

**Corporate
Citizenship
Report**
2018-19

virtusa

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Message from the CEO



[102-14]



As a committed participant in the United Nations Global Compact (UNGC), Virtusa continues to follow and promote the 10 UNGC Principles as a central part of our sustainability program and overall operating methodologies. Every action we take and investment we make is sensitive to the critical questions of human rights, fair treatment of labor, stewardship of the environment and ethical policies and practices. As a leading technology provider, the significant growth of our business in digital and cloud transformation in Fiscal Year 2019 (FY19) has enabled us to strengthen our sustainability approaches in support of our long-term goals. What follows are highlights from this past year's efforts:

Economic value: Our core business of helping global corporations undergo digital and cloud transformation effectively ensures their business longevity and with that their ability to employ hundreds of thousands of workers around the world. In FY19, we launched our game-changing Digital Transformation Studio (DTS) which brings together our deep industry knowledge, proven gamified tools, and assets in a unified client-first offering that allows us to accelerate digital

and cloud transformation while dramatically reducing the time and risk of execution. This focus on innovation and digital transformation helped us to obtain 275 perfect 10/10 Client Delight Index (CDI) scorecards while maintaining an average CDI of 8.98 and a Net Promoter Score of 78%.

Compliance and ethics: In FY19 we also continued to strengthen our compliance program through training and certification of our global team members. The mandatory Code of Conduct certification, conducted at onboarding, covers ethical business conduct, including anti-bribery and corruption. In FY19, we also introduced an annual re-certification requirement for 5% of specifically targeted team members, including management and those engaging with third parties.

Environmental stewardship: Climate change is a stark reality and one that every corporation must take responsibility for addressing. An early leader in this area, we launched Code Green, our environmental management system in 2008. It enables us to monitor and benchmark our environmental performance, including reducing Scope 1 and Scope 2 emissions per employee by 33% from our baseline year of FY13. We report our emissions to the Carbon Disclosure Project (CDP) Climate Change program and the Supply Chain program. In 2018, our performance band was "B," and our Supplier Engagement Rating was "A-." Solid scores, but we have more work to do. We are creating more green spaces and implementing organic waste management processes at our campuses in India, including organic gardens and the use of organic waste converters that will make our Hyderabad and Navalur campuses "zero discharge facilities."

People value: Our people strategy contributes to the achievement of the Global Goals, specifically, Goal 4 (Quality Education), Goal 5 (Gender Equality), and Goal 8 (Decent Work). We continue to make investments in learning and professional development to help create the next generation of leaders from within the organization. In addition, we are focusing on multiple diversity programs that support our commitments as a member of the IFC SheWorks initiative.

Social value: The aim of our corporate social responsibility initiatives is to use technology to solve social issues. To this end, our three corporate social responsibility pillars (Campus Reach, Tech Reach, and Digital Reach), focus on using the different aspects of technology for social development. In addition to the core pillars, we have focused on two main social responsibility initiatives in FY19. We sponsored the Carbon Zero Challenge for the second consecutive year. The challenge, hosted jointly by the Indian Institute of Technology Madras (IIT Madras) and the Industrial Waste Management Association (IWMA), aims to identify innovative solutions for energy and environmental problems in India. This year, the contest received 996 applications from 25 Indian states. We also continued our partnership with Biodiversity Sri Lanka (BSL) on the Kanneliya Reforestation Program, which aims to restore 10 hectares of degraded forest land in Sri Lanka.

Future Investment

We are committed to increasing the impact of our sustainability investments and ensuring that the global “footprint” of Virtusa is a net positive one. Some FY20 key initiatives include:

Environmental stewardship: We plan to implement several renewable energy projects at our campuses in Hyderabad and Navalur.

People value: Our strategy is to fill leadership positions from within. We will continue to strengthen and grow the learning opportunities available to our team members to meet this goal.

Supply chain: We are in the process of increasing our supplier engagement mechanisms to ensure a responsible supply chain.

Social value: We are looking to expand our corporate social responsibility projects and have multiple Tech Reach projects in the pipeline. These include using technology to improve healthcare and also developing a software system for Biodiversity Sri Lanka (BSL) to track their participants’ contributions towards the Sustainable Development Goals.

In Summary

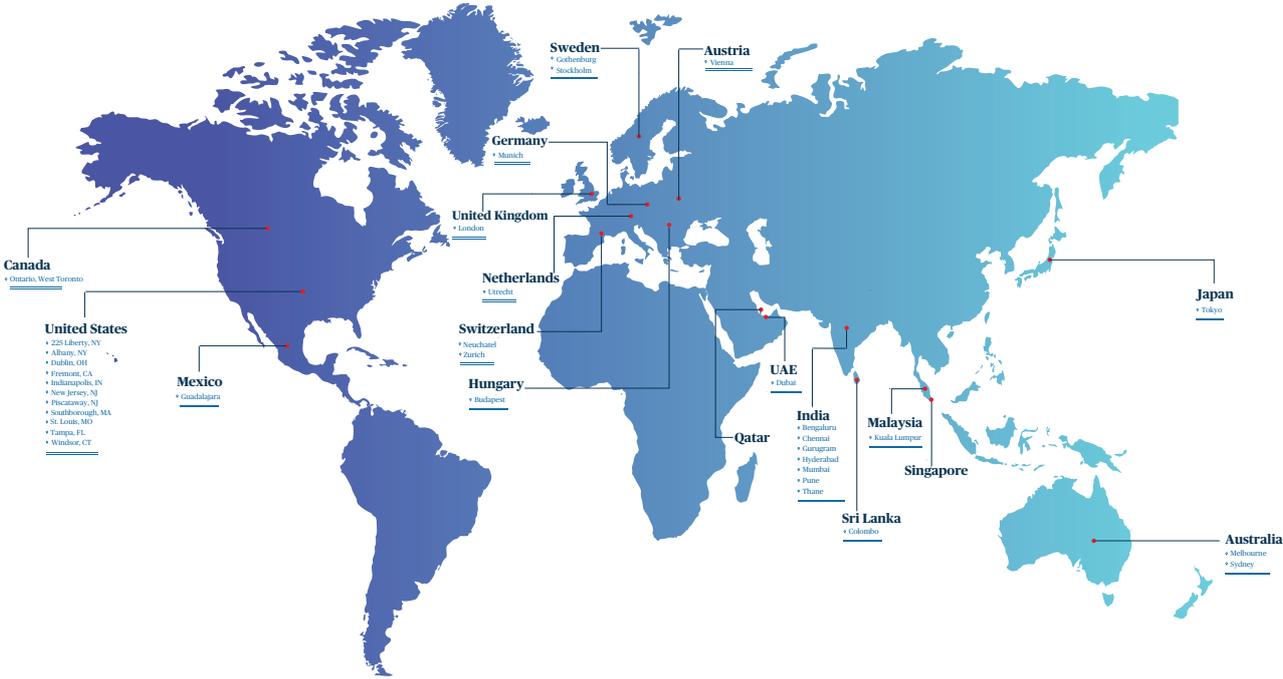
We are proud of our contributions to global sustainability, but not satisfied. The health of the planet and the health of its inhabitants must be a greater priority for every corporation, community and citizen. As a leading technology innovator, we take our sustainability stewardship responsibility seriously. We will continue to strive to serve as a model for how 21st century organizations must act, invest and create in order to help realize the 17 Global Goals and ensure a fairer, healthier future for the generations that follow us.

Kris Canekeratne
Chairman & CEO

A low-angle photograph of a modern glass skyscraper, likely the One World Trade Center, reaching towards a clear blue sky. The building's facade is composed of a grid of glass panels, reflecting the sky and surrounding environment. A large, semi-transparent blue graphic overlay, consisting of several overlapping curved shapes, covers the lower-left and central portions of the image. The text 'Organizational Profile' is written in a white, serif font across the middle of this blue overlay.

Organizational Profile

Our Global Presence



18 | **47**
Countries | Locations



21,745
World class professionals



216
Active clients



\$1.2B
FY19 revenue



Public
NASDAQ: VRTU

Our Vision

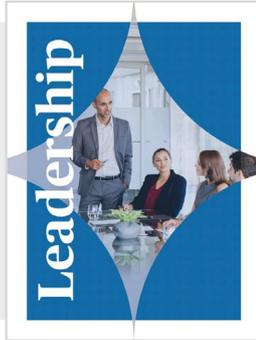
To apply domain and technology innovation to accelerate business outcomes for our clients.

Our Mission

Enable our clients to create a distinctive millennial experience, transform their businesses, and deliver platform efficiencies.

Build a great global firm that attracts, develops, inspires, and retains exceptional talent.

Our Values

			
<p>To inspire our global teams to deliver extraordinary results</p>	<p>Apply intellectual curiosity to reimagine better business outcomes for our clients</p>	<p>Protect our environment, honor our diversity and treat everyone with dignity</p>	<p>Take personal responsibility when things go awry and always ascribe success to the team</p>

About Virtusa

[\[102-1, 102-2, 102-3, 102-4, 102-5, 102-7, 102-10\]](#)

Virtusa Corporation (NASDAQ: VRTU) is a leading worldwide provider of digital engineering and information technology (IT) outsourcing services. We support Forbes Global 2000 clients across large, consumer facing industries like banking, financial services, insurance, healthcare, communications, media, and entertainment.

Headquartered in Massachusetts, we have 47 offices across North America, Europe, and Asia with global delivery centers in India, Sri Lanka, Hungary, Singapore, Malaysia, and multiple nearshore delivery centers in the United States. We view our operations and manage our business as one operating segment. Our corporate structure also spans multiple jurisdictions, with Virtusa Corporation incorporated in Delaware and its operating subsidiaries organized in India, Sri Lanka, the United Kingdom, Hungary, Germany, Singapore, Austria, Malaysia, Sweden, Switzerland, the Netherlands, and Polaris with its operating subsidiaries incorporated in Australia, China, the United Arab Emirates, Japan, and Canada.

From time to time, we have also supplemented organic revenue growth with acquisitions. These acquisitions have focused on adding domain expertise, expanding our professional services teams, and expanding our client base. For instance, for the fiscal year ended March 31, 2016, we completed the acquisition of Polaris, which expands our banking and financial services offerings and domain expertise as described above. In March 2018, we acquired all of the outstanding shares of eTouch Systems Corp. and eTouch Systems Pvt. Ltd. in order to strengthen our digital engineering capabilities.

Our Services

[\[102-6\]](#)

We support Forbes Global 2000 clients across large, consumer facing industries like banking and financial services, insurance, healthcare, communications, and media and entertainment, as they look to improve their business performance through accelerating revenue growth, delivering compelling consumer experiences, improving operational efficiencies, and lowering overall IT costs. We provide services across the entire spectrum of the IT services lifecycle from strategy and consulting to technology and user experience (UX) design, development of IT applications, systems integration, testing and business assurance, and maintenance and support services including infrastructure and managed services.

We enable our clients to leverage technology innovations that provide the distinctive millennial customer experiences demanded by digital consumers who are increasingly looking for services that are available 24x7 without interruption, location aware and highly customized to their social likes and dislikes.

Detailed information of our service offerings is available on our website, www.virtusa.com.

Economic Performance

[102-7]

For the fiscal year ended March 31, 2019, we had revenue of \$1,247.9 million, and income from operations of \$70.3 million. In our fiscal year ended March 31, 2019, our revenue increased by \$227.2 million, or 22.3%, to \$1,247.9 million, as compared to \$1,020.7 million in our fiscal year ended March 31, 2018. Our net income increased from a net loss of \$(2.7) million in our fiscal year ended March 31, 2018 to a net income of \$11.8 million in our fiscal year ended March 31, 2019.

We serve clients across North America, Europe and Asia, and with the Polaris acquisition, added operations in Hong Kong, United Arab Emirates, New Zealand, Japan, Qatar, Mexico, Australia and Canada. During the fiscal year ended March 31, 2019, 71% of our revenue was generated in North America, 21% in Europe and 8% in rest of the world.

Our Advanced Technology Centers in India and Sri Lanka help contribute to the economic development of these countries through job creation. The Polaris and eTouch acquisitions increased our footprint in India with the addition of 10 locations. In Sri Lanka, we are the largest IT service company and contribute to the development of the IT industry (one of the top five export revenue earning industries for the country). In fact, we have been recognized as the highest foreign exchange revenue earner in the IT sector for Sri Lanka, having won the gold award for “Export of Business & Professional Services Sector” in the “extra-large” category at the National Chamber of Exporters Awards for four consecutive years from 2012 to 2015.

We provide indirect economic benefits in two areas. Through our Campus Reach program, we collaborate with academia to advance IT education in India and Sri Lanka. Through our Tech Reach program, we develop software applications for social good at zero cost to stakeholders. These programs are described in detail in the section [Tech for Good](#) along with details of community outreach programs carried out during the reporting period.

Financial Data

[102-7, 201-1]

Fiscal Year Ended March 31

	2019*	2018	2017	2016	2015
Revenue	1,247,863	1,020,669	858,731	600,302	478,986
Costs of revenue	884,652	725,445	620,950	389,310	304,422
Gross profit	363,211	295,224	237,781	210,992	174,564
Operating expenses	292,943	248,837	219,410	165,672	121,996
Income from operations	70,268	46,387	18,371	45,320	52,568
Other income (expense)	(32,104)	(4,551)	447	12,349	4,832
Income before income tax expense	38,164	41,836	18,818	57,669	57,400
Income tax expense	20,473	32,888	2,561	12,649	14,954
Net income	17,691	8,948	16,257	45,020	42,446
Less: Net income attributable to the noncontrolling interests, net of tax	1,545	7,694	4,399	218	—
Net income available to Virtusa stockholders	16,146	1,254	11,858	44,802	42,446
Less: Series A Convertible Preferred Stock dividends and accretion	4,350	3,963	—	—	—
Net income (loss) available to Virtusa common stockholders	11,796	(2,709)	11,858	44,802	42,446
Basic earnings (loss) per share available to Virtusa common stockholders	0.40	(0.09)	0.40	1.53	1.48
Diluted earnings (loss) per share available to Virtusa common stockholders	0.38	(0.09)	0.39	1.49	1.44
Weighted average number of common shares outstanding:					
Basic	29,817,526	29,397,350	29,650,026	29,233,861	28,753,102
Diluted	30,659,654	29,397,350	30,215,171	30,004,982	29,555,624

Table: Consolidated Statements of Income Data (in US\$ (In thousands, except share and per share amounts))

*Amounts reflect the adoption of Accounting Standard Codification Topic 606 "Revenue from Contracts with Customers" using the modified retrospective method.

