

# Virtusa sustainability report

2022-23

**virtusa**  
Engineering First



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[GRI: 2-22]

## Dear stakeholders,

We believe technology and human ingenuity can solve society's most urgent challenges. In that spirit, Virtusa has embarked on a transformational corporate sustainability journey. In FY23, we have made great strides toward our commitment to environmental sustainability, building more equitable communities, and creating inclusive opportunities.

To begin, we committed to aligning our greenhouse gas (GHG) reduction targets with the stringent criteria set by the Science Based Targets initiative (SBTi), the gold standard for goals rooted in robust climate science. The commitment to SBTi criteria signals our dedication to establishing company-wide emissions reduction targets that are measurable for both Virtusa and our clients. As part of the SBTi commitment, we've set a new goal to transition to 100% renewable energy (RE) usage by 2040.

**By embedding sustainability into our core strategy, we are future-proofing our organization and our supply chain, resulting in better outcomes for Virtusa, our customers, our investors, and the planet.**

Beyond our commitment to environmental sustainability, we are also deeply invested in the communities where we work and live. As part of our corporate social responsibility efforts, the Virtusa Foundation has positively impacted over 20,000 students through access to education and empowerment programs.

We also embrace diversity as part of our corporate sustainability ethos. Our global team is spread across 25 countries and 40 locations, creating a dynamic community that embraces various cultures. We are progressing towards 58% supplier diversity and 40% women representation in our workforce by FY26. We were recently recognized as a Great Place to Work® in eight countries: India, Sri Lanka, the U.S., the U.K., Canada, the UAE, Singapore, and Australia.

All of these achievements would not be possible without a steadfast commitment to effective governance across our global operations.

Our stringent controls and measures in online spaces have earned us high ratings from cybersecurity authorities BitSight (810) and SecurityScorecard (99%). In response to the evolving privacy landscape, we have introduced a new data privacy training module, reinforcing our commitment to maintaining the highest standards in information security and data protection across our operations.

Corporate sustainability remains central to our purpose, growth, and value creation story. Along with our clients and partners, we are using logic, creativity, and curiosity to solve challenges and build a more sustainable, equitable, and inclusive world. At Virtusa, **we don't just engineer to solve business problems — we engineer with purpose.**

I am pleased to share details of our progress with you in this report.

**Santosh Thomas**

Chief executive officer





# Awards and recognition

- 
- 
- 2023** EcoVadis Gold Medal for Sustainability Performance
  - 2022** CDP climate change score of “A-” (Top 17% in IT leadership)
  - 2022** Great Place to Work in Australia, Canada, India, Sri Lanka, UAE, the U.K. and the U.S.
  - 2023** India’s Best Workplaces for Women
  - 2023** UK’s Best Workplaces for IT
  - 2023** UK’s Best Workplaces for Wellbeing
  - 2022** AWS Global Data and Analytics Partner of the Year
  - 2022** AWS Global Industry Partner of the Year
  - 2022** Winner Candidate Experience Awards by Talent Board
  - 2022** Excellence award for Leveraging Cloud for Operations — Large company at NASSCOM’s Enterprise Cloud Adoption Awards

# Awards and recognition



India's Best Workplaces™ for Women 2023



UK's Best Workplaces™ in IT 2023



UK's Best Workplaces™ for Wellbeing 2023



Global Data and Analytics Partner of the Year and  
Global Industry Partner of the Year Awards



2017-2022 Candidate Experience Awards  
North American Candidate Experience Awards by Talnet Board



NASSCOM Enterprise Cloud Adoption Awards 2022  
(Operations) Large Companies



# Our global presence



25 | 50

Countries | Locations



31,610

World-class professionals



280

Active clients



\$1.85B

FY23 revenue



## Organizational details

[GRI: 2-1]

### Legal name:

Virtusa Corporation

### Nature of ownership and legal form:

Privately owned by  
EQT AB

### Location of headquarters:

Massachusetts

# Our vision

We believe that engineering plays a vital role in making the world a better place and that putting Engineering First can spark change. By harnessing the power of innovative solutions, technical expertise, and a commitment to sustainable transformation, we aim to engineer a better future for all by bringing every idea to life. Whether it's pushing the boundaries of technology, solving complex problems, or designing groundbreaking products, we are dedicated to empowering the world through technology to make a lasting impact.

# Our mission

Our mission is to drive lasting business transformation by putting Engineering First. We firmly believe that no two clients are alike, and that by understanding what makes you “uniquely you,” we can create the best-fit solution for you. By engineering cutting-edge technological innovations and leveraging industry-wide partnerships, we are dedicated to empowering businesses to thrive in the digital age and overcome any challenges that come their way. Our commitment to sustainable transformation means that we work tirelessly to provide the resources and expertise necessary for all businesses to not only succeed but flourish well into the future.

# Our PIRL values



## Passion

Inspire our global teams to deliver extraordinary results.



## Innovation

Apply intellectual curiosity to reimagine better business outcomes for our clients.



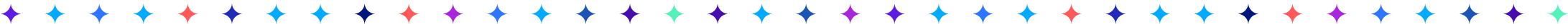
## Respect

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



## Leadership

Lead by example, thinking and acting with agility.





# Our sustainability focus

Virtusa was founded on our core values of passion, innovation, respect and leadership (PIRL). Our Engineering First mindset and values guide our strategic purpose driven approach to do what is right.

Our purpose-driven and transformational sustainability journey involves creating a positive environmental and socioeconomic footprint for all stakeholders. Our strategy is to future-proof our investors, customers, supply chains, and teams, and to take accountability and responsibility for our sustainability impact, in service of people and planet.

**Note:** *Virtusa’s vision, mission and sustainability focus was revised during the rebranding that took place in FY23-24.*





# Future-proofing our value chain



[GRI: 2-6]

Virtusa Corporation is a global provider of digital engineering and technology services and solutions for Forbes Global 2000 companies in financial services, healthcare, communications, media, entertainment, travel, manufacturing, and technology industries worldwide. At Virtusa, digital engineering is at the heart of everything we do. We are 31,610 builders, makers, and doers who partner with customers to reimagine enterprises and creatively build solutions to the most pressing business challenges; these solutions move them to the forefront of their industries.

## Services and digital solutions

We combine logic, creativity, and curiosity to build, solve, and create. Every day, we help clients engage with new technology paradigms to bring them closer to their goals. Detailed information on our service offerings is available on our website, [www.virtusa.com](http://www.virtusa.com).

In FY23, we introduced a new line of sustainability service offerings targeted at supporting the transition to a low-carbon economy through innovative technology. These offerings are based on our winning partnerships within ESG, cloud, and data domains and draw from our deep expertise in digital engineering, data, analytics, and regulatory reporting. We help our clients meet their sustainability goals, assess and measure critical KPIs through data and analytics, and report performance to multiple stakeholders. These service offerings are detailed in the image that follows.





# Virtusa's sustainability service offerings

## Data and content sourcing for ESG

- Gather content about companies from multiple data sources (structured and unstructured)
- Create a repository of taxonomy which is relevant for the ESG domain
- Based on the maintained taxonomy repository evaluate content and categorization or data on different ESG parameters
- Provide details of likely ESG related content based on the content evaluation
- Provide sentiments along with the content — positive, negative

## Rule engine and qualification of ESG data

- Set up rule engine to provide scoring or risk profiling
- Workflow to further enrich and qualify the ESG scores
- Set up interfaces to consumers of ESG data and scoring

## Consulting services

- Co-creation of the ESG program
- Define ESG measurement and monitoring framework
- Evaluate and finalize trusted data

## Data and tech services

- ESG data strategy
- API repository and data connectors
- Metadata management

## Reporting

- Analytics and reporting based on ESG data for banks
- Route ESG data and reports to bank's customer





# Our clients

We serve clients across North America, Europe, Asia, Australia, and New Zealand. During the fiscal year that ended March 31, 2023, 73% of our revenue was generated in North America, 18% in Europe, and 9% in the rest of the world.

# Supplier base

We have a large supplier base (approximately 1,811 suppliers in FY23) that provides goods and services to support our operations across the following categories: workplace and facilities; transport; IT and telecommunications; food services; and security services. We engage with our suppliers on sustainability through multiple channels. Detailed information on our supply chain is available in the supply chain management section.

# Employees and other workers

[GRI: 2-7, 2-8]

For breakdowns related to employee data, see our FY23 databook.



# Sustainability governance



## Role of the highest governance body in overseeing the management of impacts

[GRI: 2-12, 2-14; TCFD: Governance]

In FY22, our board set up an ESG (environmental, social, and governance) committee to develop and execute our sustainability strategy. The ESG committee is overseen by the board of directors and includes various high-level individuals within the organization. These members consist of two board directors: the audit committee chairperson and our CEO. Additionally, executive team members, namely the chief financial officer, chief strategy officer, compliance officer and general counsel, and global head of facilities and sustainability, are also part of the ESG committee.

The ESG committee’s purpose is to support Virtusa’s sustainability commitments, including our response to climate change. It is responsible for oversight and management of embedding sustainability into the business strategy, and the development, implementation, and oversight of sustainability-related communications. It serves as the ultimate decision-making body for the company’s sustainability programs and policies.

## The ESG committee has the mandate to assist the organization’s leadership in:

Embedding sustainability into the business strategy

Developing, implementing, and monitoring interventions and related policies for sustainability

Engaging with stakeholders by overseeing communications concerning sustainability

Monitoring and assessing development and improvement of the organization’s understanding of sustainability

Disclosing sustainability-related reports and information to internal and external stakeholders on a timely basis

## With regard to climate change, the ESG committee does the following:

- Reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans
- Setting performance objectives and monitoring implementation and performance of objectives
- Overseeing major capital expenditures, acquisitions, and divestitures
- Monitoring and overseeing progress against goals and targets for addressing climate-related issues



## Assessing climate-related risks and opportunities

In FY22, the ESG committee was responsible for approval of the sustainability objectives, goals, strategies, and measures (OGSM) that set out our sustainability strategy from 2021 to 2030. The most significant climate-related decisions made by the committee in FY23 were signing off on Virtusa's SBTi Net-Zero commitment and reviewing/approving our FY22 ESG report, our first Task Force on Climate-Related Financial Disclosures (TCFD)-aligned report that also referenced Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) reporting standards.

We continued to use TCFD, as it follows a framework that aids in the disclosure of climate-related risks and opportunities across four main areas: governance, strategy, risk management and metrics, and targets. We also continued to reference GRI standards, as these are the most widely used in sustainability reporting and provide a set of comprehensive and comparable set of requirements to measure our sustainability performance. Lastly, SASB, as a sector-based standard, allows us to provide more nuanced information relevant to our industry.

The ESG committee tracks progress on sustainability goals mainly through quarterly ESG committee meetings, where updates are provided to the committee on the sustainability goals.

Apart from the ESG Committee, EQT AB — our parent company — actively provides guidance on our climate change program and sustainability strategy. For example, one of the annual KPIs that EQT AB assesses is the existence of a sustainability champion on the board of a portfolio company, and of provided training that ensures accountability.

# Delegation of responsibility for managing impacts



[GRI: 2-13]

While the highest level of responsibility for assessing and managing our sustainability strategy lies with our ESG committee, the executive team members in the committee are responsible for implementing our sustainability program as appropriate for their role. The executive team members are responsible for providing updates to the board and the ESG committee on a quarterly basis, or as and when important matters arise.



**Santosh Thomas**  
Chief Executive Officer & Executive Director

**Chief Executive Officer:** As an executive board director and a member of the board-level ESG committee, the CEO is responsible for ensuring that Virtusa’s sustainability commitments are integrated into the overall business strategy and that the company meets its disclosure targets. The CEO is specifically involved in addressing climate-related matters, such as energy management and emissions reduction. Additionally, the CEO is responsible for reviewing and approving our sustainability policy and its sub-policies, including the environmental responsibility policy. These policies outline various climate-related requirements, such as energy management, emissions reduction, water conservation, and resource consumption.



**Amit Bajoria**  
Chief Financial Officer

**Chief Financial Officer:** The CFO assesses and monitors Virtusa’s climate strategy, including reviewing and approving targets related to emissions reduction, energy reduction, and efficiency. One of the CFO’s responsibilities is to address climate-related risks and opportunities within the organization. This involves working closely with relevant teams across the company to develop mitigation and adaptation strategies that align with Virtusa’s environmental sustainability goals. The CFO facilitates the preparation of regular reports regarding the sustainability progress for the board. The CFO provides inputs on sustainability disclosures, including the CDP response and sustainability report. In terms of climate change, the CFO is responsible for assessing and managing climate-related risks and opportunities related to our sustainability strategy. For example, the CFO closely monitors progress on aligning our emissions targets with the SBTi Net-Zero criteria.





**Thomas R. Holler**  
EVP & Chief Strategy Officer

**Chief Strategy Officer:** The CSO monitors all enterprise level risks and opportunities, including those from climate change across Virtusa’s operations. The CSO works with the chief risk officer (CRO) and our internal audit and business continuity management teams to continuously develop and update our enterprise risk management system, and reports to the board quarterly about Virtusa’s risk strategy progress. Risks from climate change to markets and legislation are considered under the enterprise risk assessment. Risks from extreme weather conditions due to climate change, such as heatwaves, drought, storms, and floods, are assessed under our business continuity risk assessment, guided by ISO 22301. This activity is carried out by the business continuity management team and reported to the CRO and CSO. With regard to climate change, the CSO is responsible for assessing and managing climate-related risks and opportunities as part of enterprise risk management and business continuity risk assessment. Risks impacting our company and the controls (ones in place or proposed) are presented to the executive team and the board of directors as needed (quarterly, if possible; annually, at minimum) by the CSO.



**Paul Tutun**  
EVP & General Counsel

**Compliance Officer/General Counsel:** The compliance officer/general counsel has overall responsibility for administering the ethics and compliance program. He also provides inputs and approvals for sustainability-related disclosures, namely our CDP response and sustainability report.



**Denver De Zylva**  
Global Head of Facilities and Sustainability

**Global Head of Facilities and Sustainability:** Our global head of facilities and sustainability reports directly to the CFO and is responsible for managing our climate strategy through target setting, reducing our environmental footprint, and communicating with internal and external stakeholders. The global head of facilities and sustainability provides quarterly briefings on Virtusa’s climate strategy and performance to the ESG committee and CFO via consolidated reports and presentations. He also provides updates to the board when required. Currently, he is responsible for managing Virtusa’s SBTi Net-Zero emissions alignment plans. The global head of facilities and sustainability also plays an active role in value chain engagement, through consistently engaging with clients, investors, and other stakeholders. This engagement also includes supporting internal and external activities for private and public partnerships. For example, he represents Virtusa on the board of the UN Global Compact Network Sri Lanka and is also a board advisor to their water stewardship working group.

