

Corporate Citizenship Report

2019-20

virtusa

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CEO's message



[102-14]



What we do likely touches your lives daily, even if you do not see our name on products or services you buy as individuals. Virtusa is the leading global information technology (IT) services firm that delivers end-to-end digital transformations for our Global 2000 accounts, resulting in them achieving speed at scale and the competitive advantage that accrues to it. We do so by applying deep industry-based engineering expertise to the task of building digital systems and applications that help global businesses move faster, operate more efficiently and serve their customers in ways that are optimized for today's digital economy. Our digital engineering services and solutions address some of the most complex and rapidly evolving technology and business needs of Global 2000 companies worldwide.

The emergence of the COVID-19 pandemic in early 2020 created unprecedented challenges for all businesses around the world, including Virtusa. Our successful efforts to work through the unexpected difficulties associated with the crisis and the economic setbacks that ensued, confirmed how dedicated our global team is to serving our clients regardless of circumstance. At the onset of the pandemic, our crisis management team quickly enacted strict work-from-home measures to ensure our team's safety while our business continuity protocols enabled nearly uninterrupted service to our clients. Currently, over 98% of our billable workforce has the ability to work from home and our business performance remains strong.

The COVID-19 crisis has also reinforced that for any business to survive and succeed, respect for human rights, fair treatment of labor, environmental stewardship, and ethical policies and practices must be central to its operating methods. Embedding the 10 UN Global Compact Principles in our sustainability program and overall methodologies has helped us ensure that our actions provide short- and long-term value to our clients, team members, and the communities we serve. Highlights from this past year's efforts include:

Economic value: Since the onset of COVID-19, we have upheld our commitment to our clients by maintaining nearly uninterrupted service and developing new solutions that help them address the economic challenges of the pandemic. These include hyper distributed agile services, agile squads, release assurance, end-to-end deep digital transformation efforts, and cloud migration initiatives. Our Digital Transformation Studio (DTS) framework

brings together deep industry knowledge, proven gamified tools, and assets in a unified offering that accelerates digital transformation while dramatically reducing execution time and risk. By following the DTS framework many clients have experienced a 30% overall productivity improvement. Our dedicated commitment to our clients' success helped us obtain 353 perfect 10/10 Client Delight Index (CDI) scorecards while maintaining an average CDI of 9.07 in FY20.

Compliance and ethics: In FY20, we continued to strengthen our compliance program through training and certification of our global team members. We also continued to reinforce our cybersecurity program through training, annual recertification, and awareness campaigns. While following a remote working policy in response to COVID-19, we aim to ensure the same level of cybersecurity maintained within our offices. To this end, we continuously communicate with our global team members on information security best practices. Recognizing that most vulnerabilities are code-induced, we also introduced mandatory training on secure software development for our technical community to ensure that our developers and testers are able to create products that are vulnerability free.

People value: During this time of uncertainty, the safety of all team members and families remain a top priority. While using a work from home policy to ensure the safety of our team members, our shared services teams were quick to support any Virtusan who needed assistance. This included dedicated helplines and finding temporary accommodation for team members stranded due to the lockdowns. We also implemented multiple engagement initiatives ranging from online competitions, health tips to online counseling and expanded the learning opportunities available to our team members.

Environmental stewardship: While the COVID-19 pandemic remains the most urgent issue facing the world today, climate change is a stark reality and cannot be sidelined. With this in mind, we have taken several steps toward managing our environmental footprint. We have set a new absolute target to reduce Scope 1 and Scope 2 market-based emissions by 15% by 2025.

Social value: Our ultimate aim is to create a positive social impact through technology. To this end, we have four corporate social responsibility (CSR) pillars focused on using the different aspects of technology for social development: CampusReach, TechReach, DigitalReach, and OutReach. We set up the Virtusa Foundation in FY20 to formalize our CSR and bring all CSR initiatives under one umbrella. In FY20, most of the focus was on TechReach projects, where we developed software solutions for several NGOs. These included a healthcare portal that helps marginalized communities to access non-emergency medical treatment, a project management portal, and a web portal to track environmental and biodiversity conservation projects. Many of the outreach activities also focused on providing relief to our communities affected by COVID-19. This included contributions to the PM Cares Fund in India and partnering with a newly opened First Responder Recovery Home in Massachusetts to provide free lodging, meals, care, and comfort to frontline workers stricken with COVID-19.

Future direction

Economic value: We plan to invest in developing intellectual property-based solutions to provide to our clients and strengthen our digital transformation capabilities with a particular focus on three key technologies: Cloud, AI/ML and Intelligent Automation. We also plan to continue revenue diversification by focusing on vertical, geographical, and client portfolio diversification.

People value: We will continue our focus on developing and reskilling our team members through certification and leadership development programs to ensure they are able to take on key roles that contribute to our long-term goals. These include cloud and digital certification programs in-line with our digital transformation strategy and the GOLD (Global One Leadership Development) program to help develop leaders to manage large-scale and strategic programs for the company.

Environmental stewardship: We are in the process of increasing our renewable energy usage by investing in solar energy for three facilities in India.

Social value: We aim to be the technology solution provider of choice for NGOs and are currently exploring opportunities for collaborating with NGOs on several technical projects.

We are incredibly proud of how our global team has come together to support each other while at the same time ensuring that we deliver on our commitments to our clients. We will continually improve our sustainability program to contribute to the achievement of the UN Sustainable Development Goals and in doing so, to the health of the communities we serve and the planet at large.

Sincerely,

Kris Canekaratne

Chairman & CEO



Our mission

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

- Enabling our clients to create distinctive experiences, transform their businesses, grow revenue, and deliver efficiencies.
- We are an innovative global firm that attracts, develops, inspires, and retains exceptional talent.
- We strive to be socially conscious and responsible corporate citizens.

Our values

Passion

To inspire our global teams to deliver extraordinary results

Innovation

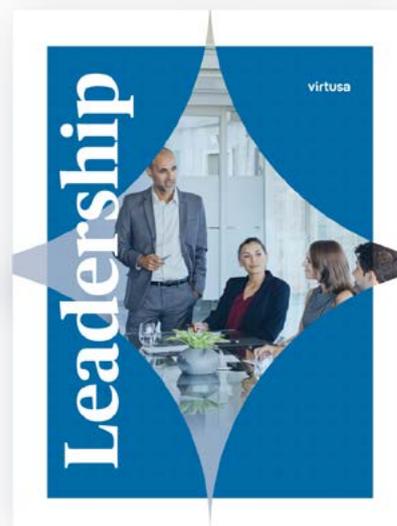
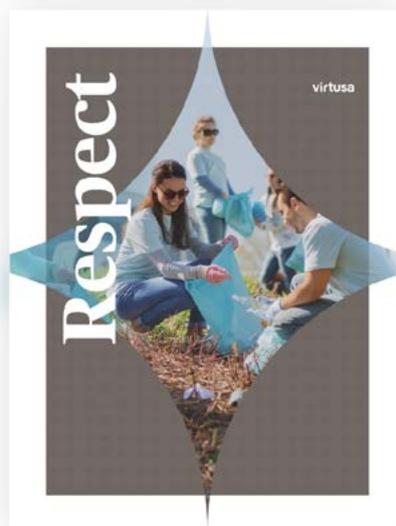
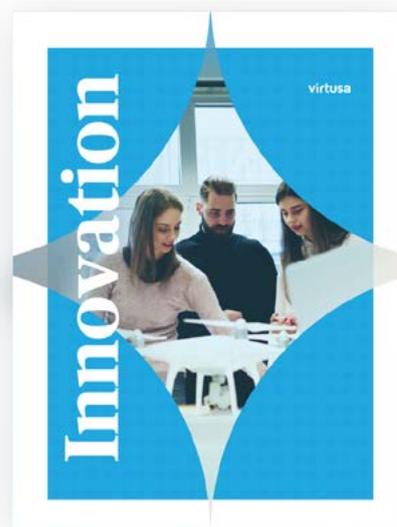
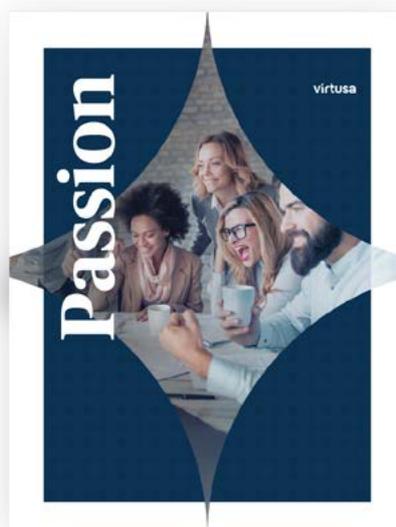
Apply intellectual curiosity to reimagine better business outcomes for our clients

Respect

Protect our environment, honor our diversity and treat everyone with dignity

Leadership

Take personal responsibility when things go awry and always ascribe success to the team





Who we are

Our global presence



25 | 48

Countries | Locations



22,830

World class professionals



221

Active clients



\$1.31B

FY20 revenue

Who we are

[102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7]

Virtusa is a leading global provider of digital engineering, consulting, and information technology (“IT”) services and solutions that help our clients change, disrupt, and unlock new value. We combine our deep industry and domain expertise with the right tools, techniques, accelerators, and agile teams to help businesses move forward, faster.

Our digital engineering services and solutions solve some of the most complex and rapidly evolving problems for global 2000 companies across large, consumer-facing industries, including banking, financial services, insurance, healthcare, communications, technology, and media and entertainment.

Headquartered in Massachusetts, we have over 22,000 world-class professionals in offices throughout the Americas, Europe, Middle East, and Asia. Our global delivery centers are in the United States, India, Sri Lanka, Hungary, Singapore, Poland, Mexico, and Malaysia. 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, Mexico, and the Netherlands, as well as Polaris and its operating subsidiaries which are incorporated in Australia, the United Arab Emirates, Qatar, Japan and Canada.

Our experience with a large customer base provides us with real-time, granular, and globally differentiated market intelligence to investments in research, infrastructure, and training.

