



# Sustainability Report 2017/18



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# Message from the CEO

[102-14]

Financial Year 2018 (FY18) was a significant year for Virtusa as we passed \$1 billion of annualized revenue and our global team grew to over 20,000 members. During the year, our focus was on building the necessary platforms in our sustainability program to support our long-term goals and objectives.

We started many of our sustainability initiatives, including Code Green in 2008. In the same year, we joined the United Nations Global Compact (UNGC). Since then, we have been able to consistently grow and strengthen our sustainability program, and thus, embed the 10 UNGC Principles in our operations. As a technology company, our focus has been to utilize our core strength—digital engineering—to create shared value for our clients, our team members, and our communities. We create value for our clients through digital engineering, for our team members through diversity and collaboration, and for our communities through technology enablement as well as environmental stewardship.

While detailed information on all our sustainability initiatives are provided in the rest of this report, I would like to share some highlights from FY18.

**Sustainable Development Goals (SDGs):** We believe that businesses can play a key role in solving the social, economic, and environmental challenges that face our world by contributing to the achievement of the SDGs. As a first step, we identified the following SDGs that align most closely with our sustainability goals: Goal 4 (Quality Education); Goal 5 (Gender Equality); Goal 6 (Clean Water and Sanitation); Goal 8 (Decent Work and Economic Growth); Goal 9 (Industry, Innovation, and Infrastructure); Goal 12 (Responsible Consumption and Production); Goal 13 (Climate Action); Goal 16 (Peace, Justice, and Strong Institutions) and Goal 17 (Partnerships for the Goals). We hope to report on our progress in contributing to these goals in future reports.

**Client value:** We are on the cusp of the fourth industrial revolution (4IR), driven by the convergence of technology innovation, changing consumer expectations, supply chain expansion, and emergence of disruptive start-ups, that is fundamentally changing the way businesses operate. Our goal is to help our clients “cross the digital divide” and take full advantage of this revolution. Our innovation centers offer a robust ecosystem for clients to participate and innovate in creating new solutions for their business challenges. As a result of our superior technology services and committed team, we obtained 335 perfect 10/10 Client Delight Index (CDI) scorecards in FY18 compared to 195 in FY17. We also maintained an average CDI of 8.85 and a net promoter score of 72%.



**Compliance and ethics:** In the previous reporting period, we reviewed and revised our Code of Conduct and Anti-Bribery policies and our compliance training. In FY18, our focus was to ensure that all our team members had a clear understanding of our compliance program through training and certification. As such, 84% of our employees completed the Code of Conduct certification.

**Environmental stewardship:** We manage the significant environmental aspects of our business operations through Code Green, our environmental management system. In FY18, we improved our emissions performance by reducing Scope 1 and Scope 2 emissions per employee by 36% from our baseline year of FY13. However, we are still facing delays in obtaining state approvals for solar energy at our two campuses in Hyderabad, which has impacted our goals for renewable energy usage. We continue to report to the Carbon Disclosure Project Climate Change Program and the Supply Chain Program and obtained a performance band of “B” in 2017.

**People value:** We have invested in our team members so that they have the skills and knowledge to play the leadership roles required to support our long-term goals. As a result, we have implemented multiple training programs including the Global One Leadership Program, Launchpad, and Management Development Programs. We also finalized the curriculum for the Women in Leadership Program, the first program specifically designed to support our gender diversity initiatives.

**Social value:** The aim of our corporate social responsibility initiatives is to use technology to solve social issues. As such, we were proud to sponsor the Carbon Zero - Renewable Energy Innovation Challenge as it aligns with our corporate social responsibility goals. The Challenge hosted by the Indian Institute of Technology Madras (IIT Madras) jointly with Industrial Waste Management Association (IWMA), in collaboration with the U.S. Consulate General, Chennai, is a green business idea competition that aims to accelerate innovations that address climate change.