# Strategy, policies, and practices



## Policy commitments [GRI: 2-23]

We have developed policies to meet regulatory and certification requirements as well as to show our commitment to international instruments, such as the UN Declaration of Human Rights. The most significant policies are listed below.

Policy	Intergovernmental instruments	Approved by	Link
Business continuity management policy	Not applicable	Chief risk officer	Internal policy
Code of business conduct and ethics	Not applicable	Board	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
Enterprise data privacy policy	Not applicable	Chief risk officer	Internal policy
Environment, health, and safety policy	Not applicable	ESG committee/CEO	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
Environmental responsibility policy	Precautionary approach	ESG committee/CEO	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
Equal employment opportunity policy	Not applicable	VP, Human resources	Internal policy
Foreign Corrupt Practices Act policy	Not applicable	Compliance officer	Internal policy
Grievance policy	Not applicable	VP, Human resources	Internal policy
Harassment-free workplace policy	Not applicable	VP, Human resources	Internal policy
Human rights policy	<ul style="list-style-type: none"><li>• UN Universal Declaration of Human Rights</li><li>• ILO Declaration on the Fundamental Principles and Rights at Work</li><li>• ILO Convention No. 138 on Minimum Age</li><li>• The Ten Principles of the United Nations Global Compact</li><li>• UN Guiding Principles on Business and Human Rights</li></ul>	ESG committee/CEO	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>



Policy	Intergovernmental instruments	Approved by	Link
Information security management policy	Not applicable	CEO	Internal policy
Modern anti-slavery and human trafficking policy	Not applicable	VP, Human resources	Internal policy
Modern Slavery Act statement	Not applicable	Board — U.K.	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
Social responsibility policy	Not applicable	ESG committee/CEO	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
Supplier guidelines	<ul style="list-style-type: none"> <li>International Bill of Human Rights</li> <li>ILO Declarations on the Fundamental Principles and Rights at Work</li> <li>ILO Convention No. 138 on Minimum Age</li> </ul>	Compliance officer	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
Sustainability policy	Not applicable	ESG committee/CEO	<a href="https://www.virtusa.com/about/corporate-compliance">https://www.virtusa.com/about/corporate-compliance</a>
U.K. anti-corruption policy (Bribery Act 2010)	Not applicable	Compliance officer	Internal policy



# Embedding policy commitments through our sustainability framework






























[GRI: 2-24]

Our sustainability strategy is embedded in and implemented through our sustainability framework, which is based on seven core areas. The framework was developed based on the sustainability areas deemed most material to us and our stakeholders. As such, the framework helps us to identify the sustainability areas on which our business strategy needs to focus. Where applicable, we have obtained certification for each area, such as ISO 14001 for environmental management and ISO 27001 for information security. If an area is not certified, we follow the guidance for such certification. The core areas are backed by appropriate policies and training.

In order to get a better understanding of how our sustainability efforts support the UN Sustainable Development Goals, we have mapped each SDG to the most relevant core area.





ESG	Area	Framework/guidance	SDGs
	Environment	ISO 14001:2015 (EMS) ISO 50001:2018 (Energy management systems) ISO 14064 guidance (Greenhouse gases) Greenhouse gas (GHG) protocol LEED (Leadership in energy and environmental design)	   
 	Health/safety facility management	ISO 45001:2018 Occupational health and safety management system ISO 41001:2018 Facility management 5S methodology	 
 	Business continuity management	ISO 22301:2019 Business continuity management system	
 	Information security	ISO 27001:2013 Information security management system General Data Protection Regulation (GDPR) (UE)	
 	Labor standards and diversity	SA 8000 guidance Modern Slavery Act 2015 (U.K.) Equality Act 2010 (U.K.) UN Convention on the Rights of Persons with Disabilities (UNCRPD) UN Guiding Principals on Business and Human Rights	  
 	Anti-bribery and corruption	Foreign Corrupt Practices Act 1977 (U.S.) Bribery Act 2010 (U.K.)	
 	Corporate engagement and social impact; corporate social responsibility (CSR)	ISO 26000 guidance Companies Act 2013, section 135 (India)	   

#### Legend

-  Environment
-  Social
-  Governance

#### Notes on certifications:

- **ISO 14001:2015: 17** technology centers in India, Sri Lanka, Singapore, Australia (Sydney), the U.S. (Windsor IIC, Piscataway), and the U.K. are certified.
- **ISO 45001:2018: 17** technology centers in India, Sri Lanka, Singapore, Australia (Sydney), the U.S. (Windsor IIC, Piscataway), and the U.K. are certified for ISO 45001.
- **ISO 41001:2018: 11** technology centers in India and Sri Lanka are certified.
- **ISO 22301:2019: 18** technology centers in India, Sri Lanka, Sweden, the U.K., and the U.S. are certified.
- **ISO 27001:2013: 16** technology centers in India, Sri Lanka, Sweden, the U.S., and Singapore are certified.
- **ISO 50001:2018: 3** technology centers in India (HYD campus and capital, CHN-Navalur) are certified.

# Communication of commitments

[GRI: 2-24, 205-2]

## Employees

We maintain a comprehensive set of policies on our internal platform. In addition, we have the following training on corporate policies:

### Code of business conduct and ethics (the “Code”)

All employees and contractors are required to complete mandatory onboarding training on Virtusa’s code of business and ethics (the Code) upon joining the company, which covers information on our anti-bribery and anti-corruption policies. All employees and contractors are also required to sign an acknowledgment document stating they have read and understood the Code. Additionally, we have an annual training and assessment requirement for 5% of specifically identified team members, including management and those engaging with third parties. Apart from completing 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 ways of reporting suspected corruption and bribery.

## Information security

All employees are required to undergo our Security First information security training module and assessment upon joining Virtusa and to repeat the training and assessment annually. In addition, specifically identified team members must complete cybersecurity awareness training and undergo role-based privacy training, as required. Information security best practices are likewise shared with employees through multiple media, such as email, intranet portal, awareness sessions, among others. In addition, phishing simulations are conducted periodically to assess employee awareness, and focused training is provided to those who fall prey to the simulated exercise.

### Data privacy

We have introduced a new data privacy module separate from the Security First information security training to adapt to the ever-evolving privacy landscape. All employees are required to undergo our Virtusa data privacy training module and assessment upon joining Virtusa and to repeat the training and assessment annually. Data privacy best practices are also shared with employees through multiple media, such as email, our intranet portal, awareness sessions, among others.

## Secure software development

Mandatory training on secure software development was introduced for our core team of software developers in FY21. Since most of the vulnerabilities are code-induced, this training ensures that our core team of developers and testers acquires a deep understanding of secure software development and are able to create products while reducing vulnerability to security breaches to the highest degree possible.

### Anti-harassment

All employees are required to complete mandatory training on anti-harassment as part of code of business conduct training. There is also a separate prevention of sexual harassment training.

### Environment, health, and safety

All employees undergo Safety First training at onboarding, and, from FY21, are required to renew certification annually.

For information on completion rates for mandatory training, see the databook.



# Suppliers

Our supplier guidelines outline the standards and practices that we expect our suppliers to adhere to in the areas of human rights, labor, environment, and business ethics. These guidelines encompass a commitment to abiding by all relevant laws and regulations, preventing involvement in human rights violations, safeguarding against child labor and forced or compulsory labor, and ensuring safe working conditions for employees. Additionally, we expect our suppliers to be environmentally conscious and uphold ethical business practices.

To reinforce our expectations, our contracts include requirements for compliance with laws and regulations on ethics and labor. For instance, as a standard procedure, suppliers are asked to confirm their compliance with the U.S. Foreign Corrupt Practices Act (FCPA) when engaging in business with us.

Suppliers are requested to accept the terms of all relevant policies upon onboarding through our supplier portal: <https://www.virtusa.com/suppliers>.



## Processes to remediate negative impacts and reporting mechanisms

[GRI: 2-25, 2-26]

Our commitment is to maintain a workplace where everyone feels secure and supported. We strive to foster a safe, prompt, and confidential environment for our employees and other stakeholders to feel comfortable in sharing work-related concerns, including issues with ethics and compliance, human resources, and company processes, without fear of retaliation. We provide several mechanisms for them to seek guidance or report potential violations:

- Report directly to their line manager, human resource business partner, or leadership team members.
- Report complaints anonymously and in a protected manner through **Virtusa's confidential and anonymous concern hotline** at <https://www.openboard.info/VRTU/> by using one of the two following methods:
  - Secure web form submission tool using a secure and encrypted web form
  - Secure hotline at (U.S./domestic) 1-844-403-4964 and (international) 402-999-0449
- Submit a complaint online via our company website on our corporate compliance page: <https://www.virtusa.com/about/corporate-compliance>.
- 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 oversees the management of complaints received through the web-based tools and hotline. Any issues related to accounting are promptly escalated to the chairperson of the audit committee upon receipt of the complaint.

Virtusa takes allegations of discrimination and harassment seriously. Complaints regarding harassment are addressed in accordance with our harassment-free workplace policies, with the human resources team responsible for handling these matters. Upon receiving a complaint, we initiate a timely and impartial investigation while prioritizing confidentiality, within reason. Where it is determined that such inappropriate conduct has occurred, swift corrective action is taken to address the situation, including disciplinary measures — up to and including termination of employment — to ensure resolution.

We have a strict non-retaliation policy to protect those who raise concerns in good faith or who report instances of alleged misconduct, discrimination, or harassment. Any individual found engaging in retaliatory actions will be subject to appropriate disciplinary measures, which may include termination. We strongly encourage any employee who believes that they have experienced retaliation to promptly report the matter to human resources, our general counsel and compliance officer, or any member of Virtusa's executive leadership team.

For breakdowns of whistleblower reports, see the databook.





# Compliance with laws and regulations

[GRI: 2-27, 206-1; SASB: TC-SI-520a.1]

We are committed to upholding the highest standards of ethical conduct in our business operations. To ensure compliance with all laws and regulations to which we are subject, we integrate these into our comprehensive risk assessments and due diligence procedures across all functional areas. For example, within our environmental initiatives, we continually monitor compliance with current regulations through our ISO 14001 certification process.

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, anti-trust, monopoly practices, and environmental regulations. Furthermore, we received no law enforcement requests for user information, experienced no significant data breaches, and encountered no performance issues, service disruptions, or customer downtime.



# Stakeholder engagement

[GRI: 2-29, 2-30]

Virtusa defines stakeholders as those groups that our operations can influence and that can, in turn, influence us. We identify and classify stakeholders based on impact, influence, legitimacy, and urgency, and these factors inform the nature of our stakeholder engagement activities. The stakeholder groups with which we engage include clients, investors, employees, academia, suppliers, governments, non-governmental organizations (NGOs), and trade associations. Clients, investors, and employees have the greatest impact on our operations. The following table lists examples of engagement channels we utilize with our stakeholder groups.



Stakeholder	Engagement mode
Clients	<ul style="list-style-type: none"> <li>Requests for proposal</li> <li>Client visits and meetings</li> <li>Annual account-level client feedback survey</li> <li>Quarterly project-level client feedback survey</li> <li>Client-initiated surveys and audits</li> <li>Sustainability report</li> <li>Media interactions</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Investor presentations and events</li> <li>Investor portal for financial information and relative announcements</li> <li>Sustainability report</li> <li>Media interactions</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Surveys (e.g., onboarding survey, five-month survey, and exit survey)</li> <li>Internal support group framework</li> <li>Open-door policy</li> <li>Employee pulse checks</li> <li>Social media</li> </ul>
Academia	<ul style="list-style-type: none"> <li>Centers of excellence</li> <li>Curriculum development and advice</li> <li>Internship program</li> <li>Career guidance and awareness</li> <li>Mentoring for final-year university projects</li> <li>Industrial visits/career fairs</li> <li>Social media and media interactions</li> </ul>

Stakeholder	Engagement mode
Suppliers	<ul style="list-style-type: none"> <li>Supplier survey</li> <li>Supplier guidelines</li> <li>Supplier awareness sessions</li> <li>Media interactions</li> </ul>
Governments	<ul style="list-style-type: none"> <li>Membership of sustainability associations</li> <li>Collaborations with government bodies on sustainability through our Virtusa Foundation programs</li> <li>Media interactions</li> </ul>
NGOs and trade associations	<ul style="list-style-type: none"> <li>Media interactions</li> <li>Conferences and public forums on sustainability</li> <li>Membership in trade associations (e.g., Sri Lankan Association of Software and Service Companies [SLASSCOM])</li> <li>Surveys</li> <li>Community outreach programs through the Virtusa Foundation</li> </ul>



## Client engagement

Clients are one of our most significant groups of stakeholders, and they play an integral role in the development of our sustainability program. Virtusa's experienced account managers are responsible for developing strong growing relationships and working daily with our clients and service delivery teams to understand and address client needs. Clients contribute to innovation and improvement in our business, as their ideas and experiences are incorporated into our body of knowledge.

We seek regular client feedback in the form of surveys (conversational and written) conducted by an independent third party on a quarterly and annual basis. The results are then qualitatively and quantitatively analyzed.

- **Annual account customer satisfaction survey (ACSAT):** ACSAT is aimed at the senior client stakeholders with the objective of measuring the health of the account relationship and capturing the residual sentiment/experience with Virtusa. It covers elements beyond satisfaction, such as stickiness, business value, future capabilities, and positioning, by taking inputs on both feedback and feedforward aspects.
- **Project-level customer satisfaction survey (PCSAT):** PCSAT is a key performance measure aimed at operational level client stakeholders. Client feedback is collected each quarter from project-specific stakeholders, and a consolidated report is published at a business unit level. The results help us to identify areas of client engagement that may need attention.

Internally, all negative responses require action plans from our teams to ensure that identified problems are corrected.

We also undergo periodic audits by clients; through the process, we demonstrate compliance with the applicable statutory, regulatory, and client requirements. These audits provide an opportunity to review our policies and processes to determine if they meet client expectations.



## Talent engagement

[GRI: 2-30, 402-1]

We aim to recruit, enable, and retain the best talent globally, and employee engagement is an essential element of this strategy. Virtusa engages and interacts with all employees to optimize everyone's potential and foster team culture. Employees are engaged through platforms such as mobile-enabled and AI-powered surveys (e.g., pulse-check survey, onboarding survey, five-month survey, 18-month survey, and exit survey) which gives them the opportunity to provide periodic feedback to us. Team members can engage with leadership at leadership updates at the regional, local, and account levels as well as at leadership town hall sessions. We also engage our workforce through digital platforms, including RAVE and Viva Engage. These allow employees to interact, acknowledge each other's work in real time, and share ideas, which strengthens collaboration and transparency.