We are innovation engineers.

Our services

[102-6]

We help our clients compete by accelerating their most strategic digital and cloud transformation initiatives by providing multi-disciplinary agile teams of consultants, designers, engineers, and sophisticated gamified tools. Our broader service offerings are listed on the next page. Detailed information of our service offerings is available on our website, www.virtusa.com.

Our service offerings



Consulting & design services

- UI/UX design
- Business capability modeling
- Customer journey mapping
- IT strategy and architecture
- Accelerated solution design
- Operational process design
- DevOps design
- Product design



Digital engineering services

- Distributed agile
- Application platform engineering
- Content and customer experience
- Digital process automation
- Intelligent automation
- Analytics, insights, and data
- AI and machine learning
- Industrial Internet of Things (IIoT)
- Enterprise applications - SAP, Microsoft, Oracle, Pega



Cloud services

- Strategy and assessments
- Migration
- Cloud native engineering
- Data and analytics
- SaaS applications
- Open innovation platform
- Security
- Managed cloud



Managed services

- Application support and management
- Infrastructure management services
- Knowledge process outsourcing
- Digital process outsourcing (Bots)
- Independent validation (QA/testing)

Economic performance

[\[102-6, 102-7, 102-10, 203-1\]](#)

Historically, we have supplemented organic revenue growth with acquisitions, focused on adding domain expertise, augmenting our geographic footprint, expanding our professional services teams, and expanding our client base. For instance, during the fiscal year ended March 31, 2020, we completed several tuck-in asset and business acquisitions, which expanded our relationship with our existing clients or supplemented current service offerings. In FY18, we completed the acquisition of eTouch, which expands our digital solution offerings. During the fiscal year ended March 31, 2016, we acquired Polaris, which expanded our banking and financial services offerings and domain expertise. During the three months ended March 31, 2020, Polaris merged with and into Virtusa India, with Virtusa India being the surviving entity.

For the fiscal year ended March 31, 2020, we had revenue of \$1,312.3 million and income from operations of \$80.2 million. In our fiscal year ended March 31, 2020, our revenue increased by \$64.4 million, or 5.2%, to \$1,312.3 million, as compared to \$1,247.9 million in our fiscal year ended March 31, 2019. Our net income increased from \$11.8 million in our fiscal year ended March 31, 2019, to \$43.6 million in our fiscal year ended March 31, 2020.

We serve clients across North America, Europe, and Asia, and with the Polaris Transaction, added operations in Hong Kong, United Arab Emirates, New Zealand, Japan, Qatar, Mexico, Australia, and Canada. During the fiscal year ended March 31, 2020, 74% of our revenue was generated in North America, 17% in Europe, and 9% in the rest of the world.

Our Advanced Technology Centers in India and Sri Lanka help contribute to these countries' economic development 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). We have been recognized as the highest foreign exchange revenue earner in the IT sector for Sri Lanka and 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 (2012 to 2015).

We provide indirect economic benefits through our corporate social responsibility projects. This includes contributing to the advancement of STEM education at the university level in the countries we operate in, creating a more digitally inclusive society, and using our digital engineering expertise to develop technical solutions for non-governmental organizations. These programs are described in detail in the section [Tech for good](#).

Financial data

[102-7, 201-1]

Fiscal Year Ended March 31

	2020*	2019*	2018	2017	2016
Revenue	1,312,283	1,247,863	1,020,669	858,731	600,302
Costs of revenue	959,143	884,652	725,445	620,950	389,310
Gross profit	353,140	363,211	295,224	237,781	210,992
Operating expenses	272,928	292,943	248,837	219,410	165,672
Income from operations	80,212	70,268	46,387	18,371	45,320
Other income (expense)	(31,551)	(32,104)	(4,551)	447	12,349
Income before income tax expense	48,661	38,164	41,836	18,818	57,669
Income tax expense	309	20,473	32,888	2,561	12,649
Net income	48,352	17,691	8,948	16,257	45,020
Less: Net income attributable to the noncontrolling interests, net of tax	450	1,545	7,694	4,399	218
Net income available to Virtusa stockholders	47,902	16,146	1,254	11,858	44,802
Less: Series A Convertible Preferred Stock dividends and accretion	4,350	4,350	3,963	—	—
Net income (loss) available to Virtusa common stockholders	43,552	11,796	(2,709)	11,858	44,802
Basic earnings (loss) per share available to Virtusa common stockholders	1.45	0.40	(0.09)	0.40	1.53
Diluted earnings (loss) per share available to Virtusa common stockholders	1.42	0.38	(0.09)	0.39	1.49
Weighted average number of common shares outstanding:					
Basic	30,017,937	29,817,526	29,397,350	29,650,026	29,233,861
Diluted	30,654,527	30,659,654	29,397,350	30,215,171	30,004,982

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.



	2020	2019	2018	2017	2016
Customer Revenue					
United States of America	912,063	843,791	628,147	532,244	413,914
United Kingdom	182,365	209,232	195,547	164,970	109,015
Rest of the World	217,855	194,840	196,975	161,517	77,373
Consolidated revenue	1,312,283	1,247,863	1,020,669	858,731	600,302

Table: Revenue breakdown according to geographic locations (in US\$)

	2020	2019	2018	2017	2016
Revenue by Industry Group					
Banking, Financial Services and Insurance	58%	62%	67%	64%	54%
Communications and Tech	34%	29%	24%	26%	35%
Media & Information and Other	8%	9%	9%	10%	11%
Revenue by Product Type					
Time & Materials	59%	59%	59%	57%	61%
Fixed Bid	41%	41%	41%	43%	39%
Revenue by Service Offering					
Application Outsourcing	56%	54%	56%	59%	54%
Consulting	44%	46%	44%	41%	46%

Table: Breakdown of services provided



Won Three Gold Stevie® Awards at 2019 International Business Awards

Virtusa was recognized for leadership in financial services, life sciences and DevOps for its solutions Open Innovation Platform, vLife and AIRIS. The International Business Awards are the world’s premier business awards program.

Winner in 2019 North American Candidate Experience Awards

For the third consecutive year Virtusa was recognized in the North American Candidate Experience (CandE) Awards by the Talent Board. The Talent Board is a non-profit organization that promotes and benchmarks research of a quality candidate experience.

Certified Top Employer in 2020 by Top Employers Institute

Was certified a Top Employer in 2020 by the Top Employers Institute. The Top Employers Institute is an independent organization that certifies, validates, and recognizes companies as employers of choice across the globe through the HR Best Practice Survey.



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A photograph of a white wind turbine against a sunset sky. The sky transitions from a deep blue at the top to a bright orange and yellow near the horizon. The turbine's three blades are visible, extending from a central hub. A large, semi-transparent blue shape overlaps the bottom-left corner of the image, serving as a background for the text.

Corporate citizenship

ISO 45001:2018

Certified occupational health and safety system

A-

CDP supplier engagement rating

ISO 14001:2015

Certified environmental management system

B

CDP climate change score

*All data is for FY20.

Our sustainability program

[103-1, 103-2]

We aim 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 the 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 facilities and sustainability 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	<ul style="list-style-type: none"> ISO 45001:2018 Five-S 	 Human Rights: UNGC Principles 1 and 2
Environment (Code Green)	<ul style="list-style-type: none"> ISO 14001:2015 (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	<ul style="list-style-type: none"> ISO 22301:2012 	
Information Security	<ul style="list-style-type: none"> ISO 27001:2013 General Data Protection Regulation (GDPR) 	
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 (UNCPRD) UN Guiding Principles on Business and Human Rights (UNGPs) 	   Human Rights: UNGC Principles 1 and 2 Labour 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:

- ISO 45001:2018 and ISO 14001:2015: 11 technology centers in India and Sri Lanka are certified.
- ISO 22301:2012: 18 technology centers in India, Sri Lanka, UK, USA, and Hungary are certified.
- ISO 27001:2013: 21 technology centers in India, Sri Lanka, UK, USA, Singapore, Hungary and Sweden are certified.

Goals and performance

[103-2]

Goal	Target Year	Target %	FY20 Status
Short Term			
Obtain energy from renewable sources	2020	10%	12%
Reduce energy consumption	2022	40%	28%
Increase paper waste recycling	2022	90%	86%
Achieve zero e-waste to landfill compliance	2022	100%	81%
Medium Term			
Reduce Scope 1 and Scope 2 (market-based) emissions (absolute target)	2025	15%	1.7%
Reduce Scope 1 and Scope 2 (market-based) emissions (intensity target)	2030	40%	33%
Obtain energy from renewable sources	2030	40%	N/A
Reduce per employee water usage	2035	40%	26%
Long Term			
Reduce Scope 1 and Scope 2 emissions	2050	70%	N/A

Note: N/A indicates not applicable as a short-term target is in progress.

External initiatives and memberships

[102-12, 102-13]

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 to subscribe to Participant engagement level with the UN Global Compact. We have been on the steering committee of the Sri Lankan UN Global Compact Network since 2010. A representative from Virtusa is on the board of directors of the Network. We have supported and encouraged the activation of both the Network and the UN Global Compact Principles in Sri Lanka. In FY20 we joined the PAN India UN Global Compact Network.

Carbon Disclosure Project

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

Sustainable Development Goals

We are committed to supporting the UN Sustainable Development Goals. We identified Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Change), and Goal 16 (Peace, Justice, and Strong Institutions) as a high priority and Goal 4 (Quality Education), Goal 6 (Clean Water and Sanitation), Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation, and Infrastructure), and Goal 17 (Partnerships for the Goals) as moderate priority.

Listed below are the Sustainable Development Goals that we are reporting on.