Fiscal Year Ended March 31

	2019	2018	2017	2016
Customer Revenue				
United States of America	843,791	628,147	532,244	413,914
United Kingdom	209,232	195,547	164,970	109,015
Rest of the World	194,840	196,975	161,517	77,373
Consolidated revenue	1,247,863	1,020,669	858,731	600,302

Table: Revenue Breakdown According to Geographic Locations (in US\$)

	2019	2018	2017	2016
Revenue by Industry Group				
BFSI	62%	67%	64%	54%
Communications and Tech	29%	24%	26%	35%
Media & Information and Other	9%	9%	10%	11%
Revenue by Product Type				
Time & Materials	59%	59%	57%	61%
Fixed Bid	41%	41%	43%	39%
Revenue by Service Offering				
Application Outsourcing	54%	56%	59%	54%
Consulting	46%	44%	41%	46%

Table: Breakdown of Services Provided

Entrepreneur of The Year®

Chairman & CEO, Kris Canekeratne, was a winner of the EY Entrepreneur of The Year® 2018 Award in the New England region for the Business Process Outsourcing category.

International Business Awards

Won three Stevie Awards at the 2018 International Business Awards; a Gold award for Most Innovative Tech Company of the Year and three Bronze awards for Best New Product or Service of the Year – Software – Contract Management Solution, Open Innovation Platform and AI-Powered Clinical Chatbot.

IDC FinTech Rankings Real Results Award

Won the IDC FinTech Real Results award granted by IDC Financial Insights for the Digital Trust & Stewardship category in recognition of the successful implementation of a leading edge digital transformation program powered by automation and artificial intelligence (AI) for Mashreq Bank.

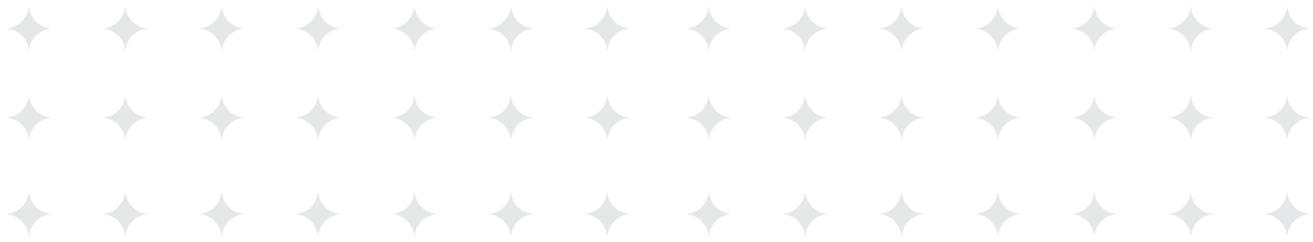


Pega Partner Awards

Was recognized by Pegasystems in its 2018 Pega Partner Awards for excellence in two separate categories – (1) Partner Excellence in Accelerating Growth: Business Development, and (2) Partner Excellence in Thought Leadership: Agile Enterprise (Digital Process Automation).



Corporate Citizenship



OHSAS 8001:2007

Certified occupational health and safety system

ISO 14001:2015

Certified environmental management system

B

CDP climate change score

A-

CDP supplier engagement rating

*All data is for FY19 unless indicated.

Our Sustainability Program

[103-1, 103-2]

Our aim is to reduce our environmental footprint with ethical maturity, respect, and dignity to all. Premised on our core corporate values of passion, innovation, respect, and leadership (PIRL), we believe in doing more, and better, with less. Accordingly, we leverage unique and industry-leading tools to increase “right first time” and reduce “cycle time” by aggressively measuring and improving quality and reuse at the source. By doing so, we effectively reduce the environmental footprint of the products and services offered to clients.

Responsibility for our sustainability program lies with the chairman and CEO at board level. At the officer level, our chief financial officer (CFO) reports to the board on our sustainability program. As such, the CFO reviews our environmental performance on a quarterly basis.

Our global head of administration and facilities reports directly to the CFO and is responsible for managing our climate strategy through target setting and reducing our environmental footprint as well as communicating with internal and external stakeholders. Facilities teams in each geographic location are responsible for implementing the strategy.

Our Sustainability Policy and its sub-policies (Energy Policy, Climate Change Policy, Waste Policy, Water Policy, and Social Responsibility Policy) were formulated in 2013 and are reviewed annually.

Our sustainability program is based on seven core elements as shown in the following image.

Sustainability Framework

Area	Framework/Guidance	SDGs and UNGC Principles
Health and Safety	OHSAS 18001:2007	 Human Rights: UNGC Principles 1 and 2
Environment (Code Green)	<ul style="list-style-type: none"> • ISO 14001:2004 (EMS) • ISO 50001:2011 Guidance (Energy) • ISO 14064 Guidance (Climate Change) • Greenhouse Gas (GHG) Protocol 	   Environment: UNGC Principles 7, 8 and 9
Business Continuity Management	ISO 22301:2012	
Information Security	ISO 27001:2013	
Labor Standards and Diversity	<ul style="list-style-type: none"> • SA 8000 Guidance • Modern Slavery Act 2015 (UK) • Equality Act 2010 (UK) • United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) • United Nations Guiding Principles on Business and Human Rights (UNGPs) 	   Human Rights: UNGC Principles 1 and 2 Labor Standards: UNGC Principles 4, 5 and 6
Anti-Bribery and Corruption	<ul style="list-style-type: none"> • Foreign Corrupt Practices Act 1977 • Bribery Act 2010 (UK) 	 Anti-Corruption: UNGC Principle 10
Management Engagement and Social Impact	<ul style="list-style-type: none"> • ISO 26000 Guidance • Companies Act 2013 section 135 (India) 	  

Note on certifications:

- OHSAS 18001:2007 and ISO 14001:2015: Eleven technology centers in India and Sri Lanka are certified.
- ISO 22301:2012: Fifteen technology centers in India, Sri Lanka, UK, USA, and Hungary are certified.
- ISO 27001:2013: Nineteen technology centers in India, Sri Lanka, UK, USA, Singapore, and Hungary are certified.

FY19 Goals and Performance

[103-2]

Short Term Targets

Goal	Target year	Target	FY19 status
 Obtain energy from renewable sources	2020	10%	11%
 Reduce energy consumption	2022	40%	27%

Medium Term Targets

Goal	Target year	Target	FY19 status
 Reduce Scope 1 and Scope 2 emissions	2030	40%	33%
 Obtain energy from renewable sources	2030	40%	N/A
 Reduce per employee water usage	2035	40%	15%

Long Term Targets

Goal	Target year	Target	FY19 status
 Reduce Scope 1 and Scope 2 emissions	2050	70%	N/A

N/A - Not applicable as a short term target is in progress

External Initiatives and Memberships

[102-12, 102-13]

Global Goals

We are committed to supporting the Sustainable Development Goals that help to address the most pressing social, economic and environmental challenges that face the world today.

United Nations Global Compact

We joined the United Nations Global Compact (UNGC) in 2008 and practice the 10 Principles through our management approach to sustainability and sustainable business. In 2017/2018 we opted for a Participant engagement level with the UNGC. We have been on the steering committee of the Sri Lankan Network since 2010. A representative from Virtusa is on the board of directors of the Network, and we have supported and encouraged the activation of both the Network and the UNGC Principles in Sri Lanka.

SheWorks

Virtus is a member of the International Finance Corporation's (IFC) SheWorks, a private sector partnership to improve employment opportunities for women by identifying and implementing gender-smart solutions that are good for business, employees and communities. SheWorks members are required to commit to at least three of six gender-smart commitment areas. Virtusa has committed to increasing the recruitment and retention of female talent in the workforce, increasing women in business leadership and management, and having effective anti-sexual harassment mechanisms.

Carbon Disclosure Project

We have been responding to the CDP Climate Change program since 2016 and to the CDP Supply Chain program since 2011.

External Initiatives

We subscribe and/or endorse the following initiatives:

- Biodiversity Sri Lanka Resource Efficiency Pledge
- Carbon Disclosure Project
- Central Environmental Authority of Sri Lanka E-waste Management Program
- Greenhouse Gas (GHG) Protocol
- Leadership in Energy and Environmental Design (LEED)®
- IFC SheWorks
- Sustainable Development Goals
- United Nations Global Compact (UNGC)
- UNGC Business for Peace (B4P)
- United Nations Guiding Principles on Business and Human Rights

Memberships

We are members of the following organizations:

- American Chamber of Commerce, India
- American Chamber of Commerce, Sri Lanka
- Biodiversity Sri Lanka (BSL)
- Green Building Council of Sri Lanka (GBCSL)
- Indian Green Building Council (IGBC)
- Information Technology & Services Industry Association of Andhra Pradesh (ITsAP)
- National Association of Software and Services Companies (NASSCOM)
- Sri Lanka Association of Software and Service Companies (SLASSCOM)

About This Report

[\[102-54\]](#)

This report has been prepared in accordance with the GRI Standards: Core option. This report also forms our ninth Communication on Progress (COP) to the United Nations Global Compact and documents our progress in implementing the UNGC Principles in our operations.

Report Quick Facts

[\[102-50, 102-51, 102-52, 102-53\]](#)

Reporting period: April 2018 to March 2019

Date of previous report: February 2019

Reporting cycle: Annual

Contact Point for Questions:

Kris Canekeratne

Chairman and Chief Executive Officer

kris@virtusa.com

Restatements

[102-48]

Please note the following restatements:

- Training hours provided through the Digital Learning Center in Vavuniya set up under the Digital Reach initiative have been revised to 20,000 hours.
- In FY19, we used DEFRA emission factors to calculate emissions from air travel and road travel. As a result, we recalculated the travel related emissions data for the period FY15 to FY18 because the previous emissions factors did not include radiative forcing. Previous data and recalculated data is provided in the table that follows.

	FY18	FY17	FY16	FY15
Air travel - Previous data	10,364.512	4,600.569	3,006.880	1,302.650
Air travel - Revised data	16,579.665	7,804.566	5,263.215	2,232.637
Road travel - Previous data	2,468.130	2,180.813	1,609.804	1,201.080
Road travel - Revised data	1,365.117	1,038.628	909.561	689.843

Table: Revised Emissions Calculations (Metric Tonnes CO2e)

Stakeholder Engagement

[102-40, 102-42, 102-43, 102-44]

The stakeholder groups with whom we engage include clients, investors, employees, academia, suppliers, governments, and NGOs and local communities. Clients, investors, and employees have the greatest impact on our operations. Stakeholder engagement is an important aspect of our sustainability program as it provides inputs on the topics that are important for our stakeholders.

The following table lists the channels of engagement we use with each of our stakeholders as well as the key concerns for each stakeholder group.

Stakeholder	Engagement Mode	Key Concerns
Clients	<ul style="list-style-type: none"> Request for proposal Client visits and meetings Client Delight Index (CDI) Net Promoter Score (NPS) Client initiated surveys and audits Sustainability report Media interactions 	<ul style="list-style-type: none"> Business value Business continuity Corporate governance and ethics Labor and human rights Environmental responsibility
Investors	<ul style="list-style-type: none"> Annual stockholders' meeting Shareholder Outreach Program Quarterly earnings calls Investor presentations and events Media interactions 	<ul style="list-style-type: none"> Revenue growth Profit margins Corporate governance and ethics Shareholder rights Transparency
Employees	<ul style="list-style-type: none"> Internal Support Group Framework Open Door Policy Social media Internal Service Group Survey Onboarding Survey 5th Month Survey and 18th Month Survey Exit Survey 	<ul style="list-style-type: none"> Career growth Compensation Learning and development Work/life balance Safe work environment Transparency

Stakeholder	Engagement Mode	Key Concerns
Academia	<ul style="list-style-type: none"> • Curriculum development and advice • Internship program • Career guidance and awareness • Mentoring for final year projects • Industrial visits • Career fairs • Social media • Media interactions 	<ul style="list-style-type: none"> • Internship opportunities for students • Curriculum advice
Suppliers	<ul style="list-style-type: none"> • Supplier Survey • Supplier Guidelines • Supplier awareness sessions • Media interactions 	<ul style="list-style-type: none"> • Business opportunities • Ethical business practices
Governments	<ul style="list-style-type: none"> • Membership in sustainability associations • Collaborations with government bodies on sustainability • Media interactions 	<ul style="list-style-type: none"> • Corporate governance and ethics • Environmental responsibility • Development of IT industry in India/Sri Lanka
NGOs and Local Communities	<ul style="list-style-type: none"> • Media interactions • Conferences and public forums on sustainability • Membership in sustainability associations 	<ul style="list-style-type: none"> • Ethical business practices • Responsible corporate citizenship • Job opportunities • Community development

We did not undertake an engagement process specifically for the preparation of the report but have utilized the existing mechanisms.

