

Risk & Opportunity Report

Risk Analysis Table

Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
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Strength & Opportunity Matrix

Category	Positive Indicator	Strategic Impact
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Risk & Opportunity Report

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Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Financial	Negative publicity surrounding pricing of new iPhone models could impact sales and profitability.	Medium	Medium	Conduct thorough market research to optimize pricing; offer various models to cater to different budgets.
Reputational	Criticism of iPhone 17 Pro color options may negatively affect brand perception among certain customer segments.	Low	Medium	Gather diverse customer feedback on product design and aesthetics; expand color options in future releases.
Operational	Potential for delays or disruptions in the production and delivery of the new iPhone models.	Medium	Low	Diversify supply chains; implement robust quality control measures; maintain adequate inventory levels.
Reputational	Overly optimistic claims about battery life and charging speed could lead to customer dissatisfaction if not met.	Medium	Medium	Ensure marketing claims are accurate and verifiable; provide clear expectations to customers.
Operational	Issues with the new AirPods Pro 3 pairing with iPhone models could lead to customer service complaints and returns.	Low	Medium	Conduct rigorous testing of product compatibility; provide clear instructions and troubleshooting guides.
Cybersecurity	Potential vulnerabilities in the new iOS 26 update could expose user data to security risks.	High	Medium	Conduct thorough security audits before release; provide timely security patches and updates.
Financial	Price drop of the MagSafe charger could reduce profit margins if sales volume doesn't compensate.	Low	Medium	Monitor sales data closely; adjust pricing strategies as needed; explore cost reduction options.

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Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Reputational	Negative customer reviews related to any product defects or malfunctions can damage the company's reputation.	Medium	Medium	Implement robust quality control procedures; provide excellent customer support; address customer complaints promptly and transparently.
Legal	False advertising claims about product features or performance could lead to legal action from consumers or regulatory bodies.	High	Low	Ensure all marketing claims are substantiated by evidence; comply with advertising regulations.
Regulatory	Failure to comply with relevant regulations regarding product safety, data privacy, or environmental standards could result in fines or legal action.	High	Low	Maintain compliance with all applicable regulations; conduct regular compliance audits.

Strength & Opportunity Matrix

Category	Positive Indicator	Strategic Impact
Category	Positive Indicator	Strategic Impact
Financial Performance	New iPhone 17 range launched with pre-orders and strong sales anticipated	Increased revenue and market share; strengthens Apple's financial position.
Innovation	Improved battery life and faster charging (50% in 20 minutes)	Enhanced user experience, increased customer satisfaction, competitive advantage.
Innovation	Thinner and lighter iPhone Air model with all-day battery life	Appeals to a wider customer base seeking sleek design and portability; expands market reach.
Innovation	Significant camera upgrades (48MP Fusion Main camera, 4x and 8x zoom Telephoto lens, Dual Capture)	Improved image and video quality; attracts content creators and photography enthusiasts; competitive advantage.
Innovation	New AirPods Pro 3 with improved location tracking via Ultra Wideband technology	Enhanced user experience and reduced frustration associated with lost AirPods; increased customer loyalty.

Risk & Opportunity Report

Category	Positive Indicator	Strategic Impact
Innovation	iOS 26 update with new ringtones and features (call screening)	Improved user experience, increased customer engagement, enhanced software ecosystem.
Innovation	New 2025 model 25W Qi2 MagSafe Charger with price drop	Increased affordability and accessibility of wireless charging technology; strengthens accessory sales.
Market Position	Positive customer response to new iPhone features (battery life, camera, design)	Reinforces Apple's market leadership and brand loyalty.
Market Position	Targeting content creators with enhanced camera features	Expands market reach to a specific and lucrative segment.
Operational Excellence	Efficient manufacturing and supply chain management (timely product launch)	Ensures product availability and meets customer demand.
ESG	Reduced pricing on MagSafe Charger	Potential positive impact on affordability and accessibility of technology.