Sustainable Development Goal	Sections
Goal 4: Quality Education	<ul style="list-style-type: none"> Our team - Learning and development (page 68-69) Tech for good - CampusReach and DigitalReach (pages 73-74)
Goal 5: Gender Equality	<ul style="list-style-type: none"> Ethics and compliance (page 37) Our team (pages 59-69)
Goal 6: Clean Water and Sanitation	<ul style="list-style-type: none"> Corporate citizenship - Goals and performance (page 20) Environmental stewardship (pages 53, 57)
Goal 7: Affordable and Clean Energy	<ul style="list-style-type: none"> Corporate citizenship - Goals and performance (page 20) Environmental stewardship (pages 52, 56)
Goal 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> Who we are - Economic performance (pages 12-14) Corporate citizenship - Supply chain management (pages 28-29) Our team (pages 59-69)
Goal 9: Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> Tech for good - TechReach (pages 74-75)
Goal 12: Responsible Consumption and Production	<ul style="list-style-type: none"> Environmental stewardship (pages 53, 57)
Goal 13: Climate Change	<ul style="list-style-type: none"> Corporate citizenship - Goals and performance (page 20) Environmental stewardship (50-52, 55)
Goal 16: Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> Ethics and compliance (pages 37-47)
Goal 17: Partnerships for the Goals	<ul style="list-style-type: none"> Tech for good (pages 71-77)

Table: Progress reported on Sustainable Development Goals

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)[®]
- Sustainable Development Goals
- United Nations Global Compact (UNGC)
- UNGC Business for Peace (B4P)
- United Nations Guiding Principles on Business and Human Rights (UNGPs)

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)

Restatements

[102-48]

- External initiatives and memberships: We no longer have membership in IFC SheWorks.
- Scope 2 emissions: We retroactively calculated Scope 2 (location-based) emissions.
- Scope 3 emissions: Page 50 of our 2018/2019 corporate citizenship report lists total Scope 3 emissions as 17,797.223 MTCO₂. However, this number is the Scope 3 emissions from air travel and total Scope 3 emissions are 19,504.460 MTCO₂ as listed on page 55 of the report.



About this report

[102-54]

This report has been prepared in accordance with the GRI Standards: Core option. This report also forms our tenth 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 2019 to March 2020

Date of previous report: February 2020

Reporting cycle: Annual

Contact point for questions:

Denver De Zylva

Senior Vice President (Level II)

Email: DDeZylva@virtusa.com

Questions and feedback on report:

Email: sustainability@virtusa.com



Stakeholder engagement

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

The stakeholder groups we engage with include clients, investors, employees, academia, suppliers, governments, NGOs, and local communities. Clients, investors, and employees have the greatest impact on our operations. Stakeholder engagement is an essential aspect of our sustainability program as it provides inputs on important topics for our stakeholders. The following table lists the channels of engagement we use with each stakeholder and 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 Shareholder rights Transparency ESG performance
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"> Centers of Excellence 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 through our Virtusa Foundation programs Media interactions 	<ul style="list-style-type: none"> Corporate governance and ethics Environmental responsibility Health and safety 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 Community outreach programs through Virtusa Foundation 	<ul style="list-style-type: none"> Ethical business practices Responsible corporate citizenship Job opportunities Community development and IT solutions for projects

We did not undertake an engagement process specifically to prepare 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 152 of our [2020 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, and corporate social responsibility activities 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 eTouch Systems.

Material Aspects	Virtusa Corp.	Apparatus, Inc.	InSource Holdings	TradeTech Consulting	Polaris Consulting	eTouch Systems	TechChefs Software
Economic	Material and fully reported						
Environment	Reported with constraints	Not significant	Not significant	Not significant	Reported with constraints	Reported with constraints	Not significant
Labor 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						

Material and fully reported	Reported with constraints	Not significant
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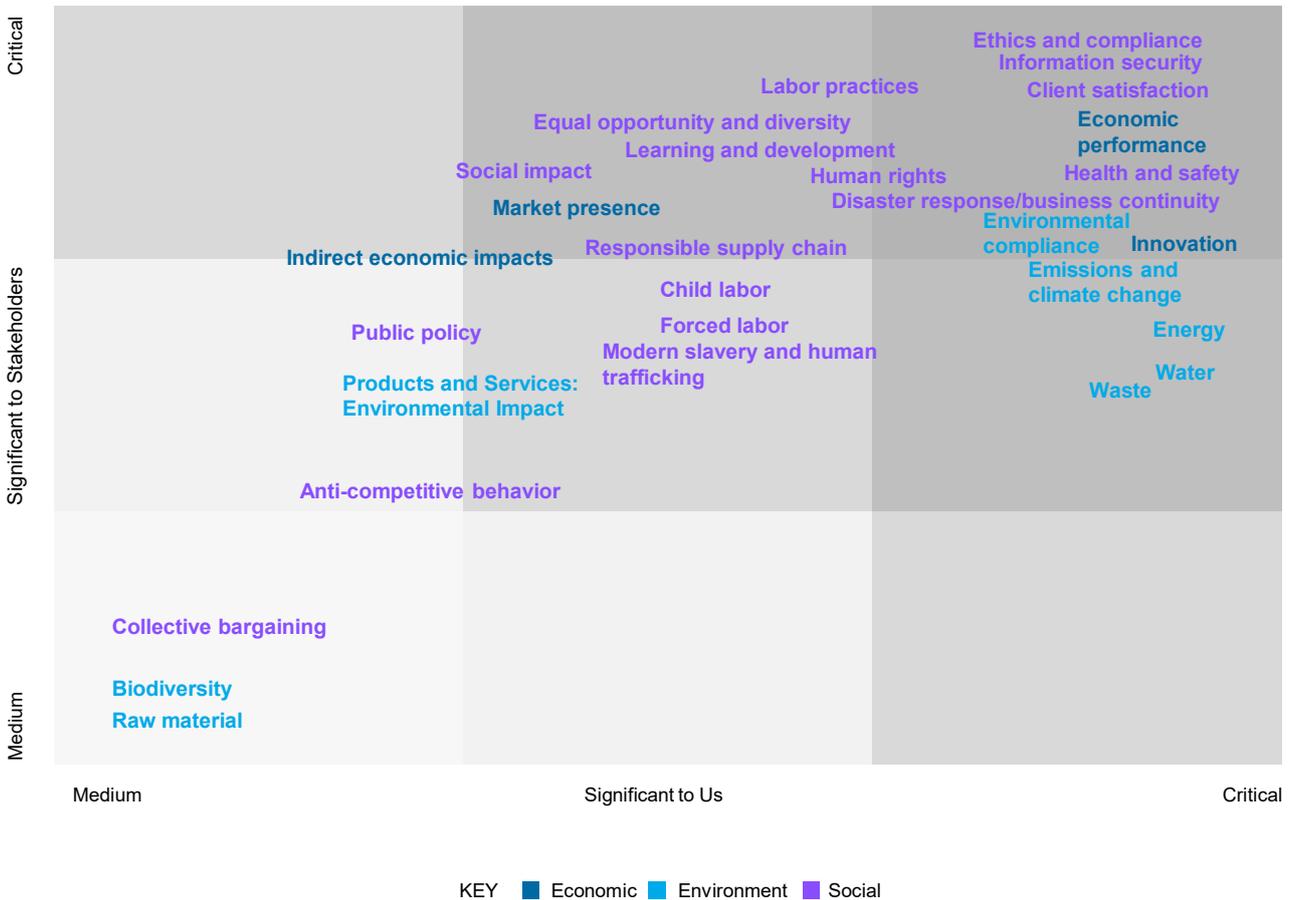
Notes:

In the fiscal year 2020, Polaris Consulting merged with Virtusa India. At present environmental data are reported for Polaris Consulting India heritage companies .

As the acquisition of TechChefs took place fiscal year 2020, only limited information on the above aspects is provided for TechChefs.



To determine the report content, we used the matrix below to identify the issues and aspects most material to our stakeholders. 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 include ethics and compliance, information security, client satisfaction, labor practices, equal opportunity and diversity, health and safety, learning and development, human rights, and environmental management.

We have made every effort to submit a comprehensive report concerning 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 a digital engineering 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 executing 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 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. Also, suppliers are expected to ensure the protection of the environment and follow ethical business practices. In FY20, we updated the Guidelines to cover responsible sourcing for supplies.

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 for aspects such as user safety, climate change impact, and risk management. For example, IT equipment is rated Energy Star version 5.0 or higher, with some equipment being rated Energy Star version 8.0. In addition, we purchase 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. For example, in Sri Lanka, we have contracted with our transport supplier to use hybrid vehicles (cars) as the preferred cab service. In FY20, we collaborated with a transport service provider to increase our electric vehicles fleet for employee transport at the Hyderabad Campus.

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 developing a mechanism whereby suppliers are required to confirm compliance with aspects of the Supplier Guidelines and Foreign Corrupt Practices Act (FCPA) to proceed with business.





What we do

221

Active clients

23

New clients

97%

Revenue from repeat business

353

Perfect 10/10 Client Delight Index (CDI) scorecards

9.07

Average Client Delight Index

*All data is for FY20.



Our strategy and approach

[103-1, 103-2]

Our digital engineering services and solutions solve some of the most complex and rapidly evolving problems for global 2000 companies. We help organizations realize the benefits of digital transformation (DT) and cloud transformation (CT) by bringing together digital infrastructure, analytics, and intelligence, and customer experience by engineering the digital enterprise of tomorrow on the cloud.