Virtusa recognizes the right to freedom of association through collective bargaining agreements (CBAs) in accordance with the guidelines and compliance frameworks set out by governments in the countries where we operate. Other than our team members located in Austria and Spain, our employees are not covered by CBAs. This is partly due to the open communication and cordial relations we maintain with employees through avenues such as our open-door policy and employee surveys.



# Reporting practices

## Entities included in sustainability reporting and material topics

[GRI: 2-2, 3-1, 3-2, 3-3]

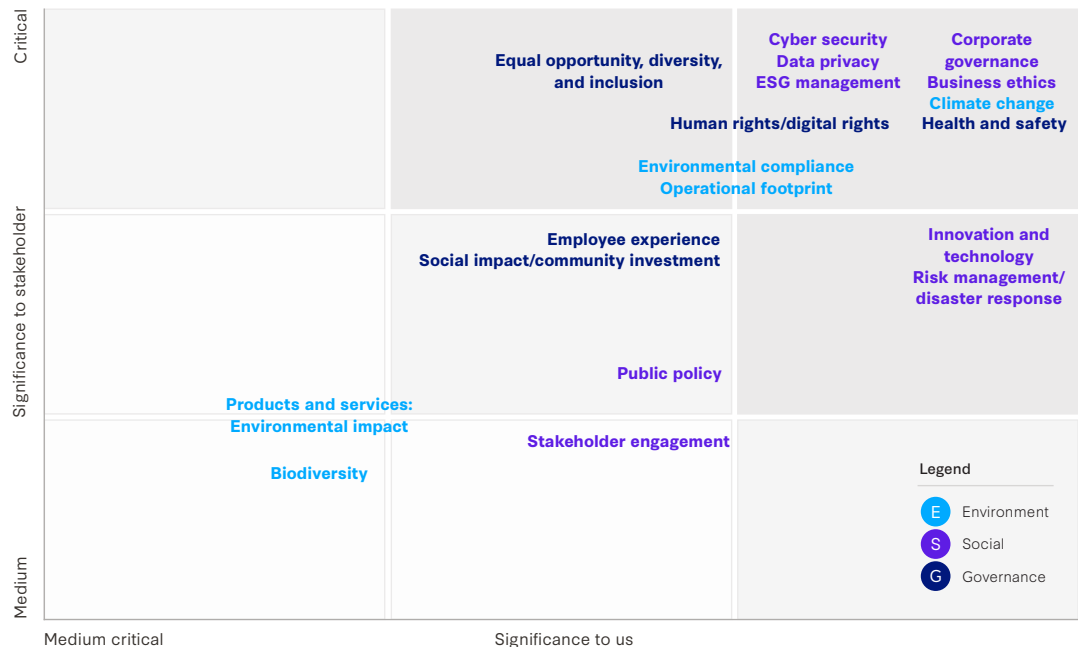
Since we manage our business as one operating segment, aspects that are related to economics, labor practices, human rights, governance and ethics, customer privacy, and corporate social responsibility activities are reported for all Virtusa entities. In FY23, we expanded our reporting boundary for environmental data to include all physical offices in North America, Europe, Asia, and Australia and New Zealand.

To determine the most important topics to cover in our sustainability report, we conduct an annual materiality assessment. Based on this assessment, we develop a materiality matrix that shows the most material issues for us and our stakeholders. Over the last few years, through requests for proposals, we have seen an increased interest on cybersecurity and data privacy, human rights, climate change, diversity, and health and safety. As a result, these aspects were given additional weightage when developing the FY23 materiality matrix.

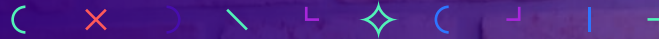
Based on the FY23 assessment, the topics deemed most important to Virtusa include corporate governance, business ethics, cybersecurity and data privacy, sustainability management, equal opportunity, diversity and inclusion, climate change, human rights and digital rights, environmental compliance, operational

footprint, innovation and technology, risk management/disaster response, employee experience, social impact and community investment, public policy, stakeholder engagement, environmental impact of products and services, and biodiversity. Due to the increased focus on biodiversity as a sustainability topic for business, we included biodiversity in our materiality matrix for the first time in FY22. In FY23, some topics were combined and included under their umbrella topic; for example, child labor and human trafficking has been included under human rights. Energy, water, and waste have been included under operational footprint. There have been no other significant changes from previous reporting periods in the topic boundaries.

We have made every effort to submit another comprehensive sustainability report in FY23 regarding the dimensions of scope and boundary for the reporting period.



## Restatements of information



### [GRI: 2-4]

- FY22 ESG Report — page 20: The following policies were missing and not listed under policy commitments: Modern anti-slavery and human trafficking policy, social responsibility policy, and supplier guidelines.

## External assurance

### [GRI: 2-5]

We detail our sustainability progress based on the following frameworks:

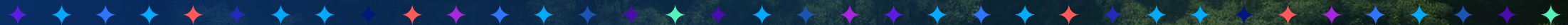
- Global Reporting Initiative (GRI) — in accordance (Databook: pages 29-38)
- Sustainability Accounting Standards Board (SASB) standards for Software & Information Technology (IT) Services (Databook: pages 27-28)
- Task Force on Climate-Related Financial Disclosures (TCFD) recommendations (pages 74-80)

The report has been externally assured by Messrs. Ernst and Young.



# Environment

We have committed to the Science Based Targets initiative (SBTi)'s Net-Zero standard and are in the process of aligning our targets with SBTi criteria.



# Our strategy and approach

## [TCFD: Metrics and targets]

We are committed to adhering to the precautionary principle as defined in the Rio Declaration, and we aim to consistently reduce the environmental impact of our business operations and services. As such, in January 2023, we announced our commitment to set near- and long-term company-wide emissions reductions targets in line with science-based net-zero standards and have plans to submit these targets for approval by SBTi within the 24-month timeframe.

We have a robust sustainability framework that encompasses environment, social, and governance (ESG) issues, and it enables us to reduce our environmental footprint, adhere to all environmental regulations, and accelerate a sustainable future, as set out in our environment, health, and safety policy and environmental responsibility policy. Since its launch in 2008 as a response to climate change, our environmental management system continues to take steps toward improved data quality. In FY23, we focused on finalizing our emissions inventory to assess the feasibility of net-zero emissions targets.

Information on our management approach to environmental impacts is provided in the sections that follow. For data computational methods and performance data, see the databook.



# Emissions

## [GRI: 305-1, 305-2, 305-3, 305-4, 305-5]

In line with our SBTi commitment, we conducted a reassessment of our emissions inventory in FY23. As a result, we enhanced our scope of reporting for Scopes 1, 2, and 3 to align with requirements of the SBTi standards. For changes in the scope of reporting, refer to the databook.

Our strategy for reducing Scope 1 and 2 emissions includes investing in energy efficiency projects and renewable energy (RE). In FY21/FY22, we invested in solar energy for three of our campus facilities in India, which accounted for 1,750 megawatt hours (MWh) of energy in FY23. In addition, both of our offices in Sweden obtain electricity from 100% renewable sources through green tariffs. However, we faced some setbacks in our overall renewable energy usage due to a void wind energy contract for our Navalur campus, which resulted from the RE supplier's change of ownership. As a result, our RE consumption dropped from 2,705.57 MWh in FY22 to 1,768.425 MWh in FY23. We continue to explore RE options for our India and Sri Lanka offices, which have the largest energy footprint. We estimate that two of our campus facilities in Hyderabad and Navalur have the capacity to accommodate additional solar panels, which would provide an additional 16-20% of RE for these sites apart from the existing solar energy. In FY23, we also revised our energy target: Our goal is to obtain 100% energy from renewable sources by 2040.

In FY23, our total Scope 3 emissions significantly increased compared to those of the previous year due to a variety of factors. We expanded our Scope 3 reporting boundary to include emissions from purchased goods and services and fuel- and energy-related activities from Scope 1 and 2, and we expanded business travel to include rail travel and accommodation to align with the SBTi standards. In addition, the easing of travel restrictions in FY22, which also carried over into FY23, contributed to an increase in our emissions from business travel.

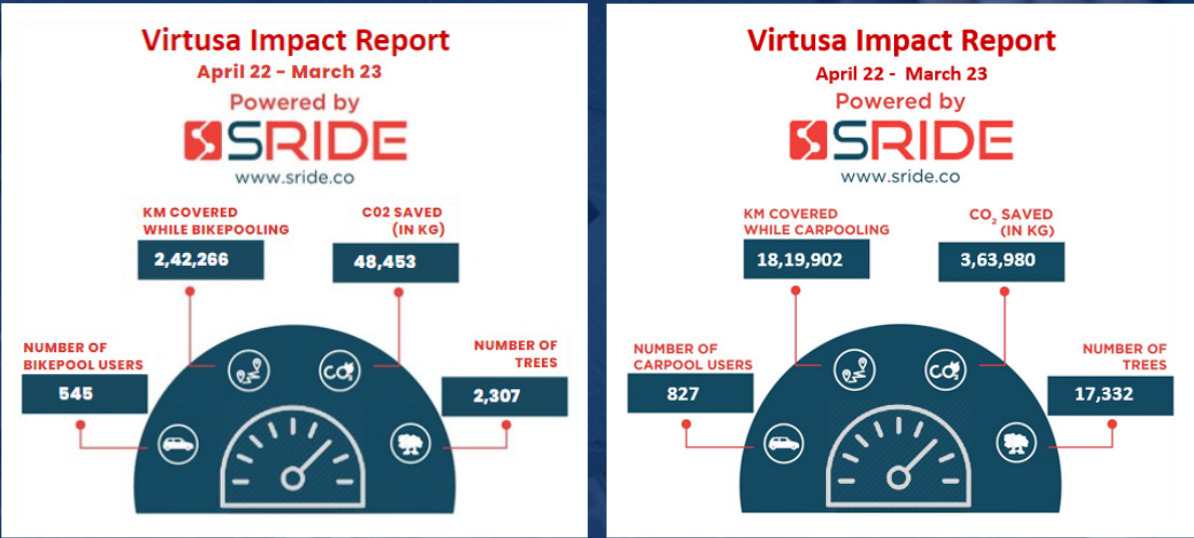


# Reducing transport emissions

## Case study

In FY22, we set targets to increase the use of electric vehicles (EVs) in our operations and supply chain. Within our operations in India and Sri Lanka, we have installed 23 EV charging points (11 in India and 12 in Colombo). Within our supply chain, we are engaging with vendors to encourage them to adopt targets for EV utilization and switch 20% of their fleet to EVs each year.

In FY17, we initiated a project to promote carpooling and bike pooling among employees at our Hyderabad campus and later extended this initiative to other technology centers in Bangalore, Pune, and Chennai. With much of our workforce returning to the office in FY23, we saved an estimated 363.98 MtCO2 from carpooling and 48.45 MtCO2 from bike pooling. We also launched our Bike to Work campaign in the same year to encourage more employees to bike to work and reduce emissions.





# Energy

[GRI: 302-4, 302-5]

We have developed build-out guidelines that set the energy and resource efficiency standards for all office spaces and new build-outs. In FY23, we continued to invest in improvements to our building energy management systems and HVAC systems, and we focused on obtaining ISO 50001 certification for our three campuses in India. In addition, 62% of our real estate is LEED-certified. We have converted 99% of lighting in our facilities in India and Sri Lanka to LED. We estimate that upgrading 29 air conditioning units would help to save 46,200 kilowatt-hour (kWh) in Colombo, Sri Lanka, and 7,500 kWh in Navalur, India, annually. Additionally, we strive to have energy-efficient office equipment. Per our procurement guidelines for IT hardware, all devices, including laptops, servers, endpoints, and networks, must meet standards set by the Electronic Product Environmental Assessment Tool (EPEAT) ecolabel from the Global Electronics Council (GEC). Our IT equipment is rated EPEAT™ Gold, ENERGY STAR® 8.0 (laptops) and EPEAT™ Gold, ENERGY STAR® 6.1 (desktops).

We’re also in the process of obtaining LEED v4.1 O+M certification for our owned campuses in India.



# Water

[GRI: 303-1, 303-2; SASB: TC-SI-130a.2]

We mainly use water for drinking, hygiene, cooling towers, and landscaping. As of FY23, 51% of our water used is recycled. We seek to be responsible for our water consumption, since 71% of our operations are in locations of water stress. Only the Navalur campus uses fresh water for cooling towers, as the Hyderabad campuses have air-cooled chillers. Our operations do not affect water sources significantly, as the sources are neither in designated protected areas nor have high biodiversity value. Water sources with total dissolved solids (TDS) that measure less than 1,000 mg/L are considered freshwater.

Strategies for water management include:

- Retrofitting with sensor taps
- Using sewage treatment plants (STPs)
- Conducting water purification through reverse osmosis
- Undertaking rainwater harvesting

While most of our leased facilities use STPs, a few facilities, including Colombo, discharge wastewater into municipal sewers. At our three campuses in Hyderabad and Navalur, wastewater is treated in STPs and used for flushing and landscaping.

We use rainwater harvesting pits to recharge the groundwater table, and at the end of FY23, we had the capacity for 612.49-kiloliter rainwater harvesting pits. We have reverse osmosis plants that purify water for drinking at two campuses. Through the water management initiatives implemented at our three campuses, we seek to convert these campuses into zero-discharge facilities.



# Waste

[GRI: 306-2]

We have processes in place for managing electronic waste (e-waste), paper, plastic, and organic waste.

E-waste, paper, and plastic (India and Sri Lanka) are handed over to a certified vendor for recycling. We also work with relevant state authorities to ensure e-waste is handled in a responsible manner.

For example, our e-waste vendor in Tamil Nadu has been audited by Perry Johnson Registrars Inc., a global full-service registrar that carries multiple international accreditations. We purchase farmed paper, and all departments are encouraged to use paperless forms, notifications, and reports where possible. We are also investing in printers with greater efficiency, and we are piloting the rollout of a universal printer solution, which provides alerts on print counts to further reduce paper consumption. We have also implemented organic waste management processes at our campuses in India.

We are in the process of developing a policy against single-use plastics to complement our existing environmental waste policies.