Materiality and Reporting Boundary

[102-45, 102-46, 103-1]

A complete list of subsidiaries that comprise our reporting boundary is provided on page 295 of our [2019 Form-10K](#) (Exhibit 21.1: Subsidiaries of Virtusa Corporation). Since we manage our business as one operating segment, aspects related to economic, labor practices, human rights, governance and ethics, and customer privacy are reported for all entities. Environmental data is reported only for our technology centers in India, Sri Lanka, and Albany, New York including technology centers from Polaris Consulting and eTouch Systems. Corporate social responsibility activities are reported from all entities except InSource Holdings, TradeTech Consulting, and eTouch Systems.

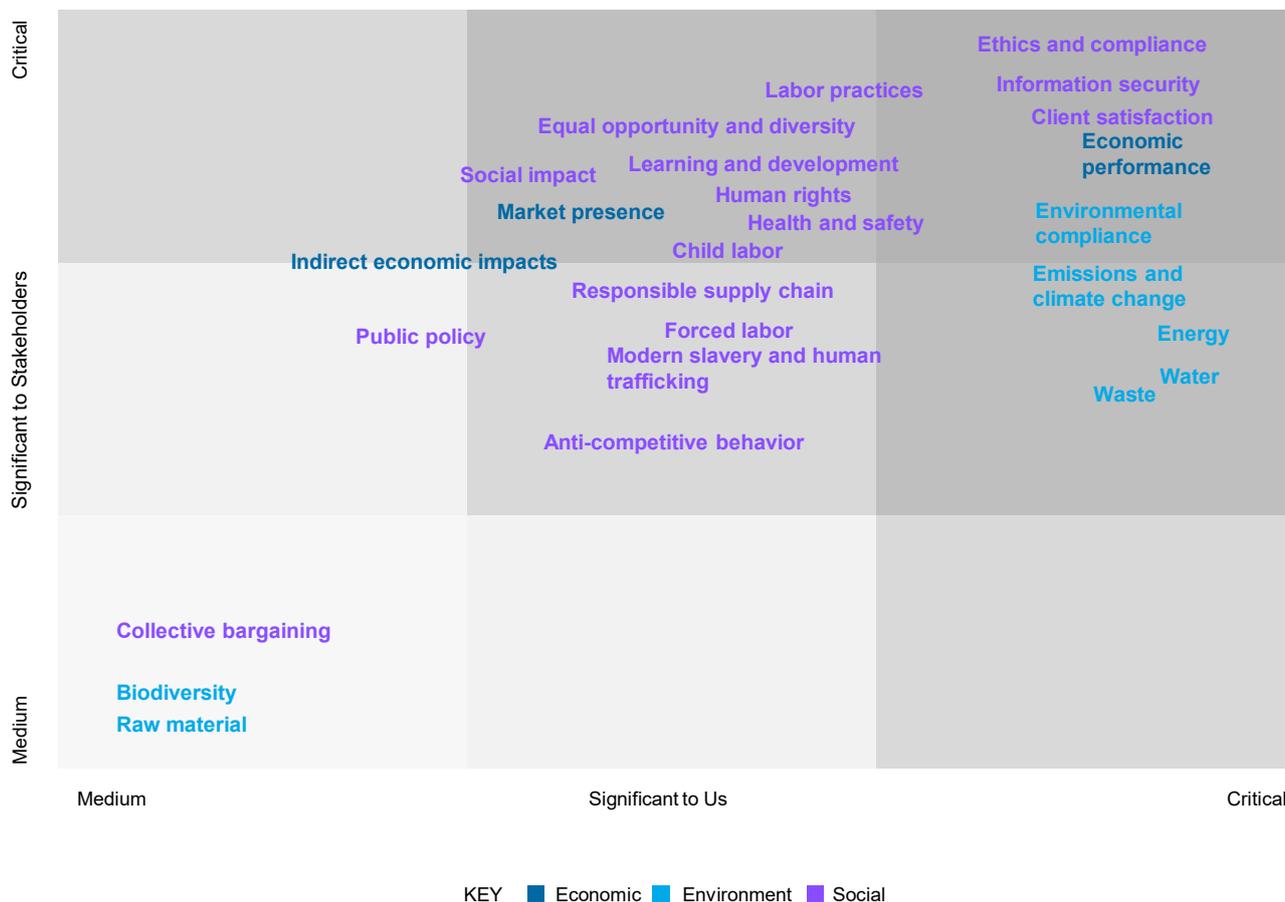
Material Aspects	Virtusa Corp.	Apparatus, Inc.	InSource Holdings	TradeTech Consulting	Polaris Consulting	eTouch Systems
Economic	Material and fully reported					
Environment	Reported with constraints	Not significant	Not significant	Not significant	Reported with constraints	Reported with constraints
Labor Practices and Decent Work	Material and fully reported					
Human Rights	Material and fully reported					
Governance and Ethics	Material and fully reported					
Customer Privacy	Material and fully reported					
Social Responsibility	Material and fully reported	Not significant	Not significant	Not significant	Material and fully reported	Not significant

Material and fully reported	Reported with constraints	Not significant
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Notes:

Optimus Global Services Limited is a shell company without any physical presence or ongoing business. As a result, it has been removed from the reporting boundary.

In order to determine the report content, we used the matrix below to identify the issues and aspects most material to our stakeholders and us. While most aspects have remained the same, we have seen an increased focus on human rights, labor standards, and modern slavery and human trafficking through requests for proposals. As a result, these aspects were given more weightage when developing the matrix.



The topics deemed most important to Virtusa includes ethics and compliance, information security, client satisfaction, labor practices, equal opportunity and diversity, learning and development, human rights, and environmental management.

We have made every effort to submit a comprehensive report with regard to dimensions of scope and boundary for the reporting period. Our goal is to improve our reporting as well as work toward obtaining external assurance.

There have been no significant changes from previous reporting periods in the list of material topics and topic boundaries.

Supply Chain Management

[102-9, 102-10]

As an information technology services provider, our operations do not consume significant amounts of raw materials, nor do we sell products that require packaging and shipping. We have a large supplier base that provides goods and services to support our operations across the following categories: workplace and facilities, transport, IT and telecom, food services, and security services. Accountability for the execution of our procurement strategy begins with our local and regional procurement teams and ultimately resides with our chief financial officer.

Our policy is to depend on local suppliers at all locations of operations unless to do so would be a cost disadvantage. There have been no significant changes to our supply chain during the reporting period.

Supplier Sustainability Survey

Our Supplier Sustainability Survey was created in 2010 to review supplier sustainability practices. In 2016, the survey was updated to include a scoring mechanism to enable us to grade our suppliers in terms of sustainable business practices.

Supplier Guidelines

The Supplier Guidelines was formulated in 2013. The guidelines set out the standards and practices that suppliers are required to uphold in the areas of human rights, labor, environment, and business ethics. These include complying with all applicable laws and regulations, ensuring that they are not complicit in human rights abuses, ensuring that child labor and forced or compulsory labor are not used in any operations and providing safe working conditions for employees. In addition, suppliers are expected to ensure the protection of the environment and follow ethical business practices. In 2016, we updated the supplier guidelines to include the prohibition of slavery and human trafficking. We are also improving our guidelines and evaluation criteria for suppliers for complying with occupational health and safety norms.

Supply Chain Sustainability Awareness Session

This event is held annually for our Tier 1 suppliers. The intention is to share sustainability best practices and to create awareness on current sustainability issues. The session has been held at our Sri Lanka facilities since 2013 and will be implemented in other locations. In addition, we conduct road safety awareness sessions in collaboration with the police for transport providers in several geographies.

Procurement Process

We have enhanced our approval process for procurement to include evaluations not only on cost and quality aspects, but also on aspects such as user safety, climate change impact and risk management (for example, procuring Energy Star rated products and farmed paper). We collaborate with our suppliers and contractors to continuously improve our procurement process, identify hazards, and assess and control occupational health and safety risks.

Checks and Inspections

We strive to ensure that our suppliers operate responsibly. Suppliers and contractors are required to ensure that any employees performing work on our behalf are competent and use the correct health and safety equipment and procedures. Transport providers are required to undergo vehicle inspections, and drivers are required to provide police reports. Food service providers are required to submit themselves for inspections conducted by the Public Health Inspector (PHI). In some geographies, such as India suppliers are required to undergo audits on labor practices to ensure compliance with legal requirements.

We are in the process of developing a mechanism whereby suppliers are required to confirm compliance with aspects of the Supplier Guidelines and FCPA in order to proceed with business.

A hand is shown pointing towards a digital interface. The interface features a blue background with white circuit-like patterns. In the center, there is a prominent icon of a robot head with the letters 'RPA' inside a circle. Other smaller icons include a gear and a circular arrow. The overall theme is automation and technology.

Our Clients



216

Active clients

16

New clients

91%

Revenue from repeat business

275

Perfect 10/10 Client Delight Index (CDI) scorecards

8.9

Average Client Delight Index

78%

Average Net Promoter Score

*All data is for FY19 unless indicated.

Our Strategy and Approach

[103-1, 103-2]

A majority of our revenue for the reporting period was generated from work with Forbes Global 2000 firms or their subsidiaries. Our expertise in supporting a broad range of IT services, ability to engage through a global delivery model that optimizes outcomes and use of proprietary methodologies like platforming to improve IT efficiencies, allow us to be a trusted partner for our clients for their end-to-end IT services requirements. We also combine industry specialization with our core services to deliver high-impact solutions in critical business functions that help our clients transform their business performance and gain competitive advantage in the markets in which they operate.

Our solutions provide our clients with the consultative and high-value services associated with large consulting and systems integration firms, the cost-effectiveness associated with offshore IT outsourcing firms, and the ongoing benefits of our innovative platforming approach.

We believe that our regular, direct interaction with senior client executives, the breadth of our client relationships, and our reputation within these client organizations as a thought leader differentiate us from our competitors. The strength of our relationships has resulted in significant recurring revenue from existing clients. During the fiscal year ended March 31, 2019, 91% of our revenue came from clients to whom we had been providing services for at least one year.

Strategic Alliances

We have strategic alliances with software companies, some of which are also our clients, to provide services to their customers. We believe these alliances differentiate us from our competition. Our extensive engineering, quality assurance, technology implementation, and support services provided to software companies enable us to compete more effectively for the technology implementation and support services required by their customers. In addition, our strategic alliances with software companies allow us to share sales leads, develop joint account plans, and engage in joint marketing activities.

Client Engagement

[102-43, 103-3]

Account Management

Our experienced account managers build and regularly update detailed account development plans for each of our clients. These managers are responsible for developing strong working relationships across the client organization, working day-to-day with the client and our service delivery teams to understand and address the client's needs. Our account managers work closely with our clients to develop a detailed understanding of their business objectives and technology environments.

We also seek regular informal and formal client feedback. Our global leadership and executive team regularly interact with client leadership, and each client is typically given a formal feedback survey on a quarterly basis. Client feedback is qualitatively and quantitatively analyzed and forms an important component of our teams' performance assessments and our continual improvement plans.

Client Delight Index

Measuring and ensuring high client satisfaction is an integral part of our delivery process. The Client Delight Index (CDI) is a key performance measure that has board-level visibility. Client feedback is collected each quarter from the stakeholders identified for each account, and a consolidated report is published for each Advanced Technology Center. The CDI helps us to identify areas of client engagement that may need attention. Internally, all negative responses require action plans from our staff, ensuring that any problems are corrected. The survey can be customized depending on the project or project phase. In FY19, we received 275 perfect 10/10 CDI scorecards and the average CDI for the reporting period was 8.9.

Net Promoter Score

Along with the CDI, we also gather information on the Net Promoter Score (NPS). This metric is also reviewed at the board level on a quarterly basis. The average NPS for FY19 was 78%.

Technology and Innovation

The convergence of technology innovation, changing consumer expectations, supply chain expansion, and emergence of disruptive start-ups, is fundamentally changing the way businesses operate. New advances in areas like the internet of things (IoT), artificial intelligence (AI), machine learning (ML), and cloud are now pushing the boundaries of how technology can disrupt traditional business models and deliver significant value in several areas, including delivering new products and services, enhancing consumer experience, and improving operational efficiencies of the business.

As a result, we have increased our investments in such technologies through the establishment of innovation labs, which offer a robust ecosystem for clients to participate and innovate in creating new solutions to their business challenges. Through these innovation centers, we have been able to deliver award winning solutions to some of our marquee clients in the healthcare, communications, and insurance sectors.

Our Global Technology Office (GTO) is mandated with enhancing engineering excellence and improving productivity. The award-winning ERA+ platform developed by GTO incorporates gamified continuous integration and continuous deployment (gamified CICD) across the software delivery lifecycle to improve software quality, increase reuse at the source, and accelerate productivity. GTO is also responsible for developing and enhancing Virtusa's smart testing and robotics process automation (RPA) solutions. By utilizing these GTO solutions, our proprietary platforming approach, Agile DevOps, and cloud migration and hosting we enable our clients to reduce technical debt, lower total cost of ownership of IT assets, improve operational efficiencies and accelerate time to market. To deal with widespread inefficiencies in resource usage and compliance/security issues that organizations face when migrating to the cloud, Virtusa's GTO developed a polycloud intelligence solution that can help organizations optimize their cloud journey and reduce waste while being compliant and secure.

Virtusa's xLabs is focused on tapping into the disruptive startup ecosystem and the innovative, cutting-edge technologies driving these businesses. xLabs, which began as a banking and financial services focused FinTech Lab, has expanded its scope to focus on delivering digital innovation for our clients across the banking and financial services, insurance, healthcare, media and telecommunications industries. We have built a cloud-based, open innovation platform (OIP) that offers our clients discrete technology solutions that enable them to accelerate time to market and provide them with an experimentation sandbox that they can use to test and evaluate new products and services. Today, our xLabs team has built and delivered innovative solutions using open application programming interface (API) platforms, microservices frameworks, and blockchain. We expect to continue this trend of investing in emerging technologies and solutions to accelerate digital business outcomes for our clients.

