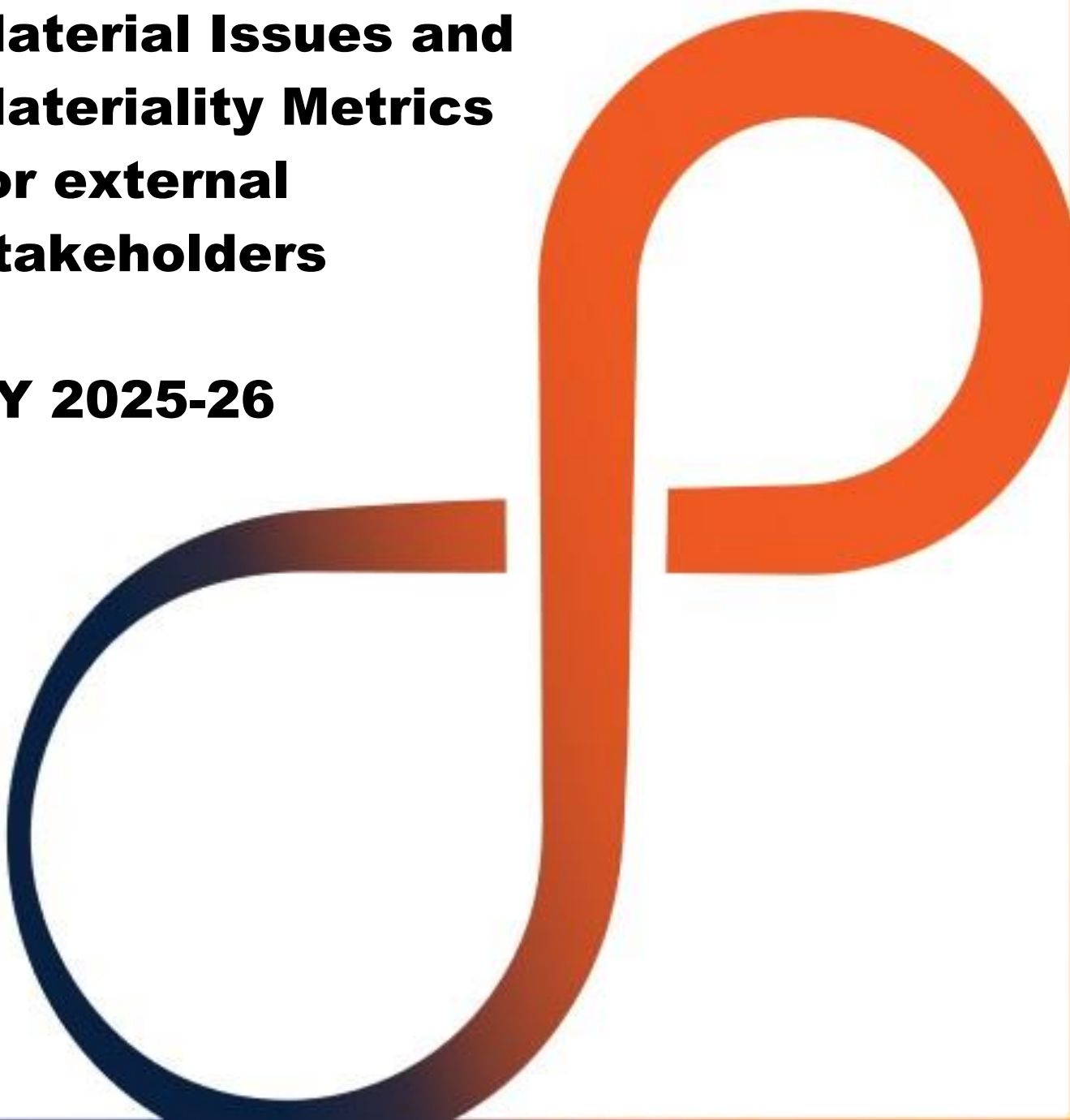




Material Issues and Materiality Metrics for external stakeholders

FY 2025-26



Material Issues and Materiality Metrics for external stakeholders

We have performed a thorough materiality assessment to determine the positive and negative effects our operations, products and value chain have on the environment, society and the economy. This evaluation allows us to identify and focus on the most significant areas where we can generate a meaningful impact for our external stakeholders.

