

26. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Change, emissions & energy	R, O	Risk: Physical risk from extreme weather events, climate-related policy and regulatory risks. Reputational risk from perceived inaction to climate change Opportunity: Differentiated product offering, improved brand image, opportunities for collaboration & partnership, reduced carbon footprint	The Company is dedicated to minimizing its environmental footprint and contributing towards positive climate change. It has set a target to achieve 100% reduction in Scope 1 and 2. The Company also promotes sustainable supply chain by adapting to green sourcing	Yes
2	Resource management	R,O	Risk: Can lead to resource scarcity, disruption in supply chain, fluctuation in pricing and reputational loss. Opportunity: Proper resource management can lead to cost savings, efficiency gains, proactiveness in managing resources and long-term sustainability.	The Company aims to optimize resource usage across its operations to minimize waste generation and promote circular economy principles. Happiest Minds targets to reduce water consumption and waste generation to a significant value by 2030.	Yes
3	Biodiversity	R,O	Risk: Can lead to habitat loss and fragmentation, pollution, impact on ecosystem Opportunity: Investing in bio-diversity conservation, reduce business vulnerability, Implementing sustainable practices.	The Company promotes conservation of biodiversity across operations through responsible land management and habitat preservation and promoting bio-diversity-friendly practices.	No
4	Innovation	O	Opportunities: Innovation can create new market opportunities, it can lead to cost optimization and efficiency, supports new market penetration, sustainable innovation can help address environmental challenges.	We are Born Digital . Born Agile We are exploring business opportunities in sustainable technologies.	Yes
5	Cyber security and data privacy	R,O	Risk: Ransomware/Malware threat Opportunity: To address the Data subject rights of the employees	The Company has implemented stringent controls to prevent and restrict spreading of any malware across the environment / critical application. Employee notification process is defined to ensure Happiest Minds' employees data subject rights are identified and required actions are taken to enable these rights.	Yes

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6	Systemic risk management	O	Opportunity: To enhance the risk assessment process for critical business functions.	The Risk assessment process has been revised to include the impact on confidentiality, integrity, availability, and privacy aspects of the information security. This helps to design and implement effective controls focusing on the area of impact	Yes
7	Business capability & resilience	R	Risk: Loss of data / Impact to business & functions	While the Company practices a matured Business resilience model, its critical to test the approach periodically to ensure that it meets the business and security expectations, and hence the Company performs security incident tests and tabletop exercises regularly. These tests help to identify the practical challenges which may be faced during real time situations and hence helps to improve the current resilience capability of Business and IT processes.	Yes
8	Social Responsibility	O	Opportunity: Being socially responsible boosts employee morale and improves brand reputation and creates brand value within communities	Our CSR initiatives primarily concentrates on environment related projects (Vasundhara) like rural electrification through solar, building percolation wells to improve ground water, social forestry and habitat restoration. More than 6.9 million meals have been distributed through our 'Annapurna' initiative. We also encourage employees to participate in our volunteering programs.	No
9	Responsible supply chain	R, O	Risk: Supply chain disruption due to natural disasters, compliance issues with sustainability standards, increased complexity. Opportunity: Enhanced supply chain resilience, access to new markets, diverse suppliers, differentiated products.	Happiest Minds strives to promote sustainability throughout the supply chain by working with suppliers who share the same commitment to environmental responsibility. The Company has taken certain key initiatives to ensure at least 50% of its top vendors adhere to sustainability standards by 2028.	Yes