ESG Report

2021-22

virtusa

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CEO's message

[GRI: 2-22]

I am pleased to share with you our 2022 Virtusa Environmental, Social, and Governance (ESG) Report, which demonstrates our progress and the impact of this important work.

We have adopted a purpose-driven approach to ESG and sustainability with a commitment to fairness, ethics, best practices, and diversity. Linking our core strategy to ESG has resulted in better outcomes and value creation for all our stakeholders, including reduced costs, stronger client relationships, and opportunities for top talent. To advance our efforts, we formed an ESG Committee to develop and implement our ESG strategy for 2021-2030. The Committee consists of board-level members, including myself, the Audit Committee Chairperson, and members of our executive team.

FY22 was a momentous year for our ESG program: We achieved a CDP rating of "A-," an EcoVadis silver, and a Newsweek ranking of 8 in the Software & Telecommunications industry.

On the environmental front, we understand the need to address the climate emergency and are committed to reducing our environmental footprint in line with our organizational goals. We have partnered with Schneider Electric to use their cloud-based solution for our ESG KPI tracking and reporting. This marks the first step towards aligning our emissions reduction targets with net-zero/Science-Based Targets initiative criteria.

While the IT industry may maintain a lower impact on biodiversity compared to industries such as manufacturing, we believe in its importance and are increasing our focus on it. This year, we are reporting on our biodiversity impacts, emphasizing the biodiversity initiatives we support, including the Kanneliya Forest and Ranglal Kunta Lake restoration projects. You can find more information on our involvement in these initiatives in the Environment section of this year's ESG report.

As a digital engineering company, we understand the significant impact information technology has on our ESG footprint, so we utilize renewable energy sources and reduce the energy consumption of hardware and data centers. Simultaneously, we build best practices to implement appropriate governance policies and processes for information security and data privacy. These processes are backed by external certifications and multiple training mechanisms for employees.

As a testament to our security focus, we have received a BitSight rating of 810 and a SecurityScorecard rating of 99%. We also adopted a cloud-first strategy – 100% of our applications are on the cloud, enabling all our team members to be geographic agnostic in working remotely or on a hybrid model basis. In doing so, we significantly reduce employee travel, electricity usage, and other environmental impacts.

Diversity is a personal priority for me, and for our board, and we are committed to nurturing a culture where diverse talent thrives. We have launched our diversity, equity, and inclusion (DEI) program as part of our commitment to equal opportunity. We began to form the DEI Council, which will provide governance and oversight to various DEI programs and initiatives. We recognize that our workforce is predominantly male, a pervasive problem in the tech industry. We prioritize employing diverse teams and providing equal opportunities, and we've set a goal to increase the percentage of women in our workforce from 31% (in FY22) to 40% by FY26. We also aim to raise a differently abled workforce. We strongly believe in providing life-long learning opportunities for our employees. As a result, we launched the Virtusa Thrive Academy to ensure our employees gain the skills to futureproof their careers. For example, to support our cloud strategy, the Thrive Academy offers 41 certification programs in cloud, agile, and domain areas. We also have programs to increase women in STEM, including partnering with Case Western University on our Women in Leadership program.

In line with our organizational goal to improve and expand our ESG disclosures, this is our first ESG Report to include Task Force for Climate-related Financial Disclosures (TCFD). We also continue to report on GRI and SASB in this report.

Sustainability is central not only to our purpose but also to our growth agenda. It's something we've integrated into our business and our strategy because we believe it makes us a stronger, more resilient company. I affirm our company's ongoing commitment and our intent to support and advance the United Nations Global Compact's ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption, in addition to the United Nations Sustainable Development Goals.

Thank you for your interest in our ESG commitment.

Sincerely,

Santosh Thomas
Chairman & CEO

Awards and recognition

- EcoVadis Silver Medal for ESG Assessment
- "A-" CDP rating for 2021 climate change response and supplier engagement
- BitSight score of 810
- SecurityScorecard rating of 99%
- 2021 AWS Industry Solution NSI Partner of the Year – U.S.
- 2021 Pegasystems Partner Sales Excellence Award
- Leader, Pega Services PEAK Matrix® Assessment
- Top employers 2021: 2011-2021 Top Employers Institute Certified Top Employer (UAE and UK)

SILVER 2021 ecovadis Sustainability Rating

2021 CDP Score

A-

2021 AWS Industry Solution NSI Partner of the Year - US

2021 Pegasystems Partner Sales Excellence Award

Everest Group PEAK MATRIX® LEADER 2021 PEGA SERVICES

Leader

Pega Services PEAK Matrix® Assessment

top EMPLOYER UNITED ARAB EMIRATES 2022 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

top EMPLOYER UNITED KINGDOM 2022 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

2011-2021 Top Employers Institute

Certified Top Employer

Our global presence

25 Countries | **47** Locations

31,143 World-class Employees

223 Active Clients

$1.6B FY22 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 mission

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

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

Our values

Passion
To inspire our global teams to deliver extraordinary results.

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

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

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

Our ESG motto

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

Activities, value chain, and other business relationships

[GRI: 2-6]

Virtusa Corporation is a global provider of digital business transformation, digital engineering, and information technology (IT) outsourcing services that accelerate our clients' journey to their digital future. Virtusa serves Global 2000 companies in banking, financial services, insurance, healthcare, telecommunications, media, entertainment, travel, manufacturing, and technology industries.

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

Services and digital solutions

Our digital engineering services and solutions solve some of the most complex and rapidly evolving problems for global 2000 companies. For example, our Terraform Studio is an accelerator for Infrastructure as Code (IaC) that helps clients/internal teams automate the process of provisioning their cloud and hybrid infrastructure. Terraform Studio helps to automatically generate Terraform scripting, as opposed to manually coding Terraform scripts. Terraform Studio is currently being used by Virtusa's cloud centers of excellence (CCoEs). The Azure Cloud CoE has indicated an almost 30% reduction in efforts when creating Terraform scripts using Terraform Studio, which translates into reduced resources, energy, and emissions for our clients.

Our service offerings

Consulting & design services

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

Digital engineering services

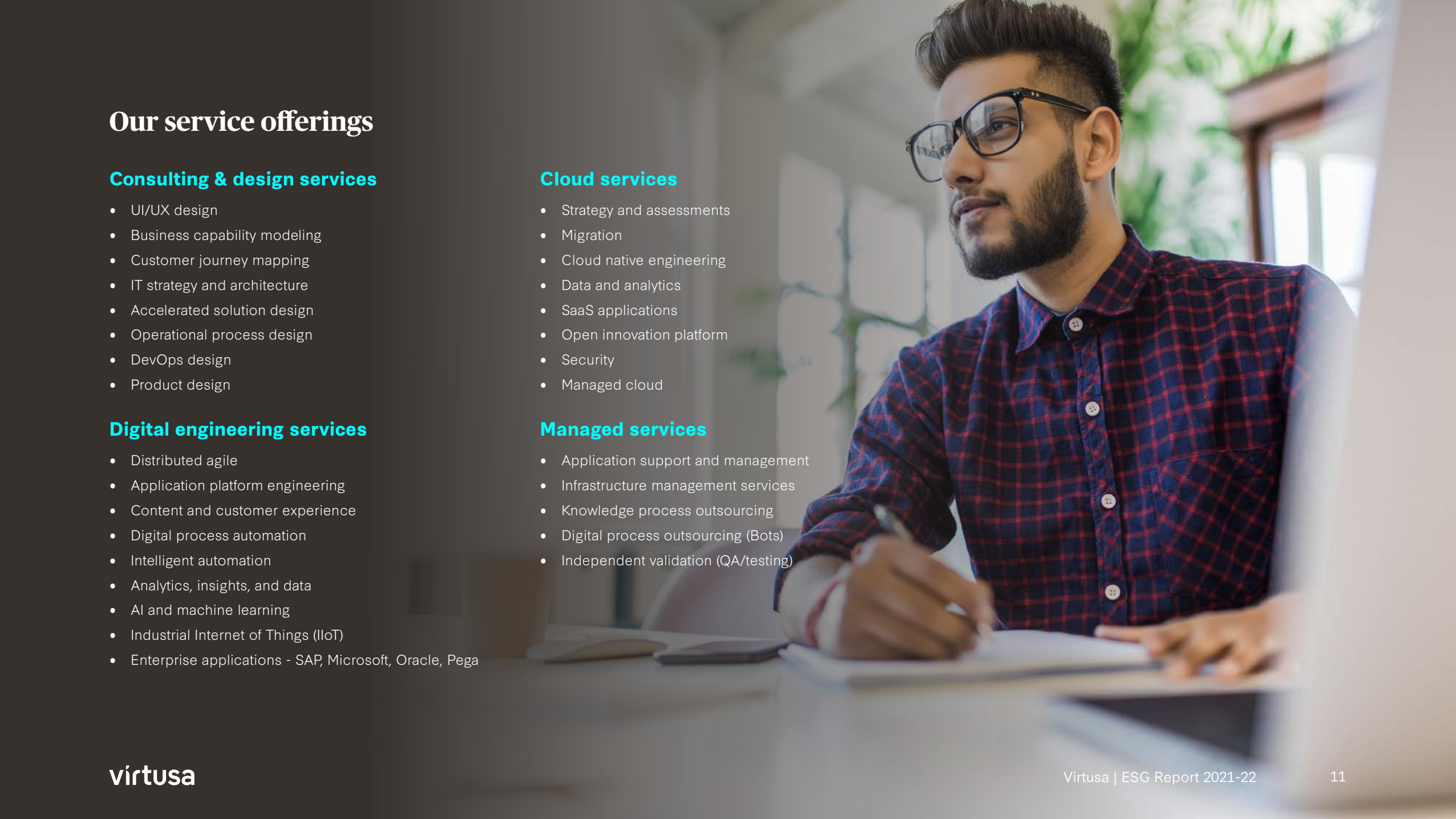
- Distributed agile
- Application platform engineering
- Content and customer experience
- Digital process automation
- Intelligent automation
- Analytics, insights, and data
- AI and machine learning
- Industrial Internet of Things (IIoT)
- Enterprise applications - SAP, Microsoft, Oracle, Pega

Cloud services

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

Managed services

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



Our clients

We serve clients across North America, Europe, Asia, Australia, and New Zealand. During the fiscal year that ended March 31, 2022, 72% of our revenue was generated in North America, 19% in Europe, and 9% in the rest of the world.