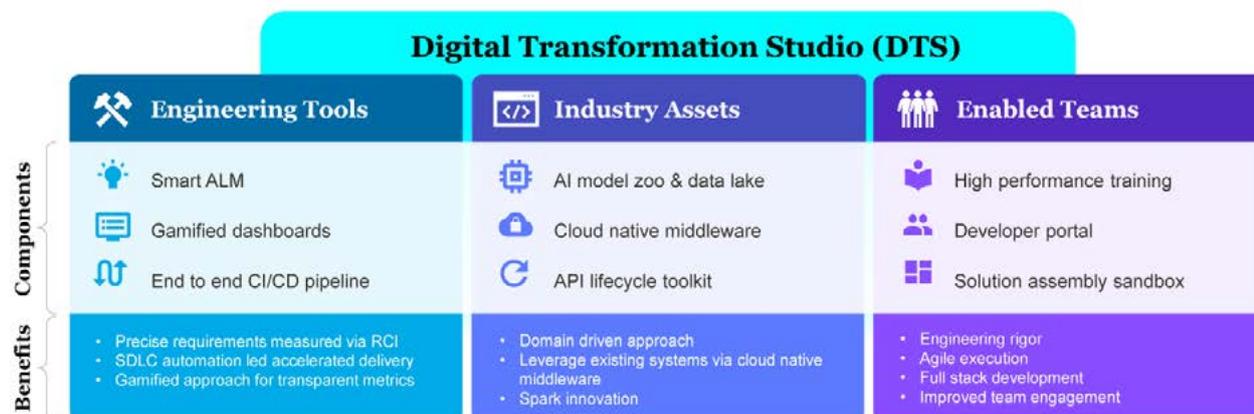
As the COVID-19 pandemic created challenges for people and businesses worldwide, our priority was to uphold our commitment to clients by maintaining nearly uninterrupted service. To do this, we rapidly moved to enable 98% of our global billable team members to work from home. We also focused on developing new solutions that help our clients to address the economic challenges of the pandemic and proactively launched a series of services and solutions, including Hyper Distributed Agile Services, Agile Squads, Release Assurance, and deep digital transformation.

For FY21, we plan to invest in and develop intellectual property-based solutions to provide to our clients, increase non-linear revenue, and align our practices to provide digital transformation services across our core industry groups.

Digital Transformation Studio

In the new normal, how and on what enterprises spend money will be closely monitored. Innovation can't end, but budgets allocated to innovation will be closely monitored. Based on our experience, we have identified that best-in-class organizations deliver software quickly, reliably, and safely, driving rapid cloud modernization and low code/no code engineering to reduce technical debt and invest in R&D and promote and embrace innovation.

Virtusa's Digital Transformation Studio (DTS) is a proprietary platform and approach designed to increase delivery speed and dramatically reduce the costs of business-critical digital transformation projects. DTS has three key components: engineering tools, industry assets, and certified teams.



Engineering Tools: that drive SDLC automation to improve quality, enable speed, and increase productivity. These include Smart Application Lifecycle Management tools to improve user stories and provide a story point estimation model; proprietary gamified dashboards to promote transparency, quality, and productivity metrics; and end-to-end CI/CD pipeline that automates code quality review, testing, and release management.

Reusable Industry Assets: collected and improved through Virtusa's Open Innovation Platform that strives for a near-zero approach to coding. These include an AI Model Zoo and Data Lake with over thirty pre-trained AI/ML models trained on synthetic datasets with 10MM customers, and 500MM transactions; Cloud Native Middleware with pre-built microservices, boilerplate code generators, and multiple legacy system connectors; and API Lifecycle Toolkits to manage onboarding, QoS, security, distributed tracing, and logging of deployed services.

Certified Teams: pre-trained on agile processes, technology, domain, and Virtusa's engineering tools and assets. A developer portal opens challenges and hackathons to a community of developers. Using an agile methodology, teams are configured in squads and tribes to promote scalability and growth. Teams also use a Solutions Assembly Sandbox to assemble digital solutions from the asset library.

Low code/no code (LC/NC) paradigm

Virtusa's consulting-led, data-driven LC/NC approach helps accelerate and optimize our clients' digital transformation journey. We leverage a culture of re-use to simplify digital engineering with an LC/NC paradigm.

LC/NC engineering framework

We have an accelerated development framework with pre-built engineering assets across design, front-end, data, visualization, API/integration, and infrastructure layers. Our enterprise component repository supports LC but with access to source code for better control. In addition, code generators aligned to engineering standards help to reduce defects and maintenance costs significantly.

NC platforms

Our LC/NC platforms include the industry-acclaimed Open Innovation Platform (OIP) for rapid prototyping and citizen development. OIP began as a banking and financial services focused FinTech Lab and has expanded to include banking and financial services, insurance, healthcare, media, and telecommunications industries. Our cloud-based OIP offers clients discrete technology solutions that enable them to accelerate time to market and provides them with an experimentation sandbox that they can use to test and evaluate new products and services. Today, our team has built and delivered innovative solutions using open application programming interface (API) platforms, microservices frameworks, and blockchain. vLife™, our healthcare and life sciences platform, is a cloud-based platform consisting of a comprehensive HIPAA compliant data lake with multiple data sources, pre-built APIs, artificial intelligence (AI), and machine learning (ML) models. It offers niche tools that not only leverage the latest technology but also address the domain needs. Our software development lifecycle (SDLC) automation framework enables design engineering acceleration while ensuring improved quality.

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. The strength of our relationships has resulted in significant recurring revenue from existing clients. During the fiscal year ended March 31, 2020, 97% of our revenue came from clients to whom we had been providing services for at least one year.

Clients also contribute to innovation and improvement as their ideas and experiences are incorporated into our body of knowledge. 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 quarterly. Client feedback is qualitatively and quantitatively analyzed, which is an important component of our teams' performance assessments and our continual improvement plans.

Client Delight Index

The Client Delight Index (CDI) is a key performance measure that has board-level visibility. Client feedback is collected each quarter from 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 teams, ensuring that any problems are corrected. The survey can be customized depending on the project or project phase. The average CDI for FY20 was 9.07 compared to a target CDI of 8.8.

Strategic alliances

We have strategic alliances with software and services providers, 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, and technology implementation and support services 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.

Certification

Our major delivery centers, located in Hyderabad, Chennai, and Bangalore in India and Colombo in Sri Lanka, have been reassessed at CMMI Level 5 maturity. This re-assessment covered all our offshore locations and met the requirements of CMMI-DEV and CMMI-SVC models. 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 industry standard for evolutionary paths in software and systems development and management.



Ethics and compliance

90%

Independent members on the board of directors

20%

In board of directors are female

70%

Directors are diverse by gender, race or ethnicity

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 FY20.

Corporate governance

Board of directors

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

Our board of directors currently consists of ten directors, nine of whom are independent. The tenth director is Chairman and Chief Executive Officer, Kris Canekeratne. The board of directors believe that having our executive officer as chairman of the board facilitates the board's decision-making process. Mr. Canekeratne has first-hand knowledge of our operations, the key issues facing us, and is most capable of effectively identifying strategic priorities and leading strategy execution. Mr. Canekeratne also acts as a vital link between the board of directors and other members of management.

The board of directors brings 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.

The board of directors has the following standing committees: audit committee; compensation committee; and the nominating and corporate governance committee, each of which operates under a separate charter that has been approved by the board of directors. A current copy of each charter is available at the Governance section of our website at <http://www.virtusa.com/investors>. Each committee reviews the appropriateness of its charter at least annually. Each committee retains the authority to engage its advisors and consultants.

The board of directors performs annual self-evaluations of its composition and performance, including evaluations of its standing committees and individual evaluations for each director. Also, each of the standing committees of the board of directors conducts its own self-evaluation, which is reported to the board of directors. The board of directors retains the authority to engage its own advisors and consultants.

More information

Detailed information on corporate governance is available in our [Proxy Statement](#), filed with the U.S. Securities and Exchange Commission on August 19, 2020. In addition, the Corporate Governance Guidelines provide information on director qualification standards, board structure, responsibilities, and more.



Inside Directors

Kris Canekeratne 54 Chairman and Chief Executive Officer and Class III Director

Outside Directors

Al-Noor Ramji	66	Class I Director	
Joseph G. Doody	67	Class I Director	 
William K. O'Brien ⁽¹⁾	75	Class I Director	  
Patricia Morrison ⁽²⁾	60	Class I Director	
Deborah C. Hopkins	65	Class II Director	
Rowland T. Moriarty	73	Class II Director	
Izhar Armony	56	Class II Director	
Barry R. Nearhos	62	Class III Director	 
Abidali Neemuchwala ⁽³⁾	52	Class III Director	
Vikram S. Pandit	63	Series A Director	 

 Member of the Nominating and Corporate Governance Committee

 Member of the Audit Committee

 Member of the Compensation Committee

   Chairman

 Financial Expert

(1) Mr. O'Brien did not stand for election at the October 2, 2020 annual meeting.

(2) Ms. Morrison was appointed as a director on October 6, 2020.

(3) Mr. Neemuchwala was appointed as a director on June 18, 2020.

Figure: Board of directors

Policies and certification



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
- ISO 45001:2018
- ISO/IEC 27001:2013
- ISO 14001:2015
- SOC 1 and SOC 2
- 5S Methodology

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 applies 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 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.

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 our reputation and continued success of Virtusa Corporation is dependent on our 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 on the company's web-site at <https://www.virtusa.com/about/corporate-compliance>. It may also be accessed on our V+ platform or requested through the compliance officer or human resources department.

Anti-bribery and corruption policies

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

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. The policies apply to all employees and third parties performing duties on behalf of the company.

The 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 must 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 Compliance Officer's approval, 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. Furthermore, directors and employees are required to consult with the Compliance Officer before giving anything of more than nominal value to any government employees.

Training on ethics and compliance

[\[102-17, 205-2\]](#)

Virtusa Corporation is committed to helping our employees understand the expectation to act honestly and ethically, upholding 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 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 FY20, 88% of team members completed the certification. In FY19, we introduced an annual re-certification 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 regularly. This training is provided 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 our employees, investors, and key stakeholders' trust. 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 internal audit.
- Report complaints anonymously and in a protected manner by using a web-based submission tool at <https://www.openboard.info/VRTU/>, or by calling the Whistleblower Hotline at (US/Domestic) 1-844-403-4964 and (International) 402-999-0449.
- 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.

The compliance officer handles complaints received through the web tool and hotline. 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 act, in good faith and, 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 chief risk officer is responsible for enterprise risk management, which includes monitoring risks and providing updates to the chief strategy officer (CSO), who reports any risks to the executive team and the board. The chief risk officer is assisted by our risk management team, who 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.

This risk assessment carried out under our business continuity program guided by ISO 22301. Currently, 18 technology centers in India, Sri Lanka, UK, USA, and Hungary are certified for ISO 22301.

