



Enterprise Risk Management (ERM) Policy

July 2025

Purpose

The purpose of this policy is to define the requirements around Enterprise Risk Management. This policy sets out the objectives and accountabilities for risk management within the Company such that it is structured, consistent and effective, to drive and thereupon improve the Company's risk management capabilities in a dynamic business environment.

Regulatory Requirements

The Companies Act 2013, and SEBI LODR (hereafter referred to as "Listing Regulations"), 2015 and as amended from time to time, have incorporated various provisions in relation to Enterprise Risk Management Policy.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating development and implementation of an enterprise risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

The provisions of Part-D of Schedule II of SEBI Listing regulations, require that the Risk Management Committee develop a detailed enterprise risk management policy for the listed Company, monitor and oversee its implementation and evaluate adequacy of risk management systems, and periodically review the enterprise risk management policy at least once in two years, considering industry dynamics and evolving complexity.

Scope

This Enterprise Risk Management Policy is applicable to all Delivery and Enabling Functions across Persistent. Further, this is also applicable to relevant stakeholders such as contractual employees, vendors, third party service providers, etc.

Objectives

- Promote an effective risk management system that supports the Company's growth strategy and business objectives and ensures resilience to the business dynamics.
- Improve institutional decision-making by giving senior management and the Board of Directors timely and accurate information that helps them better comprehend the risks and possibilities at the enterprise level, and then propose mitigation plans to achieve the desired objectives.
- Enhance the company's capacity to achieve its legal, regulatory, and policy compliance obligations.
- Establish a process to identify and assess risks that may impact the business continuity of the Company and define response and recovery plans for such risks.
- Proactively identify potential opportunities and risks to prepare for future breakthroughs and obstacles.
- Strengthen the organization's capacity to comprehend and control risk exposures and establish a culture of responsible risk-taking.
- Integrate opportunity and risk assessment analysis into the company's periodic planning procedures (for example, strategic planning, annual budget cycle, etc.).

- Promote a Risk Intelligent Culture wherein conscious efforts are made at an enterprise level to align the organization's approach towards risk and consistently make appropriate risk-based decisions.

Policy Statement

The Company is committed to establishing a robust mechanism for proactive risk management, which is based on the following underlying principles:

- The Company shall encourage and strengthen the accountabilities, ownership, and responsibilities with respect to risk management across all levels and activities of the Company.
- The Company aims to identify, monitor, and take preventive action to manage or treat risks that may impact its strategic objectives and continuity of its operations.
- The Company endeavors to create and foster risk awareness across the Company through continuous education and training in risk management.

ERM Governance Structure

The responsibility for risk management is shared across the organization. The Company has established three pillars of risk management responsibilities in its Governance structure as Risk Oversight, Risk Infrastructure and Management, and Risk Ownership, which cascades the scope of activities to senior management and all employees, across the subsidiaries of the Company.