## Future Direction

**Environmental stewardship:** We set medium and long-term goals for our emissions reductions aiming to reduce 40% of Scope 1 and Scope 2 emission by 2030 and 70% by 2050.

**People value:** Our goal is to fulfill 75% of leadership positions from within and will continue to strengthen and grow the learning opportunities available to our team members. After a competitive selection process to identify top talent, we hope to formally launch the Women in Leadership Program in FY19.

**Supply chain:** We feel that strong supplier engagement leads to ethical supply chains. To this end, we aim to increase our supplier engagement mechanisms to ensure a responsible supply chain.

**Social value:** In late FY18, we signed an MoU with Biodiversity Sri Lanka (BSL) to partner in a program to restore 10 hectares of degraded land in the Kanneliya Forest Reserve in Sri Lanka. This is a five-year project, and we hope to report on its progress in the future.

**Kris Canekaratne**  
Chairman & CEO



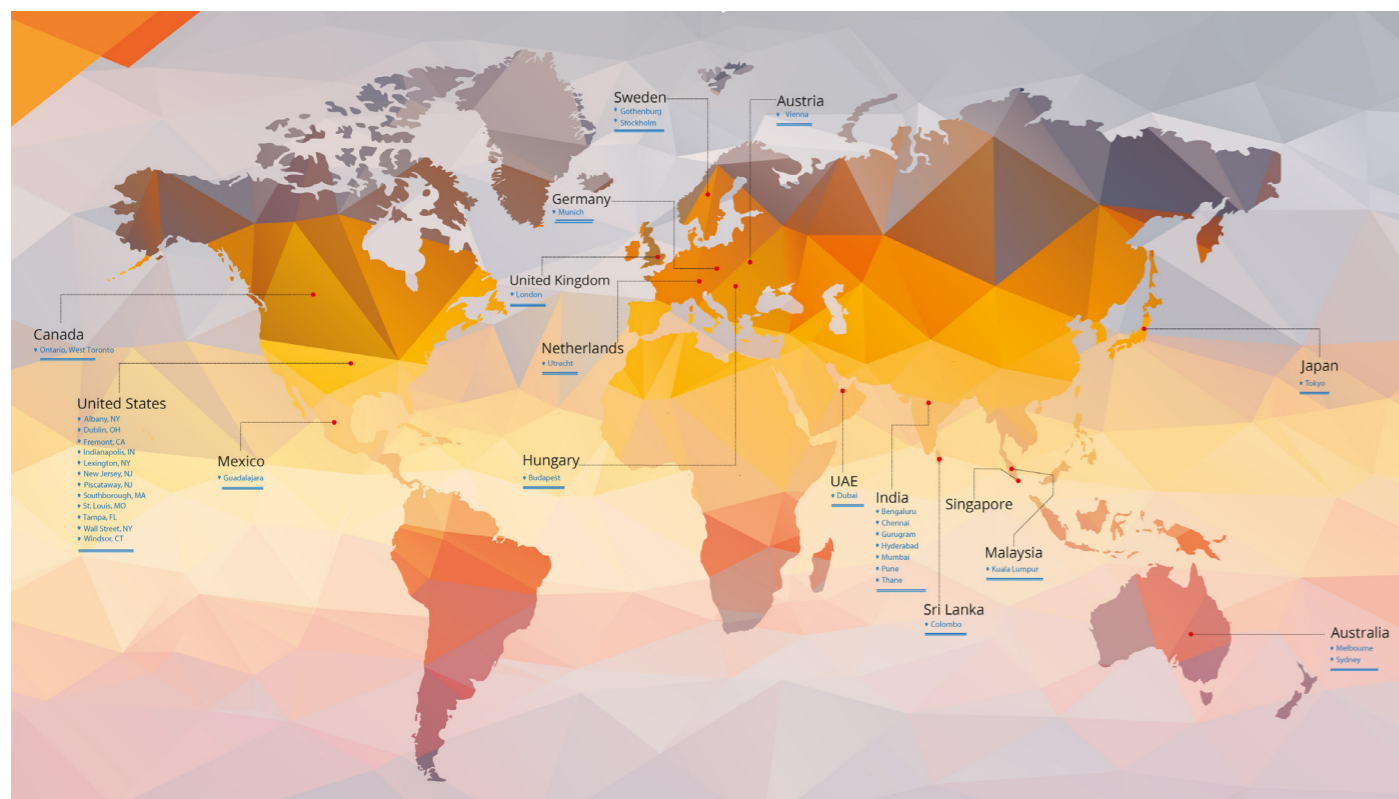
# About Us

**\$1** billion in revenue

**20,491** full-time employees

**335** perfect 10/10 Client Delight Index (CDI) scorecards

*\* All data is for FY18 unless indicated.*



Virtusa Corporation (NASDAQ: VRTU) is a leading worldwide provider of information technology (IT) consulting and outsourcing services. Headquartered in Massachusetts, we have offices in the United States, Canada, the United Kingdom, the Netherlands, Germany, Switzerland, Sweden, Austria, the United Arab Emirates, Hong Kong, Japan, Australia and New Zealand, with global delivery centers in India, Sri Lanka, Hungary, Singapore, Malaysia, and multiple nearshore delivery centers in the United States.

#### OUR VISION

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

#### OUR MISSION

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

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

#### OUR VALUES

**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.

## About Virtusa

[102-1, 102-2, 102-3, 102-4, 102-5, 102-7, 102-10]

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

Headquartered in Massachusetts, we have 49 offices across North America, Europe, and Asia. We view our operations and manage our business as one operating segment. Our corporate structure also spans multiple jurisdictions, with Virtusa Corporation incorporated in Delaware and its operating subsidiaries organized in India, Sri Lanka, the United Kingdom, Hungary, Germany, Singapore, Austria, Malaysia, Sweden, Switzerland, the Netherlands, and Polaris with its operating subsidiaries incorporated in Australia, China, the United Arab Emirates, Japan, and Canada.

