



Double Materiality Assessment



Double Materiality Assessment

From the dual lens of stakeholder impact and financial relevance

GRI 3-1, 3-2, 3-3 | IFRS S1

Persistent Systems materiality assessment is primarily grounded in financial materiality, consistent with IFRS S1 and IFRS S2, focusing on sustainability-related risks and opportunities that could reasonably be expected to affect enterprise value over the short, medium and long-term.

The assessment evaluates ESG topics based on their potential impact on:

- Cash flows
- Access to finance
- Cost of capital
- Business model resilience

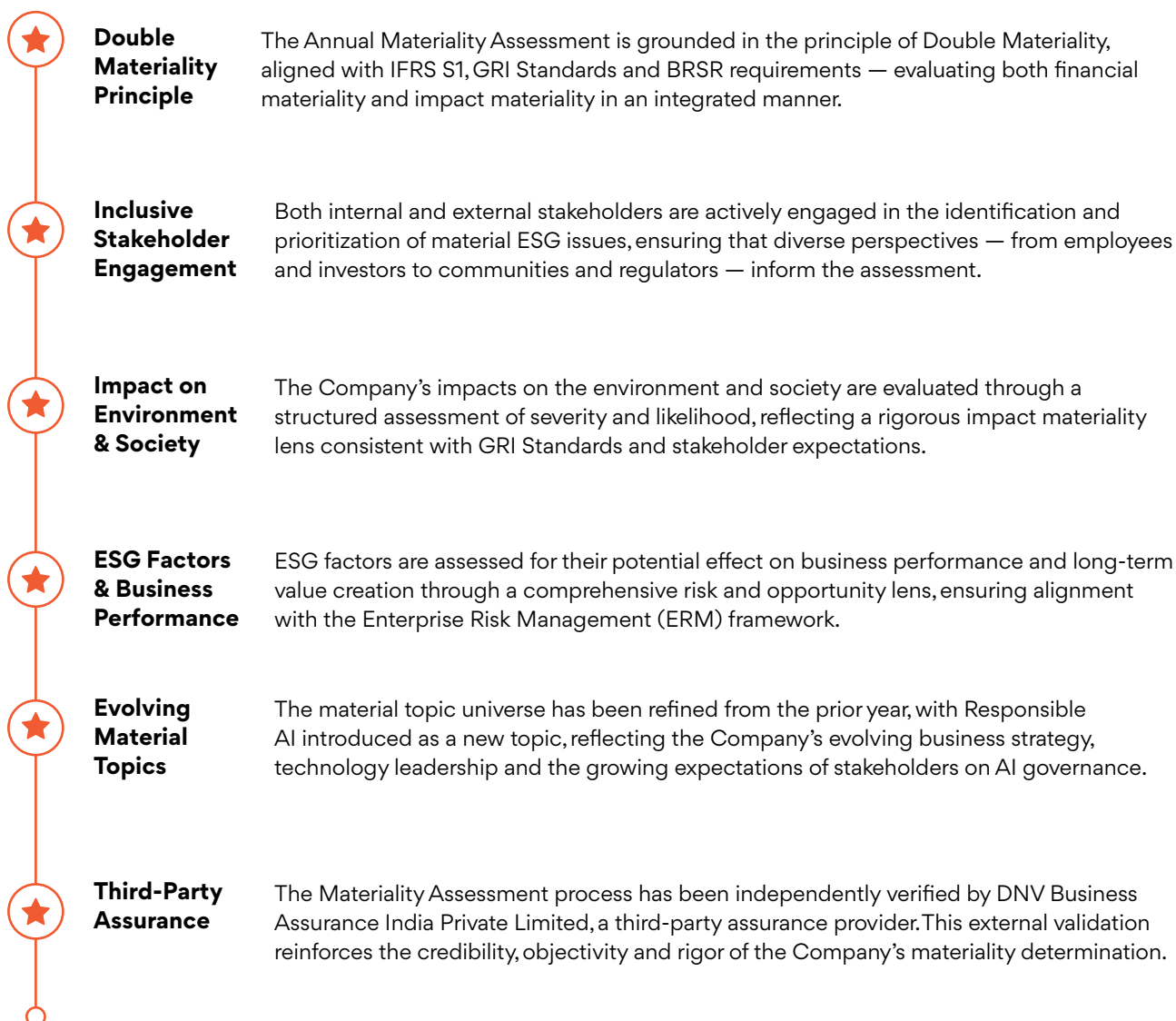
Impact-based considerations, aligned with GRI Standards, are used as inputs to identify sustainability-related matters that may give rise to financial risks or opportunities. These impacts are assessed for severity and likelihood and subsequently analyzed to determine their implications for financial performance and long-term value creation.

Stakeholder engagement supports the identification and prioritization of ESG topics by providing insight into emerging risks, stakeholder expectations and external dependencies. However, final materiality determination is based on financial relevance, in accordance with IFRS requirements.

The prioritisation and validation of material topics are conducted in close collaboration with the Risk team and integrated into the Enterprise Risk Management (ERM) framework, ensuring that sustainability-related risks and opportunities are evaluated, governed and monitored alongside financial, operational and strategic risks.