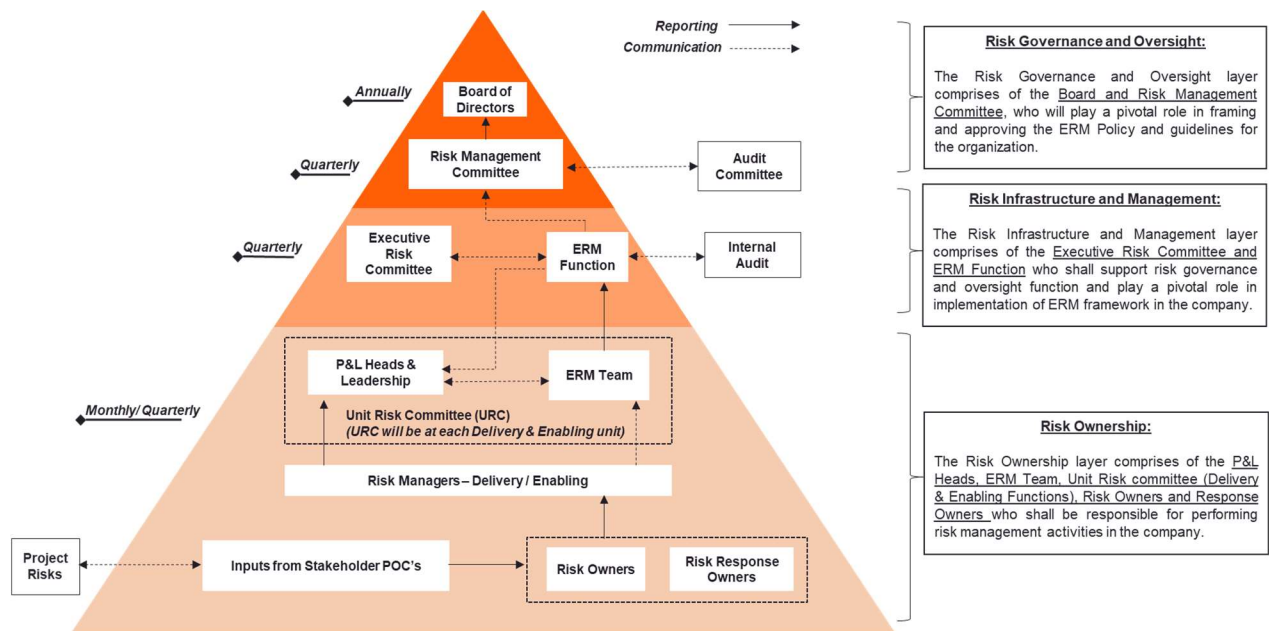


Figure 1: ERM Governance Structure

ERM Process and Framework Overview

To effectively manage uncertainty, respond to risks and exploit opportunities as they arise, the Company shall implement an ERM Process and Framework based on leading risk management standards and guidelines such as ISO Standard 31000:2018 Risk Management — Guidelines and COSO: ERM — Integrating Strategy and Performance (2017).

Below is the risk management process followed at Persistent:

- Identifying plausible uncertainties or risks that may impact the successful achievement of functional, organizational, and business objectives or threaten the business continuity of the Company. The risks are categorized into financial, operational, reputational, regulatory, extended enterprise, strategic, sustainability, talent, and technology for further assessment.
- Analyzing and assessing the potential impact, likelihood and velocity of existing and newly identified risks and determining the readiness to manage them.
- Evaluating the results of the risk analysis with the established risk criteria and prioritizing them based on criticality to help decide on the appropriate risk management strategy.
- Formulating risk response strategies to evade / prevent / eliminate the root causes of the risks and the occurrence of risk events, especially in the case of key risks.
- Integrating mitigation plans devised by the risk owners in the day-to-day activities and monitoring them closely.
- Monitoring and reviewing risks on a periodic basis for continuous risk assessment by identifying and tracking signals to detect occurrence of risk, known as Key Risk Indicators (KRIs). KRI performance determines risk health scores, which drives the probability of loss during dollar value quantification of risks. This approach enables both qualitative and quantitative risk monitoring and reporting.
- Re-evaluating the risk environment and the risk events and updating the mitigation plans if necessary.
- Reporting relevant risk information to Risk Management Committee of the Board in a timely manner to provide the necessary basis for risk-informed decision-making.