Supplier base

We have a large supplier base (approximately 576 in FY22) that provides goods and services to support our operations across the following categories: workplace and facilities; transport; IT and telecom; food services; and security services. We engage with our suppliers on ESG 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 the ESG Databook.

Reporting practices

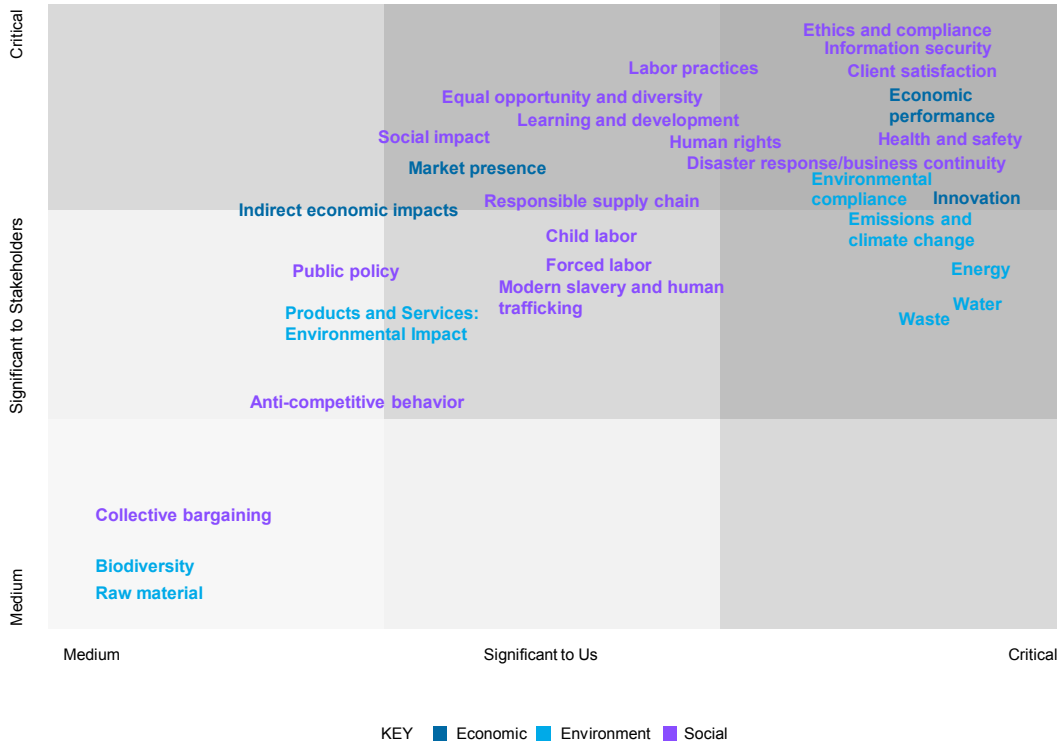
Entities included in sustainability reporting and material topics

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

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 entities. Environmental data is reported only for our technology centers in Australia, India, Sri Lanka, Singapore, Sweden, the United Kingdom, and Southborough, Massachusetts.

In order to determine the content of the report, we used the matrix on this page to identify the issues and aspects most material to our stakeholders and us. While most aspects have remained the same, we have seen an increased focus on human rights, climate change, diversity, data privacy, and cybersecurity through requests for proposals. Also, the COVID-19 pandemic has increased focus on health and safety. As a result, these aspects were given more weight when developing the matrix.

The topics deemed most important to Virtusa include ethics and compliance, data privacy and cybersecurity, client satisfaction, labor practices, equal opportunity and diversity, health and safety, learning and development, human rights, environmental and climate change management, and indirect economic impacts. Due to the increased focus on biodiversity, we have included biodiversity. There have been no significant changes from previous reporting periods in the list of material topics and topic boundaries. We have made every effort to submit a comprehensive report with regard to dimensions of scope and boundary for the reporting period.



Restatements of information

[GRI: 2-4]

- Electricity from grid (non-renewable) for FY21 has been corrected to 45,069.235 GJ from 44,843.9399 GJ. As a result, total energy consumption for FY21 has been corrected to 51,669.590 GJ from 51,444.2948 GJ.
- Work from home (WFH) emissions for FY21 have been corrected to 4,472.512 MTCO2 from 6,345.500 MTCO2.
- The base year for Scopes 1, 2, and 3 emissions targets have been revised to 2018 to reflect the financial year of FY19.
- Description of Scope 1 emissions provided in the table of total direct and indirect greenhouse gas emissions by weight (metric tons CO2e) table on page 29 of our 2020/21 ESG Report should be corrected to "Scope 1: Fuel (Diesel) and travel in company-owned vehicles."

External assurance

[GRI: 2-5]

We detail our ESG progress based on the following frameworks:

- Global Reporting Initiative (GRI) — in accordance (ESG Databook - pages 20-29)
- Sustainability Accounting Standards Board (SASB)
  Software & Information Technology (IT) Services (ESG Databook - pages 18-19)
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations (pages 58-62)

The report is externally assured by Messrs. Ernst and Young (page 64).

Sustainable Development Goals

We identified Goals 5, 8, 12, 13, and Goal 16 as high-priority items and Goals 4, 6, 7, 9, and 17 as moderate-priority items.

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

Sustainable development goals	Sections
Goal 3: Good Health and Well-Being	• Social – Health and safety (pages 40-41)
Goal 4: Quality Education	• Social – Learning and development (page 39) • Social – Digital for good (page 42)
Goal 5: Gender Equality	• Social – Diversity and inclusion (page 36) • ESG Databook – People data (page 13)
Goal 6: Clean Water and Sanitation	• Environment – Water (page 31) • ESG Databook – Water (page 11)
Goal 7: Affordable and Clean Energy	• Environment – Emissions and Energy (pages 30-31) • ESG Databook – Environmental goals and performance (page 3), Emissions and Energy (page 7-10)
Goal 8: Decent Work and Economic Growth	• Social (pages 34-43) • Governance - Supply chain management (pages 52-53) • ESG Databook – People data (page 13)
Goal 9: Industry, Innovation, and Infrastructure	• Social - Digital for Good (page 42)
Goal 12: Responsible Consumption and Production	• Environment – Waste (page 31) • ESG Databook – Environmental goals and performance (page 3), Waste (page 12)
Goal 13: Climate Action	• Environment – Emissions and Energy (pages 30-31) • ESG Databook – Environmental goals and performance (page 3)
Goal 15: Life on Land	• Biodiversity (page 33)
Goal 16: Peace, Justice and Strong Institutions	• Governance (pages 44-53)
Goal 17: Partnerships for the Goals	• Membership in associations (page 25)

ESG governance

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

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

In November 2022, our board set up the ESG Committee with the mandate to formulate and implement our ESG strategy, including our response to climate change. The ESG Committee consists of board-level members, including the Chairperson of the Audit Committee and our CEO. The Committee also includes executive team members, such as the Chief Financial Officer, Chief Strategy Officer, Chief People Officer, Compliance Officer/General Counsel, and Global Head of Facilities and Sustainability.

The Chairperson of Virtusa's Audit Committee is a non-executive Director that has oversight of the Audit Committee and supports the Committee in its management of issues. The Director on Board also sits on the ESG Committee, meaning they have oversight of Virtusa's ESG commitments — including how they are embedded into the overall business strategy — and ESG communications. These ESG matters include climate-related issues, such as energy and emissions targets. The ESG Committee's purpose is to support Virtusa's ESG commitments, including our climate change response.

The ESG Committee sits within and is overseen by the board, and has the mandate to assist the organization's leadership in:

- Embedding ESG aspects into the business strategy
- Developing, implementing, and monitoring interventions and related policies
- Engaging with the stakeholders by overseeing communications concerning ESG aspects
- Monitoring and assessing development and improving the organization's understanding of ESG aspects
- Efficient and timely disclosure of ESG aspects to internal and external stakeholders

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

For example, in FY22, the ESG was responsible for the approval of the ESG objectives, goals, strategies, and measures (OGSM) that set out our ESG strategy from 2021 to 2030. The ESG Committee was also responsible for the approval of our investment in a cloud-based solution to improve ESG KPI tracking and reporting, which allowed us to start the process of aligning emission reduction targets with the Science Based Targets initiative (SBTi) and work toward net-zero.

With regard to ESG disclosures, the board and ESG Committee are responsible for approving the strategy for our ESG disclosures, including which reporting standards to adopt. At present, the board is not responsible for approving specific disclosures, but members of the ESG Committee are responsible for approving the disclosures related to their functional areas.

The ESG Committee tracks progress on ESG goals mainly through the quarterly update.