Double Materiality Assessment — Key Highlights



The process is supported by structured stakeholder engagement and internal assessments, with validation and oversight from senior management and the Board, ensuring alignment with strategic priorities. The outcomes of the assessment inform the structure and content of this report, guide the development of measurable targets and key performance indicators (KPIs) and support transparent disclosure of performance across material areas. We drive our commitments and priorities through actionable Key Performance Indicators (KPIs), measurable targets and clear ambitious, focusing our resources on high-impact areas to strengthen organisational resilience and benefit our stakeholders and the environment.

Integration of Stakeholders with Materiality Assessment and Risk Management

GRI 3-1, 3-2, 3-3

During FY2026, Persistent Systems conducted its annual materiality assessment by systematically integrating inputs and feedback from both internal and external stakeholders. The assessment considered stakeholder expectations alongside business priorities, risk considerations and external operating conditions to identify and prioritise material ESG topics. The outcomes of this process inform enterprise risk management, strategic planning and ESG governance.

ESG topics/issues critical to long-term value creation and business strategy, translating them into actionable Key Performance Indicators (KPIs) to guide strategic decision-making and maximize impact.

Internal Stakeholders Considered

- Employees
- Facilities with operational & non-operational control
- Business Units
- Senior Management and leadership
- Board of Directors

External Stakeholders Considered

- Vendors/suppliers
- NGO's and Local Communities
- Customers
- Shareholders/Investors
- Industry associations
- Regulatory authorities

Internal Factors for Materiality Assessment

- Change in business model & corporate strategy
- Enterprise and operational risks
- Acquisitions and business expansion
- Opening of new offices and operational sites
- Opening of new offices

External Factors for Materiality Assessment

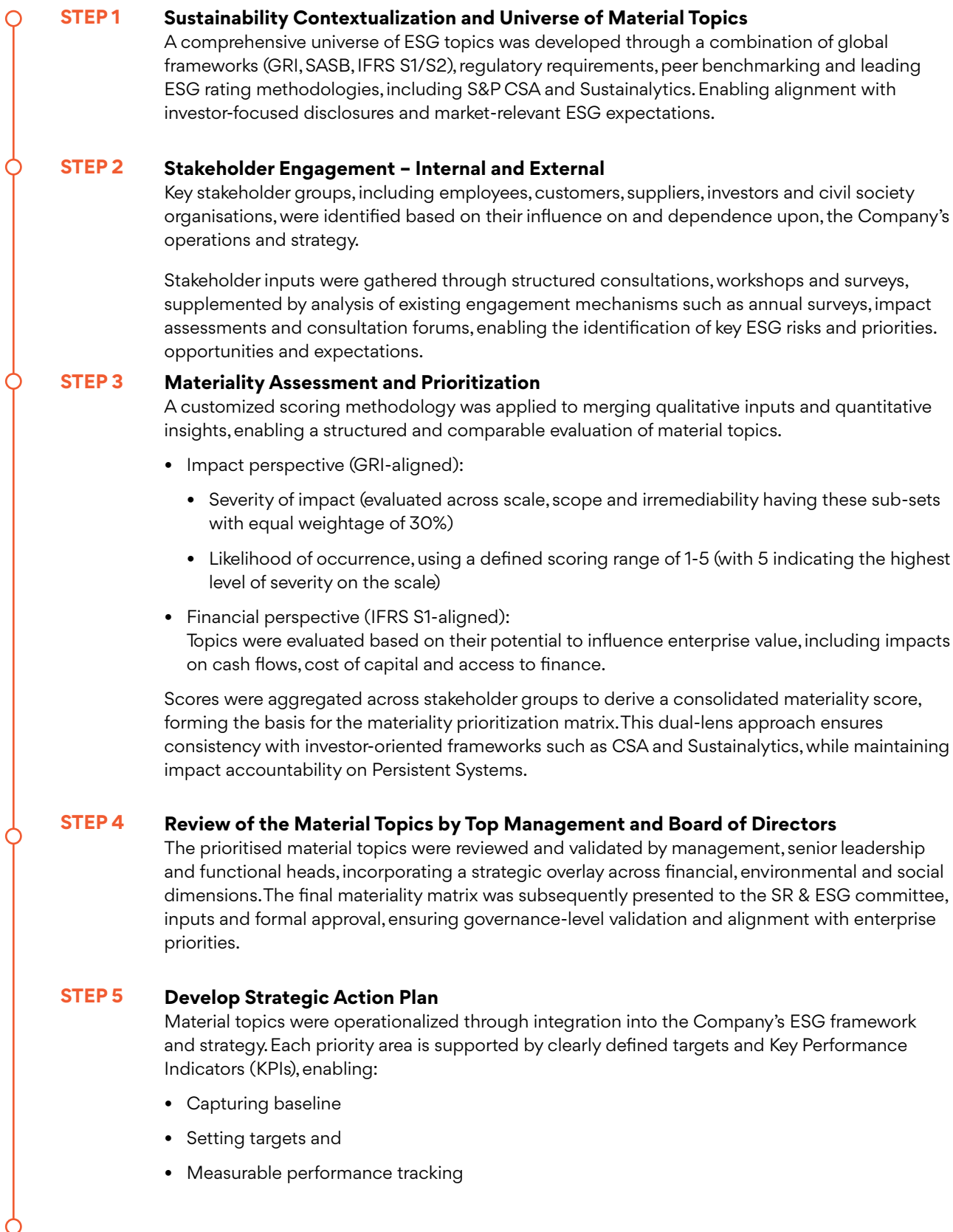
- Stakeholder expectations and priorities
- Evolving market and economic conditions
- Extreme weather conditions
- Availability of Natural resources
- Regulatory and policy deployment

Materiality Assessment Process - Annual

Persistent Systems follows a structured, multi-stage materiality assessment process that integrates internal analysis with stakeholder inputs. The approach reflects a double materiality assessment (DMA) perspective, incorporating both:

- Impact materiality, aligned with GRI Standards (2021)
- Financial materiality, aligned with IFRS S1 and BRSR requirements

This approach integrates a balanced evaluation of ESG topics from both stakeholder impact and enterprise value lenses.