# Data center strategy

[GRI: 302-4, 302-5; SASB: TC-SI-130a.3]

We have consistently followed a highly stringent elimination, modernization, and consolidation strategy to ensure effective and sustainable data center management over the years. This strategy has enabled us to centralize the organization's shared IT operations and equipment for storing, processing, and disseminating data and applications for internal and external clients. Overall, Virtusa continues to use the following measures to ensure our data centers' efficient and sustainable management.

- **Migrating to cloud:** With our cloud-first strategy, we were an early adopter of cloud strategy. Virtusa has migrated 100% applications (production) to the cloud, with over 75% of core workloads migrated to the cloud. Cloud usage reports estimate that this has helped to reduce emissions from 534 MtCO<sub>2</sub> to 105 MtCO<sub>2</sub>. Beyond servers, we have continuously focused on reducing/migrating other supporting security hardware and infrastructure to the cloud.
- **Consolidating data centers:** Virtusa has optimized resource use by consolidating data centers; this action minimized the use of devices that have a high energy footprint (like servers and HVAC units).
- **Replacing legacy hardware:** By continuously focusing on replacing End of Sale/End of Life (EOS/EOL) devices, such as servers and HVAC units across data centers, and implementing energy-efficient infrastructure, Virtusa has modernized 95% of legacy systems.
- **Continual optimal restructuring:** Virtusa continually restructures the data center space to reduce HVAC impact.
- **Reducing physical server and network units:** We continue to reduce our hardware footprint by digitalizing both the server and the network infrastructure. As a result, we have achieved 100% virtualization of server infrastructure to reduce our physical footprint.
- **Monitoring performance and faults:** Each of the data center devices are monitored 24/7 for effective performance. This is supported by the implementation of 24/7 alert management systems to identify, repair, and replace faulty hardware.
- **Partnering:** We have partnered with Schneider Electric for efficient E2E power management.
- **Monitoring compliance:** As an organization, Virtusa continuously monitors governance compliance with our internal controls, policies, and procedures.



# Social





# Our strategy and approach

Virtusa's objective for employee success stems from our commitment to creating an equal opportunity workplace and community for all. We aim to enable a culture of diversity, equity, and inclusion, and we nurture high-performing engineering talent through continuous learning and personalized employee success journeys. We are committed to a 40% gender parity goal in our workforce by 2026. We are also aiming for a 58% supplier diversity goal and emphasis on local hiring to create stronger, more diverse communities. As of March 31, 2023, we had 31,610 Virtusa team members across the business, a 1.5% increase from last year.

Our social strategy focuses on the following key areas:

- Creating inclusive and equal opportunity for all
- Creating access to education and reskilling opportunities to equip our workforce for the future
- Investing in employee wellness and safety

Topics material to our people management strategy include labor and human rights, diversity, equity, and inclusion (DEI), training and skills development, and health and safety. As such, our people management programs contribute to the achievement of the following United Nations (UN) Sustainable Development Goals (SDGs):

- Goal 4: Quality Education
- Goal 5: Gender Equality
- Goal 8: Decent Work and Economic Growth

Our chief people officer is ultimately responsible for all labor practices, with responsibilities cascaded down to local human resources (HR) leaders. Within locations, separate teams focus on specific areas, such as recruitment, training, career development, and compensation and benefits. The location-level human resources (HR) teams are also responsible for employment-related compliance and investigations of any violations related to HR policies and procedures. For breakdowns related to employee data, see our FY23 databook.



## Diversity, equity, and inclusion

Our diversity, equity, and inclusion (DEI) strategy is augmented by investments in technology and security systems to enable our teams to work remotely regardless of geographical or social boundaries. By doing so, we have helped individuals and teams with diverse backgrounds and experiences collaborate globally. Furthermore, we are committed to creating an equal opportunity workplace and community — growing women into leadership roles with coaching and training in leadership and flexible work options.

Our DEI council is responsible for governance and oversight of our DEI programs, goals, and performance. Our DEI charter reaffirms our commitment to initiatives such as increasing gender diversity in our workforce, from 31% female in FY22 to 40% female by FY26. For performance against our DEI goals, refer to our FY23 databook.

### Partnerships on DEI

- Partnered with a third party to develop inclusivity and unconscious bias training for all employees
- Actively exploring several partnerships to increase diversity hiring and implementing other programs to promote equity and inclusion
- Partnered with Case Western Reserve University on our Women Leaders Program (WLP)

As part of the Women of Virtusa (WoV) employee resource group (ERG), we have initiated mentorship programs for women, panel discussions on work-life balance, and inspiring stories on women leaders within Virtusa.

For International Women's Day, we hosted an engineering equity hackathon for women students in tech across the globe. Our 67,000-plus registrants hailed from eight countries: Australia, Canada, India, Malaysia, Singapore, Sri Lanka, the United Kingdom, and the United States. We partnered with [Girls Who Code](#), an international nonprofit organization that fosters and supports increasing the number of women in technology and computer science, to ensure diverse talent attraction and provide mentorship to female students of diverse groups. Additionally, we also provided scholarships to underserved women students in universities and engineering institutes.

### Accessibility support

Virtusa ensures that our digital platforms and office environment adhere to global accessibility and enablement standards to provide all our team members with an accessible working environment. All our major digital platforms are certified as accessible, and we have included accessibility as a criterion for selecting and evaluating new software. The Virtusa Facilities Design and Build Guide requires our offices and facilities to have accessibility features, such as wheelchair access.

# Our policies



[GRI: 2-23, 2-24]

Consistent with our PIRL (passion, innovation, respect, and leadership) values, we have a well-defined governance framework for human rights and equal opportunity designed to carry out our hiring, staffing, and career development processes fairly and without bias.

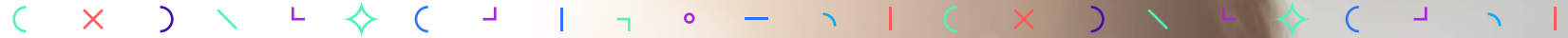
- **Human rights policy:** This policy sets out our commitment to comply with the Universal Declaration of Human Rights and follow the UN Guiding Principles on Business and Human Rights (UNGP) applicable to our business operations. The policy also provides information on the whistleblower procedure to report any concerns.
- **Equal employment opportunity policy:** This 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, veteran status, military service, any application for any military service, and other areas, as protected by law. We also have geo-specific policies against discrimination to ensure compliance with legal requirements. All employees are required to complete mandatory training on these policies through Code of Conduct training and Prevention of Sexual Harassment training upon joining.
- **Grievance policy and grievance policy guidelines:** These determine our procedure for reporting complaints related to discrimination, new work practices, and other human rights violations.
- **Discrimination and harassment free workplace policy:** This policy sets our commitment to maintaining a workplace free of discrimination and harassment. We also have geo-specific discrimination and harassment-free workplace policies to ensure compliance with legal requirements. For example, 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 Virtusa is a digital engineering services company, child labor, forced and bonded labor, slavery, and human trafficking are not significant risk factors in our direct 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 human rights policy and supplier guidelines prohibit the use of child labor, forced and bonded labor, and modern slavery. In 2017, we implemented an anti-slavery and human trafficking policy, which specifically addresses the issues of modern slavery and human trafficking.





# Talent management



## [GRI: 404-3]

All employees have regular performance appraisals that drive career development, compensation, and promotions. Our performance philosophy is embedded in achieving business goals, competency assessments (behavioral and technical), and employee engagement for senior managers. We conduct 360-degree assessments for leadership (managers and above), and the inputs from these assessments support individual development plans and promotions. Utilizing the Harrison Assessment Test, we also assess the behavioral indicators of all leaders at the manager level and above.

Programs such as real-time engagement and performance scores (REPs), AI-powered surveys, talent-trend predictive analytics, and engineering IQ (EIQ) programs enable an ecosystem in which high-performing talent can thrive.

Our compensation practices are carefully tailored to the three P's: pay for person, pay for position, and pay for performance. We link our base salary and our variable pay to individual performance and company performance. We benchmark regularly, and employees can be confident that our compensation is equitable and aligned with the market. Pay is only one way to reward employees, and we provide a holistic compensation package that includes:

- Paid reskilling, education, and development opportunities
- Multiple training programs under the Thrive Leadership and Learning Academy
- Regular opportunities for job rotations and opportunities to work directly with clients
- Non-moderated employee communication across all levels of the organization
- High-quality benefits, opportunities, and packages

We have a clear policy for the company component of the bonus program; the policy is available on our internal portal for easy reference.



## Learning and development



### [GRI: 404-2]

In line with our aim to fulfill 75% of positions from within the organization, we believe in providing lifelong learning opportunities for our employees. The Virtusa Thrive Academy was set up to ensure that our employees gain the skills to futureproof their careers. For example, to support our digital and cloud transformation growth strategy, the Thrive Academy offers 41 certification programs in cloud, agile, and domain areas. Since the Academy's establishment, over 1,400 Virtusa team members have obtained certification in cloud technologies.

Additionally, we focus on social learning through digital platforms to enable our team members to collaborate with and mentor each other in new technologies.

We also introduced several employee learning and growth platforms in FY23. These include the following:

**Virtusa Evolve:** Our digital internal talent marketplace offers a transparent view of career opportunities within Virtusa. The platform incorporates an AI engine that provides intelligent recommendations, enabling employees to apply for positions aligned with their profiles and career goals.

**Edge Mobility:** This tool streamlines the talent process, from demand prioritization to sourcing internal and external talent, automating key aspects of talent management.

**Skill Compass:** This AI-powered skill management platform enables specialization by grouping skills into clusters and offers personalized and meaningful learning recommendations. It enhances the skill management experience, promotes competency development, facilitates upskilling, and supports professional growth.

Overall, our learning and development programs contribute to the achievement of UN SDG 4 (Quality Education) and UN SDG 8 (Decent Work and Economic Growth).



# Learning interventions

Virtusa offers several training programs and professional development opportunities for all employees at all levels, from skills building programs for newer employees to leadership development trainings for more senior members of the company.



## Skills building programs

### Launchpad

This emerging talent training program builds and nurtures talent in line with Virtusa skill demands. Selected campus hires undergo training at a Virtusa facility over 5-6 weeks.



### Mandatory training programs

Mandatory training programs enable us to meet audit, regulatory, and client requirements. Employees are required to successfully complete all mandatory training within the defined timelines.



### STEP+

The sales talent enhancement program is a competency development program that enhances the techno-functional, domain, and client experience building capability of our sales team members.



# Leadership training opportunities



## GOLD

Co-designed and conducted through a partnered delivery model with Strata 6 Global Change Partners, the intervention focuses on developing high-potential leaders as change agents and is part of our mission to “grow leaders from within.”

## Leaders as Coaches (LAC)

Delivered in partnership with Erickson Coaching International to build coaching capacity at Virtusa, the program certifies 50 coaches who can engage employees to maximize their personal and professional potential via a structured creative process.

## Women Leaders Program (WLP)

WLP builds the leadership and team development skills of 30 high-potential women leaders across Virtusa. This program is conducted in partnership with Case Western Reserve University.

## Emerging Leaders Development Program (ELDP)

ELDP partners with Tavistock Institute of Human Relations to create a self-sustaining collective of individuals to thrive in a constantly changing environment.

## Leadership principles (I-Lead)

This multi-stage leadership enhancement program hones internal leadership capability.

## Enhancing leadership (VLead)

This handcrafted journey has a mix of self-paced learnings, group sessions, instructor-led sessions, live simulations, interactions with business mentors, and self-awareness modules aimed at creating future-ready leaders who can lead across teams and handle large teams and inter-team responsibilities.

## EDP

This 360-degree leader and leadership development intervention, conducted in partnership with Korn Ferry, builds leadership agility through continuous coaching and feedback.

## Mentoring

Participants of our WLP program are now participating in a six-month mentorship program with Virtusa’s leaders.





# Occupational health and safety

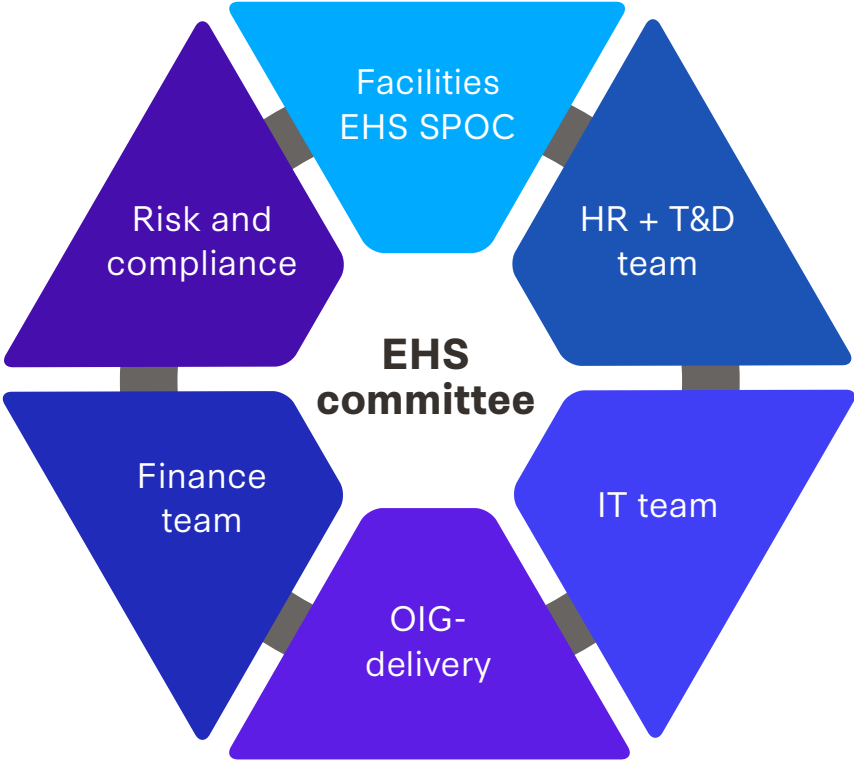
[GRI: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8]

Our comprehensive occupational health and safety (OHS) management system is certified to ISO 45001:2018. It covers all operational aspects and spans delivery of services, employee welfare, and contractor well-being. This scope remains consistent across work conducted remotely or within the office premises.

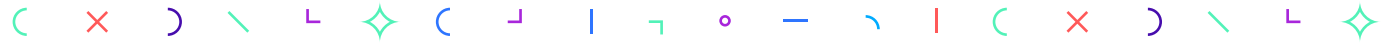
Our environment, health, and safety (EHS) policy sets our commitment to safeguard the well-being of all our stakeholders, employees, and contractors.