In response to the COVID-19 pandemic, our crisis management and business continuity protocols enabled nearly uninterrupted service to our clients while ensuring our global team members' safety. We assembled a Coronavirus Task Force charged with implementing procedures and protocols per the guidance provided by governments and public health organizations around the world. Our chief strategy officer leads the task force and comprises senior leaders across business functions.

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 senior management members and prioritizing 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 ethical conduct standards. The compensation committee identifies and oversees risks and issues associated with our executive compensation policies and practices.

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 stemming from climate change are considered in our risk management, especially those from extreme weather, shortage of natural resources, and transition to a low carbon economy. Detailed information on the financial implications and risks and opportunities due to climate change is provided in our CDP response, available through the [CDP website](#).

In FY20, we took the first steps in using scenario analysis for potential impacts to our business. The initial assessment was limited to risks that can impact our facilities' operations. The assessment considered facilities operations in North America, India, and Sri Lanka using the risks identified through the Nationally Determined Contributions (NDCs) and the IPCC Fifth Assessment Report.



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 I.T. consulting and technology services, cybersecurity is of paramount importance as we have access to sensitive client data during business. As such, our business's success depends on the protection of our clients' data and the protection of our employee data.

Our chief information security officer is responsible for information security. The enterprise risk management team is also 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 customer data breaches that had any material impact during the reporting period ending March 31, 2020.

Certification

Our Information Security Management Program is certified for ISO 27001:2013 and SOC 1 and SOC 2 assessments. The ISO 27001:2013 certification covers 21 technology centers in India, Sri Lanka, UK, USA, Singapore, Hungary, and Sweden. The enterprise security team ensures that a qualified external third-party agency performs the annual re-certification. 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. The most recent review was in August/September 2020.

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 overseeing the policy and appropriate remedial action.

Our Data Privacy Policy was enhanced in 2018 to comply with the European Union General Data Protection Regulation (GDPR).

Training on information security

Awareness of information security and data protection is created through multiple mechanisms such as training, mailers, social media, posters, and outreach from the enterprise security team and the data privacy team. In addition, periodic phishing campaigns are conducted to evaluate employees' security awareness levels to identify and report phishing emails.

Mandatory training on secure software development was introduced for our technical community in FY21. Since most of the vulnerabilities are code-induced, this training ensures that our core team of developers and testers acquire a deep understanding of secure software development and are able to create products that are vulnerability free. All the training programs require annual re-certification for employees.

External penetration program

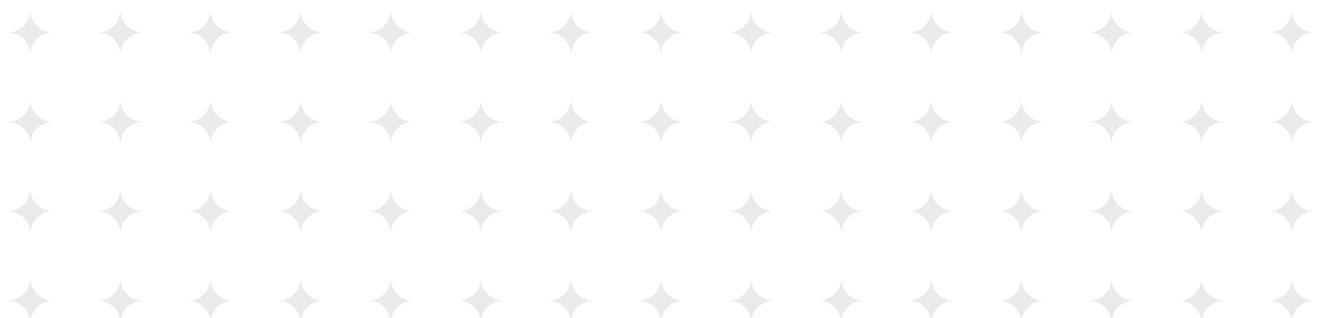
The Penetration Testing Program is governed by our Global Penetration Testing Policy and is administered by the office of the chief information security officer. External penetration testing is performed by a selected and qualified service provider once every fiscal year. Penetration testing service 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 had 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 robust software compliance framework based on ISO/IEC SAM standard 19770-1. An independent consulting firm carries out a yearly assessment 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 requests. 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 (market-based) since FY13

28%

Reduction in energy per employee since FY13

29%

Reduction in water per employee since FY17

57%

Water used was recycled in FY20

12%

Energy obtained from renewable sources

*All data is for FY20.



Our strategy and approach

[\[102-11, 103-1, 10a3-2, 103-3\]](#).

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 waste disposal, 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 and sustainability 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 84% of our real estate, are certified for ISO 14001 by the British Standards Institute. In addition, 36% of our real estate is Leadership in Energy and Environmental Design (LEED) certified.

We adhere to the laws and regulations relevant to our operations, including those related to environmental management. During the reporting period, there were no 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 and 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. We only consider employees based out of Virtusa facilities, and do not include employees working at client sites, to more accurately project emissions within the company's control. From FY19, we used DEFRA emission factors to calculate Scope 3 emissions, whereas in previous years, we used the World Resources Institute (2015) GHG Protocol tool for mobile combustion. All air travel was considered long haul economy class for purposes of calculation.

We have received limited assurance under ISAE3000 from Ernst & Young for our Scopes 1, 2, and 3 emissions calculations and water, e-waste, and paper recycling numbers.

Location	Emission Factor	Unit	Reference
Purchased electricity			
India	0.830	tCO2/MWh	CEA CO2 Baseline Database for the Indian Power Sector (2019) - Table B (page 28)
Sri Lanka	0.5845	kgCO2/kWh	Sri Lanka Energy Balance (2017) - Table 9.1: Average Emission Factor (page 97)
United States (location-based)	253.1	lbs. CO2/MWh	US EPA Emission Factors for Greenhouse Gas Inventories (March 2020)
United States (market-based)	294.70	lbs. CO2/MWh	2019 Green-e® Residual Mix Emissions Rates (2017 Data) - NYUP Adjusted System Mix
Air travel*			
United Kingdom	0.19562	kg CO2e/pkm	DEFRA 2019 emission factors with radiative forcing
United States	0.16501	kg Co2e/per mile	US EPA Emission Factors for Greenhouse Gas Inventories (March 2020)
All other locations	0.18078	kg CO2e/pkm	DEFRA 2019 emission factors with radiative forcing
Road travel			
Average car	0.17710	kg CO2e/per vehicle km	DEFRA 2019 emission factors
Average local bus	0.10471	kg CO2e/per passenger km	
Capital goods			
Computers	0.53	kg CO2e/£	DEFRA Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting (March 2019)
Printers	0.53		
Furniture	0.48		
Insulated wires and cables	0.62		

Table: Sources for emission factors used in FY20

Managing impacts

Emissions

[103-1, 103-2, 305-1, 305-4]

Our main sources of emissions are from the use 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. In FY20, we started calculating emissions from capital goods as well.

Compared to our baseline year of FY13, we reduced Scope 1 and Scope 2 (market-based) emissions per employee by 33%. In FY20, Scope 3 emissions decreased by 22% compared to FY19 due to changes in emissions factors and reduced air travel.

Measures to reduce business air travel include the use of audio and video conferencing. Measures to reduce emissions from road travel include using automation to drive optimized routing and using hybrid and electric vehicles for transporting employees.

We have invested in our long-term plans to offer increased work from home capabilities. As a result, during the COVID-19 lockdowns we were able to move 98% of our delivery team to work from home. Due to reduced occupancy at our offices, the consumption of utilities and services reduced significantly from the end of FY20 through to FY21.

Energy

[302-3]

While our energy management system is not certified for ISO 50001, we seek to comply with it in our energy management practices. In FY20, approximately 53% of our emissions were generated from electricity use in our offices. While the major portion of our energy is obtained from the grid, 12% was obtained from wind power in FY20. The intensity of energy consumption per employee reduced by 28% in FY20 compared to FY13.

Strategies for energy optimization include space and server consolidation and using building management systems (BMS) and energy-efficient products. Since FY13, LED lighting has been adopted as our standard lighting. In FY19 and FY20, we also made 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. We installed a variable frequency drive (VFD) to control the chiller pump's frequency at our Navalur facility. As our facilities' resource efficiency of our facilities is closely tied to our cost per seat utilization, space consolidation, and effective use of facilities space allows us to gain significant energy savings along with the related emissions reductions.

In FY20, we also took steps towards investing in 1,573 kW solar panels for our campuses in Hyderabad and Navalur.

Water

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

As a services company, our operations are not water-intensive. Water is used mostly for drinking, hygiene, facility operations, and landscaping. However, we seek to be responsible for our water consumption, especially since we have operations in locations that face water stress. Water is obtained mainly from groundwater, private suppliers, and the municipal water supply. As such, we believe that our operations do not affect water sources significantly. This report's water management data 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 FY20, per employee water usage decreased by 29% from in our baseline year of FY17. Water management strategies 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 rainwater harvesting at our Hyderabad campuses, with a total of 125 kl.

At present, we are able to recycle wastewater only at company-owned facilities and not at rented spaces. In FY20, 50,650.80kl of water was recycled, which accounted for 57% 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 of our operations. We are committed to ensuring legal and responsible hazardous waste disposal. We work with certified vendors to recycle e-waste safely. Where possible, we have also provided our e-waste disposal process for audit. In addition, we were one the inaugural signatories to 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. Our procurement scorecard favors sustainable paper practices, such as sourcing paper from farmed trees. Our paper usage is managed by smart print settings and paperless communication.

Single-use plastic is another area we target for reduction. For instance, vendors in our cafeteria have been strongly encouraged to refrain from using plastics. At the recycling stage, we have certified partners who recycle plastic and explore opportunities to partner with environmentally-friendly manufacturers directly. For example, in Sri Lanka, we signed an MOU to support a plastic-to-yarn manufacturing company.

We have focused on creating more green spaces and implementing organic waste management processes at our campuses in India. In our drive to make our Indian campuses zero discharge facilities, we collected 9,036 kg of organic waste, which was composted for use in the gardens we maintain at these campuses.