ESG Risk Integration with Enterprise Risk Management (ERM)

Our Enterprise Risk Management (ERM) framework governed by the Risk Management Committee of the Board provides the structural backbone for the identification, assessment, prioritization and mitigation of all material risks facing the Company, including ESG-related risks. In FY 2025-26, we formalized the integration of ESG risk categories into our ERM taxonomy, ensuring that sustainability-related risks are assessed with the same assessment framework and governance oversight as financial, operational and strategic risks.

The key features of our ESG integrated ERM framework include:

ESG Risk Register

A dedicated ESG risk register, maintained by the ESG & Sustainability team and reviewed quarterly by Risk Management Committee (RMC), captures all identified ESG risks alongside their likelihood, impact ratings and mitigation measures.

Board Oversight

The Risk Management Committee oversee ESG risk management, ensuring that material ESG risks are escalated to the Board of Directors for strategic consideration.

Cross-functional Risk Ownership

Each ESG risk category is assigned a designated risk owner at the senior leadership level, ensuring clear accountability for risk mitigation and disclosure.

Alignment with IFRS S1 Risk Management Disclosure (Paragraph 22-27)

Our ERM process for ESG risks including the criteria used to determine materiality, the escalation pathways and the integration with enterprise-wide risk appetite is disclosed in alignment with the IFRS S1 risk management disclosure requirements.

BRSR Principle 4 Alignment

Our risk management framework, including its coverage of ESG risks, is disclosed in accordance with BRSR Principle 4 (Responsive towards all Stakeholders), which requires entities to demonstrate that they have processes for identifying, assessing and mitigating risks to stakeholders.

The prioritisation and final validation of material ESG topics were carried out using a double materiality approach, in close collaboration with the Risk team and aligned to the Enterprise Risk Management (ERM) framework, methodology and governance processes. This approach evaluated ESG topics from both an impact perspective (the organisation's impacts on the economy, environment and society) and a financial risk and opportunity perspective (ESG related risks and opportunities affecting business performance and long-term value). The integration of ESG considerations into the ERM framework enables the systematic identification, assessment and management of material ESG risks and opportunities, ensuring their effective incorporation into strategic decision making and risk oversight.

Key Material Topics

Material Topic 1: Climate Strategy (Transition & Physical Risks and Emission & Energy management)

Type: Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own operations Upstream	High	High	Energy Demand and Carbon Intensity Risk
UN SDG, GRI & IFRS Linkage	    GRI 3-1, 103-1, 103-4, 102, 201-1, 201-2, 307 IFRS S2.5, S2.6, S2.9, S2.10, S2.11, S2.12, S2.14, S2.21, S2.29, S2.33				
Rationale for identifying the risk/ opportunity	Risk: Climate change presents material risks to the Company through physical impacts, including disruption to data centres and office operations from extreme weather events, increased energy costs and supply-chain interruptions. In addition, regulatory and transition risks—such as evolving climate regulations, carbon pricing mechanisms and client sustainability mandates—may increase compliance costs, expose the Company to financial penalties and affect operational continuity and competitiveness. Together, physical and transition risks have the potential to influence costs, service delivery and long-term business resilience. Opportunity: A proactive climate strategy focused on decarbonizing operations, improving energy efficiency and investing in low-carbon technologies presents a significant growth and resilience opportunity. Advancing climate action can reduce operating costs, mitigate regulatory and energy-price risks and strengthen the Company's competitive positioning. In parallel, it enables the development of green IT and digital sustainability solutions, supports compliance with client climate expectations and attracts sustainability-driven customers, thereby creating long-term value and market differentiation.				
Management Approach (Risk Mitigation / Opportunity Realisation)	Strong commitment and action oriented short, medium and long-term plan to reducing our carbon footprint through renewable energy adoption and energy efficiency measures and accounting of GHG emissions across Scope 1, 2 and 3. In line with these commitments, we achieved carbon neutrality for Scope 1 and 2 emissions for three consecutive years starting FY2024. We commit to reach net-zero greenhouse gas emissions across the value chain by FY2050. Our net-zero strategy drives innovation in clean technologies and energy efficiency, ensuring long-term climate resilience. »» For more details refer Climate Strategy and Decarbonisation section				

Material Topic 1: Climate Strategy (Transition & Physical Risks and Emission & Energy management)

Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Lower energy and operating costs - Revenue opportunities from low-carbon offerings - Improved access to capital and financing	Negative: - Higher compliance and transition-related costs - Increased capital expenditure for Decarbonisation - Risk of operational disruption and asset impairment
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Material Topic 2: Waste Management

