings. The Company may reimburse, or directly incur, reasonable travelling and accommodation expenses incurred by Directors in connection with their attendance at Board and Committee meetings.

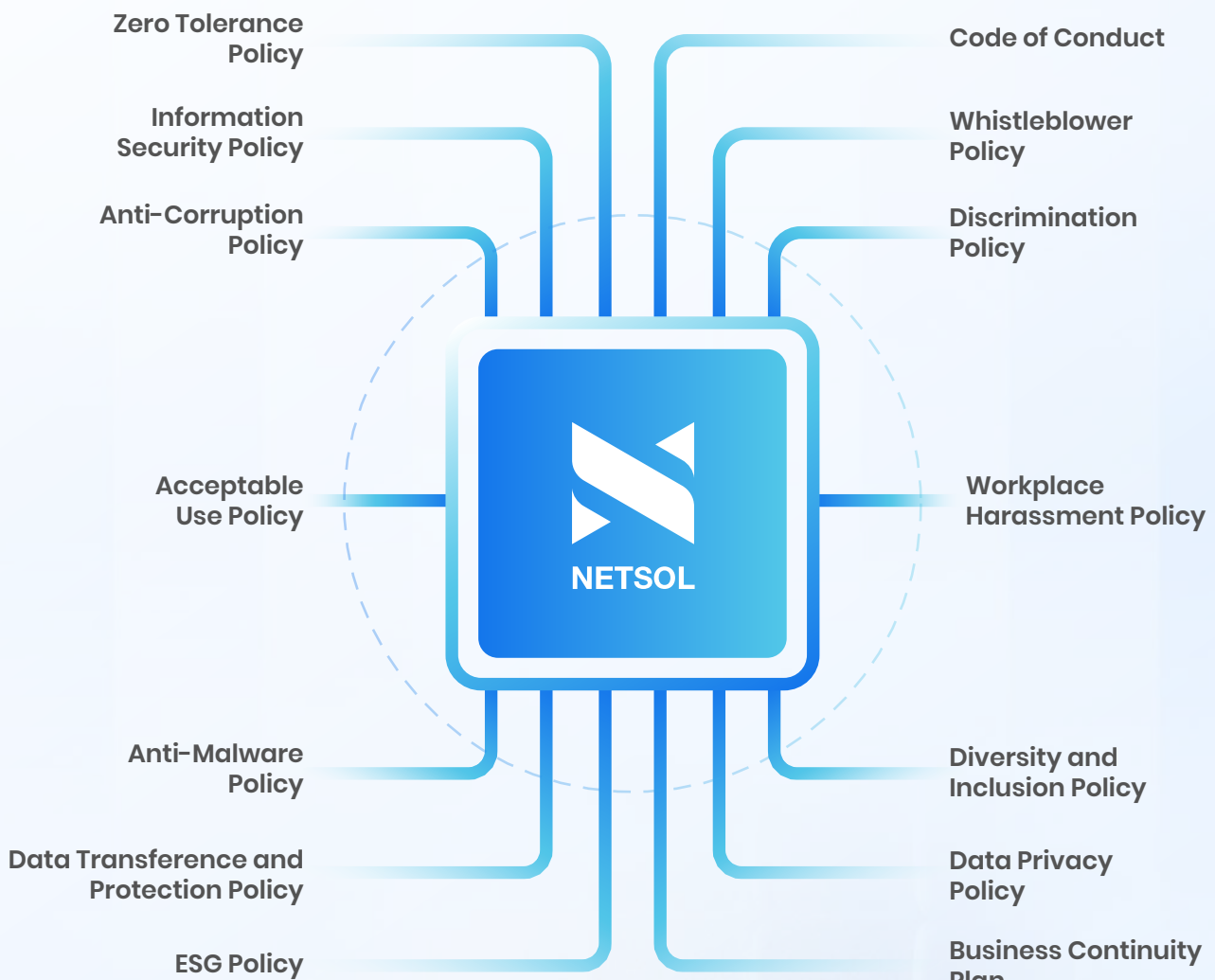
The Human Resource and Remuneration Committee supports the Board in matters relating to the selection, evaluation and compensation of management and provides recommendations to the Board in this regard. Details of the remuneration paid during the year to the Chief Executive Officer, Directors and Executives are provided in Note 38 to the unconsolidated financial statements for FY26.

While sustainability considerations form part of the Company's broader performance management approach, executive remuneration is not currently linked to formal sustainability or ESG targets (i.e., 0% in FY26). As NETSOL continues to develop its sustainability framework, the Company is evaluating opportunities to incorporate appropriate sustainability-related metrics into performance assessments and incentive structures, with the aim of strengthening alignment between executive performance, sustainability priorities and long-term value creation.



> Responsible Business Conduct

NETSOL is committed to conducting its business responsibly, ethically, and transparently while creating sustainable value for its stakeholders. The Company's approach to responsible business conduct is supported by a comprehensive framework of policies, procedures, and governance practices that guide decision-making, promote accountability, and ensure compliance with applicable legal, regulatory, and ethical requirements.



> ESG Policy

Our ESG Policy sets the framework for integrating environmental stewardship, social responsibility and sound governance into our strategy and operations to build a resilient and sustainable future.



Environment

We are committed to minimizing our environmental impact and promoting sustainable use of resources

 Manage energy use and reduce greenhouse gas emissions

 Reduce e-waste and promote reuse and recycling

 Conserve natural resources and use them efficiently

 Build climate resilience and support a low-carbon future



Social

We value our people and communities and strive to create an inclusive, safe and supportive work environment

 Promote diversity, equity and inclusion

 Ensure health, safety and well-being of our people

 Invest in learning and development of our employees

 Engage with community and contribute to positive impact



Governance

We uphold the highest standards of ethics, transparency and accountability in our business practices

 Uphold ethical conduct and compliance with laws and regulations

 Strengthen risk management and internal controls

 Ensure accountability and effective oversight

 Maintain transparency and engage stakeholders responsibly

04

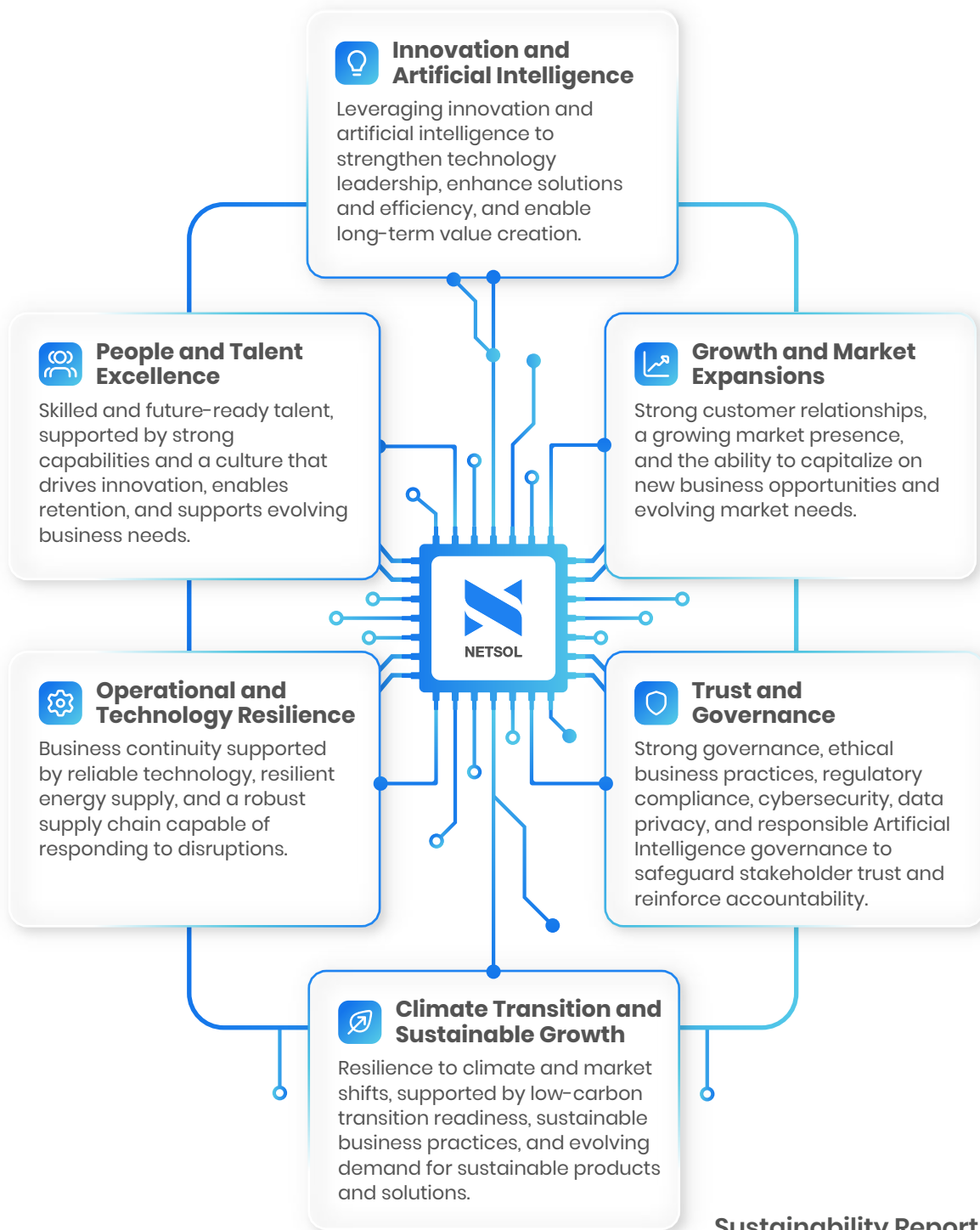
Strategic Priorities and Resilience

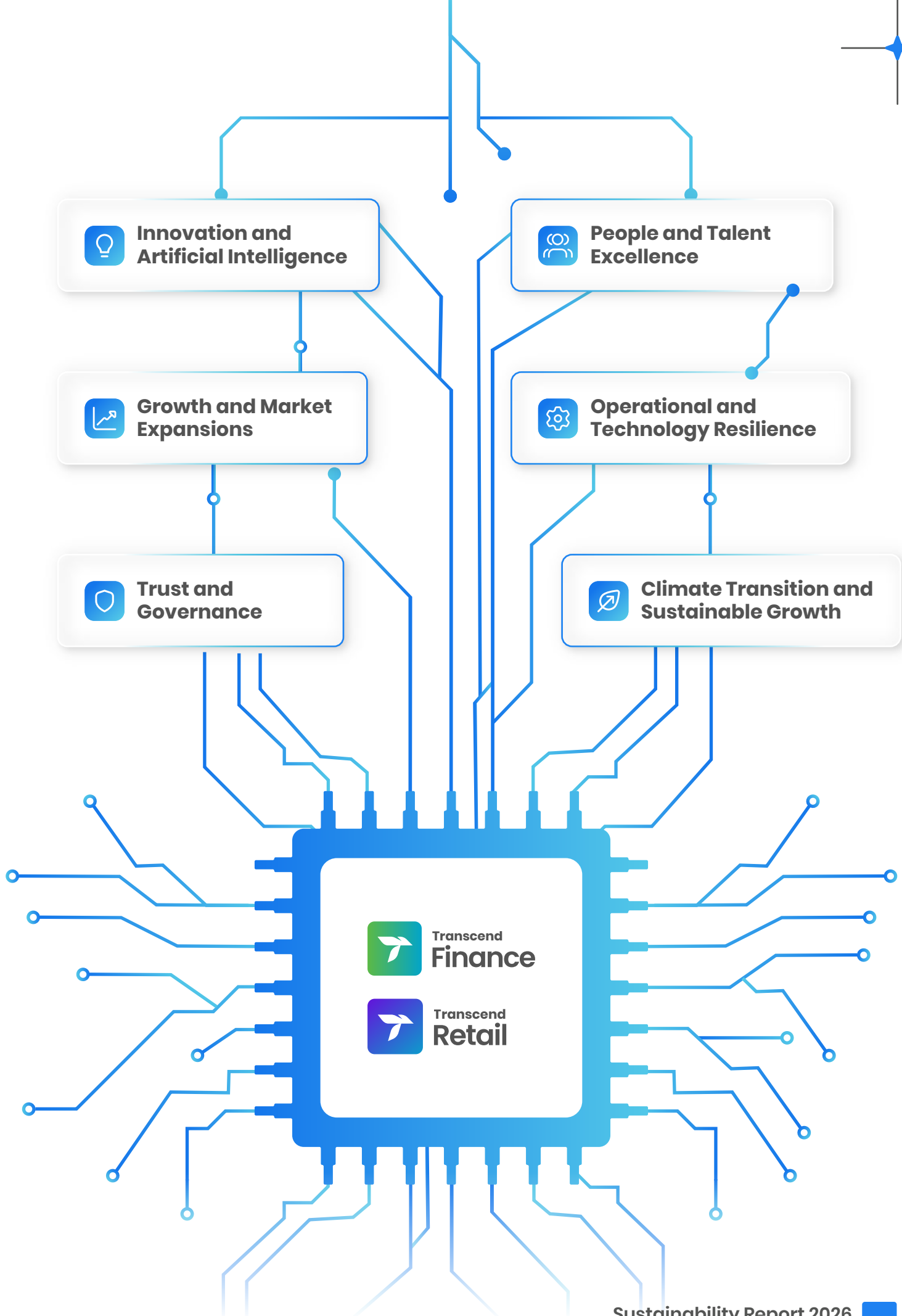


> Sustainability Strategy

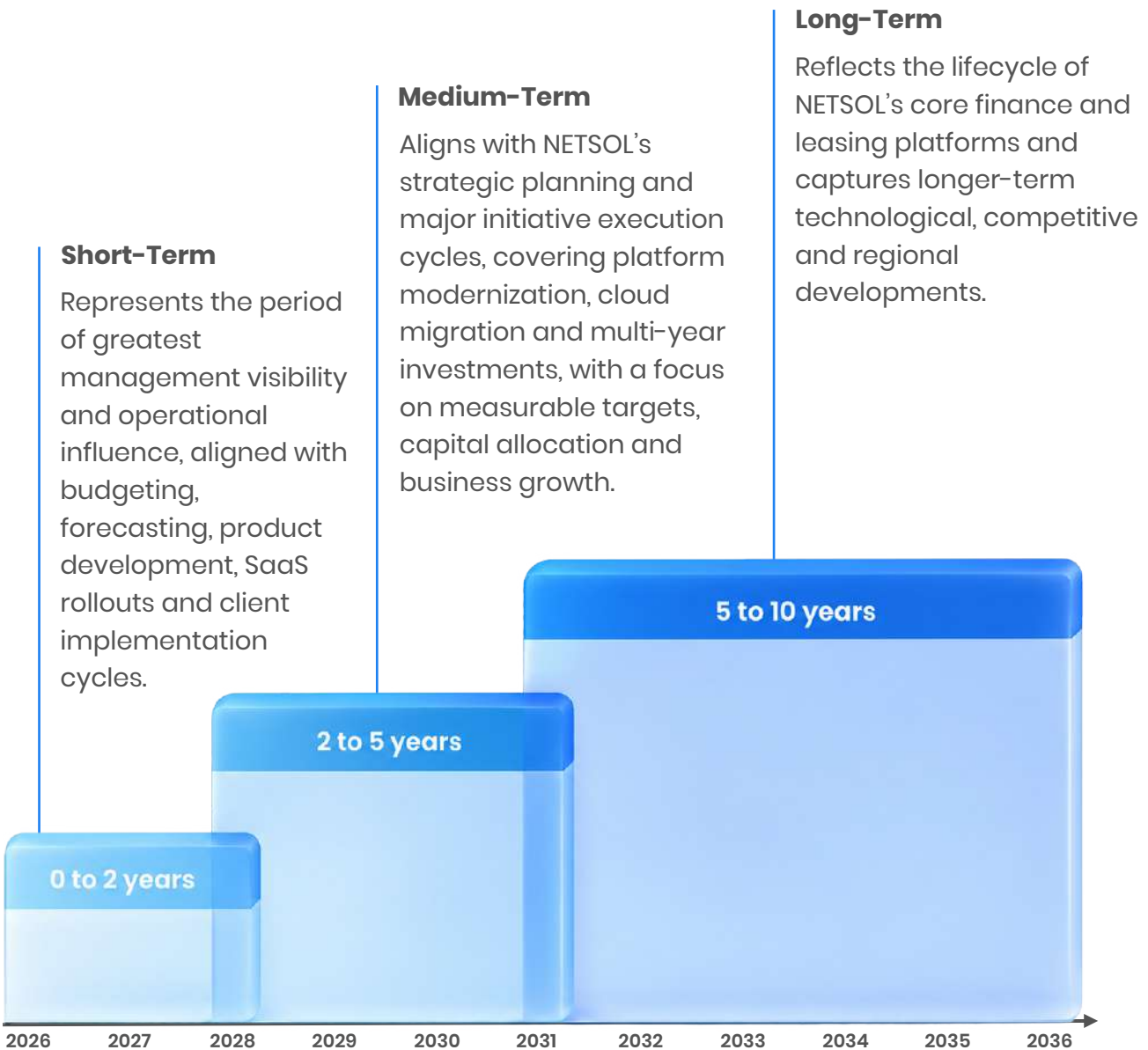
NETSOL's approach to sustainability is built around six strategic pillars, each shaping how we make decisions, manage risk, and run our operations day to day. Together, they connect sustainability to the core of our business so that responsible practice and long-term value creation move in step with one another.

NETSOL is positioning itself for a future in which technological leadership, resilience and responsible growth advance together. As AI and digital transformation reshape industries and redefine expectations, the Company is strengthening its ability to anticipate change, capture emerging opportunities, and withstand disruption. The ambition is not only to be prepared for what comes next but also to shape it by driving innovation, sustaining competitive performance and creating long-term value with trust and responsibility at its core.





> Strategic Time Horizons



The Company's time horizons have been determined through a structured assessment of the nature, timing, and expected duration of sustainability- and climate-related risks and opportunities, taking into consideration the Company's business model, strategic objectives, financial and operational planning cycles, capital allocation and investment horizons, asset and technology lifecycles and product development.

The assessment also considers the anticipated timing over which identified sustainability- and climate-related risks and opportunities may reasonably be expected to materialize and affect the Company's cash flows, access to finance, cost of capital, financial position, financial performance, or broader enterprise value. Accordingly, the defined short-, medium-, and long-term horizons are intended to reflect the periods over which such risks and opportunities are expected to emerge, evolve, or potentially influence the Company's strategy, business model, and financial outlook.

> Sustainability and Climate-related Risks and Opportunities Portfolio

Risks	Expected Occurrence	Value Chain Relevance			Impact on Capitals
		Upstream	Own Operations	Downstream	
R1 Talent Availability and Retention					Financial Human Intellectual
R2 Supply Chain Due Diligence					Financial Social
R3 Energy Supply Disruptions					Financial Manufactured
R4 IT Infrastructure Modernization					Financial Manufactured Intellectual
R5 AI Governance					Financial Social Intellectual
R6 Regulatory Compliance					Financial Social
R7 Cybersecurity and Data Privacy					Financial Social Intellectual
R8 Extreme Weather Events					Financial Human Manufactured
R9 Air Quality					Manufactured Human Natural
R10 Transition to Low Carbon Economy					Financial Manufactured
R11 Carbon Tax					Financial Manufactured



Short-term
(0 to 2 years)



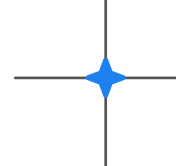
Medium-term
(2 to 5 years)



Long-term
(5 to 10 years)

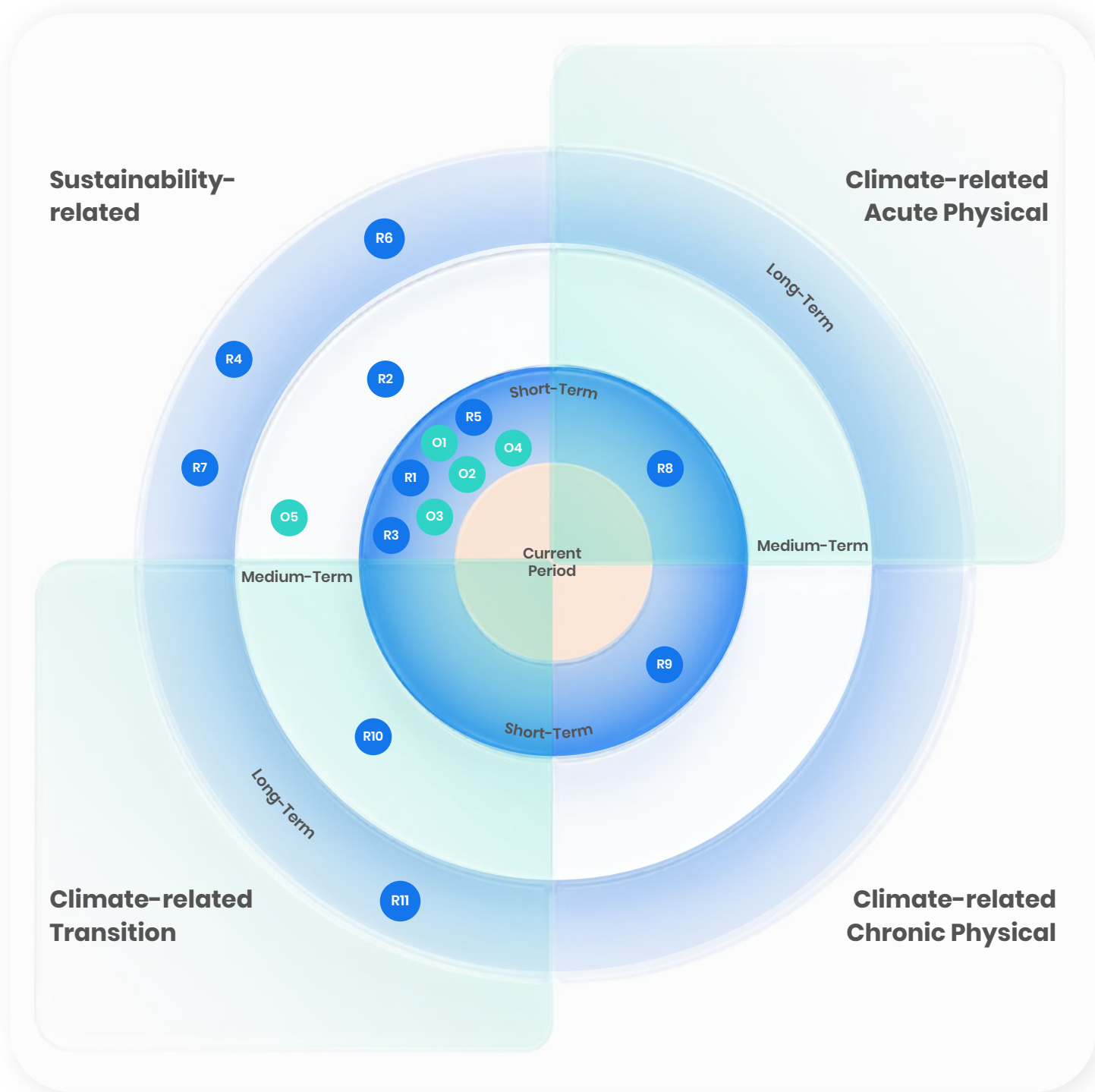
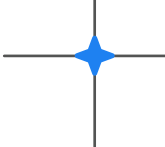


Occurrence
Not Expected

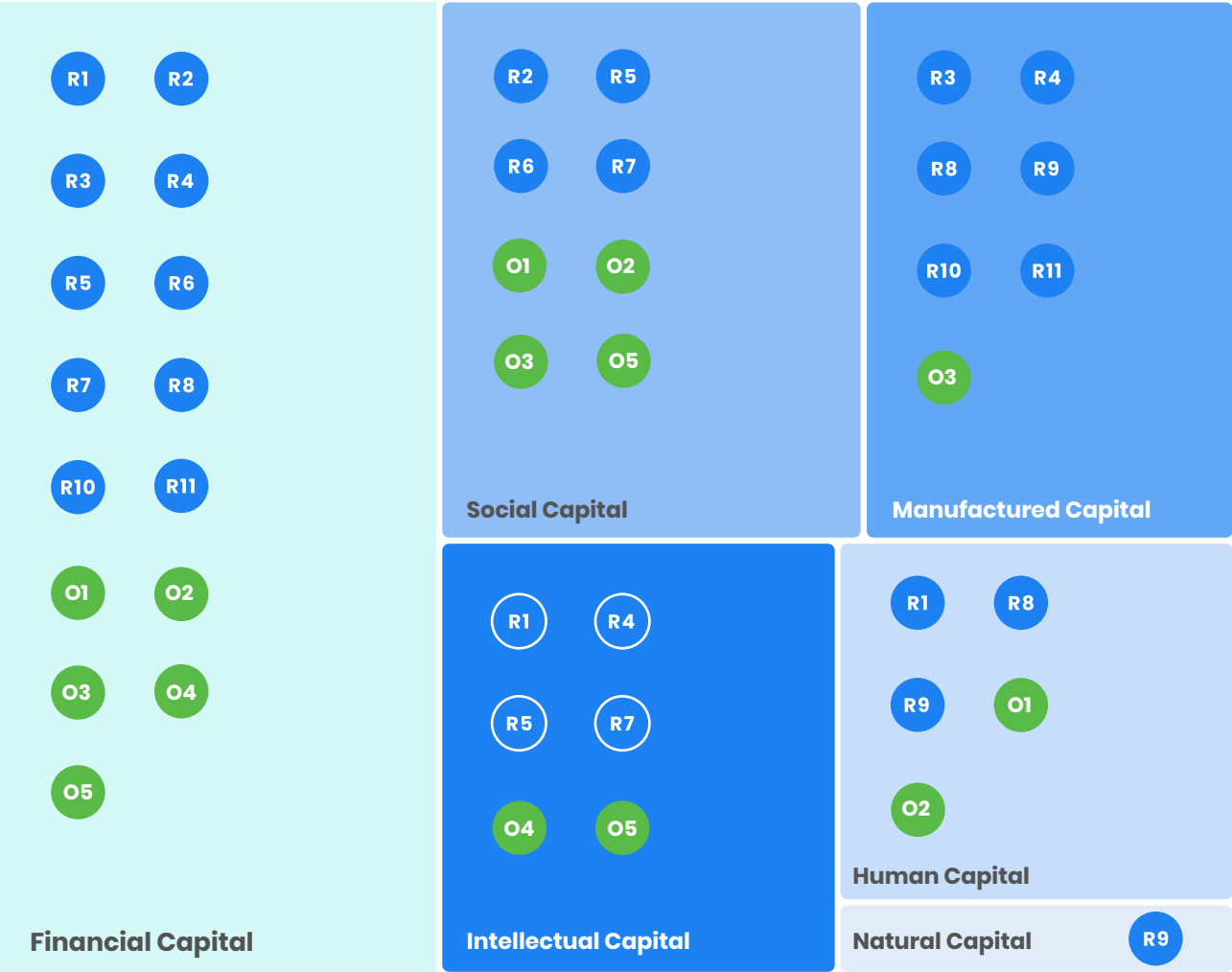


Opportunities	Expected Occurrence	Value Chain Relevance Upstream Own Operations Downstream	Impact on Capitals
01 Future Skills Readiness			Financial Social Human
02 Customer Centricity			Financial Social Human
03 Expansion into Underserved Markets			Financial Social Manufactured
04 Innovation and Emerging Tech			Financial Intellectual
05 Sustainable Product			Financial Social Intellectual

Expected Occurrence



Risks & Opportunities Across Our Capitals



- R1 Talent Availability and Retention
- R2 Supply Chain Due Diligence
- R3 Energy Supply Disruptions
- R4 IT Infrastructure Modernization
- R5 AI Governance
- R6 Regulatory Compliance

- R7 Cybersecurity and Data Privacy
- R8 Extreme Weather Events
- R9 Air Quality
- R10 Transition to Low Carbon Economy
- R11 Carbon Tax

- O1 Future Skills Readiness
- O2 Customer Centricity
- O3 Expansion into Underserved Markets
- O4 Innovation and Emerging Tech
- O5 Sustainable Product

R1: Talent Availability and Retention

Human Capital Risk



Expected Occurrence

Short-Term

Risk Description

Pakistan's IT sector has experienced sustained talent migration in recent years, reducing the availability of experienced technology professionals in the domestic market. This shortage is further compounded by the persistent gap between graduate qualifications and industry requirements, which constrains the supply of job-ready talent, particularly in artificial intelligence, machine learning, cybersecurity, and other emerging technology fields. As demand for specialized skills continues to outpace supply, intensifying competition for talent is driving higher salary expectations and increasing challenges in attracting and retaining experienced professionals. These pressures, coupled with limited succession depth in certain critical roles, increase the Company's reliance on a small number of specialized individuals, heightening the risk of knowledge and capability loss and potentially affecting its ability to sustain innovation and deliver advanced technology solutions.

Concentration of Risk



Geographical areas

The risk is concentrated in Pakistan, given continued talent migration from the local market and competitive conditions that affect the availability of experienced technology professionals.



Assets and activities

The risk affects the workforce responsible for service delivery, product development and innovation.



Impact on Business Model and Value Chain



Current effects on Business Model

The loss or limited availability of talent affects the Company’s business model through the loss of institutional and client-specific knowledge, increased recruitment and replacement costs, and constraints on its capacity to maintain service delivery and develop technology solutions. These impacts are particularly pronounced in roles with limited succession depth, where the departure of a key employee may create a direct capability gap and disrupt the continuity of operations.



Anticipated effects on Business Model

As global delivery commitments and demand for specialized technology skills increase, workforce capability will remain critical to project execution, innovation and client service delivery. Continued investment in strategic hiring, reskilling and capability development will be required to keep pace with technological change. Over time, AI-enabled productivity, stronger internal talent pipelines and greater workforce mobility are expected to lower the risk, strengthen organizational resilience and reduce reliance on scarce external talent and individual employees.

Upstream

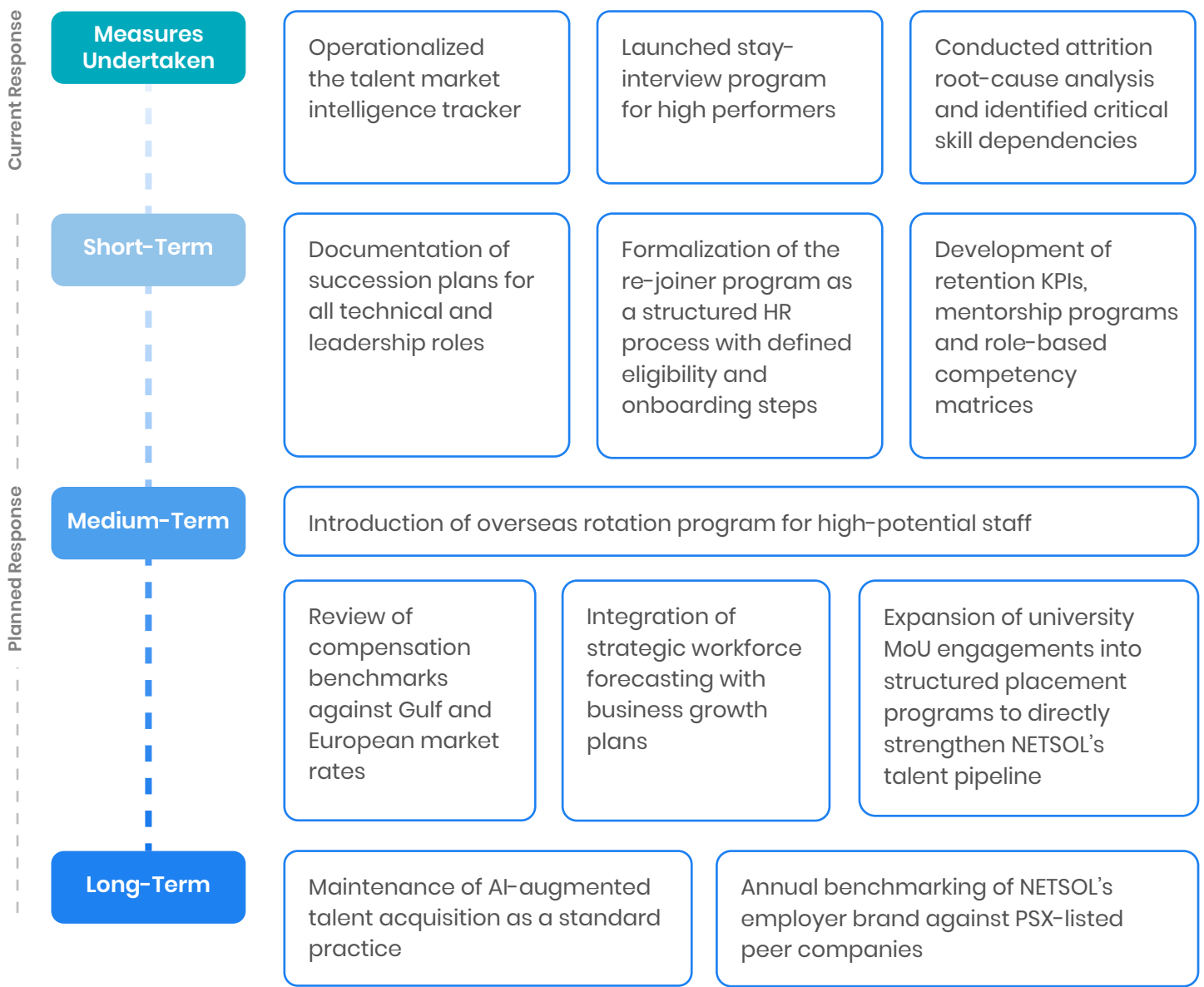
Own operations

Workforce capability directly influences product development and operational performance.

Downstream

Talent shortages affect project execution, solution quality and the ability to meet evolving client requirements.

Impact on Strategy and Decision Making



21.4%

Attrition Rate
Technical employees who voluntarily resigned during the year

+82%

Offer acceptance rate
Percentage of employment offers accepted by candidates during the year

21:53

Average Days for Recruitment
Average Days to hire for Roles requiring critical skills – ‘Time to offer’ vs ‘Time to hire’

For further details on the relevant metrics associated with this risk, refer:

[Metrics and Targets](#) > [Empowering People](#) > [Talent Attraction and Human Capital Transition](#)

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Employee Retention Costs ¹	(6,830)	-	(6,495)
Hiring Expenditure ²	(10,600)	-	(10,600)
New Hire Training Spend ³	(2,365)	-	(2,365)
IT Equipment for New Employees ⁴	(1,906)	17,445	(17,445)

¹Employee retention costs include the incremental salary amount arising from adjustments made to match competing offers and support employee retention, with the incremental amount for the first month recognized as a retention cost and the revised salary thereafter becoming the employee's new basic salary.

²Hiring expenditure includes salaries paid to recruitment staff, career fair expenses, and other costs incurred in the recruitment process.

³Trainings for new hires include technical, functional, professional conduct, workplace communication, etiquette, and interpersonal skills development programs.

⁴IT equipment for new employees primarily includes expenditure incurred on laptops issued to newly hired employees.

Anticipated Financial Effects

Short-Term

Targeted retention measures are expected to keep the company competitive in the talent market, with planned, moderate increases in employee-related costs. Documented succession plans, a formal re-joiner program, retention indicators, mentoring and competency matrices call for incremental HR and management investment that helps retain critical skills, sustain delivery and cut replacement, onboarding and recruitment spend.

Medium-Term

Benchmarking compensation against Gulf and European markets is expected to keep pay competitive for critical roles, with a planned increase in employee-related costs and operating cash outflows. Overseas rotation and structured university placement programs are targeted investments in travel, relocation, placement, onboarding and training that deepen the talent pipeline. Over time, stronger internal pipelines and workforce forecasting aligned with growth plans should reduce external hiring costs and make workforce spending more predictable.

Long-Term

Talent-related financial effects are expected to ease as internal pipelines, workforce mobility and AI-enabled productivity reduce reliance on scarce external talent and key individuals. Greater workforce stability could lower recruitment and replacement costs and support revenue growth through consistent delivery and innovation. Ongoing investment in AI-enabled hiring tools, employer-brand benchmarking, competitive pay and talent development sustains this advantage within the operating cost base.

R2: Supply Chain Due Diligence

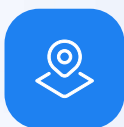
Reputational Risk

Expected Occurrence Medium-Term

Risk Description

NETSOL relies on a broad network of third-party vendors across IT services, cloud infrastructure, telecommunications, hardware, software and open-source components. The absence of a formal ESG due diligence process across the supply chain may limit the Company's visibility into vendors' ESG practices and contractual compliance, thereby increasing its exposure to supply chain disruptions, vendor failures and third-party incidents. These gaps may also heighten reputational risk where adverse environmental, social and governance issues within the vendor network are not identified or managed proactively.

Concentration of Risk



Geographical areas

The risk is concentrated in Pakistan, given the heterogeneous risk profile of the local SME vendor base and limited adoption of formal ESG and cybersecurity standards.



Assets and activities

Concentration lies in procurement activities such as infrastructure and technology assets sourced through third parties, including cloud infrastructure, telecommunications, hardware, software and open-source components.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL’s current business model is increasingly influenced by evolving ESG expectations among international clients, who are placing greater emphasis on responsible practices across their value chains. This is increasing the need for greater ESG transparency and oversight of NETSOL’s suppliers and for integrating ESG considerations into vendor selection, due diligence and ongoing monitoring. While these activities are currently managed primarily through existing procurement practices, NETSOL will need to formalize its supply chain due diligence processes, including the development of a Supplier Code of Conduct and the integration of ESG requirements into existing procurement policies and controls.



Anticipated effects on Business Model

As NETSOL’s international customers increasingly embed ESG expectations into their procurement and vendor management practices, the Company is likely to face greater pressure to demonstrate responsible and sustainable practices across its operations and third-party supply chain. This pressure may extend to NETSOL’s suppliers, requiring greater ESG transparency, due diligence and adoption of responsible practices throughout the value chain. Weak vendor oversight or third-party incidents could also affect service continuity, potentially resulting in breaches of service-level agreements, reputational impacts and weakened client relationships. Strengthening third-party ESG and risk oversight will therefore become increasingly important to meet evolving customer expectations and maintain a resilient supply chain.

Upstream

Increasing ESG expectations require greater transparency, due diligence and responsible practices from NETSOL’s suppliers and other third parties.

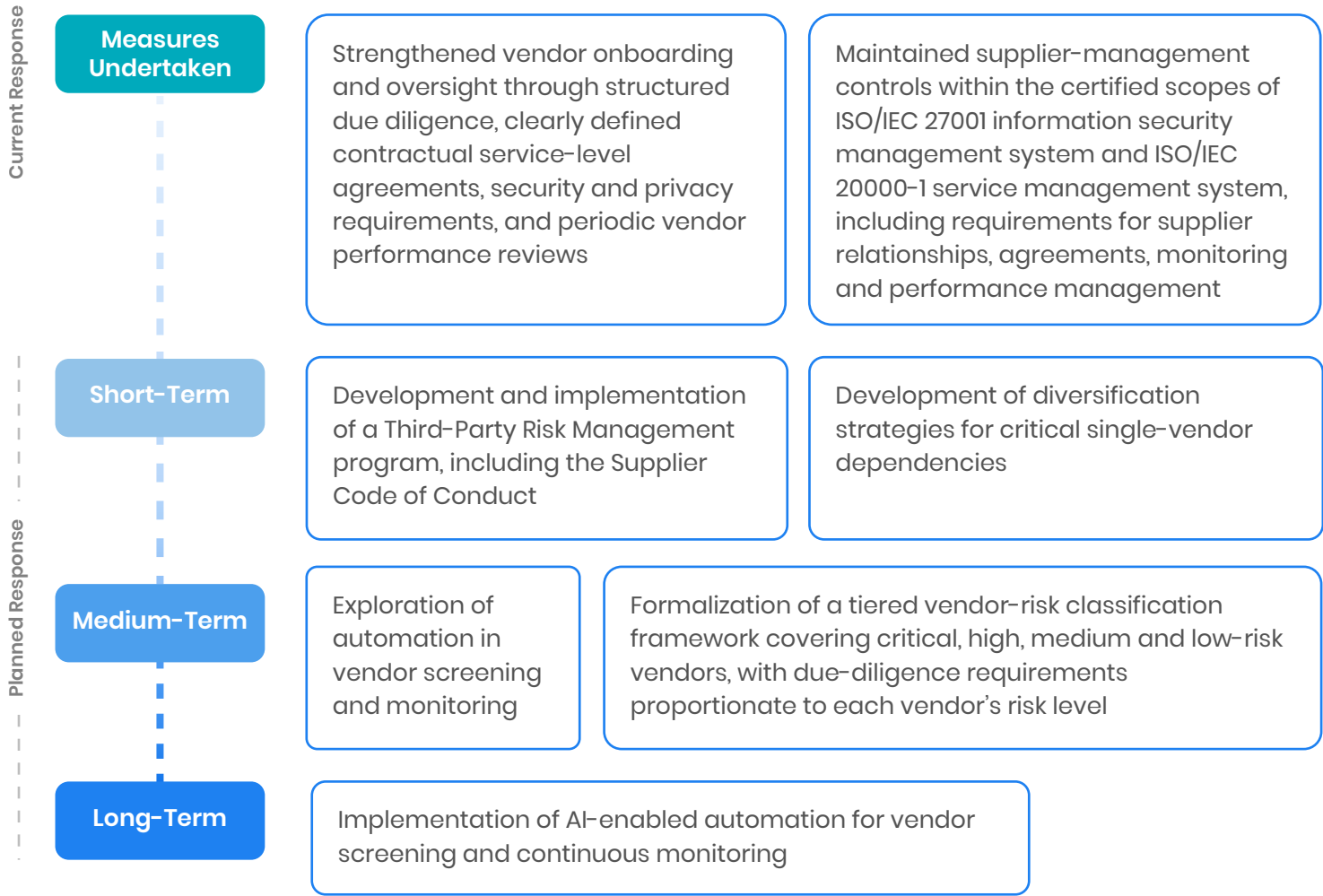
Own operations

Existing procurement procedures need to be strengthened to embed ESG considerations into supplier selection, due diligence and ongoing vendor oversight.

Downstream

International clients are increasingly incorporating ESG requirements into vendor assessments, creating potential implications for client confidence, service continuity and long-term relationships.

Impact on Strategy and Decision Making



For further information on this risk, refer to

[Metrics and Targets](#) > [Responsible Leadership](#) > [Sustainable Procurement Practices](#)

Current Financial Effects

No material financial effects arose during the year, as the Company did not incur any significant costs, losses, penalties, provisions or other financial consequences specifically related to assessing and managing risks associated with its suppliers and third parties.

Anticipated Financial Effects

Short-Term

Implementing the Third-Party Risk Management program and Supplier Code of Conduct is a planned investment in compliance resources, vendor assessments and advisory support that builds on existing certified supplier controls. Developing diversification strategies for critical single-vendor dependencies adds assessment and contracting effort but strengthens service continuity. Stronger vendor oversight and redundancy arrangements are expected to help contain disruption-related and contractual costs.

Medium-Term

Investment in third-party governance is expected to be most active in this period, in line with the risk's timing, as the tiered vendor-risk framework is formalized and automated screening tools are explored. Diversification may raise some vendor-sourced service costs as reliance on low-cost single suppliers reduces, but proportionate due diligence, greater supply-chain visibility and fewer vendor incidents are expected to strengthen client confidence, improve service-level reliability and help offset the higher cost base.

Long-Term

As Third-Party Risk Management becomes embedded, the company is expected to gain a stronger, more efficient compliance base, with AI-enabled screening and continuous monitoring reducing manual oversight and vendor disruptions. Recurring technology costs should be offset by greater service continuity and stronger retention of ESG-focused clients.

R3: Energy Supply Disruptions

Operational Risk



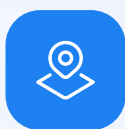
Expected Occurrence

Short-Term

Risk Description

Power supply disruption refers to the loss or degradation of electrical power at the Company's premises and data facilities that may interrupt business operations. This includes utility supply failures and situations where backup systems, such as generators and UPS units, fail to sustain the required load or are exhausted before utility power is restored. Key causes include grid outages and instability, scheduled or unscheduled load shedding, failure of on-site electrical infrastructure, unavailability or increased costs of generator fuel, and physical damage resulting from extreme weather, fire, theft or vandalism.

Concentration of Risk



Geographical areas

The risk is geographically concentrated in Pakistan across the Company's Lahore, Karachi and Rawalpindi sites, where grid outages, load shedding and tariff escalation are recurrent. The Lahore office carries the largest exposure, as it hosts the primary data center and accounts for about 88% of grid electricity consumption.



Assets and activities

The risk is concentrated in data-center servers, network and telecommunications equipment, storage systems, workstations and other power-dependent IT infrastructure.



Impact on Business Model and Value Chain



Current effects on Business Model

Grid outages and rising electricity tariffs are recurring features of NETSOL’s operating environment in Pakistan. However, their impact is effectively managed through layered energy resilience measures. Standby diesel generators and UPS systems maintain office operations, data center availability, and continued access to cloud-hosted services during grid interruptions, ensuring uninterrupted client support. Consequently, energy disruptions have not resulted in service downtime or revenue loss, with zero customer-facing outages recorded during the year. The Company is also progressively reducing its dependence on grid electricity through investments in solar infrastructure to generate reliable, self-supplied renewable energy. The financial impact of the risk therefore primarily relates to investments in backup and renewable energy infrastructure, together with operating costs associated with diesel and generator maintenance.



Anticipated effects on Business Model

Continued grid instability, tariff escalation and fuel cost volatility are expected to place ongoing pressure on operating costs. However, NETSOL is progressively reducing this exposure through its transition to on-site solar generation, which has already contributed to a material decline in grid electricity costs following commissioning, while net metering enables surplus generation to be credited back. To further strengthen energy resilience and reduce grid dependency, the Company plans to expand solar capacity and enhance energy cost monitoring. These measures will require additional capital investment but are expected to lower long-term energy costs and support greater control over consumption. Accordingly, energy supply disruption is assessed as a manageable operational risk.