Our Technology Focus



Cloud



IoT



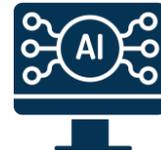
Robotic Process Automation



Artificial Intelligence



Blockchain



Artificial Intelligence

Our Governance and Testing Tools



Global Delivery Model

Our enhanced global delivery model is built around our proprietary global innovation process (GIP), which is a software lifecycle methodology that combines our experience building platform-based solutions for global clients with leading industry standards. Our global delivery model enables us to manage and accelerate delivery, foster innovation and promote continual improvement.

All our major delivery centers, which are located in Hyderabad, Chennai, and Bangalore in India and in Colombo in Sri Lanka have been reassessed at CMMI Level 5 maturity. During the fiscal year that ended on March 31, 2019, a Global CMMI Program was executed to re-assess all delivery centers - Hyderabad, Chennai and Bangalore in India and Colombo in Sri Lanka against CMMI certification and maturity levels. This was the first of the initiatives to cover multi-locations and multi-models for CMMI certification. The re-assessment was completed in August 2018. CMMI is a process improvement model used to improve a company's ability to manage project deliveries to ensure predictable results. CMMI's process levels are regarded as the standard in the industry for evolutionary paths in software and systems development and management.

Global Innovation Process

GIP is a software lifecycle methodology that combines our experience building platform-based solutions for global clients with leading industry standards such as rational unified process, extreme programming, capability maturity model and product line engineering. By leveraging GIP templates, tools and artifacts across diverse disciplines such as requirements management, architecture, design, construction, testing, application outsourcing, and production support each team member is able to leverage software engineering and platforming best practices and extend these benefits to clients.

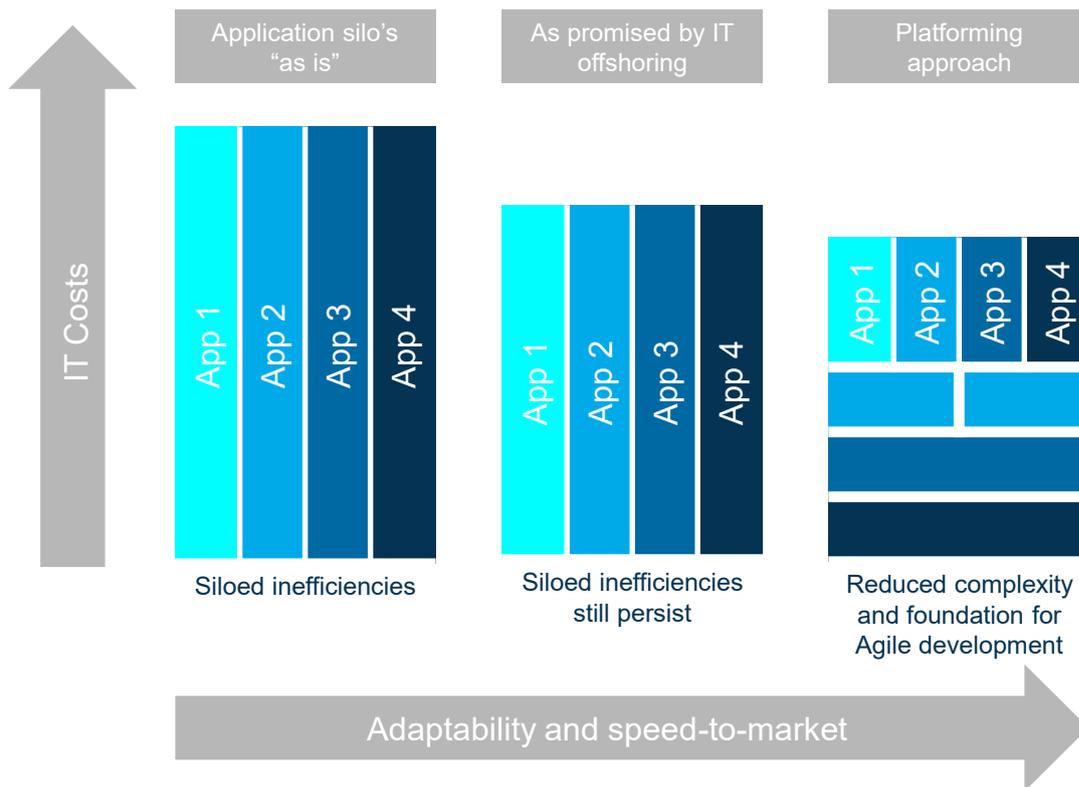
During the initial process-tailoring phase of an engagement, we work with the client to define the specific approach and tools that will be used for the engagement. This process-tailoring takes into consideration the client's business objectives, technology environment, and currently-established development approach.

Two important aspects of our global delivery model are innovation and continuous improvement. A dedicated process group provides three important functions: they continually monitor, test and incorporate new approaches, techniques, tools and frameworks into GIP; they advise project teams, particularly during the process-tailoring phase; and they monitor and audit projects to ensure compliance. New and innovative ideas and approaches are broadly shared throughout the organization and are selectively incorporated into GIP and deployed through training. Clients also contribute to innovation and improvement as their ideas and experiences are incorporated into our body of knowledge.

Platforming Approach

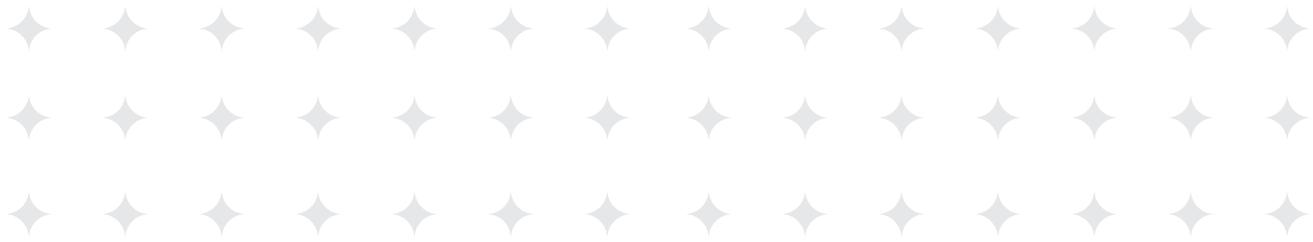
We apply our innovative platforming approach across our business and IT consulting, technology implementation and application outsourcing services to rationalize IT application portfolios. As part of our platforming approach, we assess our clients' application environments to identify common elements, such as business processes and rules, technology frameworks and data and incorporate these common elements into one or more application platforms that can be leveraged across the enterprise to build, enhance and maintain existing and future applications in a leaner environment.

Our platforming approach draws from analogs in industries that standardize on platforms composed of common components and assemblies used across multiple product lines. For example, a software platform for trading, once developed within an investment bank, can be the foundation for the bank's diverse trading applications in equities, bonds and currencies. Our platforming approach stands in contrast to traditional enterprise application development projects in which different applications remain separate and isolated from each other, resulting in replicated business logic, technology frameworks and enterprise data.





Ethics and Compliance



8

Independent members on the board of directors

11%

In board of directors are female

63 Years

Average age of board of directors

8 Years

Average tenure for board of directors

ISO 27001:2013

Certified information security management system

ISO 22301:2012

Certified business continuity management system

*All data is for FY19 unless indicated.

Corporate Governance

Board of Directors

[102-18, 102-22, 102-23, 405-1]

Our board of directors consists of nine directors, eight of whom are independent directors. The ninth director is Chairman and Chief Executive Officer, Kris Canekeratne. The board of directors believes that having our executive officer as chairman of the board facilitates the board of directors' decision-making process because Mr. Canekeratne has first-hand knowledge of our operations and the key issues facing us and is most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. This also enables Mr. Canekeratne to act as the key link between the board of directors and other members of management.

The board of directors bring together a diversity of experience. This includes planning, business development, and strategic management of complex, global organizations, knowledge of the technology and application outsourcing industry, financial and accounting expertise, and domain experience.

In FY19, the board of directors had four standing committees: audit committee; compensation committee; nominating and corporate governance committee; and finance committee. The finance committee was dissolved by our board, in part upon the recommendation of the nominating and corporate governance committee, on November 26, 2019. Each committee operates pursuant to a separate charter that has been approved by the board of directors. A current copy of each charter is available on our website: <https://www.virtusa.com/investors/#story-4>.

More Information

More detailed information on corporate governance is available in our [Proxy Statement](#), filed with the U.S. Securities and Exchange Commission on July 27, 2019. In addition, the Corporate Governance Guidelines provides information on director qualification standards, board structure, responsibilities, and more.

Inside Directors				
Kris Canekeratne	53	Chairman and Chief Executive Officer and Class III Director		
Outside Directors				
Izhar Armony	55	Class II Director	 	
Joseph G. Doody	66	Class I Director	 	
Deborah C. Hopkins	64	Class II Director		
Rowland T. Moriarty	72	Class II Director		
Barry R. Nearhos	61	Class III Director	  	
William K. O'Brien	74	Class I Director	  	
Vikram S. Pandit	62	Series A Director	 	
Al-Noor Ramji	65	Class I Director		

	Member of the Nominating and Corporate Governance Committee
	Member of the Audit Committee
	Member of the Compensation Committee
	Member of the Finance Committee
	Chairman
	Financial Expert

Figure: Board of Directors

Ethics and Compliance

[102-16, 103-1, 103-2]

Our core values (PIRL - passion, innovation, respect and leadership) coupled with our Ethics and Compliance program form the cornerstone of our business philosophy. Our Ethics and Compliance program is enforced through our Code of Business Conduct and Ethics, Anti-Bribery and Corruption policies, and the Whistleblower Policy, which are applicable to all employees globally. Our compliance officer, who is also the general counsel, has overall responsibility for administering the Ethics and Compliance Program. During the reporting period, there were no instances of monetary or non-monetary sanctions for non-compliance with laws and regulations related to our business operations including the provision of services, anti-competitive behavior, and environmental regulations

Policies

- Code of Business Conduct and Ethics
- Anti-Bribery and Corruption Policy
- Foreign Corrupt Practices Act Policy
- Whistleblower Policy
- Business Continuity Management Policy
- Information Security Management Policy
- Intellectual Property
- Harassment-Free Workplace Policy
- Privacy Policy
- Grievance Policy
- Sustainability Policy
- Environment, Health and Safety Policy
- Energy Policy
- Climate Change Policy
- Waste Policy
- Water Policy
- Social Responsibility Policy

Certification

- CMMI Level 5
- ISO 22301:2012
- BS OHSAS 18001:2007
- ISO/IEC 27001:2013
- ISO 14001:2015
- SOC 1 and SOC 2
- 5S Methodology

Code of Business Conduct and Ethics

[\[102-16, 103-1, 103-2\]](#)

Our Code is a reaffirmation of the company's commitment to conducting its business ethically and to observing applicable laws, rules, and regulations. We are mindful that the reputation and continued success of Virtusa Corporation is dependent on these high ethical standards. The Code covers areas such as conflict of interest, confidentiality, fair dealing, accuracy of records, money laundering and illicit finance, anti-bribery and corruption, and political contributions. All directors, officers, and employees are required to confirm in writing at the beginning of their service with the company that they have read, understood, and will comply with the Code.

A copy of the Code is available to all directors, officers, and employees. It is maintained on the company's website: <https://www.virtusa.com/corporate-citizenship-compliance/>. Copies may also be accessed on our V+ platform or requested through the compliance officer or the human resources department.

Anti-Bribery and Corruption Policies

[\[103-1, 103-2\]](#)

Our Anti-Bribery and Corruption Program is implemented through the Foreign Corrupt Practices Act Policy and the Anti-Bribery and Corruption Policy. We do not tolerate bribery or corrupt business practices. Our policies set a zero-tolerance approach to acts of bribery and corruption and reaffirm our commitment to complying with all relevant anti-bribery legislation wherever we do business. These policies apply to all employees and third parties performing duties on behalf of the company.

These policies cover bribery and corruption, facilitation payments, business gifts, hospitality and business entertainment, political and charitable donations, interaction with third parties, and due diligence. Any employee engaging a third party is required to undertake appropriate due diligence checks including a corruption risk assessment. Our finance and administrative systems are regulated to ensure that anti-corruption practices are maintained in all transactions performed within.

Political Contributions

Our Code of Conduct prohibits political contributions unless approved by the compliance officer. Directors or employees may not, without the approval of the compliance officer, use any of the Company's funds for political contributions of any kind to a political candidate or holder of any national, state or local government office.

Gifts and Entertainment

While entertaining clients and business partners in the ordinary course of business is not prohibited, accepting or giving any gifts that can improperly influence business relationships is prohibited. Directors and employees must also comply with laws that govern the acceptance of business courtesies as applicable in each geography of operation. In addition, directors and employees are required to consult with the compliance officer before giving anything of more than nominal value to any government employee.

Training on Ethics and Compliance

[103-2]

Virtusa Corporation is committed to helping our employees understand what is expected to act honestly and ethically to uphold the company's core values.

- We maintain a comprehensive set of policies on our V+ platform that clearly establishes and communicates the standards in which we hold employees accountable for and how they may seek guidance.
- All employees and contractors are required to complete a mandatory Code of Conduct training/certification upon joining Virtusa, which also includes the Anti-Bribery and Corruption policies. In FY19, 86% of team members completed the certification. In FY19, we introduced an annual recertification requirement for 5% of specifically targeted team members, including management and those engaging with third parties.

Apart from the mandatory training, employees who interact with the government or perform finance, procurement, human resources, or business functions receive training on a regular basis to ensure they are aware of the types of corruption and bribery, the risks of engaging in corrupt activity and bribery, the company's anti-corruption policy, and how they may report suspected corruption and bribery.