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

## Our Services

[102-6]

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

We enable our clients to leverage technology innovations that provide the distinctive millennial customer experiences demanded by digital consumers who are increasingly looking for services that are available 24x7 without interruption, location aware and highly customized to their social likes and dislikes. We provide our IT services primarily to enterprises engaged in the following industries: communications and technology (“C&T”); banking, financial services, and insurance (“BFSI”); and media and information (“M&I”).

Detailed information of our service offerings is available on our website, [www.virtusa.com](http://www.virtusa.com).

## Economic Performance

### [102-7]

For the fiscal year ended March 31, 2018, we had revenue of \$1,020.7 million and income from operations of \$46.4 million. In our fiscal year ended March 31, 2018, our revenue increased by \$161.9 million, or 18.9%, to \$1,020.7 million, as compared to \$858.7 million in our fiscal year ended March 31, 2017. Our net income decreased from \$11.9 million in our fiscal year ended March 31, 2017, to a net loss of \$(2.7) million in our fiscal year ended March 31, 2018.

We serve clients across North America, Europe, Asia, and, with the Polaris acquisition, added operations in Hong Kong, the United Arab Emirates, New Zealand, Japan, Australia, and Canada. During the fiscal year ended March 31, 2018, 65% of our revenue was generated in North America, 24% in Europe and 11% in the rest of the world.

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

We provide indirect economic benefits in two areas. Through our Campus Reach program, we collaborate with academia to advance IT education in India and Sri Lanka. Through our Tech Reach program, we develop software applications for social good at zero cost to stakeholders. These programs are described in detail in the section "IT for Good" along with details of community investments made during the reporting period. We do not make any political donations as per our corporate policy.