Upstream

Own operations

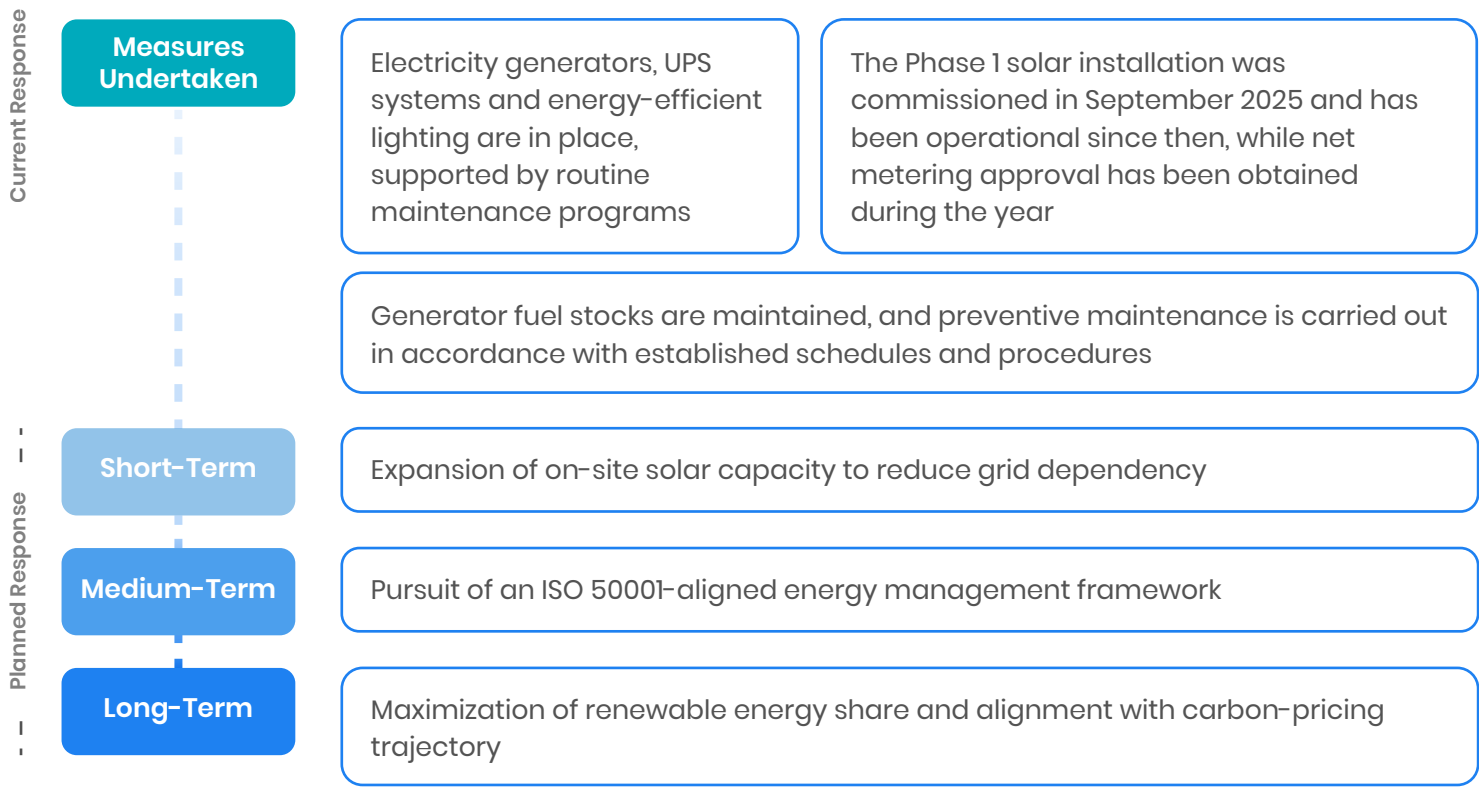
Interruptions in electricity or backup power can affect office productivity, data center availability, cloud-based services and client support functions.

Downstream

If not effectively managed, energy supply disruptions could result in operational downtime, service delays and challenges in meeting service commitments.

Impact on Strategy and Decision Making

NETSOL has integrated the identified risk into its strategy and decision-making by establishing a structured response that sets out actions undertaken to date and planned measures across the short, medium and long term.



79:21

Electrical Energy Split

Electricity consumption split between grid supply and self-generation

Nil

Customer Downtime

Customer downtime hours attributable to power events

For further details on the relevant metrics associated with this risk, refer:

Metrics and Targets > Sustainable Operations > Energy

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Solar Energy Infrastructure Investment ¹	-	95,207	(77,778)
Backup Power Infrastructure Investment ²	-	2,277	(2,277)
Backup Power Infrastructure – Maintenance	(3,026)	-	(3,026)
Backup Power – Generator Fuel	(9,354)	-	(9,354)
Depreciation – Energy Infrastructure ³	(5,826)	-	-
Grid Electricity	(88,792)	-	(83,780)

¹Solar energy infrastructure investment represents the cost of solar energy infrastructure acquired during the year.

²Backup power infrastructure investment represents the cost of generators, UPS systems and air-conditioning units for UPS rooms acquired during the year.

³Depreciation of Energy Infrastructure includes the depreciation expense recognized during the year for solar infrastructure, generators, and UPS systems.

Anticipated Financial Effects

Short-Term

Planned capital expenditure to expand on-site solar builds on proven generation and net metering, and should reduce grid dependence and exposure to tariff, fuel and generator maintenance costs.

Medium-Term

An energy management framework is a targeted investment in metering, monitoring, training and assessment that is expected to improve visibility and control of energy use across sites. As expanded solar capacity enters service, depreciation will rise, while reduced reliance on grid electricity and diesel generation, together with net metering credits and efficiency gains, should progressively lower energy costs, strengthen operating margins over time. Capital outlays are expected to be met from internal resources.

Long-Term

A higher share of renewable energy is expected to reduce exposure to tariff escalation, fuel-price volatility and disruption-related costs, supporting greater predictability of energy costs and strengthening cash-flow resilience. Further renewable investment may enlarge the Company's asset base, with depreciation over useful lives, while alignment with the carbon-pricing trajectory positions the Company well for future carbon-related costs. Standby generation remains in place as a safeguard for operational continuity.

R4: IT Infrastructure Modernization

Operational Risk



Expected Occurrence

Long-Term

Risk Description

IT Infrastructure Modernization encompasses the challenges arising from NETSOL's reliance on aging infrastructure, legacy systems and technology components, which may constrain scalability, agility, security, integration and innovation. High maintenance requirements and integration complexities can increase costs, slow digital transformation and delay new feature development, potentially affecting the Company's competitive positioning.

Concentration of Risk



Assets and activities

NETSOL's risk exposure is centered on the core technology underpinning its IT services, including data center servers, storage and network equipment, source code and development environments, and the employee devices and access systems that connect into them. This exposure is most pronounced in aging infrastructure and legacy core systems, which grow increasingly difficult to maintain, secure, and scale over time.



Impact on Business Model and Value Chain



Current effects on Business Model

The continuity, reliability and performance of NETSOL’s IT systems are fundamental to maintaining uninterrupted service delivery and revenue generation. This dependency is currently well managed, with no service disruptions, contractual penalties or revenue loss arising during the year. The primary business impact stems from reliance on legacy infrastructure, where extended support requirements, specialist technical resources and longer technology change cycles can increase costs and constrain operating efficiency and the pace of innovation. End-of-life technology may also result in localized disruption and one-off replacement costs. While these impacts remain manageable, they reinforce the need for continued investment in platform and infrastructure modernization to support scalability, evolving client needs and operational efficiency.



Anticipated effects on Business Model

As NETSOL’s technology estate continues to mature, legacy components are expected to reach end-of-life and end-of-support, increasing the cost and complexity of maintaining, securing and integrating core systems with cloud-native and AI-enabled environments. This may increase service-level and security exposures and, if not adequately addressed, could affect client retention and competitive positioning. NETSOL is addressing these pressures through a governed modernization and cloud migration roadmap, supported by targeted investment in technical debt reduction, cloud and SaaS adoption for non-differentiating workloads, stronger execution oversight and scalable architecture. However, the continued accumulation of technical debt remains a persistent challenge requiring sustained investment and management attention.

Upstream

Own operations

Progressive deterioration of aging and legacy technology can increase maintenance costs, slow service delivery and constrain the scalability and operational efficiency of the Company’s IT infrastructure.

Downstream

Legacy technology limitations can disrupt service availability, compromise SLA commitments and affect the client experience, while limited integration with modern cloud and AI-enabled environments could affect NETSOL's ability to meet its contractual obligations to clients and constrain business growth.

Impact on Strategy and Decision Making

Current Response	Measures Undertaken	Evaluated risks, dependencies, and operational constraints of legacy systems	Maintained IT asset and lifecycle controls under ISO/IEC 20000-1 and ISO/IEC 27001 frameworks	Continued hardware refresh cycles and vendor end-of-support tracking
	Short-Term	Prioritization of technology investments based on business criticality and risk exposure	Establishment of a technical debt register and funded modernization roadmap with executive oversight	Formation of an architecture-review board mandated to oversee modernization decisions
Planned Response		Acceleration of cloud/SaaS migration for non-differentiating workloads	Strengthening of automated end-of-life forecasting capability	Immediate reassessment following material vendor end-of-support announcements affecting critical IT systems
	Medium-Term	Integration of AI-readiness criteria into modernization decisions	Adoption of platform-engineering practices, internal developer portals, and golden-path patterns	Conduct of a biennial modernization maturity assessment
	Long-Term	Adaptation to emerging platforms, including AI-native, edge, and post-quantum-ready technologies		Immediate reassessment upon any Key Risk Indicator (KRI) breach or strategic technology shift introducing obsolescence risk

Nil

Technology Disruptions
 Number of performance issues or service disruptions in software and information technology (IT) services provided to customers

Nil

Customer Downtime
 Total downtime related to performance issues and service disruptions in software and IT services provided to customers

For further details on the relevant metrics associated with this risk, refer:

Metrics and Targets

>

Responsible Leadership

>

Tech Resilience and Business Continuity

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
IT infrastructure Investment – Laptops	-	66,688	(64,388)
Retirement of Legacy IT Infrastructure ¹	-	(23,044)	-
Proceeds from Retired IT Infrastructure ²	2,825	-	2,825
Depreciation – IT Infrastructure ³	(78,887)	-	-

¹Retirement of legacy IT infrastructure represents the historical cost of fully depreciated IT infrastructure disposed of during the year.

²Proceeds from retired IT infrastructure represent the gain recognized on the disposal of fully depreciated IT infrastructure.

³Depreciation of IT infrastructure includes depreciation expenses related to computer equipment and installations.

Anticipated Financial Effects

Short-Term

A funded modernization roadmap supported by executive oversight, a technical-debt register, risk-based investment priorities, architecture governance and end-of-life forecasting is expected to improve the predictability of technology spending and reduce unplanned replacement costs. Continued vendor support and timely hardware refreshes will help maintain the reliability of legacy systems during the transition.

Medium-Term

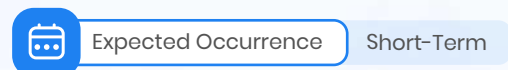
Embedding AI-readiness criteria, platform-engineering practices and periodic maturity assessments will require planned investment in tooling, architecture capabilities, training, assessments and engineering resources through both operating and capital expenditure. The existing estate will continue to operate alongside modernized platforms until legacy systems are retired, requiring the Company to balance modernization investment with ongoing feature development and delivery to realize the associated revenue opportunities.

Long-Term

Adapting to emerging platforms, including AI-native, edge and post-quantum-ready technologies, is expected to involve further planned waves of investment, with reassessments triggered by risk indicators or technology shifts helping to prioritize spend. Costs of running legacy systems alongside modernization are expected to ease progressively as migration advances. Lifecycle management, architecture governance and funding across running, changing and transforming the technology base are expected to become recurring, budgeted activities, so modernization continues as a managed investment in earnings and cash flow rather than a one-off expense.

R5: AI Governance

Technological Risk



Risk Description

Expanding use of AI tools, including generative AI assistants, AI-enabled security tooling, AI features embedded in products, and third-party AI services, exposes the organization to algorithmic bias, hallucination and misinformation, unauthorized data leakage to AI providers, lack of human oversight, intellectual property contamination, prompt injection, and model poisoning. The risk also extends to the use of AI in decision-making processes such as CV screening, performance analytics, and document digitization, where formal AI ethics governance documentation remains incomplete. AI adoption is further subject to compliance risk under emerging regulations such as the EU AI Act, and to expectations of alignment with frameworks such as the National Institute of Standards and Technology (NIST) AI Risk Management Framework and ISO/IEC 42001. Inadequately governed AI use could therefore lead to regulatory or contractual consequences, compromise proprietary code or intellectual property, and result in unauthorized disclosure of Company or customer information through inappropriate use of AI services.

Concentration of Risk



Assets and activities

The risk is concentrated in NETSOL's intellectual and data assets, particularly proprietary code and customer data that may be exposed through AI tools and third-party AI services, and in the AI-enabled processes and product features that rely on them, such as CV screening, performance analytics and document digitization.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL has established security and access controls that provide a strong foundation for managing AI-related exposures, supported by SOC 2 Type II and ISO 27001 certifications, role-based access controls across CVNova and ZeroPaper, and oversight from an appointed VP AI. As AI adoption continues to develop, the Company is further strengthening its governance framework, including the development of a dedicated Responsible AI usage policy. While the current exposure is considered manageable, evolving regulatory expectations and the potential for inappropriate use of AI could result in confidentiality or contractual issues, reputational impacts and limited operational disruption, particularly where proprietary or customer information is shared with public AI services.



Anticipated effects on Business Model

As AI becomes embedded in NETSOL's own products, meeting recognized AI standards such as ISO/IEC 42001 and client governance requirements will increasingly determine the ability to retain and win business, since sound AI governance is becoming a baseline expectation for technology providers and a common condition in enterprise contracts. Falling short could place certifications, contracts and competitive position at risk, a challenge likely to grow as agentic and autonomous AI introduce governance demands that current frameworks may not yet address.

Upstream

Limited due diligence and visibility over third-party AI tools may increase exposure to data, vendor and regulatory risks.

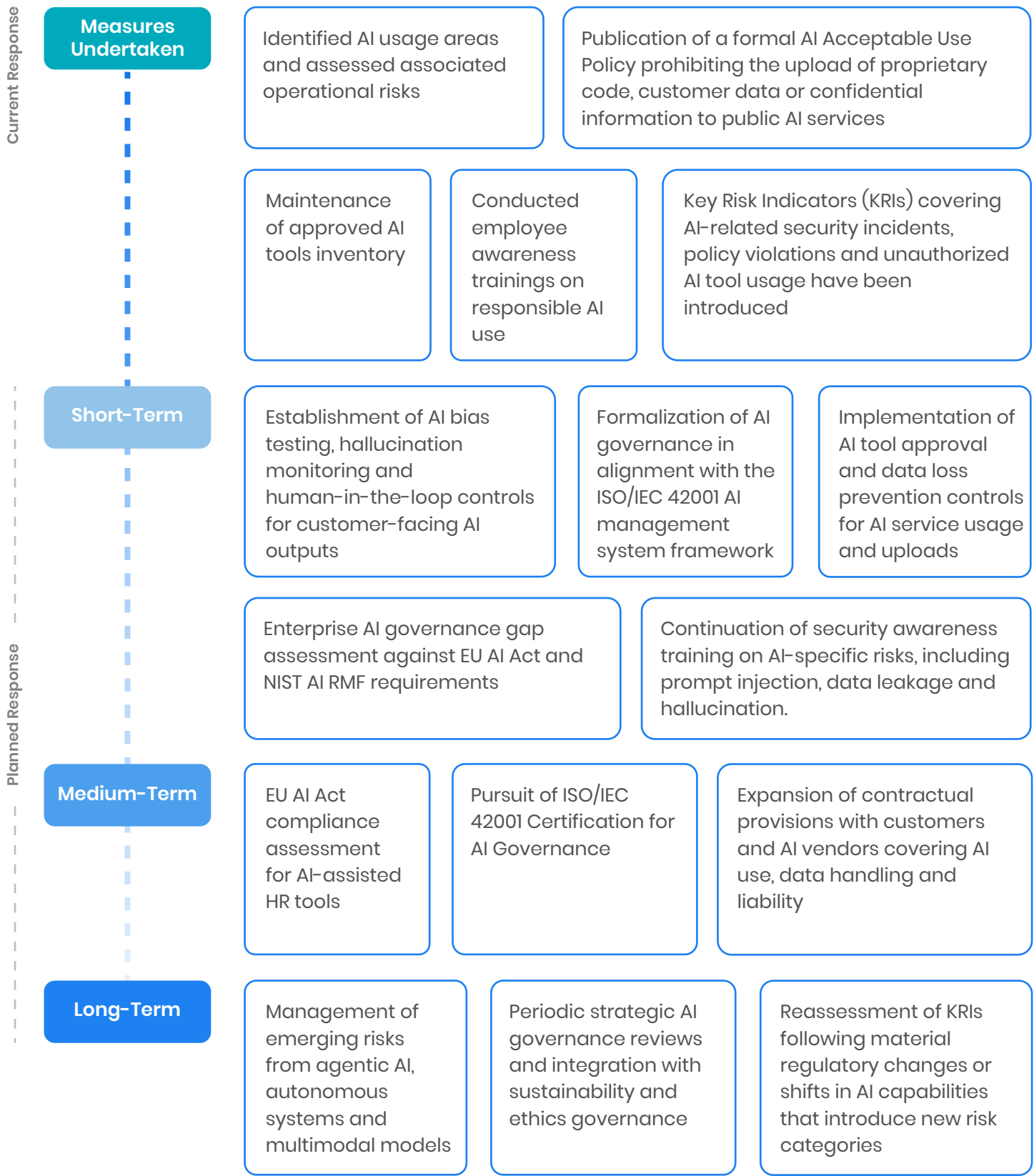
Own operations

Uncontrolled use of AI in employee activities and decision-making could result in inadvertent data disclosure, biased outcomes and regulatory scrutiny.

Downstream

Inadequately governed AI embedded in products and service delivery could result in errors, data exposure, contractual breaches, regulatory penalties and reputational damage.

Impact on Strategy and Decision Making



162 hrs

AI Technical and Ethical Trainings

AI technical and ethical training hours during FY26



For further details on the relevant metrics associated with this risk, refer:

 Metrics and Targets >  Responsible Leadership >  Responsible AI Oversight and Innovation

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
AI Tool Subscriptions	(5,103)	-	(5,103)
AI Technical & Ethical Training Spend	(424)	-	(424)

Anticipated Financial Effects

Short-Term

The main financial effect will arise from the costs of establishing and maintaining AI governance. Bias testing, hallucination monitoring and human-in-the-loop controls for customer-facing outputs, together with AI tool approval and data loss prevention controls, will require additional technology, oversight and review expenditure, while continued AI-specific security training will add further training costs. Formalizing governance under an AI management system framework will also require additional documentation and compliance effort. Remediation arising from gap assessments may result in further expenditure.

Medium-Term

Establishing and strengthening AI governance will require planned investment in legal and advisory support, employee training, internal audit preparation, and certification and surveillance activities, building on existing security and compliance frameworks. Any gaps identified through compliance and maturity assessments will be addressed as part of the governance program. Enhancing contractual provisions with customers and AI vendors covering AI use, data handling and liability will require additional legal review and negotiation, while providing clearer allocation of responsibilities and potentially reducing certain exposures.

Long-Term

AI governance becomes a permanent, budgeted cost. Annual bias audits, policy reviews, continuous monitoring, third-party AI assurance, alignment with global AI regulatory regimes, integration with ESG and ethics governance, and periodic strategic reviews create a recurring charge to earnings and cash flow rather than a one-off project cost. Agentic AI, autonomous systems, and multimodal models are expected to introduce risks current frameworks may not address, requiring continued spend to extend governance to new capabilities, with the possibility of provisions and legal costs if those risks materialize.

R6: Regulatory Compliance

Policy and Legal Risk

 Expected Occurrence

Long-Term

Risk Description

NETSOL operates across multiple jurisdictions and is subject to diverse legal, regulatory and contractual requirements relating to labor and employment, market conduct, procurement, taxation, facility safety, environmental matters and customer-specific obligations. Failure to identify, interpret and comply with evolving requirements could result in regulatory penalties, legal proceedings, remediation costs, contractual disputes, operational disruption and reputational damage. This exposure may increase as NETSOL enters new markets and as regulators, customers and global supply chains impose stricter expectations regarding labor practices, ESG, privacy laws, data protection, responsible business conduct and supplier due diligence.

Concentration of Risk



Geographical areas

Pakistan, United States, United Kingdom, Australia, China, Thailand and Indonesia, with increasing exposure as NETSOL enters or expands in additional jurisdictions.



Assets and activities

Human resources and payroll, procurement and supplier relationships, offices and facilities, statutory filings, employment practices, customer contracts, regulatory reporting, privacy laws, and supporting legal/compliance processes.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL's current exposure to this risk remains manageable. During the reporting period, the Company did not incur any material monetary losses arising from legal proceedings related to regulatory non-compliance or breaches of contractual obligations. The Employees' Old-Age Benefits Institution (EOBI) Certificate of Appreciation received for FY2025 evidences the Company's timely compliance with its EOBI obligations. However, the risk remains relevant because regulatory requirements differ across jurisdictions and continue to evolve.



Anticipated effects on Business Model

As NETSOL expands its international operations and serves increasingly sophisticated multinational clients, the applicable regulatory landscape is expected to become more complex. Emerging requirements relating to labor standards, supply-chain due diligence, ESG disclosures, market conduct, pay transparency, AI-related practices and local employment laws may increase the Company's compliance burden. Maintaining effective compliance across jurisdictions will therefore be essential to preserving NETSOL's ability to operate and expand in regulated markets.

Upstream

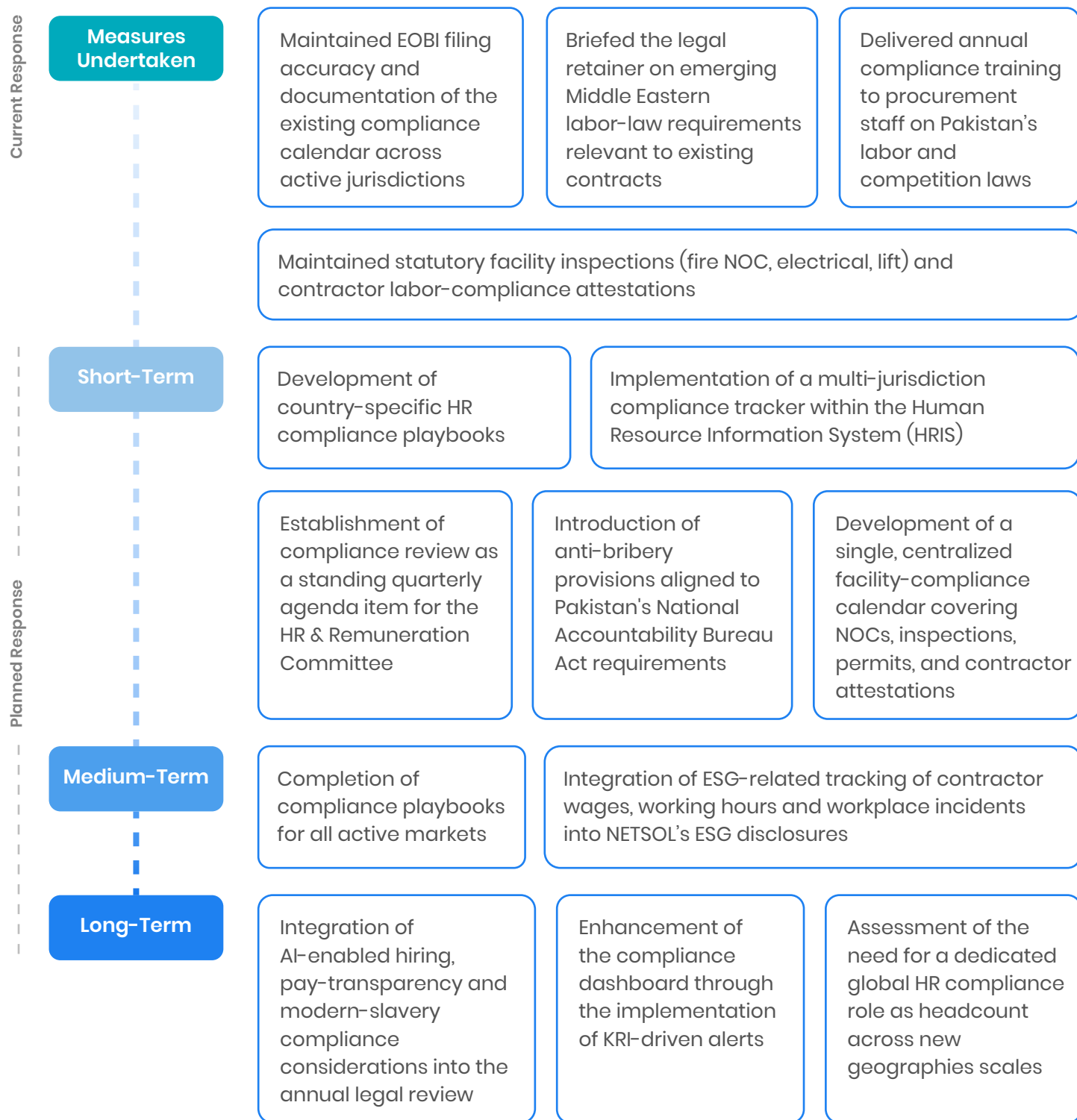
Own operations

Increasing regulatory complexity requires additional monitoring, legal review, documentation, training and compliance resources.

Downstream

Multinational and regulated-sector customers increasingly require compliance with labor, supplier-conduct, ESG and other standards. Meeting these requirements supports contract renewals, tender participation, customer relationships and continued access to international markets.

Impact on Strategy and Decision Making



Nil

Material regulatory breaches

Number of material regulatory compliance breaches during the reporting period

100%

On-time statutory compliance

Percentage of required filings and certifications completed by their due dates

For further details on the relevant metrics associated with this risk, refer:

[Metrics and Targets](#) > [Responsible Leadership](#) > [Ethics, Integrity and Anti-Corruption](#)

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Legal and Professional Retainers	(3,751)	-	(3,751)
Regulatory Fines, Penalties or Surcharges ¹	0	-	0

¹During the reporting period, the Company did not incur any material monetary losses arising from legal proceedings related to anti-competitive behavior, regulatory non-compliance, or breaches of contractual obligations.

Anticipated Financial Effects

Short-Term

Financial effects are expected to be planned, incremental spend on compliance infrastructure, including HR compliance playbooks, a compliance tracker within the HR system, anti-bribery clauses and a facility-compliance calendar, with quarterly committee review embedding oversight.

Medium-Term

As NETSOL enters additional jurisdictions and regulatory requirements become more complex, compliance and legal costs may increase, including expenditure on specialist advice, supplier due diligence, audits and regulatory systems.

Long-Term

A larger international footprint may increase the absolute cost of maintaining regulatory compliance. However, a mature compliance framework is expected to reduce exposure to penalties, litigation, contractual losses and revenue disruption. Maintaining compliance will also support continued participation in international and regulated-sector engagements.

R7: Cybersecurity and Data Privacy

Technological Risk



Expected Occurrence

Long-Term

Risk Description

Cybersecurity and Data Privacy encompasses the potential compromise of NETSOL's information assets, customer data, source code and operational systems through cyberattacks, ransomware, phishing, insider threats, software supply-chain vulnerabilities, AI-enabled threats and data privacy breaches. Although security controls are adequate and effectively implemented, this risk is inherent across the global software and technology services sector and is material given the continuously evolving threat environment, growing regulatory complexity, and the sensitivity of data processed in multiple jurisdictions.

Concentration of Risk



Geographical areas

The risk is concentrated across the multiple jurisdictions in which NETSOL handles data, with regulatory exposure arising under the General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA) and the United Kingdom General Data Protection Regulation (UK GDPR), as well as across the client geographies served, rather than being confined to a single location.



Assets and activities

The risk is concentrated in information and technology assets, specifically customer data, source code, operational systems and other information assets that may be compromised through cyberattacks and data-privacy breaches.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL's comprehensive and independently audited security program, supported by endpoint protection, Security Information and Event Management (SIEM) monitoring, zero-trust network access, least-privilege Identity and Access Management (IAM), encryption and business continuity and disaster recovery controls, has helped maintain the security and resilience of its operations. The risk has not resulted in material disruption to operations or customer services during the year, although maintaining these controls requires ongoing investment in cybersecurity, data protection and regulatory compliance.



Anticipated effects on Business Model

Threat actors are becoming more capable, and exposure is increasing from AI-enabled attacks, automated attack tooling, software supply-chain vulnerabilities, quantum-related cryptographic risks, IoT and edge expansion and stricter privacy and cross-border data-transfer requirements. NETSOL has anticipated the potential implications of these developments and aligned its cybersecurity, data-protection and resilience strategy accordingly. These measures are intended to protect service delivery, customer and contractual relationships, certifications, market access, regulatory compliance and long-term strategic objectives.

Upstream

Software supply-chain attacks and weaknesses in third-party providers may introduce compromised software or components before they enter the organization, increasing the risk that NETSOL's information assets are compromised.

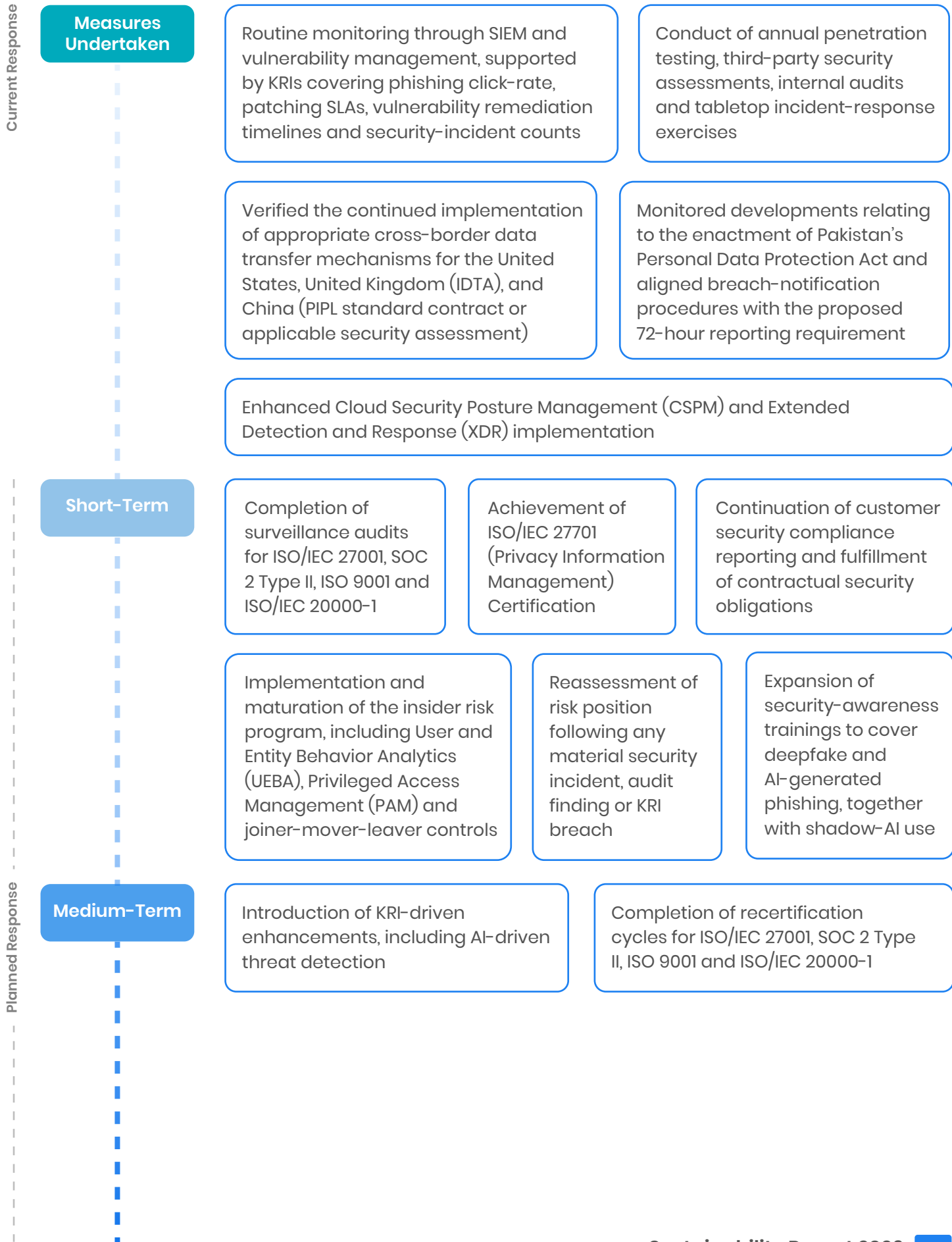
Own operations

Information assets, customer data, source code and operational systems may be exposed to cyberattacks, ransomware, phishing, insider threats and AI-enabled attacks, potentially resulting in regulatory penalties, loss or suspension of certifications, and disruption to operations.

Downstream

Any compromise of customer data, service availability, source code or operational systems could impair customers' operations, hinder compliance with their contractual and regulatory obligations, and disrupt the delivery of services to the end users.

Impact on Strategy and Decision Making



Long-Term

Initiation of a Post-Quantum Cryptography (PQC) readiness assessment and migration plan, with embedded crypto-agility across the technology estate

Continuous assessment of emerging threats associated with quantum computing, AI-enabled attacks (including model poisoning, prompt injection, and training data leakage), and IoT/edge expansion

Continuation of alignment with evolving global privacy and data protection requirements, including the General Data Protection Regulation (GDPR), UK GDPR, U.S. state privacy laws, China's Personal Information Protection Law (PIPL), Pakistan's Personal Data Protection Act (PDPA), and applicable cross-border data transfer requirements

Nil

Data Breaches

Number of data breaches during the year

Nil

Data Privacy

Number of users whose information is used for secondary purposes

For further details on the relevant metrics associated with this risk, refer:

 [Metrics and Targets](#) >  [Responsible Leadership](#) >  [AI, Data Protection and Responsible Information System](#)

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Security and Privacy Tools Subscriptions	(45,355)	-	(45,355)
Monetary Losses – User Privacy Incidents	0	-	0
Security Certification Costs ¹	(9,128)	-	(9,128)

¹Security certification costs comprise registration fees and external certification, recertification, and surveillance audit fees relating to the Company's information security management system.

Anticipated Financial Effects

Short-Term

Continued investment in security tooling, surveillance audits, privacy certification, the insider risk program and expanded awareness training builds on NETSOL's comprehensive, independently audited security program.

It is a planned increase in operating costs and cash outflows that protects service delivery, customer commitments and certifications and reinforces NETSOL's standing as a trusted provider.

Medium-Term

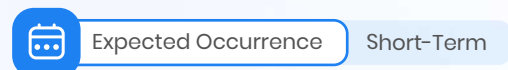
AI-driven threat detection and KRI-driven enhancements are planned investments in technology, integration and specialist skills, alongside recurring recertification and audit fees. Keeping pace with evolving threats and tightening privacy regimes sustains certification status and reinforces customer trust, which underpin the ability to retain major customer contracts and win new business, particularly with regulated clients.

Long-Term

Post-quantum readiness and migration, crypto-agility and continuous assessment of emerging AI-enabled, quantum and edge-related threats are expected to need sustained investment across the technology estate, with recurring effects on operating costs and cash flows. Early preparation, including replacement, testing and vendor support for cryptographic migration, positions NETSOL ahead of evolving privacy and cross-border data-transfer rules and safeguards long-term revenue, customer relationships, market access and certifications.

R8: Extreme Weather Events

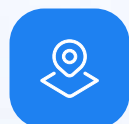
Climate Physical – Acute Risk



Risk Description

The increasing frequency and intensity of climate-related extreme weather events, including heavy rainfall, urban flooding, storms, hailstorms and prolonged heatwaves, pose a material risk to NETSOL. If not adequately anticipated and managed, these events could restrict employee mobility, disrupt the availability of power and internet services, increase operating costs and affect the Company's ability to maintain uninterrupted service delivery to its clients.

Concentration of Risk



Geographical areas

The risk is primarily concentrated at the Lahore office, which houses the Company's headquarters, development center and primary data center.



Assets and activities

Owned buildings, the on-site data center and IT infrastructure, backup power and cooling systems, and the workforce operating from these sites.



Impact on Business Model and Value Chain



Current effects on Business Model

Owing to the Company's software-delivery model, extreme weather events represent a manageable but persistent operational cost rather than a threat to the business model. No SLA penalties were recorded in FY26 despite some weather-related disruption, reflecting the effectiveness of existing controls and the Company's on-demand work-from-home capability. Nevertheless, extreme rainfall and urban flooding could disrupt operations by affecting grid electricity, internet connectivity and employee availability. While backup power systems, including diesel generators and UPS, are available, they are primarily designed to support short-duration outages. Extended reliance on these systems would increase operating expenditure and could place downward pressure on profit margins.



Anticipated effects on Business Model

Scenario analysis indicates that rainfall-driven impacts are expected to rise only modestly and with limited differentiation across emissions pathways within the Company's 10-year strategic horizon. However, heat-driven impacts are expected to increase significantly and vary materially across climate pathways from approximately 2040 onward. Sustained periods of extreme heat may place greater strain on IT infrastructure, particularly by increasing data-center cooling requirements and affecting system reliability. In addition, government-mandated work-from-home measures during heatwaves could disrupt workforce efficiency.

Upstream

Grid electricity, internet services, diesel fuel supply and solar-equipment maintenance is affected by extreme weather events.

Own operations

Direct impact on IT infrastructure, and on office productivity through restricted employee mobility, during extreme rainfall, flooding and heatwave events.

Downstream

Potential delivery delays during extended citywide disruption.

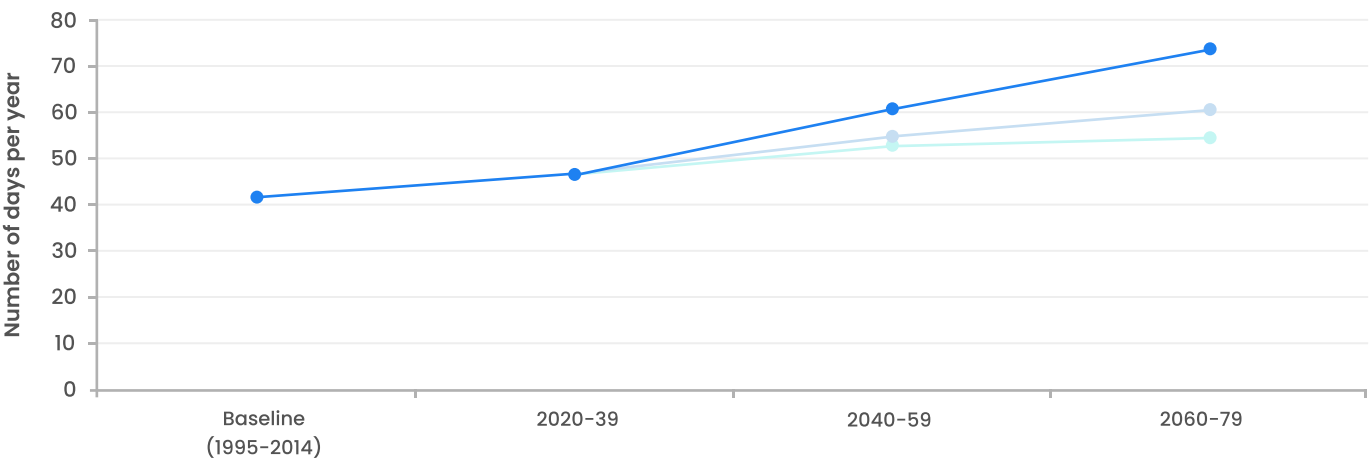
Scenario Analysis

Climate hazards have been modelled for Lahore office using three CMIP6 Shared Socioeconomic Pathways, with projections assessed against a 1995–2014 baseline. Results are presented for 2020–2039, which encompasses the Company’s full 10-year strategic horizon, and extend to 2040–2059 and 2060–2079 to capture the period during which the emissions pathways are expected to diverge materially.

SSPI-2.6 — Taking the Green Road SSP2-4.5 — Middle of the Road SSP5-8.5 — Fossil-Fuelled Development

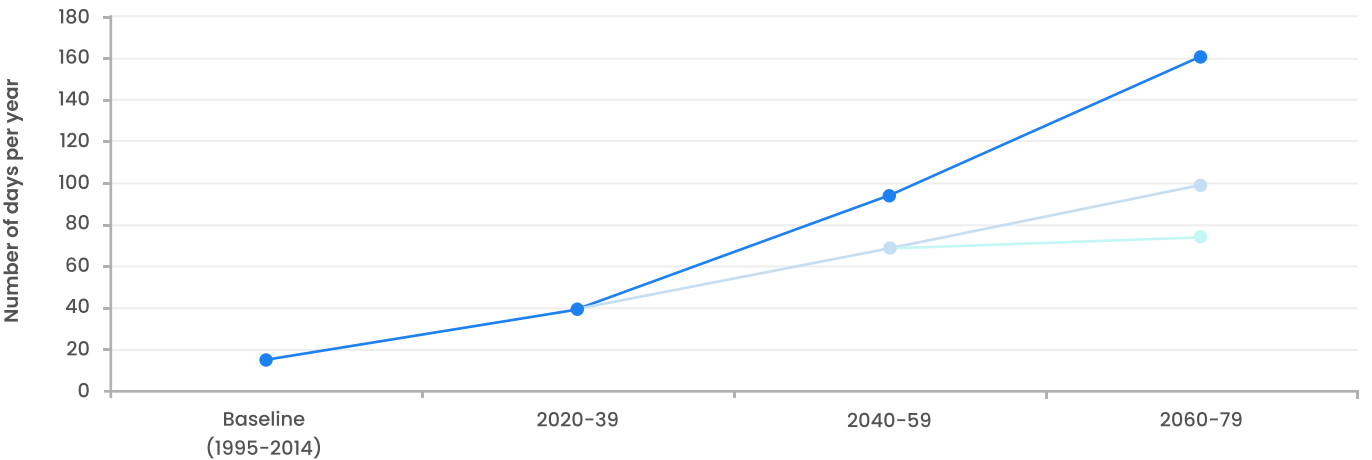
Extreme Heat

Number of hot days per year above threshold i.e., 40°C



Data source: World Bank Climate Change Knowledge Portal (CMIP6 ensemble)
Region: Lahore

Warm Spell Duration Index



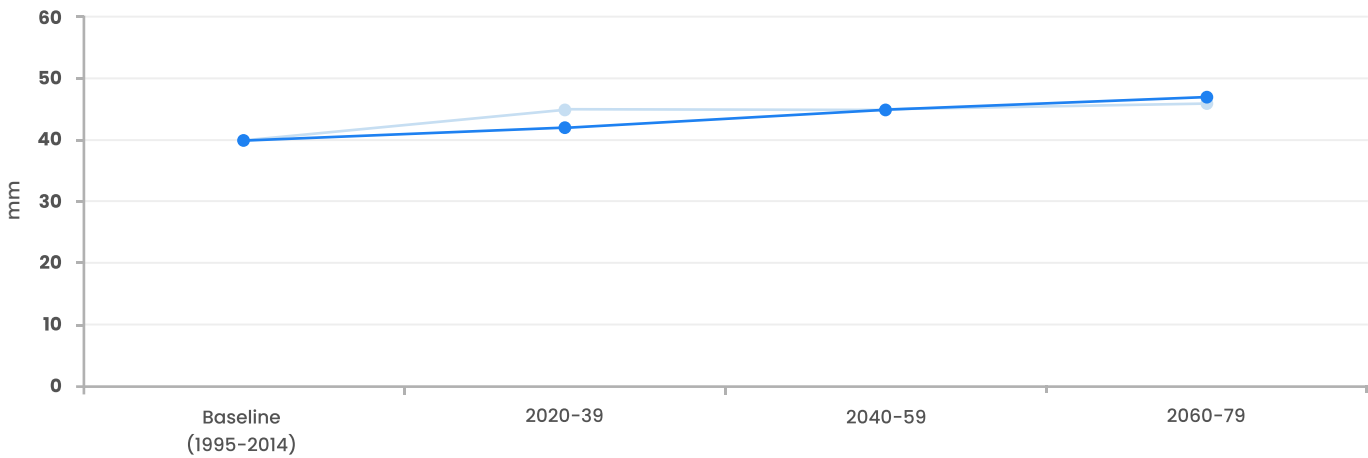
Data source: World Bank Climate Change Knowledge Portal (CMIP6 ensemble)
Region: Lahore

The scenario analyses show a clear divergence in extreme-heat exposure from the 2040s onward. Under the low-emissions pathway SSP1-2.6, days above 40°C rise from a baseline of 42 to 55 by 2060–2079, roughly one-third higher, while sustained heat-spell duration rises from 15 to 74 days. Under the high-emissions pathway SSP5-8.5, the same indicators reach 74 days above 40°C, a 76% increase, and 161 days of sustained heat-spell duration, more than ten times the baseline and equivalent to nearly half the calendar year. In practice, this points to a growing likelihood of sustained, rather than isolated, heat stress on the electricity grid and on data-center cooling.