Reporting Procedures

[102-17, 103-2, 103-3]

We recognize that our high ethical standards are essential in securing the trust of our employees, investors, and key stakeholders. We make available a safe, prompt, and confidential environment where employees and others can feel comfortable sharing their ethics questions and compliance concerns.

We provide several ways for employees to seek guidance or report potential violations:

- Speak directly to their supervisor, human resources, or the senior director of internal audit.
- Report complaints anonymously and in a protected manner by using a web-based submission tool: <https://virtusa.silentwhistle.com/ethfeedback/index.jsp>, or by calling the Whistleblower Hotline at 1-800-698-2816.
- Contact Virtusa's general counsel and compliance officer.
- Report concerns involving accounting, internal controls, or auditing matters to the audit committee of the board of directors.

Complaints received through the web tool and hotline are handled by the compliance officer. Any accounting related issue is directed to the chairman of the audit committee as soon as reasonably practicable following receipt of the complaint.

We have a strict non-retaliation policy to protect those who, acting in good faith, report suspected misconduct. Any person who participates in any such retaliation is subject to disciplinary action, including termination.

Risk Management

[102-18]

Risk Assessment

Our Business Continuity Risk Assessment program is guided by ISO 22301 and fifteen technology centers in India, Sri Lanka, UK, USA, Hungary, and Sweden are certified. The risk management team, led by the head of risk management, is responsible for assessing business risks including legal, regulatory, reputational, customer behavior, extreme weather, and climate change related risks. While these risks are considered at the company level, we also undertake significant advanced planning at the contract, asset, and geographic location level.

The results of risks analysis and the action plans are presented annually to the executive board and to the audit committee, and the conclusions are reported to the board of directors.

Board of Directors Role in Risk Management

The board of directors' role in overseeing the management of the company's risks is primarily accomplished through management's reporting processes, including receiving regular reports from members of senior management and prioritization of such risks. The standing committees of our board of directors, pursuant to the respective charters, represent a key element of enterprise risk management.

The nominating and corporate governance committee identifies and oversees risks and issues associated with director independence, related party transactions, and the implementation of corporate governance policies and our code of ethics. The audit committee focuses on risks and issues related to accounting, internal controls, financial and tax reporting, and cybersecurity issues. The audit committee also monitors compliance with ethical standards, including conflicts of interest, related party transactions, and adherence to standards of ethical conduct. The compensation committee identifies and oversees risks and issues associated with our executive compensation policies and practices.

Oversight of risks may also be delegated to other committees of the board as deemed appropriate and based upon the nature of any risk. These committees are ultimately subject to oversight and direction of the full board of directors and report directly to the board of directors on these matters.

Risks and Opportunities due to Climate Change

[201-2]

Physical risks and transition risks arising from climate change are considered in our risk management, especially those arising from extreme weather, shortage of natural resources, and transition to a low carbon economy. Detailed information on the risks and opportunities due to climate change, including regulatory and market impacts, is provided in our CDP response, which is available at: <https://www.cdp.net/en/responses/20186>. In FY19 we carried out research into using climate scenarios in risk assessment and hope to include them in our business continuity risk assessment in future.

Information Security

[\[103-1, 103-2, 103-3, 418-1\]](#)

Cybersecurity has become a priority for businesses due to increasingly sophisticated threats. As a provider of IT consulting and technology services, cybersecurity is of paramount importance as we have access to sensitive client data during the course of business. As such, the success of our business depends on the protection of our clients' data as well as the protection of our employee data.

Our chief information security officer is responsible for information security. In addition, the enterprise risk management team is responsible for taking a 360-degree view on risks that could affect our business operations. The team executes an annual program to monitor the implementation of solutions for those areas deemed considerable risk for the company.

Our Information Security Management Policy sets out the governance structures, monitoring, and compliance requirements for protecting client data and our data including employee data.

The chief information security officer's organization monitors and reports any incidents and breaches to the senior leadership, the enterprise risk management team, client representatives, relevant business unit heads, and human resources teams for corrective action. We did not have any instances of breaches of customer data that had any material impact during the reporting period ending March 31, 2019.

Certification

Our Information Security Management Program is certified for ISO 27001:2013 with the certification of 19 technology centers in India, Sri Lanka, UK, USA, Singapore and Hungary. The enterprise security team ensures that the annual re-certification is performed by a qualified external third-party agency. The review examines our information security framework and comments on its strengths and weaknesses.

Since the original certification in 2008, the external third-party agency has not reported any material or significant observations.

Data Privacy

Virtusa's Data Privacy Policy sets out the standards protecting personal data entrusted to us by our clients, suppliers, contractors, employees, candidates, and visitors. The policy covers the collection, use, disclosure and safeguarding of personal information for business-related purposes. Our data privacy office, headed by the company's data protection officer, is responsible for the oversight of the policy and for appropriate remedial action.

Our Data Privacy Policy was enhanced during 2018 to be compliant with the European Union General Data Protection Regulation (GDPR).

Training

Awareness of information security and data protection is created through multiple mechanisms such as training, mailers, social media, posters, and outreach from senior management. In addition, there are annual recertification requirements for all employees.

External Penetration Program

The Penetration Testing Program is governed by our Global Penetration Testing Policy and is administered by the Office of the Chief Information Security Officer. External penetration testing is performed by a selected and qualified service provider once every fiscal year. Penetration testing service providers are rotated to optimize the program. The program provides assurance that our external infrastructure is hardened to industry standards and safeguards in place are effective.

Data Loss Prevention

Industry accepted data loss prevention (DLP) solutions have been implemented to ensure that business-critical information including client information, financial information, personally identifiable information, and personal health information is not disclosed to external parties. The DLP program is jointly administered by the Chief Information Security Officer's Office and the information technology team.

Security Risk Management

The Security Risk Management process has been established to integrate security requirements into the SDLC, enterprise architecture, and acquisition and procurement processes. Security design and architecture review, assessments against industry standards such as OWASP Application Security Verification Standards, ISO 27001, NIST Standards, etc., and application and infrastructure security testing are performed across various stages of system development and supplier lifecycle to identify, assess and manage security risks in technologies and third party vendor engagements.

Software Compliance

We have a strong software compliance framework based on ISO/IEC SAM standard 19770-1. A yearly assessment is carried out by an independent consulting firm for different publishers.

Periodic Auditing

Our internal audit department (IAD) conducts periodic audits of the information technology infrastructure and the information security framework based on risks and request. IAD's reports are provided to the global head of information technology and the chief information security officer for review and correction, and updates are provided to the audit committee during quarterly meetings.



Environmental Stewardship



B

CDP climate change score

33%

Reduction in Scope 1 and Scope 2 emissions since FY13

27%

Reduction in energy per employee since FY13

15%

Reduction in water per employee since FY13

45%

Water used was recycled in FY19

11%

Energy obtained from renewable sources

*All data is for FY19 unless indicated.



Our Strategy and Approach

[\[102-11, 103-1, 103-2, 103-3\]](#).

We are committed to adhering to the Precautionary Principle as defined in the Rio Declaration. As such, we consistently seek to reduce the environmental footprint of our products and services. Our environmental management system, internally branded as Code Green, was initiated in 2008. The significant environmental aspects of our business operations such as emissions, energy and water usage, and disposal of waste material are managed through Code Green. Our commitment to reducing our environmental footprint and adhering to all environmental regulations is set out in the following policies: Environment, Health and Safety Policy, Energy Policy, Climate Change Policy, Waste Policy, and Water Policy. These policies were formulated in 2013 and are reviewed annually.

Our environmental strategy focuses on three areas: operating energy efficient facilities that reduce our environmental footprint, reducing the environmental footprint of software developed for clients, and utilizing energy efficient technologies. Our Global Head of Facilities is responsible for managing our climate strategy and reports directly to the CFO on all matters related to our environmental footprint. The facilities management teams in each location manage day-to-day activities related to environmental management such as tracking emissions, energy and water usage, recycling activities, ISO 14001 certification, and other aspects of environmental reporting.

We seek certification to ensure transparency and adherence to international standards. As such, 11 technology centers in India and Sri Lanka, which constitute 80% of our real estate, are certified for ISO 14001 by the British Standards Institute. In addition, 34% of our real estate is Leadership in Energy and Environmental Design (LEED) certified.

We strive to adhere to the laws and regulations relevant to our operations including those related to environmental management. During the reporting period, there were no instances of monetary or non-monetary sanctions for non-compliance with laws and regulations related to the environment.

Data Computational Methods

[\[305-2, 305-3, 305-4, 305-5\]](#)

Environmental data is only gathered and monitored for our technology centers in India and Sri Lanka as well as one technology center in the United States, which account for more than 70% of our total headcount.

We follow the guidelines set by the Greenhouse Gas (GHG) Protocol to calculate Scope 1 and Scope 2 emissions. We have used FY13 (April 2012 to March 2013) as our baseline year. Information on employee numbers is based on the employee's current location. This provides a more accurate figure than using the headcount based on the permanent location as it accounts for employees who are working at client sites and who do not contribute to emissions in our offices. In FY19, we used DEFRA 2018 emission factors to calculate emissions from air travel and road travel whereas in previous years we used the World Resources Institute (2015) GHG Protocol tool for mobile combustion to calculate travel related emissions. For the revised data, please see the [Restatements](#) section.

Details of emission factors used in FY19 are given below.

Location	Emission Factor	Unit	Reference
Purchased electricity			
India	820.0	grams CO2/kWh	CEA CO2 Baseline Database for the Indian Power Sector (2018) - Table B (page 28)
Sri Lanka	570.0	grams CO2/kWh	Sri Lanka Energy Balance (2016) - Table 9.1: Average Emission Factor (page 97)
United States	294.7	grams CO2/kWh	GHG Emissions Factors Hub, United States Environmental Protection Agency (2018) - Table 6 Electricity: eGRID Subregion NYUP (NPCC Upstate NY) (page 3)
Air travel*			
United Kingdom	0.21256	kg CO2e/pkm	DEFRA 2018 emission factors with radiative forcing
United States	0.18277	kg CO2e/pkm	DEFRA 2018 emission factors with radiative forcing
Road travel			
Average car	0.18064	kg CO2e/pkm	DEFRA 2018 emission factors
Average local bus	0.10097	kg CO2e/pkm	DEFRA 2018 emission factors

Table: Sources for Emission Factors

All air travel was considered long haul economy class for purposes of calculation.

From 2014 onwards, we have received limited assurance under ISAE3000 from Ernst & Young for our Scope 1 and Scope 2 emissions calculations. Since 2016, we have extended external verification to our Scope 3 emissions as well.

Managing Impacts

[\[103-1, 103-2, 305-1, 305-4\]](#)

Emissions

Our main sources of emissions are from the usage of purchased electricity (Scope 2), and business travel—both air and road (Scope 3). Emissions from the usage of diesel generators (Scope 1) form a minute percentage of our emissions (see Chart: Percentage Breakdown of Emission for FY19).

Compared to our baseline year of FY13, we reduced Scope 1 and Scope 2 emissions per employee by 33% from 1.62 MTCO₂eq to 1.09 MTCO₂eq. However, emissions per employee increased from 1.03 MTCO₂eq in FY18 to 1.09 MTCO₂eq in FY19 due to the increase in business operations as well as the inclusion of additional facilities within the reporting boundary.

Scope 3 emissions increased by 7% from 16,579.665 MTCO₂eq in FY18 to 17,797.223 MTCO₂eq in FY19 due to business growth. Note that the emissions figure for FY18 provided here is the revised calculation using DEFRA 2018 emission factors with radiative forcing. A comparison of the previous data with the revised calculations is provided in the [Restatements](#) section.

Measures to reduce the impact from business air travel include the use of audio and video conferencing. Measures to reduce impacts from road travel include using automaton to drive optimized transportation and using hybrid and electric vehicles for transporting employees.

Energy

[\[302-3\]](#)

In FY19, approximately 47% of our emissions were generated from the use of electricity in our offices. While the major portion of our energy is obtained from the grid, 11% of energy was obtained from wind power in FY19. The intensity of energy consumption per employee reduced from 187 kWh in FY13 to 136 kWh in FY19—a reduction of 27%.

Strategies for energy optimization include space and server consolidation, use of building management systems (BMS), and use of energy efficient products. In 2012, we implemented an initiative to convert the lighting systems in the technology centers to LED. Now, LED lighting has been adopted as our standard lighting and will be used for all new spaces. In FY19, much of the significant energy savings were obtained through conversion to LED lighting at our newly acquired facilities and improvements to our HVAC systems. For example, we switched to using iControl for more efficient management of chillers at the Campus and Capital facilities in Hyderabad.

While our energy management system is not certified for ISO 50001, we seek to comply with it in our energy management practices.

Water

[\[303-1, 303-2, 303-3\]](#)

As a services company, our operations are not water-intensive. Water is used mainly for drinking, hygiene, facility operations, and landscaping. However, we seek to be responsible in our water consumption, especially since we have operations in locations that face water stress. Water is obtained mainly from ground water, private suppliers, and the municipal water supply. As such, we believe that our operations do not affect water sources significantly. The water management data provided in this report is for seven of our technology centers in India and Sri Lanka and does not include drinking water, which we do not target for reduction.

In FY19, per employee water usage decreased by 15% from 0.66kl in our baseline year of FY13 to 0.56kl in FY19. Total water used in FY19 amounted to 98,525.12 kl. Strategies for water management include improved water dispensation infrastructure, more efficient water usage in facilities maintenance, and creating awareness among employees about conserving water. We also have facilities for rain water harvesting at our Hyderabad campuses, with a total of 125kl.

At present, we are able to recycle waste water only at company owned facilities and not at rented spaces. In FY19, 44,709kl of water was recycled, which accounted for 45% of our total use.