In each location, a facilities team member is designated to oversee the management of the OHS program. This responsibility aligns with the EHS committee, which convenes monthly to assess EHS matters, including progress on OHS objectives. The outcomes of these EHS committee meetings are reported biannually at management review meetings (MRMs).

We periodically engage with contractors to elicit their concerns and inputs surrounding OHS. This engagement occurs through scheduled vendor performance review meetings. Employees and contractors are encouraged to report OHS concerns without fear of retaliation. Any OHS-related concern can be reported directly to the facilities team, HR partner, or ServiceNow, the corporate ticketing tool. Corporate social media (Viva Engage) and Microsoft Teams are also available as alternative channels to connect with the appropriate individuals. Incidents and near-misses are recorded for correction, root cause analysis (RCA), and corrective action.



## Risk and incident management



Ergonomics, work-life balance, and employee transport were traditionally significant risks for our operations. However, the Covid-19 pandemic has expanded the range of significant risks, which include pandemic management measures at our offices and the well-being of our employees working remotely.

OHS risk assessments are carried out biannually or as needed (e.g., when a change affects the work area or work pattern). Internal audits are scheduled biannually and reported to leadership through management review meetings. An accredited third-party certifying body conducts annual recertification. The location-specific HR teams record and report OHS-reportable incidents to the relevant authorities. The EHS team investigates and records work-related incidents, accidents, and near-misses.

## Employee wellness

Virtusa operates in an environment that does not involve construction or hazardous materials or work. All retrofits and repairs are outsourced and assigned to licensed personnel in accordance with safety regulations. We have medical rooms at our larger technology centers in Asia and have special arrangements with medical service providers for on-demand and on-site visits.

To ensure that our office locations provide a suitable work environment, we monitor indoor air quality (IAQ), ambient noise, lighting levels, and the use of ergonomic best practices. In addition to making the physical work environment safe, we provide work arrangements that support our team members, including flexible work hours, work-from-home policies,

paid maternity leave, nursing rooms and childcare facilities, our Disha diversity hiring program for women on a career break, 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. All employees are provided with personal medical and hospitalization insurance.

Our employee engagement programs include those focused on health and safety, with regular communication addressing work-related health risks, including those related to ergonomics and vision impairment. We also address non-work-related health risks, such as mental health concerns and noncommunicable diseases. With increased focus on personal financial management, we also provide opportunities for our team members to get advice on managing their finances.

## Training

All employees undergo EHS training during onboarding and, from FY21, must undergo the training annually. Emergency response team (ERT) members are provided fire safety and first-aid training, especially to respond to fire-related incidents. Facilities team members responsible for implementing health and safety procedures are provided additional training and certifications as needed. An example of such a certificate is the National Examination Board in Occupational Safety and Health (NEBOSH) certification. We also provide health and safety training to contractors, including housekeeping, security, and drivers, periodically and in contractors' native language whenever possible. We engage with contractors to understand their OHS-related concerns and inputs through periodic vendor performance review meetings.

# Governance



# Ethics and compliance

[GRI: 2-23]

Our core values — PIRL (passion, innovation, respect, and leadership), coupled with our ethics and compliance program — form the cornerstone of our business philosophy and provide the ethical standards by which we interact with our clients, our contractors, and with each other. Our ethics and compliance program is enforced through our code of business conduct and ethics, anti-bribery and corruption policies, and whistleblower reporting procedures, which apply to all employees, contractors, personnel, and agents across the globe. It reflects our commitment to uphold the highest standards of ethical conduct and our dedication to honesty and integrity, which have always been at the core of Virtusa’s organizational belief system.

Our compliance officer, who is also the general counsel, has overall responsibility for administering the ethics and compliance program.



# Code of business conduct and ethics and anti-bribery and corruption policies

[GRI: 2-23, 2-24]

Our written code of business conduct and ethics (Code) serves as a comprehensive framework guiding our commitment to integrity and ethical conduct. The Code encompasses critical areas such as anti-bribery, corruption prevention, money laundering prevention, corporate opportunity, conflict of interest, stewardships of company assets, confidentiality, fair dealing, accuracy in record-keeping, responsible political contributions; transparent public disclosures; and robust whistleblower/anonymous reporting procedures. Most importantly, the company enforces the Code and its policies to ensure that team members treat everyone with respect, fairness, and professionalism. Upon joining Virtusa, all employees, contractors, and directors are required to acknowledge that they have read, understood, and will comply with the Code.

Our anti-bribery and corruption program aligns with the Foreign Corrupt Practices Act (FCPA) (U.S.) and the Bribery Act 2010 (U.K.). Our policies expressly prohibit any forms of bribery, corruption, or money laundering and reaffirm our commitment to adhering to anti-bribery legislation wherever we conduct business. To ensure accountability, any employee engaging a third party is required to conduct due diligence checks, including a thorough corruption risk assessment. Our finance and administrative systems and processes are controlled to ensure the continuous observance of anti-corruption measures in all our transactions. We have an internal audit function, as well as external accounting firms, which test our controls or areas of risk and report their findings to our audit committee on a quarterly basis.

For information on complaint handling mechanisms, see our processes to remediate negative impacts and reporting mechanisms section.

## Political contributions

Our Code prohibits political contributions made on behalf of the company 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 to prevent conflicts of interest. Directors and employees must also comply with laws, as applicable in each geography of operation, that govern the acceptance of business courtesies.

Furthermore, directors and employees are required to obtain prior authorization from the compliance officer before giving anything of more than nominal value to any government employee to determine if permissible under applicable laws.

# Governance risk management

[GRI: 205-1; SASB: TC-SI-550a.2]

Our enterprise risk assessment covers multiple areas, such as legal, regulatory, reputational, client behavior, and climate change-related risks. For climate change-related risk assessment, refer to the section in this report regarding disclosures based on the TCFD framework.

## Corruption risk assessment

Our compliance officer assesses various factors to determine the due diligence required for any activity or engagement that Virtusa may pursue. Corruption risk is assessed in accordance with all applicable U.S. and foreign laws, including the FCPA (U.S.) and Bribery Act 2010 (U.K.), and takes into consideration the following: high-risk countries; the size and significance of the engagement; the company's initial involvement with vendors and third parties; and connections to government and government agencies. We conduct an annual country risk assessment to classify each country from a risk perspective, based on the relative Transparency International ranking of each location in which we operate. We also work with external counsel, outside accountants, and other advisors to accomplish the following:

- Examine fraud risk
- Conduct vendor background and reference checks
- Scrutinize relationships
- Analyze payment terms
- Assess compliance to employment law
- Evaluate tax implications
- Consider immigration matters
- Perform a general risk assessment
- Maintain ongoing compliance monitoring for existing locations

## Internal audit reviews

The primary role of an internal audit is to assess the adequacy of the company's risk management and control and governance processes as designed and represented by management. The internal audit team carries out an audit/review of the controls over financial reporting process (on an annual basis) and review of selected business processes (e.g., IT, HR, strategy, compliance, finance, and sales and delivery). These reviews are independent value-added assessments that are developed with a risk-based approach, and their objective is to identify and evaluate the established controls and processes to mitigate risks related to people, processes, technology, infrastructure, and services. The findings are reported to the audit committee as follows:

- Results of reviews of the internal controls over financial reporting are reported on an annual basis.
- Results of reviews, recommendation, and action plans for the business process selected for review are reported on a quarterly basis.





## Data privacy risk assessment

Our data privacy management team assesses the privacy risks related to the processing of personal data of employees, contractors, and vendors for data controller obligations, as well as clients' personal data for data processor obligations. Data protection impact assessments are conducted to assess Virtusa's privacy controls and ensure the appropriate processing of personal data in accordance with applicable data protection regulations in our locations of operations.

Virtusa established Privacy by Design (PbD) principles (e.g., "Lead with privacy as the default setting"), and embeds privacy into design, so that any introduction of new process, solutions, or changes in the existing process or solutions are reviewed by the privacy management team and signed off by the data protection officer. Additionally, all processing activities conducted by third parties are reviewed by the data privacy management team as part of due diligence.

## Business continuity risk assessment

Integrated into our enterprise risk management process, our business continuity management system (BCMS) is certified to ISO 22301:2019, Security and resilience — business continuity management systems.

The BCMS team carries out annual BCM risk assessments at the company, contract, asset, services, and geographic location levels. These risk assessments can happen more frequently, such as during client, external, and internal audits, in order to safeguard from risks related to people, processes, technology, infrastructure, and services.

Our comprehensive business continuity plans define how to ensure continuity of critical services during crisis events that can disrupt our business as usual (BAU) operations. Every risk has an owner who is accountable for mitigation plans. In addition, a crisis response plan is in place covering various crisis events, such as civil unrest, fires, floods, food poisonings, mass casualties, pandemics, terror attacks, active shootings, bomb threats, cyberattacks, critical IT infrastructure failures, power interruptions, mass attrition, nuclear emergencies, tsunamis, and earthquakes.

The plans outline the processes for managing crisis events and the risk owners' associated responsibilities. The BCMS team and Virtusa leadership are responsible for invoking and revoking the appropriate crisis response process in consideration of and in consultation with relevant stakeholders. Scenarios are also listed under the crisis response plans, which are tested periodically to validate their effectiveness and to make continual improvements.



# Information security

[GRI: 418-1; SASB: TC-SI-230a.2]

## Security governance at Virtusa

Virtusa is unwavering in its commitment to security governance, recognizing its central role in safeguarding our operations and upholding the trust of our clients. Our approach to security governance is comprehensive and multi-faceted.

## Information security management system (ISMS)

Virtusa has established a robust information security management system (ISMS), drawing upon industry-leading practices and standards such as ISO 27001, HITRUST, CIS Benchmarks, National Institute of Standards and Technology (NIST), and client-specific security requirements. Our ISMS forms the bedrock of our security governance, ensuring the protection of sensitive data and adherence to stringent security protocols.

## Information security forum (ISF)

Our information security forum (ISF) serves as the apex body for overseeing the implementation of the ISMS. Chaired by our chief information officer (CIO), the ISF brings together key stakeholders, including business heads, the compliance officer/general counsel, the data protection officer (DPO), and leaders of shared service functions. This forum convenes annually to review the effectiveness, suitability, and adequacy of our ISMS. The ISF's recommendations are informed by technological advancements, changes in the business landscape, strategic objectives, and evolving regulatory requirements. This ensures that our security measures are dynamic and aligned with the latest threats and challenges.



## Defense in depth strategy

At Virtusa, we believe in a proactive and multilayered approach to security. Our “defense in depth” strategy involves deploying a diverse set of security measures at various levels of our infrastructure. This forward-looking approach acknowledges the limitations of any single security measure and reinforces our defenses on multiple fronts.

## Governance framework — three lines of defense

Our governance framework is built on the foundation of three lines of defense:

**First line:** The first line of defense rests with the business and process owners who are responsible for activities that create or manage risks. This includes making calculated risk decisions and owning the design and execution of controls to address these risks.

**Second line:** An independent function housed within our business information security organization (BISO) complements the first line of defense. It brings specialized expertise, process excellence, and management oversight alongside the first line to ensure effective risk management and control implementation.

**Third line:** The security assurance team (SAT) operates as the third line of defense. SAT’s role is to validate the effectiveness and efficiency of processes and controls implemented across the organization. Their independent reports inform functional heads and facilitate the necessary corrective actions to address identified security gaps.

## Certification and external audits

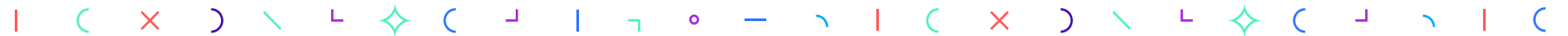
Virtusa’s commitment to security is further reinforced by our external certifications, including ISO 27001, entity-wide SOC 1\* and SOC 2\* assessments, HITRUST\*, and Payment Card Industry Data Security Standard (PCI DSS) certifications. These certifications are conducted by reputable agencies, including Big 4 firms and authorized assessors. Moreover, we undergo multiple client security audits throughout the year, validating our information security and contractual security posture. These audits serve not only to validate our commitment but also to enhance our clients’ confidence in our security framework.

We did not have any instances of client data breaches/loss of client data that had any material impact during the reporting period that ended on March 31, 2023.

★ Description of certifications: A SOC 1 report is designed to address internal controls over financial reporting, while a SOC 2 report addresses a service organization’s controls that are relevant to their operations and compliance. HITRUST (Health Information Trust Alliance) is a widely recognized framework for managing healthcare information security and privacy.



# Data privacy



## [SASB: TC-SI-230a.2]

We recognize the importance of privacy to our stakeholders. Accountability for privacy compliance sits at the highest level, with our data privacy management team responsible for maintaining the global privacy program. The program is led by the data protection officer (DPO), who is part of the strategy and legal team. The DPO is responsible for monitoring changes to the privacy landscape and maintaining compliance to privacy obligations. The DPO also acts as a point of contact for data subjects and the supervisory and regulatory authorities. The DPO is assisted by a cross-functional privacy working group, including key partners from information security, legal, human resources, and other groups.

Our privacy practices are governed by the [website privacy policy](#), which covers data collected from visitors to our corporate website, clients, visitors to our facilities, and employment candidates; and the enterprise data privacy policy, which details the privacy practices for handling personal data. Virtusa also has an established global workforce privacy notice, which governs the personal data collected from employees and contract staff. The Virtusa data privacy management framework aims to demonstrate privacy compliance and safeguards for personal data entrusted to us.

Key elements of our approach to privacy compliance include:

- Harmonizing global data privacy requirements into a company-wide set of guiding privacy principles intended to drive how it handles personal data
- Publishing and keeping updated privacy statements, internal policies, and guidance documents
- Monitoring privacy regulatory trends and improving our privacy practices
- Providing contractual support to ensure that risks associated with any data transfers are covered by appropriate contractual terms, which includes assisting the legal team in its efforts to update contract templates and improve privacy-focused contract exhibits
- Responding to requests from data subjects about their personal data
- Conducting privacy impact assessments and privacy compliance reviews of internal systems and software data processing activities, website portals, marketing initiatives, and vendor relationships
- Providing early input to enterprise application development by incorporating privacy checkpoints into formal product development plans as part of the Privacy by Design process
- Assessing privacy compliance on a periodic basis through risk-based audits by the internal audit team
- Developing and delivering a privacy-focused training and awareness program for all employees and contract staff



# Measures to ensure information security and data privacy



[SASB: TC-SI-230a.2, TC-SI-550a.2]

## External penetration program

The penetration testing program is governed by our threat assessment policy and threat assessment procedure and is administered by the office of the chief information security officer. External penetration testing is performed by a 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 that the safeguards in place are effective.