Type: Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium	Own operations Upstream	Medium	Low	ESG Compliance and Regulatory Reporting Risk
UN SDG, GRI & IFRS Linkage	   GRI 306, 102 IFRS S1.26, S1.27, S1.28, S1.29, S1.54, S1.55, S1.45				
Rationale for identifying the risk/opportunity	Risk: Ineffective waste management can negatively impact the Company's operations by increasing disposal and compliance costs, exposing the Company to regulatory penalties and adversely affecting brand reputation. Poor waste handling practices may also heighten environmental and compliance risks, leading to operational inefficiencies and increased scrutiny from regulators and stakeholders. Opportunity: Adopting scientific waste segregation and disposal practices, aligned with the Reduce, Reuse and Recycle (3R) principle, presents an opportunity to enhance resource recovery and support a circular economy. Effective waste management can lower operational and disposal costs, improve regulatory compliance and strengthen the Company's transition towards sustainable and responsible business practices, contributing to long-term environmental and economic value.				

Material Topic 2: Waste Management

Management Approach (Risk Mitigation / Opportunity Realisation)

Our waste management strategy is anchored in a circular economy approach, aimed at minimizing environmental impact through responsible waste reduction, reuse, recycling and compliant disposal practices.

Key risk mitigation measures include:

- Engagement with certified and authorized recyclers for the handling and disposal of all waste streams, including hazardous and non-hazardous waste
- A robust e-waste management policy that promotes safe handling, tracking and environmentally sound recycling of electronic waste in line with applicable regulatory requirements
- Systematic segregation of waste at source to enhance recycling efficiency and reduce landfill dependency
- Regular monitoring and documentation of waste generation and disposal to ensure compliance and enable continuous improvement

Through these measures, we mitigate regulatory, environmental and reputational risks associated with waste management while supporting resource efficiency and responsible consumption.



For more details refer [Waste Management section](#)

Financial implications of the risk or opportunity (Indicate positive or negative implications)

Positive:

- Lower waste handling and disposal costs
- Value recovery from recycled materials
- Operational efficiency gains

Negative:

- Higher waste disposal and compliance costs
- Regulatory penalties and liabilities
- Risk of contamination-related remediation costs



Material Topic 3: Water Management

Type : Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own operations Upstream	Medium	Medium	Risk of Water Scarcity in Water Stress Areas
UN SDG, GRI & IFRS Linkage	   GRI 303-1, 303-2, 303-4, 303-5, 306-1, 306-2, 306-3 IFRS S1.26, S1.28, S1.29, S1.54, S1.45				
Rationale for identifying the risk/ opportunity	Risk: Water scarcity and inefficient wastewater management pose risks to business continuity by increasing reliance on depleting groundwater resources, escalating regulatory and compliance obligations and driving higher operating costs. These risks may disrupt operations, particularly in water-stressed regions and expose the Company to heightened scrutiny from regulators and stakeholders. Opportunity: Adopting efficient and scientifically managed wastewater treatment practices, including zero liquid discharge (ZLD) and recycling and reuse of treated water, presents a significant opportunity to reduce freshwater dependency and operating costs. Strengthening water stewardship enhances operational efficiency, supports regulatory compliance and improves long-term resilience, while supporting sustainable water management and responsible resource use.				
Management Approach (Risk Mitigation / Opportunity Realisation)	We prioritise water stewardship through efficient water use practices, rainwater harvesting and wastewater recycling, supported by strong monitoring and conservation mechanisms across our operations. These measures help mitigate operational, regulatory and resource-availability risks associated with water stress. »» For more details refer water management section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: • Lower water procurement and treatment costs • Improved operational resilience in water-stressed regions • Strengthened license to operate and stakeholder trust		Negative: • Higher water sourcing and treatment costs • Risk of operational shutdowns due to water scarcity • Regulatory fines and compliance-related penalties		

Material Topic 4: Diversity, Equity, Inclusion, & Belonging (DEIB)

Type: Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own operations Upstream	High	Medium	Talent Attrition Risk, Candidates Screening Risk, & Resource Management Risk
UN SDG, GRI & IFRS Linkage	   GRI 405-1, 406-1, 404-2, 404-3 IFRS S1.26, S1.28, S1.54, S1.45				
Rationale for identifying the risk/ opportunity	A well-defined and effectively implemented DEIB strategy creates opportunities to enhance innovation, productivity and workplace creativity by fostering diverse perspectives and inclusive practices. Strong DEIB practices support the attraction, engagement and retention of diverse talent, strengthen employee morale and enable the delivery of high-quality, inclusive services to customers, contributing to sustainable growth and long-term value creation.				
Management Approach (Risk Mitigation / Opportunity Realisation)	- Unbiased hiring and equitable people practice mitigating discrimination, attrition and talent availability risks - Leadership diversity initiatives to strengthen decision-making quality and organisational resilience - Equal access to learning and career progression to enhance workforce productivity and retention - Board and leadership oversight supported by DEI policies and training on inclusive behaviours and equal opportunity »» For more details refer Diversity, Equity, Inclusion & Belonging section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Improved employee retention, reducing recruitment and replacement costs - Higher workforce productivity - and innovation, supporting revenue growth and margin improvement - Stronger talent pipeline, enhancing long-term organisational resilience and competitiveness		Negative: - Increased employee turnover - leading to higher hiring, onboarding and training costs - Potential litigation and compliance costs arising from inequitable practices - Damage to employer brand, affecting talent attraction and long-term business performance		