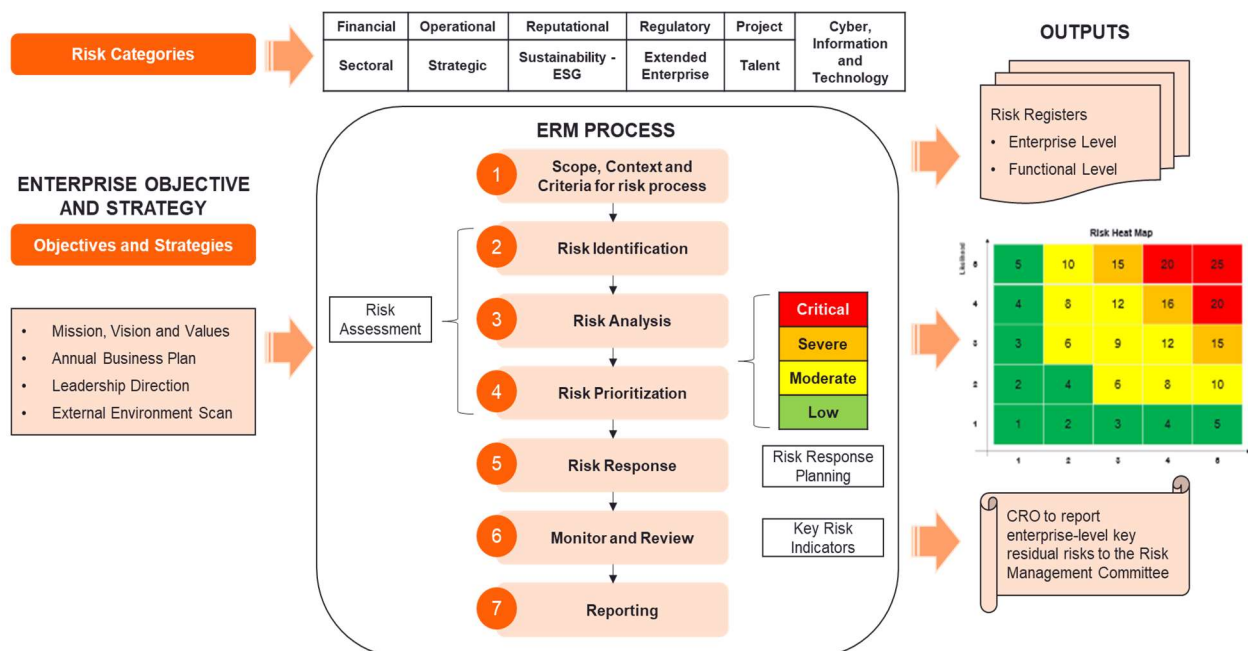


Figure 2: Block Diagram of ERM Process

Risk Categorization

Risk categorization at Persistent follows the “FORRESSSTT” model, which has been derived from the “PESTEL*” model. Details are provided below:

Risk Categorization	Definition
Financial	Risk of potential financial loss resulting from breach of key risk indicators, ineffective or inefficient processes and controls.
Operational	Risk of potential breakdowns/deficiencies in process effectiveness or efficiency resulting from controls and/or process design weakness, which may cause material exposure.
Reputational	Risk of a potential tarnished reputation, loss of marketplace or investor confidence caused by a breach in risk management requirements, Operational breakdown, legal/regulatory breach, unsuccessful product launch or other reputational-impacting events.
Regulatory	Potential fines, litigation costs or enforcement actions from regulators resulting from changes in the legal and regulatory environment, perceived or actual conflicts of interest, and potential actions or breaches of compliance and / or risk management requirements.
Extended Enterprise	Risk of potential disruption caused by a failure to identify, measure, and mitigate risks at key third-party organizations.
Sectoral	Industry risks pertaining to the sector of business.
Strategic	Potential risk(s) that could disrupt the assumptions at the core of an organization’s business strategy, including risks to strategic positioning, strategic execution and strategic choices and consequences — impeding the organization’s ability to achieve its strategic objectives.
Sustainability – ESG	Risks associated with managing corporate responsibility and sustainable development issues that deliver top and bottom-line growth for the long term and create maximum impact for beneficiaries.
Talent	Risk arising from increase in staff turnover and well below the industry / market trend, Resignations of staff members, Employee attrition rate more than target rate.
Technology & Cyber	Risk arising from system defects, such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.

**Note: PESTEL stands for Political, Economic, Social, Technological, Environmental, Legal*

References

The Enterprise Risk Management Policy does not replace any of the existing policies or compliance programs and works in conjunction with the Integrated Management Systems and the Information Security Policy. The illustrative list of the policies is as below:

- Enterprise Risk Management Process Manual
- Information Security Policies
- Data Governance Policy
- HR Policies
- Capex Policies
- Administration Policies
- Legal Guidelines

- Health, Safety and Environment Policies
- Intellectual Property Rights (IPR) Policy
- Policies on Quality systems
- Significant Accounting Policies
- Empowerment Guidelines
- Code of Corporate Governance
- Ethics Policy

Approval and Review of the Policy

As the approving authority, the Board will monitor compliance and approve any future amendments or changes to the policy. The Policy serves as the guiding document for risk management and will be reviewed once in every two years and/or whenever there are changes in business plans to ensure alignment with changes to the business environment and regulatory requirements. The Managing Director is authorized to provide clarifications on the Policy when needed.

Disclaimer

In any circumstances, where the term of this Policy differs from any existing or newly enacted law, rule, regulation, or standard governing the Company, the newly enacted law, rule, regulation or standard shall take precedence over this Policy until such time the Policy is changed to conform to the law, rule, regulation or standard.

About Persistent

Persistent Systems (BSE: 533179 and NSE: PERSISTENT) is a global services and solutions company delivering AI-led, platform driven Digital Engineering and Enterprise Modernization to businesses across industries. With over 25,000 employees located in 18 countries, the Company is committed to innovation and client success. Persistent offers a comprehensive suite of services, including software engineering, product development, data and analytics, CX transformation, cloud computing, and intelligent automation. The Company is part of the MSCI India Index and is included in key indices of the National Stock Exchange of India, including the Nifty Midcap 50, Nifty IT, and Nifty MidCap Liquid 15, as well as several on the BSE such as the S&P BSE 100 and S&P BSE SENSEX Next 50. Persistent is also a constituent of the Dow Jones Sustainability World Index. The Company has achieved carbon neutrality, reinforcing its commitment to sustainability and responsible business practices. Persistent has also been named one of America's Greatest Workplaces for Inclusion & Diversity 2025 by Newsweek and Plant A Insights Group. As a participant of the United Nations Global Compact, the Company is committed to aligning strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, as well as take actions that advance societal goals. With 468% growth in brand value since 2020, Persistent is the fastest-growing IT services brand in 'Brand Finance India 100' 2025 Report.

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