## Data loss prevention

Industry accepted data loss prevention (DLP) solutions were implemented in our DLP program to ensure that business-critical information — including client information, financial information, personally identifiable information, and personal health information — is not disclosed to external parties, unless authorized for business purposes.

The DLP program is jointly administered by the chief information security officer’s office and the information technology team.

## Security risk management

We established our security risk management process to integrate security requirements into the software development life cycle (SDLC), enterprise architecture, and our acquisition and procurement processes. Security design and architecture review, assessments against industry standards (such as OWASP\* Application Security Verification Standards , ISO 27001, and NIST standards), and application and infrastructure security testing are performed across various stages of system development and the supplier life cycle. These are used 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 19770-1. Periodic assessment of our compliance is evaluated using an independent consulting firm.

## Periodic auditing

Our security assurance team (SAT) conducts periodic audits of the information technology infrastructure and the information security framework based on risks and requests. SAT reports are provided to the head of enterprise cloud and infrastructure services for taking correction and corrective actions. The overall security posture and the key security metrics are presented to our board.

\* The Open Worldwide Application Security Project (OWASP) is an online community that produces freely available articles, methodologies, documentation, tools, and technologies in the field of web application security. The OWASP Top 10 is a standard awareness document for developers and web application security. It represents a broad consensus about the most critical security risks to web applications.

## Vendor security risk management

At Virtusa, our vendor security risk management policy outlines the security obligations, controls, and best practices that vendors must adhere to when providing services to our organization.

### Vendor life cycle management

Our vendor management team, part of the finance team, is responsible for the end-to-end management of vendors. They oversee vendor onboarding, ongoing monitoring, and offboarding processes.

### Categorizing vendor engagements

Vendor engagements are categorized as high, medium, or low risk, depending on the level of access vendors have to our data and where data is hosted. Vendors are required to demonstrate compliance with the specific requirements corresponding to their category.

### Security assessment and compliance

The vendor security risk management team conducts assessments of vendor information and cybersecurity practices. Additionally, they execute information security addendums that specify the security requirements vendors must meet.

### Ongoing audits and reviews

Throughout the vendor relationship, our organization conducts regular audits and reviews to ensure that vendors adhere to our vendor security risk management framework, reinforcing our commitment to maintaining a secure vendor ecosystem.

# Business continuity management system

Virtusa has a robust business continuity management framework aligned and certified for ISO 22301:2019 (Security and resilience — business continuity management systems). The BCMS program is strengthened rigorously with continual improvements in line with ISO 22301:2019, ISO 27001, ISO 45001, HITRUST, NIST, industry best practices, and client contractual requirements.

The program is managed by a dedicated BCMS team comprised of trained and certified professionals. The BCMS team collaborates with the stakeholders from internal functions and delivery units and is under the supervision of the BCM head, who reports to the chief risk officer. Our BCM management forum, consisting of officers and leaders from all internal services and delivery, oversees the program at the organizational level. In line with the ISO 22301 requirements, Virtusa maintains plans and processes for business continuity, disaster recovery, and crisis management at the operational level.



# Supply chain management

[GRI: 204-1, 308-1, 414-1]

We understand that evaluating and minimizing risks in our supply chain is important to ensuring a sustainable supply chain. As such, we have implemented policies and processes and engage with our suppliers to ensure a more sustainable supply chain. These processes and engagement mechanisms are described in the sections that follow. Accountability for executing our procurement strategy begins with our local and regional procurement teams and ultimately resides with our chief financial officer.

Our policy is to build relationships with local suppliers at all locations of operations unless the supplier is not able to meet our expected service levels. For details of spending on local suppliers, see the databook. There have been no significant changes to our supply chain during the reporting period.

## Supply chain engagement

We engage with suppliers through the following methods:

- **Onboarding:** We engage with our supply chain at onboarding to ensure that all new suppliers meet our sustainability requirements. In FY23, we introduced a new supplier portal at <https://www.virtusa.com/suppliers> with the goal to enhance the efficiency of our onboarding process. All new vendors, apart from government entities, tax authorities and those with approved exceptions, are now required to complete their registration through this portal. The registration process for government entities, tax authorities, and other special cases is managed by our procurement team.
- **Supplier sustainability survey:** The survey covers environmental management, labor and health and safety, business ethics and supply chain management. In FY23, we shared the survey with 66% of our facilities suppliers in India and Sri Lanka, which amounted to 15% of all suppliers in FY23. We plan to expand the survey to all Tier 1 suppliers based on spend. We also plan to move to an online platform to manage our supplier survey and ensure that the sustainability assessments of our suppliers are on par with industry best practices. As a result, we are in the process of evaluating online platforms for supplier sustainability assessment/engagement.

In addition, we engage with suppliers, as required, throughout our relationship with them. We collaborate with our suppliers and contractors to continuously improve our procurement process, identify hazards, and assess and control occupational health and safety risks.



## Procurement process and management

Risk assessment is built into multiple touchpoints in the vendor relationship, starting from the vendor assessment stage. Our comprehensive vendor evaluation/risk assessment process varies depending on the type of service or product and includes evaluations for aspects such as user safety or climate change impact. For example, IT equipment must meet EPEAT standards for energy efficiency.

Because Virtusa is an IT consulting company, information security and data privacy are high-risk areas, and as such, the vendor registration process contains evaluations for vendor adherence to information security, data privacy, and business continuity standards for applicable products and services. As part of the evaluation process, checklists are used to assess risks with a rating level of low, medium, and high.

At onboarding, suppliers must confirm that they will adhere to all relevant laws and regulations including those on ethics and labor by accepting our policies, namely the supplier data privacy policy addendum, the anti-corruption and anti-bribery policy, the information security policy, supplier guidelines, and other relevant policies. As a result, almost all targeted suppliers have contracts that include clauses on ethics requirements.

During service provision, the checkpoints to ensure that suppliers adhere to laws and regulations are tailored to the specific service area. For example, vendors 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).

While on-site audits are limited due to the nature of our business, in some geographies, such as India, applicable suppliers are required to undergo audits on labor practices to ensure compliance with legal requirements. For example, we ensure compliance with the Contract Labour (Regulation and Abolition) Act (CLRA), 1970 (India). We engage experienced external compliance partners to conduct these online vendor audits. Areas assessed during these audits include privacy, compliance with legal requirements for documentation, and workplace conditions, such as minimum wage requirements. Due to the remote work policy that has been in effect for the past few years, many of the contractors were not retained. The last audits conducted in FY21 covered 100% of the 58 eligible suppliers. With the increase in return to office (RTO), this number may change.



# Our board





# Governance structure and composition



[GRI: 2-9, 2-11, 2-17, 405-1]

Virtusa's board of directors is responsible for establishing internal controls and a corporate governance structure, which includes overseeing the management of the company's risks and the implementation of the company's corporate governance policies and code of ethics. The board of directors' role in overseeing the management of the company's risks is accomplished primarily through management's reporting processes, including receiving regular reports from members of senior management on areas of material risk to the company. These areas include operational, financial, legal, regulatory, and sustainability matters. They also cover strategic and reputational risks and assessments and prioritization of such risks.

Our board of directors provides oversight of the recommendations of management and associated timelines to identify and assess the severity of enterprise risks, determine the prioritization of such risks, and develop action plans to mitigate these risks. The standing committees of our board of directors, according to the respective charters, also represent a key element of enterprise risk management.

The board of directors has the following standing committees: the audit, risk and finance committee (audit committee), and the nomination and remuneration committee (NRC). Our audit committee focuses on risks and issues related to accounting, internal controls, financial and tax reporting, and cybersecurity issues. The audit committee monitors the company's compliance with legal and regulatory requirements and overall risk management, including conflicts of interest, related person transactions, and adherence to standards of ethical conduct.

The NRC identifies and oversees risks and issues associated with our executive compensation policies and practices. The NRC determines and makes recommendations to the board of directors regarding the hiring, assessment, promotion, and compensation of the executive officers, as well as the compensation and composition of the board of directors.

These committees are ultimately subject to the oversight and direction of the full board of directors and report directly to the board of directors on these matters.

As of March 31, 2023, our board of directors consisted of seven directors:

- One non-executive, independent board chair
- One executive, non-independent director
- One non-executive, independent director
- Two non-executive, non-independent directors (sponsor directors)
- Two non-executive, non-independent directors (investor directors)

The executive director is our chief executive officer, who serves as the vital link between the board of directors and other members of our management team.

Our board is led by a non-executive, independent director whose position is separated from the chief executive officer. This structure ensures that the CEO can focus on executing Virtusa's strategic plans and preserves the chair's independence in oversight of duties.

Our board of directors is 14% female and 86% racially/ethnically diverse (100% diverse overall). The profiles of our directors are available on our company website at: <https://www.virtusa.com/board-of-directors>.

# Nomination and selection of the highest governance body

[GRI: 2-10]

The board of directors is responsible for selecting its members. The NRC leads the nomination and selection process for appointing directors and identifies the candidates in consultation, as needed, with strategic advisors. Once the candidates have been identified, the NRC recommends prospective director candidates for the board’s consideration and reviews the candidates’ qualifications with the board.

In identifying prospective director candidates, the NRC may consider all facts and circumstances that it deems appropriate or advisable, including the skills of the director candidate, the depth and breadth of business experience or other background characteristics, their independence, and the needs of the board. The board retains the ultimate authority to select a candidate as a director or to fill any vacancy.

We do not have a formal diversity policy. However, as part of its evaluation of director candidates, and in addition to other standards, the NRC may consider whether each candidate, if selected, assists in achieving a diverse mix of board members.

# Conflicts of interest

[GRI: 2-15]

Please see the conflicts of interest section of our code of business conduct and ethics, which is available on our website: <https://www.virtusa.com/about/corporate-compliance>.

For disclosures of other board memberships held by our board of directors, please see our board of directors’ profiles on our company website: <https://www.virtusa.com/board-of-directors>.



## Communication of critical concerns

[GRI: 2-16]

As part of our annual ethics and compliance communication plans, Virtusa provides all its employees with information regarding the confidential and anonymous concern hotline.

The hotline is available 24 hours a day, seven days a week, on our corporate website: <https://www.virtusa.com/about/corporate-compliance>.

Hotline reports can be made anonymously and are handled to protect the reporting person's confidentiality, subject to applicable laws, rules, regulations, or legal proceedings. Furthermore, the company expressly forbids any retaliation against any party who, in acting in good faith, reports suspected misconduct to the hotline.

Our general counsel, who also acts as our compliance officer, reviews and investigates all hotline calls (to which the audit committee also has access) and may include the engagement of external counsel and other advisors as needed. The general counsel provides quarterly hotline reports and updates to the audit committee, including the reported complaints and the actions taken concerning the raised matters.



# Remuneration policies and process

[GRI: 2-19, 2-20]

The NRC is responsible for establishing and administering our policies governing our executive officers' compensation. The NRC reviews all compensation components for our executive officers, including salaries, bonuses, and equity incentive compensation. Our executive compensation program is designed to motivate and reward our executive officers' contributions and performance and to encourage attraction and retention. Emphasis is placed on pay-for-performance results, which reward our executives when the company achieves certain financial and business goals or creates shareholder value and results in reduced executive compensation in the event that we do not achieve our business and shareholder value goals.

The NRC conducts an annual review and approval of corporate goals and objectives relevant to the compensation of our executive officers; evaluates the executive officers' performance considering those goals and objectives; and determines and recommends the compensation level for each executive officer to the board of directors for approval based on this evaluation.

Our executive compensation program contains a mix of the following compensation elements: base salary, annual incentive awards, and long-term incentives to create a competitive compensation package for our executive management team.

In assessing the compensation components paid to our executive officers, the NRC considers the following, as appropriate:

- Company financial performance
- Industry benchmarking for competitive salaries, bonus, and value of similar incentive
- The executive's historical compensation at the company
- The executive's total compensation
- Input from our chief executive officer with respect to the compensation of his direct reports

The director's compensation is reviewed and approved annually by the NRC. The company's executive officers do not receive additional compensation for their service as directors. Directors affiliated with our sponsor are not separately compensated for their board service.



# Partnerships



## Membership in associations

### [GRI: 2-28]

We are members of the following organizations:

- American Chamber of Commerce
  - India
  - Sri Lanka
- Biodiversity Sri Lanka (BSL)
- Central Environment Authority of Sri Lanka — waste management program
- Ceylon Chamber of Commerce (CCC)
- Society for Cyberabad Security Council (SCSC)
  - Secretary general since 2019
- Indian Green Building Council (IGBC)
- National Association of Software and Services Companies (NASSCOM)
- Hyderabad Software Enterprises Association (HYSEA)
- Sri Lanka Association of Software and Service Companies (SLASSCOM)
  - Member of the ESG Committee
- United Nations Global Compact (UNGC)
  - Network USA
  - Network Singapore
  - Network Sri Lanka
    - Member of the Steering Committee since 2010
    - Board member since 2011
    - Business & Human Rights Working Group
    - Member of the Climate Emergency Task Force (CETF)
    - Member of the Gender & Diversity Working Group
    - Member of the water stewardship working group
  - Network India
  - Network U.K.
  - Network Australia

## UN Global Compact

Virtusa has been a signatory and a member of the United Nations Global Compact (UNGC) since 2008. We embody and practice the 10 Principles through our management approach to sustainability and sustainable business. Read more about the 10 Principles of the UN Global Compact [here](#).

We have been on the Steering Committee of the Sri Lanka Network since 2010. A member of our leadership represents Virtusa on the board of directors of the Network, and we continue to support and encourage the uptake of shared best practices in Sri Lanka through both the Network and the UN Global Compact Principles. We also actively take part in multiple working groups that communicate sustainability principles to corporations in Sri Lanka. These working groups include the Business & Human Rights Working Group, the Climate Emergency Task Force (CETF), and the Gender & Diversity Working Group.

In FY23, we joined the UN Global Compact Sri Lanka water stewardship working group, in which Virtusa currently serves as a board advisor. This engagement aims to address water-related challenges and achieve sustainable water management. As members of the working group, we focus on operationalizing the six commitment areas, including conducting a water footprint assessment and reporting outcomes in the UN Global Compact Communication on Progress (CoP) to demonstrate transparency and accountability in water-related initiatives.





# UN Sustainable Development Goals

Virtusa is committed to supporting the UN Sustainable Development Goals. We identified Goals 3, 5, 8, 12, 13 and 16 as high-priority and Goals 4, 6, 7, 9, 15 and 17 as moderate priority based on materiality to our business.