Material Topic 5: Human Capital Development

Type: Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own operations Downstream	High	High	Talent Attrition Risk, Candidates Screening Risk, & Resource Management Risk
UN SDG, GRI & IFRS Linkage	   GRI 404-1, 404-2, 404-3 IFRS S1.26, S1.28, S1.54, S1.45				
Rationale for identifying the risk/ opportunity	Risk: Inadequate people management and lagging technology integration may result in talent inefficiencies, heightened attrition, sub-optimal workforce planning and erosion of competitive advantage in fast-evolving digital markets. Opportunity: Strong human capital management presents a significant growth opportunity by optimizing talent performance, fostering engagement and innovation and strengthening leadership continuity. Integrated talent and succession planning reduces attrition risks, enhances workforce efficiency and supports sustained competitiveness.				
Management Approach (Risk Mitigation / Opportunity Realisation)	• Structured learning and development framework aligned with organisational and business priorities • Continuous upskilling and reskilling programmes to build future-ready capabilities • Technology academies to strengthen digital and domain expertise • Leadership development initiatives to build a strong leadership pipeline • Clearly defined career progression and succession pathways • Robust performance management systems linked to capability development • Integration of learning objectives with business strategy to support talent retention, productivity and long-term growth »» For more details refer Human Capital Management section				

Material Topic 5: Human Capital Development

Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Improved operational efficiency and productivity, positively impacting operating margins - Enhanced innovation capability supporting revenue growth and service differentiation - Greater internal mobility reducing external hiring costs and time-to-productivity - Strengthened future-readiness of the workforce, supporting long-term enterprise value and business resilience	Negative: - Reduced workforce productivity leading to inefficiencies long-term business performance and higher operating costs - Increased employee attrition resulting in higher recruitment, onboarding and replacement expenses - Loss of critical skills and institutional knowledge impacting service delivery, growth potential and competitiveness
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Material Topic 6: Employee Well-being, Engagement, Health and Safety

Type: Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own operations	High	Medium	Talent Attrition Risk, Candidates Screening Risk, & Resource Management Risk
UN SDG, GRI & IFRS Linkage	  GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10 IFRS \$1.26, \$1.28, \$1.54, \$1.55, \$1.45				
Rationale for identifying the risk/opportunity	Risk: Inadequate health and safety conditions, including poor ergonomic design and insufficient support for mental and emotional well-being, may lead to increased absenteeism, reduced employee engagement and lower productivity. These factors can elevate operational risk, disrupt service delivery and expose the Company to regulatory penalties and compliance-related costs, ultimately impacting growth and business performance. Opportunity: Strengthening employee health, safety and well-being is a critical opportunity in a high-intensity technology environment. A safe, inclusive and supportive workplace enhances employee engagement, fosters innovation and improves productivity, contributing to sustained performance, talent retention and long-term organisational resilience.				

Material Topic 6: Employee Well-being, Engagement, Health and Safety

Management Approach (Risk Mitigation / Opportunity Realisation)	• Continuous feedback mechanisms and professional development programmes to strengthen employee engagement, retention and productivity • Well-being initiatives designed to support a positive, motivating and high-performance work environment • Occupational Health and Safety (OHS) management system to safeguard employee safety and workplace conditions • Ergonomically designed workplaces to reduce health risks and improve comfort • Mental health support programmes to address stress and emotional well-being • Comprehensive well-being initiatives covering physical, social, financial and psychological well-being » For more details refer Employee Well-being section		
Financial implications of the risk or opportunity (Indicate positive or negative implications)	<table border="0"> <tr> <td data-bbox="422 846 997 1207"> Positive: • Lower absenteeism and improved workforce availability • Higher productivity and operational efficiency • Reduced health, safety and insurance claims </td><td data-bbox="997 846 1437 1207"> Negative: • Costs arising from workplace incidents and injuries • Adverse impact on insurance premiums • Operational downtime and productivity loss • Legal, regulatory and liability exposure </td></tr> </table>	Positive: • Lower absenteeism and improved workforce availability • Higher productivity and operational efficiency • Reduced health, safety and insurance claims	Negative: • Costs arising from workplace incidents and injuries • Adverse impact on insurance premiums • Operational downtime and productivity loss • Legal, regulatory and liability exposure
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Material Topic 7: Human Rights & Labour Practices

Type: Risk	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Medium Long	Own Operations Downstream Upstream	High	Medium	Talent Attrition Risk, Candidates Screening Risk & Resource Management Risk
UN SDG, GRI & IFRS Linkage	    GRI 408-1, 409-1, 410-1, 411-1, 412-1, 412-2, 412-3 IFRS S1.26, S1.28, S1.54, S1.45				
Rationale for identifying the risk/ opportunity	Risk: - Discriminatory practices, unethical labour actions, or misuse of employee or personal information can result in regulatory penalties, jurisdictional exposure and non-compliance costs - Such incidents may lead to operational inefficiencies, legal liabilities and erosion of brand reputation, adversely impacting business continuity and stakeholder trust				
Management Approach (Risk Mitigation / Opportunity Realisation)	- Robust labour and human rights policies, supported by a formal Human Rights Commitment Statement - Effective grievance redressal mechanisms to address concerns and ensure accountability - Regular awareness and training programmes to embed ethical practices - Supplier assessments to promote respect for human rights across the value chain »» For more details refer Human Rights and Labour Practices section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Improved supply continuity and operational stability - Sustained market access and stronger investor confidence		Negative: - Regulatory fines and remediation costs - Contract losses due to non-compliance - Brand and reputation damage impacting long-term value		