## Financial Data

### [102-7, 201-1]

Fiscal Year Ended March 31  
(In thousands, except share and per share amounts)

	2018	2017	2016	2015	2014
Revenue	1,020,669	858,731	600,302	478,986	396,933
Costs of revenue	725,445	620,950	389,310	304,422	250,533
Gross profit	295,224	237,781	210,992	174,564	146,400
Operating expenses	248,837	219,410	165,672	121,996	103,988
Income from operations	46,387	18,371	45,320	52,568	42,412
Other income	(4,551)	447	12,349	4,832	3,512
Income before income tax expense	41,836	18,818	57,669	57,400	45,924
Income tax expense	32,888	2,561	12,649	14,954	11,549
Net income	8,948	16,257	45,020	42,446	34,375
Less: Net income attributable to the non-controlling interest	7,694	4,399	218	-	-
Net income attributable to Virtusa common stockholders	1,254	11,858	44,802	42,446	34,375
Less: Series A Convertible Preferred Stock dividends and accretion	3,963	-	-	-	-
Net income (loss) available to Virtusa common stockholders	(2,709)	11,858	44,802	42,446	34,375
Basic earnings (loss) per share available to Virtusa common stockholders	(0.09)	0.40	1.53	1.48	1.32
Diluted earnings (loss) per share available to Virtusa common stockholders	(0.09)	0.39	1.49	1.44	1.27
Weighted average number of common shares outstanding					
Basic	29,397,350	29,650,026	29,233,861	28,753,102	26,116,516
Diluted	29,397,350	30,215,171	30,004,982	29,555,624	26,973,001

Table: Consolidated Statements of Income Data (in US\$)

# Awards and Recognition FY18



Year Ended March 31

	2018	2017	2016
<b>Customer Revenue</b>			
United States of America	628,147	532,244	413,914
United Kingdom	195,547	164,970	109,015
Rest of World	196,975	161,517	77,373
Consolidated revenue	1,020,669	858,731	600,302

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

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

Table: Breakdown of Services Provided

## Technology and Innovation

- Virtusa was named as a 2018 Outsourcing Leader by IAOP.
- Virtusa was named a Top 15 Sourcing Service Provider by ISG.
- Presidential Export Awards recognized Virtusa's strong contributions to the Sri Lankan economy for the third consecutive time.
- Virtusa was named the Most Innovative Technology Company of the Year at the 2017 American Business Awards.
- Received the 2017 Pega Partner Award for Partner Excellence in Thought Leadership: Agile Enterprise from Pegasystems.

## People Practices

- Virtusa won the 2017 North American and Asia-Pacific CandE Awards for Delivering Outstanding Candidate Experiences for delivering outstanding experiences to candidates throughout the recruitment process.
- Virtusa won Gold at Sri Lanka Human Capital Management Awards.

## Corporate Social Responsibility

- Virtusa won the award for Best Use of CSR Practices in the IT Industry at the Sri Lanka CSR Leadership Awards.

A hand is shown holding a glowing blue line graph that fluctuates across the frame. The background is a blurred city skyline with tall buildings under a blue sky. The overall aesthetic is modern and data-driven.

# Corporate Citizenship

**OHSAS 18001:2007**  
certified occupational health  
and safety system

**ISO 14001:2015** certified  
environmental management  
system

**B** Carbon Disclosure  
Project Performance Band

**B** Carbon Disclosure Project  
Supplier Engagement Rating

*\* All data is for FY18 unless indicated.*



## Our Sustainability Framework

### [103-1, 103-2]

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

Our sustainability program is based on the following core elements.