Delegation of responsibility for managing impacts

[GRI: 2-13]

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

- Chief Executive Officer: As part of the ESG Committee, the CEO oversees Virtusa's ESG commitments, including how they are embedded into the overall business strategy, and ESG communications. These ESG matters include climate-related issues, such as energy and emissions targets and performance against our ESG OGSM. The CEO is also responsible for reviewing and approving our Sustainability Policy and its sub-policies, which include the Environmental Responsibility Policy. These policies have climate-related requirements, including ones regarding energy, emissions, water, and resource consumption. With regard to climate change, the CEO is responsible for assessing and managing climate-related risks and opportunities.
- Chief Financial Officer: The CFO assesses and monitors Virtusa's climate strategy, including reviewing and approving targets. Overall, the CFO has responsibility for the development, implementation, and success of Virtusa's emissions reduction targets, energy reduction targets, and efficiency targets. The CFO provides inputs on ESG disclosures, including the CDP response and ESG Report. In terms of climate change, the CFO is responsible for assessing and managing climate-related risks and opportunities related to our ESG strategy. For example, the CFO closely monitors progress on aligning our emissions targets with net-zero/SBTi criteria.
- Chief Strategy Officer: The Chief Strategy Officer (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) to continually develop and update our enterprise risk management system. 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. In terms of 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.

- 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 ESG disclosures, including our CDP response and ESG Report.
- Chief People Officer: The Chief People Officer is responsible for all labor practices, including our DEI program. Function-specific and location-based human resources leaders are responsible for the implementation of various components of the programs.
- Our Global Head of Facilities and Sustainability: The Global Head of Facilities and Sustainability reports directly to the CFO and is responsible for managing our climate strategy and ESG OGSM goals through target setting, reducing our environmental footprint, and communicating with internal and external stakeholders. This person provides updates on Virtusa's climate strategy and performance against these goals. This occurs via presentations and consolidated reports to the CFO on a monthly basis and to the ESG Committee on a quarterly basis. This executive team member also provides updates to the board when required. The facilities teams in each geographic location are responsible for implementing the strategy and ensuring Virtusa's ISO 14001 certification. He is responsible for both assessing and managing climate-related risks and opportunities. He also communicates and coordinates with other members of the ESG Committee to ensure the achievement of ESG goals, including climate change-related risk and opportunity management.

Strategy, policies, and practices

Policy commitments [GRI: 2-23, 2-24]

Policy	Intergovernmental instruments	Approved by	Link
Anti-Bribery and Corruption Policy	Not applicable	Compliance Officer	Internal policy
Business Continuity Management Policy	Not applicable	Chief Risk Officer	Internal policy
Code of Business Conduct and Ethics	Not applicable	Board	https://www.virtusa.com/about/corporate-compliance
Enterprise Data Privacy Policy	Not applicable	Chief Risk Officer	Internal policy
Environment, Health and Safety Policy	Not applicable	ESG Committee/CEO	https://www.virtusa.com/about/corporate-compliance
Environmental Responsibility Policy	Precautionary Approach	ESG Committee/CEO	https://www.virtusa.com/about/corporate-compliance
Equal Employment Opportunity Policy	Not applicable	Chief People Officer	Internal policy
Foreign Corrupt Practices Act Policy	Not applicable	Compliance Officer	Internal policy
Grievance Policy	Not applicable	Chief People Officer	Internal policy
Harassment-Free Workplace Policy	Not applicable	Chief People Officer	Internal policy
Human Rights Policy	• UN Universal Declaration of Human Rights • ILO Declarations on the Fundamental Principles and Rights at Work • UN Global Compact Principles • UN Guiding Principles on Business and Human Rights	ESG Committee/CEO	https://www.virtusa.com/about/corporate-compliance
Information Security Management Policy	Not applicable	CEO	Internal policy
Modern Slavery Act Statement	Not applicable	Board-UK	https://www.virtusa.com/about/corporate-compliance

Embedding policy commitments [GRI: 2-24]

ESG	Area	Framework/guidance	SDGs
E	Environment (Code Green)	ISO 14001:2015 (EMS) ISO 50001:2018 Guidance (Energy) ISO 14064 Guidance (Climate Change) Greenhouse Gas (GHG) Protocol LEED (Leadership in Energy and Environmental Design)	6 CLEAN WATER AND SANITATION 7 CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION 13 PROTECT THE PLANET
E S	Health/Safety Facility Management	ISO 45001:2018 Occupational Health & Safety Management System ISO 41001:2018 Facility Management Five-S	3 GOOD HEALTH 8 GOOD JOBS AND ECONOMIC GROWTH
S G	Business Continuity Management	ISO 22301:2012 Business Continuity Management System	8 GOOD JOBS AND ECONOMIC GROWTH
S G	Information Security	ISO 27001:2013 Information Security Management System General Data Protection Regulation (GDPR)	16 PLACE AND JUSTICE
S G	Labor Standards and Diversity	SA 8000 Guidance Modern Slavery Act 2015 (UK) Equality Act 2010 (UK) UN Convention on the Rights of Persons with Disabilities (UNCRPD) UN Guiding Principals on Business and Human Rights	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 GOOD JOBS AND ECONOMIC GROWTH
S G	Anti-Bribery and Corruption	Foreign Corrupt Practices Act 1977 Bribery Act 2010 (UK)	16 PLACE AND JUSTICE
E S	Corporate Engagement and Social Impact & Corporate Social Responsibility (CSR)	ISO 26000 Guidance Companies Act 2013 section 135 (India)	4 QUALITY EDUCATION 9 INNOVATION AND INFRASTRUCTURE 15 LIFE ONLAND 17 PARTNERSHIPS FOR THE GOALS

Notes on certifications:

- ISO 14001:2015: 17 technology centers in India, Sri Lanka, Singapore, Australia (Sydney), USA (Windsor IIC, Piscataway), UK
- ISO 45001:2018: 17 technology centers in India, Sri Lanka, Singapore, Australia (Sydney), USA (Windsor IIC, Piscataway), UK are certified for ISO 45001
- ISO 41001:2018: 11 technology centers in India and Sri Lanka are certified
- ISO 22301:2012: 18 technology centers in India, Sri Lanka, UK, USA and Hungary are certified
- ISO 27001:2013: 21 technology centers in India, Sri Lanka, UK, USA, Singapore and Hungary are certified

Legend

E Environment
S Social
G Governance

Communication of commitments

[GRI: 2-24, 205-2]

Employees

We maintain a comprehensive set of policies on our internal V+ 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 training upon joining Virtusa, which also includes anti-bribery and anti-corruption policies. All employees and contractors are also required to sign an acknowledgment stating they read and understand the Code. Additionally, we have an annual recertification 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 policies, and ways of reporting suspected corruption and bribery.

Information security and data privacy
All employees are required to undergo our Security First information security and Virtusa Data Privacy training module and assessment upon joining Virtusa and repeating 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 and data privacy best practices is shared with employees through multiple media, such as email, intranet portal, awareness sessions, etc. 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.

Secure software development
Mandatory training on secure software development was introduced for our technical community in FY21. Since most of the vulnerabilities are code-induced, this training ensures that our core team of developers and testers acquires a deep understanding of secure software development and is able to create products that are vulnerability free.

Anti-harassment
All employees are required to complete mandatory training through the Code of Conduct training and Prevention of Sexual Harassment training on anti-harassment.

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

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

Suppliers

Our Supplier Guidelines set out the standards and practices that suppliers are required to uphold in the areas of human rights, labor, environment, and business ethics. These include complying with all applicable laws and regulations, ensuring that they are not complicit in human rights abuses, ensuring that child labor and forced or compulsory labor are not used in any operations, and providing safe working conditions for employees. Also, suppliers are expected to ensure the protection of the environment and follow ethical business practices. Requirements to adhere to laws and regulations on ethics and labor are built into the contracts. For example, as a standard practice, suppliers are required to confirm compliance with the Foreign Corrupt Practices Act (FCPA) to proceed with business.

Processes to remediate negative impacts and reporting mechanisms

[GRI: 2-25, 2-26]

We make available a safe, prompt, and confidential environment – one in which employees and others can feel comfortable sharing their concerns related to any issues, including ethics and compliance, human resources, or company processes, without fear of retaliation. We provide several ways to seek guidance or report potential violations:

- Speak directly to their reporting manager or 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 (US/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 handles complaints received through web-based tools and the hotline. Any accounting-related issue is directed to the Chairperson of the Audit Committee as soon as reasonably practicable following receipt of the complaint.

Complaints regarding harassment are covered by our harassment-free workplace policies and are handled by the human resources team. In some geographies, there are dedicated committees to handle grievances. Virtusa takes allegations of discrimination and harassment seriously. When a complaint is received, the allegation is promptly investigated in a fair and expeditious manner. All investigations maintain confidentiality to the extent practical under the circumstances. Where it is determined that such inappropriate conduct has occurred, prompt action is taken to eliminate the conduct and impose corrective action, including discipline, up to and including termination of employment, to resolve the situation.

We have a strict nonretaliation policy to protect those who act in good faith and who report suspected misconduct, discrimination, or harassment. Any person who participates in any such retaliation is subject to disciplinary action, including termination. If any employee believes that they have been subjected to retaliation for having brought a complaint or having participated in an investigation of harassment or discrimination, that employee is encouraged to report the situation as soon as possible to human resources or any member of the executive committee at Virtusa.

For breakdowns of Whistleblower reports, see the ESG Databook.

Compliance with laws and regulations

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

As required by our Code of Business Conduct and Ethics, we seek to comply with all laws and regulations that apply to our business operations. As a result, all laws or regulations impacting our operations are included in our risk assessments and due diligence processes for each functional area. For example, under environmental aspects, compliance with current regulations is monitored through the ISO 14001 certification process.