Carpooling

In FY17, 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 FY20, carpooling helped employees to avoid emissions amounting to 3,213.37 MTCO2.

	FY20	FY19	FY18	FY17
Kilometers travelled	16,066,836.000	9,220,583.000	4,940,179.000	266,682.000
CO2 avoided	3,213.370	1,844.130	988.038	48.130

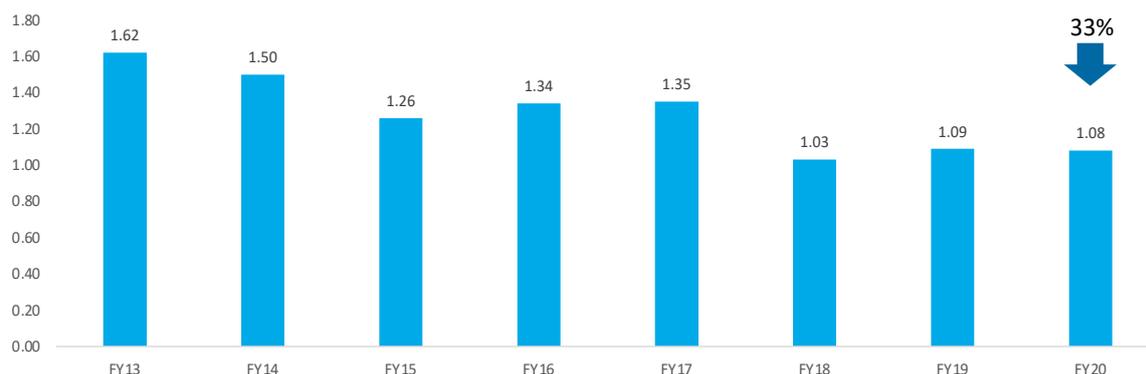
Table: Emissions avoided through carpooling (Metric Tonnes CO2)

Performance data

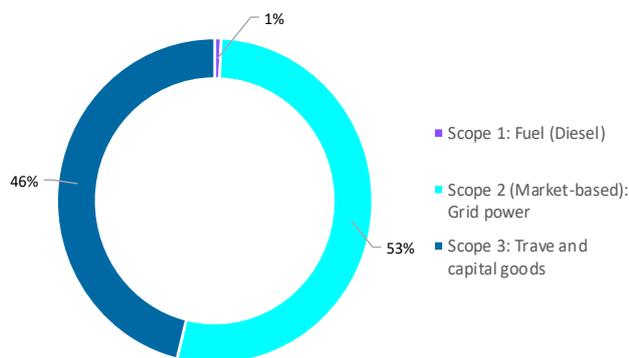
Emissions

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

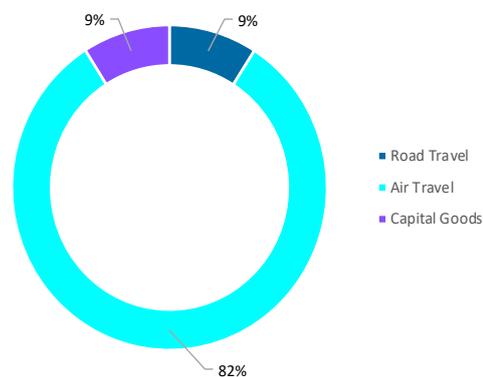
Emissions per employee



Emissions breakdown



Scope 3 breakdown



	FY20	FY19	FY18	FY17	FY16
Scope 1: Fuel (Diesel)	216.607	244.431	166.808	412.151	102.981
Scope 2: Grid power	17,497.998	17,784.435	15,137.908	192,82.219	11,830.786
Scope 3: Business travel and capital goods	15,183.384	19,504.460	12,832.642	6,781.382	4,616.684
Total GHG emissions	32,897.989	37,533.326	28,137.358	26,475.752	16,550.451

Table: Total direct and indirect greenhouse gas emissions by weight (metric tonnes CO₂)

	FY20	FY19	FY18	FY17	FY16
Emissions from air travel	12,447.962	17,797.220	16,579.665	7,804.566	5,263.215
Emissions from road travel	1,374.541	1,707.240	1,365.117	1,038.628	909.561
Capital goods	1,360.881	-	-	-	-
Total Scope 3 emissions	15,183.384	19,504.460	17,944.782	8,843.194	6,172.78

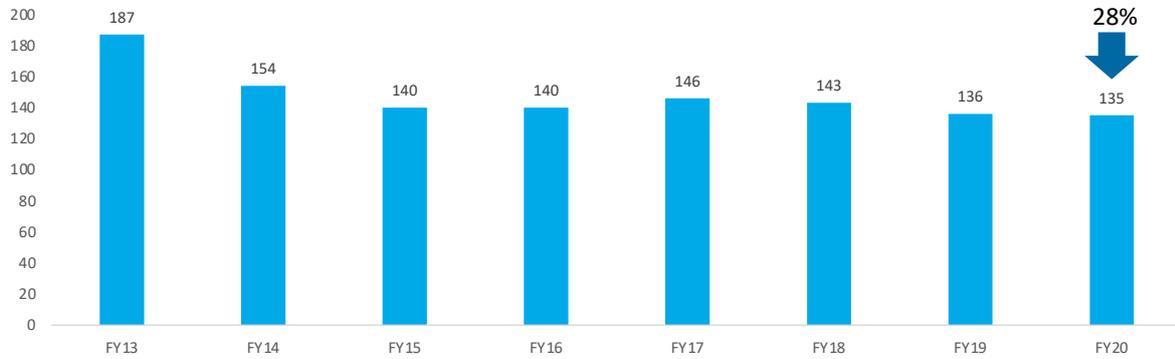
Table: Breakdown of Scope 3 emissions (metric tonnes CO₂e)

Note: We started calculating emissions from capital goods only in FY20.

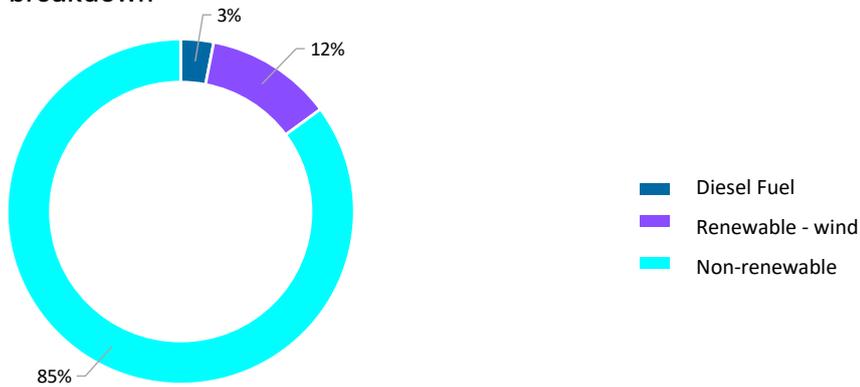
Energy

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

Energy per employee



Energy breakdown



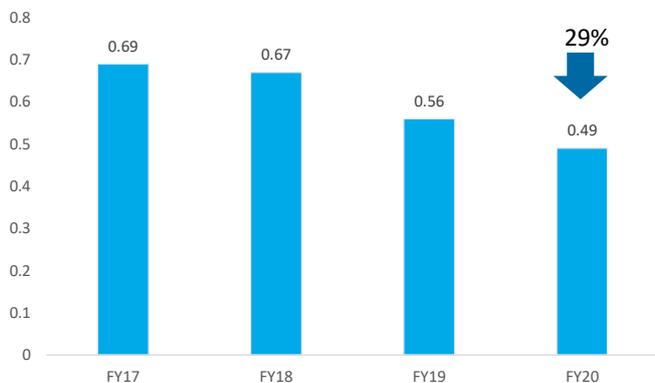
	FY20	FY19	FY18	FY17	FY16
Fuel consumption from non-renewable sources - diesel fuel	2,923.421	3,298.930	2,251.304	5,562.503	1,389.869
Electricity from renewable sources - wind	11,330.143	10,629.511	12,609.409	12,696.167	-
Electricity from non-renewable sources	81,450.889	83,732.882	76,573.979	73,807.182	52,392.633
Total energy consumption	95,704.452	97,661.323	91,434.692	92,065.852	53,782.503

Table: Direct and indirect energy consumption in Gigajoules

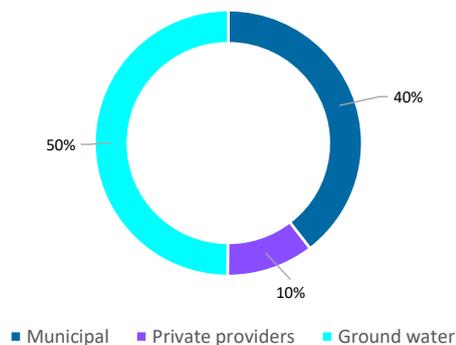
Water

[303-1, 303-3]

Water consumption per employee



Water withdrawal by source



	FY20	FY19	FY18	FY17	FY16
Municipal water	35,344.839	-	-	-	-
Private providers	9,419.000	-	-	-	-
Ground water	44,595.800	-	-	-	-
Total water used	89,359.639	98,525.12	108,217.96	106,757.00	36,024.13
Total water recycled	50,650.800	44,709	47,460.00	45,218.00	11,113.00
Percentage recycled	57%	45%	44%	42%	31%

Table: Water used by source and water recycled (in kiloliters)

Note: Water is recycled only at three technology centers. We started tracking water withdrawal by source only in FY20. Hence, this breakdown is not available for previous years.

Waste

[306-2]

	FY20	FY19	FY18	FY17	FY16
Electronic waste					
E-waste recycled	10,960.710	6,181.000	4,995.000	10,269.420	19,520.800
Paper waste					
Paper used	9,340.560	15,648.300	16,183.900	18,994.000	15,073.000
Paper recycled	8,079.210	8,516.600	8,969.500	10,184.000	10,263.000
Percentage recycled	86%	54%	55%	54%	68%
Plastic waste					
Plastic recycled	847.500	1,040.000	-	-	-
Organic waste					
Organic waste composted	9,036.000	-	-	-	-

Table: Waste recycled in kilograms

Our team



22,830

Full-time employees

1,085

Net new employees

47

Average training hours
per employee

**ISO
45001:2018**

Certified health and safety
management system

*All data is for FY20.