Area	Framework	Current Status
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>OHSAS 18001:2007</li> </ul>	Eleven technology centers in India and Sri Lanka are certified.
<b>Environment (Code Green)</b>	<ul style="list-style-type: none"> <li>ISO 14001:2015 (EMS)</li> <li>ISO 50001:2011 Guidance (Energy)</li> <li>ISO 14064 Guidance (Climate Change)</li> <li>Greenhouse Gas (GHG) Protocol</li> </ul>	<p>Eleven technology centers in India and Sri Lanka are certified for ISO 14001.</p> <p>Encompasses climate change, emissions, energy, water, and waste management.</p> <p>We report GHG emissions to the Carbon Disclosure Project.</p>
<b>Business Continuity Management</b>	<ul style="list-style-type: none"> <li>ISO 22301:2012</li> </ul>	Fifteen technology centers in India, Sri Lanka, UK, USA, and Hungary are certified.
<b>Information Security</b>	<ul style="list-style-type: none"> <li>ISO 27001:2013</li> </ul>	Nineteen technology centers in India, Sri Lanka, UK, USA, Singapore, and Hungary are certified.
<b>Labor Standards</b>	<ul style="list-style-type: none"> <li>SA 8000 Guidance</li> <li>Modern Slavery Act 2015 (UK)</li> <li>Equality Act 2010 (UK)</li> <li>UN Convention on the Rights of Persons with Disabilities (UNCRPD)</li> <li>UN Guiding Principles on Business and Human Rights (UNGPs)</li> </ul>	Policies formulated under SA 8000 guidance since July 2016.
<b>Anti-Bribery and Corruption</b>	<ul style="list-style-type: none"> <li>Foreign Corrupt Practices Act 1977</li> <li>Bribery Act 2010 (UK)</li> </ul>	Policies signed in line with framework.
<b>Management Engagement, Social Impact &amp; Diversity</b>	<ul style="list-style-type: none"> <li>ISO 26000 Guidance</li> <li>Companies Act 2013 section 135 (India)</li> </ul>	<p>We create social impact through the following:</p> <ul style="list-style-type: none"> <li>Digital Reach – Creating a digitally inclusive society.</li> <li>Campus Reach – Supporting the next generation of IT professionals to be workforce ready.</li> <li>Tech Reach – Using technology for good.</li> </ul>

## Sustainable Development Goals

### [102-12]

We are committed to supporting the Sustainable Development Goals. In FY17, we identified the SDGs supported by the three pillars of our corporate social responsibility focus: Campus Reach, Tech Reach, and Digital Reach. In FY18, we mapped each of the core elements in our sustainability framework with the SDGs, to identify the SDGs that align with our business priorities. The mapping was done based on our existing sustainability initiatives and reporting.

As a result, SDGs 5, 8, 12, 13, and 16 were identified as high priority, and SDGs 4, 6, 9, and 17 were identified as medium priority.



### HIGH PRIORITY



### MODERATE PRIORITY



## Corporate Citizenship Governance

Responsibility for our sustainability program lies with the Chairman and CEO at board level. At officer level, our Chief Operating Officer (COO) reports to the Board on our sustainability program. As such, he reviews our environmental performance on a quarterly basis.

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



## Sustainability Policies

[103-2]

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

## FY18 Goals and Performance

[103-2]

	Goal	Target	FY18 Status
 Environment	Reduce emissions from Scope 1 and Scope 2 by 2030	40%	36%
	Obtain energy from renewable sources by 2020	10%	14%
 People	Grow leaders from within	75%	68%
	Enhance employee engagement and maintain Employee Delight Index	76%	69%
 Clients	Target Client Delight Index	8.80%	8.85%
	Target Net Promotor Score	75%	72%

## About This Report

[102-54]

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

## Restatements

[102-48]

Please note the following restatements:

- We revised emissions per employee for our base year from 1.53 MTCO<sub>2</sub>eq to 1.62 MTCO<sub>2</sub>eq (Graph: Emissions per employee (MTCO<sub>2</sub>eq) on page 42).
- Emissions from air travel and road travel for FY17 have been revised since these numbers had been transposed in the previous report (Table: Breakdown of Scope 3 Emissions (Metric Tonnes CO<sub>2</sub>e) on page 42).
- Apparatus Inc. has been incorrectly named as Indianapolis Innovation Center in the previous report (Materiality and Reporting Boundary on page 17).