SSP1-2.6 — Taking the Green Road SSP2-4.5 — Middle of the Road SSP5-8.5 — Fossil-Fuelled Development

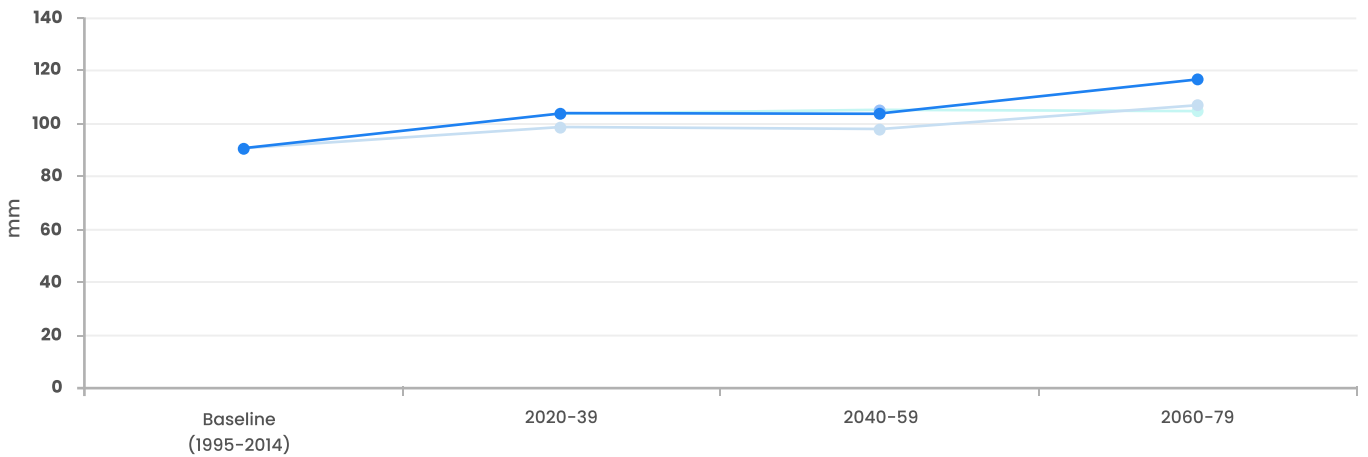
Extreme Rainfall

Largest 1-Day Rainfall in Millimeter — Lahore



Data source: World Bank Climate Change Knowledge Portal (CMIP6 ensemble)
Region: Lahore

Largest 5-Day Cumulative Rainfall in Millimeter — Lahore



Data source: World Bank Climate Change Knowledge Portal (CMIP6 ensemble)
Region: Lahore

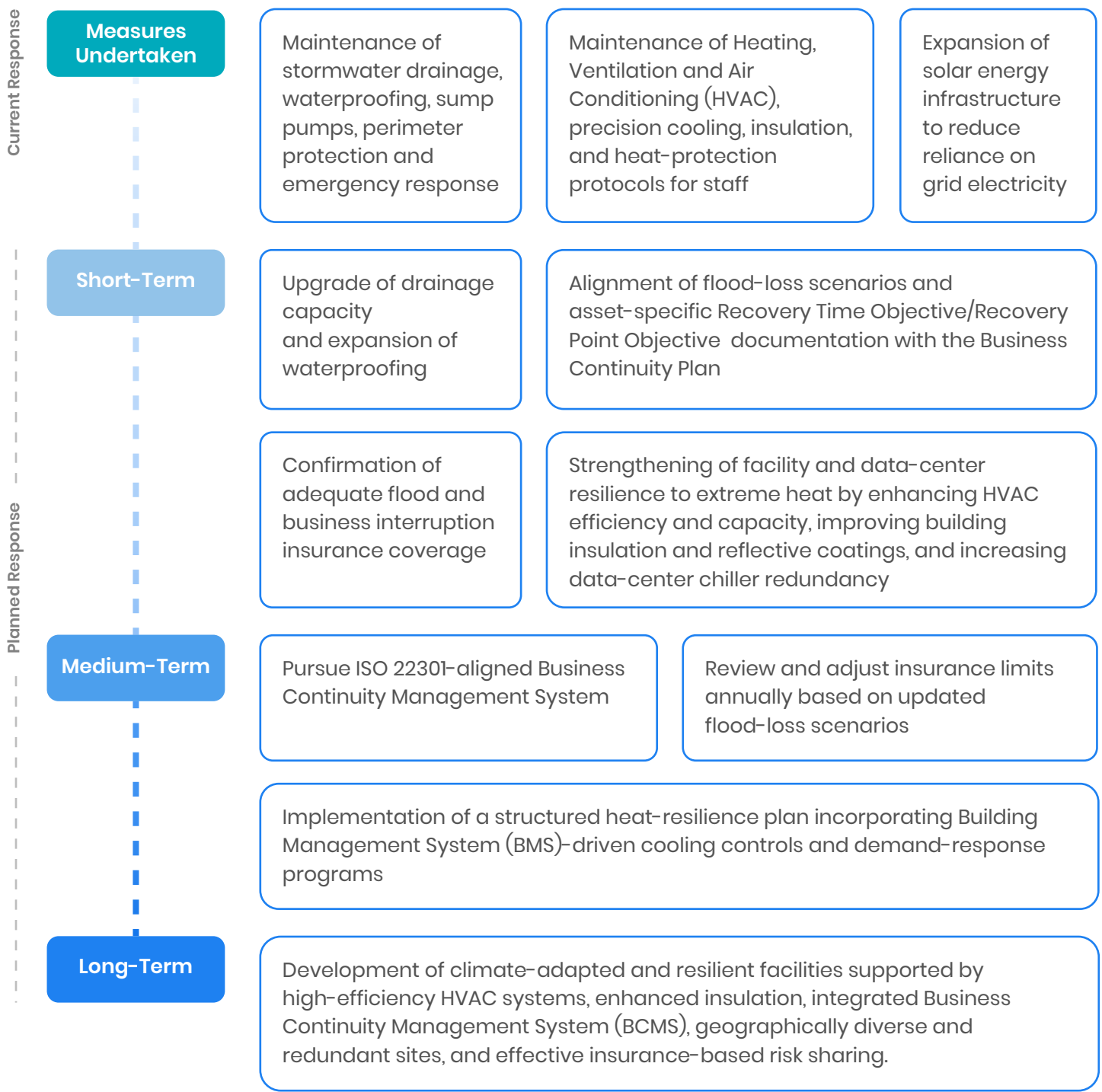
The largest one-day rainfall is projected to increase from a baseline of 40 mm to approximately 46–47 mm by 2060–2079, with limited variation across the three climate pathways. A similar trend is projected for the largest five-day cumulative rainfall, although greater divergence emerges towards the end of the period. By 2060–2079, cumulative rainfall is projected to reach 105 mm under SSP1-2.6, 107 mm under SSP2-4.5 and 117 mm under SSP5-8.5. However, the relative ordering of pathways during 2020–2039 varies across the indicators. This variation, together with the modest magnitude of projected changes, suggests that natural year-to-year variability is likely to have a greater influence on rainfall intensity during the 2020–2039 period than differences in emissions pathways. Overall, projected rainfall intensity appears less sensitive to pathway choice than the projected changes in heat-related indicators.

Implications for NETSOL

Based on the findings of the scenario analysis, NETSOL's physical climate risk profile is expected to shift in composition rather than intensify uniformly across all hazards. Heat-related hazards, including data-center cooling failure and heat-related grid disruptions, are projected to increase under all emissions pathways by 2060–2079. Data-center cooling failure is expected to reach the highest risk rating assessed under the high-emissions pathway. In contrast, flood-related hazards, including basement and citywide flooding, grid disruptions, riverine flooding from the Ravi, and short-duration extreme rainfall, show comparatively limited variation across the scenarios. As the emissions pathways show negligible divergence for all climate variables during 2020–2039, and NETSOL's strategic planning horizons fall within this period, the pathway choice introduces limited additional uncertainty into current planning. The resilience measures outlined below are therefore intended to address existing climate exposures while strengthening the Company's capacity to respond to the potential escalation of climate risks as scenario pathways diverge over the longer term.



Impact on Strategy and Decision Making



77.3%

Dependence on Grid Electricity

Percentage of electricity sourced from grid – Lahore office

17,528 ltr

Generator Operations

Total Diesel Consumption (Liters) for Generator Operations – Lahore office

21.5°C

Data center temperature

Average temperature of data center maintained during the year

368 hrs

Generators Run-time

Total run-time hours of generators for the year – Lahore office

0.36°C

Data center temperature variation

Deviation of data center temperature from mean

0 days

Weather-Affected Workdays

Total workdays affected by weather events during the year

For further details on the relevant metrics associated with this risk, refer:

[Metrics and Targets](#)[Responsible Leadership](#)[Tech Resilience and Business Continuity](#)

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Insurance Cost – Building ¹	(1,594)	-	(1,594)
Insurance Cost – Solar Infrastructure ²	(188)	-	(188)
Weatherproofing Improvements	(1,380)	-	(1,380)
Drainage System – Maintenance	(845)	-	(845)

¹Insurance cost of building represents the premium for a multi-peril property insurance policy covering the Company's commercial building (excluding plinths, pavements and foundations), electrical equipment, the data center, generators, transformers, lifts, the Variable Refrigerant Flow (VRF) system and furniture and fixtures at its premises.

²Insurance cost of solar infrastructure represents the contribution for a multi-peril takaful policy covering the Company's solar installation. Atmospheric disturbance is one of several extended perils insured under the policy, which also include fire, earthquake and other allied perils, and the contribution is not separately apportioned between perils. Cover for atmospheric disturbance is restricted to loss or damage arising from hailstorm impact on the solar panels.

The Company's exposure to extreme weather events is closely interlinked with its exposure to energy supply disruptions. Heavy rainfall, urban flooding and prolonged heatwaves place additional pressure on an already constrained national grid, and the resulting power outages increase the Company's reliance on electricity generators and uninterruptible power supply systems to maintain continuous service delivery. The financial implications of this increased dependence on backup power, including fuel consumption and generator operating costs, are discussed under R3: Energy Supply Disruptions.

Anticipated Financial Effects

Short-Term

Financial effects are expected to arise mainly from planned resilience expenditure rather than from realized losses. Expanding solar energy infrastructure, confirming flood and business-interruption insurance coverage, upgrading drainage and waterproofing capacity, confirming data-center chiller redundancy and upgrading HVAC efficiency will require incremental capital and professional-service expenditure. As no SLA penalties have been incurred to date, near-term exposure to contractual liabilities remains limited. However, a significant or prolonged service disruption could result in service credits or other contractual liabilities and may require reassessment of the recoverability of related customer receivables. Operating expenditure on backup diesel generation is expected to remain broadly stable, with the existing solar array continuing to offset part of this cost.

Medium-Term

Financial effects are expected to shift further from contingent operational loss toward budgeted capital expenditure and recurring compliance cost. The annual review of insurance limits against updated flood-loss scenarios may affect premium cost or coverage terms.

Long-Term

Over the long term, the Company aims to embed climate resilience into its facilities and operations through full Business Continuity Management System (BCMS) certification, redundant or geographically diverse sites, and active risk-sharing through insurance. This is expected to establish climate resilience as a recurring and budgeted component of capital and operating expenditure rather than a source of unplanned costs. Subject to the timely implementation of the planned adaptation measures, the Company expects its exposure to unplanned provisions, service credits and receivables impairment arising from weather-related disruptions to remain broadly within historical ranges over this horizon, despite the projected increase in physical hazard severity identified in the scenario analysis.

R9: Air Quality

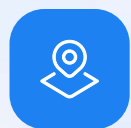
Climate Physical – Chronic Risk

 Expected Occurrence Short-Term

Risk Description

Lahore experiences among the most severe ambient air pollution of any major city globally, with annual average PM2.5 concentrations of roughly 87–102 $\mu\text{g}/\text{m}^3$ over 2021–2025, approximately 18 times the World Health Organization annual guideline of 5 $\mu\text{g}/\text{m}^3$. Pollution follows a pronounced seasonal pattern, peaking each year from December to January, when crop-residue burning across Punjab, vehicle and industrial emissions and transboundary smog combine with winter temperature inversion to trap particulates at ground level. This creates a chronic physical risk that operates through three channels, namely workforce health and mobility, suppressed output from the Company's solar generation asset and an emerging regulatory-compliance dimension as provincial authorities escalate anti-smog measures.

Concentration of Risk



Geographical areas

Primarily concentrated at the Lahore office, as Lahore is affected by seasonal smog and elevated levels of air pollution.



Assets and activities

The workforce operating from the Lahore campus, and the solar array, whose generation is suppressed by particulate haze during the winter smog season.



Impact on Business Model and Value Chain



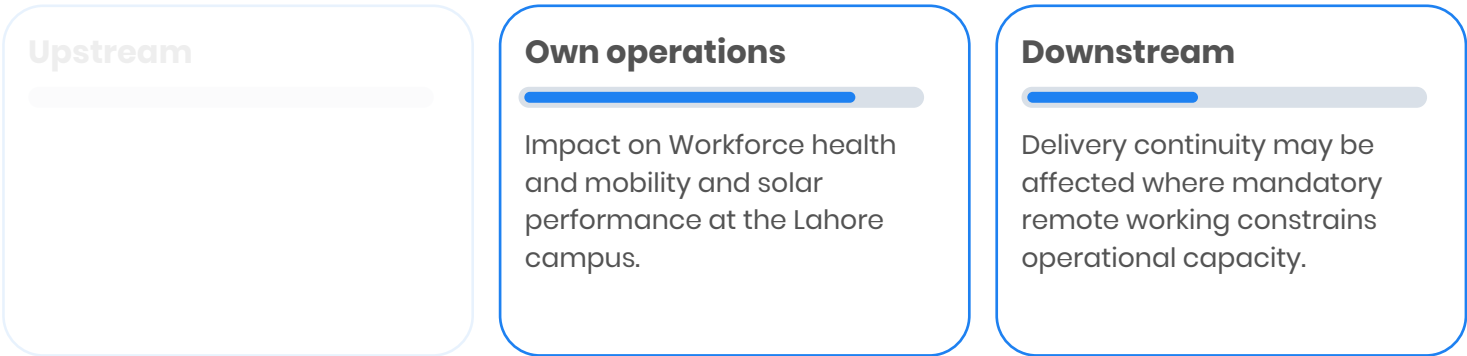
Current effects on Business Model

The Company's software delivery model and established work-from-home capabilities currently help limit the operational impact of smog-related office restrictions. However, particulate haze and panel soiling during the winter smog season currently reduce solar photovoltaic output, marginally increasing reliance on grid and diesel power during a period when grid reliability is subject to seasonal pressures. Severe air pollution may also adversely affect human capital through employee health impacts, restricted mobility and reduced on-site workforce availability. None of these channels currently threatens the business model, but each could affect operating cost and workforce wellbeing if inadequately managed.



Anticipated effects on Business Model

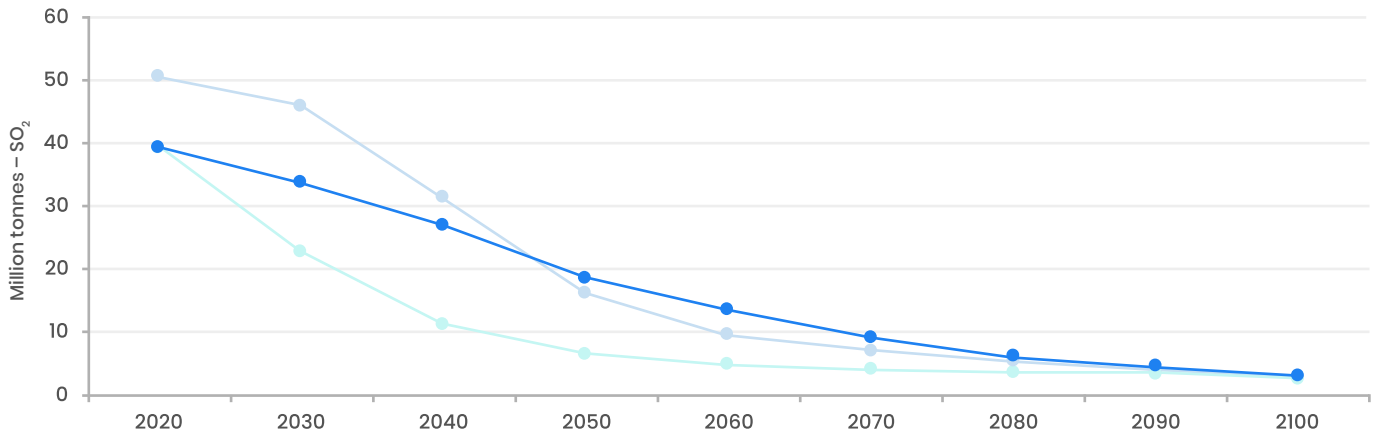
Over the longer term, tightening provincial air-quality regulations may introduce additional compliance obligations for the Company's facilities. Government-mandated work-from-home measures may also constrain operational capacity and affect the continuity and timely delivery of services.



Scenario Analysis

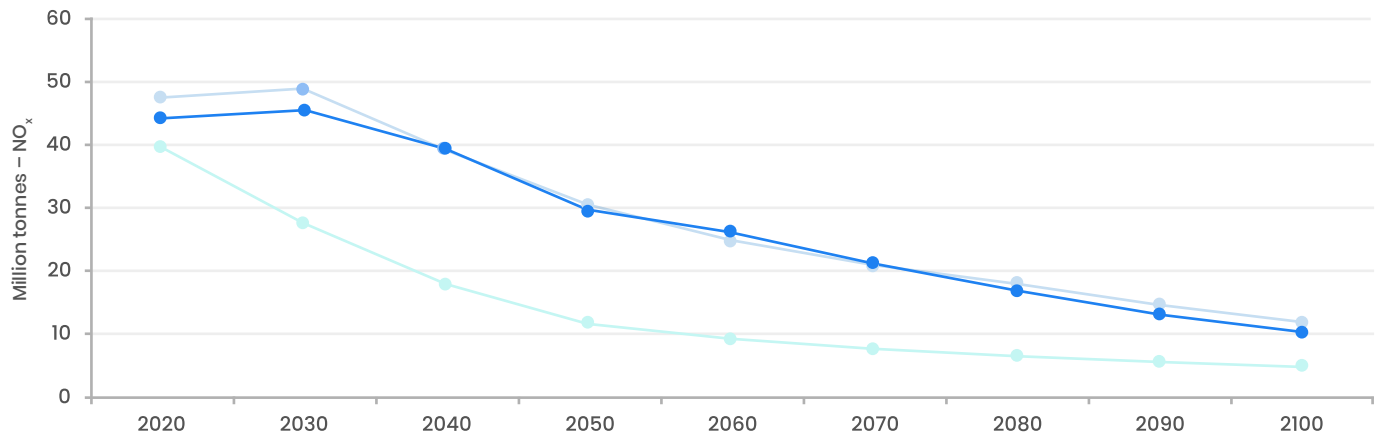
As ambient air quality is primarily influenced by human activity rather than climate variables directly, its future outlook has been assessed using projected emissions of air pollutants, including sulphur dioxide and nitrogen oxides, for Asia under three Shared Socioeconomic Pathways. These regional projections are considered alongside Lahore's observed PM2.5 levels to provide context for their implications for local conditions.

Sulphur dioxide emissions per year



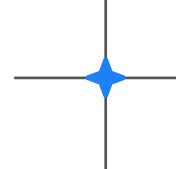
Data source: Riahi et al. (2017), Global Environmental Change, via the IIASA SSP Database
Region: Asia

Nitrogen oxides emissions per year



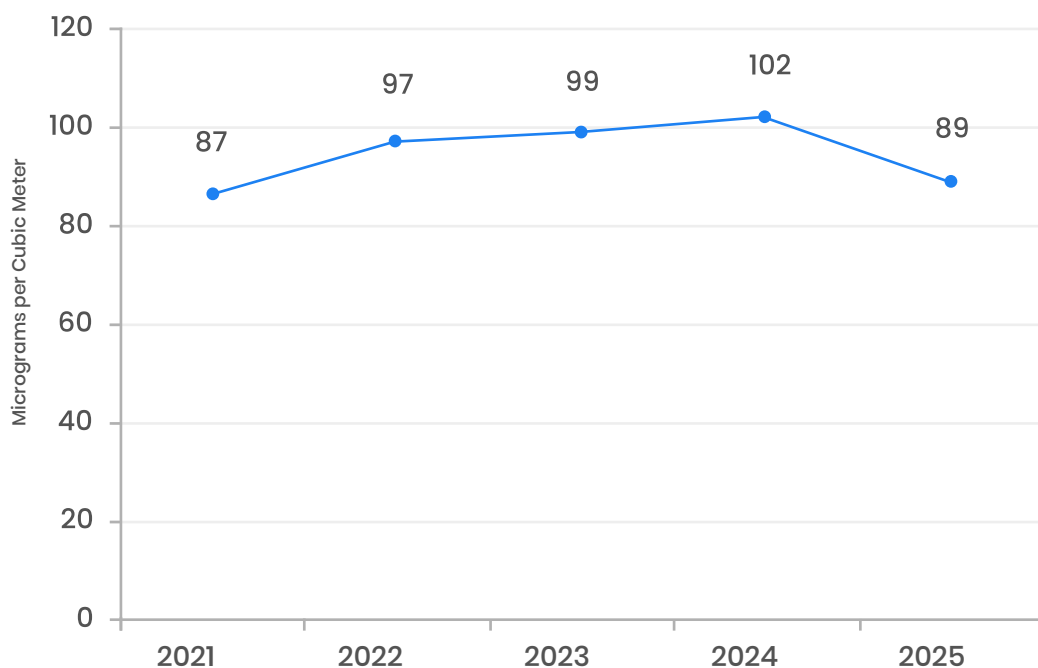
Data source: Riahi et al. (2017), Global Environmental Change, via the IIASA SSP Database
Region: Asia

Regional pollutant emissions decline across all three pathways over the century. The pathways separate only modestly in the near term and then converge, indicating that the outlook for regional air quality does not depend heavily on which emissions pathway unfolds. Sulphur dioxide converges most completely, falling to similar low levels under every pathway by 2100 as coal controls become universal, while nitrogen oxides decline more gradually and remain somewhat higher under the middle of the road and fossil-fuelled development pathways.



Annual Average Fine Particulate Matter (PM2.5) – Lahore

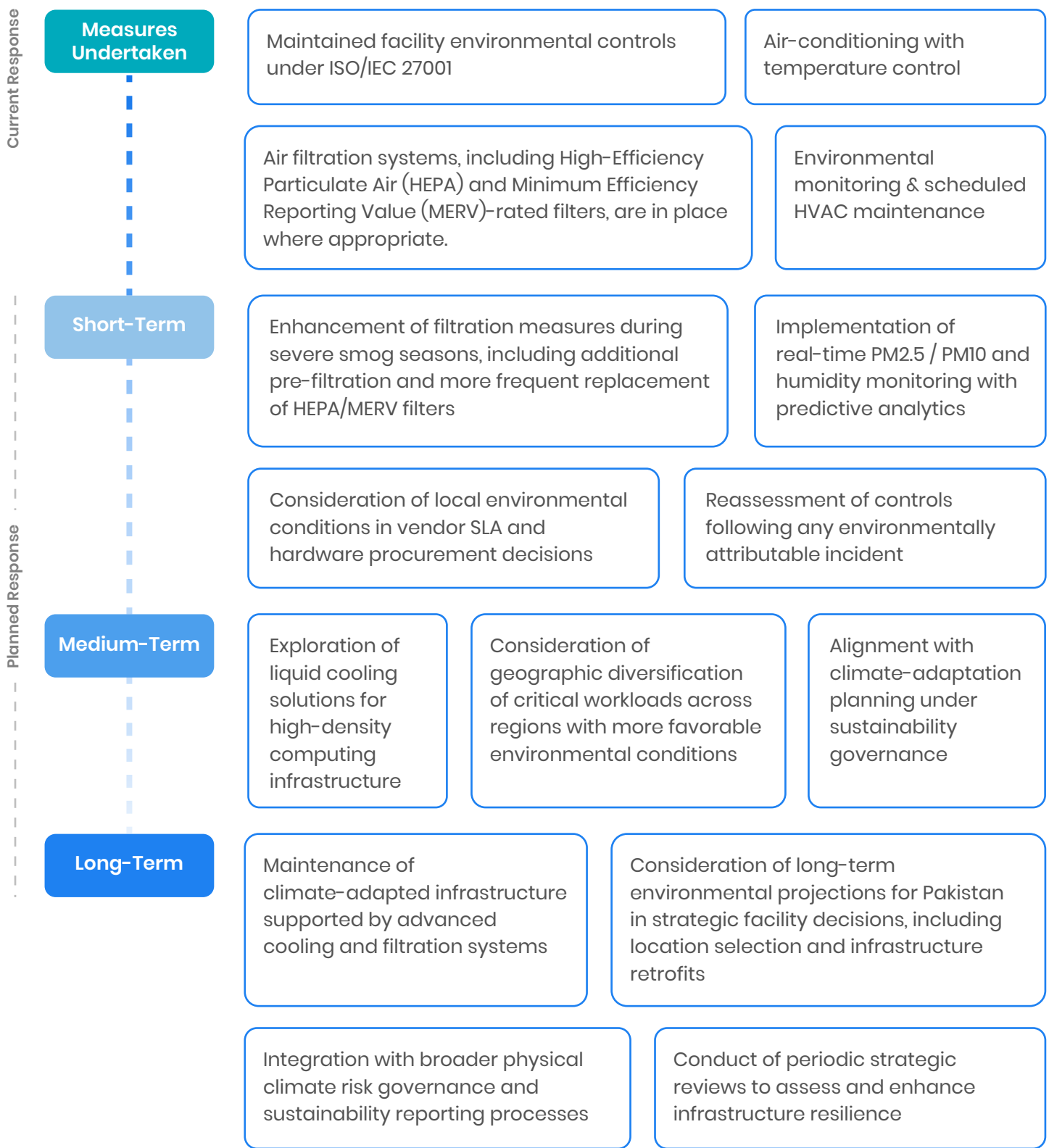
Lahore's annual PM2.5 (~87–102 µg/m³) is roughly 18× the WHO safe guideline of 5 µg/m³



Data source: IQAir World Air Quality Reports
Region: Lahore

Lahore's own PM2.5 has stayed broadly flat at around 87 to 102 micrograms per cubic metre over 2021 to 2025. This is because a large share of the city's smog comes from seasonal crop burning and cross-border drift, which regional industrial emission trends capture only partially. Regional conditions are expected to ease over time as industrial emissions decline across all pathways, which should gradually reduce one component of Lahore's pollution. The local hazard is nonetheless likely to remain significant in the near to medium term, since these contributors depend on regional agricultural practice and provincial policy rather than on the global emissions pathway. The pace of local improvement will therefore be shaped primarily by the effectiveness of provincial air quality measures, which the Company continues to monitor.

Impact on Strategy and Decision Making



45.41%

Solar Yield Reduction

Solar yield loss during smog months vs clear-season baseline

0 days

Smog-Related Office Closures

Smog-related office closures due to mandatory work-from-home regulations

~4 days

Solar Panel-cleaning frequency

With 856 panels and 200 cleaned per day, every panel gets washed once every 4 days

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Indoor Air Quality Equipment – Air Purifiers	(1,668)	-	(1,668)
HVAC and Air Filtration – Maintenance	(5,640)	-	(5,640)
Solar Infrastructure – Maintenance ¹	(943)	-	(863)

¹Solar infrastructure maintenance represents the cost of maintaining the Company's solar photovoltaic installation, comprising cleaning and maintenance equipment and the salaries of personnel engaged in these activities. Panel soiling from ambient particulate matter is one of several factors driving maintenance frequency and the cost is not separately apportioned between them.

Anticipated Financial Effects

Short-Term

Enhancing filtration for the smog season through additional pre-filtration and more frequent replacement of HEPA and MERV filter media, together with real-time particulate and humidity monitoring, will add incremental facility running costs. The additional grid and diesel expenditure required to offset the reduction in solar generation during the smog months is expected to remain small relative to total operating cost. Because smog-related disruption continues to be managed through existing remote-work capability, no material contractual or revenue effect is anticipated within this horizon.

Medium-Term

Planned measures, including upgraded filtration, advanced humidity control and the exploration of liquid cooling for high-density computing, would require capital expenditure, while enhanced monitoring and maintenance would become budgeted operating costs. Geographic diversification of critical workloads is a further capital commitment, though one that would also reduce the single-site concentration of the Lahore campus.

Long-Term

As the Lahore campus matures into a climate-adapted facility with advanced cooling and filtration, the Company's air-quality resilience program is expected to become a recurring, budgeted element of capital and operating expenditure rather than a source of unplanned cost. The scenario analysis indicates gradual improvement in regional air-pollutant emissions over this period, which may ease the underlying hazard, although the local component driven by seasonal and cross-border factors is expected to persist. Provided the planned resilience measures are delivered and regulatory obligations are met, the Company's exposure to unplanned cost from this risk is expected to remain immaterial.

R10: Transition to Low Carbon Economy

Climate Transition Risk

 Expected Occurrence Medium-Term

Risk Description

As governments, investors and customers accelerate the transition to a low-carbon economy, NETSOL is exposed to climate-related transition risks primarily through changes in regulation, technology, market expectations and stakeholder perceptions rather than through its direct emissions, which are comparatively modest given the Company's software-based business model. Policy and regulatory developments may increase compliance obligations as mandatory climate-related disclosure requirements emerge in Pakistan and the Company's export markets, alongside evolving energy-efficiency expectations for technology and data infrastructure. Technological developments may require continued investment in energy-efficient computing and cooling systems and increased access to renewable electricity, while inefficient or legacy infrastructure could result in higher operating costs over time. Market and reputational considerations are expected to become increasingly important as clients, investors and other stakeholders place greater emphasis on suppliers' climate performance and sustainability credentials.

Impact on Business Model and Value Chain



Current effects on Business Model

At present, climate-related transition risk has a limited and manageable effect on NETSOL's business model. The Company has established environmental and energy management practices and initiated climate-related reporting aligned with applicable sustainability disclosure standards. To date, the Company has not experienced any loss of client contracts due to climate-related supplier requirements or incurred any material penalties arising from climate-related regulatory non-compliance. Given its software and services-based business model, NETSOL has comparatively limited exposure to stranded-asset and product-obsolescence risks typically associated with carbon-intensive industries.



Anticipated effects on Business Model

The scenario analysis indicates that the pace of the global energy transition varies considerably by pathway. Under a rapid transition, NETSOL should expect intensifying client requirements to evidence low-carbon operations, faster-tightening disclosure regulation, and rising expectations to procure renewable power and efficient computing. These are more likely to affect cost and competitiveness than to threaten viability, and the Company's existing renewable generation and disclosure practices position it comparatively well. The Company's ability to win and retain export contracts may increasingly depend on maintaining credible low-carbon credentials. Under a slow transition, this pressure largely recedes.

Upstream

Electricity suppliers are expected to decarbonize their generation mix, and technology and hardware vendors are expected to meet efficiency standards.

Own operations

Data-center energy efficiency, renewable-power procurement, emissions measurement and disclosure capability, and the resourcing required to respond to client and regulatory sustainability demands.

Downstream

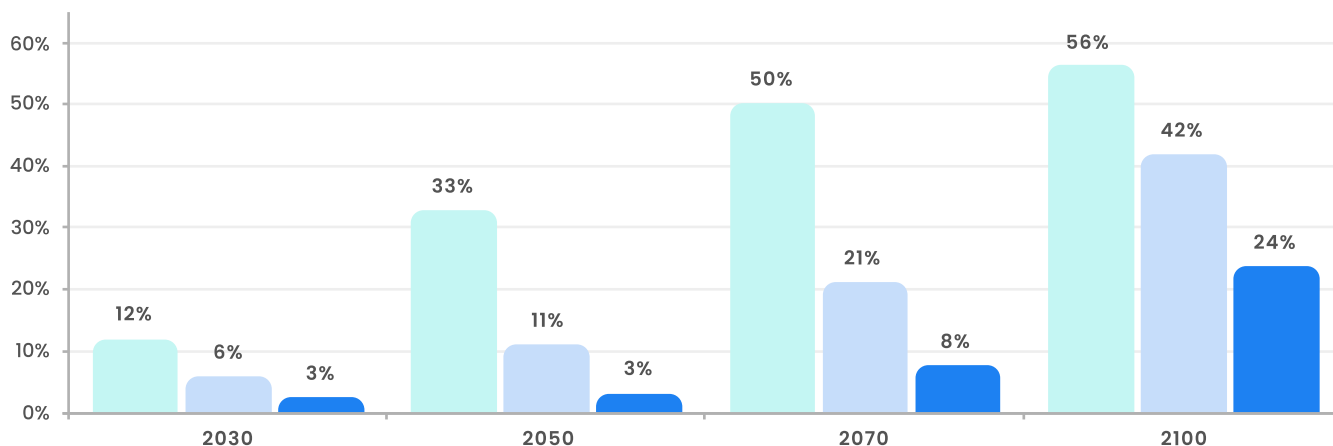
Export clients, particularly banks, auto-finance providers and listed firms, increasingly requiring low-carbon suppliers and Scope 3 emissions data.

Scenario Analysis

As transition risk is driven by policy, technology and market developments rather than by physical climate variables, its outlook has been assessed using the projected shares of renewable and fossil-fuel energy in global primary energy under three Shared Socioeconomic Pathways. These pathways range from a rapid low-carbon transition to continued fossil-fuel development, and their divergence over time provides context for the pace of regulatory, market and client pressures that NETSOL may face.

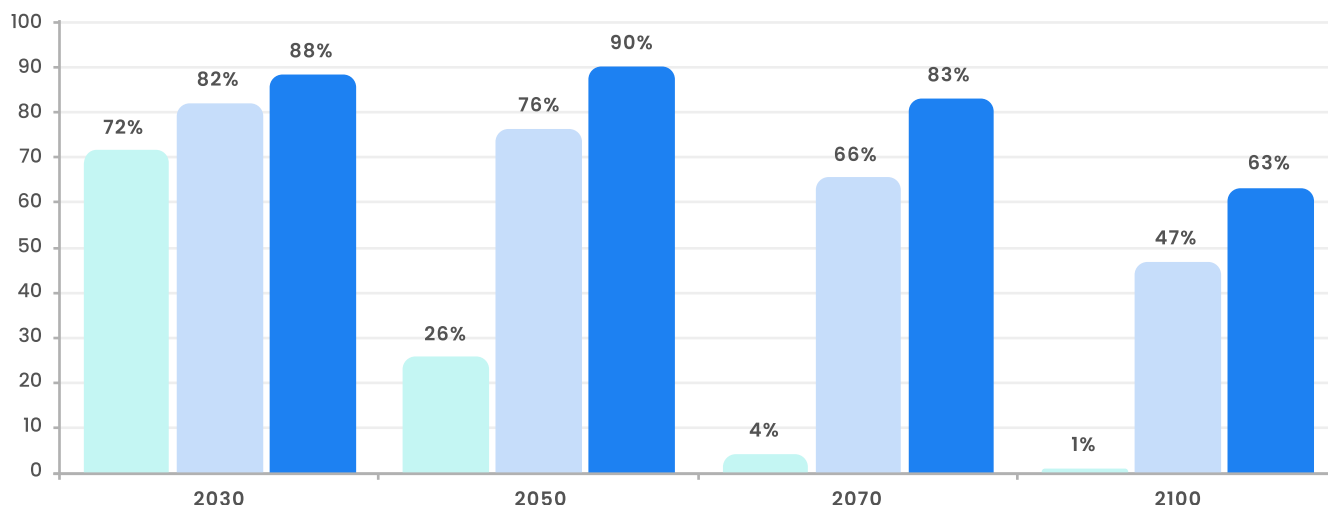
SSP1-1.9 — Taking the Green Road SSP2-4.5 — Middle of the Road SSP5-6.0 — Fossil-Fuelled Development

Renewable Share of Global Primary Energy



Data source: Riahi et al. (2017), Global Environmental Change, via the IIASA SSP Database
Region: Global

Fossil-Fuel Share of Global Primary Energy



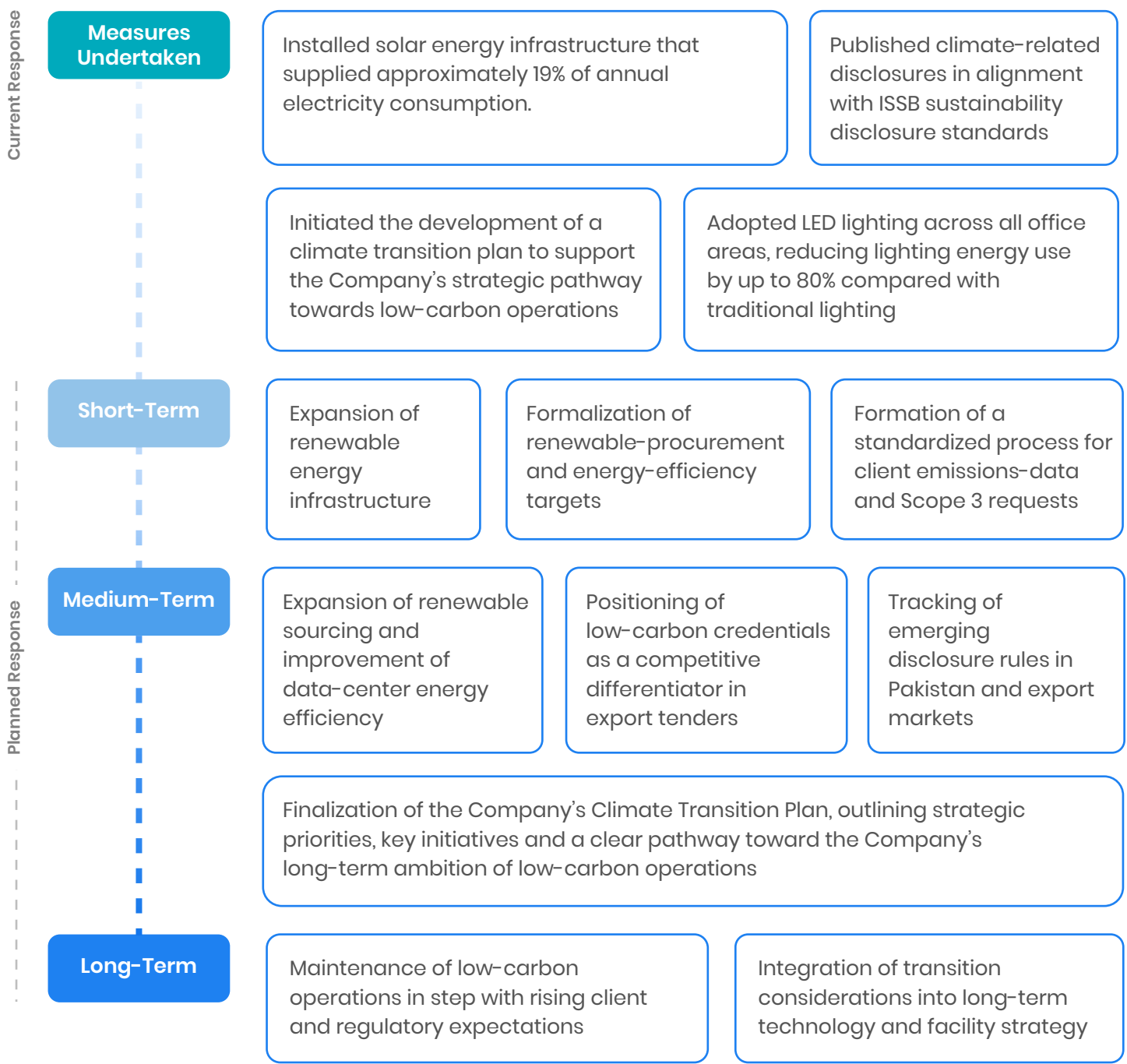
Data source: Riahi et al. (2017), Global Environmental Change, via the IIASA SSP Database
Region: Global

Implications for NETSOL

Within NETSOL's strategic horizons, differences between transition pathways are already visible but remain moderate. Beyond this horizon, however, the divergence becomes more pronounced, with a fast transition leading to a largely decarbonized energy system by 2050, while a slower transition results in the continued dominance of fossil fuels. For NETSOL, the intensity of transition pressures will therefore depend significantly on the pathway that unfolds and is expected to increase gradually rather than emerge as a sudden shock. Given that NETSOL's exposure to the transition is primarily commercial rather than asset-based, the shift to a low-carbon economy presents potential opportunities alongside associated risks. The Company's early investments in renewable energy, energy management and climate-related disclosure enhance its ability to respond to evolving client and regulatory expectations and support its competitive positioning in export markets. As sustainability considerations become increasingly integrated into corporate strategy and decision-making, the evolving market environment may also create opportunities for NETSOL to develop and offer technology solutions that support its clients' sustainability objectives, thereby contributing to the Company's Sustainable Product opportunity.



Impact on Strategy and Decision Making



For metrics associated with this risk, refer:

Metrics and Targets > Sustainable Operations > Energy Emissions

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
GHG Emissions Inventory Calculation	(1,700)	-	(1,700)

The current financial effects of the transition to a low-carbon economy are modest and relate mainly to preparing for the transition rather than losses arising from it. The effect reported directly under this risk is the sustainability and climate-disclosure advisory cost incurred in support of IFRS S1 and S2 readiness. Other transition-related spend is reported under the risks that primarily drove it, most notably the investment in on-site solar generation reported under R3: Energy Supply Disruptions, which also advances the transition by reducing grid consumption and emissions. No carbon tax or levy applies to NETSOL in Pakistan, and no transition-related penalties or asset write-downs were incurred during the year.

Anticipated Financial Effects

Short-Term

Financial effects are expected to be incremental operating expenditure for a standard process to handle client emissions-data and value-chain requests and set renewable-procurement and efficiency targets, alongside planned capital expenditure to expand renewables, building on existing solar. No material impact on revenue is currently anticipated.

Medium-Term

NETSOL’s low-carbon credentials can help win and retain export contracts, linking sustainability performance to revenue. Planned renewable sourcing, data-center efficiency, disclosure tracking and the Climate Transition Plan involve measured investment alongside advisory and reporting costs.

Long-Term

Under a faster transition scenario, strong low-carbon credentials could become a competitive differentiator, creating opportunities alongside the associated costs of transition. Given the Company’s relatively low-carbon-intensity business model, the principal financial exposure is expected to arise from recurring compliance, reporting and renewable energy procurement costs rather than material asset impairment or stranding.

R11: Carbon Tax

Climate Transition – Policy and Legal



Expected Occurrence

Long-Term

Risk Description

As governments strengthen climate policies to support the transition to a low-carbon economy, carbon-pricing mechanisms may be introduced or expanded in markets relevant to NETSOL. Although Pakistan does not currently have a domestic carbon tax, the combination of national climate commitments, fiscal-reform pressure, and the global spread of carbon pricing makes some form of domestic carbon pricing plausible within the Company's planning horizons. Such a mechanism could increase NETSOL's operating costs by placing a price on emissions associated with its direct fuel consumption and, most significantly, purchased grid electricity, which represents a substantial portion of the Company's measured Greenhouse Gas (GHG) footprint. NETSOL's exposure would depend on the scope and rate of any future mechanism, with more rapid decarbonization potentially resulting in higher carbon prices.

Concentration of Risk



Geographical areas

Carbon-tax exposure is geographically concentrated in Pakistan, particularly across the Company's Lahore, Karachi and Rawalpindi operations, where its fossil-fuel consumption and grid electricity use occur.



Assets and activities

Exposure is primarily concentrated in Scope 2 emissions from purchased grid electricity, which account for approximately 62% of the Company's Scope 1 and Scope 2 emissions. The remaining exposure arises from Scope 1 emissions, primarily attributable to fossil-fuel consumption in generators and company-owned and controlled vehicles, as well as refrigerant leakage and facility gas use.



Impact on Business Model and Value Chain



Current effects on Business Model

The Company currently has no financial exposure to carbon taxation, as no carbon-pricing mechanism applies to its operations in Pakistan. NETSOL measures and discloses its Scope 1 and Scope 2 greenhouse gas emissions, establishing a reliable baseline for assessing and managing potential future carbon-related costs. The investment in solar infrastructure has already reduced Scope 2 emissions and, consequently, may help mitigate exposure to future carbon-pricing mechanisms should they be introduced.



Anticipated effects on Business Model

The scenario analysis indicates that the introduction of a carbon price would create a recurring operating cost linked to the Company’s greenhouse gas emissions. However, given NETSOL’s relatively low emissions profile, the impact on operating margins is expected to be limited. As grid-supplied electricity represents the largest share of the Company’s potential carbon-pricing exposure, this exposure is expected to decline over time as Pakistan’s electricity grid decarbonizes and on-site solar generation further reduces reliance on grid electricity.

Upstream

Potential increase in operating costs arising from carbon-related cost pass-through by electricity and fuel suppliers and other upstream business partners.

Own operations

The Company’s Scope 1 and Scope 2 emissions would constitute the primary taxable emissions base. In addition, compliance obligations, such as emissions monitoring, reporting, and verification, could increase administrative and operational costs.

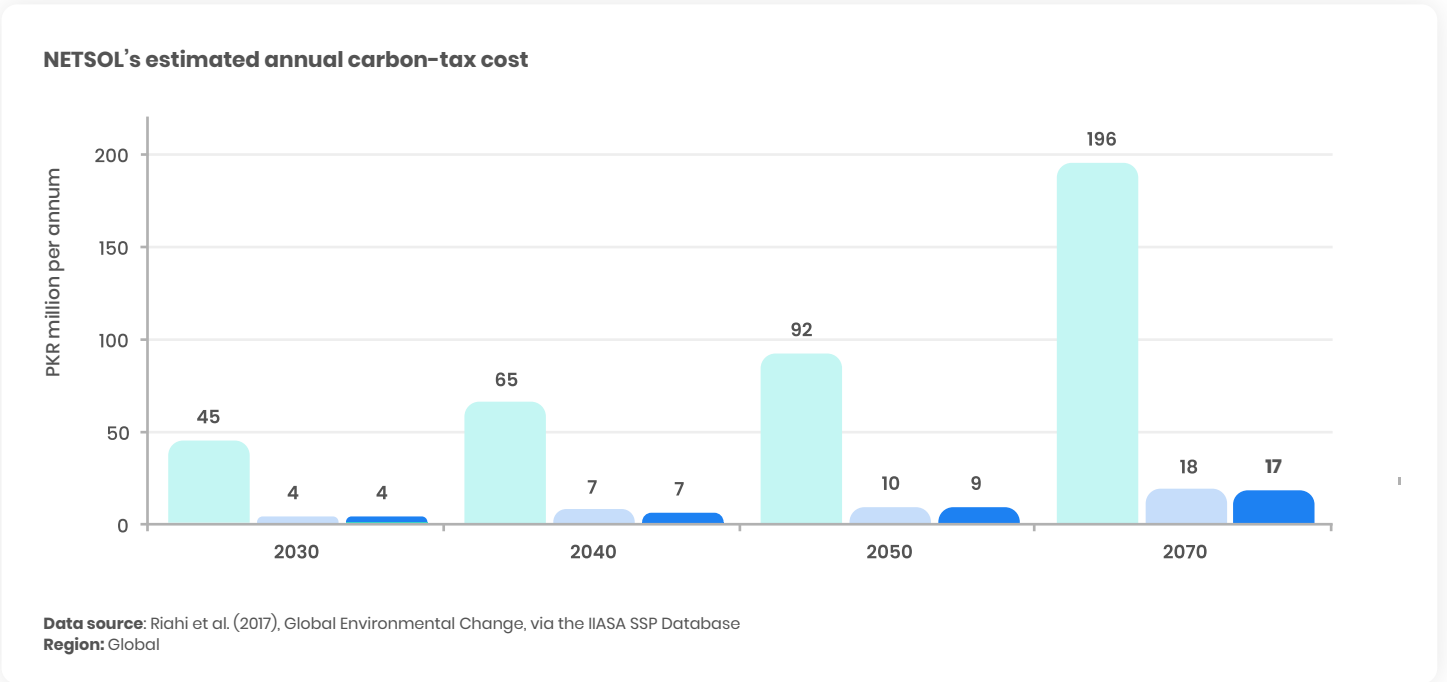
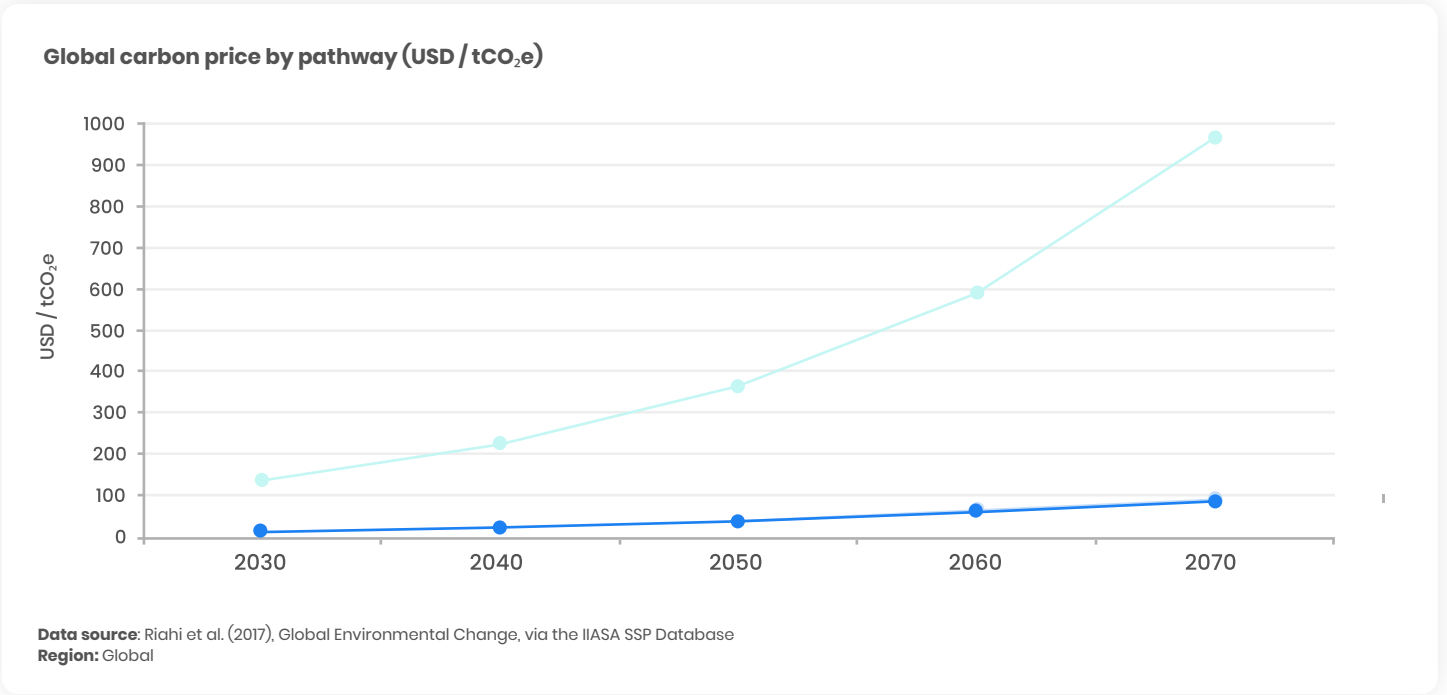
Downstream

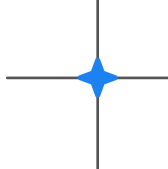
A carbon cost is unlikely to be passed to clients given its small scale relative to contract value, but strong carbon management supports the low-carbon-supplier credentials clients increasingly seek.