Extracted ESG Insights Report

Risk Analysis Table

Risk Category	Summary of Risk	Potential Impact	Likelihood (Low/Medium/High)	Mitigation Strategy
Environmental Risks: Greenhouse Gas Emissions	Lack of comprehensive Scope 3 emissions data across the entire supply chain.	Reputational damage, regulatory fines, difficulty meeting emission reduction targets.	Medium	Implementing a system to track Scope 3 emissions across a large panel of suppliers; supplier engagement and capacity-building programs to encourage responsible business practices.
Environmental Risks: Water Usage	Potential for significant water usage in operations and supply chain (not explicitly stated but implied by focus on water conservation).	Negative environmental impact, operational disruptions due to water scarcity, reputational damage.	Medium	Implementing low-water design in buildings and operations; integrated water management approach to minimize water impacts.
Social Risks: Supplier and Vendor Labor Practices	Potential for human rights violations or unethical labor practices within the supply chain.	Reputational damage, legal liabilities, operational disruptions.	Medium	Third-party managed services provider to assess suppliers and guide their efforts in incorporating responsible business practices; supplier self-assessments and capacity-building programs; ESG learning channel for suppliers.
Governance Risks: ESG Disclosures and Reporting	Potential for inaccuracies or incompleteness in ESG reporting, leading to a lack of transparency.	Investor distrust, regulatory scrutiny, reputational damage.	Medium	Enhanced sustainability reporting with streamlined data and automated emissions reporting; use of Gen AI ESG analytics solution for accurate GHG emission calculations.

Positive Indicators Table

Positive Factor	Current Status	Strategic Impact
Commitment to Net-Zero Emissions	Signing of The Climate Pledge, aiming for net-zero by 2040; disclosure of environmental information through CDP for eight consecutive years; Science Based Target initiative (SBTi).	Improved environmental performance, enhanced brand reputation, attracting environmentally conscious investors.
Supplier Engagement on ESG	ESG assessments of 328 top suppliers; ESG learning channel for suppliers; third-party managed services provider to assess and guide suppliers on responsible business practices.	Improved supply chain sustainability, reduced risk of human rights violations and unethical labor practices.
Robust Governance Structure	ESG Committee of the Board; ESG council reporting to the committee; Enterprise Risk Management framework encompassing ESG risks; whistleblower mechanism.	Improved risk management, increased transparency and accountability, enhanced stakeholder trust.
Data-Driven ESG Initiatives	Use of Gen AI ESG analytics solution for ESG data extraction and analysis; integrated data platform for sustainability data capture and reporting for real estate tenants.	Improved data accuracy and efficiency in ESG reporting and decision-making.

Negative Indicators Table

Negative Factor	Current Status	Strategic Impact
Lack of Comprehensive Scope 3 Emissions Data	Limited Scope 3 emissions data available, highlighting a gap in supply chain emissions tracking.	Inability to accurately assess and reduce overall carbon footprint; potential for regulatory non-compliance and reputational damage.
Potential for Water Usage Issues	While water conservation measures are mentioned, the overall water usage and its impact are not fully disclosed.	Potential for negative environmental impact and operational disruptions due to water scarcity.

■ Final ESG Score

48 / 100

■ ESG Score Computation Explanation:

- +8 points for 4 positive ESG indicators.
- -10 points penalty for 2 negative ESG indicators.
- ■ Final ESG Score: 48/100.

Risk & Opportunity Report

Risk Analysis Table

Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Financial	Downgrades from multiple analysts and a relatively high PEG ratio suggest potential for lower-than-expected financial performance.	Medium	Medium	Closely monitor financial performance, diversify revenue streams, improve cost efficiency.
Financial	While Infosys beat EPS estimates, revenue significantly missed expectations, indicating potential underlying issues.	Medium	Medium	Investigate reasons for revenue shortfall, adjust strategic plans, improve sales forecasting accuracy.
Reputational	Negative analyst ratings and fluctuating stock price can negatively impact investor confidence and the company's reputation.	Medium	Medium	Proactive investor relations, transparent communication of financial performance and strategy.
Financial	High reliance on specific industry segments (e.g., Financial Services) creates vulnerability to sector-specific downturns.	Medium	Medium	Diversify client base across multiple industries and geographic locations.
Operational	Failure to meet revenue expectations despite exceeding EPS targets indicates potential operational inefficiencies.	Medium	Medium	Review and optimize operational processes, improve project management, enhance resource allocation.
Regulatory	Exposure to regulatory changes in various geographic locations where Infosys operates could impact profitability and operations.	Low	Medium	Establish a robust compliance program, monitor regulatory developments, engage with relevant regulatory bodies.