During the reporting period, there were no monetary or nonmonetary sanctions for noncompliance with laws and regulations related to our business operations, including the provision of services, anti-competitive behavior, anti-trust, monopoly practices, and environmental regulations. Neither were there any law enforcement requests for user information, significant data breaches, or performance issues/service disruptions/customer downtime.

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 Prog.
- Ceylon Chamber of Commerce (CCC)
- Society for Cyberabad Security Council (SCSC)
- 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
    - Member of the Climate Emergency Task Force (CETF)
    - Member of the Diversity Work Group
  - Network India
  - Network UK
  - Network Australia

Stakeholder engagement

[GRI: 2-29]

Stakeholders are identified based on impact, influence, legitimacy, and urgency. We have identified stakeholders as those groups that our operations can influence and that can, in turn, influence us. The stakeholder groups we engage with include clients, investors, employees, academia, suppliers, governments, and NGOs and trade associations. Clients, investors, and employees have the greatest impact on our operations. The following table lists the channels of engagement we use with each stakeholder.

Stakeholder	Engagement mode
Clients	• Request for proposal • Client visits and meetings • Client Delight Index (CDI) • Client-initiated surveys and audits • ESG report • Media interactions
Investor	• Investor presentations and events • Media interactions
Employees	• Internal support group framework • Open door policy • Social media • Internal service group survey • Onboarding survey • 5-month survey and 18-month survey • Exit survey
Academia	• Centers of Excellence • Curriculum development and advice • Internship program • Career guidance and awareness • Mentoring for final-year projects • Industrial visits/career fairs • Social media and media interactions
Supplier	• Supplier survey • Supplier guidelines • Supplier awareness sessions • Media interactions
Governments	• Membership in sustainability associations • Collaborations with government bodies on sustainability through our Virtusa Foundation programs • Media interactions
NGOs and Trade Associations	• Media interactions • Conferences and public forums on sustainability • Membership in trade associations • Community outreach programs through the Virtusa Foundation

Client engagement

Our experienced account managers are responsible for developing strong working relationships across the client organization and working day-to-day with clients and our service delivery teams to understand and address client needs. Clients also contribute to innovation and improvement, as their ideas and experiences are incorporated into our body of knowledge. We also seek regular informal and formal client feedback, which is qualitatively and quantitatively analyzed. For example, the Client Delight Index (CDI) is a key performance measure that has board-level visibility. Client feedback is collected each quarter from account-specific stakeholders, and a consolidated report is published for each advanced technology center. The CDI helps us to identify areas of client engagement that may need attention. Internally, all negative responses require action plans from our teams, ensuring that any problems are corrected. The survey can be customized to suit the project or project phase.

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

Employee engagement

[GRI: 402-1]

We maximize employee engagement through multiple platforms, including mobile-enabled and AI-powered surveys. We also study talent trends in the labor force through predictive analytics on turnover and performance. We engage and interact with all our employees to optimize individual career paths and foster team culture through regular company-wide updates from senior management; team member sessions at the regional, local, and account levels; and regular town hall sessions. We use a digital platform, RAVE, to acknowledge each other's work in real-time. Yammer is another social and digital business platform that we use across the company. On Yammer, our employees interact and share ideas and information, thus strengthening collaboration and driving transparency.

Employees also have the opportunity to provide feedback through pulse-check surveys conducted periodically during their career (e.g., onboarding survey, 5-month survey, 18-month survey, and exit survey). For notices about operational changes, we comply with local laws and regulations.

Collective bargaining agreements

[GRI: 2-30]

We recognize the right to freedom of association through collective bargaining agreements (CBAs) in accordance with the guidelines and compliance frameworks set out by governments 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 maintained with employees, which includes an open-door policy and transparent, open communication channels encouraged across all levels.

Environment

A-

2021 CDP climate change score

51%

of water used was recycled in FY22

19%

of energy was obtained from renewable sources

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. Our commitment to reducing our environmental footprint and adhering to all environmental regulations is set out in our Environment, Health and Safety Policy, and the Environmental Responsibility Policy. Our environmental management system was initiated in 2008 as our response to climate change. Our environmental management strategy is based on three pillars: operating energy-efficient facilities that reduce our environmental footprint, reducing the environmental footprint of software developed for clients, and utilizing energy-efficient technologies.

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

Emissions

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

Our strategies for reducing Scope 1 and 2 emissions include investing in energy efficiency projects and renewable energy. As a result of our FY21 investment in solar power for three of our owned campus facilities in Hyderabad and Navalur and sourcing 100% renewable energy in Sweden through a green tariff, we were able to increase our renewable energy coverage to 19% in FY22 from 12% in FY21.

We track Scope 3 emissions from the following sources: capital goods, fuel-and-energy-related activities (transmission and distribution loss), upstream transportation and distribution (distribution of computers to support WFH), waste, business travel, and employee commute.

We have invested in laptops to support remote work/work from home, which has helped to reduce emissions from employee commute. In FY22, we set targets to increase the use of electric vehicles (EVs) in our operations and supply chain. Within our own operations in India and Sri Lanka, we have commenced the installation of 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. We have communicated these goals to our suppliers, and we are targeting to fully implement them once more employees are working from the office.

Energy

[GRI: 302-4, 302-5]

All our technology centers must adhere to our Design and Build Guide energy and resource efficiency standards. We have invested in energy efficient lighting and HVAC systems. For example, 99% of lighting in India and Sri Lanka is now LED. We estimate that HVAC improvements made at three of our facilities in India in FY22 would help save 230 MWh annually. We're also in the process of obtaining ISO 50001 certification for energy management certification for our owned campuses in India.

Additionally, we make sure that our office equipment is energy-efficient. Our IT equipment is rated EPEAT™ Gold, ENERGY STAR® 8.0 (laptops) and EPEAT™ Gold, ENERGY STAR® 6.1 (desktops).

Water

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

We seek to be responsible for our water consumption, especially since 70%-75% of our operations are in locations of water stress. As a services company, Virtusa's operations are not water-intensive. Water is used mainly for drinking, hygiene, cooling towers, and landscaping. Only the Navalur campus uses fresh water for cooling towers, as the Hyderabad campuses have air-cooled chillers. We believe that our operations do not affect water sources significantly, as the sources are not in designated protected areas, nor do they 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, the usage of sewage treatment plants (STPs), water purification through reverse osmosis, and 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. Rainwater harvesting pits are used to recharge the groundwater table. As of the end of FY22, we have the capacity for 633.58 kL and plan to implement capacity for an additional 55 kL in FY23. At two campuses, we have reverse osmosis plants that purify water for drinking. The water management initiatives implemented at our three campuses classify them as zero-discharge facilities.

Waste

[GRI: 306-2]

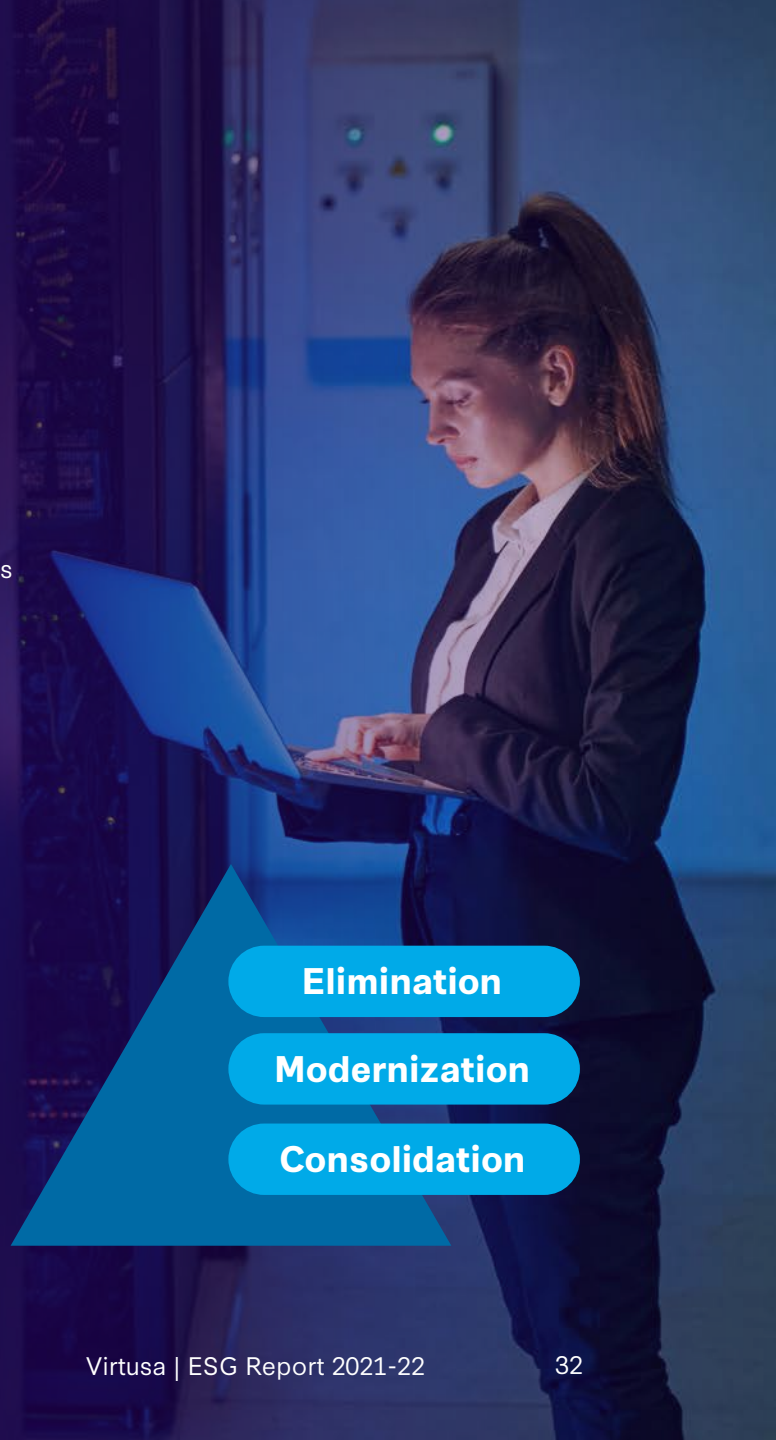
We have processes for managing electronic waste (e-waste), paper, plastic, and organic waste. We hand over e-waste to a certified vendor for recycling, and we work with relevant state authorities to ensure e-waste is handled in a responsible manner. For example, our e-waste vendor in Tamil Nadu has been audited by Perry Johnson Registrars, Inc. We purchase farmed paper, and all departments are encouraged to use paperless forms, notifications, and reports where possible. We are also investing in more efficient printers and piloting the rollout of a universal printer solution and alerts on print counts, aiming to further reduce paper consumption. Wastepaper is handed over to a certified vendor for recycling. In both India and Sri Lanka, we hand over plastic waste for recycling. We have also implemented organic waste management processes at our campuses in India.