Scenario Analysis

Carbon-tax exposure has been modelled by applying carbon-price trajectories from three Shared Socioeconomic Pathways to the Company's Scope 1 and Scope 2 emissions. Results are presented for 2020–2039, which encompasses the Company's full 10-year strategic horizon, and extend to 2040–2059 and 2060–2079 to capture the period during which the emissions pathways are expected to diverge materially. Because carbon pricing is a transition risk, the Taking the Green Road (SSP1) pathway carries the highest carbon price and therefore represents the greatest exposure for the Company.

SSP1-1.9 — Taking the Green Road SSP2-4.5 — Middle of the Road SSP5-6.0 — Fossil-Fuelled Development





The pathways diverge dramatically. Under the Sustainability (SSPI) pathway, the global carbon price reaches USD 137 per tonne by 2030 and USD 364 by 2050, translating into an estimated annual cost to NETSOL of roughly PKR 45 million by 2030 and PKR 92 million by 2050. Under the Middle of the Road and Fossil-Fuelled Development pathways, the price stays far lower, and the annual cost remains under PKR 20 million throughout.

Implications for NETSOL

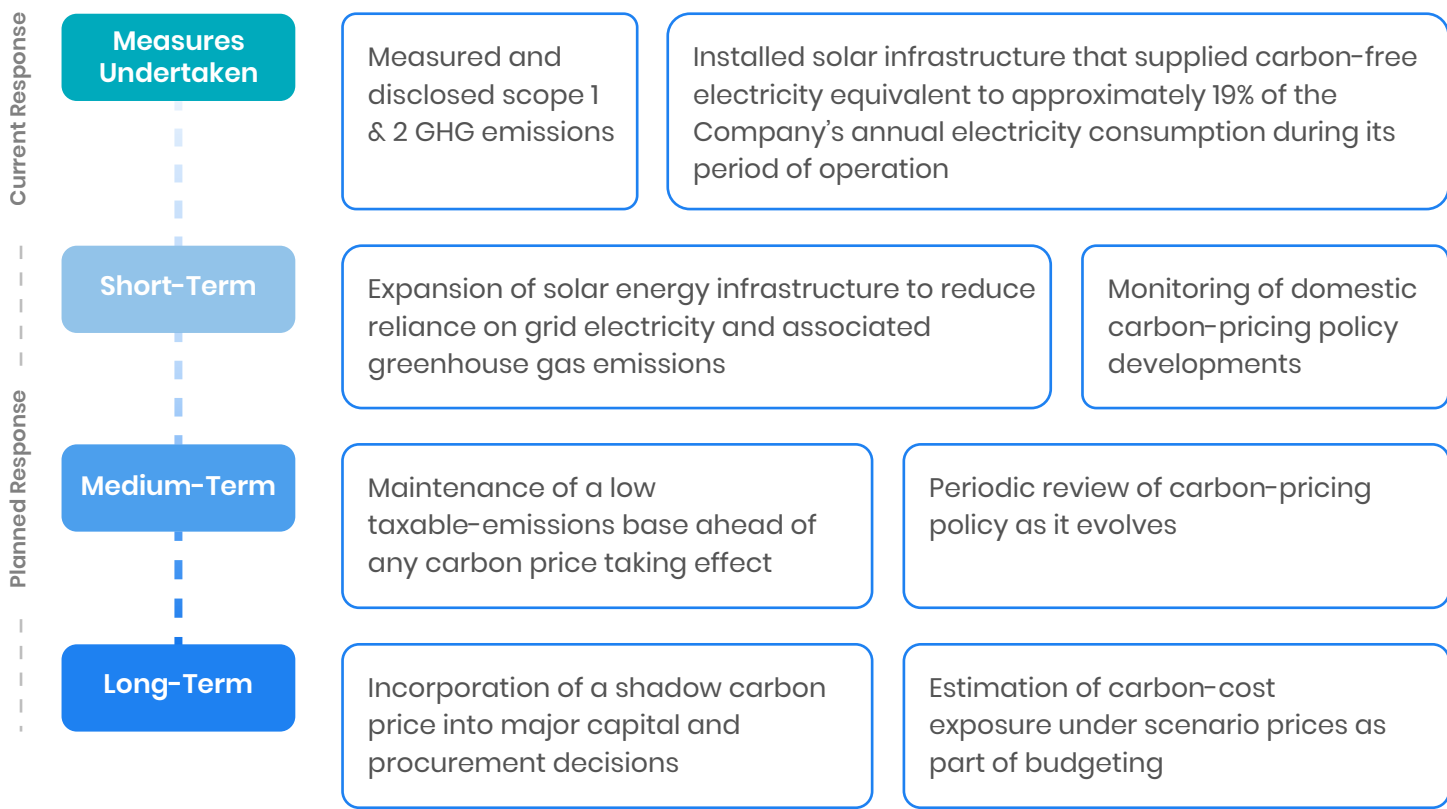
Within the Company's ten-year strategic horizon, carbon-tax exposure is modest under every pathway, at roughly PKR 4 to 45 million a year by 2030, equivalent to well under half a percent of current revenue even in the Sustainability (SSPI) case. The exposure becomes more significant only beyond that horizon and only under an aggressive decarbonization pathway, reaching around 0.9% of current revenue by 2050 and approaching 2% by 2070 under the Sustainability (SSPI) scenario, while staying below 0.2% under the Middle of the Road and Fossil-Fuelled Development pathways. Carbon tax is therefore a long-dated, pathway-dependent cost rather than a near-term threat.

The Company's potential carbon-pricing exposure is moderated by several existing and anticipated factors. A rapid transition that increases carbon prices is also expected to accelerate the decarbonization of the electricity grid, reducing the Scope 2 emissions that comprise nearly two-thirds of the Company's potential taxable emissions base. Incorporating this grid-decarbonization effect reduces the estimated 2070 cost under the fast-transition scenario by approximately PKR 144 million compared with a constant-emissions assumption.

The Company's existing on-site solar generation also provides partial protection against future carbon-pricing exposure. Additional reductions may be achieved through renewable-energy procurement, energy-efficiency initiatives, and fleet decarbonization. Given NETSOL's relatively low emissions profile, these measures are expected to keep the associated risk manageable across all scenarios.



Impact on Strategy and Decision Making



1,258 tCO₂e

Scope 1 & Scope 2 Emissions
Total Scope 1 and Scope 2 emissions for FY26

38:62

Scope 1 & Scope 2 Emissions Split

0.12 tCO₂e/PKR m

Emissions Intensity per Revenue
Scope 1 and Scope 2 Emissions Intensity per PKR Million of Revenue

18.8%

Renewable Electricity
Percentage of Electricity Consumption from Emissions-Free Renewable Sources

For further details on the relevant metrics associated with this risk, refer:

[Metrics and Targets](#) > [Sustainable Operations](#) > [Emissions](#)

Emissions abatement performance assessment

On-site Solar Energy infrastructure

18.6M
PKR

Net Abatement Saving

Annual net saving after avoided grid electricity cost, abating ~ 227 tCO₂e/Year

3.8 yrs

Abatement Payback

Payback period of the solar energy infrastructure from avoided grid cost

-\$293

Net Abatement Cost per tCO₂e

Net cost (Saving) per tonne of CO₂e abated via solar electricity ~PKR 81,915/tCO₂e

\$101

Gross Abatement Cost per tCO₂e

Capital-only cost per tonne of CO₂e abated, before electricity savings ~PKR 28,416/tCO₂e

Abatement metrics relate to the on-site solar array, which offsets Scope 2 (grid electricity) emissions. As the array was operational for 10 months during FY26 i.e., from September 2025, annual generation has been extrapolated on a pro-rata basis to a representative 12-month figure. This will be restated once a full year of actual generation data is available. Net abatement cost (savings) are stated after avoided grid-electricity cost at the Company's effective tariff of PKR 43.68/kWh. Abatement cost per tonne of emissions is presented in USD for benchmarking purposes, using an average exchange rate of PKR 280/USD.

Current Financial Effects

Carbon pricing does not currently represent a direct financial cost to NETSOL, and accordingly, the Company has not incurred material costs directly attributable to carbon pricing mechanisms. Given the evolving nature of carbon-pricing frameworks in Pakistan and other jurisdictions relevant to its operations and value chain, NETSOL continues to monitor regulatory and policy developments to assess potential future exposure. While the Company does not currently apply an internal carbon price or shadow price, the potential implications of carbon pricing are considered as part of its broader climate-risk assessment and transition planning. As NETSOL progresses towards its lower-carbon transition roadmap, the Company will continue to assess the potential financial implications of carbon-pricing mechanisms and incorporate appropriate responses into its strategy and decision-making.

Anticipated Financial Effects

Short-Term

NETSOL anticipates targeted capital expenditure to support its transition towards a lower-carbon economy, with a focus on renewable energy adoption, energy-efficiency improvements, and other initial emissions-reduction initiatives. The Company's existing solar installation is expected to abate approximately 4,540 tCO₂e over its 20-year useful life, representing an estimated gross abatement cost of PKR 28,416 per tCO₂e. However, after accounting for the avoided cost of grid electricity, the installation generates an estimated net saving of approximately PKR 81,915 per tCO₂e abated, equivalent to approximately PKR 18.6 million annually. Accordingly, the Company's principal emissions-reduction measure is expected to deliver both environmental benefits and cost savings, rather than impose an incremental operating cost.

Medium-Term

Should domestic carbon pricing emerge over this period, NETSOL's exposure would be determined by the pace of the transition. Applying the modelled carbon-price pathways to the Company's current emissions base, the estimated annual carbon cost ranges from approximately PKR 4 million under the Middle of the Road and Fossil-Fuelled Development pathways to around PKR 45 million under an aggressive-decarbonization (SSPI) pathway by 2030, in all cases below half a percent of current revenue. This exposure is directly reducible through continued renewable procurement and energy-efficiency investment, which remains economically rational independent of any carbon price given the net saving delivered by the Company's abatement measures. Over this horizon, the financial effect is expected to shift from one-off mitigation expenditure towards the ongoing operating benefit of a lower emissions base, with any carbon-tax liability remaining immaterial relative to revenue.

Long-Term

As the Company progresses towards its climate objectives, future investments will be assessed based on both their emissions-abatement potential and financial viability, with priority given to measures that can deliver sustained reductions in emissions while supporting operational efficiency and cost optimization. Over time, NETSOL may evaluate additional renewable energy capacity, energy-efficiency improvements, and other commercially viable abatement opportunities. This approach is expected to progressively reduce the Company's exposure to rising energy costs and potential future carbon-pricing mechanisms, while supporting its longer-term pathway towards low-carbon operations.

01: Future Skills Readiness

Resource Efficiency

 Expected Occurrence

Short-Term

Opportunity Description

NETSOL has positioned itself as an AI-first organization since July 2024, treating AI, cybersecurity, and emerging-technology skills as an opportunity to build differentiated capability. Rather than relying solely on external hiring in a constrained talent market, the Company is building internal capability through structured learning infrastructure and applying that capability directly to product development, converting workforce upskilling into deployed, revenue-relevant AI tools.

Concentration of Opportunity



Geographical areas

Concentration of the opportunity lies in Pakistan, given that a significant portion of NETSOL’s talent base is situated in the country



Assets and activities

Human capital, technology and knowledge-intensive operations, including software development, product engineering, AI development, project delivery, implementation, technical support



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL is increasing its investment in ICAN, NIAI, training and capability development, which is influencing its resource allocation and expenditure. In FY2025-26, the Company's learning infrastructure delivered 75 distinct training programs, totaling 7,157 hours. Within this total, dedicated AI, cloud and cybersecurity technical sessions accounted for 2,924 training hours, including a GenAI Foundation course, a Fireside Chat on AI with the VP of AI, Prompt Engineering 101, Cloud Skills, Ethical Hacking and Information Security Awareness. The Company has already developed and deployed AI solutions internally, converting this upskilling investment directly into operational capability.



Anticipated effects on Business Model

Over time, a more systematic connection between workforce planning, emerging technology requirements and learning pathways could enable NETSOL to improve the availability of critical skills internally and accelerate the adoption of AI-enabled tools across its operations. This could support improved software development and testing productivity, more efficient project execution, stronger technical problem-solving and greater capacity to develop and deploy AI-enabled functionality within NETSOL's product portfolio. It may also strengthen internal career mobility and succession depth by enabling employees to transition into emerging technical and managerial roles.

Upstream

NETSOL's ability to access and develop future-ready skills is influenced by the wider talent and education ecosystem, including universities, technical institutions, training providers and the availability of specialized technology professionals. NETSOL's relationships with universities and training partners, through sustained MoU engagement and structured placement pipelines, position the Company to draw more effectively on the graduating cohorts best suited to its technical needs.

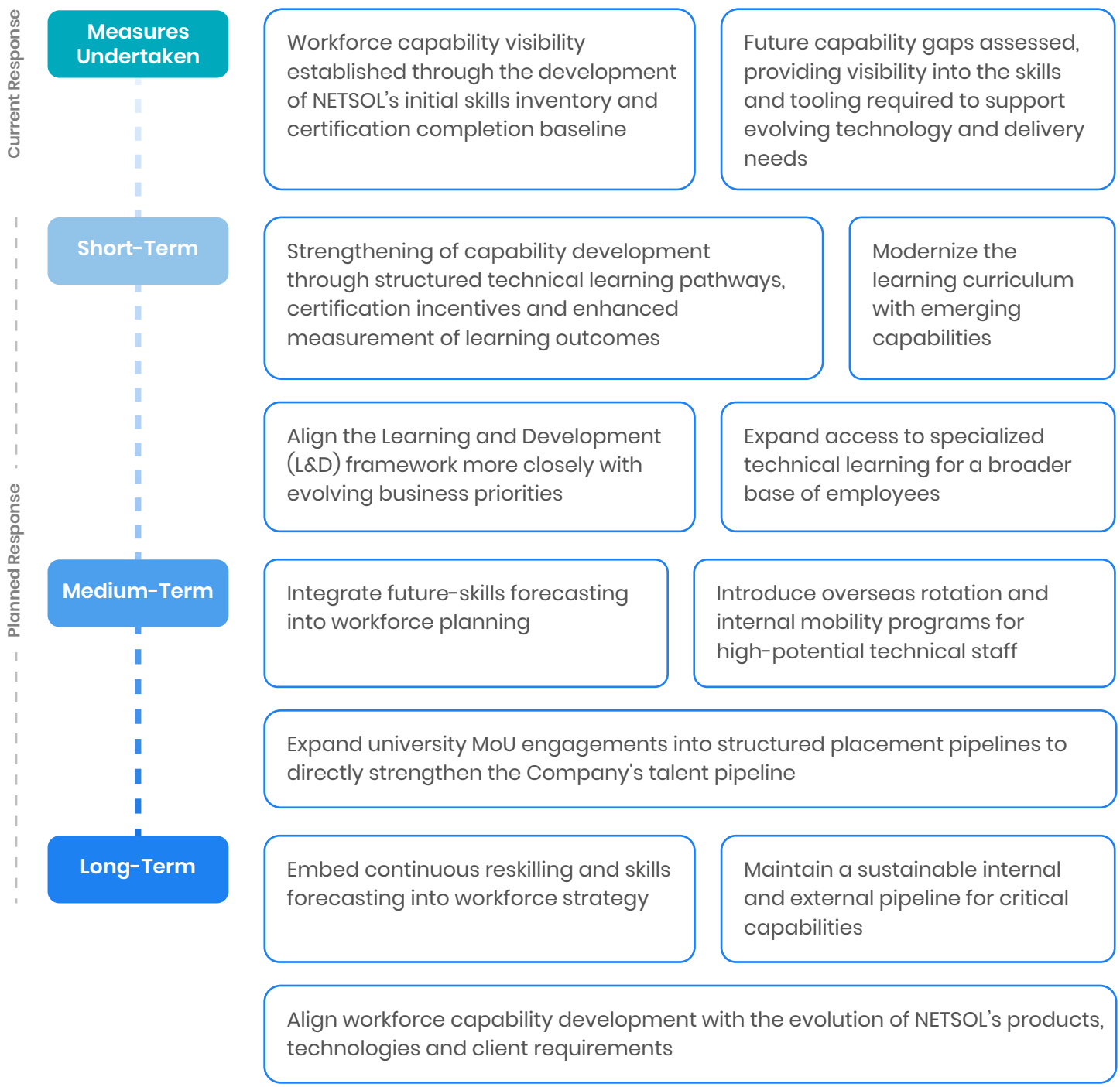
Own operations

Workforce capability is directly connected to NETSOL's ability to develop software, build and enhance AI-enabled products, implement solutions, support clients and continuously improve internal processes. Future-skills development can therefore strengthen the Company's ability to redeploy existing employees into emerging roles, improve utilization of AI-enabled tools and maintain technical and domain capabilities as technology requirements evolve.

Downstream

Enhanced workforce capability can support more effective product development, implementation and client support. NETSOL's products serve automotive and equipment OEMs, captives, banks, independent finance companies, dealers and other financial institutions, making technical capability and domain expertise important to the quality and scalability of solutions delivered to clients.

Impact on Strategy and Decision Making



2,923.7

Total Technical Training Hours

45

Training Programs Delivered

Dedicated technical trainings delivered during the reporting period

3.74

Technical Training Hours per Technical Employees



For further details on the relevant metrics associated with this opportunity, refer:



Metrics and Targets



Empowering People



Learning, Development and Future Skills

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Training Spend – Employee Upskilling	(18,749)	-	(18,749)

Anticipated Financial Effects

Short-Term

Financial effects are expected to be primarily limited to incremental operating expenditure associated with expanding dedicated technical curriculum, certifications and structured career-development programs. These investments would initially increase training and development costs, while faster availability of technically skilled employees could support more efficient deployment onto client engagements and reduce delays associated with sourcing specialized skills.

Medium-Term

Continued internal capability development could reduce reliance on external specialist hiring and associated recruitment costs, creating a measurable cost-efficiency benefit. A stronger internally developed talent pipeline could also increase NETSOL’s capacity to undertake technically demanding and AI-enabled engagements, supporting revenue growth and improved utilization of skilled resources.

Long-Term

Over the long term, a self-sustaining internal talent pipeline is expected to convert into a more durable cost and capability advantage. The principal financial exposure is therefore upfront investment in training, certification and capability development, with potential longer-term benefits reflected through revenue growth, cost efficiency and improved profitability.

O2: Customer Centricity

Markets

 Expected Occurrence

Short-Term

Opportunity Description

Growing demand for personalized, integrated, cloud-native and AI-enabled solutions creates scope to strengthen customer engagement, improve product relevance and expand relationships beyond individual implementations into longer-term, recurring engagements. NETSOL’s existing focus on relationship-based selling, client success and the expansion of its AI-powered Transcend platform provides a foundation for this opportunity.

Concentration of Opportunity

**Geographical areas**

The opportunity is concentrated across NETSOL’s global markets, with its diversified customer base spanning multiple geographies and providing continued potential for international growth and market expansion.

**Assets and activities**

Customer relationships, product portfolio, Transcend platform, software development, implementation, professional services, customer support and sales/client success activities.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL's business model already incorporates customer requirements into the continuous development and enhancement of its products. Product upgrades typically occur over a 1–2 year development cycle, followed by ongoing enhancements based on R&D and customer needs. The Company's services model also supports long-term relationships through customizations, change requests, maintenance and production support, with some customer relationships extending beyond a decade.



Anticipated effects on Business Model

A more systematic approach to capturing and analyzing customer requirements could strengthen the connection between customer feedback, product roadmaps, service delivery and commercial decisions. This could enable NETSOL to anticipate changing customer needs, prioritize commercially relevant product enhancements and increase adoption of existing and new capabilities.

Over time, stronger customer engagement could support higher retention, greater account expansion, increased recurring revenue and deeper relationships across the customer lifecycle.

Upstream

Customer requirements can influence the technologies, skills and external capabilities required to develop and maintain NETSOL's solutions. Greater visibility of emerging customer needs could help NETSOL identify required technology capabilities, specialist skills and strategic partnerships earlier, supporting more informed resource allocation and product-development planning.

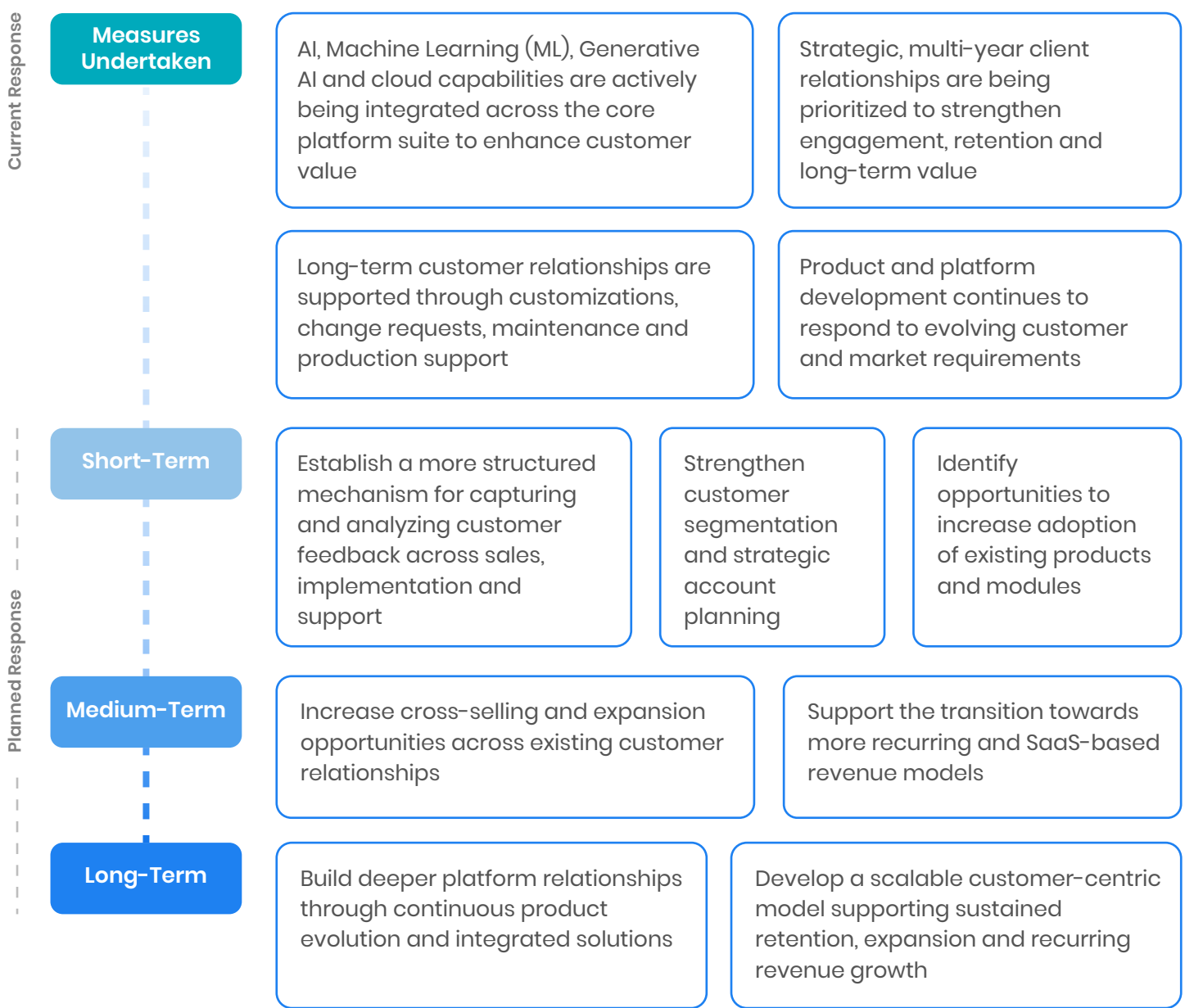
Own operations

Customer insights directly influence R&D, product development, implementation, sales, professional services and support. Strengthening the feedback loop between these functions could improve product-roadmap prioritization, resource allocation and delivery against customer requirements. This is particularly relevant given NETSOL's model of continuously enhancing products throughout their long market lifecycles.

Downstream

Evolving customer expectations for integrated, AI-enabled, cloud-based and more personalized solutions create the primary opportunity. Stronger customer understanding could enable NETSOL to respond more effectively to these requirements, increase adoption of its platforms and identify additional opportunities within existing customer relationships. This could contribute to stronger retention, cross-selling and longer-term recurring revenue.

Impact on Strategy and Decision Making



100%

Customer Retention Rate
Percentage of customers retained by the group during the reporting period

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Revenue from Recurring Customers ¹	10,476,405	-	9,113,883
Increase in Revenue from Recurring Customers ²	2,285,498	-	-

¹Recurring customers are those retained by NETSOL from the previous reporting year. During the year, the entire amount of the Company's revenue was generated from customers that had also engaged with the Company in the prior year, indicating strong customer retention.

²Increase in revenue from recurring customers represents the growth in revenue generated from customers retained from the prior reporting year, reflecting continued business from NETSOL's existing customer base. Overall revenue growth is lower than revenue growth from recurring customers. The difference is mainly due to customers who generated revenue in the previous year but none in the current year. Their lost revenue reduces overall growth, but because they are not part of the recurring customer base (customers with revenue in both years), it does not affect the recurring-customer figure. As a result, growth from recurring customers exceeds overall growth.

Anticipated Financial Effects

Short-Term

Operating expenditure may increase as a result of investments in customer research, customer success activities, data analytics and product enhancements. These costs would precede the commercial benefits, while improved understanding of customer requirements could support more effective prioritization of product-development expenditure.

Medium-Term

Improved customer retention, product adoption and expansion within existing accounts could increase revenue from existing customers, including additional modules, enhancements, implementation and support services. Greater adoption of SaaS and recurring offerings could also increase the predictability of revenue. These benefits could partially or fully offset the additional operating costs associated with customer-centric initiatives.

Long-Term

Given NETSOL's long product and customer lifecycles, sustained customer engagement could support a more durable and predictable revenue base. Higher retention, cross-selling, account expansion and recurring revenue could contribute to revenue growth and profitability, while reducing revenue exposure associated with customer churn.

O3: Expansion into Underserved Markets

Markets

 Expected Occurrence

Short-Term

Opportunity Description

Growing demand for modern digital infrastructure across underserved asset-finance, leasing and automotive markets creates an opportunity for NETSOL Technologies Limited to expand its addressable market. Markets where digital transformation, cloud adoption and modern finance platforms remain at an earlier stage could provide opportunities to leverage NETSOL's established finance and leasing platforms, engineering capabilities and international delivery model. Expansion can be pursued progressively through existing capabilities, strategic partnerships and targeted market entry, allowing NETSOL to respond to demand without requiring a proportional expansion of its operating footprint.

Concentration of Opportunity



Geographical areas

The opportunity is concentrated in underpenetrated geographic markets, particularly emerging and developing economies where increasing digital adoption and demand for technology-enabled financial solutions provide significant potential for market expansion and customer growth.



Assets and activities

The opportunity is concentrated across NETSOL's technology products and services, particularly asset finance and leasing solutions, supporting continued market and customer growth.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL operates internationally and has established engineering, delivery and client-support capabilities that can serve customers across geographies. Its finance and leasing platforms address multiple segments of the asset-finance ecosystem, providing a product foundation that can be adapted to different markets and customer requirements. The Company's existing international footprint and experience in delivering and supporting solutions across regions provide a base from which additional markets can be assessed and entered.



Anticipated effects on Business Model

Expansion into underserved markets could diversify NETSOL's customer and revenue base by increasing participation in markets where demand for modern finance, leasing and automotive technology is developing. Replicating proven products and delivery capabilities across selected markets could improve scalability and enable NETSOL to generate additional revenue from its existing technology portfolio. Over time, greater geographic diversification could also reduce dependence on individual markets and provide a broader pipeline of customers, partnerships and technology engagements.

Upstream

Own operations

Increasing digital adoption, regulatory modernization and demand for technology-enabled financial services in underserved markets could create new requirements for product localization, implementation capacity and market-specific technical expertise. For NETSOL, these external developments may require adaptation of its platforms, delivery models and resource allocation while creating opportunities to deploy existing technology and engineering capabilities into new markets.

Downstream

Growing demand from financial institutions, automotive companies, leasing businesses and other asset-finance participants in underserved markets for modern, scalable and integrated technology could expand NETSOL's addressable customer base. Increasing customer adoption of digital, cloud and AI-enabled solutions may create opportunities for NETSOL to enter new markets, acquire customers and establish longer-term software, implementation and support relationships.

Impact on Strategy and Decision Making



Current Financial Effects

NETSOL pursues expansion into emerging and underserved markets through its subsidiaries, which facilitate market entry, establish local presence and enable access to new customer segments. While these subsidiaries serve as the Company's channel for international expansion and customer acquisition, the revenue generated through these international market operations belongs to NETSOL and is recognized at the parent-company level. Accordingly, the financial benefits of this expansion are reflected in the parent Company's revenue, while the subsidiaries play a key role in enabling market access and commercial growth.

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Revenue from Subsidiary	1,274,653	-	895,545

Anticipated Financial Effects

Short-Term

Market assessment, business development, partnerships, localization and initial market-entry activities may increase operating expenses and investment requirements before new markets generate material revenue. Where existing platforms and delivery infrastructure can be reused, incremental entry costs could be moderated.

Medium-Term

Successful market entry could generate additional software, implementation, subscription, maintenance and support revenue, while greater utilization of existing technology and delivery capabilities could improve operating leverage. As customer traction develops, revenue diversification could reduce reliance on individual geographic markets and support more stable revenue generation.

Long-Term

Successful expansion across underserved markets could increase NETSOL's addressable market, recurring revenue base and overall profitability through customer acquisition, account expansion and greater utilization of its existing product portfolio. A more geographically diversified revenue base could also reduce concentration-related revenue exposure.

O4: Innovation and Emerging Tech

Technology



Expected Occurrence

Short-Term

Opportunity Description

The accelerating adoption of artificial intelligence, automation, cloud-native technologies, and other emerging technologies presents opportunities for NETSOL to expand its solution portfolio, address evolving customer needs, and access new areas of growth. NETSOL's ongoing investment in emerging technologies and its AI-first approach position the Company to respond to this growing demand, accelerate innovation, develop new solutions and services, and strengthen long-term revenue potential and competitive positioning.

Concentration of Opportunity



Geographical areas

The opportunity spans NETSOL's global customer base, enabling the deployment of emerging technologies and innovative solutions across diverse international markets.



Assets and activities

Product portfolio, Transcend platform, software development, implementation, professional services, customer support and sales/client success activities.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL is already responding to technological change through investment in AI innovation, platform development and specialized R&D. The Company has established Transcend AI Labs and integrated AI capabilities across its product portfolio, while continuing to develop AI-enabled functionality and internal applications. These investments require continued expenditure on specialized talent, technology infrastructure, research and development and related capabilities, but provide a foundation for responding to rapidly changing technology and customer requirements.



Anticipated effects on Business Model

Continued advances in AI and emerging technologies are expected to increase demand for intelligent, automated and integrated solutions across NETSOL's markets. This could require continued investment in R&D, specialized technology capabilities and infrastructure while creating opportunities to embed emerging technologies into existing products, develop new capabilities and increase the value derived from NETSOL's platforms.

Over time, successful commercialization of these capabilities could support product differentiation, higher-value engagements, additional revenue streams and stronger competitive positioning.

Upstream

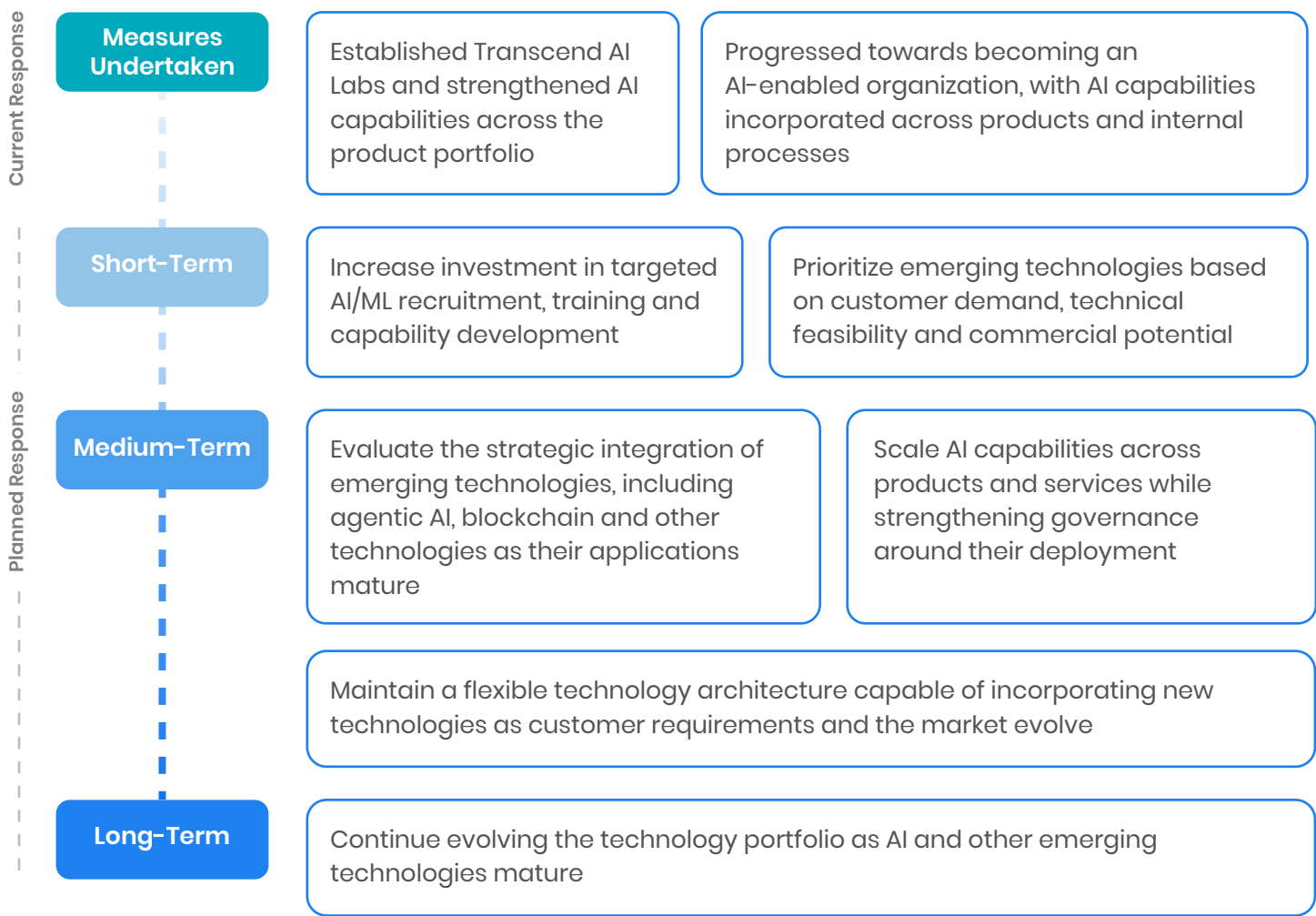
Own operations

The increasing availability and adoption of AI, automation, cloud and other emerging technologies may change how software is developed, tested, implemented and supported. For NETSOL, these developments could require changes in engineering practices, technology architecture, employee capabilities and R&D priorities, while creating opportunities to improve development efficiency and embed advanced functionality across its product portfolio.

Downstream

Increasing customer demand for AI-enabled, automated, cloud-based and data-driven finance and leasing solutions could create new requirements for NETSOL's products and services. As customers seek greater automation, faster decision-making and more integrated platforms, NETSOL could respond by incorporating emerging technologies into its solutions, creating opportunities for enhanced product adoption, new functionality and higher-value customer engagements.

Impact on Strategy and Decision Making



NETSOL recognizes that increased investment in and adoption of AI and emerging technologies may heighten its exposure to AI governance risks (R5). In pursuing the strategic opportunities associated with technology-led innovation, the Company considered the trade-off between the benefits of accelerated adoption and the resulting increase in AI governance risks. The Company judged the strategic value of innovation to be significant and continues to pursue these opportunities while strengthening its governance, oversight and risk-management measures.

For further details on the relevant metrics associated with this opportunity, refer:

[Metrics and Targets](#) > [Responsible Leadership](#) > [AI, Data Protection and Responsible Information System](#)

Current Financial Effects

	Profit & Loss	Financial Position	Cashflows
	Rs. (000)		
Research and Development ¹	(219,809)	576,385	(704,960)

¹Research and development expenditure comprises research costs expensed during the year and development costs capitalized during the year.

Anticipated Financial Effects

Short-Term

Continued investment in R&D, AI infrastructure, specialized technology talent, training and experimentation is expected to increase operating expenditure and potentially capital expenditure where qualifying technology infrastructure is acquired. These costs would precede the commercialization of new capabilities and may initially place pressure on profitability.

Medium-Term

Successful integration of emerging technologies into existing products could support additional product and service revenue, including higher-value AI-enabled functionality, new modules and technology services. Increased automation and development efficiency could also reduce certain operating costs and improve margins, helping offset continued innovation expenditure.

Long-Term

Successful commercialization of emerging technologies could support sustained revenue growth, margin improvement and profitability through differentiated products, new revenue streams and greater scalability. The ability to continuously incorporate emerging technologies could also extend the commercial relevance of NETSOL's product portfolio.

O5: Sustainable Product

Products and Services

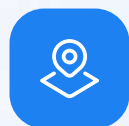
 Expected Occurrence

Medium-Term

Opportunity Description

By decarbonizing the infrastructure its platforms run on, sourcing technology inputs responsibly, governing its products and data to recognized standards, sustaining high product quality, and strengthening the capability of its workforce, NETSOL can offer leasing and lending solutions that are low-carbon in operation, responsibly sourced, appropriately governed, and dependable in quality. As enterprise clients increasingly weigh environmental performance, supply-chain integrity, responsible technology and reliability in their procurement, these attributes strengthen the relevance, trust and differentiation of NETSOL's platforms across a global client base.

Concentration of Opportunity



Geographical areas

The opportunity spans NETSOL's global markets and is greatest in regions where clients face sustainability disclosure obligations and prioritize low-carbon, responsibly sourced technology.



Assets and activities

Across product design and engineering, hosting and IT infrastructure, supply chain and sourcing, data and technology governance, and workforce capability.



Impact on Business Model and Value Chain



Current effects on Business Model

NETSOL is embedding the foundations of a sustainable product today. On-site solar generation is lowering the carbon intensity of the infrastructure behind the platforms NETSOL operates (R3, R10), responsible sourcing and vendor due-diligence practices are planned for the technology inputs behind its products (R2), and its certified governance framework already extends to how customer data and software are managed (R6, R7). Product quality and resilience are being reinforced through infrastructure modernization (R4), while workforce capability is being strengthened to support sustainable engineering (O1). These measures are currently incurring modest readiness and governance costs while establishing the basis on which product sustainability can be evidenced to clients.



Anticipated effects on Business Model

As these practices mature, NETSOL expects to offer products that are demonstrably low-carbon, responsibly sourced, well governed and dependable in quality, supporting stronger customer retention, new-business wins and premium positioning. Lower-carbon hosting and more efficient engineering are expected to reduce operating and support costs, while credible sustainability credentials and a capable workforce strengthen reputation and differentiation as sustainability becomes a standard condition in enterprise technology procurement.

Upstream

Responsible sourcing becomes central: the environmental performance, resource efficiency and responsible-sourcing practices of hosting providers and hardware and software suppliers directly shape the sustainability of NETSOL's products, together with responsible end-of-life management of hardware.

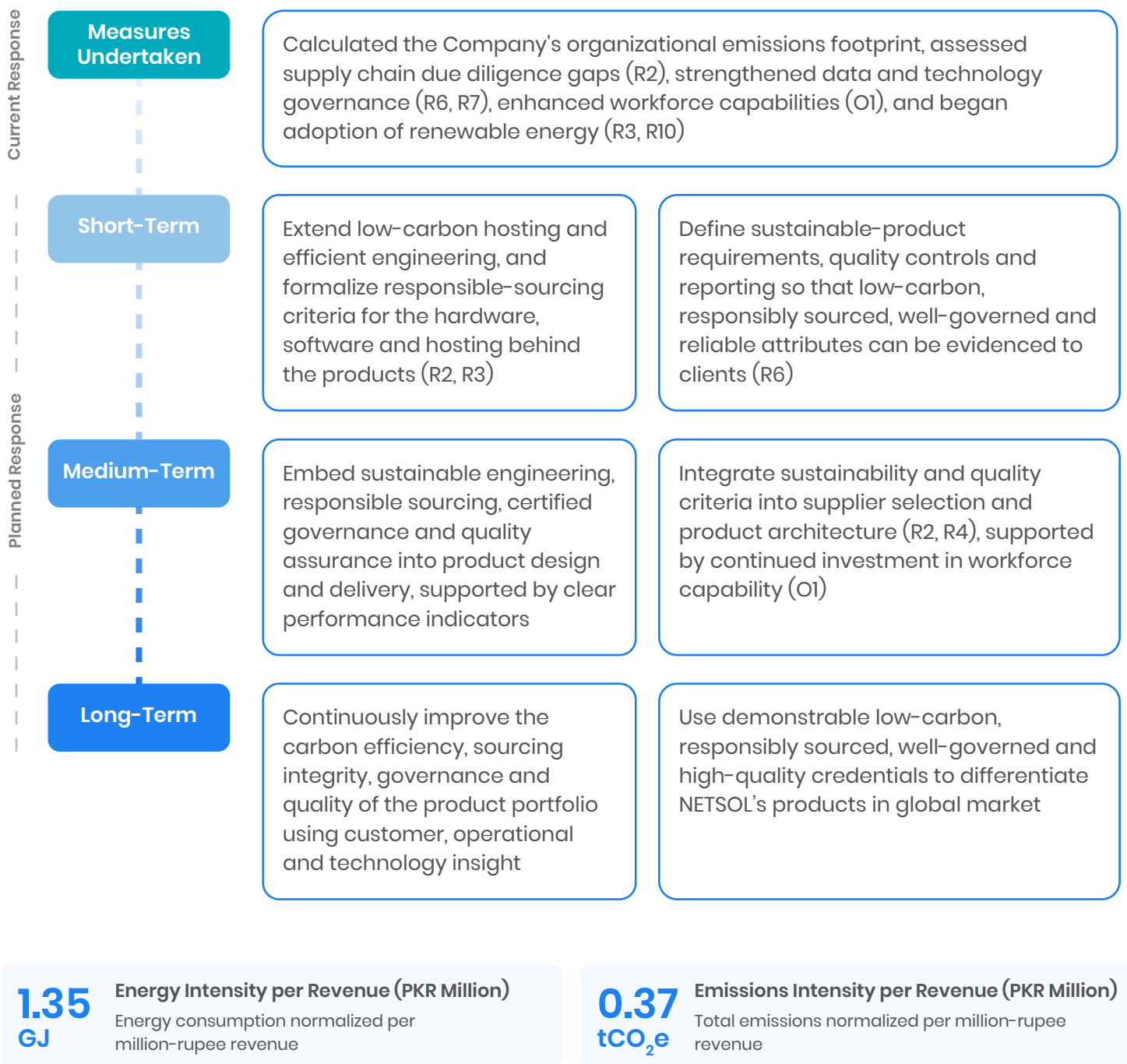
Own operations

Low-carbon hosting, efficient and maintainable engineering, certified governance of software and customer data, sustained product quality and a capable workforce are being embedded into how NETSOL designs, builds and runs its products, making sustainability an attribute of the product itself.

Downstream

Clients receive platforms that are lower in operational carbon, responsibly sourced, appropriately governed and dependable in quality, reducing the environmental footprint of the technology they rely on and supporting their own sustainability and disclosure commitments.

Impact on Strategy and Decision Making



Current Financial Effects

The Sustainable Product opportunity is realized through the measures taken across NETSOL's other risks and opportunities, and its current financial effects are therefore represented by the costs and benefits already reported under those items rather than by separate spend. These include the on-site solar investment and resulting energy savings reported under Energy Supply Disruptions and Transition to Low Carbon Economy (R3, R10), supply chain due diligence and responsible-sourcing activity under Supply Chain Due Diligence (R2), governance, certification and sustainability-reporting costs under Regulatory Compliance and Cybersecurity and Data Privacy (R6, R7), infrastructure modernization under IT Infrastructure Modernization (R4), and workforce capability investment under Future Skills Readiness (O1). No separate current costs arise; the effect is the aggregation of these amounts as they collectively make the product sustainable.

Anticipated Financial Effects

Short-Term

Short-term costs are expected to be modest and relate to enabling sustainable-product attributes. These precede commercial benefit and are expected to place limited near-term pressure on profitability.

Medium-Term

As low-carbon, responsibly sourced, well-governed and high-quality products gain traction, NETSOL expects additional and retained revenue from clients that weigh sustainability in procurement, while lower-carbon hosting and more efficient engineering reduce operating and support costs, helping offset the earlier readiness investment.

Long-Term

Sustained differentiation as a provider of sustainable software could support revenue growth, margin improvement and stronger client retention, as low-carbon operation, responsible sourcing, sound governance and reliable quality become standard conditions in enterprise technology procurement and a durable basis for competitive positioning.

> Climate Transition Plan

NETSOL's transition approach is centered on operational efficiency, resilience and technology-enabled value creation. The framework is intended to guide the prioritization and implementation of climate-related initiatives, having regard to data availability and quality, materiality, technological readiness, financial feasibility and strategic priorities.

The approach is currently developing and does not yet constitute a fully implemented transition plan. NETSOL will progressively refine its priorities as climate-related data, methodologies, risk and opportunity assessments, and implementation capabilities mature, while responding to evolving regulatory, technological, financial and market conditions.

At present, NETSOL has not formally committed capital deployment, disposals, acquisitions or business transformation initiatives solely in response to climate-related considerations. Potential investment, financing and resource requirements are being evaluated as part of ongoing transition planning. Future initiatives relating to energy efficiency, resilience, technology and environmental performance will be assessed through business planning and investment processes and, where appropriate, supported through operating or investing cash flows.

The approach assumes that improvements in energy efficiency, digitalization, renewable energy, infrastructure resilience and value-chain management can progressively reduce climate-related impacts and strengthen business resilience. Implementation will depend on factors including energy availability, technology maturity, data quality, investment capacity, stakeholder engagement and market conditions. These assumptions and priorities will be reviewed periodically as circumstances evolve.