Risk & Opportunity Report

Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Cybersecurity	As a technology company, Infosys is vulnerable to cybersecurity breaches which could harm reputation and finances.	High	Medium	Invest in robust cybersecurity infrastructure, implement regular security audits, and employee training.

Strength & Opportunity Matrix

Category	Positive Indicator	Strategic Impact
Category	Positive Indicator	Strategic Impact
Financial Performance	EPS beat analysts' estimates (\$0.20 vs \$0.19)	Strong financial performance signals efficient operations and market competitiveness, leading to increased investor confidence and potential for higher valuations.
Financial Performance	Positive return on equity (31.60%)	High ROE indicates efficient use of shareholder investments, leading to increased profitability and potential for higher dividend payouts or reinvestment in growth initiatives.
Financial Performance	Positive net margin (17.28%)	High net margin shows strong cost management and pricing strategies, contributing to improved profitability and financial stability.
Financial Performance	Revenue of \$4.79 billion (despite missing analysts' expectation of \$420.69 Billion - likely a typo)	Significant revenue demonstrates substantial market presence and strong client base, suggesting a robust business model. The discrepancy with analyst expectation needs further investigation.
Market Position	Moderate Buy consensus rating from analysts	Positive market sentiment indicates confidence in the company's future prospects, potentially attracting more investors and increasing stock value.
Market Position	Institutional investors own 16.20% of the company's stock	Significant institutional investment signals confidence in the company's long-term growth potential and provides financial stability.

Risk & Opportunity Report

Category	Positive Indicator	Strategic Impact
Market Position	Multiple upgrades from "sell" or "negative" ratings to "buy" or "neutral"	Improved analyst ratings reflect a positive shift in market perception, boosting investor confidence and potentially driving stock price appreciation.
Innovation	Infosys is a digital services and consulting company offering end-to-end business solutions	Focus on digital services positions Infosys for growth in a rapidly evolving technology landscape, providing a competitive advantage.
Operational Excellence	Consistent positive financial performance despite a challenging market environment (implied)	Demonstrates robust operational efficiency and resilience, increasing investor confidence and reducing risks.

Risk Analysis Report

Tone Analysis

Category	Details
Overall Tone	Mixed. The company presents a cautiously optimistic outlook, acknowledging headwinds while highlighting positive developments and future potential.
Supporting Phrases	"an excellent year," "highest ever large deal value," "good traction in cost efficiency," "excellent traction with our clients for generative AI work," "strategic acquisition," "extremely strong," "highest in last eleven quarters," "another strong quarter," "healthy pipeline."time impact," "cautious spending by clients," "macroeconomic effects of high inflation," "challenges," "discretionary spending," "lower growth," "soft," "lack of revenue acceleration," "persistent disconnect," "headwinds."
Explanation	The executives express satisfaction with large deal wins and progress in cost reduction and AI initiatives. However, they repeatedly acknowledge a challenging macroeconomic environment impacting discretionary spending and causing some revenue slowdown. The overall tone is balanced between highlighting successes and managing expectations given market conditions.

Risk Analysis

Risk Type	Supporting Evidence	Explanation	Suggested Mitigation
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Market Risk	"We're seeing excellent traction with our clients for generative AI work, but we're also seeing macroeconomic effects of high inflation as well as higher interest rates in BFSI." and "clients are focusing on investing in services like data, digital, AI, and cloud." and "Clients in the communication sector continue to be cautious with growth and challenges. New capital allocation remains under check while the budget remains tight"	The macroeconomic environment, including high inflation and interest rates, is creating cautious spending among clients, particularly in the BFSI sector. This reduces demand for discretionary projects and slows overall revenue growth. The communication sector also reflects caution and budget constraints.	Diversification of client base across industries, focusing on cost-effective solutions and services with high ROI (like AI and cloud), proactive client engagement and relationship management to secure and expand existing contracts.
Operational Risk	"During the quarter, we had a renegotiation and rescope of contracts with one of our financial services clients, which led to a slightly over 1% impact on Q4 revenues."	The rescoping of a significant contract resulted in a revenue shortfall. While 85% of the contract remains, this highlights the risk of project delays or changes in scope impacting revenue and margins.	Enhanced project management methodologies, more robust contract negotiation and change management processes, close monitoring of project risks and timely intervention to mitigate potential issues.
Financial Risk	"Our revenue growth guidance for FY25 is 1% to 3% growth in constant currency. Our operating margin guidance for FY25 is 20% to 22%."	The relatively low revenue growth projection for FY25 signals a continued cautious outlook. While the margin guidance remains within a reasonable range, it suggests a potential constraint on profitability given market conditions.	Further cost optimization initiatives (Project Maximus), efficient use of resources and increased utilization rates, strategic acquisitions to expand into high-growth areas.