Material Topic 8: Corporate Citizenship & Individual Social Responsibility

Type: Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Medium Long	Own Operations Upstream	High	Medium	Not a Risk
UN SDG, GRI & IFRS Linkage	 GRI 203-1, 203-2, 201 IFRS S1.26, S1.28, S1.54, S1.45				
Rationale for identifying the risk/ opportunity	Opportunity: Our strong commitment to social development and corporate responsibility builds societal trust, employee acceptance and regulatory alignment. By integrating business growth with inclusive economic and social development, the Company enhances community welfare and well-being while supporting sustainable, long-term value creation.				
Management Approach (Risk Mitigation / Opportunity Realisation)	Through our CSR initiatives, we focus: - On initiatives in education, skill development, healthcare and community welfare, heritage and wildlife conservation - Support for underserved and marginalized communities through targeted programmes » For more details refer Corporate Citizenship and Social Responsibility section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Stronger community support - Smoother operational execution and project continuity - Enhanced brand value and stakeholder trust		Negative: - Risk of community protests and stakeholder opposition - Project delays affecting timelines and costs - Reputational harm impacting long-term business value		

Material Topic 9: Risk Management and Business Continuity

Type: Risk	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own Operation Upstream Downstream	High	High	Crisis Management & Resilience Risk, Regulatory Compliance Risk & Business Regulations Compliance Risk
UN SDG, GRI & IFRS Linkage	    GRI-201, 418-1 IFRS S1.26, S1.28, S1.50, S1.54, S1.55				
Rationale for identifying the risk/ opportunity	Risk: In a rapidly evolving technology environment, insufficiently integrated risk identification and oversight may result in emerging ESG, cyber, data privacy and technology risks being inadequately assessed or managed, potentially affecting operational resilience, regulatory compliance and enterprise value over the short, medium and long term.				
Management Approach (Risk Mitigation / Opportunity Realisation)	We integrate ESG risks into our Enterprise Risk Management (ERM) framework to assess climate risks, regulatory challenges and cybersecurity threats, ensuring business resilience and continuity. Enhancing detection systems, protocols, tools and processes - maintain uninterrupted business operations, in case of any disruptions or outages. »» For more details refer Enterprise Risk Management section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Reduced disruption-related losses - Enhanced operational resilience and business continuity - Increased investor confidence and trust		Negative: - Operational downtime affecting service delivery - Revenue losses due to system or process disruptions - Increased recovery, remediation and incident response costs		

Material Topic 10: Corporate Governance

Type: Risk	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own Operation	High	High	Not a Key Risk
UN SDG, GRI & IFRS Linkage	  GRI 102, 103, 2-9, 2-10, 2-11, 2-14, 2-18, 2-19, 405-1, IFRS S1.26, S1.27, S1.28				
Rationale for identifying the risk/ opportunity	Risk: Weak governance may lead to inadequate oversight, conflicts of interest and poor decision-making, increasing operational, compliance and value-erosion risks.				
Management Approach (Risk Mitigation / Opportunity Realisation)	A strong and effective board or leadership oversight aligning with Company's vision, mission and business goals boosts investor confidence, lowers capital costs and promotes transparency in business operations and disclosures. Good governance strengthens Company's position in the external environment, while poor governance results in compliance costs and administrative burdens, leading to stiffness in business growth.  For more details refer Corporate Governance section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Improved access to capital and financing - Enhanced stakeholder and investor trust		Negative: - Regulatory actions and compliance penalties - Strategic decision failures impacting long-term value		

Material Topic 11: Business Ethics and Compliance

Type: Risk	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own Operations Upstream Downstream	High	High	Business Regulations Compliance Risk and Regulatory Compliance Risk
UN SDG, GRI & IFRS Linkage	 GRI 205, 206, 307, 419, 2-23, 2-24, 2-29 IFRS S1.26, S1.28, S1.54				
Rationale for identifying the risk/ opportunity	Risk: Ethical misconduct, bribery, or regulatory non-compliance may result in financial penalties, legal exposure, loss of stakeholder trust and reputational damage, adversely affecting business continuity and long-term value.				
Management Approach (Risk Mitigation / Opportunity Realisation)	• Zero-tolerance ethics and anti-corruption framework, supported by a comprehensive Code of Conduct, to ensure ethical behaviour and regulatory compliance • Strong governance and compliance oversight to prevent misconduct, mitigate legal and reputational risks and strengthen stakeholder trust • Effective compliance controls to reduce exposure to fines, litigation, contract losses and value erosion, thereby protecting long-term enterprise value »» For more details refer Ethics and Compliance section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: • Reduced compliance-related losses and risk exposure • Stronger credibility with regulators, customers and investors • Lower ongoing compliance and control costs			Negative: • Regulatory fines and legal costs • Reputational damage affecting long-term enterprise value	