Data center strategy

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

Over the years, we have followed a very stringent strategy of elimination, modernization, and consolidation to ensure effective and sustainable data center management. 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, we have used the measures described below to ensure efficient and sustainable data center 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 MTCO2 to 105 MTCO2. Beyond servers, we have continuously focused on reducing/migrating other supporting security hardware and infrastructure to the cloud.
- **Consolidating data centers:** Consolidation of data centers enabled us to minimize the use of devices that have a high energy footprint (like servers and HVAC units) and therefore optimize resource use.
- **Replacing legacy hardware:** We continuously focus on replacing EOS/EOL devices, including servers and HVAC units, across data centers, and instead implementing energy-efficient infrastructure. As a result, we have modernized 95% of legacy systems.
- **Continual optimal restructuring:** As a continuation of the elimination process, Virtusa continually restructures the data center space to reduce HVAC impact.
- **Reducing physical server and network units:** We continue to reduce the hardware footprint by digitalizing both server and 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. In addition, we have implemented 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, we are under continuous governance monitoring to ensure compliance with our internal controls, policies, and procedures.



Biodiversity

[GRI: 304-3]

As our activities and operations have a low impact on biodiversity, we do not consider it to be of high material impact. However, given the importance of biodiversity to maintaining natural ecosystem balance, we have invested in a forest restoration project and a lake conservation project.

- **Kanneliya Forest Restoration Project:** This is a partnership with Biodiversity Sri Lanka (BSL) to restore 10 hectares of degraded land. The project is now in its fourth year and is carried out under the guidance of the Forest Department Sri Lanka and the technical expertise of the International Union for Conservation of Nature (IUCN). As a result of the restoration work, several animal species – such as the brown shrike, the frogmouth, the jungle nightjar, and 22 butterfly species, including five endemic species – have been recorded from the restoration site.

  During the third and fourth years, steps were taken to finalize the Forest Ecosystem Restoration: Field Verification Standard with Preferred by Nature (formerly known as NEPCon) – an international accreditation organization working to foster sustainable land use and climate-friendly solutions. This new standard provides field verification of performance in implementing forest ecosystem restoration – where the restoration is technically, environmentally, socially, and economically sound and applicable in tropical, temperate, and boreal biomes. The site will be assessed against this standard during the fifth and final year of this project, and the accrued biodiversity credits will be calculated.

- **Wake the Lake Project:** The project aims to restore the Ranglal Kunta Lake and the surrounding area, which measures approximately 3.5 acres. Virtusa has partnered with United Way of Hyderabad for the project. The lake rejuvenation includes cleaning the lake area, dewatering and desilting the lakebed, stone pitching the main bund and inlet points, bund formation with pathway, repairs to the weir and sluice, inlet and outlet works, wetland construction, and landscaping and beautification.

Social

Our strategy and approach

Maintaining a diverse workforce is critical to our enduring success and is a fundamental aspect of our efforts to recruit, retain, and grow the best talent globally. We hire locally, where we can create strong communities and provide opportunities for diverse candidates. As of March 31, 2022, we had 31,143 team members, an increase from 24,736 on March 31, 2021. Our strategy includes the following:

- Diversity, equity, and inclusion
- Equipping our workforce for tomorrow
- Employee wellness and safety
- Empowering local communities

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

The Chief People Officer is responsible for all labor practices, with responsibilities cascaded down to location-based human resources leaders. Within locations, separate teams focus on specific areas, such as recruitment, training, career development, and compensation and benefits. The human resources team is also responsible for employment-related compliance and investigations of any violations related to human resources policies and procedures.

For breakdowns related to employee data, see the ESG Databook.

Diversity and inclusion

Virtusa's diversity, equity, and inclusion (DEI) program was formally launched by our CEO in March 2022, and we began forming our DEI Council. The DEI Council will be responsible for identifying goals based on our DEI focus areas at a corporate level and for tracking performance against these goals. The DEI Council will also provide governance and oversight to various DEI programs and initiatives. Our diversity, equity, inclusion (DEI) charter will reaffirm our commitment to initiatives such as increasing gender diversity in our workforce, from 31% female, as of FY22, to 40% female by FY26. We aim to fulfill 75% of positions from within the organization.

Performance against goals

- Gender diversity increased from 29% in FY21 to 31% in FY22.
- Supplier diversity increased from 43% in FY21 to 45% in FY22.

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 University on our Women Leaders Program (WLP).
- Was a sponsor of the American Heart Association's STEM Goes Red, an initiative that encourages young women to pursue STEM careers.
- Was a sponsor for Women in Data — a global nonprofit aiming to achieve gender equality in the field of data
- Provided scholarships to 50 underserved women students in universities and engineering institutes.

As part of the Women of Virtusa (WoV) Employee Resource Group (ERG), we have launched several programs, such as women mentorship, panel discussions on work-life balance, and She Leads — a series of stories on Virtusa women leaders — as part of our effort to inspire our employees. Within the She Leads program, we raise awareness of our organization's women leaders by providing them a platform to share their inspiring stories. We are proud to recognize aspiring women leaders from diverse backgrounds, encourage networking and mentorship, and highlight various career paths while reinforcing our commitment to diversity and inclusion.

Accessibility support

Concerning enablement and accessibility, we aim to ensure that digital platforms and the office environment adheres to global accessibility standards so that all our team members can have a seamless experience. All the major digital platforms we have selected are certified as accessible, and new software evaluations include accessibility as a criterion for selection. The Virtusa Facilities Design and Build Guide mandates accessibility features, such as wheelchair access in offices.

Our policies

[GRI: 2-23, 2-24]

Consistent with our PIRL (passion, innovation, respect, and leadership) values, we have a well-defined governance framework around human rights and equal opportunity, ensuring that hiring, staffing, and career development are without bias.

- **Human Rights Policy:** Sets out our commitment to complying with the Universal Declaration of Human Rights and following the UN Guiding Principles on Business and Human Rights (UNGP), as applicable to our business operations.
- **Equal Employment Opportunity Policy:** Prohibits any form of discrimination based on race, color, religion, creed, national origin, ancestry, sex, age, qualified mental or physical disability, sexual orientation, genetic carrier status, veteran status, military service, any application for any military service, and other areas 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.
- **Grievance Policy and Grievance Policy Guidelines:** Sets out the procedure for reporting complaints related to discrimination, new work practices, and other violations of human rights.
- **Discrimination and Harassment Free Workplace Policy:** Sets our commitment to maintain 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 a digital engineering services company, Virtusa recognizes that child labor, forced and bonded labor, slavery, and human trafficking are not significant risk factors in our operations. However, we are aware of these threats and have policies and procedures to ensure that our business and supply chain are not complicit in such human rights abuses. As such, our Human Rights Policy and Supplier Guidelines prohibit the use of child labor, forced and bonded labor, and modern slavery. In 2017, we implemented the 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 the achievement of business goals, competency assessments (behavioral and technical), and employee engagement in senior managers. 360-degree assessments are conducted for leadership (managers and above), and the input supports individual development plans and promotions. All leaders at the manager level and above are also assessed for behavioral indicators with the Harrison Assessment Test.

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

Our compensation practices are similarly carefully tailored to the three P's — pay for person, pay for position, and pay for performance. We link both 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. We know that pay is only one way to reward employees. Compensation is, therefore, only one part of our human capital story, which 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
- Enabling non-moderated employee communication across all levels of the organization
- Providing high-quality benefits, opportunities, and packages

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

Learning and development

[GRI: 404-2]

Developing our employees through hands-on training is crucial in upskilling our global team and driving our momentum toward industry leadership. Learning opportunities are tailored to meet team needs and include: the Global One Leadership Program, which partners with the National Training Lab to grow leaders from within; Launchpad, an emerging talent training program; Executive Development Program (EDP), a 360-degree leadership coaching and feedback program; Women in Leadership Program, which empowers women and supports career growth; and STEP+, a sales talent enhancement program.

We also focus on social learning through digital platforms to enable our team members to collaborate with and mentor each other in new technologies. In line with our digital and cloud transformation growth strategy, certifications have gained momentum. For example, in 2021 and 2022, approximately 700 Virtusa team members obtained certification through our training programs on cloud technologies.

Overall, our learning and development programs contribute to the achievement of Sustainable Development Goals 4 and 8.