Waste

[\[103-2, 306-2\]](#)

We have implemented processes for managing different types of waste including e-waste, paper, plastic, and organic waste. As a digital engineering company, e-waste is a large component of the byproduct from our operations. We hand over e-waste to a certified vendor for recycling and work with relevant state authorities to ensure e-waste is handled in a responsible manner. For example, we are one of 14 companies to sign an MOU with the Central Environmental Authority (CEA) of Sri Lanka to properly and effectively manage e-waste. We were also the first IT company in Sri Lanka to receive a scheduled waste management license from the CEA.

Managing paper use is also a priority for us. We have reduced paper use through measures such as duplex printing and purchasing farmed paper. All departments are encouraged to use paperless forms, notifications, and reports wherever possible. Waste paper is handed over to a certified vendor for recycling.

In the past two years, we implemented additional measures to manage plastic. In FY19, Virtusa Sri Lanka established a collection point for polyethylene terephthalate (PET) bottles, which is handed over to a recycler that provides environmentally friendly monofilaments and yarn for cleaning tools and fabric manufacturers worldwide. In addition, food service providers in the cafeteria have been advised to use alternatives to plastic bags. In India, we partner with the Wealth out of Waste program and donate paper and plastic for recycling. In FY19, 1,040 kilograms of plastic was handed over for recycling.

We also have processes to manage organic waste. At our owned campuses in India, waste from the cafeterias is composted using organic waste converters and used in the organic gardens and greenhouses.

Green Spaces

We have taken steps to create more green spaces in our technology centers. The organic gardens in the technology centers in Colombo, Hyderabad Campus, and Navalur contain over 2,500 plants including vegetables and medicinal plants. In addition, we also created greenhouses at Hyderabad Campus and Navalur.



Carpooling

In January 2016, we initiated a project to promote carpooling among employees at our Hyderabad Campus. This initiative has been extended to other technology centers in India. In FY19, carpooling helped employees to avoid 1,844 MTCO₂eq.

FY19 Carpooling Data



9,220,583
Kilometers



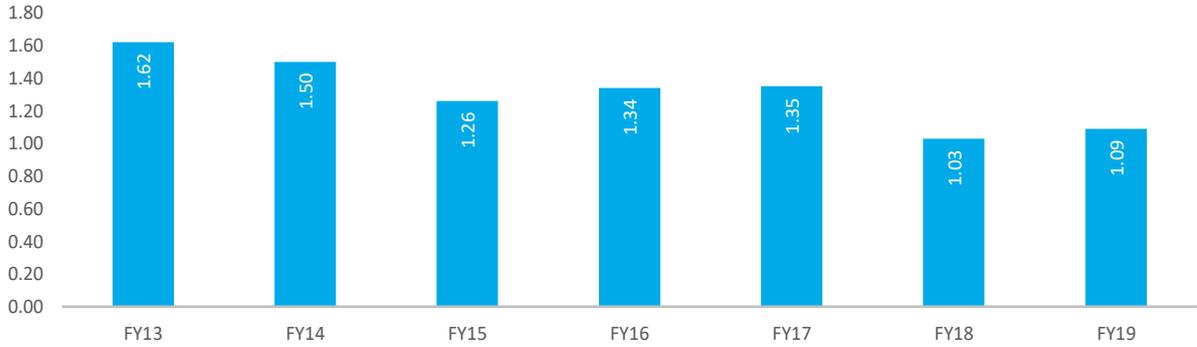
1,844
MTCO₂eq avoided

Image: Carpooling Data

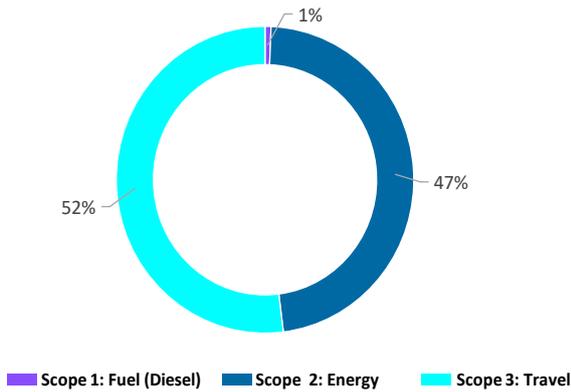
Emissions Data

[305-1, 305-2, 305-3, 305-4, 305-5]

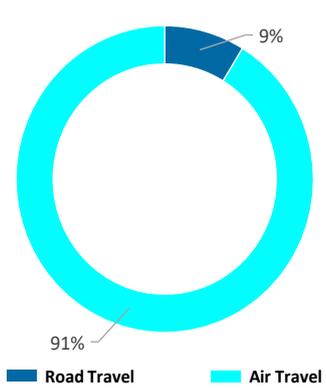
Emissions per employee



Emissions breakdown



Scope 3 breakdown



	FY19	FY18	FY17	FY16	FY15
Scope 1: Fuel (Diesel)	244.431	166.808	412.151	102.981	71.510
Scope 2: Grid power	17,784.435	15,137.908	192,82.219	11,830.786	9,487.940
Scope 3: Business air travel and road travel	19,504.460	12,832.642	6,781.382	4,616.684	2,503.730
Total GHG emissions	37,533.326	28,137.358	26,475.752	16,550.451	12,063.180

Table: Total Direct and Indirect Greenhouse Gas Emissions by Weight (Metric Tonnes CO2e)

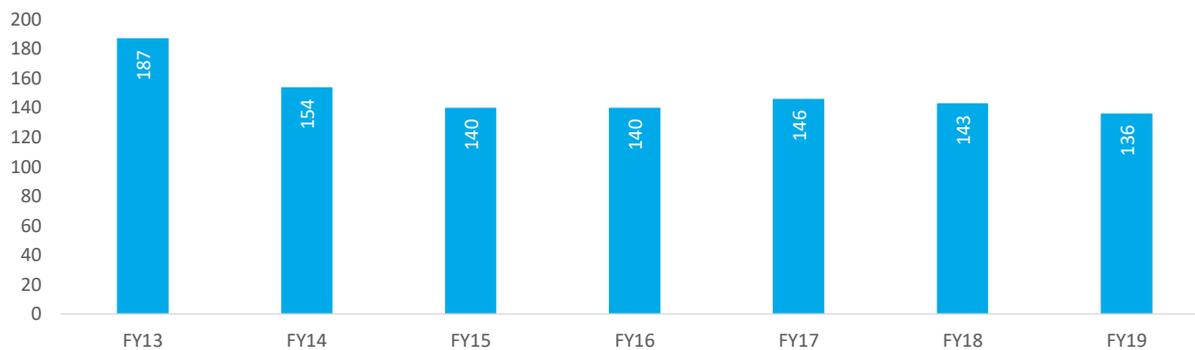
	FY19	FY18	FY17	FY16	FY15
Emissions from air travel	17,797.220	16,579.665	7,804.566	5,263.215	2,232.637
Emissions from road travel	1,707.240	1,365.117	1,038.628	909.561	689.843
Total Scope 3 emissions	19,504.460	17,944.782	8,843.194	6,172.78	2,922.480

Table: Breakdown of Scope 3 Emissions (Metric Tonnes CO2e)

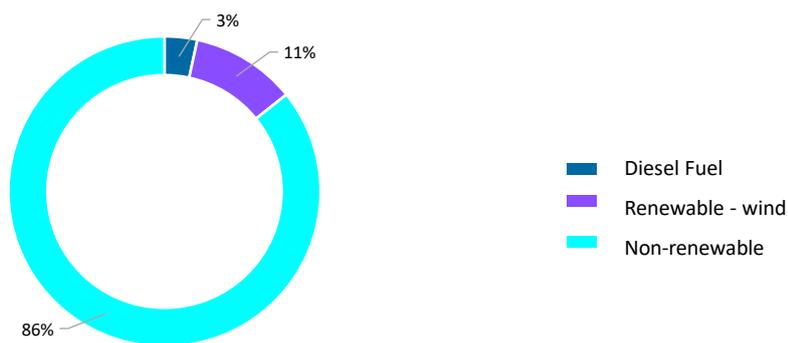
Energy Data

[302-1, 302-3, 302-4]

Energy per employee



Energy breakdown



	FY19	FY18	FY17	FY16	FY15
Fuel consumption from non-renewable sources - diesel fuel	3,298.930	2,251.304	5,562.503	1,389.869	965.106
Electricity from renewable sources - wind	10,629.511	12,609.409	12,696.167	0.000	0.000
Electricity from non-renewable sources	83,732.882	76,573.979	73,807.182	52,392.633	45,066.290
Total energy consumption	97,661.323	91,434.692	92,065.852	53,782.503	46,031.396

Table: Direct and Indirect Energy Consumption in Gigajoules

Water Data

[303-1, 303-3]

	FY19	FY18	FY17	FY16	FY15
Total water used	98,525.12	108,217.96	106,757.00	36,024.13	39,279.00
Total water recycled*	44,709	47,460.00	45,218.00	11,113.00	14,284.00
Percentage recycled	45%	44%	42%	31%	36%

Table: Water Used and Recycled in Kiloliters

*Water is recycled only at three technology centers.

E-waste Data

[306-2]

	FY19	FY18	FY17	FY16	FY15
E-waste	6,181.00	4,995.00	10,269.42	19,520.80	9,561.96

Table: Hazardous Waste Recycled in Kilograms

Paper Data

[306-2]

	FY19	FY18	FY17	FY16	FY15
Paper used	15,648.30	16,183.90	18,994.00	15,073.00	10,033.00
Paper recycled	8,517.00	8,969.50	10,184.00	10,263.00	4,476.00
Percentage recycled	54%	55%	54%	68%	44%

Table: Paper Recycled in Kilograms

Spreading the Green Message

Earth Hour

Employees in all locations observe Earth Hour as an annual event. As the official Earth Hour is held on a Saturday, non-essential lights and equipment are switched off for one hour during a working day. Some locations observe Earth Hour at the official time. In 2019, we were able to save 3,313.29kWh, thus avoiding 2,673.33kgCO₂eq in emissions. Many employees also pledged to observe Earth Hour individually at their homes.

World Environment Day

World Environment Day (WED) is an annual event that our employees across the globe observe through activities such as tree planting, vehicle emission testing, walkathons, etc. In FY19, Virtusans took positive action and committed to beat plastic pollution by reducing plastic use.



World Environment Day celebrated on **5 June 2018** is a call to action for all of us to come together to combat one of the biggest environmental challenges of our time – **Plastic Pollution**. How we can make changes in our everyday life to reduce the heavy burden of plastic pollution?

• **What to do next?** •
Help spread the word and be a part of this cause. Showcase your contribution towards combating the plastic pollution.
Stay tuned!

[Click here](#) to know more about Virtusa's waste management initiatives.

For internal use only Follow #beatplasticpollution on Yammer



Our People



21,745

Full-time employees

1,254

Net new employees

43

Average training hours per employee

OHSAS 8001:2007

Certified health and safety management system

*All data is for FY19 unless indicated.

Our Workforce



Average training hours



Employees* by region

North America	3,124
Europe	832
Asia Pacific and Middle East	17,789
Total	21,745



Percentage of women by level

Management	12%
Professional	33%
Total	29%



Employment category

Permanent	21,745
Contract/Outsourced/Other	2,366

Our Strategy and Approach

[102-8, 103-1, 103-2, 401-1]

Our success depends upon our ability to attract, develop, motivate, and retain highly-skilled and multi-dimensional team members. As of March 31, 2019, we had 21,745 team members, an increase from 20,491 at March 31, 2018.

Topics material to our people management strategy includes labor standards and human rights, employee engagement, diversity and inclusion, training and skill development, and health and safety. As such, our people management programs contribute to the achievement of Sustainable Development Goals 4, 5, and 8.

The global head of human resources is responsible for all labor practices with location human resource leaders reporting to him. Within location human resources, separate teams focus on specific areas such as recruitment, training, career development, and compensation and benefits. The human resources team is also responsible for investigating any violations related to human resources policies and procedures.

Labor Standards and Human Rights

[103-1, 103-2, 103-3]

Consistent with our PIRL values, we are committed to complying with the United Nations Universal Declaration of Human Rights and aim to follow the UN Guiding Principles on Business and Human Rights (UNGPs) as applicable to our business operations.

The company values a diverse workforce and has processes in place to ensure that hiring, staffing and career development is fair and without bias. Our Equal Employment Opportunity Policy prohibits any form of discrimination based on race, color, religion, creed, national origin, ancestry, sex, age, qualified mental or physical disability, sexual orientation, genetic carrier status, any veteran status, any military service, any application for any military service and other areas protected by law.

We also have geo-specific policies, including discrimination and harassment free workplace policies to ensure compliance with legal requirements. In addition to the globally applied harassment free workplace policies, in India there is a separate Prevention of Sexual Harassment Policy to comply with legal requirements.

In FY19, we updated our Code of Conduct training to include a component on harassment and acceptable behavior in the workplace.

As a technology services company, child labor, forced and bonded labor, slavery, and human trafficking are not significant risk factors in our operations. However, we are aware of these threats and have policies and procedures in place to ensure that our business and supply chain are not complicit in such human rights abuses. As such, our Social Responsibility Policy and Supplier Guidelines prohibits the use of child labor, forced and bonded labor, and modern slavery. In addition, we implemented the Anti-Slavery and Human Trafficking Policy in April 2017 to specifically address the issues of modern slavery and human trafficking.

Our Grievance Policy and Grievance Policy Guidelines set out the procedure for reporting complaints related to discrimination, new work practices, and other violations of human rights. The main channel of communicating grievances is through the line manager, human resources team members and leadership team members. Complaints regarding harassment are covered by our harassment free workplace policies and are handled by the human resources team. In some geographies, there are specific committees to handle grievances such as the internal complaints committee, which is responsible for handling sexual harassment complaints in India. Any concerns can also be reported to the Whistleblower Hotline at 1-800-698-2816.