Material Topic 12: Innovation Management

Type: Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Medium Long	Own Operation Downstream	High	High	Not a Risk
UN SDG, GRI & IFRS Linkage	    GRI 203, 102, 103-4, 102-5, 418-1 IFRS S1.26, S1.28, S1.29, S1.54				
Rationale for identifying the risk/ opportunity	Opportunity: Innovation enables new products, process efficiency and market expansion - In the current fast-paced evolving environment, being at the competitive edge encourages companies to accelerate product/ service development and develop new service lines. Being agile in innovating and automating digital transformation optimizes costs and drives customer satisfaction. However, innovation has its own risks of failure and unproven tech disruptions, therefore, it is essential to invest meaningfully in R&D and innovation management.				
Management Approach (Risk Mitigation / Opportunity Realisation)	We integrate cutting-edge technologies such as AI, automation, and digital transformation to enhance operational efficiency, sustainability and customer experience. Our focus on continuous innovation strengthens our market leadership. »» For more details refer Customer Centricity section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: • New revenue streams and market expansion • Operational efficiency and productivity gains • Competitive differentiation and long-term growth Negative: • Obsolescence risk impacting product relevance and revenue potential • Foregone market opportunities leading to reduced growth and market share				

Material Topic 13: Client Value and Customer Satisfaction

Type: Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own Operations Downstream	High	High	Customer Default Risk
UN SDG, GRI & IFRS Linkage	   GRI 416, 417-1, 417-2, 418-1 IFRS S1.26, S1.28, S1.45				
Rationale for identifying the risk/ opportunity	Opportunity: Consistent value creation for clients and high customer satisfaction support revenue stability, repeat business, client retention, cross-selling opportunities and long-term enterprise value. Risk: Declining customer satisfaction may increase service remediation costs, weaken client trust and loyalty and lead to customer attrition or revenue concentration risks, adversely affecting revenue predictability, growth and long-term financial performance.				
Management Approach (Risk Mitigation / Opportunity Realisation)	We focus on delivering consistent customer value and satisfaction through strong service quality standards, customer-centric delivery models and continuous engagement mechanisms. Risks relating to customer satisfaction are mitigated through structured customer feedback and grievance redressal mechanisms, regular service reviews and corrective action processes to address issues in a timely manner. Strong governance, data protection practices and adherence to contractual and regulatory requirements further support trust, service reliability and long-term customer relationships. »» For more details refer Customer Engagement Satisfaction section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: • Repeat sales and long-term revenue stability • Ability to command price premiums • Strong customer loyalty and retention		Negative: • Higher warranty and service remediation costs • Loss of contracts and reduced market position		

Material Topic 14: Information Security, Cybersecurity and Data Privacy

Type: Risk	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Medium Long	Own Operations Upstream Downstream	High	High	Data Privacy Risk and IT Security & Cyber Risk
UN SDG, GRI & IFRS Linkage	  GRI 418-1, IFRS S1.26, S1.28, S1.54, S1.55, S1.45				
Rationale for identifying the risk/ opportunity	Risk: Cyber incidents, data breaches, or privacy failures can disrupt operations, expose the Company to regulatory penalties and legal liabilities, increase compliance and remediation costs and erode customer trust and brand reputation, negatively impacting operational efficiency and growth.				
Management Approach (Risk Mitigation / Opportunity Realisation)	- Protection of information assets, digital systems and customer data through a robust information security and cybersecurity framework, supported by defined policies, controls and governance mechanism - Deployment of advanced cybersecurity tools, including AI-driven threat detection and compliance with applicable global and local data-protection regulations - Continuous risk mitigation measures, including real-time monitoring, secure access management, periodic risk assessments and secure data-handling practices - Ongoing employee training and awareness programmes to strengthen cyber hygiene and data-privacy compliance - Strong oversight mechanisms, including periodic audits and incident-response protocols, to safeguard data confidentiality, integrity and availability and reduce the risk of cyber incidents, data breaches and regulatory non-compliance »» For more details refer Information Technology, Data Privacy & Cybersecurity section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Reduced loss exposure from cyber and data incidents - Strengthened client trust and confidence - Improved business continuity and service reliability		Negative: - Breach response, remediation and recovery costs - Regulatory penalties and litigation exposure - Operational downtime and productivity losses		