Learning interventions

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

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

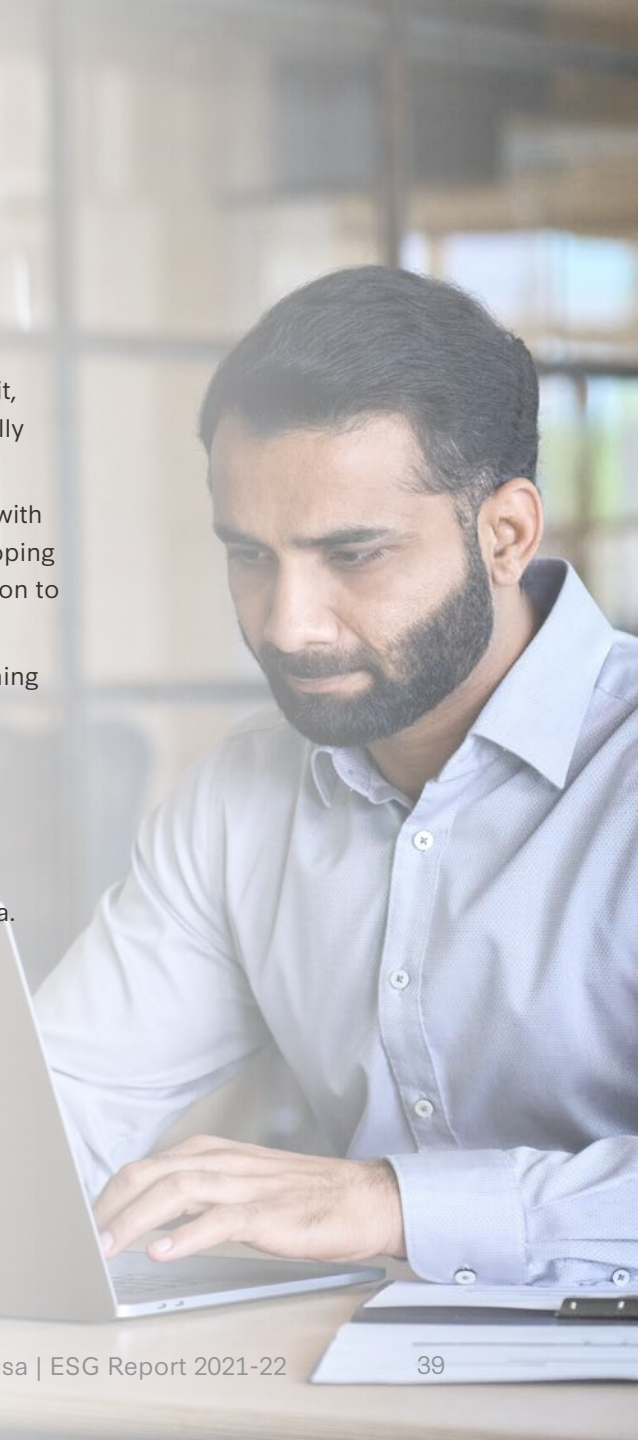
GOLD: Co-designed and conducted through a partnered delivery model with the National Training Laboratory (NTL), the intervention focuses on developing 65 high-potential (HiPo) leaders as change agents and is part of our mission to "grow leaders from within."

Leaders as Coaches (LAC): Delivered in partnership with Erickson Coaching International to build a strong coaching culture at Virtusa. The program certifies 50 coaches who can engage Virtusans in thought-provoking conversations. These conversations enable coachees to maximize their personal and professional potential via a structured creative process.

Women Leaders Program (WLP): Builds the leadership and team development skills of the identified 30 HiPo women leaders across Virtusa. This program is conducted in partnership with Case Western University.

EDP: A 360-degree leader and leadership development intervention, conducted in partnership with Korn Ferry, to build leadership agility through continuous coaching and feedback.

STEP+: The Sales Talent Enhancement program is a competency development program that enhances the techno-functional, domain, and client experience building capability of team members of our sales team.



Health

Health and safety

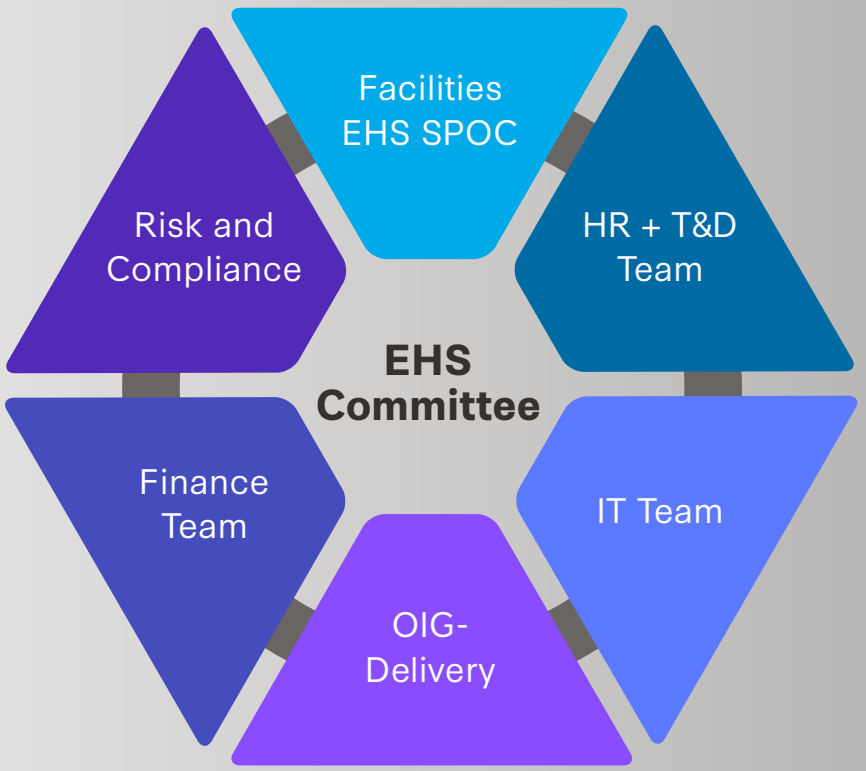
[GRI: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8]

Our occupational health and safety (OHS) management system is certified for ISO 45001:2018 and covers all activities, including delivery of services/operations and employee and contractor well-being, whether work is happening from home or in the office. Our commitment to OHS is set out in the Environment, Health, and Safety (EHS) Policy.

In each location, a member from the facilities team is responsible for managing the facility's OHS program under the guidance of the EHS Committee, which meets monthly to evaluate EHS matters, including progress on OHS objectives. Results of the EHS committee meetings are reported to the management biannually at the management review.

All regular contractors are engaged periodically, for their concerns and inputs related to OHS, through periodic vendor performance review meetings.

As per organization culture, 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 and/or an HR partner or ServiceNow, the corporate ticketing tool. Corporate social media (Yammer) and Microsoft Teams are alternative means to connect with the responsible persons. 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 to include pandemic management measures at our offices and ensuring the well-being of our employees working remotely.

OHS risk assessments are carried out biannually or whenever an alteration occurs to the work area or work pattern. Internal audits are scheduled biannually and reported to leadership through Management Review Meetings (MRMs). Annual recertification is done by an authorized standards body. The location-specific HR teams are responsible for recording and reporting OHS reportable incidents to the relevant authorities. The EHS team investigates and records work-related incidents, accidents, or near-misses when reported.

Employee wellness

We operate in a safe industry that does not involve any 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 visits. Whenever required, transport is made available for employees to access medical care.

To ensure that our office locations provide a suitable work environment, we monitor internal 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, 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 our 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.

Training

All employees undergo EHS training during onboarding and, from FY21, are required to renew the certification annually. Emergency Response Team (ERT) members are provided with fire safety and first-aid training, especially to respond to any fire-related incidents. Facilities team members who are responsible for implementing health and safety procedures are provided with additional training and certifications as needed. We also provide health and safety training to contractors, including housekeeping, security, and drivers, periodically, and in their native language, whenever possible. Through periodic vendor performance review meetings, we engage with contractors' OHS-related concerns and inputs.

Digital for good

[GRI: 203-1]

We believe that technology can create a positive social impact in our communities and provide indirect economic benefits through our corporate social responsibility (CSR) projects. This includes contributing to the advancement of 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 our CSR initiatives under one umbrella. We are also in the process of formulating our CSR objectives, goals, strategies, and measures (OGSM).

Through our CampusReach initiative, we partner with universities in India and Sri Lanka to help the next generation of IT professionals be 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. Hence, CampusReach supports Goal 4 (Quality Education) and Goal 17 (Partnerships to achieve the Goal) Sustainable Development Goals.

Project/organization	CSR avenue
CRPF Wives' Welfare Association	Establishment of an IT Skill Development Training Centre. This project falls under measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF), and Central Para Military Forces (CPMF).
Sambhav Foundation (LabourNet)	Sponsored Covid-19 vaccination for young adults between 15 to 18 years in Bengaluru and Chennai.
SHE Shuttle	https://www.virtusa.com/about/virtusa-foundation/she-shuttle Virtusa sponsored SHE Shuttle, an initiative by the Government of Telangana to provide safe transport for working women in the IT corridor. Women commuters can access the shuttle with the help of the diversified smart app, "Reach Safe," for a safe and hassle-free commute from start to end.
Spastics Society of Karnataka	Annual sponsorship for 80 children at the Centre for Special Education.
Pudumai Penn	Sponsored the education of first-generation female students. Pudumai Penn aims to help young Indian women become empowered contributors to society and the economy.
Oxfam India	https://www.virtusa.com/about/virtusa-foundation/oxfam-india Virtusa adopted 10 schools in Chennai and five schools in Bangalore, reaching 10,000 students. Oxfam and Virtusa provided improved sanitation facilities, a lab, and electronic equipment to 10 schools in Chennai. Virtusa also helped set up a reverse osmosis treatment system for these schools. Additionally, we distributed essentials kits that contained stationery and sports equipment. We also helped convert and refurbish a classroom into a digital lab equipped with necessary items: a computer, laptop, scanner, smart board, and projectors.
United Way of Hyderabad	https://www.virtusa.com/about/virtusa-foundation/hospital-bed Virtusa and United Way of Hyderabad signed the memorandum of understanding (MoU) in March 2021 to construct a 30-bed hospital to serve 26,000 patients from rural communities.
Youth for Seva	https://www.virtusa.com/about/virtusa-foundation/youth-for-seva Virtusa impacted the lives of nearly 18,000 children by supporting the following Youth for Seva projects: School adoption, Abhayasika (free study rooms), Lab on Wheels, and COVID-19 isolation centers.
Daughters of Tomorrow (DOT)	Donated refurbished laptops to "National Volunteer & Philanthropy Center, Singapore" to support the DOT initiative, which enables women from the low-income community with confidence building and upskilling so that these women can find gainful employment.