Listed below are the Sustainable Development Goals that are relevant to our reporting.

Sustainable development goals	Sections
Goal 3: Good Health and Well-Being	<ul style="list-style-type: none"> <li>Social — Occupational health and safety (pages 45-46)</li> </ul>
Goal 4: Quality Education	<ul style="list-style-type: none"> <li>Social — Learning and development (pages 42-44)</li> </ul>
Goal 5: Gender Equality	<ul style="list-style-type: none"> <li>Social — Diversity and inclusion (page 39)</li> <li>Databook — People data (pages 13-14)</li> </ul>
Goal 6: Clean Water and Sanitation	<ul style="list-style-type: none"> <li>Environment — Water (page 34)</li> <li>Databook — Water (page 10)</li> </ul>
Goal 7: Affordable and Clean Energy	<ul style="list-style-type: none"> <li>Environment — Emissions (pages 31-32) , Energy (page 33)</li> <li>Databook — Goals and performance (page 3), Emissions (pages 4-7), Energy (pages 8-9)</li> </ul>
Goal 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> <li>Social (pages 37-46)</li> <li>Governance — Supply chain management (pages 57-58)</li> <li>Databook — People data (pages 13-14)</li> </ul>
Goal 9: Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> <li>Social — Engineering for good (page 70 )</li> </ul>
Goal 12: Responsible Consumption and Production	<ul style="list-style-type: none"> <li>Environment — Waste (page 35)</li> <li>Databook — Goals and performance (page 3), Waste (page 11)</li> </ul>
Goal 13: Climate Action	<ul style="list-style-type: none"> <li>Environment — Emissions (pages 31-32)</li> <li>Databook — Goals and performance (page 3)</li> </ul>
Goal 15: Life on Land	<ul style="list-style-type: none"> <li>Partnerships — Membership in associations (page 65), Biodiversity commitments (pages 67-69)</li> </ul>
Goal 16: Peace, Justice and Strong Institutions	<ul style="list-style-type: none"> <li>Governance (pages 47-57)</li> </ul>
Goal 17: Partnerships for the Goals	<ul style="list-style-type: none"> <li>Partnerships — Membership in associations (page 65)</li> </ul>

# SLASSCOM ESG committee

In 2021, the Sri Lanka Association of Software and Service Companies (SLASSCOM) initiated a program to encourage its member companies to adopt ESG as a business strategy toward making Sri Lanka a green energy information technology/business process management (IT/BPM) destination. As a member company that is considered to have pioneered sustainability adoption in the Sri Lankan IT industry, we developed an ESG starter kit for leadership teams and employees of software and IT organizations in the SLASSCOM network to initiate their sustainability journey. The starter kit focused on how to drive sustainability in the software industry. In 2021, Sri Lanka’s IT industry recorded a revenue of \$1.2 billion, contributing 8% of the country’s total exports. This was the highest revenue on record for the industry and demonstrates the potential for leveraging IT to drive exports, employment, and economic growth in a country facing an economic crisis. The ESG starter kit has been rolled out to 310 companies (large, medium, and small enterprises, and startups).





# Biodiversity commitments

[GRI: 304-3]

As our activities and operations have a low impact on biodiversity, we do not consider this topic to be of high material impact. However, given the importance of biodiversity in maintaining a balanced ecosystem, we have invested in multiple biodiversity restoration projects.

## Kanneliya-Dediyagala Nakiyadeniya Biosphere Reserve restoration project

In FY23, Virtusa signed a memorandum of understanding (MOU) with Biodiversity Sri Lanka (BSL) to continue supporting Phase III of the forest restoration program, titled "LIFE," to ensure that the gains made in Phase II are continued.

The project aims to restore 12 hectares of degraded land in the Kanneliya-Dediyagala Nakiyadeniya Biosphere Reserve, which has been designated as a biosphere reserve by UNESCO. Prior to restoration, the site had been cleared for cultivation and then deserted, resulting in the invasion of a fern species (*Dicranopteris linearis*) and decreased flora and fauna; the baseline biodiversity survey found that the adjacent rainforest harbored 154 floral species, whereas only 34 species were found in the restoration site.

During Phase II (2018-2022), the restoration site saw significant plant growth. Structural changes that occurred with the progress of forest restoration created new habitats, thereby attracting several new species previously not recorded, which included butterflies, dragonflies, and birds.

### Phase II outcomes

- Twenty-six butterfly species were observed inside the restoration site, and 14 frugivorous bird species were recorded by the end of the project's fourth year.
- Three new reptile species, including two arboreal snake species (the green vine snake and the Boulenger's bronzeback) and a ground-dwelling species of skink (the Sri Lanka golden skink), were observed.
- At least 90 new faunal species have appeared in the restored area and in the natural forests. These species included four land snail species, nine dragonfly species, 14 butterfly species, six amphibian species, 12 reptile species, 35 avian species, and 10 mammal species.
- This project created significant employment opportunities for the surrounding communities, strengthening the local economy.

### Contribution to national and international targets

- United Nations Strategic Plan for Forests 2017-2030
- The Bonn Challenge
- Convention on Biological Diversity (CBD), post-2020 global biodiversity framework
- United Nations Framework Convention on Climate Change (UNFCCC)
- UN Sustainable Development Goals (SDGs)
  - Goal 13: Climate Action
  - Goal 15: Life on Land
  - Goal 17: Partnerships for the Goals
- Nationally determined contributions (NDCs) to the UNFCCC
- National Biodiversity Strategy and Action Plan (NBSAP)





## Wake the Lake project

Ranglal Kunta Lake is a prominent water body located in Hyderabad, India. The lake covers an area of 3.5 acres and has a rich history that dates back several decades. It served as a vital water source for nearby communities and has historically been an integral part of the city's heritage. Over the years, the lake has faced numerous challenges due to urbanization and encroachments, leading to environmental degradation and a decline in its overall condition.

Virtusa is currently addressing the issues of plastic pollution and harmful weed infestation in the lake. Given the significant shoreline erosion, the Wake the Lake project will aim to desilt the lake and establish a protective boundary. This project will enhance the lake's capacity while laying the foundation for subsequent stages, including the restoration of the lake's inlets and outlets and the construction of natural wetlands for long-term ecological improvement.

### Project goals

- Improvement of the lake ecosystem against the baseline
- Decrease in foul odor emanating from the lake
- Increase in the amount of diverse flora and fauna around the lake
- Improvement in water quality, which will be certified and acknowledged by the technical partners
- Community members contributing time and resources toward lake restoration-related activities

### Contribution to national and international targets

- UN Sustainable Development Goals (SDGs)
  - Goal 13: Climate Action
  - Goal 14: Life Below Water
  - Goal 15: Life on Land
  - Goal 17: Partnerships for the Goals



## Life to Our Mangroves project

In 2023, Virtusa signed a memorandum of understanding (MOU) with Biodiversity Sri Lanka (BSL) and became a partner in the Life to Our Mangroves program. As “the lungs of the sea,” mangrove ecosystems provide critical services for global biodiversity. Mangrove forests are facing threats from human activities such as deforestation, shrimp farming, and pollution. Mangrove ecosystems comprise a mere 0.23% of the total land area in Sri Lanka. About 21 real mangrove species and several mangrove associated floras, which represent one-third of the diversity of mangrove species worldwide, are found in Sri Lanka. Therefore, there is increased focus on the conservation and wise use of mangrove ecosystems.

Under guidance from the Department of Wildlife Conservation (DWC) in Sri Lanka, BSL and its member companies are implementing a five-year mangrove restoration project as a nature-based solution. The activities throughout the project will adhere to the requirements outlined by the International Union for Conservation of Nature’s (IUCN) global nature-based solutions standard.

### Contribution to national and international targets

- UN Sustainable Development Goals (SDGs)
  - Goal 1: No Poverty
  - Goal 13: Climate Action
  - Goal 14: Life Below Water
  - Goal 15: Life on Land
  - Goal 17: Partnerships for the Goals
- Nationally determined contributions (NDCs) to the UNFCCC
- The Blue Carbon Initiative





# Engineering for good

## [GRI: 203-1]

Virtusa believes that our technology can create positive social impact in our communities and provide indirect economic benefits through our corporate social responsibility (CSR) projects. These benefits include contributing to the advancement of science, technology, engineering, and mathematics (STEM) education at the university level in the countries where we operate; creating a more digitally inclusive society; and using our digital engineering expertise to develop technical solutions for non-governmental organizations (NGOs).

The Virtusa Foundation was founded to formalize our social responsibility strategy and bring all of our CSR initiatives under one umbrella.

Through our mission to build more equitable communities, we partner with universities in India and Sri Lanka to help the next generation of IT professionals become workforce-ready and contribute to the industry's growth. We have created Centers of Excellence (CoEs), which enable us to partner with colleges to develop IT curricula, support and train their faculty, and award sponsorships. In the United States, Virtusa has been a partner and sponsor for STEM initiatives at several universities. Our efforts support Goal 4 (Quality Education) and Goal 17 (Partnerships for the Goals) of the UN Sustainable Development Goals.



## FY23 corporate social responsibility projects

Corporate social responsibility projects carried out in FY23 are listed below.

Project/organization	Project overview
Buddy For Study	We provided Engineering First scholarships for 50 engineering undergraduates across Chennai, Hyderabad, and Pune.
Donations to Rajasinghe Maha Vidyalaya	Rajasinghe Maha Vidyalaya, a school located in front of Virtusa's Colombo office, provides a safe environment and learning opportunities for 600+ students of low-income families who are otherwise at risk of dropping out and being subjected to child labor. Over the last 10 years, Virtusa has supported Rajasinghe Maha Vidyalaya through multiple initiatives such as donating equipment for a mathematics lab and basketball court. In FY23, in response to a request from the school, we donated stationery to be awarded to students at the school's prize-giving ceremony.
School kit donations	Virtusa donated 3,000 school kits in Chennai and Hyderabad, focusing on supporting low-income school children. Additionally, we donated 1,500 school bags to low-income primary school students in Bangalore. The school bags contained notebooks and geometry boxes for students from Grade 5 and above, along with stationary kits for primary students.
Vehicle donation	Virtusa donated a Force Traveller vehicle for use as a school bus for children with disabilities. The bus helped these children attend academic programs at the Centre for Special Education.

Buddy For Study



Donations to Rajasinghe Maha Vidyalaya



School kit donations



Vehicle donation





National Hospital for Respiratory Diseases of Sri Lanka



Rotary Bangalore Lakeside Charitable Trust



United Way of Hyderabad



## Supporting access to healthcare

Project/organization	Project overview
Health services in Chengalpattu	Virtusa donated three minibuses and two trucks for an initiative that provides at-home medical checkups for low-income families in rural and urban areas in the Chengalpattu district of Tamil Nadu. The vehicles will transport doctors, nurses, and medics; it will also transport medicine.
National Hospital for Respiratory Diseases of Sri Lanka	Virtusa donated two oxygen concentrators to the National Hospital for Respiratory Diseases of Sri Lanka. The two oxygen concentrators were purchased in 2021 as a precautionary measure against Covid-19. As the world slowly progressed to overcome the challenges of the pandemic, Virtusa opted to donate these units to the National Hospital for Respiratory Diseases, where they would be used for those who need them the most.
Rotary Bangalore Lakeside Charitable Trust	<p>Donated medical equipment to Kidwai Memorial Institute of Oncology in Bangalore. On average, the institute provides bone marrow transplants to approximately 20 patients per month, most of whom live below the poverty line.</p> <p>The donated equipment includes a Spectra Optia Apheresis system for efficient stem cell collection and a liquid nitrogen cryogenic storage system to store stem cells.</p>
United Way of Hyderabad	Virtusa sponsored the construction of a 30-bed hospital, which was founded in FY22. The hospital will provide access to quality healthcare for low-income residents in 20 villages in Motakondor mandal.



## Supporting our communities

Project/organization	Project overview
Beach cleanup at Mount Lavinia Beach, Sri Lanka	Virtusa Colombo participated in the open-beach cleanup program organized by the National Zoological Gardens and the Young Zoologists' Association of Sri Lanka. Virtusa lent a hand to remove plastics, microplastics and other waste, which amounted to 250 kilograms across a one-kilometer stretch of the Dehiwala-Mount Lavinia beach. The collected waste was sent for responsible recycling and disposal.
Environmental Foundation of India	As part of World Environment Day, Virtusa partnered with the Environmental Foundation of India (EFI) to organize a coastal cleanup and marine conservation drive with over 100 volunteers. This initiative raised awareness around marine ecology conservation and the removal of plastic and garbage from beaches. As a result, volunteers collected 80 bags and removed 100 kilograms of trash from the coastal area.
Extended producer responsibility (EPR)	<p>Virtusa developed an online extended producer responsibility (EPR) reporting system for plastic waste management and recycling in Sri Lanka.</p> <p>The platform enables businesses dealing with materials like polyethylene terephthalate (PET) and high-impact polystyrene (HIPS) to report plastic waste collection and monitor the fulfilment of EPR commitments and collect-back targets. The system also helps regulatory authorities assess the progress of plastic waste collection. This project was carried out in partnership with Biodiversity Sri Lanka, the Ceylon Chamber of Commerce, the Central Environmental Authority (CEA) in Sri Lanka, and the U.S. Agency for International Development (USAID).</p>
Rotary Bangalore Lakeside Charitable Trust	Virtusa donated solar lamps to support 600 families residing in tribal communities in Chamarajanagar, Karnataka. This initiative aims to offer access to solar power, addressing the critical lack of electricity in the community.
Rotary RMV Welfare Foundation	Virtusa initiated a sapling plantation drive at Rotary Bengaluru HSR Sundhara Vana, Kommasandra Village, and 54 volunteers participated. In total, volunteers planted 48 saplings, including fruit-, flower-, and timber-bearing plants.

Beach cleanup at Mount Lavinia Beach, Sri Lanka



Environmental Foundation of India



Extended producer responsibility (EPR)



Rotary Bangalore Lakeside Charitable Trust



Rotary RMV Welfare Foundation



# Disclosures based on TCFD framework

This section details our responses to the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Information in this section is based on Virtusa’s CDP Climate Change 2023 response and specific sections of our FY23 Sustainability report.