Talent Engagement

[102-41, 102-43, 103-1, 103-2, 103-3]

Our work environment is characterized by an emphasis on collaboration, learning, and innovation. Through our V+ platform, employees can learn, share, and co-create with colleagues and clients. Other channels of employee engagement range from company-wide updates and town hall sessions to social media forums such as Yammer. These are supplemented by multiple surveys, such as an internal service group survey that allows employees to provide feedback on all service groups within the company. Employees also have the opportunity to provide their feedback through pulse check surveys conducted periodically during their career (e.g. onboarding survey, 5 month survey, 18 month survey and exit survey). The input from these surveys is reviewed to arrive at solutions to create a great place to work.

While we recognize the right to collective bargaining, none of our team members are covered by a collective bargaining agreement or are represented by a labor union. This is partly due to the open communication and cordial relations maintained with employees, which includes an open door policy along with transparent and open channels of communication that we encourage usage of across all levels.

V+ Platform

V+, our proprietary social business platform, has transformed the way employees work, learn, share, and connect — ultimately improving business agility, productivity, and innovation. It also uses social practices such as gamification and crowdsourcing to create an engaging platform.

Yammer

V+ provides a vibrant platform for employee engagement through Yammer. Utilizing social media for employee engagement has proved to be a hit in which employees, irrespective of role or designation, can share ideas, request information, share items of interest, and even conduct surveys and publish company announcements. Overall, Yammer provides a transparent channel that enables intra-personal communication, a free-flow of ideas, and a forum for recognition and appreciation.

RAVE

RAVE is a 360-degree recognition and appreciation portal that allows employees to thank, recognize, and reward contributions by their colleagues. RAVE incorporates gamification, badges, and leaderboards to enhance employee recognition and morale.



Image: RAVE Badges

Diversity and Inclusion

[103-1, 103-2]

We value diversity in nationality, gender, and the differently abled. The Equal Employment Opportunity Policy and harassment free workplace policies strengthen our diversity and inclusion initiatives.

Women of Virtusa

Women of Virtusa (WoV) was launched in March 2012 in an effort to facilitate longer, more fruitful careers for our female team members. Objectives of WoV are to:

- Increase the gender diversity hiring ratio across levels (entry-level, middle management, leadership)
- Create a platform for women to learn, share, exchange ideas, and build leadership skills
- Measure the impact of gender diversity hiring and attrition data (long-term strategy)

WoV has a committee at each technology center and offers our female employees an opportunity to network, thus promoting the success of women within the company and within the IT industry.

The focus for FY19 was the development of the Women in Leadership (WIL) program. The program, which focuses on leadership skills such as smarter communication, confidence building, and emotional intelligence, augments other leadership training programs within the company.

We also have a second career initiative that offers women the opportunity to initiate a new career after taking a break (such as for family reasons) for a few years. This has enhanced the retention of women and ensures that women can maintain long careers at Virtusa.

Enablement and Accessibility

We aim to ensure that digital platforms and the office environment adhere to global accessibility standards so that all our team members have a seamless experience. All the major digital platforms we have selected are certified as accessible and evaluations for new software include accessibility as a criterion for selection. Also, we have engaged an independent assessor to certify our time entry app, our most used digital journey. With regards to office space, the Virtusa Facilities Design and Build Guide mandates accessibility features such as wheelchair access.

Learning and Development

[103-1, 103-2, 404-2]

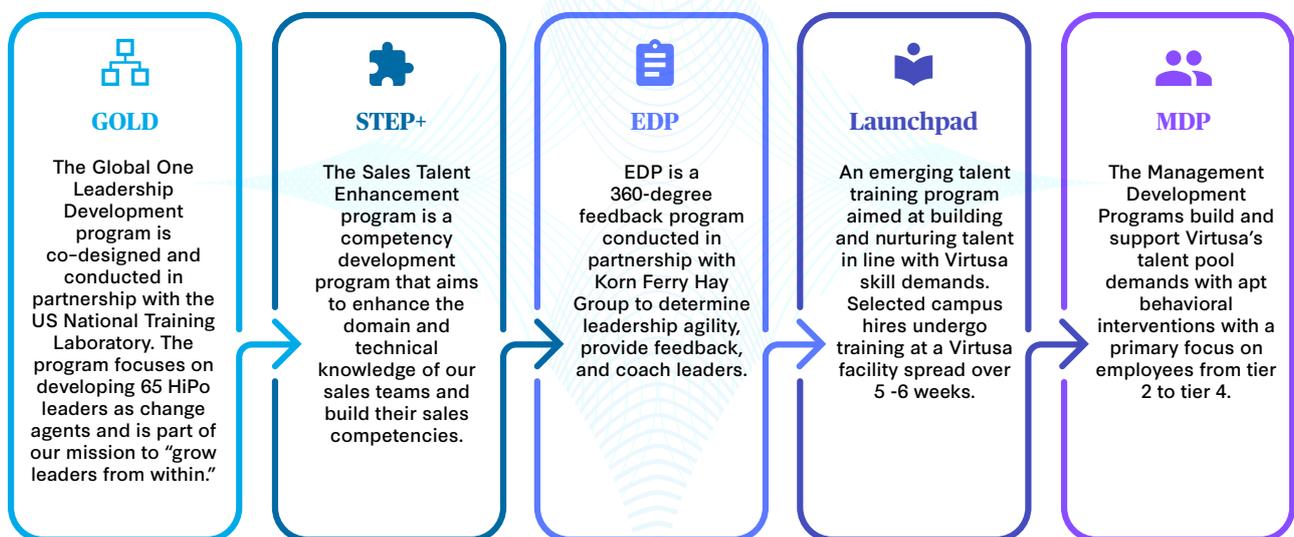
We recognize that rapid technology changes combined with a dynamic client business landscape and the demand for innovation have created the need for jobs to be recoded and can result in a rewired employee skill profile. To address challenges arising from these scenarios, we are committed to providing learning and development opportunities that are aimed at building an enabling ecosystem that supports our team members through transitions, and in the long term, contributes to Sustainable Development Goals 4 and 8.

The enabling ecosystem at Virtusa constitutes job related competency modeling and group skill mapping. In addition, role-based training runs the gamut of domain-related programs, technical upskilling, and soft skills, such as professional and leadership skills. This is carried out to equip team members with the skills necessary for current and future jobs.

Our aim is to fulfill 75% of positions from within the organization. This goal is supported through multiple leadership programs across locations that equip Virtusans with the knowledge, skills and abilities needed for personal and professional development.

To ensure continued employability, we have initiatives such as job rotations and track changes. Job rotation opportunities are provided to ensure Virtusans have the opportunity to cross skill in numerous job verticals, ensuring that Virtusa is consistently grooming the next level of leaders internally. Any team member has the opportunity to change track by following the formal track change process.

Learning Programs



Performance Management

[103-1, 103-2, 404-3]

All employees have regular performance appraisals through which career development, compensation, and promotions are based. We recruit, develop, measure, and reward based on a structured, performance-based approach. Our performance philosophy is deeply embedded in the achievement of business goals, competency assessments (behavioral and technical) and employee engagement in the case of senior managers. 360-degree assessments are conducted for leadership (managers and above), and the input supports individual development plans and promotions. All leaders at manager-level and above are also assessed for behavioral indicators using the Harrison Assessment Test.

In addition, we have also created platforms to highlight individual achievements and recognize innovations through vInnovate. We also have leaderboards, which provide transparent performance scores, visibility, and ranking. They drive competition, thereby, improving overall performance and building a reputation for agile revenue growth. Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance.

Retention

[401-1]

We closely monitor our overall attrition rates and patterns to ensure our people management strategy aligns with our growth objectives. During the twelve months ended March 31, 2019, we experienced a voluntary team member attrition at a rate of 16.4% and an involuntary team member attrition at a rate of 9.1%. We remain committed to improving and sustaining our voluntary attrition levels consistent with our long-term stated goals. We follow a systemic approach to control attrition and increase retention.

Health and Safety

[103-2, 103-3]

We strive to provide a safe and healthy work environment for our team members, contractors, and visitors. As such we have an Environment, Health and Safety (EHS) Policy in place, and eleven of our technology centers in India and Sri Lanka are certified for OHSAS 18001. The facilities and human resources teams in each location are responsible for the health and safety aspects within the organization. Team members can report health and safety concerns to the facilities and human resources team directly, or report incidents to the 'Incident Reporting' email group. An online ticketing system and social media (Yammer) are also available as alternatives to connect with the responsible parties.

Risk Management

We have in place a comprehensive health and safety management system to identify risks and ensure compliance with laws and regulations. We are guided by the risk assessment procedure of BS Occupational Health and Safety Management Systems (OHSAS). Risk assessments are carried out by the SMEs with the relevant team members. The findings are documented on a periodic basis or when an alteration to the work area, work pattern, or other changes occur.

Ergonomics, work-life balance, and employee transport are the significant risks of focus with relevant targets and management plans under risk management.

Incident Management

Incident response plans are in place for specific incidents such as civil unrest, fire, flood, food poisoning, pandemics, terror attacks, tsunamis, and earthquakes. The plans outline the processes to be followed to manage the incident and the associated responsibilities of the individuals. The business continuity management system (BCMS) team is responsible for invoking the correct incident response plan for the situation. These plans are periodically tested to confirm the validity of the process.

Training

EHS training is provided during onboarding for all employees. Subsequently, they are assessed on their knowledge of EHS as part of role-based training (RBT), which is mandatory for confirmation of employment. Emergency response team members are provided with fire safety and first aid training. Refresher training for fire safety is conducted monthly while refresher training for first aid is conducted every six months. Facilities team members who are responsible for implementing health and safety procedures are provided with additional training and certifications as needed.

Occupational Hazards and Illnesses

As an IT services provider, the main health and safety areas of concern for our industry are fire hazards, electrical hazards, slip and trip hazards, work-life balance related issues, and ergonomic usage of computer equipment. Also, the night shuttles provided for employees working late or on shift has emerged as the highest risk factor in our operations. Our risk assessment covers all occupational hazards and illnesses.

We have a Transport Policy to guide our teams on operational matters. Under the policy, all drivers engaged by the company must undergo training on defensive driving, responding to emergencies, random breathalyzer tests, background verification, testing of vehicle condition, and other safety measures. Additionally, as a company we also facilitate work with the local police or other relevant authorities to address and guide drivers on statutory aspects. In some geographies, an additional security person accompanies female employees to confirm safe drop off.

We have also implemented several safety measures to ensure safe night shuttle transport for our team members. This includes safety guidelines for vehicles and drivers, testing for vehicle condition and driver alcohol consumption, using vehicles with GPS tracking for female employees, meetups for transport service providers and drivers to learn about road safety, and mandatory police reports for shuttle drivers.

All food service providers must be licensed through an annual licensing scheme administered by the local government, which is supervised by the Ministry of Health and Public Health Inspectors (PHIs). In addition to the PHI inspection, the facilities team also conducts unannounced kitchen visits and random food sampling. If any serious violation or contamination is found, the necessary legal action is taken against the food service provider.

Fire drills are carried out on a periodic basis according to the fire code of the respective local government with the assistance of the fire brigade or a licensed agency. Employees can volunteer for roles in the emergency response team and receive the appropriate training.

To reduce electrical hazards and slip and trip hazards, we maintain a well-organized work area based on 5S. We also ensure that workstation chairs meet the health and safety standards of the Health and Safety Executive (HSE).

Tips on healthy living and wellness are shared through email and social media (Yammer). We also organize periodic health camps and healthcare programs to educate team members and families on the importance of physical and mental health. All employees and their immediate families are eligible for medical insurance.

Work Environment

The work environment is an important part of employee well-being. As such we monitor air quality, noise, and lighting levels in our office environment. We also aim to provide a work environment that is flexible and effective so that employees can balance their work and life. These may include flexible work hours and occasional work-from-home, paid maternity leave, leave of absence (on a case-by-case basis), child adoption leave, leave for military service, and support for those caring for dependents. Paternity leave is available as sanctioned by the legal requirements of the applicable geography.



Tech for Good



1,222

Internships

102

Career guidance sessions

82

TechTalks

43

Industrial visits

*All data is for FY19 unless indicated.

Our Strategy and Approach

[103-1, 103-2, 103-3, 203-1]

We believe in using our skills and knowledge to create a digitally-inclusive society. Our strong culture of volunteerism means that many employees offer their time, knowledge, and skills to drive our corporate social responsibility projects. Our corporate social responsibility (CSR) initiatives fall under three pillars: Campus Reach, Tech Reach, and Digital Reach.

In 2015, we set up a CSR Committee to oversee corporate social responsibility activities across our Indian operations. In FY19, project supported by the CSR Committee included the Carbon Zero Challenge and Computer Shiksha, which are described in the sections that follow.

Campus Reach

The Campus Reach initiative is an industry-academia partnership designed to support the next generation of IT professionals to be workforce ready and contribute to the growth of the IT industry. Campus Reach includes support on curriculum development, an internship program, mentoring for final year projects, and Academic Excellence Awards.



Campus Reach
Supports the SDGs



	FY19	FY18	FY17	FY16
Internships	429	232	328	233
Career guidance sessions	28	33	34	7
TechTalks	13	33	30	6
Industrial visits	6	20	9	8
Convocations and freshers' day	17	22	0	0

Digital Reach

Through Digital Reach we aim to create a digitally inclusive society by IT-enabling communities. We helped set up a Digital Learning Center (DLC) for war rehabilitees in Sri Lanka, and also set up over 70 IT labs in rural schools in India and Sri Lanka.



Digital Reach
Supports the SDGs



Tech Reach

Through Tech Reach, we use our software development and consulting expertise to contribute to projects of social benefit. Through Tech Reach, we have partnered with government and non-governmental organizations to develop software solutions that range from disaster management to school administration.