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 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") covers anti-bribery and provides guidelines and ethical standards with respect to corruption, money laundering, and illicit finance; corporate opportunity; conflict of interest; company assets; confidentiality; fair dealing; accuracy of records; political contributions; public disclosures; and 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. These obligations extend to all company employees, contractors, personnel, and agents across the globe. All employees, contractors, and directors are required to confirm in writing at the beginning of their service with the company that they have read, understood, and will comply with the Code.

Our Anti-Bribery and Corruption program is implemented through the Foreign Corrupt Practices Act Policy and the U.K. Anti-Bribery Act Policy, which expressly prohibit acts of bribery, corruption, and money laundering and reaffirm our commitment to complying with all relevant anti-bribery legislation wherever we do business. The policies cover bribery and corruption; facilitation payments; business gifts; hospitality and business entertainment; political and charitable donations; interaction with third parties; and due diligence. Any employee engaging a third party must undertake appropriate due diligence checks, including a corruption risk assessment. Our finance and administrative systems are regulated to ensure that anti-corruption practices are maintained in all transactions performed within.

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

Political contributions

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

Gifts and entertainment

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

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, see the section Disclosures based on TCFD Framework.

FCPA risk assessment: Our compliance officer considers factors that lead to heightened FCPA/U.K. Bribery Act-related due diligence (including high-risk countries; size and significance; company's first-time involvement with vendors/third parties; and ties to the government and government agencies) to determine how risks should be managed. We annually perform a 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 work with external counsel, outside accountants, and other advisors to evaluate fraud risk; vendor background and reference checks; scrutiny of relationships; analysis of payment terms; evaluation of employment laws; tax implications; immigration; a general risk assessment; and, for existing locations, ongoing monitoring compliance of those matters.

Data privacy risk assessment: The data privacy team assesses the privacy risk(s) related to the processing of personal data of the employees, contractors, and vendors for data controller obligations and clients' personal data for data processor obligations. Data Protection Impact Assessments are conducted to assess the privacy controls and ensure the appropriate processing of personal data in accordance with the applicable data protection regulations.

Business continuity risk assessment: Integrated into our enterprise risk management process, our business continuity management system (BCMS) is certified in 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. Comprehensive business continuity plans define how to respond to crisis events that can disrupt our operations. Every risk has an owner who is accountable for mitigation plans. In addition, crisis response plans are in place for 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 the crisis events and the individuals' associated responsibilities. The BCMS team and Virtusa leadership are responsible for invoking, with the support of relevant stakeholders, the respective crisis response process. These plans are tested periodically to validate their effectiveness and make continual improvements.

Information security

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

As part of the digital engineering services we provide our clients, we are responsible for ensuring that our clients' data is protected and securely handled throughout the entire course of business. As part of our information security management system, we have implemented defense in depth to reduce risks from external threats to our business operations and data. Virtusa has a well-defined and established information security management system (ISMS) and is certified against ISO 27001:2013 standard. Our information security management systems are built using industry best practices/ standards – ISO 27001, HITRUST, National Institute of Standards and Technology (NIST) Cybersecurity Framework, MITRE ATT&CK, CIS Benchmarks, and client requirements. Our controls are validated against ISO 27001, HITRUST, SOC, and PCI DSS (for clients whose card data is handled). Virtusa has adequate policies and processes in place to ensure data confidentiality, integrity, and availability. In addition to ensuring compliance with the Virtusa information security management system, we adhere to the information security requirements of our clients, which are specific to engagements.

We have board oversight of our information security program, with responsibility cascading to our Chief Information Security Officer and Business Information Security Officer. Our Information Security Management Policy sets out the governance structures, monitoring, and compliance requirements for protecting our data and systems. The Virtusa Security Operations Center monitors and reports any incidents and breaches to the senior leadership, the enterprise risk management team, client representatives, relevant business unit heads, and human resources teams for corrective action. We did not have any instances of client data breaches/loss of client data that had any material impact during the reporting period that ended on March 31, 2022.

Certification

Our information security management program undergoes an annual audit against ISO 27001:2013 and assessments against HITRUST, SOC 1 and SOC 2, and PCI DSS (for clients whose card data is handled). The ISO 27001:2013 certification covers 21 technology centers in India, Sri Lanka, the U.K., the U.S., Singapore, Hungary, and Sweden. The enterprise security team ensures that a qualified external third-party agency performs the annual recertification. Since the original certification in 2008, the external third-party agency has not reported any material or significant observations. The most recent review of ISO 27001 was done in September 2022.

Data privacy

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

We recognize the importance of privacy to our clients, employees and prospective employees, contractors, and visitors to our offices and website. Accountability for privacy compliance sits at the highest level, with our data privacy organization responsible for maintaining the global privacy program. The program is led by the data protection officer, who is part of the strategy and legal team. He is assisted by a cross-functional Privacy Working Group, including key partners drawn 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 collected from employees, clients, visitors to our offices, and prospective employees. 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; 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.

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

Data loss prevention

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

Security risk management

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

Software compliance

We have a robust software compliance framework based on ISO/IEC SAM standard 19770-1. An independent consulting firm carries out a yearly assessment for different publishers.

Periodic auditing

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

Third-party due diligence

We understand that the security of our data and systems is not only dependent on our internal processes but also on the actions and processes of third parties that may have access to such data and systems in the course of our business. The Information Security Procedure for Vendor Management sets out the procedures, including onboarding and offboarding procedures, to assess if vendors have in place the appropriate security controls.

Vendors are onboarded, managed, and offboarded by the vendor management team, which is part of the finance team. The enterprise security team provides guidance and sets the security processes to ensure the onboarded vendors meet the basic security requirements in line with the information security policies and procedures of Virtusa and its clients.

Vendors are categorized as high, medium, and low, depending on the level of access they have to our systems. They have to demonstrate that they meet the level of compliance required for each category. Throughout the vendor relationship, audits and reviews are performed to ensure compliance with our vendor security risk management framework.

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, who are 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, oversee the program at the organizational level. In line with the ISO22301 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 engaged with our suppliers to ensure a more sustainable supply chain. 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 depend on local suppliers at all locations of operations unless suppliers are not able to meet our expected service levels. For details of spending on local suppliers, see the ESG Databook. There have been no significant changes to our supply chain during the reporting period.

Supply chain engagement

We engage with suppliers through the Supplier Sustainability Survey and Supplier Meet-up. The survey has been shared with 61% of our facilities suppliers in India and Sri Lanka, which amounted to 30% of all suppliers in FY22. We are working to implement the survey for other suppliers as well. We are also working on expanding our annual Supplier Meet-up for our Tier 1 suppliers to additional geographies. In addition to the Supplier Sustainability Survey and Supplier Meet-up, we engage with suppliers, as required, throughout the relationship. Overall, 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

Our procurement process includes relevant evaluations of user safety, climate change impact, and other relevant aspects for products. Risk assessment is built into multiple touchpoints in the vendor management relationship, starting from the vendor assessment stage. The requirements to adhere to laws and regulations on ethics and labor are built into the contracts. For example, as a standard practice, suppliers are required to confirm compliance with the Supplier Guidelines and Foreign Corrupt Practices Act (FCPA) to proceed with business. As a result, 100% of targeted suppliers have contracts that include clauses on ethics requirements.

We have a comprehensive vendor evaluation/risk assessment process, which varies depending on the type of service or product. For example, evaluation for energy efficiency is a requirement for the procurement of IT equipment. Because Virtusa is an IT consulting company, information security and data privacy are high risk areas, so 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.

During service provision, the checkpoints to ensure 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. 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. The last audits conducted in FY21 covered 100% of the 58 eligible suppliers.

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 risks, and ESG 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, 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 & Finance Committee ("Audit Committee") and the Nomination & 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, 2022, our board of directors consisted of seven directors, including a non-executive independent board chair, one executive non-independent director, one non-executive independent director, two non-executive, non-independent directors (sponsor directors), and 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 position. 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% 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. Further, 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 we achieve certain financial and business goals, create shareholder value, and result in reduced executive compensation when 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 to the board of directors for approval the compensation level for each executive officer based on this evaluation.

Our executive compensation program contains a mix of compensation elements: base salary, annual incentive awards, and long-term incentives to create a competitive compensation package for our executive management team. The NRC uses its judgment and experience to determine the appropriate compensation mix for each executive officer. In assessing the compensation components paid to our executive officers, the NRC considers, as appropriate, the company's performance; whether the salaries, bonus, and value of similar incentive awards for executive officers are generally competitive in the market in which the company competes for talent; the executive's historical compensation at the company; and the executive's total compensation. The NRC also receives 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 were not separately compensated for their board service.