Material Issue 1: Climate Strategy (Transition & Physical Risk, Emission and Energy Management)

Description	Effective management of greenhouse gas emissions and energy consumption is critical for minimizing environmental impact and addressing climate change, which directly affects external stakeholders such as communities, customers and investors. By reducing carbon emissions, enhancing energy efficiency and transitioning to renewable energy, we contribute to global sustainability goals, improve air quality and support energy security. These efforts align with stakeholder expectations for responsible environmental stewardship and help mitigate risks associated with regulatory changes and climate-related disruptions.	
Cause of Impact	The impact arises from energy use in offices and emissions from service delivery, forming the basis of core operations across locations and service lines and affecting more than 50% of the business.	
External Stakeholder(s)/ Impact Area(s) Evaluated	Environment and society are impacted through the Company's operations, particularly via emissions, energy consumption and climate-related risks that influence environmental quality, resource use and community well-being.	
Topic relevance to external stakeholders - Rationale for Identifying the Issue	Climate change is intensifying extreme weather, including heat waves, cyclones and floods, while increasing the prevalence of seasonal and pandemic diseases. These events threaten human safety and corporate stability, potentially causing infrastructure damage and supply chain disruptions. Proactively addressing these risks is vital for building organisational resilience, ensuring business continuity and protecting the well-being of our communities. At the same time, the transition to a low-carbon economy presents opportunities to enhance operational efficiency, drive innovation and access new markets and sustainable financing avenues.	
Type of Impact	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

Material Issue 1: Climate Strategy (Transition & Physical Risk, Emission and Energy Management)

Impact Valuation	Environmental value lost/ gained - Adopted an internal carbon price of USD 15 per tonne of Co2e (approximately INR 1,418.14/tCO₂e) applied to Scope 1 and Scope 2 emissions under operational control - HVAC retrofit in Pune site resulted in annual cost savings of INR 11.35 Lakhs
Output Metric	Description of the Output Metric - Carbon Neutrality achieved - Avoid 53.4% emission reduction (SBTi aligned) 75% of Supply chain partners covered under ESG awareness programs.
Impact Metric	8,160.11 tCO₂e emissions avoided annually through renewable energy adoption and energy efficiency measures 62.90% market-based Scope 1, 2 & 3 emissions reduction from FY 2023-24 baseline 20.20% location-based Scope 1, 2 & 3 emissions reduction from FY 2023-24 baseline - Enhanced ESG awareness and capability across supply chain partners through structured training and capacity-building programme



Material Issue 2: Information Management, Cybersecurity and Data Privacy

Description	Effective management of information security, cybersecurity and data privacy is critical for safeguarding sensitive data and ensuring the resilience of digital operations, which directly affects external stakeholders such as consumers/end-users, suppliers and external employees. By implementing robust security controls, protecting personal and business data and preventing cyber threats, the Company strengthens stakeholder trust, ensures service reliability and maintains business continuity. These efforts align with stakeholder expectations for secure and responsible data management while mitigating risks related to regulatory non-compliance, data breaches and operational disruptions.	
Cause of Impact	The impact arises from the collection, processing, storage and transmission of sensitive data embedded within Products/ Services and Operations , which are integral to service delivery across geographies and business lines. As these activities form a core part of digital operations, they affect more than 50% of business activity.	
External Stakeholder(s)/ Impact Area(s) Evaluated -	Consumers/end-users, Suppliers and External employees such as contactors and vendor employees are impacted through the Company's Products/ Services and Operations , particularly through the handling, protection and responsible use of sensitive data, cybersecurity practices and privacy safeguards that influence data security, service reliability and overall stakeholder trust.	
Topic relevance to external stakeholders - Rationale for Identifying the Issue	Cyberattacks and hacking risks pose a threat to IT services, impacting businesses that rely on technology for key operations. A security breach could disrupt services, compromise sensitive data and erode stakeholder trust. Ensuring robust cybersecurity measures is essential for protecting business operations, maintaining client confidence and mitigating risks arising from cyber threats, employee errors and other vulnerabilities.	
Type of Impact	Positive: - Reduced loss exposure from cyber and data incidents - Strengthening 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
Output Metric	- Industry leader in information security and cloud practices - Use information governance to effectively manage data privacy and security-related risks - Implementation of robust ISMS, multi-layered governance and adherence to ISO 27001, ISO 27017, ISO 27018, ISO 27701 and SOC 2 Type II - Zero data breaches in the Company environment	
Impact Valuation	Access to product/service with positive impact provided 100% sites certified for ISO 27001, ISO 27017, ISO 27018, ISO 27701 and SOC 2 Type II Description of the impact Assessed: Ensure Zero data breach	
Impact Metric	- Number of instances of data breaches: Nil in the Company environment. 1 (One) at the third-party service provider of the Company - Percentage of data breaches involving personally identifiable information of customers: Nil	