### REPORT QUICK FACTS [102-50, 102-51, 102-52, 102-53]

**Reporting period:** April 2017 to March 2018

**Date of previous report:** November 2017

**Reporting cycle:** Annual

**Contact Point for Questions:**

Kris Canekaratne  
 Chairman and Chief Executive Officer  
[kris@virtusa.com](mailto:kris@virtusa.com)

## Stakeholder Engagement

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

The stakeholder groups with which we engage include clients, investors, employees, academia, suppliers, governments, and NGOs and local communities. Clients, investors, and employees have the greatest impact on our operations. Stakeholder engagement is an important aspect of our sustainability program as it provides inputs on the topics that are important for our stakeholders. The following table lists the channels of engagement we use with each of our stakeholders as well as the key concerns for each stakeholder group.

Stakeholder	Engagement Mode	Key Concerns
<b>Clients</b>	<ul style="list-style-type: none"> <li>Request for proposal</li> <li>Client visits and meetings</li> <li>Client Delight Index (CDI)</li> <li>Net Promoter Score (NPS)</li> <li>Client initiated surveys and audits</li> <li>Sustainability report</li> <li>Media interactions</li> </ul>	<ul style="list-style-type: none"> <li>Business value</li> <li>Business continuity</li> <li>Corporate governance and ethics</li> <li>Labor and human rights</li> <li>Environmental responsibility</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Shareholder Outreach Program</li> <li>Quarterly earnings calls</li> <li>Investor presentations and events</li> <li>Media interactions</li> </ul>	<ul style="list-style-type: none"> <li>Revenue growth</li> <li>Profit margins</li> <li>Corporate governance and ethics</li> <li>Shareholder rights</li> <li>Transparency</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Internal Support Group Framework</li> <li>Open Door Policy</li> <li>Social media</li> <li>Internal Service Group Survey</li> <li>Onboarding Survey</li> <li>5th Month Survey and 18th Month Survey</li> <li>Exit Survey</li> </ul>	<ul style="list-style-type: none"> <li>Career growth</li> <li>Compensation</li> <li>Learning and development</li> <li>Work/life balance</li> <li>Safe work environment</li> <li>Transparency</li> </ul>
<b>Academia</b>	<ul style="list-style-type: none"> <li>Curriculum development and advice</li> <li>Internship program</li> <li>Career guidance and awareness</li> <li>Mentoring for final year projects</li> <li>Industrial visits</li> <li>Career fairs</li> <li>Social media</li> <li>Media interactions</li> </ul>	<ul style="list-style-type: none"> <li>Internship opportunities for students</li> <li>Curriculum advice</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier Survey</li> <li>Supplier Guidelines</li> <li>Supplier awareness sessions</li> <li>Media interactions</li> </ul>	<ul style="list-style-type: none"> <li>Business opportunities</li> <li>Ethical business practices</li> </ul>
<b>Governments</b>	<ul style="list-style-type: none"> <li>Membership in sustainability associations</li> <li>Collaborations with government bodies on sustainability</li> <li>Media interactions</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethics</li> <li>Environmental responsibility</li> <li>Development of IT industry in India/Sri Lanka</li> </ul>
<b>NGOs and Local Communities</b>	<ul style="list-style-type: none"> <li>Media interactions</li> <li>Conferences and public forums on sustainability</li> <li>Membership in sustainability associations</li> </ul>	<ul style="list-style-type: none"> <li>Ethical business practices</li> <li>Responsible corporate citizenship</li> <li>Job opportunities</li> <li>Community development</li> </ul>

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

## Materiality and Reporting Boundary

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

A complete list of subsidiaries that comprise our reporting boundary is provided on page 168 of our 2018 Form 10K (Exhibit 21.1: Subsidiaries of Virtusa Corporation), available in the [SEC Filings section](#) of our website. Since we manage our business as one operating segment, aspects related to economic, labor practices, human rights, governance and ethics, and customer privacy are reported for all entities. Environmental data is reported only for our technology centers in India and Sri Lanka including technology centers from Polaris Consulting. Corporate social responsibility activities are reported from all entities except InSource Holdings, TradeTech Consulting, and eTouch Systems.