People data

[306-2]

	FY20	FY19	FY18
North America	3,170	3,124	2,532
Europe	834	832	434
Asia Pacific and Middle East	18,826	17,789	17,525
Total	22,830	21,745	20,491

Table: Total number of full time employees by region

	FY20	FY19	FY18
Management	13%	12%	13%
Professional	33%	33%	33%
Total	29%	29%	27%

Table: Percentage of women by level

	FY20	FY19	FY18
Permanent cadre	22,830	21,745	20,491
Contract/outsourced/other	2,619	2,366	1,997

Table: Employees by category

	FY20	FY19	FY18
Tier 0	28.3	13.6	3.6
Tier 1	37.8	17.9	5.4
Tier 2	37.8	22.1	6.3
Tier 3	43.8	26.5	7.1
Tier 4	80.8	114.2	21.5

Table: Average training hours by employee

Tier 0 - Top Management/Senior Management; Tier 1 - Manager Level; Tier 2 - Middle Management; Tier 3 - Entry Level Middle Management; Tier 4 - Executive/Engineer Level

Our strategy and approach

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

In a sector like ours it is essential that we find, enable, and retain the best talent globally. As of March 31, 2020, we had 22,830 team members, an increase from 21,745 at March 31, 2019. Our focus on our people is precise, intense, immediate, and effective, as is our focus on digital capabilities. Our strategy includes the following:

- Implement policies on business-critical areas such as equal opportunity, discrimination, anti-harassment, and business conduct and ethics.
- Recruit widely, diversely, and for talent while avoiding unconscious bias or other barriers to opportunity.
- Assess employee and team performance fairly, consistently, and transparently.
- Follow a compensation strategy of pay for person, pay for position, and pay for performance while also providing non-compensatory rewards such as training and development, job rotations, etc.
- Collect real-time human capital data to ensure that our process is working and disclose them publicly and to our board.

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-based human resource leaders reporting to him. Within location-based 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.

In FY20/21, the COVID-19 pandemic posed several challenges to ensuring our global team's health and well-being while they delivered on our client commitments. As a result, we implemented several programs for employee wellness, engagement, and learning. Detailed information is available in the sections that follow.

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 (UNGPR) as applicable to our business operations.

The company values a diverse workforce and has processes to ensure that hiring, staffing, and career development are 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 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 prohibit the use of child labor, forced and bonded labor, and modern slavery. Also, we implemented the Anti-Slavery and Human Trafficking Policy in April 2017 to address the issues of modern slavery and human trafficking specifically.

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, responsible for handling sexual harassment complaints in India. Any concerns can also be reported at <https://www.openboard.info/VRTU/>, or by calling the Whistleblower Hotline at (US/Domestic) 1-844-403-4964 and (International) 402-999-0449.

Talent recruitment

Our global talent acquisition process addresses our need for many highly-skilled team members with a progressive hiring strategy that focuses on creating an employer brand and sourcing through various social channels, evaluating candidates, and robust processes for leadership hiring. We work with universities to design programs that help them educate and create opportunities for their students and provide us with talented professionals. We also use various social channels, such as hackathons and codeathons, to reach potential employees. We hire locally where we can create strong communities and opportunities for diverse candidates.

Performance management

[103-1, 103-2, 401-1, 404-3]

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

We use our technological expertise to create programs such as REP (real-time engagement and performance scores), AI-powered surveys, talent-trend predictive analytics, and other capabilities and programs visible to everyone and thus benefit from continuous feedback.

Our compensation practices are similarly carefully tailored to the 3Ps—pay for person, pay for position, and pay for performance. We link both our salaried and our variable pay to performance and benchmark regularly so that employees can be confident that our compensation is fair and well designed. We know that pay is only one way to reward employees. Compensation is, therefore, only a part of our human capital story, which includes:

- Paid reskilling, education and development opportunities,
- Multiple training programs including the Global One Leadership Program, Launchpad, Management Development Programs, and the Women in Leadership Program,
- Regular opportunities for job rotations and opportunities to work directly with clients,
- Enabling non-moderated employee communication across all levels of the organization,
- Providing high-quality benefits, opportunities, and packages.

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, 2020, we experienced voluntary team member attrition at a rate of 16.2% and involuntary team member attrition at 9.3%. We remain committed to improving and sustaining our voluntary attrition levels consistent with our long-term stated goals.

Talent engagement

[\[102-41, 102-43, 103-1, 103-2, 103-3\]](#)

Virtusa’s retention philosophy is based on maximizing employee engagement through multiple platforms, including conducting mobile-enabled, AI-powered surveys to seek feedback from team members and studying talent trends through predictive analytics on turnover and performance. Feedback received through these surveys, and predictive analytics are used to implement key people programs and initiatives. We strongly believe that open communication is essential to our team-oriented culture. We engage and interact with all our employees to optimize individual career paths and foster team culture through regular company-wide updates from senior management, team member sessions at the regional, local, and account levels, as well as regular town hall sessions. We use a digital platform called RAVE for acknowledging each other on a real-time basis on good work performed by our team members. We also use the platform to promote passion, innovation, respect, and leadership (PIRL), our core values. Yammer is another social, digital business platform that we widely use to interact and share ideas and information with our colleagues. This strengthens collaboration and facilitates knowledge sharing while driving transparency.



Employees also have the opportunity to provide their feedback through pulse check surveys conducted periodically during their career (e.g., onboarding survey, five-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 and transparent and open communication channels that we encourage usage across all levels.

Diversity and inclusion

[103-1, 103-2]

We cultivate a diverse workforce and periodically carry out an assessment of our workforce, culture, policies, and practices to identify problem areas and make recommendations where needed. Our strategy has been to create programs that enable attracting, growing and retaining a diverse workforce.

One key program is the Women of Virtusa (WoV) initiative that aims to encourage and develop women employees by providing extensive programs surrounding career development, recreation, work-life balance, and environment and safety. This program is a global initiative with chapters in different geographies. The program has sponsorship from the executive leadership team.

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

Another initiative that has gained significant momentum is Women Hackathons. We have organized two such events, and they have been extremely well received not only by our employees but also our clients.

We are working towards more programs and increasing focus on such initiatives.

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 new software evaluations include accessibility as a criterion for selection. We have also engaged an independent assessor to certify our time entry app, our most used digital journey. Regarding office space, the Virtusa Facilities Design and Build Guide mandates accessibility features such as wheelchair access.



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 ISO 45001. The facilities and human resources teams in each location are responsible for the organization’s health and safety aspects. 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 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 ISO 45001. The SMEs carry out risk assessments with the relevant team members. The findings are documented periodically 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 individuals’ associated responsibilities. 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. 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 responsible for implementing health and safety procedures are provided with additional training and certifications as needed. In FY20/21, the EHS training was updated to address health and safety measures related to pandemics and changed to annual recertification instead of a one-time certification at onboarding.



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 conditions, and other safety measures. Additionally, as a company, we also 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, 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 violation or contamination is found, the necessary legal action is taken against the food service provider. Fire drills are carried out periodically according to the local government's fire code 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 for 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 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.

COVID-19 response

A Coronavirus Task Force was formed to implement processes to manage the pandemic and the lockdowns. Our priority was to implement health and safety measures at our facilities in accordance with the guidelines mandated by the governments and public health authorities. We swiftly moved to enable our team members to work from home and implemented a program to issue/deliver computers to those team members who did not have laptops to work remotely. For example, we delivered 1,896 computers and other devices to the homes of our project critical staff in the 9 Provinces and 25 districts in Sri Lanka.

We also set up dedicated helplines in some geographies so that employees could seek guidance on any COVID-19 related issues, including health, family, accommodation, intra-state commuting, and remote working. Some team members from out of state were displaced in India when their hostels closed due to the lockdowns. We initiated a program to find transit accommodation for them until they could return to their home states. In some geographies, we facilitated delivery services for daily essentials and medicines. We also carried out a project to provide essential goods to ensure the welfare of our minor staff. A regular communication program was set to keep all team members updated on safety measures, new regulations, and any other relevant developments.

We also moved to remote onboarding and offboarding of new employees and existing employees. In addition, we created online and offline health screening surveys for employees who needed to visit our offices along with a Pandemic Playbook that provides information on the procedures employees should follow when in office. The surveys act as clearance forms as a person is allowed entry into office premises only if the answers are considered "all clear."

To keep our team members motivated and engaged, we launched several initiatives and social media campaigns. These included tips on health and well-being, motivational messages, training, technical talks, online quizzes and photography competitions, online events related to festivals, online yoga and counseling sessions, art and coding competitions for kids, and even an online music night!

In addition, we also made available services related to our team members' finances. These included allowing them to claim for data usage to support working from home and negotiating with banks to obtain easier loan repayment facilities and special interest rates for Virtusa team members.



Learning and development

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

While we focus on hiring the best talent, our primary focus is on developing and reskilling our team members to ensure they remain updated from a technology standpoint. We also focus on social learning through digital platforms to enable our team members to collaborate and mentor each other in new technologies. In fiscal year 2020, we were able to deliver an average of 47 hours of training to our team members, resulting in higher deployment and higher retention than the previous fiscal year. With the digital transformation and cloud transformation driven growth strategy that we embrace, focus on cloud, and digital certifications have gained momentum. We currently have over 1,000 technology professionals certified on Cloud AWS/GCP and Azure. We also evolved the GOLD (Global One Leadership Development) Program in partnership with reputed training organizations to coach and build leaders who can manage large scale and strategic programs for the company. Our endeavor to create ICF certified coaches within the organization has commenced with the first cohort of 19 coaches.

We aim to fulfill 75% of positions from within the organization, supported through all the leadership programs available across locations. Overall, our learning and development programs contribute to the achievement of Sustainable Development Goals 4 and 8.