Tech Reach
Supports the SDGs



Disaster management system developed after the tsunami in 2004. Deployed around the world for disaster management.

Rehabilitation Management System

Solution developed to expedite the reintegration of war rehabilitees in Sri Lanka and manage their vocational training needs.



Open source school management system to help schools manage their administrative tasks more efficiently.

117 Disaster Management App

Solution developed to facilitate better tracking and responsiveness to requests for aid during the 2016 floods in Sri Lanka.



Phase II of RMS so that it can be repurposed for substance abuse rehabilitation.

Clean Chennai App

Scalable app for the Clean Chennai initiative developed in collaboration with the SWM and EDP team of Corporation of Chennai.

Carbon Zero Challenge

Virtusa sponsored the Carbon Zero Challenge, which was jointly hosted by the India Institute of Technology Madras (IIT Madras) and the Industrial Waste Management Association (IWMA) for the second year in a row. Carbon Zero Challenge, an all-India innovation and entrepreneurship contest is organized to encourage environmental entrepreneurs of the future. The challenge aims to create a global impact by harnessing the power of innovation and entrepreneurship, energy and environment, and youth to create sustainable solutions for the future wherein renewable energy and clean technology ideas can emerge and develop into long-term solutions.

The objective of the challenge is to identify and curate practical, innovative, and indigenous solutions to energy and environmental problems in India. This challenge helps trigger novel ideas towards developing carbon neutral systems and grid-free infrastructure to serve the five major sectors (urban housing, transportation systems, industries, agriculture, and water and waste management facilities) that are plagued by energy shortages/costs and nurture them to reach a stage of market scalability.

The contest received 996 applications from 25 Indian states, and 24 teams were shortlisted for the grand finale. These shortlisted teams received training and mentoring in addition to financial support over a period of six months to help build their prototypes and evolve their business models.



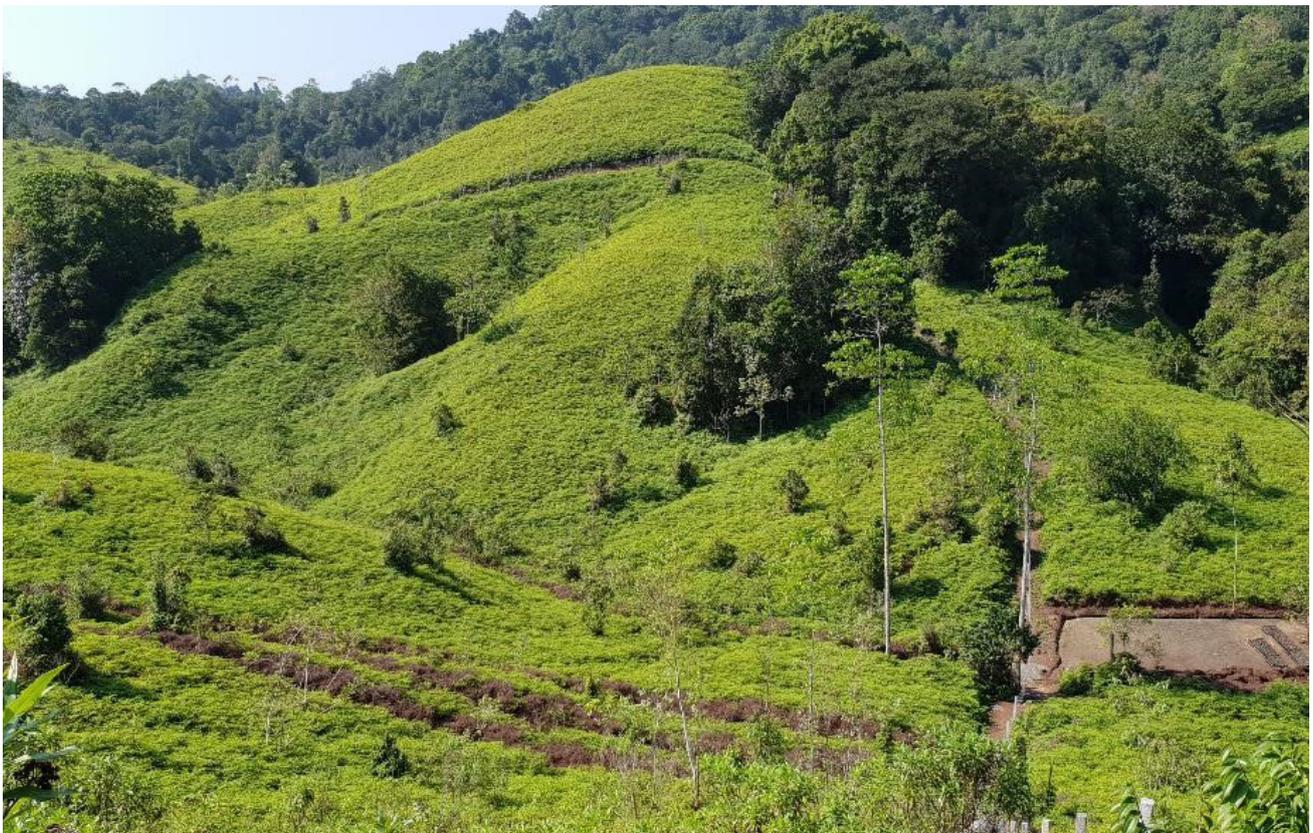
Winners of the Carbon Zero Challenge

Computer Shiksha

Computer Shiksha is a nonprofit organization that works towards computer literacy among underprivileged children and aims to reach a million children by 2020. The training is done through practical classroom learning as well as online videos. Virtusa provided financial support to continue to expand Computer Shiksha's current operations as well as translate their teaching videos into English. The translated videos will not only be made available for students in India, but also for students in the West Indies and Africa.

Forest Restoration

In 2018 Virtusa signed an MOU with Biodiversity Sri Lanka (BSL) to partner in the LIFE forest restoration program. The project, which is carried out under the guidance of the Forest Department Sri Lanka and the technical expertise of the International Union for Conservation of Nature (IUCN), aims to restore 10 hectares of degraded land in the Kanneliya Forest Reserve to a functional protected forest. Currently, the adjacent rainforest harbors 154 floral species whereas only 34 species are found in the restoration site. The rainforest is also home to almost twice the number of faunal species found on the project site. In the long run, it is expected that the restoration site will harbor floral and faunal diversity on par with the rainforest. A parallel project is to develop a biodiversity credit accrual system for Sri Lanka.



Kanneliya Forest Restoration Site

Community Outreach Projects

Health Camp for Gnanodaya High School

The Vings CSR Team at Chennai Advanced Technology Center conducted a health camp at Gnanodaya high school, Singaperumalkoil on June 30, 2018. The health camp, which was conducted in association with Apollo Hospitals, provided eye check-ups, dental screening, and basic health check-ups to approximately 150 students.

Support for “She Teams” Women’s Safety Campaign

Virtusa was a sponsor of the She Teams film campaign organized by the Telegana police to create awareness on women’s safety. The film campaign is part of the Government initiative to prevent harassment of women in public spaces and will be played across 600 movie theatres in Telangana prior to screening each show.

Support for Run the River

Virtusans took part in the “Run the River” campaign, hosted by Teach First, in support of education for those with less financial possibilities.

Spreading Warmth Campaign

The Virtusa ‘Spreading Warmth’ campaign was organized to collect and donate warm clothing to C4WS, which provides free shelter and food during winter months to the homeless. In addition to shelter, C4WS offers welfare support including support around mental and physical health problems, addiction issues, immigration matters, welfare advice and housing advice.



Giving Tree Campaign

Giving Tree is a spin on the traditional Secret Santa game in which instead of giving gifts to colleagues, Virtusans partnered in the 'KidsOut Giving Tree' program to give gifts to refugee children.

Global Compact Principles

Category	UNGC Principle	Section and Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Our Sustainability Framework (page 17) External Initiatives (page 19) Labor Standards and Human Rights (page 61)
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Our Sustainability Framework (page 17) Supply Chain Management (page 26)
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Talent Engagement (page 62)
	Principle 4: Businesses should uphold the elimination of all forms of forced or compulsory labour;	Our Sustainability Framework (page 17) Supply Chain Management (page 26) Labor Standards and Human Rights (page 61)
	Principle 5: Businesses should uphold the effective abolition of child labour; and	Our Sustainability Framework (page 17) Supply Chain Management (page 26) Labor Standards and Human Rights (page 61)
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Labor Standards and Human Rights (page 61)
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environmental Stewardship (pages 46-57)
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and	Environmental Stewardship (pages 46-57) Supply Chain Management (page 26)
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental Stewardship (pages 46-57)
Anti - Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics and Compliance (pages 40-42)

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE	OMISSIONS
GRI 101: Foundation 2016			
GENERAL DISCLOSURES			
Organizational profile	102-1 Name of the organization	9	
	102-2 Activities, brands, products, and services	9	Full details available at: www.virtusa.com
	102-3 Location of headquarters	9	
	102-4 Location of operations	9	
	102-5 Ownership and legal form	9	
	102-6 Markets served	10	
	102-7 Scale of the organization	7, 9, 10, 11, 12, 60	
	102-8 Information on employees and other workers	59, 60	
	102-9 Supply chain	26-27	
	102-10 Significant changes to the organization and its supply chain	9, 26	
	102-11 Precautionary Principle or approach	48	
	102-12 External initiatives	18-19	
	102-13 Memberships of associations	18-19	
Strategy	102-14 Statement from senior decision-maker	4-5	
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	8, 40, 41	
	102-17 Mechanisms for advice and concerns about ethics	42	
Governance	102-18 Governance structure	38-39, 43	Full details available in Proxy Statement
	102-22 Composition of the highest governance body and its committees	38-39	
	102-23 Chair of the highest governance body	38	
Stakeholder engagement	102-40 List of stakeholder groups	22-23	
	102-41 Collective bargaining agreements	62	
	102-42 Identifying and selecting stakeholders	22	
	102-43 Approach to stakeholder engagement	22-23, 30, 31, 62	
	102-44 Key topics and concerns raised	22-23	

Reporting practice	102-45 Entities included in the consolidated financial statements	24	
	102-46 Defining the report content and the topic boundaries	24	SEC Filings - 2019 Form 10K (Page 295 - Exhibit 21.1)
	102-47 List of material topics	25	
	102-48 Restatements of information	21	
	102-49 Changes in reporting	21	
	102-50 Reporting period	20	
Reporting practice	102-51 Date of the most recent report	20	
	102-52 Reporting cycle	20	
	102-53 Contact point for questions regarding the report	20	
	102-54 Claims of reporting in accordance with the GRI Standards	20	
	102-56 External assurance	25	
MATERIAL TOPICS			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10, 24	
	103-2 The management approach and its components	10	Full details available in Form 10-K .
	103-3 Evaluation of the management approach	10	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	11	
	201-2 Financial implications and other opportunities due to climate change	43	Available in our CDP response .
INDIRECT ECONOMIC IMPACTS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10, 24, 70	
	103-2 The management approach and its components	10, 70	
	103-3 Evaluation of the management approach	10, 70	
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	70-73	
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	16-17, 24, 40	
	103-2 The management approach and its components	16-17, 40-42	
	103-3 Evaluation of the management approach	40-42	

GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	42	
ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	16-17, 24, 48	
	103-2 The management approach and its components	16-17, 48, 50	
	103-3 Evaluation of the management approach	48, 49	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	50, 55	
	302-3 Energy intensity	50, 55	
	302-4 Reductions of energy consumption	50, 55	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 48	
	103-2 The management approach and its components	16-17, 48, 51	
	103-3 Evaluation of the management approach	48, 51	
GRI 303: Water 2016	303-1 Water by source	51, 56	Reported partially
	303-2 Water sources significantly affected by withdrawal	51	
	303-3 Water recycled and reused	51, 56	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	16-17, 24, 48	
	103-2 The management approach and its components	16-17, 48, 50	
	103-3 Evaluation of the management approach	48, 51	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	50, 54	
	305-2 Energy indirect (Scope 2) GHG emissions	50, 54	
	305-3 Other indirect (Scope 3) GHG emissions	50, 54	
	305-4 GHG emissions intensity	50, 54	
	305-5 Reduction of GHG emissions	50	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 48	
	103-2 The management approach and its components	17, 48, 51	
	103-3 Evaluation of the management approach	48, 49, 51	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	56	

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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 48	
	103-2 The management approach and its components	16-17, 48	
	103-3 Evaluation of the management approach	48, 49	
307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	40, 48	
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 60-61	
	103-2 The management approach and its components	40, 60-61	
	103-3 Evaluation of the management approach	61, 62	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	59, 65	Reported partially
LABOR/MANAGEMENT RELATIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 60-61	
	103-2 The management approach and its components	40, 60-61	
	103-3 Evaluation of the management approach	62	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 66-67	
	103-2 The management approach and its components	66-67	
	103-3 Evaluation of the management approach	66, 67	
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 64	
	103-2 The management approach and its components	64	
	103-3 Evaluation of the management approach	62, 64	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	59, 60	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	64	
	404-3 Percentage of employees receiving regular performance and career development reviews	65	

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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 63	
	103-2 The management approach and its components	40, 63	
	103-3 Evaluation of the management approach	61, 64	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	37, 60	We report diversity statistics by gender only.
NON-DISCRIMINATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 61	
	103-2 The management approach and its components	40, 61, 63	
	103-3 Evaluation of the management approach	61	
CHILD LABOR			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 61	
	103-2 The management approach and its components	26, 40, 61	
	103-3 Evaluation of the management approach	27, 61	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 61	
	103-2 The management approach and its components	26, 40, 61	
	103-3 Evaluation of the management approach	27, 61	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 24, 44	
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	44	

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