Disclosures based on TCFD Framework

This section details our responses to the TCFD Framework. Information in this section is based on our 2022 CDP Climate Change response and specific sections of our 2022 ESG Report.

Topic	Recommended disclosure	Response and references

Governance: Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	In November 2021, Virtusa's board set up the ESG Committee, with the mandate to formulate and implement our ESG strategy, including our response to climate change. The ESG Committee, which has the highest level of responsibility for assessing and managing climate-related issues and formulating our climate change strategy, consists of board-level members, including the Audit Committee Chairperson and our CEO. The Committee also includes executive team members, such as the Chief Financial Officer, Chief Strategy Officer, Chief People Officer, Compliance Officer/General Counsel, and Global Head of Facilities and Sustainability. The Audit Committee Chairperson sits on the ESG Committee, meaning that the board has oversight of Virtusa's ESG commitments – including how they are embedded into the overall business strategy – and ESG communications. These ESG matters include climate-related issues such as energy and emissions targets. Climate-related risks are integrated into the 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 to the board of directors as needed (quarterly, if possible; annually, at a minimum) by the Chief Strategy Officer.
		
		• ESG Report: Governance
		• ESG Report: Board of Directors
		• CDP 2022 Climate Change response:
		  • (C1.1a, C1.1b) Board-level oversight of climate-related issues
		  • (C1.2, 1.2a) Highest management-level positions or committee(s) with responsibility for climate-related issues

	b. Describe management's role in assessing and managing climate-related risks and opportunities.	

Topic	Recommended disclosure	Response and references
Strategy: 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.	Virtusa has identified climate-related risks to our direct operations that have the potential to have a substantive financial or strategic impact, including 1) market risk from the increased cost of energy (medium-term), 2) acute physical risk from the increased prevalence and severity of cyclones and flooding in India and Sri Lanka (short-term), and 3) emerging regulation risks from carbon pricing schemes, like those that could be implemented by the Nationally Determined Contributions (NDCs) in India (medium-term). We have also identified climate-related opportunities, including 1) resource efficiency from consolidating our building footprint (short-term), and 2) increased demand for products and services that are resource-efficient and from companies with high ESG performance (medium-term). **Note:** Short-term is 1-3 years, medium-term is 3-10 years, and long-term is 10-30 years. CDP 2022 Climate Change response: • (C2.1a) Definition of short-, medium- and long-term time horizons (C2.3a, C2.4a) Climate-related risks (and opportunities) with the potential to have a substantive financial or strategic impact
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate-related risks and opportunities have 1) impacted our strategy in products and services, supply chain and value chain, investment in R&D, and operations, and 2) influenced our financial planning through our revenues, direct and indirect costs, capital expenditures and allocation, access to capital, and assets. We are in the process of creating a transition plan that aligns with a 1.5C world. We have used qualitative and quantitative climate-related scenario analysis to inform our strategy. The scenario analysis highlighted the risk of carbon taxes and increased energy costs in India, which influenced our strategy to set a target to reduce Scope 1 and 2 emissions by 25% by 2025 and invest in renewable energy. It also showed changes to water availability and quality, which could impact Virtusa's water use, as well as our reliance on hydropower, which is currently a main source of renewable energy in Sri Lanka. We plan to expand our rainwater harvesting capacity and to undertake other water efficiency measures in our Sri Lanka and India facilities. **Note:** We are in the process of refining and improving our scenario analysis to better prioritize risks and opportunities. CDP 2022 Climate Change response: • (C2.3a, C2.4a) Climate-related risks (and opportunities) with the potential to have a substantive financial or strategic impact • (C3.1) Transition plan that aligns with a 1.5C world • (C3.2a, C3.2b) Use of climate-related scenario analysis • (C3.3) How climate-related risks and opportunities have influenced strategy • (C3.4) Where and how climate-related risks and opportunities have influenced financial planning

Topic	Recommended disclosure	Response and references
Risk management: 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.	Virtusa's climate-related risk management system focuses on enterprise risk management and its subcomponent: business continuity risks. It is integrated into multidisciplinary and company-wide risk management processes. Enterprise risk management is conducted annually; business continuity assessments are conducted more frequently. Virtusa's climate-related risk management system covers all stages of the value chain and the short-, medium-, and long-term time horizons. Current regulation, emerging regulation, legal, reputation, acute physical risks, and chronic physical risks are all risk types that are considered relevant to our business and are always included in our climate-related risk assessment. Technology and market risk types are also relevant and are sometimes included in our risk assessment. Once risks have been assessed, and it is determined whether or not they have a substantive financial (USD $1.0-1.5 million of net profit) or strategic impact on Virtusa's operations, one of the following routes is taken to manage the identified risks: **Company-level:** The business continuity management system plans indicate how to recover operations disrupted by physical climate risks, such as extreme weather events. Mitigation and adaptation strategies are implemented to limit the impact on operations. **Asset-level:** We conduct site-specific assessments using the risk management framework. Every risk has an owner who is accountable for mitigation plans. CDP 2022 Climate Change response: • (C2.1b) Definition of substantive financial or strategic impact on your business • (C2.2) Processes for identifying, assessing, and responding to climate-related risks and opportunities • (C2.2a) Risk types considered in climate-related risk assessments

Topic	Recommended disclosure	Response and references

Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	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.
		
		In addition to our GHG emissions targets, we have a target to increase low-carbon energy consumption, from 11% in 2019 to 40% in 2030. We also have a target to reduce per-employee water usage by 40% by 2035, compared to a 2017 base year. Virtusa tracks additional climate-related metrics, including energy per square foot per month and kiloliters of water consumption per employee (not FTE) per month.
		
		• ESG Report: Environment
		• ESG Databook: Environmental performance data
		• CDP 2022 Climate Change response:
		  • (C1.3a) Incentives provided for the management of climate-related issues
		  • (C4.2a, C4.2b) Other climate-related targets
		  • (C9.1) Additional climate-related metrics

	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	We calculate our GHG inventory – Scope 1, 2 (location- and market-based), and Scope 3 – using the GHG Protocol and Defra Environmental Reporting Guidelines. Scope 1 and 2 emissions from smaller offices in North America, Europe, and APAC have been excluded, and these have been considered not relevant. We have determined relevance for all Scope 3 categories, and all relevant categories have been calculated.
		
		• ESG Databook: Environment performance data
		• ESG Databook: Data computational methods
		• CDP 2022 Climate Change response:
		  • (C5.3) Standard, protocol, or methodology used to collect activity data and calculate emissions
		  • (C6.4a) Details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Virtusa has an ongoing target to reduce absolute Scopes 1 and 2 GHG emissions (market-based) by 25% by 2025, from our base year of 2018. In addition, we have a long-term target to reduce Scope 1 and 2 emissions by 70% by 2050. We also have a target to reduce our Scope 1 and 2 emissions intensity per employee by 40% by 2030, from our base year of 2016. We also have a target to reduce absolute Scope 3 emissions from business travel by 30% by 2030, from our base year of 2018.
		
		We have not yet set a science-based target, but we anticipate setting one in the next two years.
		
		• ESG Databook: Environmental goals and performance
		• ESG Databook: Data computational methods
		• Climate Change response:
		  • (C4.1a, C4.1b) Details of your absolute (and intensity) emissions targets and progress made against those targets
		  • (C4.2a, C4.2b) Other climate-related targets

About this report

[GRI: 2-3]

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

Report quick facts

Reporting period: April 2021 to March 2022
Date of the previous report: January 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 on the Sustainability Reporting Criteria Presented in the ESG Report - 2021/22

Scope

We have been engaged by the management of Virtusa (Pvt) Ltd ("the Company") to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the sustainability reporting criteria presented in the ESG Report for the year ended 31 March 2022 (the "Report").

- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards, SASB Standards, and the TCFD Framework.

Criteria applied by Virtusa (Pvt) Ltd

The sustainability reporting criteria presented in the Report has been prepared in accordance with the following:

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.
  This Report has been prepared in accordance with the GRI Standards.
- 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/

Virtusa (Pvt) Ltd.'s responsibilities

Virtusa (Pvt) Ltd.'s management is responsible for selecting the criteria, and for presenting the Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to support the sustainability reporting process of the Report, 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 Report based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with **Virtusa (Pvt) Ltd** in the engagement letter dated 22 December 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Report in order for it to be 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 independent assurance conclusion.

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 Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, 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

We performed our procedures to provide an independent assurance engagement in accordance with SLSAE 3000 (Revised).

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance Indicators in order to design the assurance procedures that are appropriate in the circumstances.

Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other appropriate procedures. These procedures 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.

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.

We also performed the below procedures as we considered necessary in the circumstances:

- Interviewing relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Review and validation of the information presented and check the calculations performed by the organization on a sample basis through recalculation.
- Interviewing the selected key management personnel and relevant staff.
- Advice, make recommendations and provide feedback on the improvement of the Sustainability Reporting indicators to improve the presentation standard, if required.
- Comparison of the content given against the criteria given in the selected sustainability standards/frameworks.
- Independently review the content presented and request changes if required.
- Express an independent audit opinion on the on the information presented.

Emphasis of matter

Social, natural, and intellectual capital management data/information are subjected 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 Report.

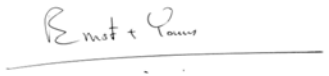
Restricted use

This report is intended solely for the information and use of Virtusa (Pvt) Ltd and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on our procedures and the evidence obtained, we conclude that:

- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from the GRI Standards, SASB Standards, and the TCFD Framework.



Chartered Accountant

Colombo

23 December 2022

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