Learning interventions



LAUNCHPAD

An emerging talent training program aimed at building and nurturing talent in-line with Virtusa skill demands. Selected campus hires undergo training at a Virtusa facility over 5-6 weeks.



MDP

The Management Development Programs build and support Virtusa's talent pool demands with apt behavioral interventions with a primary focus on employees from tier 2 to tier 4.



GOLD

Co-designed and conducted through a partnered delivery model with the National Training Laboratory (NTL), the intervention focuses on developing 65 HiPo leaders as change agents and is part of our mission to "grow leaders from within."



EDP

A 360-degree Leader and Leadership Development intervention conducted in partnership with Korn Ferry Hay Group to build leadership agility, through continuous coaching and feedback.



STEP+

The Sales Talent Enhancement program is a competency development program that aims to enhance the techno-functional, domain and client experience building capability of team members of our sales team.



Tech for good

1,596

Internships

155

Career guidance sessions

115

TechTalks

60

Industrial visits

65

Convocations and
freshers' days

*All data is for FY20.

Our strategy and approach

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

We focus on creating a positive social impact through technology. Our strong volunteerism culture 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 four pillars: CampusReach, TechReach, DigitalReach, and OutReach.

The Virtusa Foundation has been set up to formalize our social responsibility strategy and bring all our CSR initiatives under one umbrella.

Four pillars that support the Global Goals



Image: Our four corporate social responsibility pillars

CampusReach

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

In India and Sri Lanka, we have created "Centers of Excellence" (COEs) where we partner with colleges to develop IT curriculum, support and train their faculty and award sponsorships. These COEs focus on current and futuristic skills like Java, JS Angular, Data Science, Big Data, Talend, Cloud (AWS and GCP), CRM, specialized testing, BPM, front end engineering and Adobe CQ, directly improving quality of hires, and ensuring team members are project-ready faster. Our COE initiative in India commenced in 2014 and has grown to include twenty-five colleges during fiscal year 2020. We have established thirty-three COE's at twenty-five colleges spread across India. In addition, we have also anchored a 5-year Master's in Technology program in Computer Science Engineering, specializing in Full Stack Engineering. This is a unique initiative we have started across three prestigious institutes in India, namely VIT University (Vellore), Chitkara University (Chandigarh) and Sri Krishna College of Engineering and Technology (Coimbatore). This program primarily aims at preparing candidates to be an industry ready full stack engineer through practical application internships and co-op projects.

In the United States, Virtusa has been a partner and sponsor for STEM initiatives in the local universities. The STEM curriculum looks at integrating science, technology, engineering, and mathematics in an interdisciplinary and applied approach. They are blended into a cohesive learning paradigm based on real-world applications.

Campus Reach supports Goal 4 (Quality Education) and Goal 17 (Partnerships for the Goals) Sustainable Development Goals.

	FY20	FY19	FY18	FY17	FY16
Internships	374	429	232	328	233
Career guidance sessions	53	28	33	34	7
TechTalks	33	13	33	30	6
Industrial visits	17	6	20	9	8
Convocations and freshers' day	26	17	22	0	0

Table: CampusReach data



DigitalReach

Through DigitalReach, 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.

Virtusa also provided financial support for Computer Shiksha, a nonprofit organization that works towards computer literacy among underprivileged children. The training is done through practical classroom learning as well as online videos.

Digital Reach supports Goal 4 (Quality Education) and Goal 17 (Partnerships for the Goals) of the Sustainable Development Goals.

TechReach

Through TechReach, we use our digital engineering and consulting expertise to contribute to projects of social benefit. We have partnered with government and non-governmental organizations to develop software solutions that include the award-winning Sahana disaster management system which has been used in multiple countries including the United States, Sri Lanka, Japan, Pakistan and the Philippines. Other Tech Reach projects include the Akura school management system, the Rehabilitation Management System, a multimedia scoreboard and the 117 disaster response app. TechReach supports Goal 9 (Industry, Innovation, and Infrastructure) and Goal 17 (Partnerships for the Goals) of the Sustainable Development Goals.

In FY20, we supported the three TechReach projects described below.

Dakshas Healthcare Portal: Dakshas is an NGO that helps marginalized patients to obtain non-emergency medical treatment. Virtusa developed a tech-based, AI-enabled platform that works as a demand-supply aggregator and helps the NGO map patient requirements and monitor needs against the treatment provided.

United Way Management Portal: United Way is an NGO that works with underprivileged communities in Telangana and Andhra Pradesh to provide community-led solutions in the areas of education, financial stability and health. To support their work, Virtusa developed a portal to onboard and manage projects and donors.

Life Commitment Portal: Biodiversity Sri Lanka (BSL) is a platform established to promoting strong engagement of the corporate sector in biodiversity and environmental conservation. Virtusa developed an online platform for BSL to collate information on private sector contributions towards fulfilling Sri Lanka's national and international environmental commitments. The platform will be available to approximately 85 BSL member companies to register and provide information on biodiversity and environmental conservation projects they carry out.

TechReach projects

Sahana

Disaster Management System

RMS

Rehabilitation Management System

Akura

Opensource School Management System

Arambaya

Rehabilitation Management System Phase II

Multimedia Scoreboard

Software to operate first multi-purpose/multimedia scoreboard in Sri Lanka

Clean Chennai App

Scalable app for the Clean Chennai initiative

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Disaster Response App

Dakshas Healthcare Portal

Tech-based, AI-enabled platform that helps NGO map patient requirements and monitor needs against the treatment provided

United Way Management Portal

Portal to onboard and manage projects and donors

Life Commitment Biodiversity Survey Portal

Platform to collate information on biodiversity conservation projects

OutReach

Through OutReach, we carry out community outreach activities. These include donations and volunteering. While some of these projects are continuing projects, others are one-time activities.

Forest restoration

In 2018 Virtusa signed an MOU with Biodiversity Sri Lanka 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 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. It is expected that the restoration site will harbor floral and faunal diversity on par with the adjacent rainforest in the long run. A parallel project is to develop a biodiversity credit accrual system for Sri Lanka.



Image: Kanneliya forest restoration site



Magic box and Christmas drive

Virtusans contributed toys and clothing for orphans and people in care homes. The collected items were distributed to the Sneham Children's Home (East Tambaram) and the Anbagam-Home for Intellectual Disabled Men and Women (Mambakkam).

As part of the quarterly CSR initiative for Chennai ATC, Virtusans contributed toys for children between 5-7 years, which was donated to the Faith Special School (Located at Thiruvallur High Road).

COVID-19 relief campaigns

In FY20/FY21, many outreach activities focused on providing relief to communities affected by the COVID-19 lockdowns.

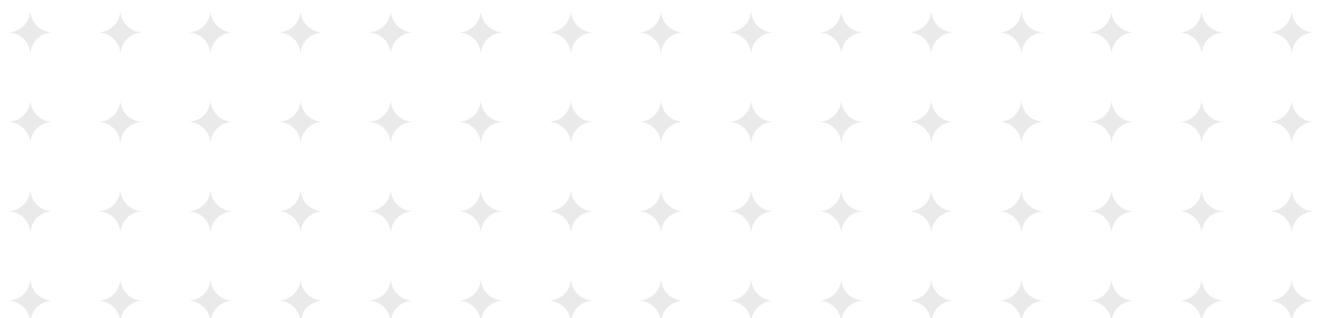
A team of Virtusans arranged for a month's supply of food and medicines for the Sneha Care Home inmates. The Home cares for 83 children aged 5-13 with HIV who have lost their parents. The donation also covered Snehadanaan, an affiliate of the Sneha Care Home. Another team of Virtusans organized a campaign where contributions were donated to NHS Charities Together fund in the UK and Dubai Cares in the Middle East. In Massachusetts, Virtusa partnered with a newly opened First Responder Recovery Home for frontline workers who needed a safe place to rest and recover from COVID-19. The facility provides free lodging, meals, care and comfort to frontline workers stricken with COVID-19.

Other donations included contributions to the Society for Cyberabad Security Council (SCSC) and the PM Cares Fund, which support communities affected by COVID-19 in India.

Support for NGOs

In addition to the projects described above, financial donations were made to the following NGOs:

- **Youth for Seva:** a movement that inspires youth to volunteer and provides them with meaningful opportunities to serve the community.
- **WinVinaya Foundation:** works to empower persons with disabilities, women, transgender persons, ex-service personnel, and the economically disadvantaged to lead a life with dignity by providing life skills and resources.



UN Global Compact Principles

Category	UN Global Compact Principle	Section and Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Sustainability framework (page 19) External initiatives (page 22) Labor standards and human rights (page 62)
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Sustainability framework (page 19) Supply chain management (page 28)
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Talent engagement (page 64)
	Principle 4: Businesses should uphold the elimination of all forms of forced or compulsory labour;	Sustainability framework (page 19) Supply chain management (page 28-29) Labor standards and human rights (page 62)
	Principle 5: Businesses should uphold the effective abolition of child labour; and	Sustainability framework (page 19) Supply chain management (page 28-29) Labor standards and human rights (page 62)
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Labor standards and human rights (page 62)
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environmental stewardship (pages 49-57)
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and	Environmental stewardship (pages 49-57) Supply chain management (page 28-29)
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Procurement process (page 29) Environmental stewardship (pages 49-57)
Anti - Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics and compliance (pages 41-43)

GRI content index

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	102-4 Location of operations	9, 10	
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