Timestamped Insights

Timestamp	Key Insight
00:00:35	* Introduction of the earnings conference call.
00:01:40	* Instructions for participants during the call.
00:02:15	* Mention of Q&A; session.
00:02:55	* Handing over the call to Mr. Salil Parekh.
00:03:05	* Introduction of the Financial Year 2024 Earnings call.
00:03:50	* Forward-looking statement disclaimer.
00:04:30	* Salil Parekh begins the presentation, highlighting strong performance in large deals.
00:06:10	* Mention of flat Q4 year-on-year revenue growth in constant currency.
00:06:25	* Discussion of a one-time impact on Q4 operating margin.
00:06:50	* Highlighting success in Generative AI projects.
00:08:10	* Discussion of cloud growth, positioning it as foundational for AI and generative AI work.
00:09:30	* Mention of data's importance for AI.
00:10:00	* Announcement of a strategic acquisition.
00:10:30	* Example of Generative AI implementation for a large US company.
00:11:45	* Mention of low employee attrition.
00:12:35	* Discusses the outlook for FY25, including revenue growth guidance (1%-3%).
00:12:50	* Provides operating margin guidance (20%-22%) for FY25.
00:13:05	* Handing over the call to Jayesh Sanghrajka, the new CFO.
00:14:15	* Jayesh begins his remarks and expresses his plans for the future.
00:15:15	* Detailed breakdown of Q4 financial results and the impact of contract renegotiation.
00:17:50	* Discussion about large deal wins in Q4.
00:19:10	* Discussion of the dividend for FY24.
00:20:30	* Detailed discussion about the implications of the macroeconomic factors on business.
00:23:50	* Discussion on the impact of the macroeconomic environment on different industry verticals.
00:25:50	* Analysis of large deal wins and revenue impact.
00:26:15	* Discussion of Project Maximus, a margin expansion program.
00:30:20	* Q&A; session begins.
00:30:35	
00:33:20	* Q&A; with Moshe Katri from Wedbush Securities.

00:33:30	
00:38:20	* Q&A; with Ankush Rudra from JPMorgan Chase & Co.
00:38:35	
00:46:20	* Q&A; with Kavleen Saluja from Kotak.
00:46:30	
01:00:45	* Q&A; with Keith Backman from Bank of Montreal.
01:00:50	
01:06:45	* Q&A; with Gaurav Arya from Morgan Stanley.
01:06:50	
01:13:20	* Q&A; with Ashwin Mehta from Ambit Capital.
01:13:30	
01:20:15	* Q&A; with Sandeep Shah from Equirus Securities.
01:20:20	
01:26:00	* Q&A; with Vivek Arora from Nomura Macquarie.
01:26:15	* Concluding remarks by Salil Parekh.

Strengths and Opportunities Matrix

CATEGORY	POSITIVE INDICATOR	STRATEGIC IMPACT
Financial Performance	"FY24 constant currency revenue growth was at 1.4%," "Operating margin for the full year was 20.7%," "\$17.7 billion in large deals comprising of 90 deals," "\$4.5 billion in large deals in Q4 (highest ever)." "Free cash flow for the year was \$2.9 billion, which is a 14% increase over FY23"	Demonstrates financial stability and strong performance despite macroeconomic headwinds. Large deal wins provide a solid foundation for future revenue growth.
Innovation	"Excellent traction with our clients for generative AI work," "generated over 3 million lines of code using one of generative AI large language models," "embedded generative AI in our services and developed playbooks for each of our offerings." "Achieved ISO 45001:2018 certification, testifying to commitment to excellence in AI management."	Positions the company as a leader in leveraging AI for improved efficiency and service offerings. This is a key differentiator in the market.
Market Position	"Strategic acquisition of a company in the engineering services space," "large deal wins," "healthy pipeline of large and mega deals."	Acquisition expands the company's service offerings and market reach, while large deal wins solidify its position with key clients.