As the climate transition approach remains under development, NETSOL has not yet established quantitative climate-related or greenhouse gas (GHG) emissions targets for the current reporting period. However, the Company is progressively integrating climate-related risks into its risk management framework as an initial step towards developing a climate transition plan. As this approach evolves, the Company will assess the appropriateness of establishing such targets and, where relevant, disclose the applicable greenhouse gases, target methodology, sectoral decarbonization approach, and corresponding gross and net targets in future reporting periods. Accordingly, in FY26, NETSOL did not use carbon credits.



The Transition Imperative

**Emerging Transition Ambition**

Our approach to climate transition is currently under development and will evolve as our understanding, data and capabilities mature.

**Foundations for Transition**

**Governance & Accountability**

- Define roles and responsibilities
- Integrate into risk and planning processes
- Build internal capabilities
- Enhance oversight as the approach matures

**Climate Risk & Resilience**

- Assess physical and transition risks
- Strengthen business continuity and technology resilience
- Consider scenario analysis
- Integrate into enterprise risk management

**Emissions & Data Baseline**

- Improve Scope 1 and 2 emissions data
- Progressively assess relevant Scope 3 categories
- Establish baseline to inform priorities
- Enhance data quality and monitoring over time

**Potential Transition Initiatives**

01
Efficient Digital Infrastructure

- Improve energy efficiency of IT infrastructure
- Explore cloud & data centre efficiency
- Consider energy efficiency in future technology procurement

02
Lower-Carbon Operations

- Assess renewable electricity options
- Improve building efficiency
- Reduce business travel where possible
- Explore lower-carbon commuting & mobility

03
Responsible Technology & Procurement

- Integrate environmental considerations in procurement
- Engage key suppliers
- Consider supplier emissions data
- Explore lifecycle & efficiency aspects

04
Climate-Resilient Operations

- Assess exposure of critical infrastructure
- Strengthen redundancy & continuity
- Consider climate risks in future planning
- Evaluate adaptation measures where material

05
Climate-Enabled Products & Solutions

- Explore how our solutions can support customers' efficiency
- Consider sustainability features in product development
- Identify opportunities to support customers' climate-related needs

**Our Emerging Transition Architecture**

**Efficient Digital Infrastructure**

**Lower-Carbon Operations**

**Technology & Procurement**

**Value Chain Transition**

**Climate Resilience & Adaptation**

Supported by governance, data and capability development

**Path Forward**

**Establish Baseline**

Improve emissions, energy and climate-risk data

**Identify Priorities**

Assess material risks, dependencies and opportunities

**Evaluate Initiatives**

Assess feasibility, expected impact & business relevance

**Define Targets & Roadmap**

Develop appropriate targets, timelines & responsibilities where supported by evidence

**Implement & Monitor**

Progressively implement priority actions and track performance

> Climate Scenario Analysis

The Company undertook climate-related scenario analysis during the financial year ended June 30, 2026 to identify and assess the effects of climate-related risks and opportunities on the Company's strategy and business model. The analysis covered the Company's operations in Pakistan, with a primary focus on the Lahore head office. It evaluated physical and transition risks across three plausible climate pathways representing low-, intermediate- and high-emissions futures, providing a range of outcomes against which the Company's resilience was assessed. The scenarios were derived from the Shared Socioeconomic Pathways (SSP) framework and enabled the Company to assess how the nature and severity of climate-related risks may evolve under different future conditions and time horizons. The analysis has been structured around the key characteristics of each scenario, the sources of the underlying projections and the conditions projected across the Company's identified climate-related risks. The values presented have been drawn from the respective scenario datasets and represent the assumptions and projections associated with each pathway, rather than the outcomes of the Company's own assessment.

Scenario framework	
Selection of pathways	Three Shared Socioeconomic Pathways, SSP1, SSP2 and SSP5, have been selected to capture the climate conditions most relevant to the Company's risk exposure. SSP5 represents a high-emissions future in which physical climate risks to the Lahore operations are expected to be most pronounced, while SSP1 reflects a rapid decarbonization trajectory associated with greater transition and carbon-pricing pressures. SSP2 provides a central reference case based on a more moderate transition trajectory. Collectively, the three pathways have enabled the Company's resilience to be assessed across a broad range of potential physical and transition risk outcomes. The pathways have also been selected because they are widely recognized, publicly available and derived from a common established framework, supporting consistency, credibility and comparability in the analysis.
Forcing variants	The extreme-weather projections have been obtained from the World Bank Climate Change Knowledge Portal for SSP1-2.6, SSP2-4.5 and SSP5-8.5, while the air-quality, transition and carbon-price projections have been obtained from the IIASA SSP Database for SSP1-1.9, SSP2-4.5 and SSP5-6.0. The two providers publish different forcing variants of the pathways, although the underlying socioeconomic narratives are consistent across both sources.

Time Horizons

Time Horizons	Short term (0–2 years) Medium term (2–5 years) Long term (5–10 years)
Extended reporting	Because all three horizons fall within the earliest period for which the climate projections are published (2020–2039), results are additionally reported for later periods, so as to reflect the useful life of the Company's assets and to capture the point beyond which the emissions pathways diverge most materially.

SSPI-1.9 & 2.6 — Taking the Green Road

Description	A pathway of strong and coordinated global climate action, in which the world transitions rapidly toward sustainability. Fossil-fuel use declines steeply, renewable energy expands quickly, and air-pollutant emissions fall sharply. This is the scenario aligned with the Paris Agreement's goal of limiting warming to well below 2°C.	
Source	The SSPI-2.6 projections have been sourced from the World Bank Climate Change Knowledge Portal (CMIP6), while the SSPI-1.9 projections have been sourced from the IIASA SSP Database (Riahi et al., 2017).	
Temperature pathway	Approximately 1.4°C under the SSPI-1.9 variant and 1.8°C under the SSPI-2.6 variant, by 2100.	
Risk	Projections	Scenario applied
Extreme Weather Events	In Lahore, the number of days exceeding 40°C is projected to rise from a baseline of 42 days to approximately 47 days during 2020 to 2039 and to 55 days by 2060 to 2079, an increase of around 31% from the baseline. The duration of heat spells is also projected to increase substantially, from 15 days at baseline to approximately 74 days.	SSPI-2.6
Air Quality	Regional Sulphur dioxide (SO ₂) and nitrogen oxide (NO _x) emissions have declined more substantially under this pathway than under the other two scenarios. By 2040, SO ₂ emissions are projected to decrease from approximately 40 Mt/yr to 11 Mt/yr, while NO _x emissions are projected to decline from 39 Mt/yr to 18 Mt/yr, indicating a progressive reduction in regional air pollution pressure over time.	SSPI-1.9
Transition to Low Carbon Economy	Renewables are projected to account for approximately 33% of global primary energy by 2050, increasing further to 56% by 2100, compared with around 5% currently. At the same time, the share of fossil fuels is projected to decline to approximately 26% by 2050.	SSPI-1.9
Carbon Tax	The highest carbon price has been projected among the three scenarios, reaching approximately US\$137 per tonne by 2030 and US\$364 per tonne by 2050. These projections represent the greatest potential exposure to carbon pricing and associated transition-related cost pressures.	SSPI-1.9

SSP2-4.5 — Middle of the Road

Description	A continuation of current policies, in which development follows historical patterns and climate mitigation progresses gradually and unevenly. Fossil-fuel use declines slowly and renewable energy grows at a moderate pace.	
Source	The SSP2-4.5 projections have been sourced from the World Bank Climate Change Knowledge Portal (CMIP6) for extreme-weather indicators, while the air-quality, transition and carbon-price indicators have been derived from the IIASA SSP Database (Riahi et al., 2017).	
Temperature pathway	Approximately 2.5 to 2.7°C above pre-industrial levels by 2100.	
Risk	Projections	Scenario applied
Extreme Weather Events	In Lahore, the number of days exceeding 40°C is projected to increase from a baseline of 42 days to approximately 61 days during 2060–2079, representing an increase of around 45%. The duration of heat spells is also projected to increase steadily, reaching approximately 99 days.	SSP2-4.5
Air Quality	Regional sulphur dioxide (SO ₂) emissions are projected to decline rapidly to approximately 31 Mt/yr by 2040, while nitrogen oxide (NO _x) emissions falls to approximately 39 Mt/yr. Despite this reduction, projected emissions remain higher than under the sustainability pathway through the mid-century period.	SSP2-4.5
Transition to Low Carbon Economy	The share of renewables in global primary energy is projected to increase from approximately 5% currently to 11% by 2050 and 42% by 2100, indicating a moderate pace of energy transition and associated transition-related pressure.	SSP2-4.5
Carbon Tax	A modest carbon price is projected at approximately US\$12 per tonne by 2030, increasing to around US\$39 per tonne by 2050. These projections indicate relatively limited exposure to carbon pricing and associated transition-related costs over the planning horizon.	SSP2-4.5

SSP5-6.0 & 8.5 — Fossil-Fuelled Development

Description	A pathway of fossil-fuelled economic growth with minimal climate policy. The energy mix remains carbon-intensive, renewable deployment is slow, and the low-carbon transition is substantially delayed.	
Source	The SSP5-8.5 projections have been sourced from the World Bank Climate Change Knowledge Portal (CMIP6), while the SSP5-6.0 projections have been sourced from the IIASA SSP Database (Riahi et al., 2017).	
Temperature pathway	Approximately 3.0°C under the SSP5-6.0 variant, rising above 4°C under the SSP5-8.5 variant, by 2100.	
Risk	Projections	Scenario applied
Extreme Weather Events	In Lahore, the number of days exceeding 40°C is projected to increase to approximately 74 during 2060–2079, representing an increase of around 76% from the baseline. The duration of heat spells is also projected to increase more than tenfold, from 15 days at baseline to approximately 161 days.	SSP5-8.5
Air Quality	Regional sulphur dioxide (SO ₂) and nitrogen oxide (NO _x) emissions are projected to decline slowly than under the middle-of-the-road pathway, reaching approximately 27 Mt/yr and 39 Mt/yr, respectively, by 2040. This slower rate of reduction is expected to sustain higher levels of regional air-quality pressure for the longest period among the scenarios considered.	SSP5-6.0
Transition to Low Carbon Economy	The share of renewables in global primary energy is projected to remain relatively low, reaching approximately 3% by 2050 and 24% by 2100, while fossil fuels are expected to account for nearly 90% of primary energy at mid-century. These projections indicate the lowest level of transition pressure among the scenarios considered.	SSP5-6.0
Carbon Tax	The lowest carbon price has been projected among the three scenarios, remaining at approximately US\$12 per tonne by 2030 and increasing only modestly to around US\$36 per tonne by 2050.	SSP5-6.0

Climate Scenario Analysis – Assumptions and Judgments

Area	Assumption applied
Key Assumptions on External Conditions	
Climate-related policy	Pakistan does not currently operate a carbon-pricing mechanism. The analysis assumes that carbon pricing may emerge over the medium to long term, with its stringency varying by pathway, and that climate-related disclosure and energy-efficiency regulation will tighten gradually over the period.
Macroeconomic trends	Global socioeconomic development is assumed to follow the narrative of each respective SSP pathway & the Company's revenue base & export orientation are assumed to continue broadly in line with current conditions.
Regional variables	Lahore's exposure to extreme heat, monsoon rainfall and seasonal smog is assumed to follow the projected regional climate, while crop-residue burning and cross-border pollution are assumed to persist as significant contributors to local air quality.
Energy usage and mix	Pakistan's national grid is assumed to decarbonize progressively over the projection period, reducing the carbon intensity of purchased electricity, while the Company's on-site solar continues to displace grid consumption.
Technology development	Continued advances in energy-efficient computing, cooling and renewable-energy technologies are assumed, at a pace consistent with each pathway's rate of transition.
Financial Estimation	
Carbon-tax calculation	Estimated as the Company's Scope 1 and 2 emissions multiplied by the modelled global carbon price for each pathway, with the Scope 2 emissions base declining over time as the national grid decarbonizes.
Currency conversion	Figures expressed in Pakistani rupees have been converted from US dollars at an assumed rate of approximately PKR 280 per US dollar. These figures are indicative only and have not been adjusted for future inflation or exchange-rate movements over the projection period.
Forward-looking Judgements	
Grid Decarbonization	The carbon intensity of Pakistan's national grid has been assumed to decline over the projection period, reaching approximately 55% of its current level by 2050, thereby progressively reducing the Scope 2 emissions exposed to any future carbon price.
Emissions Trajectory	Direct (Scope 1) emissions were held broadly constant over the projection period, as no reliable basis existed for projecting their future trajectory.

The scenario results represent modelled projections rather than forecasts and have been developed to illustrate a range of plausible future conditions rather than predict actual outcomes. Considerable uncertainty nevertheless remains regarding how climate change may manifest at the regional level relevant to the Company's operations, as well as the timing, scope and stringency of future climate policies and carbon pricing mechanisms in Pakistan. The forward-looking information presented is therefore subject to the assumptions underlying the selected scenarios, and actual outcomes may differ from those projected. The Company regards climate-related scenario analysis as an evolving exercise and intends to refine the analysis further as more granular and locally relevant data become available. Notwithstanding these limitations, the analysis has provided a reasonable and proportionate basis for assessing the direction and relative significance of the Company's climate-related risks and for informing its strategic response.

> Climate Resilience Assessment

Consistent with the approach taken to identifying its climate-related risks, the Company has evaluated the same three SSP-based scenarios from a resilience perspective, examining how well its business model and strategy could withstand and adapt to each of the plausible climate futures they describe. This evaluation, conducted across the short, medium and long term, concludes that the Company's strategy and business model remain resilient under every scenario, with the Company's existing financial and operational resources considered sufficient to absorb the climate-related effects identified under each pathway.

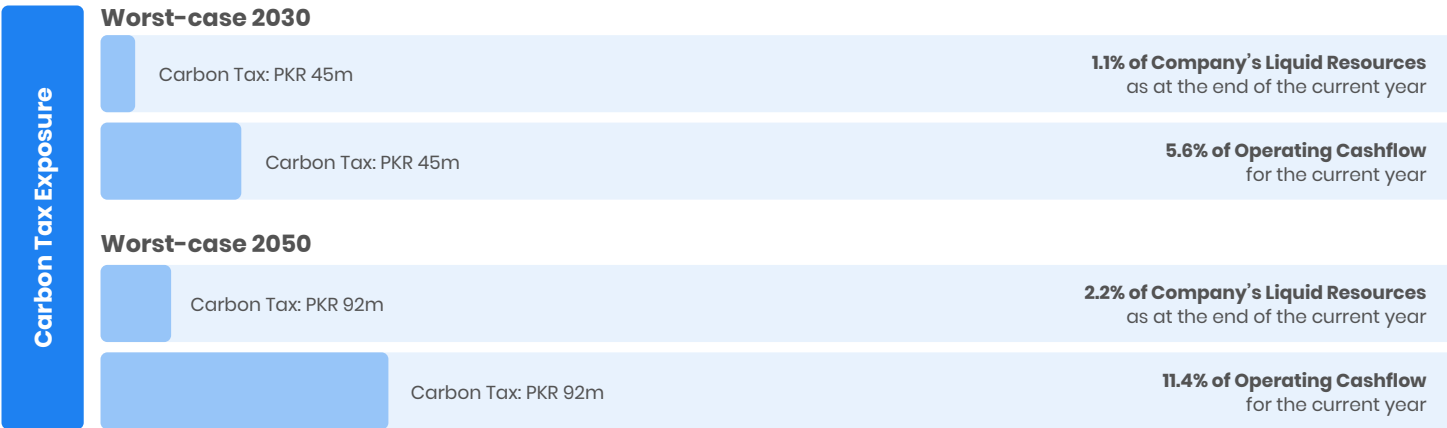
Scenario	Physical risk	Transition risk	Impact on the business	Assessed resilience
SSP1 · Sustainability Low emissions (~1.4–1.8°C)	Low	Moderate	The pathway of least physical impact but of greatest transition pressure, under which the modelled carbon price rises to approximately US\$137 per tonne by 2030 and client requirements to demonstrate low-carbon operations arrive most rapidly.	The Company is assessed as resilient under this pathway. The highest carbon cost identified in 2030 & 2050 is equivalent to ~1% & ~2%, respectively, of our liquid resources & is not material to financial position. Existing renewable-energy generation and climate-related disclosure practices also provide a sound basis for meeting increasing client & regulatory requirements.
SSP2 · Middle of the Road Intermediate (~2.5–2.7°C)	Moderate	Low	Under this central pathway, extreme-heat and rainfall indicators rise steadily, with the number of days exceeding 40°C in Lahore reaching approximately 61 by 2060–2079, while the carbon price increases only gradually, to approximately US\$12 per tonne by 2030.	The Company's strategy and business model remain resilient under this pathway. The moderate increase in both physical and transition exposures can be accommodated within the Company's existing operational and financial capacity and does not necessitate any change to its strategy or business model.
SSP5 · Fossil-Fuelled Development High emissions (>3.0°C)	Moderate	Low	The pathway of greatest physical impact, under which days exceeding 40°C reach approximately 74 and sustained heat-spell duration increases more than tenfold by 2060–2079, placing pressure on data-center cooling and grid reliability, while transition pressure remains lowest.	The Company is expected to remain resilient, with heat projected to become the principal escalating exposure. This risk will be addressed through the incremental enhancement of cooling systems, power infrastructure and renewable energy capacity, while no material carbon-pricing pressure is expected to arise.

Capacity to Adjust and Adapt

Availability and Flexibility of Financial Resources

As at the current year-end, the Company held liquid resources of approximately PKR 4.20 billion, comprising cash and bank balances of approximately PKR 3.80 billion and short-term investments of approximately PKR 0.40 billion, against total borrowings of approximately PKR 2.28 billion, resulting in a net cash position of approximately PKR 1.92 billion. Shareholders' equity stood at approximately PKR 12.71 billion, representing 72% of total assets and underscoring a conservative capital structure with limited reliance on debt financing. Working capital amounted to approximately PKR 9.65 billion, and the current ratio was 2.96 times. This strong liquidity and solvency profile is supported by robust profitability and cash generation, with a gross margin of 43%, net profit of approximately PKR 1.68 billion and operating cash flow of approximately PKR 0.81 billion for the current financial year.

Climate Exposure Set Against Financial Capacity



The financial effects associated with physical and broader transition risks are expected to be of a similar or lower magnitude. Extreme-weather and air-quality risks are expected to manifest primarily through incremental operating costs, including additional expenditure on cooling, power and maintenance, together with periodic productivity impacts that can be managed through the Company's remote-working capabilities, rather than through material asset losses. Broader transition risks are expected to be predominantly commercial in nature, resulting primarily in additional operating costs rather than capital impairment. None of these effects, individually or in aggregate, is expected to exceed the Company's capacity to respond using internal resources. Accordingly, the Company is expected to be able to finance its adaptation measures and low-carbon investments through existing resources without recourse to external financing.

Ability to Redeploy, Repurpose, Upgrade or Decommission Assets



Workforce and Workload Flexibility

The Company's on-demand work-from-home capability enables employees to continue delivering services during smog-related restrictions and other localized disruptions. This flexibility allows work to be relocated as necessary and reduces reliance on any single operating site. The data center is situated above ground-floor level, thereby reducing its exposure to flooding.



Incremental Upgrade and Stranded Assets

The Data center's cooling and backup-power systems can be upgraded incrementally to accommodate increasing heat-related requirements. As a software and services business, the Company does not own carbon-intensive assets requiring decommissioning and therefore has limited exposure to stranded assets under potential transition pathways.

Current and planned climate-related investments



Climate-related Investments

The Company has commissioned a 500 kW on-site solar array, reducing its Scope 2 emissions and, consequently, its exposure to potential future carbon-pricing mechanisms. The installation is expected to generate net annual savings of approximately PKR 19 million and achieve payback within four years. Accordingly, the project has a negative net marginal abatement cost, as it delivers emissions reductions while reducing, rather than increasing, the Company's operating costs.

The Company's planned resilience and decarbonization measures, including enhanced cooling capacity and power redundancy, expansion of renewable-energy infrastructure, operational-efficiency initiatives, and upgrades to drainage and air-filtration systems, are expected to remain manageable within its existing financial capacity. The Company's operating cash flows and available financial resources provide a basis for funding these measures from internal resources. Detailed financial mapping of the planned measures, including their sequencing, investment requirements and funding allocation, will be further developed as part of the Company's climate transition plan, which is currently under development.

> Sustainability Resilience Beyond Climate

The resilience of the Company's broader sustainability strategy is assessed across the strategic pillars through which it creates and protects value. Each pillar is supported by established capabilities and sufficient financial capacity to support its continued development through internal resources.



People and Talent Excellence

In a competitive talent market, the Company's delivery model is supported through strategic hiring, structured reskilling, internal talent development and AI-enabled productivity. These measures reduce reliance on individual roles and preserve the institutional knowledge on which client relationships and service quality depend.



Operational and Technology Resilience

Operational continuity is supported by layered energy resilience, comprising standby generation and on-site solar generation, which has sustained uninterrupted service delivery despite grid instability. The Company is also progressively modernising its legacy systems towards cloud-native and AI-enabled environments.



Trust and Governance

Cybersecurity and data-privacy exposures are managed through an independently audited security program with business-continuity and disaster-recovery controls. Multi-jurisdiction regulatory obligations and evolving supplier ESG expectations are managed through the Company's compliance and procurement processes. No material losses arose from these matters during the year.



Innovation and Artificial Intelligence

The expanding use of artificial intelligence is addressed through access controls and dedicated oversight, supported by the Company's SOC 2 Type II and ISO/IEC 27001 certifications, with a dedicated AI usage policy under development. These measures allow the Company to pursue AI-led innovation while safeguarding data, intellectual property and stakeholder trust.

These matters are managed within the Company's existing financial capacity, with operating cash flow of approximately PKR 0.81 billion for the year supporting continued investment in talent development, energy resilience, technology modernization and the ongoing strengthening of governance and information-security frameworks from internal resources. The associated costs are funded through operating resources without recourse to external financing. No material losses arose from cybersecurity incidents, data privacy breaches, or legal or regulatory non-compliance during the year, while the Company's strong liquidity position, with liquid resources of approximately PKR 4.20 billion, provides substantial financial capacity to absorb potential impacts arising from such events, should they occur.

Outcome of Resilience Assessment

Based on NETSOL's strategic resilience assessment, sustainability and climate-related matters are not expected to have a material impact on its financial position in the next 12 months. The Company will continue to monitor relevant developments and assess their potential implications over the medium and long term, supporting the progressive integration of climate-related considerations into strategy, decision-making, risk management, capital planning and long-term value creation.

05

Sustainability Risk Management Architecture



> Our Approach to Risk Management



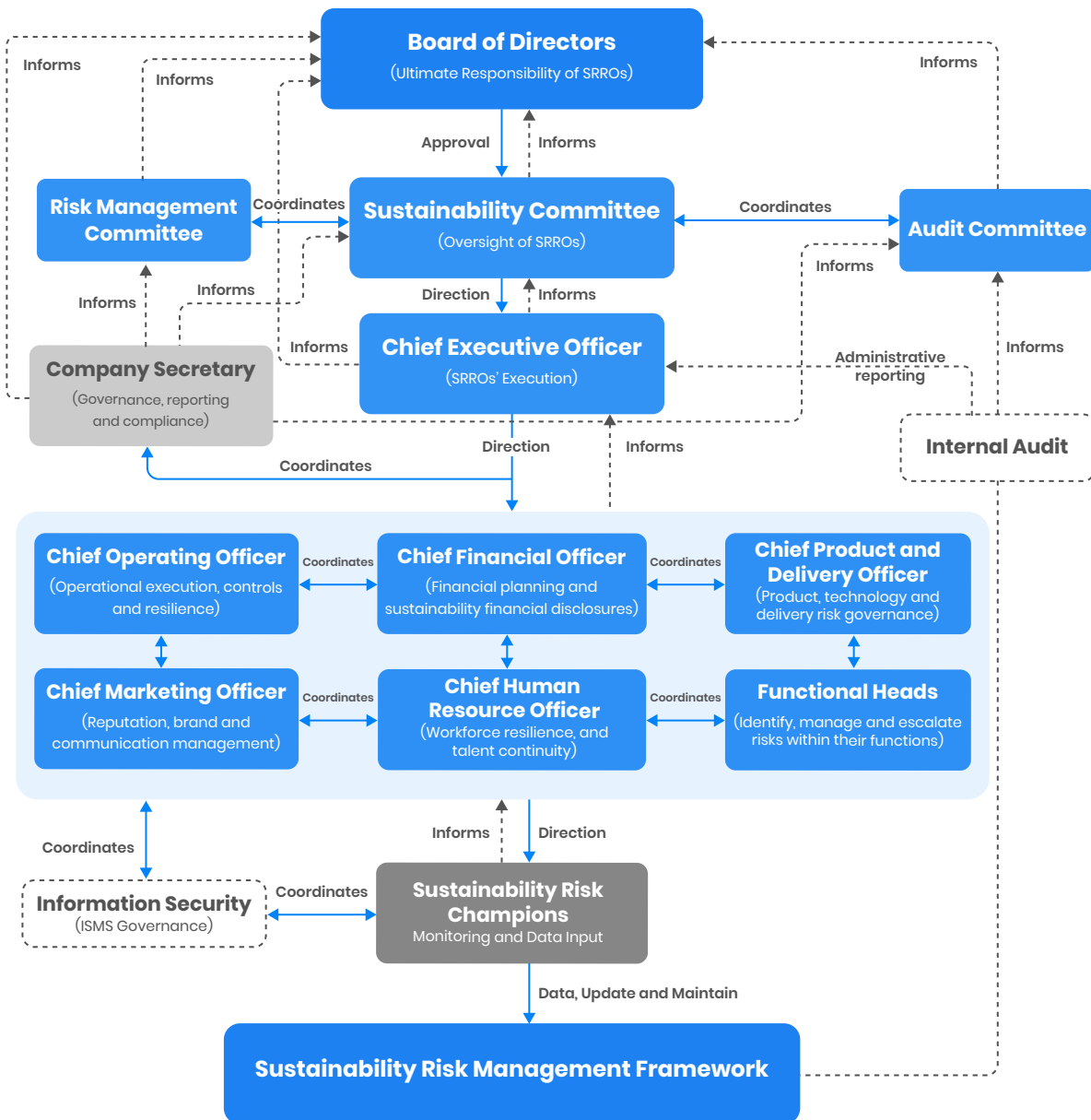
Sustainability Risk Management is not a parallel process, it is embedded within how NETSOL understands and manages business risks.

NETSOL applies an organization-wide approach to sustainability risk management that is being progressively integrated into the Enterprise Risk Management (ERM) in line with the integration roadmap, supported by a strong risk culture, clearly defined accountabilities, and established risk management processes. The Company has developed a documented Sustainability Risk Management Framework to identify, assess, manage, monitor, and report sustainability-related risks and opportunities in a structured and consistent manner. The Framework is informed by the COSO-WBCSD guidance on integrating environmental, social, and governance (ESG) risks into enterprise risk management, enabling sustainability considerations to be embedded within NETSOL's broader risk management and decision-making processes.

Opportunities are considered an integral component of the Company's sustainability risk management process rather than as a separate assessment. NETSOL identifies opportunities alongside risks through its risk identification and assessment process, as well as through the ongoing monitoring of sustainability trends, stakeholder expectations, regulatory developments, market dynamics and technological advancements. Identified opportunities are evaluated based on their potential financial and strategic value, financial viability, environmental and social implications, and relevance to NETSOL's business objectives.

The Company also recognizes that risks and opportunities are often interconnected and may evolve over time. A sustainability-related risk, if effectively anticipated and managed, may create an opportunity to strengthen processes, improve resilience, develop new capabilities or enhance the Company's competitive position. Accordingly, NETSOL's approach does not view risks and opportunities in isolation, rather, they are monitored collectively to understand their interdependencies, changing significance and potential implications for the Company's strategy and performance. Through this integrated perspective, NETSOL seeks to move beyond risk mitigation towards proactively identifying opportunities arising from the same sustainability developments that may otherwise present risks, thereby supporting informed decision-making and long-term value creation.

> Risk Governance Framework



NETSOL's sustainability risk management governance is structured around clearly defined roles and a layered chain of accountability, enabling effective oversight while maintaining decentralized execution. The Board of Directors has ultimate oversight of sustainability-related risks and opportunities and the Company's broader risk management framework. The Sustainability Committee, as the designated oversight body for sustainability-related risks and opportunities, supports the Board by coordinating oversight, reviewing key risk and opportunity matters, and escalating significant matters requiring Board attention or approval. The Audit Committee through assurance findings coordinates observations and recommendations for consideration to Sustainability Committee. The Risk Management Committee coordinates with the Sustainability Committee to ensure that sustainability-related risks are considered alongside other business risks within the Company's broader risk management processes. The relative priority is determined by the significance of the potential implications for the Company, with sustainability-related risks receiving appropriate attention and oversight where they may materially affect strategy, operations, financial performance, or resilience.

The Chief Executive Officer (CEO), as the strategic oversight function, translates the direction of the Sustainability Committee into strategic priorities and provides direction to the management. The management functions work collaboratively to translate strategic risk priorities into operational, financial and compliance actions, and provide direction to designated Sustainability Risk Champions responsible for the day-to-day identification, assessment, management and coordination of sustainability-related risks and opportunities.

Risk Champions consolidate their assessments and updates within the Sustainability Risk and Opportunity Register, providing management with a consolidated view of the Company’s risk and opportunity profile and enabling ongoing monitoring of changes in exposure, significance and management actions.

Internal Audit operates independently from this management structure and provides objective assurance over the effectiveness of the sustainability risk and opportunity management process. Its findings and recommendations are communicated through the Audit Committee to the Board, providing an independent feedback and assurance mechanism. This structure enables NETSOL to maintain decentralized execution and accountability while ensuring that sustainability-related risks and opportunities remain subject to centralized oversight, governance and assurance.

Information Security (ISMS Governance) serves as a central coordination point for sustainability-related risk information, engaging with Sustainability Risk Champions and relevant management functions to facilitate the identification, assessment and monitoring of risks. It supports the flow of risk information, ensuring that relevant sustainability-related risks are consistently captured, maintained and reflected within the Sustainability Risk Management Framework.

Risk Escalation Cycle



“Digital resilience begins with proactive risk governance and shared accountability.”

Muhammad Amir
Head of Information Security

Governance Activity	Frequency	Accountable
Functional Risk Review and Validation	 Quarterly	Risk Champions
Risk and Performance Review	 Semi-Annual	Management
Execution Oversight	 Semi-Annual	Chief Executive Officer
Risk Oversight and Escalation	 Semi-Annual	Sustainability Committee
Risk Oversight and Approval	 Annual	Board of Directors

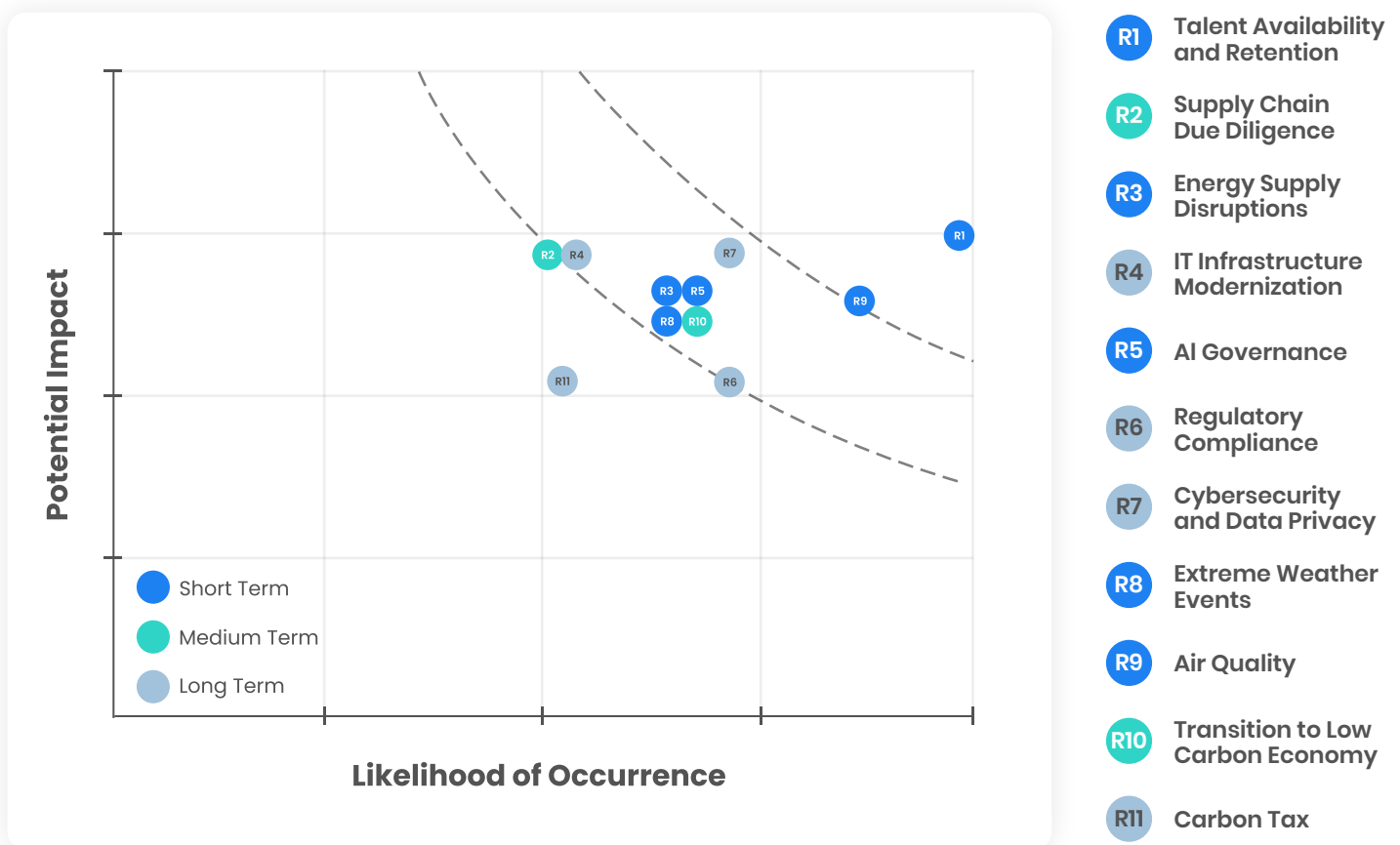
> Sustainability Risk Management



> Risk Prioritization

Sustainability-related risks with the potential to affect NETSOL's prospects are prioritized across short-, medium- and long-term time horizons, recognizing that the significance of a risk may vary depending on when its effects are expected to materialize. Following assessment, risks are positioned within a standardized risk matrix based on the likelihood of occurrence and magnitude of potential impact. The assessment incorporates the effectiveness of existing controls and management measures to determine the extent to which identified exposures are mitigated and, consequently, the resulting residual risk. Residual exposure is then considered in determining risk priority, taking into account severity, potential velocity, and time horizon.

Sustainability-related opportunities are prioritized through a corresponding assessment of their potential to generate value and contribute to NETSOL's strategic objectives. The assessment considers the magnitude and timing of potential benefits, feasibility of execution, strategic alignment, stakeholder relevance and value-creation potential, enabling the Company to distinguish opportunities that can be pursued through existing capabilities from those requiring further development, investment or strategic consideration. This integrated prioritization approach allows NETSOL to consider risks and opportunities consistently, while directing management attention and resources toward matters with the greatest potential significance to the Company.

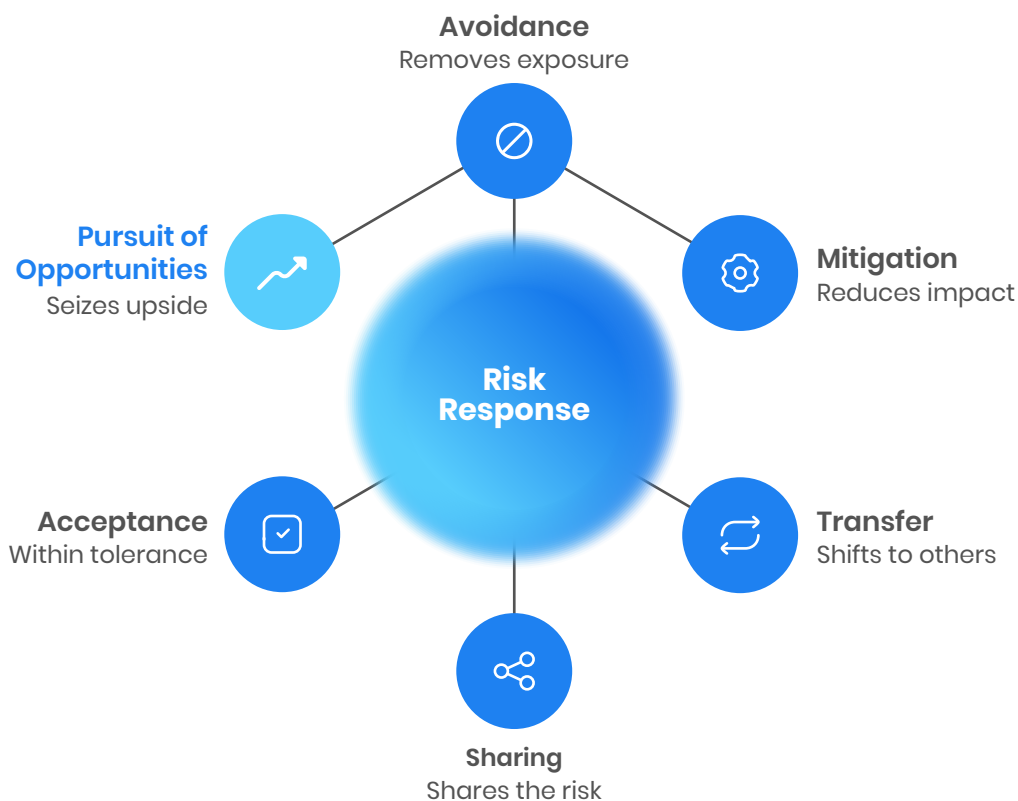


> Risk Response and Monitoring

NETSOL's risk monitoring and mitigation follows a continuous cycle of review, response and reporting, keeping each risk's status current and ensuring that appropriate action is taken as conditions change.

Risk Treatment

For each identified risk, and across every relevant time horizon, NETSOL determines an appropriate response based on the risk's nature, root cause, and the Company's capacity and available resources, then plans the strategic actions required for implementation. Risk treatment follows a defined hierarchy of response types:



Risk Monitoring

Monitoring is supported by defined key risk metrics, management reporting and periodic reviews, including semi-annual assessments of control effectiveness and ongoing tracking of regulatory, market and operational developments. Material changes trigger reassessment of SRRO ratings and management responses, with significant exposures escalated through NETSOL's Sustainability Risk Management Structure and reported to Executive Management and the Board.

FY26 represents NETSOL's first year of reporting under IFRS S1 and S2. During the reporting year, the Company established and formalized processes for identifying, assessing, prioritizing, managing, and monitoring sustainability- and climate-related risks and opportunities within its broader risk management framework. As these processes were established during the year, comparative information is not applicable.

> Building a Resilient Risk Architecture

NETSOL is committed to progressively strengthening its sustainability risk management capabilities. Through a phased approach, the Company aims to achieve full integration of sustainability risks within its Enterprise Risk Management (ERM).

Phase 1 – Foundation Achieved this Year

- Structured identification of SRROs
- Standardized sustainability risk assessment methodology
- Defined risk taxonomy and assessment criteria
- Appointment of Sustainability Risk Champions

Phase 3 – Integration FY2028

- Integrate Material SRROs into Enterprise Risk Management (ERM)
- Embed SRROs into Strategic & Financial Planning
- Full Integration of SRROs with ERM

Phase 2 – Connect FY2027

- Establish clear linkages between sustainability and organizational risks
- Establish Enterprise-Wide Risk Information Flows
- Consolidated Risk & Opportunity Dashboards
- Establish formal monitoring and escalation pathways

Phase 4 – Strengthen FY2029

- Embed Scenario & Forward-Looking Analysis
- Continuous ERM Methodology Enhancement
- Strengthen Management & Board Oversight

06

Metrics and Targets



> Sustainable Operations

NETSOL recognizes the importance of responsible resource management and sustainable operations in supporting the Company's long-term growth and resilience. The Company continues to strengthen its approach to managing its environmental performance across its operations, with a focus on efficient resource use, responsible practices, and continuous improvement.

As the Company establishes its baseline and enhances its systems and processes, it is progressively building a stronger foundation to monitor performance, identify areas for improvement, and set meaningful objectives for the years ahead.



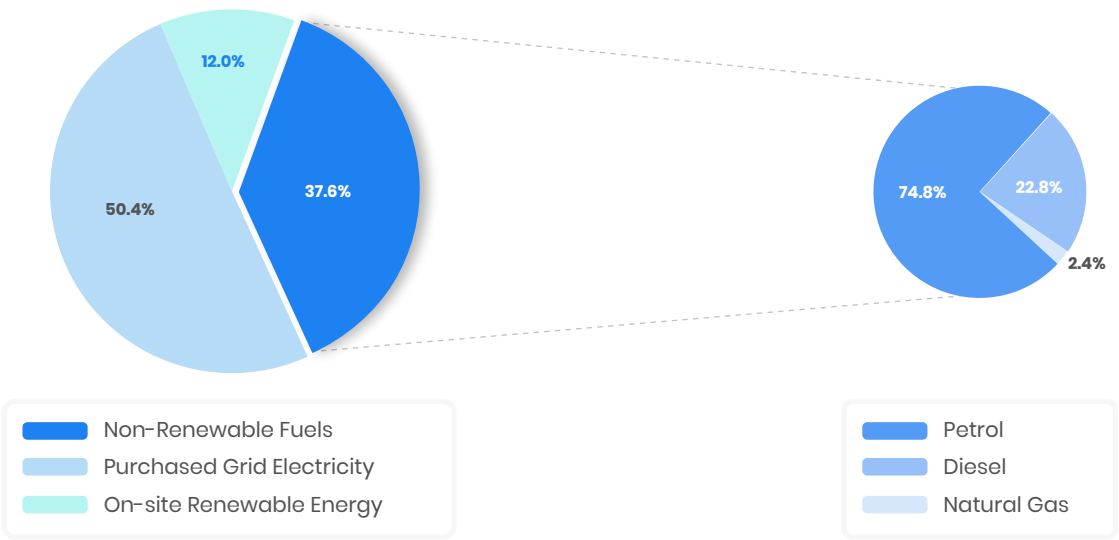
Energy

Industry-based metric

Energy is an integral part of NETSOL’s technology-driven operations, supporting the reliable delivery of its products and services and the day-to-day functioning of its facilities. The Company’s energy use spans its development centers and offices, guest facilities, standby power systems that maintain operational continuity during grid interruptions, and the vehicle fleet supporting employee mobility. Given this broad operational dependence, effective energy management is important to maintaining business continuity, improving resource and cost efficiency, and reducing the environmental footprint of operations. NETSOL therefore continues to focus on efficient energy use, resilience of its energy supply and the progressive integration of renewable energy into its overall energy mix. This is the first reporting period in which consumption data across all facilities, meters, fuel sources, and fleet vehicles has been consolidated into a single dataset. These figures therefore constitute a baseline against which future performance will be measured, with year-on-year comparisons planned to be reported from the following year onward.

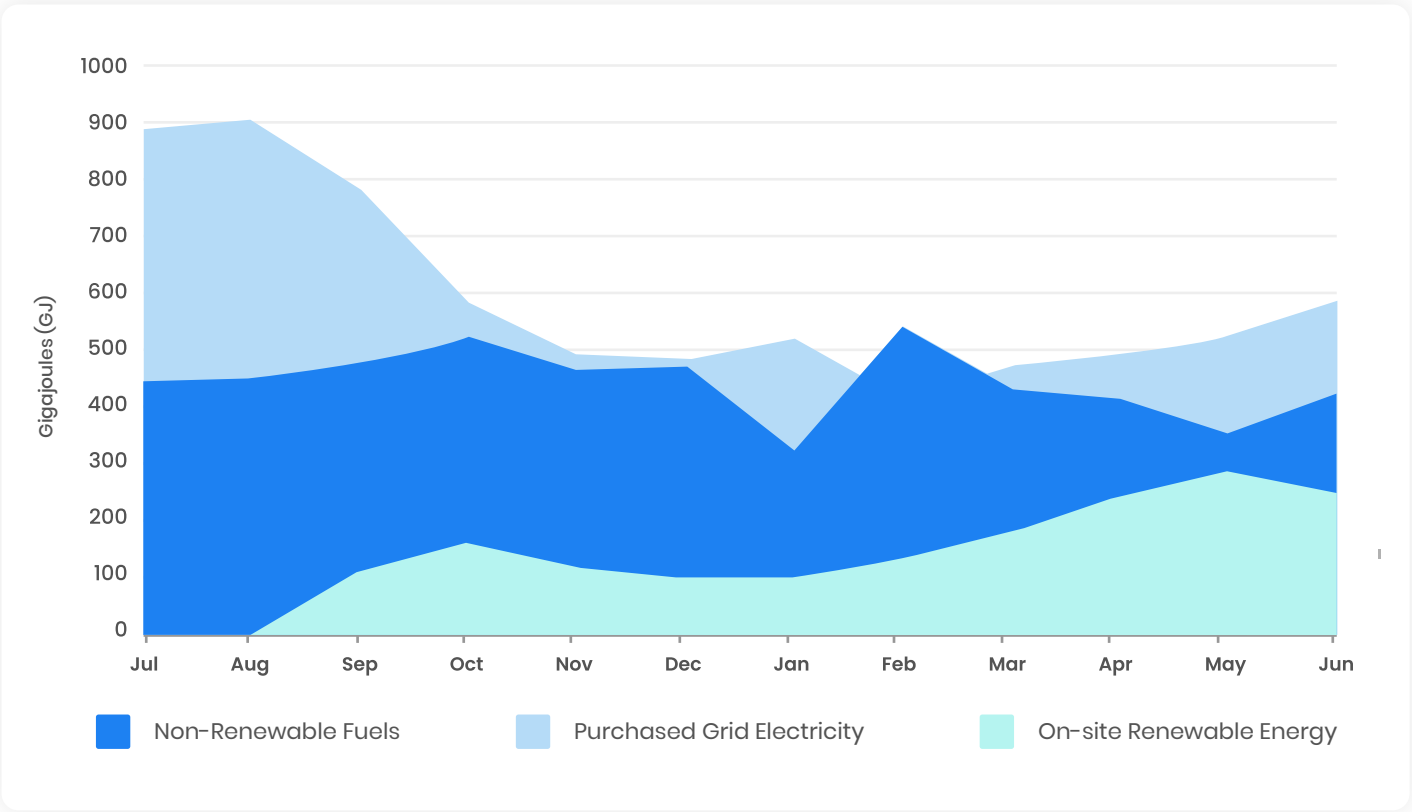
Our Energy Profile

Total energy consumption within the organization during the year was 14,169 GJ, comprising purchased grid electricity, use of non-renewable fuels, and electricity generated on site from the Company’s solar infrastructure. Purchased electricity represented the largest single source at 7,140 GJ. Non-renewable fuel combustion contributed 5,332 GJ, predominantly reflecting consumption by the Company’s vehicle fleet in support of employee transportation together with the backup electricity generation across the Company’s facilities. No energy was sourced from renewable fuels during the year, as all fuel consumed across the Company’s fleet and facilities was drawn from conventional commercially available supply, with no biofuel, blended or other renewable alternative forming part of the fuel mix. NETSOL’s renewable energy contribution therefore arises entirely through on-site generation, accounting for the remaining 1,697 GJ, which is reported net of electricity exported to the grid under the Company’s net metering arrangement. The resulting profile is consistent with that of a services-based organization, in which energy is consumed principally to support mobility, workplace operations and business continuity rather than to power manufacturing activities.