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

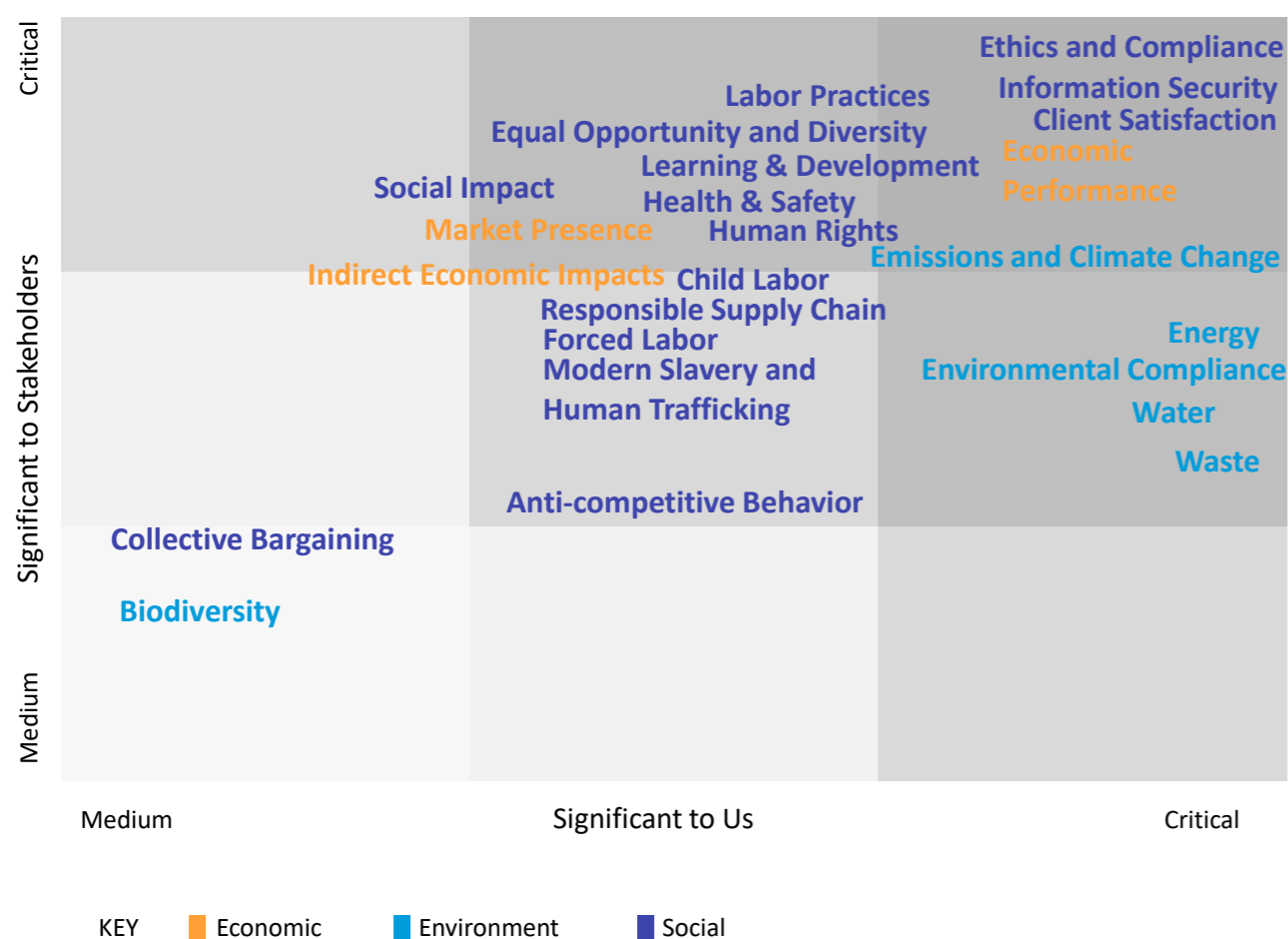
Material and fully reported	Reported with constraints	Not significant
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### Notes:

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

As the acquisition of eTouch Systems took place on 12th March 2018, only limited information on the above aspects is provided for eTouch Systems.