Operational Excellence	"Good impact of cost efficiency program during the financial year," "Employee attrition was low at 12.6% (down from 20.9% in the previous year)," "Focus on cost efficiency and consolidation continuing."	Cost reduction initiatives improve margins, enhance profitability, and demonstrate efficient operations. Low attrition suggests a strong employee base and reduced training costs.
ESG (Environmental, Social, and Governance)	Became the first IT services company globally to achieve the ISO 45001:2018 certification."	Demonstrates commitment to ethical and responsible practices and enhances the company's reputation.
Opportunity: Generative AI	"Excellent traction with clients for generative AI," "generated over 3 million lines of code."	Significant growth potential by offering AI-driven services across different industries and functions. This positions them for future expansion and competitive advantage.
Opportunity: Margin Expansion	"Project Maximus," "Focus on optimizing various tracks to increase operating margin in the medium term."	Continued margin improvement will strengthen profitability and return to shareholders.

Extracted ESG Insights Report

Risk Analysis Table

Risk Category	Summary of Risk	Potential Impact	Likelihood (Low/Medium/High)	Mitigation Strategy
Environmental Risks (Carbon Footprint)	Lack of explicit detail on company's overall carbon footprint and emissions reduction targets.	Reputational damage, investor pressure, regulatory fines.	Medium	Further disclosure on carbon footprint, emissions reduction targets, and supplier engagement on carbon reduction is needed.
Social Risks (Supplier and Vendor Labor Practices)	Potential for unethical labor practices within the company's supply chain, despite collaboration with Mastercard on supplier carbon emissions tracking.	Reputational damage, legal liabilities, loss of consumer trust.	Medium	Enhanced due diligence and auditing of supplier labor practices, implementation of robust ethical sourcing policies.
Social Risks (Data Privacy and Security)	Exposure to data privacy and security breaches due to the nature of the company's services (including content moderation).	Legal liabilities, reputational damage, loss of client trust, financial losses.	High	Investment in robust data security measures, compliance with relevant data privacy regulations, employee training on data security protocols.
Governance Risks (Transparent Communications)	Insufficient information provided in the report regarding specific ESG initiatives and progress.	Investor distrust, difficulty attracting and retaining talent, reduced access to capital.	Medium	Increased transparency in ESG reporting, including specific metrics and targets for improvement.
Governance Risks (ESG Disclosures and Reporting)	Limited detail on ESG performance and strategy.	Investor scrutiny, difficulty benchmarking against peers, potential for regulatory penalties.	Medium	Improved and more comprehensive ESG reporting aligned with recognized frameworks (e.g., GRI, SASB).
Governance Risks (Corruption and Fraud Prevention)	Exposure to corruption and fraud risks due to global operations and diverse legal regimes.	Significant fines, legal liabilities, reputational damage, operational disruptions.	High	Implementation of robust anti-corruption and fraud prevention programs, regular internal audits, and employee training on ethical conduct.

Positive Indicators Table

Positive Factor	Current Status	Strategic Impact
Collaboration on Supplier Carbon Emissions Tracking	Partnering with Mastercard to track and analyze supplier carbon emissions.	Improved supply chain sustainability, reduced environmental impact.
Awards and Recognition	Numerous awards for ESG performance, diversity, and workplace culture. (e.g., Bloomberg Gender-Equality Index, Dow Jones Sustainability Index, Ethisphere World's Most Ethical Companies)	Enhanced reputation, improved brand image, attraction and retention of talent.

Negative Indicators Table

Negative Factor	Current Status	Strategic Impact
Lack of Specific ESG Metrics	Report lacks specific, quantifiable data on key ESG performance indicators.	Difficulty in assessing progress, limited accountability, potential for investor concerns.
Limited Information on Human Rights	Report provides limited information on human rights due diligence and performance.	Potential for reputational damage, legal liabilities, and investor pressure.
Potential for Legal Liability	Exposure to significant legal liability related to platform trust and safety services and global operations.	Financial losses, reputational damage, operational disruptions.