Energy Consumption Pattern throughout the Year

Annual consumption figures indicate the overall scale of energy use, while monthly trends provide insight into how NETSOL’s energy profile varied throughout the year in response to climatic conditions, operational patterns and, for the first time, the availability of on-site renewable energy.



Purchased Electricity Shaping the Annual Energy Profile

Purchased electricity exhibited the strongest seasonal variation among the three energy streams. Consumption peaked during the summer months, primarily due to higher air-conditioning demand across offices and development centers and declined during the cooler months. Grid electricity consumption decreased from a peak of 251,151 kWh in August to 114,706 kWh in February, representing a 54.3% reduction, before increasing again as temperatures rose.

Reduced Grid Dependence Through On-Site Generation

Between the first and second halves of the year, total energy consumption decreased by 10.2%, while grid electricity consumption declined by 27.2% over the same period. The larger reduction in grid electricity indicated that lower consumption was not driven solely by milder weather, as increased on-site renewable generation progressively reduced reliance on purchased electricity as the solar system reached full operation.

Solar Generation Strengthening Energy Resilience

Solar output rises as the year progresses, more than doubling from 497 GJ in the first half to 1,199 GJ in the second and reaching its highest monthly output of 79,352 kWh in May.

Operational Activities Driving Fuel Consumption

Fuel consumption primarily reflected vehicle fleet activity and generator operating hours rather than seasonal temperature variations, resulting in a relatively stable but less predictable consumption pattern.

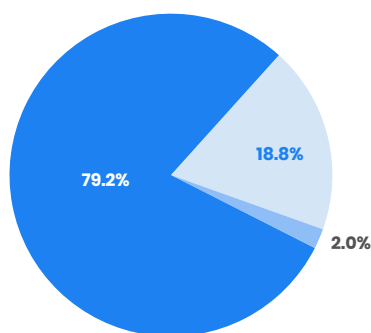
Fuels

Direct fuel combustion accounted for 5,332 GJ, equivalent to 37.6% of NETSOL's total energy consumption during the year, and was heavily concentrated in the vehicle fleet, which alone represented 4,440 GJ or 83.3% of total fuel consumption. Fleet fuel therefore constituted 31.3% of NETSOL's total energy consumption, making transport the largest directly controllable source of energy demand and a key area for improving energy efficiency and reducing consumption over time. The remaining 892 GJ was attributable to stationary combustion, of which 765 GJ, or 14.4% of total fuel consumption, was diesel consumed by standby generators maintaining service continuity during interruptions to grid supply, yielding 50,126 kWh of electricity. The balance comprised natural gas used for water heating and catering across the Company's facilities, together with a negligible quantity of liquefied petroleum gas.

Electricity

Electricity is the largest component of NETSOL's energy consumption and the area in which the Company made its most significant change during the year. Total electricity consumed across all facilities was drawn from three sources, purchase from the national grid, generation from the on-site solar installation, and generation from standby diesel generators. No heating, cooling or steam was purchased during the period.

Electricity Consumption by Source



- Purchased from grid
- Self-generated - Solar
- Self-generated - Generators

Electricity generated by standby generators is shown for completeness. The energy content of the diesel consumed in producing it is already reported within fuels and is therefore not counted a second time in total energy consumption.

Total electricity consumption

2,504,751
kWh

Total electricity sold

6,860
kWh

1,983,336
kWh

Purchased from grid

471,289
kWh

Self-generated - Solar

50,126
kWh

Self-generated - Generators

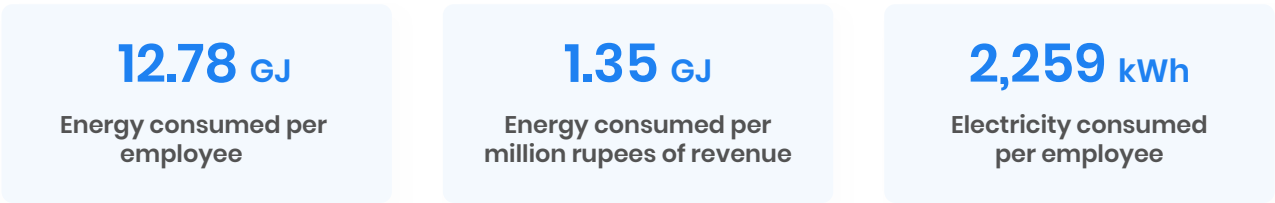
The Shift to Renewable Energy

The installation of on-site solar infrastructure represents the first phase of NETSOL's broader efforts to reduce reliance on purchased grid electricity and diesel-based standby generation. The solar system commenced operations in September 2025 and, over the 291 operating days within the reporting period, generated approximately 478,149 kWh. Of this output, 471,289 kWh was consumed on-site, while 6,860 kWh was exported to the national grid under the approved net metering arrangement. The system generated approximately 956 kWh per kilowatt of installed capacity during its period of operation, corresponding to an annualized yield of approximately 1,199 kWh per kilowatt, which was broadly consistent with expected performance for an installation of this type.



Energy Intensity

Absolute consumption reflects the scale of the Company's operations but not its efficiency. Energy intensity is therefore monitored on both a per employee and a per revenue basis, giving a clearer view of consumption relative to workforce scale and business activity.



Emissions

Cross-industry metric

NETSOL recognizes that a clear understanding of its greenhouse gas emissions is fundamental to strengthening its response to climate change. Establishing a reliable emissions baseline enables the Company to identify the sources and scale of its Greenhouse Gas (GHG) footprint, assess areas for improvement, and progressively strengthen its approach to emissions management. FY26 marks the completion of NETSOL's first comprehensive GHG inventory, covering Scope 1 and Scope 2 emissions across its operations, as well as applicable Scope 3 categories identified through a structured assessment of their relevance, the Company's ability to influence them, and associated risks. The inventory establishes a consistent basis for measuring emissions performance over time and will support the development of informed reduction initiatives and future climate-related objectives.

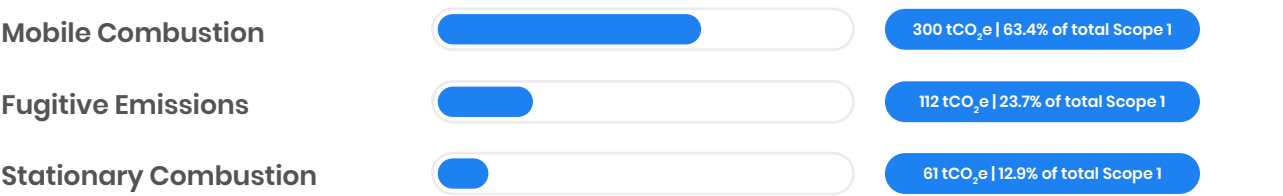


NETSOL has calculated its greenhouse gas emissions in accordance with the guidance of the Greenhouse Gas Protocol, the internationally recognized framework for corporate GHG accounting developed jointly by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Specifically, Scope 1 and Scope 2 emissions were calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard, while Scope 3 emissions were calculated in line with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and its accompanying Technical Guidance for Calculating Scope 3 Emissions. Scope 1 emission factors are derived from the UK Department for Energy Security and Net Zero (DESNZ) (2026), Scope 2 emission factors from the International Energy Agency (IEA), and Scope 3 emission factors from DESNZ, the U.S. Environmentally-Extended Input-Output (USEEIO) model, and the Comprehensive Environmental Data Archive (CEDA). The inventory covers CO₂, CH₄ and N₂O from fuel combustion and purchased electricity, and HFCs from refrigerant leakage. PFCs, SF₆ and NF₃ were assessed and found to be immaterial or not present. CO₂-equivalents use 100-year GWP values from the IPCC Fifth Assessment Report (AR5) over a 100-year period.

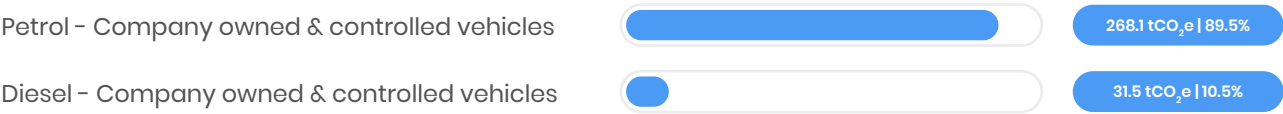
NETSOL has defined its organizational boundary using the operational control approach, consolidating emissions from all facilities and activities over which it has the authority to introduce and implement operating policies. Consistent with the reporting boundary set out in “About the Report,” all Scope 1 and Scope 2 emissions relate to NETSOL Technologies Limited as a single entity. No emissions of investees are included. As FY26 represents NETSOL's founding Greenhouse Gas (GHG) inventory, this year also serves as the base year against which future performance and any structural or methodological recalculations will be measured.

Scope 1 Direct Emissions

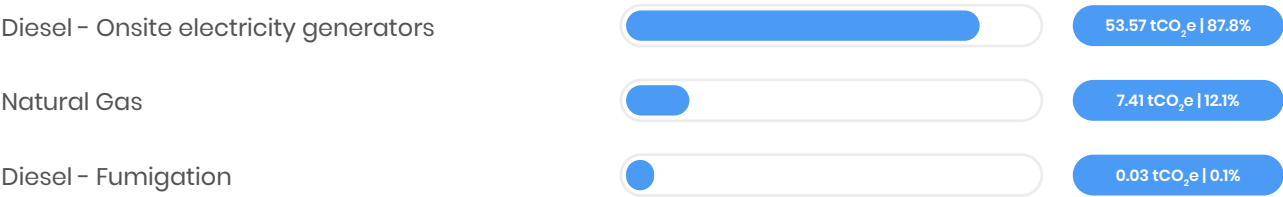
Scope 1 emissions primarily comprise fuel consumption from NETSOL’s owned and controlled vehicles, diesel used in backup generators supporting development offices, natural gas consumed across the facilities, and fugitive emissions arising from refrigerant leakage from air-conditioning and HVAC systems.



Mobile Combustion



Stationary Combustion

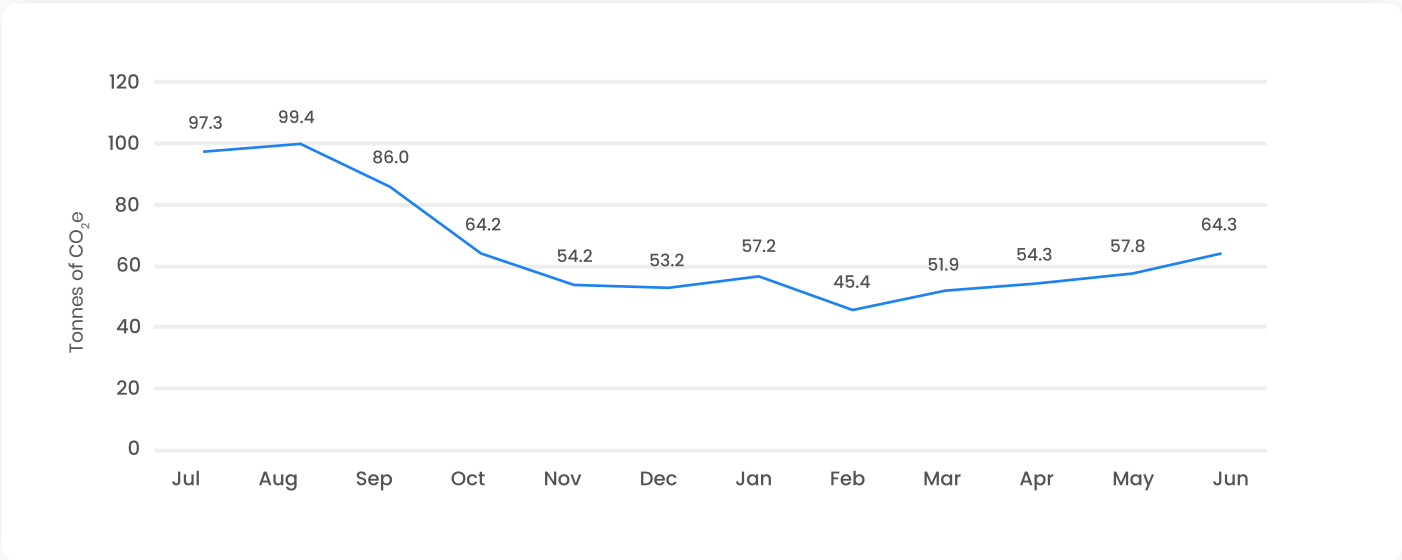


Scope 2 Indirect Emissions

Scope 2 GHG emissions represent indirect emissions associated with electricity purchased by NETSOL from the national grid for its offices in Lahore, Karachi, and Rawalpindi. The Company has quantified these emissions using metered electricity consumption at each location and Pakistan-specific grid emission factors published by the International Energy Agency (IEA).

NETSOL has reported Scope 2 emissions using the location-based method, which reflects the average emissions intensity of the electricity grids supplying its operations. A market-based calculation has not been undertaken, as the Company does not currently procure electricity through renewable energy contracts or energy attribute certificates, and such market-based instruments are not currently applicable in Pakistan.

The Scope 2 baseline provides a consistent reference for tracking changes in emissions associated with purchased electricity and supports NETSOL’s ongoing efforts to expand on-site renewable energy capacity and reduce its dependence on grid electricity.



NETSOL’s Scope 2 emissions have exhibited a pronounced seasonal pattern, declining from a peak of 99.4 tCO₂e in August to 45.4 tCO₂e in February, primarily reflecting lower cooling requirements and reduced electricity demand during the cooler months. As temperatures increased during spring and summer 2026, monthly emissions rose accordingly, although they remained materially below the levels recorded during the same seasonal period in 2025. Emissions reached 64.3 tCO₂e in June 2026, compared with 99.4 tCO₂e in August 2025. This reduction indicates an improvement beyond normal seasonal variation, supported by the phased integration of on-site solar generation into NETSOL’s electricity mix from September 2025. The increased availability of renewable energy has reduced reliance on grid electricity and consequently lowered emissions associated with purchased power. With further expansion of on-site renewable energy capacity planned, NETSOL expects to continue reducing its dependence on grid electricity and associated Scope 2 emissions over time.

Emissions Intensity

Beyond absolute emissions, NETSOL assesses its GHG performance using emissions intensity metrics based on revenue and headcount. These metrics provide a measure of emissions relative to business scale, enabling performance to be monitored across reporting periods and facilitating meaningful comparisons with industry peers. As FY26 represents NETSOL's first comprehensive GHG inventory, the intensity metrics presented below establish the baseline for tracking future changes in emissions efficiency and evaluating the impact of energy efficiency measures, operational improvements, and low-carbon investments.



1.13
tCO₂e

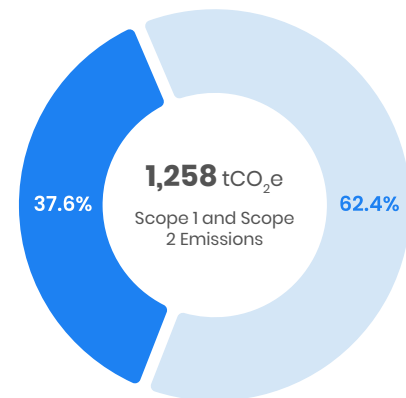
Emissions Intensity per Employee

Scope 1 & Scope 2 emissions normalized by average number of employees i.e., 1109 in FY26

0.12
tCO₂e

Emissions Intensity per Revenue (PKR Million)

Scope 1 & Scope 2 emissions normalized per million-rupee revenue



■ Scope 1 ■ Scope 2

Scope 3 Value Chain Emissions

Scope 3 GHG emissions comprise indirect emissions arising across NETSOL's value chain, including activities associated with suppliers, contractors, business travel, and employee commuting, rather than from sources owned or directly controlled by the Company. For FY26, Scope 3 emissions account for 67.9% of NETSOL's total GHG footprint. This reflects the nature of the Company's asset-light, software-led business model, where emissions associated with value chain activities represent a larger share of the overall footprint than emissions from its owned and controlled operations.

In accordance with the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions, all 15 Scope 3 categories have been assessed for applicability and significance using a structured screening criteria that considered the estimated scale of emissions, the Company's ability to influence the underlying activities, and associated risks. Based on this assessment, six categories have been identified as applicable and material to NETSOL's operations. These applicable scope 3 categories are Category 1 (Purchased Goods and Services), Category 2 (Capital Goods), Category 3 (Fuel- and Energy-Related Activities), Category 4 (Upstream Transportation and Distribution), Category 6 (Business Travel), and Category 7 (Employee Commuting). These categories form the basis of NETSOL's current Scope 3 inventory.

Scope 3 Emissions Portfolio



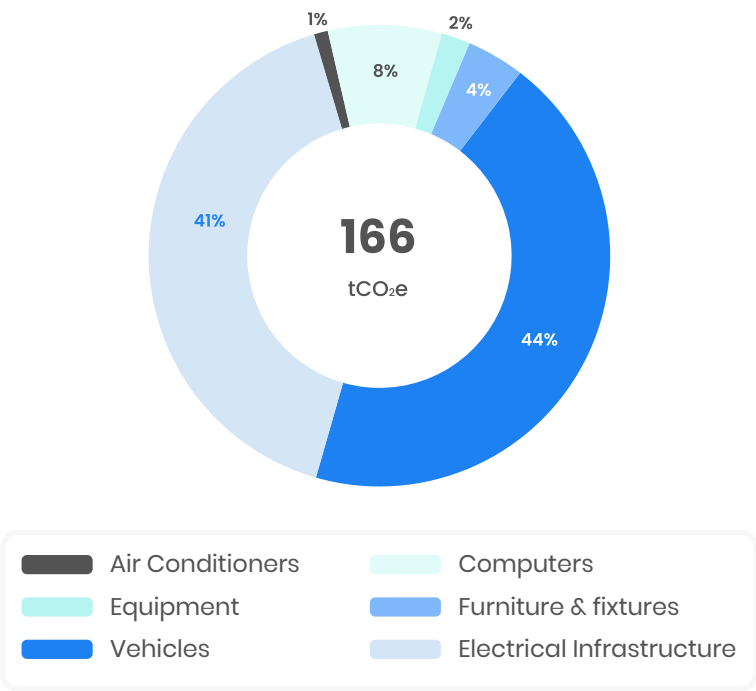
Purchased Goods and Services

This category includes upstream, cradle-to-gate emissions associated with the production of goods and services purchased by NETSOL during the reporting year that are not capitalized as fixed assets, including IT hardware and software, facilities-related materials, office supplies, and outsourced services. Emissions have been estimated using the spend-based method, applying environmentally extended input-output (EEIO) supply chain emission factors from the USEEIO database, with relevant industry-specific inflation adjustments applied to reflect the reporting period.

Capital Goods

This category includes upstream, cradle-to-gate emissions associated with the production of capital assets purchased and capitalized by NETSOL during the reporting year. These capital purchases comprise vehicles, electrical infrastructure, computers and laptops, network equipment, UPS systems, furniture and fixtures, and air-conditioning equipment. Emissions have been estimated using the spend-based method, applying environmentally extended input-output (EEIO) supply chain emission factors from the USEEIO database, together with relevant industry-specific inflation adjustments to reflect the reporting period.

Category 2 emissions by Asset Type



Disaggregation of Category 2 emissions by capitalized asset type indicates that NETSOL’s capital expenditure profile is influenced more by infrastructure-intensive investments than by conventional IT equipment. Capitalized vehicles and electrical infrastructure together represent the dominant share of emissions, while computers, laptops, general equipment, furniture and fixtures, and air-conditioning equipment contribute comparatively smaller amounts. This highlights the importance of considering the embodied emissions associated with major infrastructure investments when assessing the Company’s overall value chain footprint.

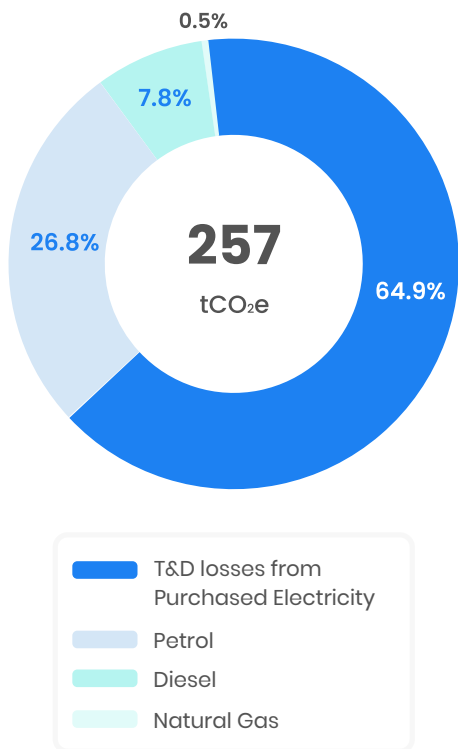
The electrical infrastructure component is directly attributable to NETSOL’s investment in on-site solar power generation, which was commissioned in September 2025, as described under Scope 2. The embodied, cradle-to-gate emissions associated with the manufacture and installation of this infrastructure, estimated at approximately 68 tCO₂e, have been recognized in full within Category 2 in the year of capitalization, consistent with the GHG Protocol treatment of capital goods. These emissions represent a one-time upstream carbon impact associated with an investment that provides an ongoing operational benefit by displacing grid electricity with on-site renewable generation. The investment has contributed to the reduction in Scope 2 emissions observed when comparing comparable summer periods across the reporting year. Viewed together, Category 2 and Scope 2 illustrate the relationship between the embodied emissions associated with a low-carbon capital investment and the subsequent reduction in operational emissions achieved through its use. As NETSOL continues to expand its on-site solar capacity, future reporting periods may reflect additional embodied emissions under Category 2 alongside further reductions in Scope 2 emissions over the operating life of the associated assets.

Fuel- and energy-related activities not included in Scope 1 or Scope 2

This category includes upstream emissions associated with the extraction, production, and transportation of fuels and energy consumed by NETSOL that have not been accounted for in Scope 1 or Scope 2, including well-to-tank (WTT) emissions from fuels consumed on-site and emissions associated with transmission and distribution losses from purchased grid electricity. Emissions have been estimated by applying WTT emission factors to the fuel activity data used in the Scope 1 inventory for diesel, petrol, and natural gas. The relevant emission factors have been sourced from the UK Government GHG Conversion Factors for Company Reporting, published by the Department for Energy Security and Net Zero (DESNZ).

Category 3 emissions are primarily attributable to transmission and distribution (T&D) losses associated with purchased grid electricity, which account for 167.1 tCO₂e. NETSOL’s Lahore office contributes 147.3 tCO₂e, representing approximately 57% of the category total, reflecting the scale of electricity consumption at its largest office and primary data center location. The remaining emissions comprise well-to-tank emissions

Category 3 emissions by Source Type



associated with the fuels included in the Scope 1 inventory.

The T&D loss component is directly linked to the volume of electricity purchased from the grid. Therefore, reductions in grid electricity consumption resulting from on-site solar generation consequently reduce both Scope 2 emissions and the associated upstream T&D loss emissions reported under Category 3. This establishes a direct connection between NETSOL’s investment in renewable energy and emissions performance across both categories. As the Company expands its on-site renewable energy capacity, further reductions in grid electricity consumption are expected to contribute to lower Scope 2 emissions as well as associated Category 3 T&D loss emissions, strengthening the overall emissions reduction benefit of continued investment in on-site generation.

Upstream Transportation and Distribution

This category includes emissions associated with the transportation of goods purchased by NETSOL from suppliers to its operations, where the transportation has been undertaken using vehicles not owned or operated by NETSOL. Emissions have been calculated using the distance-based method. The relevant emission factors have been sourced from the UK Government GHG Conversion Factors for Company Reporting, published by the Department for Energy Security and Net Zero (DESNZ).



The higher emissions associated with capital purchases are primarily attributable to the transportation of certain capital assets imported from outside Pakistan, which involved longer transportation distances.

Business Travel

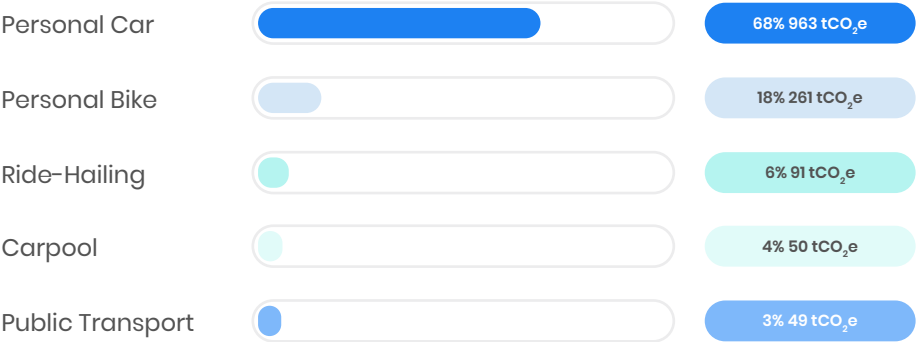
This category accounts for emissions arising from business-related travel undertaken by NETSOL employees, encompassing international, domestic, and intercity travel, as well as associated accommodation. The assessment covers air travel, road transportation, and hotel stays undertaken using services not owned or operated by NETSOL. Business travel emissions have been calculated using a combination of distance-based and spend-based methods. Air and road travel emissions are calculated primarily on a distance basis, using DESNZ emission factors, with a spend-based fallback (USEEIO) applied where distance data was unavailable. Hotel stay emissions have been calculated on a spend-based basis using country-specific factors from the Open CEDA 2025 database, selected for its coverage across 148 countries across the globe.



Employee Commuting

This category covers emissions arising from the daily commuting of NETSOL employees between their homes and the Company's worksites in Lahore, Karachi, and Rawalpindi. The commuting profile has been assessed through an employee commuting survey. A total of 504 responses, representing a 45% response rate, have been used to develop the commuting activity profile and extrapolate the results across the wider workforce. Emissions have been calculated using distance-based emission factors corresponding to the respective modes of transport, with factors sourced from the UK Department for Energy Security and Net Zero (DESNZ) and International Energy Agency (IEA).

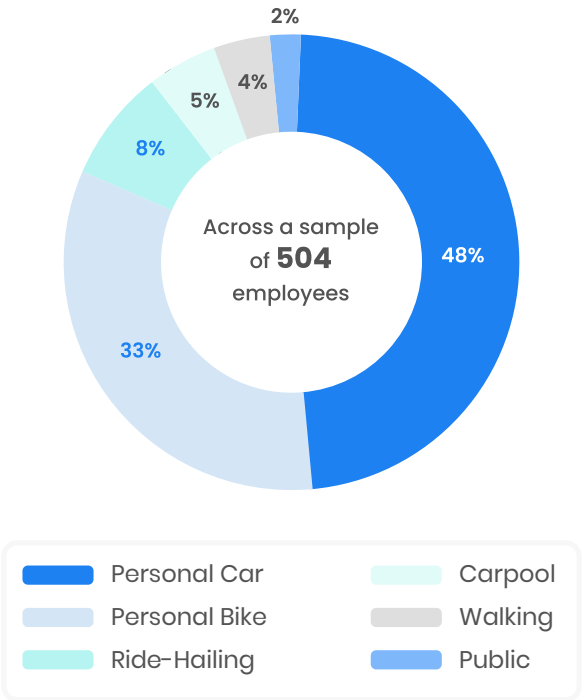
Emissions by mode of transportation



1,414 tCO₂e
representing the largest share of emissions in the Scope 3

Modes of transportation used by employees

Personal cars account for 48% of employee commutes but contribute 68% of total commuting emissions, whereas personal bikes represent 33% of commutes and account for only 18% of emissions. This difference is driven by both commuting distance and vehicle-specific emission factors. On average, car commuters travel approximately 31% farther annually than bike commuters, while the emission factor for cars is approximately 94% higher per kilometer. Together, these factors result in average annual emissions per car commuter that are approximately 2.5 times those of a bike commuter. Ride-hailing and carpooling show relatively balanced shares, contributing 6% and 4% of emissions compared with 8% and 5% of employee commutes, respectively. Walking accounts for 4% of commutes and generates no associated emissions. Public transport contributes 3% of emissions despite representing 2% of commutes, likely reflecting the longer average distance of bus and van journeys.



NETSOL's GHG Emissions Statement

For the year ended June 30, 2026

	Lahore	Karachi	Rawalpindi	Total	
Emissions Source	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	%
Scope 1: Direct Emissions					
Petrol – Company’s owned & controlled vehicles	-	-	-	268	6.8%
Diesel – Company’s owned & controlled vehicles	-	-	-	32	0.8%
Diesel – Onsite electricity generators	47	7	0	54	1.4%
Refrigerants leakages	109	0	3	112	2.9%
Natural gas	5	1	1	7	0.2%
Total Scope 1	161	8	4	473	12.1%
Scope 2: Purchased Electricity					
Purchased Electricity	692	91	3	785	20.0%
Total Scope 2 (location-based)	692	91	3	785	20.0%
Total Scope 1 and 2	853	99	7	1,258	32.1%
Scope 3: Value Chain					
Category 1: Purchased goods and services	-	-	-	389	9.9%
Category 2: Capital goods	-	-	-	166	4.2%
Category 3: Fuel- and energy-related activities	-	-	-	257	6.5%
Category 4: Upstream transportation and distribution	-	-	-	34	0.9%
Category 6: Business travel	-	-	-	408	10.4%
Category 7: Employee commuting	-	-	-	1,414	36.0%
Total Scope 3	-	-	-	2,668	67.9%
TOTAL GHG EMISSIONS (SCOPE 1, 2 & 3)				3,926	100.0%

3.54
tCO₂e

Emissions Intensity per Employee
Total emissions normalized by average number of employees i.e., 1109 in FY26

0.37
tCO₂e

Emissions Intensity per Revenue (PKR Million)
Total emissions normalized per million-rupee revenue

GHG Inventory Management Framework

NETSOL manages its GHG inventory through a structured, documented framework aligned with the GHG Protocol. The framework defines how emission sources are identified, activity data is collected, emissions are quantified, quality is controlled, and results are reviewed, approved and continually improved, so that reported emissions remain accurate, consistent, transparent and comparable across reporting periods.

Framework Foundation

 STANDARD GHG Protocol Corporate Standard for Scopes 1 and 2; Value Chain Standard for Scope 3	 BOUNDARY Operational Control Covers operations under NETSOL's control	 COVERAGE Scopes 1, 2 & 3 Applicable Scope 3 categories and all seven GHGs.	 PERIOD Annual FY Cycle 1 July – 30 June, FY 2026 is the base year for future comparison
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Inventory Management Workflow



**Base Year Recalculation Policy**

5% significance threshold
In line with Science Based Targets initiative (SBTi)

In line with the GHG Protocol Corporate Standard, NETSOL has established a Base Year Emissions Recalculation Policy to ensure consistency and comparability of reported emissions over time. Base year emissions are recalculated when significant structural changes, changes in calculation methodologies, improvements in data accuracy, or material errors result in changes exceeding the 5% significance threshold. Organic growth or decline in business activity and actual changes in emissions do not trigger recalculation. Each recalculation is version-controlled, documented in the Inventory Management Plan, and transparently disclosed in the Sustainability Report, with original & restated figures clearly distinguished.

Internal Carbon Pricing

Cross-industry metric

NETSOL has not established an internal carbon price or shadow carbon cost for use in its operational, strategic or capital investment decisions. Given the current regulatory landscape in Pakistan, carbon pricing requirements such as a national emissions trading scheme do not presently form a direct cost consideration for the Company. Accordingly, no carbon pricing liabilities or internally determined carbon price were recognized or applied during FY26.

The Company remains attentive to developments in climate-related regulation and market mechanisms, both within Pakistan and across the international markets relevant to its business. Potential future measures, including carbon taxes, emissions trading arrangements and cross-border carbon adjustment mechanisms, may have implications for operating costs, technology infrastructure and longer-term investment planning. As NETSOL further develops its climate risk management and transition planning capabilities, the Company will assess the relevance and potential application of an internal carbon pricing methodology to enhance risk evaluation, support informed investment decisions and incorporate potential future carbon-related costs into long-term planning.



Responsible E-Waste Management

Industry-based metric

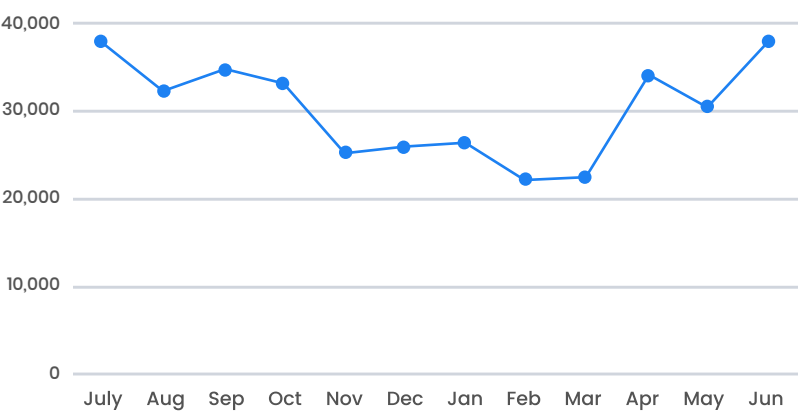
NETSOL generates limited quantities of electronic waste (e-waste) primarily from the replacement and end-of-life management of technology and office equipment. To promote responsible resource management, e-waste is transferred to relevant recycling vendors for appropriate handling, recycling and recovery, supporting the diversion of electronic materials from inappropriate disposal pathways. While the scale of NETSOL’s operations results in relatively limited e-waste generation and e-waste is not currently considered a material risk, the Company remains committed to managing such waste responsibly and supporting opportunities for resource recovery and circularity.

Water Stewardship

Industry-based metric

NETSOL’s water use is primarily associated with potable water supplied for drinking, sanitation and other domestic purposes across its office premises, including water processed through on-site reverse osmosis (RO) plants. Given the office-based nature of NETSOL’s software development and IT services operations, water use is limited and does not involve significant process-related consumption or industrial wastewater generation. The majority of water withdrawn is used for domestic and sanitary purposes and is therefore returned through normal wastewater systems, resulting in limited net water consumption.

Water Consumption (Liters)



Total water consumption during reporting period was

367,859 Liters

equivalent to approximately

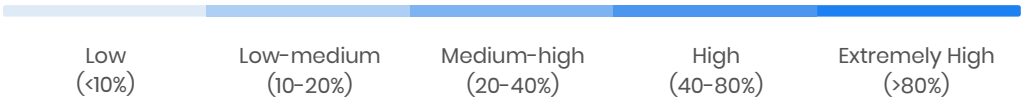
368 m³

Water Stress Assessment

Water consumption is monitored at the RO plant level, providing a basis for tracking usage and supporting resource-efficiency initiatives. While water is not currently identified as a principal risk, given the non-water-intensive nature of NETSOL’s operations, the Company recognizes the broader implications of increasing water stress and its potential impacts on communities, ecosystems and supply chains. Accordingly, water-related considerations are incorporated into NETSOL’s environmental monitoring and scenario analysis processes to enhance its understanding of potential future risks and opportunities. The Company continues to monitor water-related risk in recognition of the broader water-stress context in Pakistan, where it operates.

Country	Location	Water Stress Level
Pakistan	Lahore	Extremely High (>80%)
	Karachi	Extremely High (>80%)
	Rawalpindi	Low (<10%)

Data source: Aqueduct, Water Risk Atlas



> Empowering People

NETSOL's people are central to its ability to deliver technology solutions, serve clients across global markets, and drive continued innovation. The Company's workforce brings together early-career professionals and experienced talent across technical, operational, managerial, and leadership roles, creating a diverse mix of capabilities that supports its evolving business needs.

NETSOL's workforce management approach focuses on attracting and retaining relevant capabilities, strengthening employee skills and development, and maintaining a talent base aligned with the Company's strategic priorities. The Company seeks to build workforce capacity, support professional growth, and sustain the capabilities required to deliver its business objectives effectively.



People and Workforce

Industry-based metric

Building a skilled, engaged and future-ready workforce!

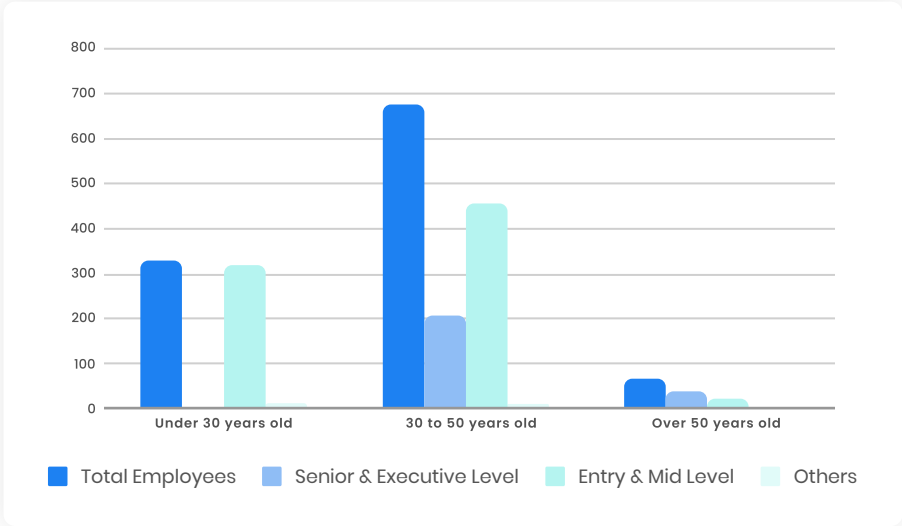


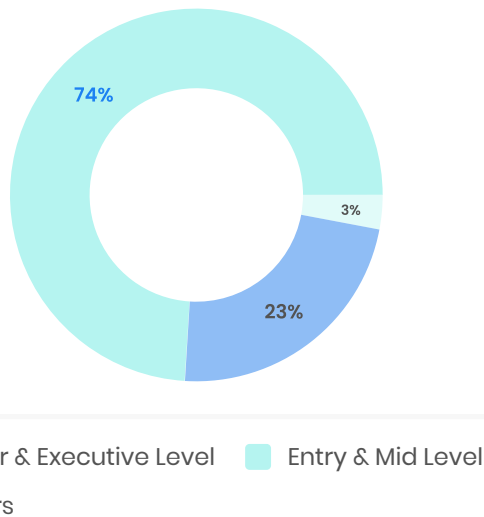
¹The employee headcount presented is aligned with the total employee figure reported in NETSOL's Unconsolidated Financial Statements FY26.

Our Employee Base

NETSOL's approach to human capital management is centered on maintaining a capable, diverse and engaged workforce that supports the Company's long-term business objectives while fostering an inclusive and supportive working environment.

Our workforce comprises employees across multiple age cohorts, with the 30–50 age group representing the largest proportion of the workforce. The composition is complemented by younger employees contributing to the Company's talent pipeline and experienced employees supporting knowledge retention and continuity. This distribution reflects a workforce structure aligned with the Company's ongoing technical, operational and business requirements.



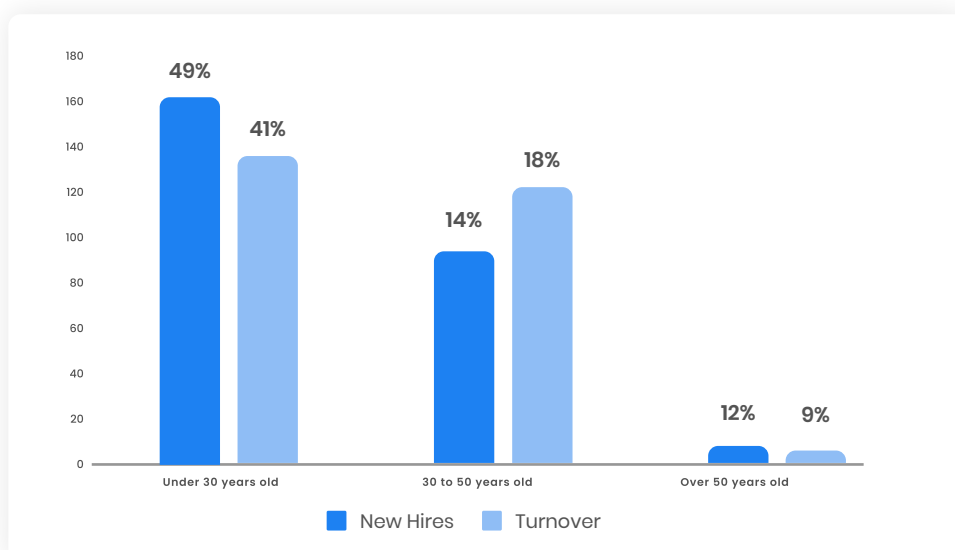


The distribution of employees across professional levels reflects a workforce structure comprising diverse levels of organizational experience, technical expertise and functional capabilities. Entry- and mid-level professionals constitute the largest segment at 74%, forming the foundation of NETSOL's operational workforce and supporting day-to-day business activities. Senior and executive-level professionals account for 23%, providing strategic direction, leadership and organizational oversight, while the remaining 3% comprises other roles that complement the Company's overall workforce structure and operational requirements.

Talent Attraction and Human Capital Transition

NETSOL's workforce movement indicates an active recruitment and turnover profile across multiple age cohorts. Employees below 30 represented 61% of total new hires, compared with 36% for employees aged 30–50 and 3% for those above 50. The concentration of recruitment within the below-30 cohort indicates that workforce additions were primarily directed toward early-career talent, contributing to the replenishment of the Company's talent pool and supporting the availability of technical and professional capabilities at different stages of career progression.

The age distribution of workforce turnover shows a relatively similar concentration, with employees below 30 accounting for 52% of total turnover, followed by 46% among employees aged 30–50 and 2% among employees above 50. The comparatively higher representation of the below-30 cohort in both hiring and turnover reflects greater workforce movement within the early-career segment. At the same time, the presence of turnover across the 30–50 cohort indicates movement among more experienced employees and highlights the need to monitor retention patterns across career stages. Collectively, these workforce flows provide a basis for assessing talent acquisition requirements, retention trends, succession considerations and capability continuity as part of ongoing workforce planning.



Note: % values mentioned above each bar represent rates of new employees hired/employee turnover, during the year by age group

Global Workforce Mobility

Workforce movement also encompasses cross-border talent mobility, enabling NETSOL to support international client engagements, project requirements and evolving business needs across its global markets. During FY26, approximately 2% of employees required work visas to facilitate such international assignments.

At the same time, cross-border assignments may be influenced by immigration regulations, visa-processing timelines and work authorization requirements, requiring appropriate planning and coordination. NETSOL manages workforce mobility through established human resources and employment processes that support compliant movement across jurisdictions. These include adherence to immigration and work authorization requirements, appropriate employment agreements defining the terms of international assignments. For overseas deployments, contractual arrangements also establish relevant responsibilities and post-employment obligations, supporting effective talent mobility and continuity of client and project delivery across global operations.



During FY26

21

employees required
work visas for
international assignments

Diversity, Equity and Inclusion

Industry-based metric

NETSOL is committed to fostering a diverse, inclusive and respectful workplace where employees are treated fairly and provided equitable opportunities to contribute, develop and progress. Women represent approximately 21% of NETSOL's workforce, compared with 79% male representation. At senior and executive levels, women account for approximately 11% of positions compared with 89% held by men, while at entry and mid level positions, female representation increases to approximately 24%, compared with 76% male representation. The remaining workforce comprises other positions, accounting for 15 male and 12 female employees. The higher proportion of women at entry- and mid-level positions provides a broader base for strengthening female representation across more senior positions over time.



844

Male Employees



221 Senior and Executive Level Employees



608 Entry and Mid Level Employees



231

Female Employees



27 Senior and Executive Level Employees



192 Entry and Mid Level Employees

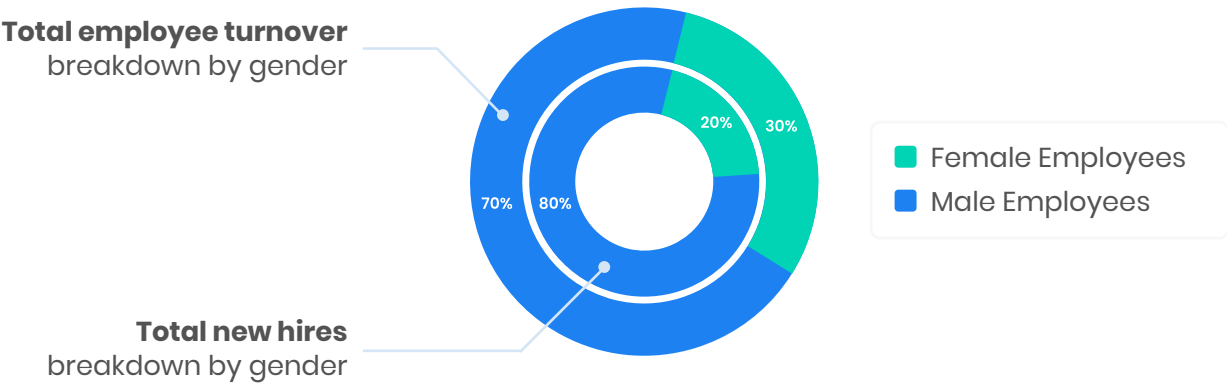
NETSOL has set a target to increase **female representation to 30% by 2030**, providing a longer-term direction for advancing gender diversity across the workforce. The Company's diversity and inclusion approach extends across executive and non-executive management, technical and professional functions and other employee groups with continued emphasis on creating an environment where individuals can contribute and progress based on their capabilities, performance and potential.



Representation Across Employee Lifecycle

Complementing the age-based workforce movement profile, gender-disaggregated data provides insight into NETSOL's workforce dynamics and opportunities across genders. During FY26, NETSOL recruited 264 employees, including 54 women and 210 men. Hiring rates were broadly comparable at 23% for women and 25% for men, indicating relatively balanced recruitment outcomes.

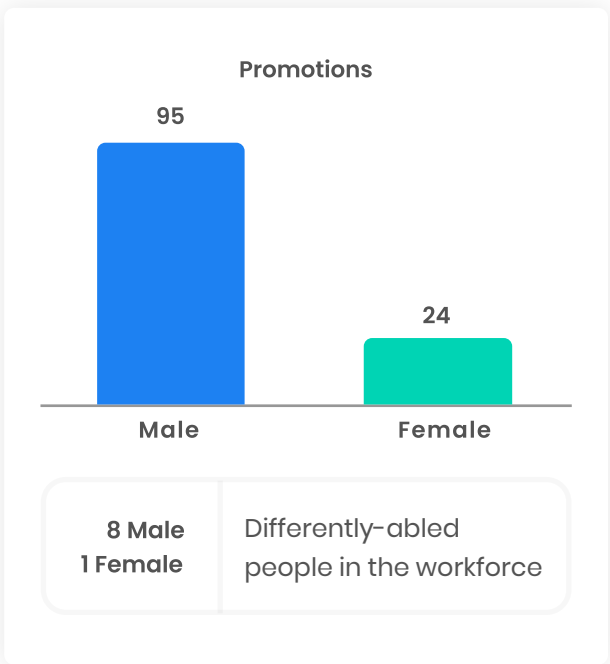
Workforce departures followed a different pattern, with 79 women and 185 men leaving the Company. Turnover rates were 34% for women and 22% for men, indicating higher workforce movement among women relative to their employee base. These trends highlight the importance of continued efforts to attract, retain and support women throughout the employee lifecycle and strengthen gender diversity.