Topic	Recommended disclosure	Response and references	Further information
<b>Governance:</b> Disclose the organization’s governance around climate-related risks and opportunities.	a. Describe the board’s oversight of climate-related risks and opportunities.	<p>In FY22, Virtusa’s board set up an environmental, social, and governance (ESG) committee to develop and execute our sustainability strategy. The ESG committee is overseen by the board of directors and includes high-level positions within the organization:</p> <ul style="list-style-type: none"> <li>Two board directors: chief executive officer and audit committee chairperson.</li> <li>Executive team members: chief financial officer, chief strategy officer, compliance officer/general counsel, and global head of facilities and sustainability.</li> </ul>	<b>Sustainability report:</b> <ul style="list-style-type: none"> <li>Governance</li> <li>Board of directors</li> </ul> <b>CDP Climate Change 2023 response:</b> <ul style="list-style-type: none"> <li>(C1.1a, C1.1b) Board-level oversight of climate-related issues.</li> <li>(C1.2) Highest management-level positions or committee(s) with responsibility for climate-related issues.</li> </ul>
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The ESG committee’s purpose is to support Virtusa’s sustainability commitments, including our response to climate change. It is responsible for overseeing and managing the embedment of sustainability into our business strategy, and the approval of sustainability-related communications. The Committee is the ultimate decision-making body for Virtusa’s sustainability programs and policies.</p> <p>In FY22, the ESG committee was responsible for the approval of the sustainability objectives, goals, strategies, and measures (OGSM) that sets out our sustainability strategy from 2021 to 2030. The most important climate-related decisions made by the committee in FY23 were signing off on Virtusa’s Science Based Targets initiative (SBTi) Net-Zero Standard commitment and approving the FY22 ESG report, which adhered to the Global Reporting Initiative (GRI) “with reference” approach, the Sustainability Accounting Standards Board (SASB) Software &amp; IT Services sector standards, and the TCFD recommendations. The FY22 report was our first to report against the TCFD.</p> <p>Apart from the ESG committee, our management company, EQT AB, actively provides guidance on our climate change program and sustainability strategy. For example, EQT AB monitors the existence of a sustainability champion on the board of a portfolio company, and of provided training that ensures accountability.</p> <p>Climate-related risks are integrated into Virtusa’s enterprise risk management process. Risks impacting our company, and the controls that are already in place or proposed, are presented to the executive team and board of directors as needed (quarterly, if possible; annually, at a minimum) by the chief strategy officer.</p>	



Topic	Recommended disclosure	Response and references	Further information
<b>Strategy:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>We use our enterprise risk management and business continuity management systems (BCMS) to determine which climate-related risks and opportunities could have a substantive strategic or financial impact.</p> <p>Any climate-related risk that has the potential to have a financial impact of at least 1 million USD on net profit is considered substantive. In addition, anything that impacts our ability to continue operating as normal is considered as having substantive financial or strategic impact, especially if the risk would affect the following aspects:</p> <ol style="list-style-type: none"> <li>1. Employee health and safety</li> <li>2. Client delivery</li> <li>3. Infrastructure and operating margins</li> </ol> <p>Virtusa has identified climate-related risks to our direct operations that have the potential to have a substantive financial or strategic impact over the short-term (1-3 years), medium-term (3-10 years) and long-term (10-30 years) time horizons, including:</p> <ol style="list-style-type: none"> <li>1. Acute physical risk, such as the increased prevalence and severity of cyclones and flooding in India and Sri Lanka (short term), which have been considered in previous risk analyses and will be included in the new climate scenario analysis</li> <li>2. Emerging regulation risks, including evolving carbon pricing schemes, such as those which could be implemented by nationally determined contributions (NDCs) in India (medium term)</li> <li>3. Chronic physical risks and their impacts, such as resource shortages; for example, droughts lead to water shortages, which pose a risk to our operations, including data center operations (long term)</li> </ol> <p>We have also identified potentially material climate-related opportunities, including:</p> <ol style="list-style-type: none"> <li>1. Cost and resource efficiency, which we aim to realize through investing in energy efficient lighting, HVAC systems, and renewable energy (short term)</li> <li>2. Increased demand for our products and services related to sustainability, which we realize through developing our ESG and sustainability-related services for clients and leveraging advanced technologies and partnerships (medium term)</li> </ol>	<b>CDP Climate Change 2023 response:</b> <ul style="list-style-type: none"> <li>• C2.1b) Definition of substantive financial or strategic impact on your business.</li> <li>• (C2.2) Process(es) for identifying, assessing and responding to climate-related risks and opportunities.</li> <li>• (C2.3a, C2.4a) Climate-related risks (and opportunities) with the potential to have a substantive financial or strategic impact.</li> <li>• (C3.3) Where and how climate-related risks and opportunities have influenced your strategy.</li> </ul>

Topic	Recommended disclosure	Response and references	Further information
	<p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Climate-related risks and opportunities have:</p> <ol style="list-style-type: none"> <li>1. Impacted our strategy in products and services, supply chain and value chain, investment in R&amp;D, and operations</li> <li>2. Influenced our financial planning through our revenues, direct and indirect costs, capital expenditures and allocation, acquisitions and divestments, access to capital, and assets. For example, in recent years, we have seen more clients and investors requesting information on our sustainability performance and what we disclose to CDP. Clients who request data from us on sustainability performance accounted for approximately 52% of our revenue in FY23, so failure to show leadership in climate change management could impact our revenue in the short and medium terms (1-10 years).</li> </ol> <p>In January 2023, we committed to the Science Based Targets initiative (SBTi) and plan to submit a target in the prescribed 24 months. To support our transition to a low-carbon economy, we are in the process of selecting a vendor to assist with our climate scenario analysis and develop a transition plan that aligns with a 1.5°C world. These efforts are part of our sustainability objectives, goals, strategies, and measures (OGSM), which outline our sustainability strategy from 2021 to 2030.</p>	<p><b>CDP Climate Change 2023 response:</b></p> <ul style="list-style-type: none"> <li>• (C2.3a, C2.4a) Climate-related risks (and opportunities) with the potential to have a substantive financial or strategic impact.</li> <li>• (C3.1) Transition plan that aligns with a 1.5C world.</li> <li>• (C3.2a, C3.2b) Use of climate-related scenario analysis.</li> <li>• (C3.3) How climate-related risks and opportunities have influenced strategy.</li> <li>• (C3.4) Where and how climate-related risks and opportunities have influenced financial planning.</li> </ul>



Topic	Recommended disclosure	Response and references	Further information
<b>Risk management:</b>  Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks.  b. Describe the organization's processes for managing climate-related risks.  c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>Climate-related risks are integrated into Virtusa's enterprise risk management process. The risk assessment is managed under our business continuity risk assessment, guided by ISO 22301, and reported to the chief risk officer, who reports to the chief strategy officer. Enterprise risk management assessments are conducted annually and business continuity assessments are conducted more frequently.</p> <p>Virtusa's climate-related risk management system covers all stages of the value chain, all time horizons, and a range of risk types. Acute and chronic physical, current, and emerging regulatory, legal, and reputational risks are always included in our climate-related risk assessments. Technology and market risks are sometimes included in our climate-related risk assessments.</p> <ol style="list-style-type: none"> <li>1. Enterprise risk assessment: Our risk management team conducts risk assessments at a company-wide level annually to obtain a good understanding of the company's associated risks; evaluates potential impacts, the likelihood of occurrence, and the effectiveness of the existing risk mitigation strategy; and, along with the relevant functional team, develops plans to monitor, manage and mitigate these risks.</li> <li>2. Virtusa performs a comprehensive business continuity risk assessment covering risks at the company, contract, assets, services, and geographic location level. This risk assessment is carried out periodically. Climate-related risks and opportunities are assessed based on their magnitude, likelihood, and our exposure to determine if they have the potential to have a substantive financial or strategic impact on our operations. Additionally, Virtusa monitors the risks of human-made and natural crisis events on an ongoing basis to ensure minimum/null impact to Virtusa staff, resources and services.</li> </ol> <p>Once risks have been assessed, and it is determined whether they have a substantive financial impact (at least 1 million USD of net profit) or strategic impact on Virtusa's operations, one of the following routes is taken to manage the identified risks:</p> <ul style="list-style-type: none"> <li>• Company-level: The BCMS plans indicate how to recover operations disrupted by physical climate-related risks, such as extreme weather events. Mitigation and adaptation strategies are implemented to limit the impact on operations.</li> <li>• Asset-level: We conduct site-specific assessments using the risk management framework. Every risk has an owner who is accountable for mitigation plans.</li> </ul>	<b>CDP Climate Change 2023 response:</b> <ul style="list-style-type: none"> <li>• (C1.1b) Further details on the board's oversight of climate-related issues.</li> <li>• (C2.1b) Definition of substantive financial or strategic impact on your business.</li> <li>• (C2.2) Processes for identifying, assessing, and responding to climate-related risks and opportunities.</li> <li>• (C2.2a) Risk types considered in climate-related risk assessments.</li> </ul>

Topic	Recommended disclosure	Response and references	Further information
<p><b>Metrics and targets:</b></p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>Virtusa uses a range of metrics to measure and manage climate-related risks and opportunities, including our greenhouse gas (GHG) emissions and energy figures, water usage, and performance-related metrics for remuneration.</p> <p>Our sustainability team is responsible for monitoring these metrics and presenting to leadership to track progress against our sustainability OGSM. In accordance with our sustainability OGSM, in January 2023, we committed to the SBTi Net-Zero Standard and aim to set near- and long-term company-wide emission reductions targets. In line with this strategy, we have set a new target to increase low-carbon energy consumption to 100% by 2040.</p> <p>Virtusa tracks additional climate-related metrics, including energy per square foot per month and kiloliters of water consumption per employee per month.</p> <p>Virtusa provides both monetary and non-monetary benefits as incentives for behavioral change and attainment of targets related to climate change management. We do not have an internal price on carbon, but we intend to set one in the next two years.</p>	<p><b>Sustainability report:</b></p> <ul style="list-style-type: none"><li>• Environment</li></ul> <p><b>Databook:</b></p> <ul style="list-style-type: none"><li>• Environmental performance data</li></ul> <p><b>CDP Climate Change 2023 response:</b></p> <ul style="list-style-type: none"><li>• (C1.3a) Incentives provided for the management of climate-related issues.</li><li>• (C4.2a, C4.2b) Other climate-related targets.</li><li>• (C9.1) Provide any additional metrics relevant to your business.</li></ul>





Topic	Recommended disclosure	Response and references	Further information
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<p>FY23 emissions figures (in metric tons CO<sub>2</sub>e):</p> <ul style="list-style-type: none"> <li>• Scope 1: 1,045.602</li> <li>• Scope 2 (location-based): 9,524.632</li> <li>• Scope 2 (market-based): 9,480.965</li> <li>• Scope 3: 51,974.517</li> <li>• Scope 3: 61,897.956 (with emissions from remote working)</li> </ul>	<p><b>Sustainability report:</b></p> <ul style="list-style-type: none"> <li>• Environment performance data</li> <li>• Data computational methods</li> </ul> <p><b>CDP Climate Change 2023 response:</b></p> <ul style="list-style-type: none"> <li>• (C5.3) Standard, protocol, or methodology used to collect activity data and calculate emissions.</li> <li>• (C6.1, C6.3, C6.5) Disclosure of Scope 1, 2, and 3 emissions figures.</li> </ul>

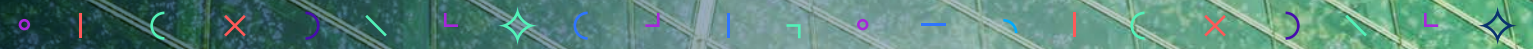


Topic	Recommended disclosure	Response and references	Further information
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<p>Virtusa has set several targets:</p> <ol style="list-style-type: none"> <li>1. Reduce absolute Scopes 1 and 2 (market-based) GHG emissions by 25% by 2025, from our base year of 2018.</li> <li>2. Reduce Scope 1 and 2 (market-based) GHG emissions by 70% by 2050, from our base year of 2018.</li> <li>3. Reduce Scope 1 and 2 (market-based) GHG emissions intensity per employee by 40% by 2030, from our base year of 2016.</li> <li>4. Reduce absolute Scope 3 emissions from business travel by 30% by 2030, from our base year of 2018.</li> <li>5. Reduce per-employee water usage by 40% by 2035, from our base year of 2017.</li> </ol> <p>As we have committed to the SBTi Net-Zero Standard, the above emissions reduction targets will be revised to align with the SBTi criteria in the next 24 months. In FY23, we set a new target to increase low-carbon energy consumption to 100% by 2040.</p>	<p><b>Databook:</b></p> <ul style="list-style-type: none"> <li>• Environmental goals and performance</li> <li>• Data computational methods</li> </ul> <p><b>CDP Climate Change 2023 response:</b></p> <ul style="list-style-type: none"> <li>• (C4.1a, C4.1b) Details of your absolute (and intensity) emissions targets and progress made against those targets.</li> <li>• (C4.2a, C4.2b) Other climate-related targets.</li> </ul>





# About this report



## [GRI: 2-3]

This report has been prepared in accordance with the GRI Standards, the Sustainability Accounting Standards Board (SASB) Standards for Software & Information Technology (IT) Services, and Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

While Virtusa's previous sustainability reports (formerly called ESG reports) formed our United Nations Global Compact (UNGC) Communication on Progress (CoP), readers can now find our CoP questionnaire on the UNGC website, as per the new CoP requirements.

## Report quick facts

**Reporting period:** April 1, 2022 to March 31, 2023

**Date of the previous report:** December 2022

**Reporting cycle:** Annual

### Point of contact for questions:

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# Assurance statement

[GRI: 2-5]



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## Independent Assurance Report to the Board of Directors of Virtusa Pvt Ltd

### Scope

We have been engaged by Virtusa Pvt Ltd (“the Entity”) to perform a ‘limited assurance engagement,’ as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity’s Integrated Annual Report (the “Subject Matter”) as of 31st March 2023.

### Criteria applied by Virtusa Pvt Ltd

In preparing the Subject Matter, Virtusa Pvt Ltd applied the following criteria (“Criteria”):

- The Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines, publicly available at GRI’s global website [www.globalreporting.org](http://www.globalreporting.org).
- The Sustainability Accounting Standards Board (SASB) Standards, publicly available at SASB’s website <https://www.sasb.org/> Technology & communication sector – Software and IT Services Standard.
- The Task Force on Climate-related Financial Disclosures (TCFD) Framework, publicly available at TCFD’s website <https://www.fsb-tcfd.org/>.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity’s Economic, Environment, Social and Governance (EESG) indicators of the Entity’s Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Virtusa Pvt Ltd’s responsibilities

Virtusa Pvt Ltd’s management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Ernst & Young’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the terms of reference for this engagement as agreed with the Virtusa Pvt Ltd on 17 November 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization’s personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

### Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity’s Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

15 December, 2023

Colombo

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