■ Final ESG Score

39 / 100

■ ESG Score Computation Explanation:

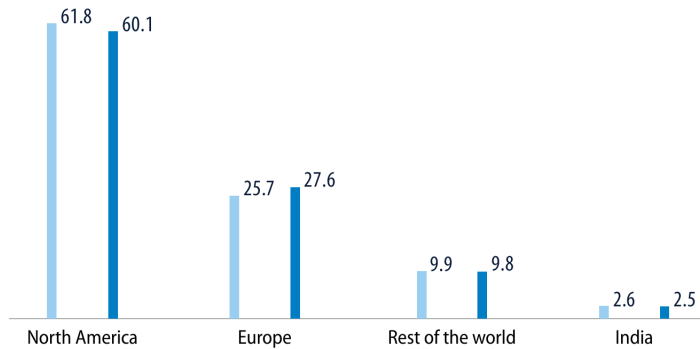
- +4 points for 2 positive ESG indicators.
- -15 points penalty for 3 negative ESG indicators.
- ■ Final ESG Score: 39/100.

Chart Analysis Report

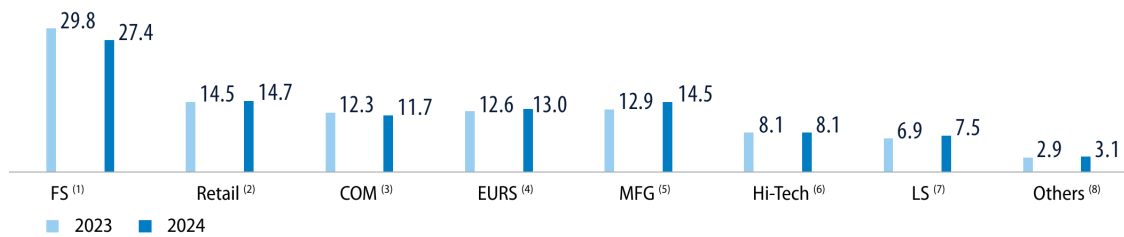
Board's report

Based on consolidated financial statements

Revenue distribution by geographical segments (in %)



Revenue distribution by business segments (in %)



⁽¹⁾ FS – Includes enterprises in Financial Services and Insurance

⁽²⁾ Retail – Includes enterprises in Retail, Consumer Packaged Goods and Logistics

⁽³⁾ COM – Includes enterprises in Communication, Telecom OEM and Media

⁽⁴⁾ EURS – Includes enterprises in Energy, Utilities, Resources and Services

⁽⁵⁾ MFG – Includes enterprises in Manufacturing

⁽⁶⁾ Hi-Tech – Includes enterprises in Hi-Tech

⁽⁷⁾ LS – Includes enterprises in Life Sciences and Healthcare

⁽⁸⁾ Others – Includes segments of businesses in India, Japan, China, Infosys Public Services and other enterprises in public services

Chart Analysis Report

Risk Analysis Table

Risk Category	Summary	Potential Impact	Likelihood	Mitigation Strategy
Market Risk	Concentration of revenue in North America (60-62%). Economic downturn in this region could severely impact revenue.	High	Medium	Diversify geographic presence; pursue growth opportunities in other regions (Europe, Rest of the world) through targeted marketing and expansion strategies. Develop more resilient products/services less sensitive to regional economic fluctuations.
Operational Risk	Dependence on a few key business segments (FS, Retail, COM). Performance issues in these areas would disproportionately impact overall revenue.	Medium	Medium	Invest in diversifying the business portfolio by exploring new and emerging markets and technologies. Develop robust business continuity plans and risk management processes to mitigate operational disruptions.
Financial Risk	Fluctuations in revenue from different business segments. A significant decline in any segment could affect overall financial performance.	Medium	Medium	Implement more robust financial forecasting and modeling techniques to better anticipate revenue fluctuations. Explore hedging strategies to mitigate risks associated with currency exchange rate and interest rate volatility.

Positive Indicators Table

Indicator	Value	Strategic Impact
Revenue from North America	60-62%	Strong and stable revenue stream from a mature market; provides a solid base for growth.

Chart Analysis Report

Indicator	Value	Strategic Impact
Revenue from Retail Segment (2024)	14.7%	Growth in the retail sector indicates successful market penetration and potential for future expansion.
Overall Revenue Growth (2024 vs 2023)	Most segments show growth	Demonstrates expansion and business success.

