



Persistent

Group Corporate Tax Strategy

July 2024

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Introduction

Persistent Systems Limited and its subsidiaries (“The Company” or “Persistent”) are engaged in providing outsourced engineering software product development services, platform-based solutions, and services for new age technologies. It has a unique integrated model for service delivery that enables it to offer a range of options including software development and application maintenance. It offers complete product life cycle services. The Company was incorporated in India in the year 1991 and currently has operations in over 15 countries.

This tax strategy document sets out Persistent’s approach to managing its tax affairs and the risks associated with them. It is guided by our core value of **Responsibility** towards the communities and adherence with law of countries that it operates in. It is the Company’s aim is to ensure that the required amount of taxes is paid in full, at the right time and in the right jurisdiction, in compliance with all statutory obligations. The Company ensures that full disclosure is made to tax authorities with accuracy and transparency.

Primary Objectives

- \\ To be compliant with the taxation laws and regulations of various countries and tax jurisdictions in which the Group operate.
- \\ To maintain integrity, transparency and timeliness in tax compliance and reporting.
- \\ To partner with the business and provide timely updates on the latest changes in Tax laws and regulations impacting business decisions.
- \\ To provide appropriate tax advice and its implications on business decisions.
- \\ To support a long-term business strategy that avoids tax risks and tax inefficiencies in the implementation of business decisions.
- \\ To abide by the evolving Global Transfer Pricing principles; not use tax structures with the intent of tax avoidance and artificially transfer value to low tax jurisdictions.
- \\ To ensure all arrangements are commercially motivated by business requirements, and we commit to not use tax structures without any commercial substance.
- \\ To not use secrecy jurisdictions or so-called “tax havens” for tax avoidance

Principles of the Tax Strategy

1.\ Governance:

The Chief Financial Officer (CFO) is responsible for the tax strategy, the supporting governance framework and management of tax risk. The operational management of tax risk is delegated to Vice President – Finance and internal tax team. Members of the tax team are responsible for day-to-day tax compliance in all jurisdictions where the Company operates and formulation of group tax strategy. Implementation of the tax strategy and management of tax and related risks are informed in timely manner to the Audit Committee and the Board of Directors.

At a functional level, Persistent has put in place a comprehensive global regulatory framework with defined process owners for various tax compliances required in all countries. Process controls are subject to regular review by the Internal audit team of the Company.

2.\ Compliance:

As regulatory compliance is a key objective for the company, tax compliance is a priority in every jurisdiction where the company operates. Persistent is committed to being fully compliant with its statutory filing obligations, ensuring complete and accurate tax returns are submitted on time and that the required amount of tax is paid by the due date. External tax advisor support is sought on a need basis to support the Company in complying with local country tax regulations.

Global compliances are tracked through the Company's compliance tracker system which has an inbuilt early warning mechanism. The summary report from the system and the dashboard is made available to the Vice President – Finance and monitored at regular intervals. Each quarter, the corporate tax team updates the tracker with compliances completed during the quarter. The Secretarial team shares this confirmation with the Board.

3.\ Transfer Pricing:

Persistent ensures that all transfer pricing computations within the Group are based on the well accepted arm's length principle. The transfer pricing policy and disclosures of the Company are compliant with transfer pricing laws and regulations of each country where it operates.

4.\ Planning:

As a policy, the Company undertakes all business activities in compliance with laws and regulations and in accordance with Persistent's core values. Persistent does not undertake aggressive tax planning, does not tolerate tax evasion, nor does it tolerate the facilitation of tax evasion by any person(s) acting on behalf of the company. The Company always seeks to operate within the letter and spirit of the law and seeks external advice in relation to tax

matters or areas of complexity or uncertainty. Changes in tax laws are monitored on a regular basis to assess their impact on our business. The tax strategy is aligned with business and commercial strategy. All tax decisions undertaken have an underlying commercial rationale to support our growth and commitment to customers and shareholders.

5.\ Risk Management:

Persistent's tax risk management, governance and controls include measures and tools to ensure that the Company can identify, assess, manage, and mitigate any operational reporting, financial reporting, and compliance tax risks in all the countries where it operates. External professional advice is sought on matters where there is significant uncertainty or complexity in relation to a risk.

The Tax function takes the lead role in identifying, managing, and monitoring tax risks within the business with regular review. Internal controls and escalation procedures are put in place to identify, quantify, and manage key risks. The team constantly monitors its various tax risks and mitigation measures. The team provides advice to the business on tax-related issues, undertakes tax filings, engages with tax authorities and external consultants.

6.\ Engagement with Tax Authorities:

The Company engages with tax authorities globally with honesty, integrity, respect and in a spirit of cooperative compliance. The Company is committed to prompt disclosure and transparency in all tax matters with respective tax authorities. From time to time, the Company may be subject to audit in the countries where it operates. During such audits, it is endeavor of the Company to be transparent with tax authorities, providing relevant facts and documentation and to resolve disputes constructively, and in a timely manner on current, future, and past tax risks.

Review of the Policy

The policy has been approved by the Board of Directors and will be reviewed annually by the Finance (Taxation) team.

About Persistent

We are a trusted Digital Engineering and Enterprise Modernization partner, combining deep technical expertise and industry experience to help our clients anticipate what's next. Our offerings and proven solutions create a unique competitive advantage for our clients by giving them the power to see beyond and rise above. We work with many industry-leading organizations world-wide including 14 of the 30 most innovative US companies, 80% of the largest banks in the US and India, and numerous innovators across the healthcare ecosystem. Our company fosters a values-driven and people-centric work environment. Our strength of over 22,500+ employees is spread over 18 different countries across the globe.

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