Material Issue 3: Corporate Citizenship and Individual Social Responsibility (Society & community relations)

Description	Effective implementation of CSR initiatives and community development programmes is critical for contributing to societal well-being and fostering inclusive growth, which directly affects external stakeholders such as local communities, beneficiaries, NGOs and institutional partners. By investing in education, healthcare, livelihood enhancement and environmental sustainability, the Company supports long-term community resilience and social inclusion. These efforts align with stakeholder expectations for responsible corporate citizenship while mitigating risks related to social inequality, community disengagement and long-term sustainability challenges.	
Cause of Impact	The impact arises from the Company's CSR initiatives and community investment programmes embedded within its overall Operations, including activities across locations and project areas. As these initiatives are integrated into business operations and aimed at long-term value creation, they contribute to community development and societal well-being, affecting more than 50% of business activity.	
External Stakeholder(s)/ Impact Area(s) Evaluated	Environment and society at large, local communities, beneficiaries, NGOs and institutional partners are impacted through the Company's Operations, particularly via social development initiatives focused on education, healthcare, livelihood enhancement and environmental sustainability, which influence community resilience, social inclusion and overall societal well-being.	
Topic relevance to external stakeholders - Rationale for Identifying the Issue	Persistent Systems is dedicated to generating enduring value for our stakeholders and society. Our CSR strategy is built upon the UN Sustainable Development Goals, which serve as our roadmap for a more equitable and resilient future. As a technology leader, we leverage our unique position to tackle global challenges, specifically focusing on Quality Education (SDG 4), Clean Water and Sanitation (SDG 6) and Reduced Inequalities (SDG 10). By deploying tech-enabled interventions that empower people and conserve resources, we contribute to the global development agenda while strengthening stakeholder trust and embedding purpose into our core business.	
Type of Impact	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
Output Metric	• CSR amount spent – INR 237.71 Mn • 10,296 Volunteers participated in CSR activities • 11,683 Hours of volunteering in ISR activities	

Material Issue 3: Corporate Citizenship and Individual Social Responsibility (Society & community relations)

Impact Valuation	Social return on Investments • By providing seeds, fertilizers, grafts, drip irrigation sets, farm plots and farm fencing, we have helped farmers increase agricultural output by 10 to 20% resulting in a 15 to 20% rise in average farmer income • 32 scholars successfully completed the Kiran Girls Scholarship and Mentoring programme, with 22 securing job placements, with highest package of INR 22 lakhs • We conduct regular and comprehensive social impact assessments to verify that our initiatives tangibly enhance the quality of life within the communities we serve. These evaluations track improvements in community cohesion, access to essential services and the holistic well-being, physical, mental and social of our beneficiaries. Our goal is to uplift the socioeconomic status of vulnerable households and foster inclusive economic growth at the local level. Our initiatives have impacted on the community in the following ways: • CSR Spend INR 237.71 Mn – 100% spent • Number of lives touched: 68,097 • No. of CSR projects in Education, Health, Community Development, Heritage and Wildlife conservation– 65 projects • 10,296 volunteers spent 11,683 hours of volunteering in CSR activities Description of the impact Assessed: Touch 60,000 plus lives and 600 families
Impact Metric	• Touch 60,000 plus lives and 600 families to deliver high-impact programmes in Education, Health care, Community development and heritage and wildlife conservation by FY2027 • 100% utilization of CSR funds



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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