Negative Indicators Table

Indicator	Value	Strategic Impact
Revenue concentration in North America	60-62%	High dependence on a single geographic region makes the company vulnerable to regional economic downturns.
Relatively low revenue contribution from India	2.5% (2023), 2.6% (2024)	Indicates a need for increased investment and market development strategies in India.
Relatively small contribution from "Others" segment	around 3%	Potential for growth untapped in other markets. Limited diversification.

Extracted ESG Insights Report

Risk Analysis Table

Risk Category	Summary of Risk	Potential Impact	Likelihood (Low/Medium/High)	Mitigation Strategy
Environmental Risks (Regulatory Changes)	Changes in laws and regulations regarding offshore resource use and ESG disclosures (e.g., carbon emissions, climate change, human rights, supply chain).	Increased compliance costs, contract termination, loss of government contracts, inability to meet ESG commitments.	Medium	Proactive engagement with regulators, development of robust compliance programs, investment in low-carbon technologies, transparent and consistent ESG reporting.
Environmental Risks (ESG Commitment Challenges)	Difficulty in achieving ESG commitments due to factors outside of Accenture's control (e.g., availability of low-carbon energy sources, suppliers meeting sustainability standards).	Reputational damage, loss of client trust, failure to meet investor expectations.	Medium	Diversification of supply chains, investment in R&D; for sustainable solutions, collaboration with partners to achieve shared goals.
Social Risks (ESG Reporting Challenges)	Lack of harmonized standards for ESG reporting and evolving methodologies.	Inconsistent reporting, difficulty in comparing performance with peers, potential for misinterpretations of data.	Medium	Active participation in standard-setting bodies, investment in robust data collection and reporting systems, transparent communication of reporting methodologies.
Social Risks (Talent Acquisition and Retention)	Difficulty in recruiting, developing, and retaining diverse talent.	Inability to meet diversity goals, loss of skilled employees, reputational damage.	Medium	Investment in diversity and inclusion programs, competitive compensation and benefits packages, fostering a positive and inclusive work environment.

Risk Category	Summary of Risk	Potential Impact	Likelihood (Low/Medium/High)	Mitigation Strategy
Governance Risks (Regulatory Compliance)	Stringent new laws and regulations related to ESG, AI, and non-personal data.	Increased compliance costs, potential legal liabilities, operational disruptions.	Medium	Proactive monitoring of regulatory developments, investment in compliance infrastructure, development of robust data governance policies.
Governance Risks (Government Audits and Investigations)	Audits and investigations of contract costs and business practices by government agencies.	Loss of government contracts, financial penalties, reputational damage.	Medium	Strict adherence to government contract requirements, robust internal controls, transparent accounting practices.
Governance Risks (Reputational Damage)	Negative findings from audits, investigations, or failure to meet ESG commitments.	Loss of clients, reduced investor confidence, damage to brand reputation.	Medium	Proactive risk management, transparent communication, strong ethical culture, robust internal controls.
Governance Risks (Ecosystem Partner Risks)	Dependence on ecosystem partners whose priorities may differ, who may face disruptions, or who may form alliances with competitors.	Reduced revenue, service disruptions, inability to deliver solutions.	Medium	Diversification of partnerships, strong contract management, close monitoring of partner performance.

Positive Indicators Table

Positive Factor	Current Status	Strategic Impact
Transparent Communications	Publicly available ESG reports and financial information on website.	Enhanced investor confidence, improved stakeholder engagement.
ESG Reporting	Evolving processes and controls for ESG reporting.	Improved data quality and consistency over time.

Negative Indicators Table

Negative Factor	Current Status	Strategic Impact
Offshore Resource Use	Potential for increased costs and contract termination due to regulatory changes.	Negative impact on profitability and future contracts.
Dependence on Ecosystem Partners	Significant portion of revenue relies on a few key partners.	Vulnerability to partner disruptions and competitive pressures.
Government Contract Risks	Exposure to audits, investigations, and potential penalties.	Risk of contract loss and financial penalties.
ESG Commitment Challenges	Difficulty in achieving ESG goals due to external factors.	Potential reputational damage and investor concerns.

■ Final ESG Score

34 / 100

■ ESG Score Computation Explanation:

- +4 points for 2 positive ESG indicators.
- -20 points penalty for 4 negative ESG indicators.
- ■ Final ESG Score: 34/100.