Material Topic 15: Sustainable Value Chain Management

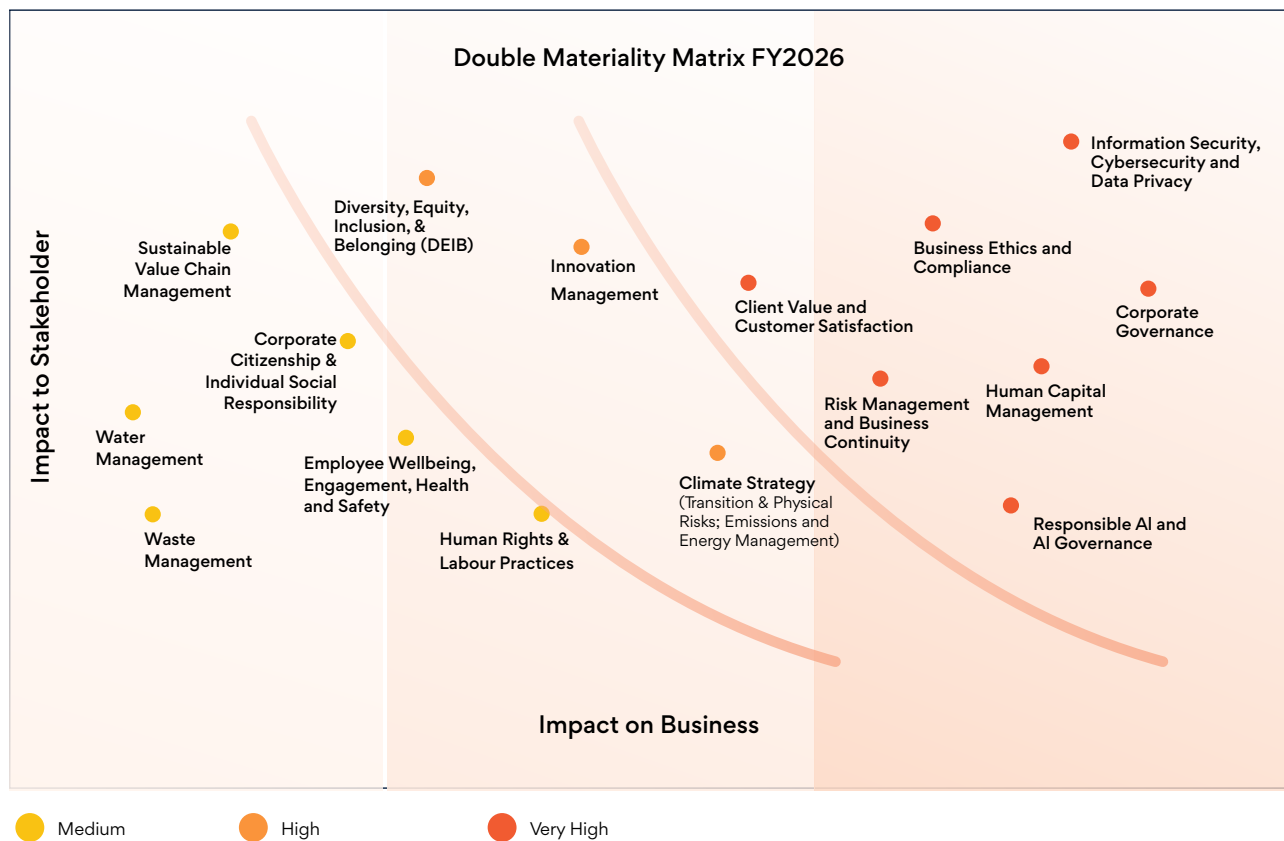
Type: Risk & Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own Operations Upstream	Medium	Medium	Critical Suppliers (Cyber and Privacy) Risk
UN SDG, GRI & IFRS Linkage	    GRI 309, 414, 204-1, 308-1, 308-2, 414-1: 414-2 IFRS S1.26, S1.28, S1.29, S1.54, S1.45				
Rationale for identifying the risk/ opportunity	Risk: Environmental, labour, or ethical lapses within the supplier base may create indirect operational, compliance, reputational and continuity risks across the value chain. Opportunity: Responsible sourcing and supplier ESG integration strengthen supply-chain resilience, transparency, traceability and long-term value creation.				
Management Approach (Risk Mitigation / Opportunity Realisation)	We implement sustainable and responsible value chain management practices through strengthened compliance mechanisms, supply chain audits, green procurement and responsible business relationships. Our approach promotes responsible sourcing, ethical supplier practices and ESG compliance across the supply chain. Through sustainable procurement practices, regular supplier audits and structured supplier engagement programmes, we enhance resource efficiency and optimize the use of resources across the value chain in a responsible and sustainable manner, driving accountability and long-term value. »» For more details refer Sustainable Supply Chain section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: • More resilient and reliable supply base • Lower exposure to ESG, compliance and continuity risks • Preferred customer status with responsible suppliers		Negative: • Supply disruptions affecting operations and delivery • Higher compliance and supplier management costs • Reputational risks arising from supplier ESG failures		

Material Topic 16: Responsible AI and AI Governance

Type: Opportunity	Time Horizon	Value chain relevance	Impact Materiality	Financial Materiality	Linkage with Key ERM Risks
	Short Medium Long	Own Operations	High	High	Emerging Technologies (AI) Risk
UN SDG, GRI & IFRS Linkage	   GRI 418, 419 IFRS S1.26, S1.28, S1.29, S1.54, S1.55, S1.45				
Rationale for identifying the risk/opportunity	Opportunity: Strong AI governance and responsible AI deployment enhance productivity, decision-making and service quality while mitigating technology, compliance and reputational risks, thereby protecting enterprise value and enabling sustainable growth amid evolving AI regulations.				
Management Approach (Risk Mitigation / Opportunity Realisation)	We have established Responsible AI principles supported by a structured AI governance framework, ethical guidelines and defined accountability mechanisms. AI-related risks are managed through model risk assessments, data privacy and security controls and cross-functional oversight to ensure responsible development and deployment of AI systems. Ongoing employee training on ethical AI, together with alignment to emerging global AI regulations and client expectations, helps mitigate regulatory, ethical and reputational risks while promoting transparency, fairness and responsible use of AI technologies. »» For more details refer Responsible AI section				
Financial implications of the risk or opportunity (Indicate positive or negative implications)	Positive: - Productivity gains and operational efficiency - Improved decision-making and innovation capability		Negative: - Increased compliance and governance costs - Errors, reputational damage and legal or regulatory exposure		

Materiality Matrix

The materiality matrix below highlights the key environmental, social and governance material topics as per 'very high', 'high' and 'medium' category.



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 Modernisation to businesses across industries. With over 27,500 employees located in 21 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 Best-in-Class 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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