Creating Opportunities for Inclusive Career Growth

NETSOL fosters an inclusive workplace where employees across diverse backgrounds have equitable opportunities to develop and advance their careers. The Company supports the inclusion of differently-abled individuals by promoting a workplace where diverse abilities are recognized, respected and valued. Internal promotions and career movements reflect NETSOL's focus on recognizing employee contributions and enabling career progression, with continued emphasis on providing equitable opportunities for women, differently-abled employees and other under-represented groups.

Through such talent practices and career development opportunities, the Company seeks to create a workplace where every employee can contribute, grow and realize their potential.



Fair and Equitable Compensation

NETSOL is committed to promoting fair and equitable remuneration practices across its workforce. The Company monitors compensation outcomes by gender to support transparency and identify opportunities to strengthen pay equity. During FY26, the reported **median compensation for women was approximately 84% of the median compensation for men**, providing a baseline for continued assessment of gender-based compensation outcomes. NETSOL seeks to ensure that remuneration practices remain aligned with employees' roles, responsibilities, capabilities and performance, while supporting equitable opportunities and outcomes across the workforce.

Cultivating a Respectful Workplace

0 Incidents

of discrimination during FY26

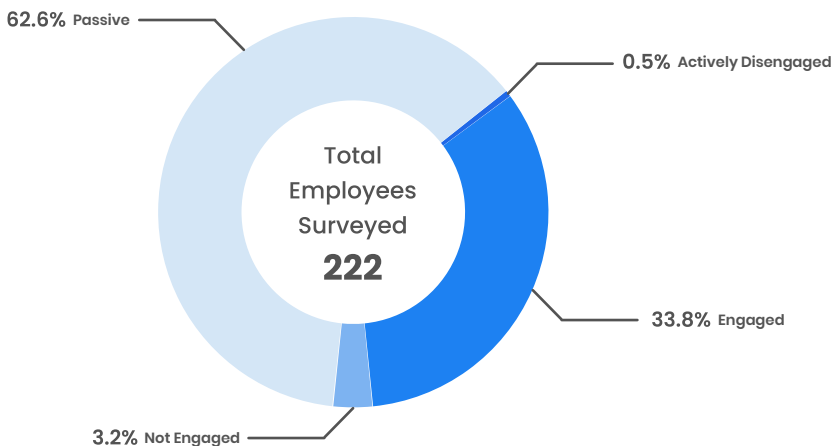


NETSOL is committed to maintaining a workplace where employees are treated with dignity, respect and fairness. The Company's Workplace Harassment Policy, together with the Code of Conduct, establishes a framework for preventing harassment, violence and discrimination and for addressing concerns through confidential reporting and grievance mechanisms. These mechanisms support the timely review and resolution of reported concerns while providing protection against retaliation.

Employee Engagement, Wellbeing and Benefits

Industry-based metric

Employee engagement at NETSOL extends beyond measuring employee satisfaction; it provides insight into the overall employee experience and helps the Company understand how effectively it is supporting a motivated, inclusive, healthy and productive workforce. Through its employee engagement survey, NETSOL assesses a broad range of factors, including role challenge and engagement, decision-making authority, fair rewards, inclusion, work-life balance, career advancement and development, team and supervisor support, availability of resources, recognition, sense of purpose, and physical and mental wellbeing.



Employee Benefits

We provide a comprehensive range of employee benefits supporting the health, financial security and well-being of eligible full-time employees. These benefits, together with clear HR policies and communication channels, are designed to foster a supportive, inclusive and rewarding workplace, while keeping employees informed of relevant workplace and operational changes.

Insurance and Healthcare
Group life and medical insurance, including disability and invalidity coverage through the Group Life Insurance policy

Life Benefits
Parental, annual, sick, hospitalization, Hajj/Umrah and Long Service Award Leave, in accordance with our policy and applicable labor laws

Retirement Benefits
Provident Fund and Employees' Old-Age Benefits Institution (EOBI) provisions to support our employees' long-term financial security

Stock Ownership
Benefits provided in accordance with our policy, aligning employees with NETSOL's long-term growth and value creation

Well-being Support
We are committed to fostering a healthy, inclusive and engaging work environment that prioritizes employee well-being

Parental Leaves and Post-Leave Return

Gender	Entitled to Parental Leaves	Availed Parental Leaves	Returned-to-Work Rate of Employees
Male	806	88	100%
Female	149	37	78.4%

Male

77

Returned and still employed after 12 months

87.5%
Retention rate

Female

29

Returned and still employed after 12 months

100%
Retention rate

Safe and Healthy Work Environment

The Company’s approach to workplace health and safety is underpinned by a proactive focus on identifying, assessing and managing risks arising from its operating environment, while fostering a safe, healthy workplace that safeguards employee well-being and promotes a strong culture of health and safety.



How NETSOL Manages Workplace Risks?



Learning, Development and Future Skills

Industry-based metric

NETSOL supports continuous learning and professional development through a diverse range of training opportunities designed to strengthen technical expertise, leadership capabilities, communication skills and overall professional effectiveness across the organization. Eligible employees, irrespective of gender or employee category, receive regular performance and career development reviews to support ongoing growth and progression. While NETSOL does not currently maintain formal transition assistance programs, retirement and post-employment support are addressed on a case-by-case basis in accordance with applicable Company policies and mutual agreement.

Soft Skills and Professional Development

NETSOL's soft skills and professional development initiatives complement technical learning by strengthening the interpersonal, cognitive and professional capabilities required for effective collaboration, leadership and workplace performance. During the reporting period, the training portfolio extended beyond technical expertise to encompass communication, teamwork, critical thinking, leadership and other professional competencies. These initiatives support employees in adapting to a dynamic, technology-driven environment while fostering a respectful, collaborative and inclusive workplace culture and strengthening the capabilities required for sustained professional growth.



Communication and Presentation

Programs such as Level Up Your Communication Game, Communication Improvement Program, Effective Technical Communication & Advanced Presentation & Demo Skills and Client-Facing Communication Development focused on improving verbal and non-verbal communication, presentation delivery, audience engagement, storytelling and the ability to communicate complex information clearly.



Teamwork and Collaboration

Training initiatives emphasized effective team behavior, collaboration, empathy and interpersonal understanding. Employees were encouraged to develop stronger working relationships, understand different perspectives and contribute effectively to collaborative problem-solving.



Leadership and Future Readiness

The Building Future Ready Tech Leaders program supported leadership development through areas such as thought leadership, professional credibility, personal branding and technology-oriented leadership capabilities. These initiatives contribute to building a pipeline of employees equipped to take on greater responsibilities.



Problem Solving and Critical Thinking

Dedicated programs on critical thinking, problem-solving frameworks, iterative thinking and feedback loops strengthened employees' ability to analyze situations, identify root causes, structure problems and develop practical solutions. Exposure to Agile and Scrum concepts further supported adaptable ways of working.



Professional Effectiveness and Personal Brand

Programs covering personal effectiveness, professional presence, digital footprint, communication and workplace etiquette helped employees strengthen their professional identity, confidence and effectiveness in workplace interactions.



Workplace Culture and Professional Conduct

All-Hands sessions and employee orientation programs incorporated learning around respectful workplace relationships, professional boundaries, empathy, workplace etiquette and corporate grooming. These initiatives reinforce expectations for professional conduct while supporting a positive and respectful work environment.



Feedback and Continuous Improvement

The Self-Evaluation & Feedback Readiness program supported employees in understanding performance feedback, interpreting rating scales, evaluating their own performance and taking ownership of their professional development.

Skills Upgradation and Upskilling

NETSOL's technical skills development approach supports the ongoing enhancement of workforce capabilities in response to evolving technologies, business priorities and role-specific requirements. The Company provides structured learning opportunities that range from foundational programs for new hires

to targeted upskilling and advanced training for existing employees. This approach enables employees to progressively develop and apply relevant technical and functional capabilities, while supporting organizational readiness and sustained professional growth.

Building Digital and Technology Capabilities

A significant component of the upskilling portfolio focused on emerging and core technology capabilities. Employees participated in programs covering Azure and cloud computing, Ascent 2.0 framework capabilities, C# and Windows Presentation Foundation (WPF), Bash and PowerShell scripting, SVN/version control, software quality assurance and development technologies.

The Cloud Skills program introduced participants to Azure services, APIs, cloud computing and deployment models, while PowerShell and Bash training supported automation, scripting and productivity capabilities. The Ascent 2.0 programs strengthened employees' understanding of framework environments, user management, code structures and system configuration.



Preparing Employees for AI and Emerging Technologies

NETSOL also incorporated Artificial Intelligence and Generative AI into its learning agenda. The AI & GEN AI Foundation program covered AI fundamentals, generative AI, ethics and emerging trends, while the Fireside Chat on AI explored AI transformation, its potential impact and the importance of becoming future-ready. The Company further developed practical AI capabilities through Prompt Engineering 101, covering prompt structures, prompting techniques and fundamental concepts relating to large language models, tokens and context windows.

Strengthening Cybersecurity and Digital Resilience Skills

Skills development also extended to cybersecurity. Through Ethical Hacking training, employees developed capabilities to conduct security assessments, identify potential threats and understand appropriate countermeasures for protecting digital assets. This contributes to strengthening the technical capabilities required to support secure technology operations.

Enhancing Software Development and Technical Expertise

Technical upskilling programs covered software development, programming, databases, testing and source-code management. These included Uplift Foundation, Dev Knowledge Technical, SQA Knowledge Technical training.

The programs provided employees with opportunities to strengthen programming, database, software testing, version-control and application-development capabilities, supporting the continuous enhancement of technical expertise within the workforce.

Developing Business and Domain Knowledge

Upskilling was not limited to technology. NETSOL also provided domain and functional training to strengthen employees' understanding of the business environment in which they operate. Domain training for new hires covered financial concepts, financing types, risk management, loan processing, repayments and contract closure, while other programs addressed rental calculations, repayment structures, financial products, lending, leasing, credit risk and contract lifecycles.

Supporting Digital Ways of Working

Training also supported employees in adopting tools and methodologies that facilitate more effective digital collaboration and delivery. The Azure DevOps Walkthrough covered backlog management, sprint execution, work-item hierarchy and capacity planning, with an emphasis on collaboration, transparency and continuous improvement in software development projects.

Key Skills Upgradation Areas

AI and Generative AI

AI fundamentals, Gen AI, prompt engineering, Large Language Model (LLM) concepts and AI readiness

Cybersecurity

Ethical hacking, security assessments, threat identification and countermeasures

Cloud & Digital Technologies

Azure services, Application Programming Interface (APIs), cloud computing and deployment models

Software Quality

Web, mobile and backend testing and quality assurance

Software Development

NET, WPF, programming, databases and framework capabilities

DevOps & Collaboration

Backlog management, sprints, capacity planning and work-item management

Automation & Scripting

Bash, Z Shell and PowerShell scripting and automation

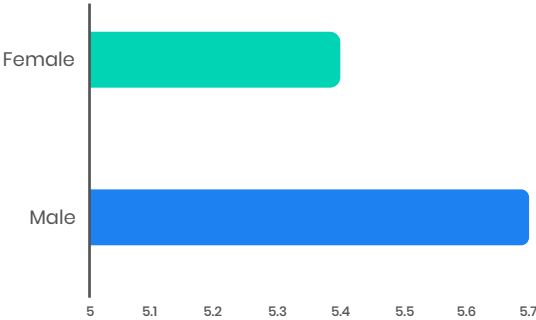
Business & Financial Domain

Finance, lending, leasing, and related financial calculations and repayment structures

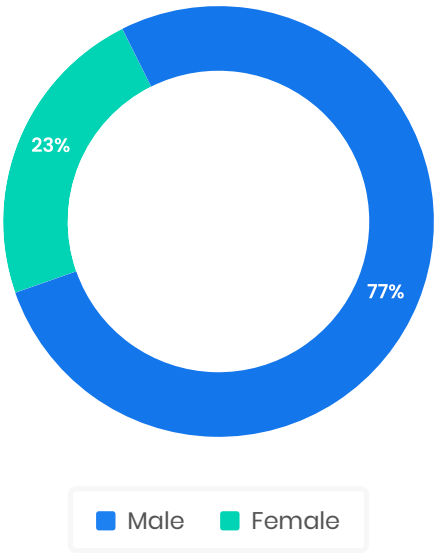
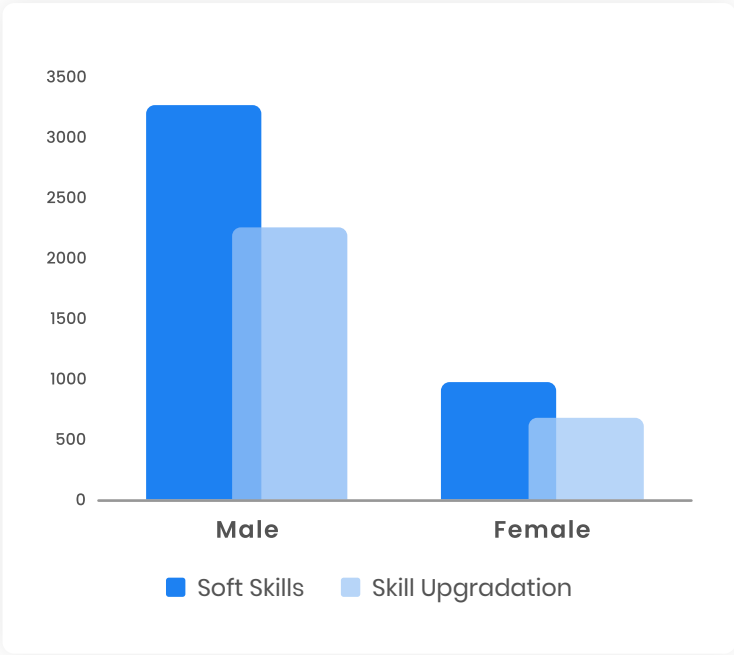
Trainings' Highlights



5.6 Average Hours of Training per Employee



Total Training Hours



Human Rights and Community

NETSOL is committed to fostering a workplace culture built on respect, fairness, dignity and responsible business conduct. Our Code of Conduct provides the foundation for ethical behavior and respect for the rights and well-being of employees across its operations. Security personnel are directly employed by NETSOL, with no third-party security personnel engaged, ensuring that these expectations apply consistently to the people supporting the Company’s security operations.

While the current human rights policy does not yet extend to suppliers and vendors, NETSOL recognizes that responsible business practices should also be reflected across its wider value chain. The Company continues to strengthen its approach in this area, with the aim of extending its commitment to responsible and ethical practices beyond its own workforce.



**Respect.
Protect.
Empower.
Together.**

Community Development

NETSOL supports community development through initiatives aligned with local needs and opportunities to create meaningful social impact. The Company engages with relevant institutions and community partners to identify areas where its support can contribute to improved access to education, social development, and community well-being. Through these engagements, NETSOL seeks to direct its community investments towards initiatives that address identified needs and generate positive outcomes for the communities in which it operates.

During FY26, NETSOL Technologies Limited invested PKR 102.43 million in community development initiatives across Pakistan, supporting organizations and initiatives focused on creating positive and lasting community impact.

62.59%

Education



0.50%

**Healthcare / Humanitarian
Support**



34.37%

**Community Welfare
& Social Support**



1.07%

Disaster Relief



1.46%

Others



Gender Pay Gap Statement

NETSOL Technologies Limited is committed to building an inclusive and equitable workplace where diverse perspectives fuel innovation and every employee is valued, respected, and supported. As a people-driven technology organization, NETSOL seeks to create an environment where talent can thrive, opportunities are accessible on an equitable basis, and individuals are empowered to contribute and grow irrespective of gender.

In line with this commitment, the gender pay gap calculation for the year ended June 30, 2026 has been prepared and presented in accordance with the requirements of the circular issued by the Securities and Exchange Commission of Pakistan (SECP).

Gender Pay Gap calculated for year ended June 30, 2026

Mean Gender Pay Gap

28.4%

Median Gender Pay Gap

21.2%



Salim Ullah Ghauri
Chief Executive Officer

Date: June 30, 2026

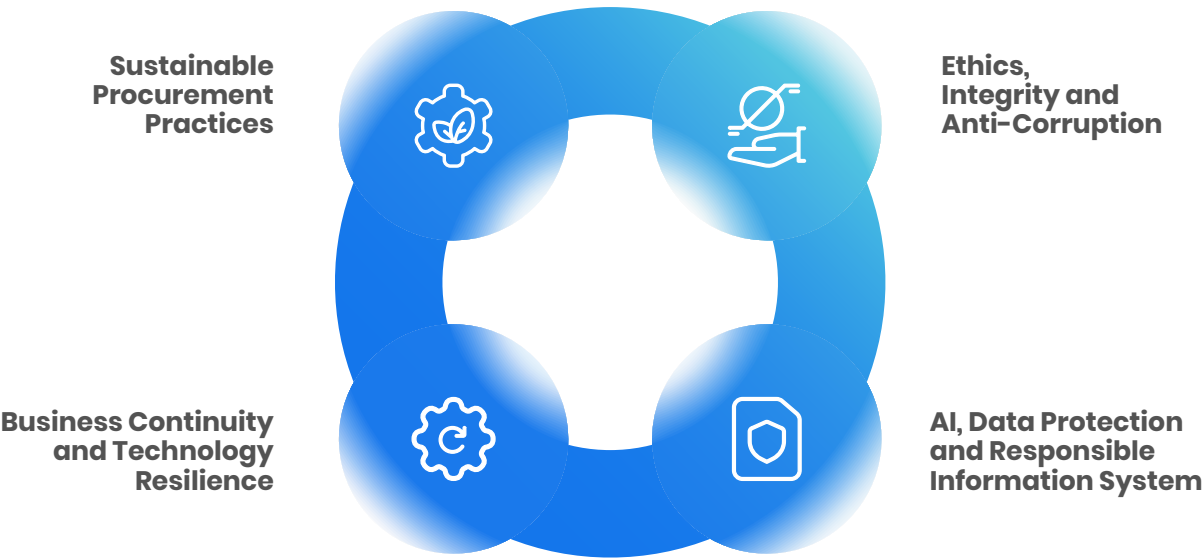
> Responsible Leadership

Strong governance underpins how NETSOL conducts its business, manages risk, and supports the creation of sustainable long-term value. As a technology-driven organization operating in an increasingly interconnected environment, the Company's governance framework extends beyond traditional oversight to encompass ethical conduct, responsible risk management, information security, technology resilience, and organizational accountability.

These principles guide decision-making across the organization while supporting the trust and confidence established with employees, customers, business partners, and other stakeholders.



NETSOL's Governance Priorities



NETSOL's technology governance is supported by an integrated framework of policies and standards that guides responsible business practices and provides clear expectations across information security, operational resilience, business continuity and ethical conduct. Together, these measures help embed accountability into our operations and strengthen the systems and practices that support our business.

Ethics, Integrity and Anti-Corruption

Industry-based metric

NETSOL reinforces ethical conduct across the organization through its Code of Conduct and Zero Tolerance Policy, which establish clear expectations for integrity, professional behavior, and responsible decision-making. Employees are required to acknowledge and comply with the Code, with applicable requirements also extending to contractual staff through their employment terms and relevant Company policies. The Company maintains a zero-tolerance approach to corruption, monetary irregularities, and other suspicious activities, and provides channels for employees to raise concerns directly, either anonymously or otherwise. Together, these measures support a culture of integrity, transparency, accountability, and responsible conduct across NETSOL.

Ethics and Anti-Corruption Awareness

Ethics and anti-corruption expectations are embedded within NETSOL's broader employee communication and governance framework, reinforcing the importance of integrity, accountability, and responsible conduct across the workforce. As part of its continued efforts to strengthen ethical awareness, the Company is exploring opportunities to further formalize and enhance its approach through structured, role-based



learning programs and recurring awareness initiatives. These initiatives may incorporate defined learning requirements, measurable completion targets, participation monitoring, and documented coverage across relevant employee groups. Over time, this approach is intended to establish a more consistent, systematic, and measurable framework for ethics and anti-corruption awareness, enabling employees to better understand their responsibilities, recognize potential concerns, and uphold the expected standards.

Business Partner Communication

NETSOL recognizes the importance of promoting ethical and responsible conduct across its business relationships. The Company's procurement model primarily follows a spot-buying approach, with purchases made in response to specific business requirements. Agents and distributors are not currently part of the procurement model. As the procurement framework evolves, NETSOL may further formalize the communication of ethical and anti-corruption expectations to relevant business partners, helping extend the Company's standards of responsible conduct beyond its workforce.

Embedding Integrity and Accountability



Policy and Oversight

The Company's approach to managing corruption-related risks is embedded within its broader governance and internal control framework. Management, supported by the Human Capital Division and relevant organizational leadership, oversees ethical conduct and addresses potential risks through established controls, employee conduct standards, and channels for raising concerns regarding suspected unethical or inappropriate behavior. This approach enables NETSOL to promote accountability and address potential integrity risks in a structured manner.

NETSOL also applies appropriate oversight to charitable donations and sponsorships, which are subject to formal management approval before commitment. These controls help ensure that Company resources are allocated responsibly and are not used for improper or unauthorized purposes. Together, these practices support a culture of integrity, responsible decision-making, and accountability across the organization.



Reporting and Whistleblowing

NETSOL provides accessible channels through which employees can raise concerns regarding suspected misconduct, unethical behavior, or other matters that may be inconsistent with the Company's values and expected standards of conduct. Employees may report concerns through their respective line managers and/or directly to the Human Capital Division, providing a structured means for concerns to be brought forward and appropriately addressed.

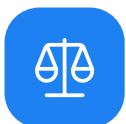
NETSOL is committed to handling reported concerns with due confidentiality and care. Information relating to a reported matter is shared strictly on a need-to-know basis with individuals directly involved in its review or investigation. This approach supports the objective and responsible assessment of reported concerns while protecting the confidentiality of sensitive information and maintaining the integrity of the review process.



Corrective Actions

Reported concerns relating to potential corruption, misconduct, or other inappropriate conduct are reviewed by the Human Capital Division in coordination with relevant management. Where necessary, investigations are undertaken in accordance with applicable Company policies and established procedures to ensure that concerns are assessed appropriately and consistently.

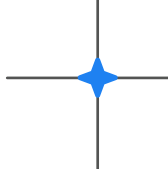
Where a violation is substantiated, NETSOL takes appropriate corrective action based on the nature and circumstances of the matter. Depending on the severity of the violation, actions may include disciplinary measures, termination of employment, or legal action, where applicable. This approach supports accountability and reinforces the Company's commitment to maintaining ethical standards and responsible conduct across its operations.



Strengthening Ethical Conduct

NETSOL continues to reinforce ethical standards across its operations through its policies, Code of Conduct, and internal awareness mechanisms. These measures help communicate the Company's expectations for responsible and ethical behavior and support a consistent approach to integrity and accountability throughout the organization.

Looking ahead, NETSOL has an opportunity to further strengthen its anti-corruption framework through more structured awareness and learning initiatives. This may include role-based guidance, defined training requirements, and enhanced monitoring of coverage among employees and relevant third parties. Such initiatives can further embed ethical considerations into day-to-day decision-making and help strengthen a culture of integrity, accountability, and responsible conduct across NETSOL's operations and business relationships.



AI, Data Protection and Responsible Information System

Industry-based metric

Securing Access and Promoting Responsible Technology Use

As a technology-driven organization, NETSOL relies on its information systems every day to deliver services, collaborate across locations and support its customers. Protecting these systems therefore starts with making sure that the right people have the right level of access, and that technology is used responsibly.

Our Acceptable Use Policy sets clear expectations for employees, consultants and interns when using NETSOL's IT assets, networks, information and user accounts. Access is managed according to least privilege and need-to-know principles, supported by unique user accounts, multi-factor authentication, password protection, restrictions on unauthorized software and data transfers, and encryption of laptops and removable media. Employees are also expected to promptly report suspected security incidents.

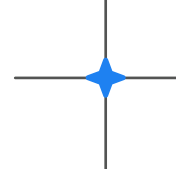
NETSOL manages access throughout the user lifecycle, with defined authorization, periodic access reviews and controls for role changes, employee departures and external-party access. Segregation of duties, formal access records and enhanced safeguards for privileged accounts further strengthen accountability and traceability.

Password security is supported through NETSOL's Password Management Policy, which establishes requirements for password complexity, reuse, account lockout and secure password management. Additional protections apply to administrative and other elevated-access credentials. Authentication secrets are treated as sensitive information and protected through secure storage, transmission and controlled password-reset processes.

Together, these practices help NETSOL maintain purposeful, accountable and secure access to its technology environment, supporting the protection of information and the resilience of the systems that underpin its operations.

Protecting Information through Secure Handling and Encryption

At NETSOL, protecting information is an important part of maintaining the trust placed in the Company by its employees, customers and other stakeholders. Data privacy is therefore treated as a fundamental element of NETSOL's governance approach. The Company's Data Privacy Policy provides the foundation for responsible handling of personal information, supported by established data protection practices and routine Privacy Impact Assessments (PIAs). These assessments help NETSOL identify potential privacy risks, evaluate whether existing safeguards remain effective and strengthen the protection of personal information throughout its lifecycle.



Zero

Identified Leaks, Thefts
or Loss of Customer
Data



Zero

Substantiated Customer
Privacy Complaints



This approach extends beyond privacy requirements to the way information is handled every day. NETSOL's Data Transference & Protection Policy guides employees in securely storing, accessing and transferring information, with particular attention to information that is business-critical or sensitive. Employees share responsibility for maintaining the confidentiality, integrity and availability of information, supported by controls covering secure storage, backups, removable media, email attachments and downloads.

Confidentiality

Integrity

Availability

Protected Information Exchange



Verify Recipients

Confirmation of
identity of intended
recipient



Avoid Unauthorized Channels

Usage of only
company-approved
channels



Avoid External Platforms

Use of external
file-sharing platforms
require approval



Secure Physical Transfers

Physical media transfer
is managed with
defined safeguards

Encryption

Adding an Essential Layer of Protection

 Protects Data at Rest	Confidential information on laptops, desktops and removable media are to be appropriately encrypted
 Protects Data in Transit	Information transmitted across untrusted networks are to be encrypted
 Special Protection for Personal Information	Additional safeguards reduce the risk of unauthorized disclosure during storage and transmission

Controls Around Cryptographic Technology

NETSOL manages cryptographic keys across their lifecycle, from secure generation and authorized distribution to protection, revocation, archiving and destruction. Controls safeguard keys against loss, misuse and unauthorized access, with compromised keys promptly revoked and retired keys securely archived or destroyed when no longer required.

Protecting Personal Data Across Lifecycle

NETSOL’s Personal Data Protection Policy establishes controls for managing Personally Identifiable Information (PII) throughout its information lifecycle, from collection and processing to storage, transfer, retention and secure disposal. Data minimization, defined processing purposes and need-to-know access principles help ensure that personal information is collected and used responsibly, with appropriate authorization and audit trails supporting accountability.

NETSOL also applies controls for data accuracy, retention, secure disposal, individual privacy rights and third-party data processing, supported by safeguards such as encryption, access controls, secure transmission, data masking and pseudonymization where appropriate.

These measures reinforce NETSOL’s Data Privacy and Responsible Information Systems governance priority and provide a key control for cybersecurity and data privacy risks by reducing exposure to unauthorized access, inappropriate disclosure, excessive retention and misuse of personal information.

Information Lifecycle



Information Security Oversight, Monitoring and Accountability

NETSOL maintains a structured information-security environment designed to safeguard its information assets, strengthen digital resilience and manage information-security risks across its technology landscape.

The Information Security Policy provides the foundation for this approach by establishing clear responsibilities and expectations for managing security risks. Its scope extends across key areas of the information-security lifecycle, including access management, network protection, incident response, encryption, vulnerability management, secure software development, business continuity and security awareness. These measures are embedded within NETSOL's Information Security Management System (ISMS), enabling security risks and control requirements to be addressed through a coordinated framework supported by risk assessments, incident reporting and formally managed exceptions.

NETSOL further strengthens this framework through continuous logging and monitoring of relevant technology environments. Security events are consolidated within a centralized Security Information and Event Management (SIEM) environment, enabling the identification and analysis of activities that may indicate security risks or unauthorized behavior. Monitoring extends to access attempts, privileged-user activity, identity and configuration changes, file-access events, malware indicators, unusual access patterns and other potential indicators of compromise.

Where anomalies or potential security events are identified, the relevant teams assess and investigate the activity and take appropriate corrective measures. Where necessary, evidence is preserved to support

investigation and response activities. This integrated approach enables NETSOL to maintain ongoing visibility over its information environment, strengthen accountability and respond to emerging security events in a timely and structured manner.

Data Privacy and Security

At NETSOL, data security and cybersecurity risk management are embedded in our corporate governance framework. We are committed to safeguarding our systems, data and user trust through robust policies, industry-leading standards and continuous improvement.

NETSOL's information security risk management framework is structured in accordance with ISO 27005 guidelines, which drive the systematic identification, assessment and mitigation of system vulnerabilities and data security risks across all operations, geographies and product architectures.

NETSOL undertakes periodic independent third-party assessments to evaluate the effectiveness of its governance controls and risk management processes. These external evaluations provide an objective basis for assessing the design and operation of relevant controls and supporting ongoing improvements in governance and risk management practices.



Certifications and Compliance:



Information
Security Management
System



IT Service
Management
System



Quality
Management
System



Service Organization
Control for Security
and Availability

Advanced Security Initiatives and Controls

Beyond standard frameworks, we deploy advanced, enterprise-grade security controls across our digital infrastructure.



Endpoint & Threat Prevention

- Endpoint Detection & Response (EDR/XDR)
- Data Loss Prevention (DLP)
- Host-based Firewalls
- Microsoft Intune Configuration



Network & Edge Defense

- Intrusion Detection / Prevention Systems (IDS/IPS)
- Web Application Firewalls (WAF)
- Distributed Denial of Service (DDoS) Protection
- Virtual Local Area Network (VLAN) Segregation

Threat Intelligence and User Awareness

Recognizing the rising threat of phishing and social engineering attacks, NETSOL integrates proactive threat intelligence and continuous user awareness initiatives to strengthen our human firewall.



Responsible AI Oversight and Innovation

As NETSOL advances its AI-first strategy, responsible AI governance is integral to its approach to sustainable innovation. AI is increasingly applied across product development, intelligent automation, data-driven decision-making and financial technology solutions, creating opportunities to enhance efficiency, customer value and innovation while introducing risks related to data privacy, intellectual property, bias, cybersecurity, human oversight and evolving regulatory requirements.

NETSOL is progressively developing its AI governance framework to ensure employee awareness, oversight of AI systems and tools, protection of confidential and customer information, and risk-based controls for higher-impact applications. The Company's longer-term ambition is to embed responsible AI as a measurable component of its technology and sustainability governance.

Key Performance Indicators	FY26 Performance	NETSOL's Ambition
 Technical employees completing responsible AI trainings	Baseline being established	100% of relevant technical employees
 AI systems being formally registered in NETSOL's AI inventory	Inventory being established	100% of identified AI systems
 AI-related data security incidents	Baseline being established	Zero material incidents
 AI policy violations / unauthorized AI tools usage	Baseline being established	Zero material violations
 AI systems subject to human oversight	Framework under development	Progressive coverage of relevant customer-facing and high-impact AI systems
 AI bias and performance testing	Framework under development	Periodic risk-based testing for relevant AI applications
 AI governance framework alignment	Under development	Progressive alignment with ISO/IEC 42001, NIST AI RMF and applicable regulatory requirements

Tech Resilience and Business Continuity

Industry-based metric

Maintaining Control as Technology Evolves

NETSOL's technology resilience is supported through preventive cybersecurity controls, business continuity planning, infrastructure redundancy and structured recovery arrangements. The Anti-Malware Policy establishes baseline protection across systems through real-time monitoring, heuristic analysis, anti-phishing controls, automated updates and periodic scanning, including safeguards for email, downloads and removable media.

The Business Continuity Plan (BCP) supports the continuity and recovery of critical operations during disruptive events. NETSOL's distributed arrangements are complemented by replicated source-code repositories, encrypted backups, redundant connectivity and storage, virtual infrastructure, remote-working capabilities and resilient power arrangements, including UPS systems and generators. These measures strengthen NETSOL's ability to respond to cyber incidents, and infrastructure disruptions.

As the technology environment is evolving, NETSOL is applying structured controls through its Change Management Policy and Configuration Management Policy. Changes to applications and technology services are documented, risk-assessed, authorized, tested and implemented through controlled processes, with rollback and post-implementation review where required. Approved configuration baselines, asset records, security checks and controls over development and production environments further support system integrity and traceability. Together, these practices enable NETSOL to evolve its technology environment while maintaining operational stability, security and resilience.

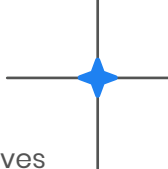
Reliable Technology and Services

NETSOL identifies technology disruption as a business continuity risk because availability of cloud-based applications and supporting infrastructure is critical to service delivery. Our resilience model combines cloud infrastructure, backups, disaster recovery, high availability, infrastructure monitoring, operational controls and high-availability practices across Amazon Web Services (AWS) and Azure environments, to ensure continuity, protect data and maintain trust.

During FY26, no significant service disruption occurred. All production services remained available and operational with no customer impact.

Business Continuity and Climate Resilience

Business continuity risks associated with technology disruptions may arise from pandemics, war, cyber threats, political unrest, environmental risks, technology failures, power outages and natural disasters, potentially affecting technology infrastructure, systems availability, data integrity, connectivity and critical



operations. Within this broader risk landscape, extreme rainfall, urban flooding and prolonged heatwaves may particularly affect facility access, power availability, connectivity, data-center operations and employee mobility. NETSOL relies on data-center and hardware infrastructure provided by third-party partners, including Dell and HP, with environmental considerations such as energy efficiency and water use incorporated into their infrastructure planning and design practices. These factors are considered through NETSOL's engagement with and reliance on these providers when planning and managing its technology infrastructure.

NETSOL's Business Continuity and Disaster Recovery framework establishes predefined response and recovery arrangements for site and city-wide disruptions, supported by backup power and cooling infrastructure and on-demand work-from-home capability. These measures help maintain critical services during weather-related disruptions and strengthen NETSOL's resilience to climate-related events.



> Business Continuity Risk Profile

Sr. No.	Risk	Loss Assessment	Probability	Potential Impact
1	AWS region outage affecting application availability	Service downtime, potential revenue loss and customer impact	Low	High
2	EC2 instance failure or infrastructure issue	Application unavailable until instance is restored	Low	Low
3	Data loss due to application bug or incorrect deployment	Data recovery required from backups	Low	High
4	Azure DevOps pipeline failure or deployment issue	Delays in production deployments	Medium	Medium
5	Network connectivity issue between services	Application performance degradation	Medium	Medium

Business Continuity Controls:

Remote work enablement /VPN

Supports continuity during location-based disruption

Endpoint detection and response

Supports detection and response to endpoint threats

Geo-redundant deployment

Provides alternate infrastructure capability

Vulnerability assessment and penetration test

Supports identification of security weaknesses

Data replication across regions

Supports recovery and continuity of data

High-availability architecture

Reduces dependence on a single infrastructure component

Multi-factor authentication

Strengthens access security

Regular patch management

Reduces exposure to known vulnerabilities

Disaster recovery site

Provides recovery capability if primary services are disrupted

Fire suppression and detection systems

Protects infrastructure from facility-related hazards

UPS, backup generators and solar feeds

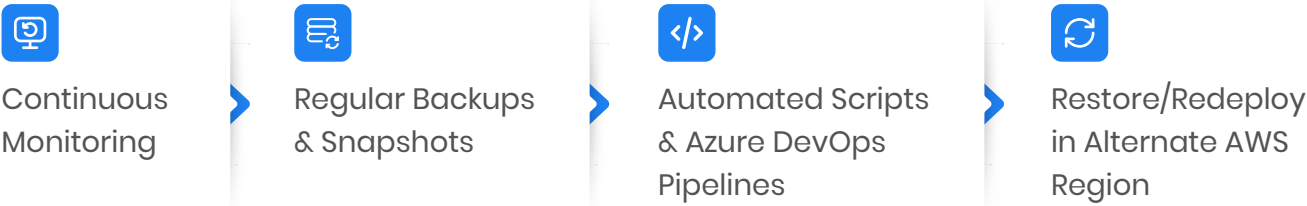
Supports continuity during power disruption

Offsite backup

Provides an additional recovery copy

Addressing Tech Vulnerabilities

NETSOL takes an integrated approach to protecting its technology environment, combining vulnerability management, secure infrastructure, controlled technology use and resilient recovery capabilities. Our technology operating model balances outsourced cloud infrastructure with in-house capabilities across DevOps and Continuous Integration / Continuous Delivery (CI/CD), Kubernetes and platform operations, database and backup management, security monitoring and application maintenance. This combination enables NETSOL to maintain operational control over critical technology functions while leveraging scalable cloud infrastructure.



Vulnerabilities are identified and addressed through structured assessments, penetration testing and risk-based patch management covering relevant servers, workstations, virtual machines and network devices. Identified weaknesses are prioritized according to risk, remediated by the relevant technical teams and revalidated following corrective action. Where immediate patching is not feasible, alternative safeguards, including vendor-recommended workarounds, enhanced access controls, service restrictions and increased monitoring may be applied, with outstanding vulnerabilities remaining subject to ongoing review and formal risk assessment where required.

Cloud-Service Operations and Delivery Model

A blend of outsourced cloud infrastructure and in-house capabilities ensures agility, control and resilience across our technology stack.



Critical Business Operation	Delivery Model
Cloud Infrastructure Hosting (AWS)	Outsourced
DevOps & CI/CD Management	Owned / In-house
Kubernetes & Platform Operations	Owned / In-house
Database & Backup Management	Owned / In-house
Security Monitoring	Owned / In-house
Application Maintenance	Owned / In-house

NETSOL also maintains layered protection across endpoints and network infrastructure. Company-owned laptops are secured through Active Directory integration, password controls, anti-malware protection, software firewalls, security patches and full-disk encryption, while access by non-NETSOL devices to the Company network is restricted. Network security is reinforced through authentication, firewalls, segmentation, controlled routing and restrictions on unnecessary ports and services. Relevant network activity is logged and monitored through the SIEM environment, with Data Loss Prevention controls applied where confidential information is processed or transmitted.

Business continuity is not just a plan for NETSOL; it is a mindset reflected in how we continuously invest in people, processes and technology to deliver reliable services and build lasting trust with our customers.

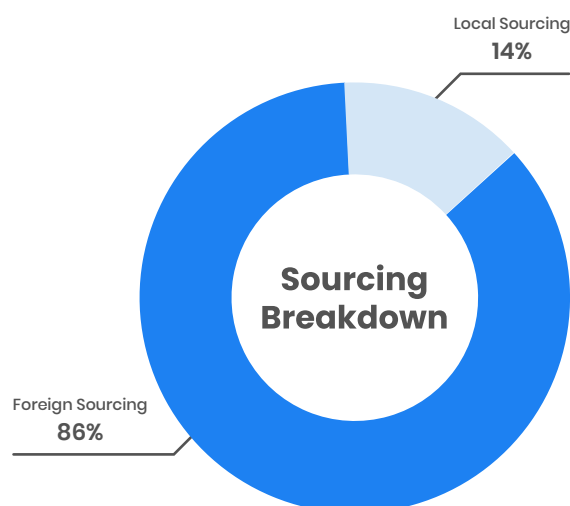
This commitment also extends to the responsible management of software and intellectual property. NETSOL restricts software installation and configuration to authorized personnel, maintains appropriate licensing records and conducts periodic reviews to identify unlicensed, obsolete or unsupported applications. Software outside the approved environment is subject to appropriate evaluation and authorization, while employees are expected to comply with applicable copyright, licensing and intellectual property requirements.

Together, these practices support responsible technology use while protecting the integrity of NETSOL's digital environment and the intellectual property entrusted to it.

Sustainable Procurement Practices

Industry-based metric

As NETSOL continues to strengthen the resilience of its value chain, the Company is considering a phased approach to progressively integrate environmental, social and governance (ESG) considerations into procurement and supplier management. NETSOL's sourcing strategy leverages a mix of global, regional and local suppliers to address customer needs, with supplier selection guided by business requirements, quality, cost efficiency and service reliability. Engagement with local suppliers is encouraged wherever feasible, supporting local economic development while helping mitigate supply chain risks.



The proposed approach adopts a risk-based, lifecycle-oriented perspective, recognizing that the level of sustainability due diligence may vary based on a supplier's financial significance, environmental impact, strategic importance and exposure to sustainability-related risks. It is intended to provide a practical pathway from foundational governance and supplier expectations toward risk-based assessment, contractual integration, performance monitoring and continuous improvement, with greater focus on supplier relationships with the greatest potential impact while maintaining a proportionate approach for lower-risk and transactional suppliers.

The roadmap ahead outlines the Company's planned direction for strengthening the sustainable procurement practices. The Company will continue to refine and strengthen the plan as it progresses, incorporating evolving priorities, insights and implementation experience to support effective execution.

Phase **Build Foundations for Sustainable Procurement**

01

Establish the governance, and policies needed to integrate ESG into supplier management

2027

Establish the foundational policies, and expectations and provide trainings for ESG integration across procurement, including a review of existing practices to identify gaps and opportunities. Develop a Supplier Code of Conduct covering standardized ESG criteria and a scalable supplier assessment methodology.



Phase **Assess Supplier ESG Maturity and Potential Impact**

02

Directing due diligence toward strategic, high-impact and higher-risk supplier relationships

2027

Develop a risk-based supplier prioritization approach using procurement spend, GHG emissions' impact and strategic criticality. Establish supplier screening and self-assessment mechanisms, with focus on high-impact Scope 3 emissions' contributing categories and less substitutable suppliers.



Phase **Embed ESG Across Supplier Lifecycle**

03

Translate sustainability expectations into sourcing, contracting and supplier management

2028

Embed ESG considerations across the supplier lifecycle, from pre-qualification and selection through contracting and ongoing performance management, supported by relevant ESG criteria, KPIs, reporting expectations and corrective-action requirements.



Phase **Establish Worker Grievance Mechanisms**

04

Strengthen visibility of social risks beyond direct supplier relationships

2029

Establish accessible grievance channels for supplier workers and subcontractors, enabling confidential reporting of labor, safety, discrimination, harassment and other ESG concerns, supported by non-retaliation, investigation, resolution and corrective-action processes.



Phase **Strengthen Engagement and Monitoring Performance**

05

Use supplier performance insights to progressively strengthen the framework

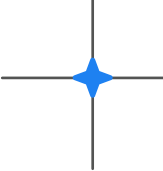
2030

Strengthen supplier engagement through ESG expectations, awareness and capacity building, while promoting responsible sourcing. Establish periodic monitoring and supplier ESG self-assessments, supported by relevant sustainability and Scope 3 data to track performance, guide corrective action and refine the framework.



Asset Exposure

Cross-industry metric



NETSOL assesses its asset base against the climate-related physical and transition risks and opportunities identified in its Sustainability-related Risks and Opportunities Portfolio, recognizing an asset as exposed only where a direct and evidenced pathway exists. Given its asset-light software model, the Company's exposure is concentrated in a limited number of physical assets at its Lahore campus, while capital deployed during the year was directed towards on-site renewable generation. All amounts represent carrying amounts as at June 30, 2026, as reported in Note 6 to the unconsolidated financial statements.

Assets vulnerable to Physical Risks

PKR 477.1m

2.7% of total assets

33.2% of property and equipment

R8 Extreme Weather Events

R9 Air Quality

Assets are classified as vulnerable where a hazard identified through the scenario analysis acts directly on the asset through physical damage, reduced output, increased operating costs or a shortened useful life. This includes owned buildings exposed to heavy rainfall and flooding (R8), air-conditioning systems affected by increased heat loads (R8) and smog filtration requirements (R9), diesel generators subject to increased outage-driven operation (R8), and the solar array exposed to hailstorms (R8) and smog (R9). Other assets are not separately identifiable and are therefore not quantified.

Assets vulnerable to Transition Risks

PKR 264.2m

1.5% of total assets

18.4% of property and equipment

R10 Transition to Low Carbon Economy

R11 Carbon Tax

Assets are classified as vulnerable where their use generates Scope 1 emissions that could be subject to a carbon price (R11), or where the transition to low-carbon technology could increase operating costs or shorten their useful lives (R10). This includes company owned and controlled vehicles using petrol and diesel (R11), diesel generators (R11), and air-conditioning systems exposed to refrigerant leakage (R11) and cooling-efficiency requirements (R10).

Opportunities – Assets Aligned

PKR 93.2m

0.5% of total assets

6.5% of property and equipment

O5 Sustainable Product

Mitigates R10, R11

The on-site solar array is the only asset aligned with a sustainability-related opportunity. By displacing grid electricity, it lowers the carbon intensity of the platforms NETSOL operates, supporting the Sustainable Product opportunity (O5), and reduces the Company's exposure to the low-carbon transition and to potential carbon pricing (R10, R11). The array is recorded within other equipment and installations and electric fittings in Note 6, and it is also classified above as vulnerable to physical risk, as hailstorms and smog act directly on its output.

Capital Deployment – FY26

PKR 95.2m

9.8% of capital expenditure
of PKR 966.6m invested in FY26

R3 Energy Supply Disruptions

R10, O5

Capital deployed in FY26 comprises PKR 95.2m invested in the on-site solar array, recorded as other equipment and installations of PKR 61.3m and electric fittings of PKR 33.9m (Note 6). The investment is reported under Energy Supply Disruptions (R3), where energy resilience was judged its primary driver, and is cross-referenced to R10 and O5. It was funded from internal resources: the Company's long-term financing relates to vehicles (Note 6.1.2), and no climate-related financing was raised during the year.

Property Plant and Equipment	Carrying Amount (PKR '000')	Physical Risk (PKR '000')	Transition Risk (PKR '000')	Opportunity-aligned (PKR '000')
Buildings on freehold land	453,131	453,131 R8	–	–
Air conditioners	12,739	12,739 R8 · R9	12,739 R10 · R11	–
Generators (diesel)	6,968	6,968 R8	6,968 R11	–
Solar array	93,248	4,248 ¹ R8	–	93,248 O5
Vehicles	244,499	–	244,499 R11	–
Computer equipment and installations²	121,260	–	–	–
Furniture, fixtures and office equipment	60,828	–	–	–
Land – freehold	254,229	–	–	–
Other	188,681	–	–	–
Total	1,435,583	477,086	264,206	93,248
% of property plant & equipment	100%	33.2%	18.4%	6.5%
% of total assets	8.1%	2.7%	1.5%	0.5%

¹The Company's exposure to physical climate risks affecting the solar infrastructure is limited to the portion of potential losses not covered by insurance.

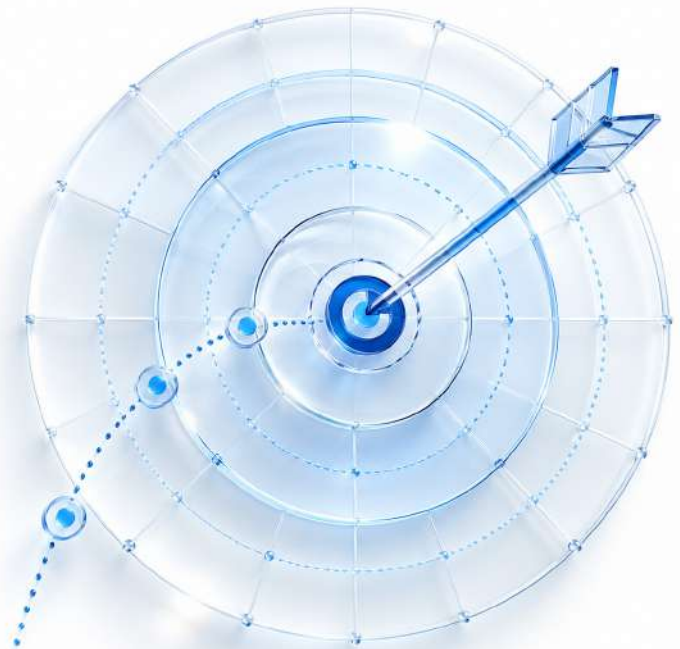
²Data-center hardware exposed to R8 and R10 is included within the overall hardware infrastructure and is not separately identifiable

The Company maintains insurance coverage over key assets, the data center, IT equipment, furniture and fixtures, Variable Refrigerant Flow (VRF) systems and other electronic equipment. However, the allocation of insurance coverage to individual asset categories remains subject to uncertainty and significant judgement. Accordingly, asset exposure has been presented on a gross basis (except for solar array) for the current reporting period. The Company plans to formalize the assessment of net asset exposure, including the allocation of insurance coverage, from the next reporting year.

> Our Targets and Commitments

FY26 marks the first year in which NETSOL has measured its sustainability performance through a consolidated set of metrics, establishing a baseline across key areas including its greenhouse gas inventory, workforce, and risk management. Building on this baseline, the Company has established its first set of sustainability targets, with an initial focus on strengthening the systems, data and processes required to support consistent measurement, comparability and accountability over time.

Each target is linked to a sustainability- or climate-related risk or opportunity identified through the Company's assessment and is subject to oversight by the Sustainability Committee within the Company's defined strategic time horizons. Collectively, these targets establish a structured pathway from baseline-setting and capability development towards measurable and accountable progress. As FY26 represents the Company's baseline year for consolidated sustainability performance measurement, NETSOL intends to progressively establish more definitive and measurable targets in future reporting cycles, informed by improved data availability, performance trends, evolving business priorities, and the maturity of its sustainability management systems.



01 SUSTAINABILITY-RELATED

Resilience by Design

Full integration of sustainability- and climate-related risks and opportunities into Enterprise Risk Management (ERM)

FY2029

PHASE 1 OF 4 ACHIEVED

02 SUSTAINABILITY-RELATED

A Responsible Value Chain

ESG and climate criteria embedded across the supplier lifecycle

FY2030

BASELINE SET · LAUNCH FY2027

03 HUMAN CAPITAL

Balance at Work

Women to make up 30% of NETSOL's total workforce

30%

FY26 BASELINE: 21%

Setting and Steering Our Targets

NETSOL’s sustainability targets are established through the governance structure responsible for overseeing the Company’s sustainability-related risks and opportunities. Each target is linked to at least one material risk or opportunity identified in the Sustainability-related Risks and Opportunities Portfolio and aligned with the Company’s short- (0–2 years), medium- (2–5 years) and long-term (5–10 years) planning horizons. Targets are measured from FY2026, which represents the first year for which consolidated baseline data is available across key areas, including energy, emissions, workforce, procurement and risk management. The targets are also considered within NETSOL’s Climate Transition Plan, which is under development with reference to the Paris Agreement and Pakistan’s Nationally Determined Contribution (NDC) 3.0. The Plan is intended to provide a framework for strengthening climate resilience, managing value-chain considerations and progressively reducing greenhouse gas emissions across the relevant planning horizons.

Oversight and implementation are distributed across NETSOL’s governance and management structure. The Board of Directors retains ultimate oversight and approves sustainability targets and material revisions. The Sustainability Committee reviews performance and monitors progress on a semi-annual basis, while the Risk Management Committee coordinates the integration of sustainability-related risks into the broader risk management framework. The Chief Executive Officer provides executive direction and oversees implementation, with management and functional heads responsible for delivery within their respective areas. Sustainability Risk Champions support implementation by collecting and validating performance data and maintaining the Sustainability Risk and Opportunity Register. Internal Audit provides independent assurance over the sustainability risk and opportunity management process in accordance with the approved audit plan.

A disciplined target lifecycle





Targets required by law or regulation

NETSOL is not subject to any climate-related target imposed by law or regulation in the jurisdictions in which it operates.



Third-party validation

None of NETSOL's targets, or the methodologies used to set them, has been validated by a third party. Internal Audit provides independent internal assurance over the sustainability risk and opportunity process that underpins them.



Revisions to targets

FY26 is the first year in which NETSOL discloses targets, so no revisions have been made. Targets will be reassessed following a material change in the business, regulation or methodology, and any revision will be disclosed with its rationale.



For further details on related disclosures, refer:

[Sustainability Committee](#) , [Risk Governance Framework](#) , [Climate Transition Plan](#)

01 Resilience by Design

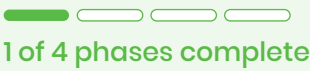


Fully integrate material sustainability- and climate-related risks and opportunities into NETSOL's Enterprise Risk Management framework by FY2029

Base year
FY2026

Target year
FY2029

FY26 Performance
On track



NETSOL established its Sustainability Risk Management Framework in FY2026 to provide a structured approach for identifying, assessing and managing sustainability-related risks and opportunities. This framework represents a progression from parallel consideration of sustainability matters towards an integrated view of risks and opportunities within the Company's overall risk management process.

Target Attribute	Details
Metric used to set the target	Completion of the four-phase integration roadmap, with material sustainability- and climate-related risks and opportunities incorporated into the enterprise risk register with assigned owners, ERM-aligned ratings and key risk indicators. The metric is entity-developed.
Objective	To strengthen adaptation and resilience by managing climate-related physical risks and transition risks together with other material sustainability-related risks and opportunities, through a single enterprise-wide risk management process that supports strategic decision-making and informs financial planning and capital allocation.
Part of the entity covered	The target applies across NETSOL, covering all functions represented by the Sustainability Risk Champions and all operating locations within Lahore, Karachi and Rawalpindi, consistent with the reporting boundary of the unconsolidated financial statements.
Period over which the target applies	FY2027 to FY2029
Base period	FY2026
Milestones and interim targets	Phase 2 – Connect (FY2027); Phase 3 – Integration (FY2028); Phase 4 – Strengthen (FY2029, continuous enhancement beyond the target)
Absolute / intensity target	The target is qualitative and milestone-based

Monitoring Indicator

- ▶ SRROs integrated into the enterprise risk register



For further details on related disclosures, refer:
[Sustainability and Climate-related Risks and Opportunities Portfolio](#) , [Building a Resilient Risk Architecture](#) , [Climate Scenario Analysis](#)

02 A Responsible Value Chain



Embed environmental, social and governance criteria across NETSOL's supplier lifecycle through a phased sustainable procurement program by FY2030

Base year
FY2026

Target year
FY2030

FY26 Performance
Baseline Established

NETSOL's procurement model is predominantly foreign-based by expenditure, with international sourcing accounting for 86% of total procurement spend and local sourcing representing 14%, despite local procurement comprising a higher volume of transactions. Most purchases are made on a spot-buying basis, with no formal ESG due diligence currently applied to suppliers. This limits visibility into the environmental and social practices of vendors supporting the Company's hardware, software, cloud and facilities requirements, as reflected in Supply Chain Due Diligence (R2).

This also affects the availability and quality of value-chain emissions data. Purchased goods and services, capital goods and upstream transportation account for 589 tCO₂e, representing 15% of the Company's total footprint, and are currently estimated using spend- and distance-based factors rather than supplier-specific data. The pathway is designed to strengthen supplier oversight and improve value-chain emissions data, supporting the Responsible Technology & Procurement initiative under the Climate Transition Plan.

Target Attribute	Details
Metric used to set the target	Completion of the five-phase Sustainable Procurement Roadmap, measured through Supplier Code of Conduct adoption, ESG screening of critical and high-risk suppliers, and the proportion of purchased- and capital-goods emissions supported by supplier-specific data. These are entity-developed metrics.
Objective	To strengthen supplier climate and ESG practices, enhance upstream Scope 3 data quality, and reduce supply chain due diligence risk
Part of the entity covered	All procurement activities across NETSOL's Lahore, Karachi and Rawalpindi operations, covering suppliers of goods and services, including IT hardware, software, cloud, telecommunications, facilities and capital goods.
Period over which the target applies	FY2027 to FY2030
Base period	FY2026
Milestones and interim targets	Phase 1 – Build foundations (FY2027); Phase 2 – Assess supplier ESG maturity and impact (FY2027); Phase 3 – Embed ESG across the supplier lifecycle (FY2028); Phase 4 – Establish worker grievance mechanisms (FY2029); Phase 5 – Strengthen engagement and monitor performance (FY2030)
Absolute / intensity target	The target is qualitative and milestone-based, supported by relative (%) indicators to track progress.

Monitoring Indicators

- ▶ Active vendors signed on to the Supplier Code of Conduct
- ▶ Critical and high-risk suppliers screened against ESG criteria
- ▶ Scope 3 Categories 1 and 2 calculated with supplier-specific data



For further details on related disclosures, refer:

[Sustainability and Climate-related Risks and Opportunities Portfolio](#) , [Sustainable Procurement Practices](#) , [Emissions](#)

03 Balance at Work



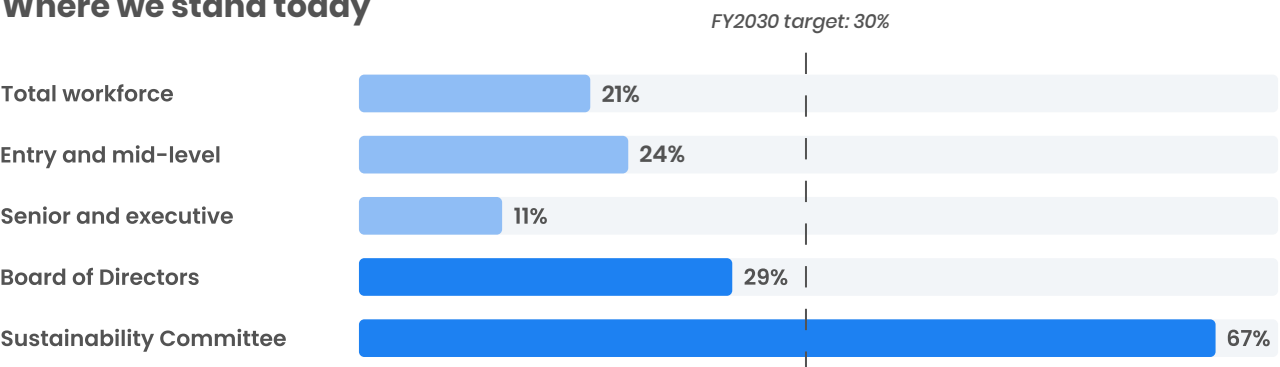
Increase the representation of women to 30% of NETSOL's total workforce by FY2030

Base year
FY2026

Target year
FY2030

NETSOL promotes gender equality through equitable recruitment, career advancement and leadership opportunities, supported by women-focused development initiatives, day-care facilities, paid maternity leave, flexible work arrangements and dedicated transport for female employees.

Where we stand today



Target Attribute	Details
Metric used to set the target	Women as a percentage of total workforce headcount at the reporting date, including full-time and contracted employees
Objective	To strengthen gender diversity across the workforce, widening access to talent and supporting retention
Part of the entity covered	The entire workforce of NETSOL Technologies Limited, across all levels, functions and locations
Period over which the target applies	FY2027 to FY2030
Base period	FY2026
Absolute / intensity target	Quantitative, and relative measure
Milestones & interim targets	Interim targets have not yet been established.

Monitoring Indicator

► Male to Female Ratio



For further details on related disclosures, refer:
[Diversity, Equity and Inclusion , Representation Across Employee Lifecycle](#)

07

Indices



> INDEX A: SASB – Software & IT Services

SASB Code	Accounting Metric	Disclosure/ Page Reference
Environmental Footprint of Hardware Infrastructure		
TC-SI-130a.1	Total energy consumed Percentage grid electricity Percentage renewable	Pg. 140
TC-SI-130a.2	Total water withdrawn Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	N/A Pg. 155-156
TC-SI-130a.3	Discussion of integration of environmental considerations into strategic planning for data center needs	Pg. 186
Data Privacy & Freedom of Expression		
TC-SI-220a.1	Description of policies and practices relating to targeted advertising and user privacy	Pg. 178-179
TC-SI-220a.2	Number of users whose information is used for secondary purposes	Pg. 67
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Pg. 68
TC-SI-220a.4	- Number of law enforcement requests for user information - Number of users whose information was requested - Percentage resulting in disclosure	Nil N/A N/A
TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering or censoring	N/A
Data Security		
TC-SI-230a.1	- Number of data breaches - Percentage that are personal data breaches - Number of users affected	Pg. 67 N/A N/A
TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Pg. 182-184
Recruiting & Managing a Global, Diverse & Skilled Workforce		
TC-SI-330a.1	Percentage of employees that require a work visa	Pg. 160
TC-SI-330a.2	Employees engagement as a percentage	Pg. 163
TC-SI-330a.3	Percentage of gender and diversity group representation for - Executive management, - Non-executive management - Technical employees, and - All other employees	Pg. 160-162
Intellectual Property Protection & Competitive Behavior		
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Pg. 63
Managing Systemic Risks from Technology Disruptions		
TC-SI-550a.1	Number of performance issues Number of service disruptions Number of total customer downtime	Pg. 53
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Pg. 187-189

SASB Code	Activity Metric	Disclosure
TC-SI-000.A	- Number of licenses or subscriptions - Percentage cloud-based	48 15%
TC-SI-000.B	- Data processing capacity - Percentage outsourced	6128 Ghz Of the total aggregate data processing capacity, 6.5% is outsourced to Azure Cloud.
TC-SI-000.C	- Amount of data storage - Percentage outsourced	2.27 PB 4.7%

> INDEX B: SECP ESG Disclosures

Environment

Metric	Key Performance Indicator	Disclosure/ Page Reference
GHG Emissions	Total amount of carbon and greenhouse gas emissions in metric tons Total amount in CO2 equivalents, for Scope 1, Scope 2 and Scope 3 (if applicable)	Pg. 144
Emissions Intensity	Total GHG emissions per output scaling factor (e.g. revenues, sales, units produced) Total non-GHG emissions per output scaling factor	Pg. 152 N/A
Energy Usage	Total amount of energy directly consumed Total amount of energy indirectly consumed	Pg. 140
Energy Intensity	Total direct energy usage per output scaling factor	Pg. 143
Energy Mix	Percentage of energy usage by generation type Energy consumption from renewable sources as a percentage of total energy consumption	Pg. 140
Water Usage	Total amount of water consumed Total amount of water reclaimed	Pg. 155 N/A
Environmental Operations	Does our company follow a formal environmental policy? Does our company follow specific, waste, water, energy and/or recycling policies? Specify the quantity of waste recycled or re-used as a percentage of total waste for the current period Does our company use a recognized energy management system?	Yes: pg. 30 Yes: pg. 30 Pg. 155 No
Environmental Oversight	Does our Board/Management team oversee and/or manage climate-related risks? Does our Board/Management team oversee and/or manage other sustainability issues?	Yes: pg. 132
Sustainable Sourcing	Does our company have a policy and procedures in place for sustainable sourcing?	Pg. 189-190
Climate Risk Mitigation and Adaptation	Climate-related transition and physical risks, climate-related opportunities, capital deployment, internal carbon prices	Pg. 37, pg. 154, pg. 192

INDEX B: SECP ESG Disclosures

Social

Metric	Key Performance Indicator	Disclosure/ Page Reference
CEO Pay Ratio	CEO total compensation to median Full-time Equivalent (FTE) total compensation Does our company report this metric in regulatory filings?	Refer Annual Report FY26 Yes
Gender Pay Ratio	Ratio of median male compensation to median female compensation	Pg. 173
Employee Turnover	Percentage of year-over-year change for - Full-time employees - Part-time employees - Contractors and/or consultants	N/A, as it is first year of reporting
Gender Diversity	Percentage of total enterprise headcount held by men and women Percentage of entry- and mid-level positions held by men and women Percentage of senior- and executive-level positions held by men and women	Pg. 160
Temporary Worker Ratio	Percentage of total enterprise headcount held by - Part-time employees - Contractors and/or consultants	Zero Pg. 158
Non-Discrimination	Does our company have a sexual harassment and/or non-discrimination, diversity, inclusion policy? Is there a confidential grievance, resolution, reporting and non retaliation mechanism and procedure to address and respond to incidence of harassment and violence? Percentage of differently-abled women and men in the workforce	Yes: pg. 29 Yes: pg. 163 Men: 0.74%, Women: 0.09%
Global Health and Safety	Does our company follow an occupational health and/or global health & safety policy?	No: pg. 165
Child and Forced Labor	Does our company follow a child and/or forced labor policy? If yes, does our child and/or forced labor policy also cover suppliers and vendors?	NETSOL complies with applicable labor laws N/A
Corporate Social Responsibility	List of CSR activities undertaken along with total time spent on these and amounts (PKR) allocated to these	Pg. 171-172
Employee Training and Succession Planning	Number of training sessions held on following. Also number of employees and workers trained on these: - Skills upgradation - Soft skills - Health and safety measures Percentage of women and men promoted during year	Pg. 170 Men: 79.8%, Women: 20.2%
Human Rights	Does your company follow a human rights policy? If yes, does your human rights policy also cover suppliers and vendors?	Yes: pg. 171
Working Conditions	Number of complaints made by employees regarding working conditions during the reporting period Number of complaints regarding working conditions resolved	Zero Zero
Injury Rate	Percentage of frequency of injury events relative to total workforce time Number of safety-related incidents during the reporting year and Number of lost production hours as a result Percentage of employees/workers covered with Health and Safety Insurance	Zero Zero 100%
Marketing	Does our company have a responsible gender sensitive marketing communication policy or a commitment embedded in larger corporate policy?	Yes: pg. 30

INDEX B: SECP ESG Disclosures

Governance

Metric	Key Performance Indicator	Disclosure/ Page Reference
Board Diversity	Percentage of total board seats occupied by men and women Percentage of committee chairs occupied by men and women	Men: 71.4%, Women: 28.6% Men: 60%, Women: 40%
Board Independence	Does our company prohibit CEO from serving as board chair? Percentage of total board seats occupied by independents	Yes 28.6%
Board Competence	Percentage of ESG-certified board members	Pg. 23
Incentivized Pay	Are executives formally incentivized to perform on sustainability?	Pg. 28
Collective Bargaining	Percentage of total enterprise headcount covered by collective bargaining agreement(s)	N/A
Supplier Code of Conduct	Are your vendors or suppliers required to follow a Code of Conduct? If yes, what percentage of our suppliers have formally certified their compliance with the code?	No N/A
Ethics and Anti-Corruption	Does our company follow an Ethics and/or Anti-Corruption policy? If yes, what percentage of our workforce has formally certified its compliance with the policy?	Yes: pg. 175-176
Data Privacy	Does our company follow a Data Privacy policy? Has our company taken steps to comply with general data protection rules/framework?	Yes: pg. 29 Yes: pg. 64, pg. 67
Sustainability Reporting	Does our company publish a sustainability report? Is sustainability data included in our regulatory filings?	Yes Yes
Disclosure Practices	Does our company provide sustainability data in line with any sustainability reporting frameworks? Does our company focus on specific UN Sustainable Development Goals (SDGs)? Does our company set targets and report progress on the UN SDGs?	Yes Yes Yes: pg. 199
External Assurance	Are our sustainability disclosures assured or validated by a third party?	N/A as it is first year of reporting



INDEX C: PSX Minimum UN SDGs



Indicators	Disclosure/ Page Reference
Whether or not policies were in place at your company to promote equality and non-discrimination on the basis of gender in FY26	Yes: pg. 29
Whether or not policies were in place at your company to enforce equality and non-discrimination on the basis of gender in FY26	Yes: pg. 29
Whether or not policies were in place at your company to monitor equality and non-discrimination on the basis of gender in FY26	Yes: pg. 29
Whether a sexual harassment policy was in place at your company in FY26	Yes: pg. 29
Whether a physical harassment policy was in place at your company in FY26	Yes: pg. 29
Whether a psychological harassment policy was in place at your company in FY26	Yes: pg. 29
Whether a grievances solving mechanism relevant to sexual, physical and psychological violence is in place at your company in FY26	Yes: pg. 163
Physical, sexual or psychological violence in FY26	Zero
Proportion of women in managerial position at your company in FY26	Pg. 160
Proportion of women in the workforce at your company in FY26	Pg. 160
Number of women on the board of your company in FY26	Pg. 19
Percentage of board seats held by women at your company in FY26	Pg. 25



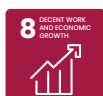
Indicators	Disclosure/ Page Reference
Fresh Water consumed per employee or/ and output at your company in FY26	331.7 liters per employee



Indicators	Disclosure/ Page Reference
Renewable energy share in the total final energy consumption at your company in FY26	Pg. 140
PKR value of investment to enhance energy efficiency at your company in FY26	Pg. 50



Indicators	Disclosure/ Page Reference
CO ₂ emissions at your company per employee or/ and unit of output in FY26	Pg.152



Indicators	Disclosure/ Page Reference
Proportion of informal (contract, casual and daily wage) employment in non-agriculture areas at your company, by gender in FY26	N/A
Average hourly earnings of managerial and non-managerial employees at your company, by gender in FY26	Managerial: PKR 3,863 Non-managerial: PKR 1,502
Average hourly earnings of your managerial and non-managerial employees with disabilities, by gender in FY26	Pg.162-163
Minimum wage of employees at your company in FY26	PKR 41,301
Number of net new jobs created at your company, by gender and persons with disabilities in FY26, with type of jobs	Men: 144, Women: 33, Disabled Persons: 0
Proportion of your employees with disabilities in FY26	Men: 0.74%, Women: 0.09%
Frequency rates of fatal and non-fatal occupational injuries at your company, by gender and migrant status in FY26	Zero
Was your company compliant to labor rights based on national legislation in FY26	Yes
Was your company compliant to labor rights based on provincial legislation in FY26	Yes



Indicators	Disclosure/ Page Reference
Amount of hazardous waste generated by your company in FY26	N/A
Proportion of hazardous waste treated by your company in FY 26, by treatment type	N/A
Did your company treat its hazardous waste in accordance with the international multilateral agreements signed by the Government of Punjab in FY26	N/A
Amount of waste material generated by your company in FY26	N/A
Tons of waste material recycled by your company in FY26	N/A
Did your company publish its sustainability report in FY26	Yes
Did your company report on the SDGs in FY26	Yes

> INDEX D: IFRS S1 & S2 Disclosures

Governance

Reference	Disclosure Requirement	Page Reference
S1.27(a)(i) / S2.6(a)(i)	Identity of, and information about, the governance body(s) or individual(s) responsible for oversight of sustainability-related and climate-related risks and opportunities, and how these responsibilities are reflected in the body's terms of reference, mandates, role descriptions and other related policies.	Pg. 19, pg. 24-26
S1.27(a)(ii) / S2.6(a)(ii)	How the governance body or individual determines whether appropriate skills and competencies are available, or will be developed, to oversee strategies designed to respond to sustainability-related and climate-related risks and opportunities.	Pg. 20-23, pg. 26
S1.27(a)(iii) / S2.6(a)(iii)	How, and how often, the governance body or individual is informed about sustainability-related and climate-related risks and opportunities.	Pg. 26, pg. 133
S1.27(a)(iv) / S2.6(a)(iv)	How the governance body or individual takes sustainability-related and climate-related risks and opportunities into account when overseeing strategy, decisions on major transactions and risk management policies, including any related trade-offs considered.	Pg. 25-26, pg. 132
S1.27(a)(v) / S2.6(a)(v)	How the governance body or individual oversees the setting of targets related to sustainability-related and climate-related risks and opportunities, monitors progress towards those targets, and whether and how related performance metrics are reflected in remuneration policies.	Pg. 26, pg. 28, pg. 194
S1.27(b)(i) / S2.6(b)(i)	Management's role in the governance processes, controls & procedures used to monitor, manage and oversee sustainability-related & climate-related risks & opportunities, including whether this role is delegated to a specific management-level position or committee & how oversight is exercised over it.	Pg. 24, pg. 27, pg. 132-133
S1.27(b)(ii) / S2.6(b)(ii)	Whether and how management uses controls and procedures to support the oversight of sustainability-related and climate-related risks and opportunities, and how these controls and procedures are integrated with the entity's other internal functions.	Pg. 27, pg. 131-133

Strategy – Risks and Opportunities

Reference	Disclosure Requirement	Page Reference
S1.30(a) / S2.10(a)	Description of the sustainability-related & climate-related risks & opportunities that could reasonably be expected to affect the entity's prospects.	Pg. 35-116
S2.10(b)	For each climate-related risk identified, whether the entity considers it to be a climate-related physical risk or a climate-related transition risk.	Pg. 37, pg. 69-95
S1.30(b) / S2.10(c)	The time horizon – short, medium or long term – over which the effects of each identified sustainability-related and climate-related risk and opportunity could reasonably be expected to occur.	Pg. 35-37
S1.30(c) / S2.10(d)	How the entity defines 'short-term', 'medium-term' and 'long-term', and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	Pg. 34
S1.55(a), S1.58(a) / S2.12	Reference to, and consideration of the applicability of, industry-based disclosure topics – the SASB Standards for sustainability topics generally, and the Industry-based Guidance on Implementing IFRS S2 for climate – in identifying relevant risks and opportunities.	Pg. 2, pg. 134

Strategy – Business Model and Value Chain

Reference	Disclosure Requirement	Page Reference
S1.32(a) / S2.13(a)	Description of the current and anticipated effects of sustainability-related and climate-related risks and opportunities on the entity's business model and value chain.	Pg. 39-116
S1.32(b) / S2.13(b)	Description of where in the entity's business model and value chain sustainability-related and climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Pg. 35-36, pg. 39-116

Strategy – Strategy and Decision-Making

Reference	Disclosure Requirement	Page Reference
S1.33(a) / S2.14(a)(i)(1-3)	How the entity has responded, and plans to respond, to sustainability-related and climate-related risks and opportunities in its strategy and decision-making, including how it plans to achieve any targets it has set, or is required to meet by law or regulation.	Pg. 39-118, pg. 193-199
S2.14(a)(i)(4)	Current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities.	Pg. 69-95, pg. 117, pg. 127, pg. 192
S2.14(a)(ii)-(iii)	The entity's current and anticipated direct and indirect climate-change mitigation and adaptation efforts.	Pg. 69-95, pg. 117-118, pg. 127
S2.14(a)(iv)	Any climate-related transition plan the entity has, including the key assumptions used in developing it and the dependencies on which it relies.	Pg. 117-118
S2.14(a)(v)	Information about how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets described in accordance with IFRS S2.33-36.	Pg. 117, pg. 194
S2.14(b)	How the entity is resourcing, and plans to resource, the activities disclosed under strategy and decision-making.	Pg. 126-128, pg. 192
S1.33(b) / S2.14(c)	Progress against plans disclosed in previous reporting periods, including quantitative and qualitative information.	Pg. 2, pg. 136
S1.33(c)	Trade-offs between sustainability-related risks and opportunities that the entity considered in its strategy and decision-making.	Pg. 25, pg. 111

Strategy – Financial Position, Performance and Cashflows

Reference	Disclosure Requirement	Page Reference
S1.34(a)/35(a) / S2.15(a)/16(a)	Quantitative and qualitative information on how sustainability-related and climate-related risks and opportunities have affected the entity's financial position, financial performance and cash flows for the reporting period (current financial effects).	Pg. 39-116
S1.35(b) / S2.16(b)	Of the risks and opportunities identified above, those for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Pg. 129
S1.34(b)/35(c) / S2.15(b)/16(c)	How the entity expects its financial position to change over the short, medium and long term (anticipated financial effects), given its strategy, its investment and disposal plans, and its planned sources of funding.	Pg. 39-118, pg. 126-127
S1.34(b)/35(d) / S2.15(b)/16(d)	How the entity expects its financial performance and cash flows to change over the short, medium and long term (anticipated financial effects), taking into consideration its financial planning and its strategy for managing these risks and opportunities.	Pg. 39-116, pg. 126
S1.38-40 / S2.19-21	Where quantitative information on current or anticipated financial effects is not provided because the effects are not separately identifiable or measurement uncertainty is too high, an explanation of why, together with qualitative information (including affected line items and totals) and, where possible, quantitative information on the combined financial effects.	Pg. 191-192, pg. 217

Strategy – Resilience

Reference	Disclosure Requirement	Page Reference
S1.41 / S2.22(a)(i),(iii)	A qualitative, and where applicable quantitative, assessment of the resilience of the entity's strategy and business model to sustainability-related and climate-related risks, including the implications for strategy and business model, how the entity would need to respond, and its capacity to adjust over the short, medium and long term – covering the availability and flexibility of financial resources, its ability to redeploy, repurpose or decommission assets, and the effect of current and planned investments in mitigation, adaptation and related opportunities.	Pg. 125-129
S2.22(a)(ii)	The significant areas of uncertainty considered in the entity's assessment of its climate resilience.	Pg. 124, pg. 217
S1.42 / S2.22(b)	How and when the climate-related scenario analysis was carried out, including: the scenarios used and their sources; whether a diverse range of scenarios was applied; whether the scenarios relate to transition or physical risk; whether a scenario aligned with the latest international agreement on climate change was used; why the scenarios were considered relevant; the time horizons, scope of operations and key assumptions applied (including climate policy, macroeconomic trends, national/regional variables, energy usage and mix, and technology developments); and the reporting period covered by the analysis.	Pg. 119-124

Risk Management

Reference	Disclosure Requirement	Page Reference
S1.44(a) / S2.25(a)	The processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related and climate-related risks, including the inputs and parameters used, whether and how scenario analysis is used, how the nature, likelihood and magnitude of effects are assessed, whether and how these risks are prioritised relative to other risk types, how they are monitored, and any changes made to these processes compared with the previous reporting period.	Pg. 131, pg. 134-136
S1.44(b) / S2.25(b)	The processes the entity uses to identify, assess, prioritise and monitor sustainability-related and climate-related opportunities, including whether and how scenario analysis is used.	Pg. 131, pg. 134-136
S1.44(c) / S2.25(c)	The extent to which, and how, the processes described above are integrated into, and inform, the entity's overall risk management process.	Pg. 131-132, pg. 137, pg. 196

Metrics and Targets – General

Reference	Disclosure Requirement	Page Reference
S1.53	Metrics and targets are labelled and defined using meaningful, clear and precise names and descriptions.	Pg. 139-199
S1.46(a)	Metrics required by an applicable IFRS Sustainability Disclosure Standard for each sustainability-related and climate-related risk and opportunity.	Pg. 28, pg. 144, pg. 154, pg. 191-192
S1.46(b)	Metrics the entity uses to measure, monitor and manage each sustainability-related and climate-related risk and opportunity, and to measure and monitor its progress towards any targets it has set or is required to meet by law or regulation.	Pg. 39-116, pg. 139-199

Metrics and Targets – Greenhouse Gas Emissions

Reference	Disclosure Requirement	Page Reference
S2.29(a)(i)	Absolute gross Scope 1, Scope 2 and Scope 3 greenhouse gas emissions generated during the reporting period, disclosed separately and expressed in metric tonnes of CO2 equivalent.	Pg. 144-152
S2.29(a)(ii)	The measurement method used – the GHG Protocol Corporate Accounting and Reporting Standard, or an alternative method where required by a jurisdictional authority or listing exchange – and the reason for that choice of method and measurement approach.	Pg. 144, pg. 153
S2.29(a)(iii)	The measurement approach, inputs, assumptions and emission factors used to determine greenhouse gas emissions, and any changes made to them during the reporting period and the reasons for those changes.	Pg. 144-151, pg. 153
S2.29(a)(iv)	Scope 1 and Scope 2 emissions disaggregated between the consolidated accounting group and other investees, such as associates, joint ventures and unconsolidated subsidiaries.	Pg. 145, pg. 217
S2.29(a)(v)	Location-based Scope 2 emissions, together with information about any contractual instruments necessary for users to understand the entity's Scope 2 emissions.	Pg. 146, pg. 152
S2.29(a)(vi)(1)	The categories included within the entity's measure of Scope 3 emissions, the extent to which those emissions are measured using inputs specific to activities in the entity's value chain and verified inputs, and, where estimating Scope 3 emissions is impracticable, how the entity manages its Scope 3 emissions.	Pg. 144, pg. 147-151, pg. 197
S2.29(a)(vi)(2), S2.B59-B63	Where the entity's activities include asset management, commercial banking or insurance, its financed greenhouse gas emissions for the relevant activity, disaggregated by Scope 1, 2 and 3, together with the related exposure, coverage percentage and calculation methodology.	N/A

Metrics and Targets – Other Cross-Industry Metrics

Reference	Disclosure Requirement	Page Reference
S2.29(b)	The amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Pg. 191-192
S2.29(c)	The amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Pg. 191-192
S2.29(d)	The amount and percentage of assets or business activities aligned with climate-related opportunities.	Pg. 191-192
S2.29(e)	The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Pg. 192
S2.29(f)	Whether and how the entity applies an internal carbon price in its decision-making, and the price it uses for each metric tonne of greenhouse gas emissions.	Pg. 154
S2.29(g)	Whether and how climate-related considerations are factored into executive remuneration, and the percentage of executive remuneration recognized in the current period that is linked to climate-related considerations	Pg. 28

Metrics and Targets – Industry-Based & Entity-Specific Metrics

Reference	Disclosure Requirement	Page Reference
S1.48 / S2.32	Industry-based metrics associated with particular business models, activities or other common features that characterise participation in an industry, having regard to the SASB Standards and, for climate, the Industry-based Guidance on Implementing IFRS S2.	Pg. 201-202
S1.49	Where a disclosed metric is taken from a source other than the IFRS Sustainability Disclosure Standards, identification of that source and the metric taken.	Pg. 201-207
S1.50(a)–(d)	For metrics developed by the entity: how the metric is defined (and, if adapted from another source, how it differs from that source); whether it is an absolute measure, a measure expressed relative to another metric, or a qualitative measure; whether it has been validated by a third party and, if so, which party; and the method used to calculate the metric, its inputs, limitations and significant assumptions.	Pg. 39-116, pg. 195-199

Metrics and Targets – Targets

Reference	Disclosure Requirement	Page Reference
S1.51(a) / S2.33(a)	The metric used to set, and to monitor progress towards, each sustainability-related and climate-related target.	Pg. 196–199
S1.51(b) / S2.33(b),(g),(h)	The objective of each target, including whether a quantitative target is an absolute or an intensity target, and how the latest international agreement on climate change and corresponding jurisdictional commitments informed the target.	Pg. 194, pg. 196–199
S2.33(c)	The part(s) of the entity to which each climate-related target applies.	Pg. 196–199
S1.51(c) / S2.33(d)	The period over which each target applies.	Pg. 193, pg. 196–199
S1.51(d) / S2.33(e)	The base period from which progress towards each target is measured.	Pg. 193–194, pg. 196–199
S1.51(e) / S2.33(f)	Milestones and interim targets set for each target.	Pg. 196–199
S2.34(a)–(c)	The entity's approach to setting and reviewing each target, including whether the target and its methodology have been validated by a third party, its review process, and the metrics used to monitor progress.	Pg. 194–195
S1.51(f) / S2.35	Performance against each target, together with an analysis of trends or changes in the entity's performance.	Pg. 193, pg. 196–199
S1.51(g) / S2.34(d)	Any revisions made to a target and an explanation of the reasons for the revision.	Pg. 195
S2.36(a)–(d)	For each greenhouse gas emissions target: the gases covered; whether it covers Scope 1, Scope 2 and/or Scope 3 emissions; whether it is a gross or a net emissions target (and, for a net target, its associated gross target); and whether the target is derived using a sectoral decarbonisation approach.	Pg. 117
S2.36(e)	The planned use of carbon credits to offset greenhouse gas emissions in meeting a net emissions target, including the extent of reliance on credits, the third-party scheme(s) used to verify or certify them, the type of credit, whether the underlying offset is nature-based or technology-based, whether it is achieved through reduction or removal, and other factors relevant to assessing the credibility and integrity of the credits used.	Pg. 117

General Requirements – Conceptual Foundations

Reference	Disclosure Requirement	Page Reference
S1.11–16	The disclosures present fairly all sustainability-related and climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and are relevant, faithfully represented, comparable, verifiable, timely and understandable.	Pg. 2
S1.17–19, B32–B33	Material sustainability-related and climate-related information is disclosed, including where law or regulation would otherwise permit non-disclosure; where information is omitted because law or regulation prohibits disclosure, the type of information omitted and the source of the restriction are identified.	Pg. 2
S1.B34–B36	Where information about a sustainability-related opportunity is omitted on the grounds that it is commercially sensitive, disclosure of the fact that the exemption has been used, reassessed by the entity at each reporting date.	N/A
S1.20	The sustainability-related financial disclosures are for the same reporting entity as the related financial statements.	Pg. 2, pg. 217
S1.21–24, B42	The connections between items of information and between disclosures are explained (both within the sustainability-related financial disclosures and with other general purpose financial reports); the related financial statements are identified; data, currency and assumptions are consistent with those financial statements, with any significant differences explained; and unnecessary duplication is avoided.	Pg. 2, pg. 191–192

General Requirements – Sources, Location, Timing and Compliance

Reference	Disclosure Requirement	Page Reference
S1.54–59	Identification of the specific standards, pronouncements, industry practice and other sources of guidance applied in preparing the disclosures (including, where relevant, SASB disclosure topics) and the industries to which they relate.	Pg. 2, pg. 201–202
S1.60–62, B45–B49	Disclosures are provided as part of the entity's general purpose financial reports; where combined with other required information, the sustainability-related disclosures remain clearly identifiable and are not obscured; and, where information is incorporated by cross-reference to another report, that report is clearly identified, instructions to access it are given, and the cross-reference is to a precisely specified part of that report.	Pg. 2
S1.64, 66–68	Disclosures are reported at the same time as, and cover the same period as, the related financial statements; where the reporting period changes, the period covered, the reasons for the change and the effect on comparability are disclosed; and information about material events after the reporting period but before authorisation for issue is updated or disclosed.	Pg. 2
S1.70–71, B50–B54	Comparative information is disclosed for all amounts and relevant narrative information for the preceding period, including revised comparatives and explanations where a metric is redefined, replaced or newly introduced, or where new information about a prior-period estimate becomes available, unless impracticable.	Pg. 2, pg. 136
S1.72	An explicit and unreserved statement of compliance is provided where the disclosures comply with all relevant requirements of the IFRS Sustainability Disclosure Standards.	Pg. 2

Judgements, Uncertainties and Errors

Reference	Disclosure Requirement	Page Reference
S1.74	Disclosure of the judgements made by the entity in preparing its sustainability-related financial disclosures that have the most significant effect on the information disclosed.	Pg. 3, pg. 124, pg. 217
S1.77–81	Disclosure of the most significant uncertainties affecting the amounts reported, identification of the amounts subject to a high level of measurement uncertainty, and the related sources of uncertainty, assumptions, approximations and judgements made.	Pg. 124, pg. 192, pg. 217
S1.83, B58–B59	Material prior-period errors are corrected by restating comparative amounts, unless impracticable, with disclosure of the nature of the error and the correction made, or, where impracticable, the circumstances and how and from when the correction has been made.	Pg. 153, pg. 217

Transition Provisions

Reference	Disclosure Requirement	Page Reference
S1.E5	Where the entity elects the 'climate-first' transition relief in the first annual reporting period in which it applies IFRS S1 – disclosing only climate-related risks and opportunities under IFRS S2 and deferring the full universe of sustainability-related disclosures – disclosure of that fact.	N/A
S2.C1B, C6	Where the entity early adopts the Amendments to IFRS S2: Amendments to Greenhouse Gas Emissions Disclosures (issued December 2025, effective for periods beginning on or after 1 January 2027), disclosure of that fact together with the required adjustments to comparative information.	N/A

> Appendix 1: Judgements and Uncertainties

The preparation of this Report required management to exercise judgement and make estimates that affect the information disclosed. These judgements and estimates are reviewed at each reporting date. As FY2026 represents the Company's first year of reporting under IFRS S1 and IFRS S2, no prior-period judgements or estimates have been revised.

Key Judgements

Management has applied judgement in determining the scope, boundaries and methodologies used in this Report.

- Defining the reporting boundary consistent with the unconsolidated financial statements, excluding investees such as associates, and applying the operational control approach to the GHG inventory
- Identifying the sustainability- and climate-related risks and opportunities that could reasonably be expected to affect NETSOL's prospects, and determining which information is material to primary users
- Classification and evaluation of risks and opportunities across short- (0–2 years), medium- (2–5 years) and long-term (5–10 years) horizons aligned with the Company's planning cycles
- Selection of the climate scenarios, including Paris-aligned scenarios, together with the data sources and proxy indicators used in the scenario analysis
- Determination of whether sustainability- and climate-related risks are expected to have a material effect on the carrying amounts of assets and liabilities within the next 12 months.
- Screening Scope 3 categories for inclusion, and using industry benchmarks and proxy data where primary data is not available, particularly across the value chain

Key Estimates

Sustainability disclosures incorporate estimates that are subject to measurement uncertainty and may be revised as data quality improves.

- Quantification of Scope 1, 2 and 3 greenhouse gas emissions using published emission factors, including fugitive refrigerant emissions estimated from recharge volumes
- Annual solar generation and abatement, annualized from about ten months of operation and to be restated on full-year data
- Anticipated carbon-pricing costs of PKR 4–45 million a year by 2030, using the global modelled carbon price as a proxy for a future domestic price

Key Uncertainties

Sustainability disclosures inherently involve uncertainties, particularly where they relate to forward-looking information and evolving external conditions.

- Forward-looking targets and the Climate Transition Plan, whose delivery may be affected by changes in technology, regulation and market conditions
- The timing and form of any domestic carbon price, the phasing of SECP's IFRS S1 and S2 requirements, and Pakistan's pending data-protection legislation
- Data limitations in upstream and downstream value chain activities, particularly Scope 3 emissions and supplier data
- Dependence on external datasets and emission factors where Pakistan-specific data is unavailable
- Quantification of anticipated financial effects is provided where a sufficiently reliable basis for estimation exists, principally in relation to carbon pricing. Elsewhere, such effects are described qualitatively where they are not separately identifiable, are subject to measurement uncertainty that limits the usefulness of quantitative estimates, or require modelling capabilities and resources that are still being developed during the Company's first year of reporting

Appendix 2: Acronyms and Abbreviations

AI	Artificial Intelligence
APAC	Asia-Pacific
API	Application Programming Interface
ATP	Advanced Threat Protection
AWS	Amazon Web Services
BCMS	Business Continuity Management System
BCP	Business Continuity Plan
BMS	Building Management System
Bn	Billion
BPO	Business Process Outsourcing
BPR	Business Process Re-engineering
CCPA	California Consumer Privacy Act
CEDA	Comprehensive Environmental Data Archive
CI/CD	Continuous Integration / Continuous Delivery
CMIP6	Coupled Model Intercomparison Project Phase 6
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSPM	Cloud Security Posture Management
CSR	Corporate Social Responsibility
DDoS	Distributed Denial of Service
DESNZ	Department for Energy Security and Net Zero (United Kingdom)
DevOps	Development and Operations
DLP	Data Loss Prevention
EC2	Amazon Elastic Compute Cloud
EDR	Endpoint Detection and Response
EEIO	Environmentally Extended Input-Output
EOBI	Employees' Old-Age Benefits Institution
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EU	European Union
E-waste	Electronic waste
FY	Financial Year
GDPR	General Data Protection Regulation
GenAI	Generative Artificial Intelligence
GHG	Greenhouse Gas
GJ	Gigajoule
HEPA	High-Efficiency Particulate Air
HRIS	Human Resource Information System
HVAC	Heating, Ventilation and Air Conditioning

Appendix 2: Acronyms and Abbreviations

IAM	Identity and Access Management
ICAN	Institute of Corporate Advancement at NETSOL
IDS	Intrusion Detection System
IDTA	International Data Transfer Agreement
IEA	International Energy Agency
IEC	International Electrotechnical Commission
IIASA	International Institute for Applied Systems Analysis
IoT	Internet of Things
IPS	Intrusion Prevention System
ISMS	Information Security Management System
ISO	International Organization for Standardization
KPI	Key Performance Indicator
KRI	Key Risk Indicator
kW	Kilowatt
kWh	Kilowatt-hour
L&D	Learning and Development
LED	Light-Emitting Diode
LLM	Large Language Model
m³	Cubic metre
MERV	Minimum Efficiency Reporting Value
ML	Machine Learning
mm	Millimetre
MoU	Memorandum of Understanding
Mt/yr	Million tonnes per year
NDC	Nationally Determined Contribution
NFS	NETSOL Financial Suite
NIAI	NETSOL Institute of Artificial Intelligence
NIST	National Institute of Standards and Technology
NO_x	Nitrogen oxides
OEM	Original Equipment Manufacturer
PAM	Privileged Access Management
PDPA	Personal Data Protection Act
PIA	Privacy Impact Assessment
PII	Personally Identifiable Information
PIPL	Personal Information Protection Law (China)
PKR	Pakistani Rupee
PM10	Particulate matter with a diameter of 10 micrometres or less
PM2.5	Fine particulate matter with a diameter of 2.5 micrometres or less

Appendix 2: Acronyms and Abbreviations

PQC	Post-Quantum Cryptography
PSX	Pakistan Stock Exchange
QA	Quality Assurance
R&D	Research and Development
RO	Reverse Osmosis
ROA	Return on Assets
ROE	Return on Equity
SaaS	Software as a Service
SASB	Sustainability Accounting Standards Board
UN SDGs	United Nations Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SIEM	Security Information and Event Management
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprise
SO₂	Sulphur dioxide
SOC 2	System and Organization Controls 2
SQA	Software Quality Assurance
SRRO	Sustainability-related Risks and Opportunities
SSP	Shared Socioeconomic Pathway
SVN	Apache Subversion (version control system)
tCO_{2e}	Tonnes of carbon dioxide equivalent
T&D	Transmission and Distribution
TPRM	Third-Party Risk Management
UEBA	User and Entity Behavior Analytics
µg/m³	Micrograms per cubic metre
USEEIO	United States Environmentally-Extended Input-Output (model)
VLAN	Virtual Local Area Network
VPN	Virtual Private Network
VRF	Variable Refrigerant Flow
WAF	Web Application Firewall
WBCSD	World Business Council for Sustainable Development
WHO	World Health Organization
WPF	Windows Presentation Foundation
WRI	World Resources Institute
WTT	Well-to-Tank
XDR	Extended Detection and Response



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