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



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

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

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

## External Initiatives and Memberships

[102-12, 102-13]

### United Nations Global Compact

We joined the United Nations Global Compact (UNGC) in 2008 and practice the 10 principles through our management approach to sustainability and sustainable business. In 2017/2018 we opted for a Participant engagement level with the UNGC.

We have been on the Steering Committee of the Sri Lankan Network since 2010. A representative from Virtusa is on the Board of Directors of the Network and we have supported and encouraged the activation of both the Network and the UNGC principles in Sri Lanka.

### Carbon Disclosure Project

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

### BSL Resource Efficiency Pledge

As a member of Biodiversity Sri Lanka, Virtusa signed the organization's Resource Efficiency Pledge (<https://biodiversitysrilanka.org/pledge>). Through the Pledge, members agree to use natural resources more efficiently and to reduce waste generated through operations.

EXTERNAL INITIATIVES	MEMBERSHIPS
<p>We subscribe and/or endorse the following initiatives:</p> <ul style="list-style-type: none"> <li>Carbon Disclosure Project</li> <li>Greenhouse Gas (GHG) Protocol</li> <li>Leadership in Energy and Environmental Design (LEED)®</li> <li>Central Environmental Authority of Sri Lanka E-waste Management Program</li> <li>United Nations Global Compact (UNGC)</li> <li>UNGC Business for Peace (B4P)</li> <li>United Nations Guiding Principles on Business and Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>American Chamber of Commerce, India</li> <li>American Chamber of Commerce, Sri Lanka</li> <li>Biodiversity Sri Lanka (BSL)</li> <li>Green Building Council of Sri Lanka (GBCSL)</li> <li>Indian Green Building Council (IGBC)</li> <li>Information Technology &amp; Services Industry Association of Andhra Pradesh (ITsAP)</li> <li>National Association of Software and Services Companies (NASSCOM)</li> <li>Sri Lanka Association of Software and Service Companies (SLASSCOM)</li> </ul>

## Supply Chain Management

[102-9, 102-10]

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

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

### Supplier Sustainability Survey

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

### Supplier Guidelines

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

## Supply Chain Sustainability Awareness Session

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

### Procurement Process

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

### Checks and Inspections

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

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



# Our Clients

215 active clients

34 new clients

96% revenue from repeat business

335 perfect 10/10 Client Delight Index (CDI) scorecards

*\* All data is for FY18 unless indicated*

## Our Strategy and Approach

[103-1, 103-2]

A majority of our revenue for the reporting period was generated from Forbes Global 2000 firms or their subsidiaries. Our expertise in core technology services allows us to help our clients lower total cost of ownership of their overall IT investments. We also combine industry specialization with our core services to deliver high-impact solutions in critical business functions that help our clients transform their business performance and gain competitive advantage in the markets in which they operate.

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

We believe that our regular, direct interaction with senior client executives, the breadth of our client relationships, and our reputation within these clients as a thought leader differentiate us from our competitors. The strength of our relationships has resulted in significant recurring revenue from existing clients. During the fiscal year ended March 31, 2018, 96% of our revenue came from clients to whom we had been providing services for at least one year.

### Strategic Alliances

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

## Client Engagement

[102-43, 103-3]

### Account Management

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

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

### Client Delight Index

Measuring and ensuring high client satisfaction is an integral part of our delivery process. The CDI is a key performance measure that has board-level visibility. Client feedback is collected each quarter from the stakeholders identified for each account, and a consolidated report is published for each Advanced Technology Center. The CDI helps us to identify areas of client engagement that may need attention. Internally, all negative responses require action plans from our staff, ensuring that any problems are corrected. The survey can be customized depending on the project or project phase. In FY18, we received 335 perfect 10/10 CDI scorecards.

### Net Promoter Score

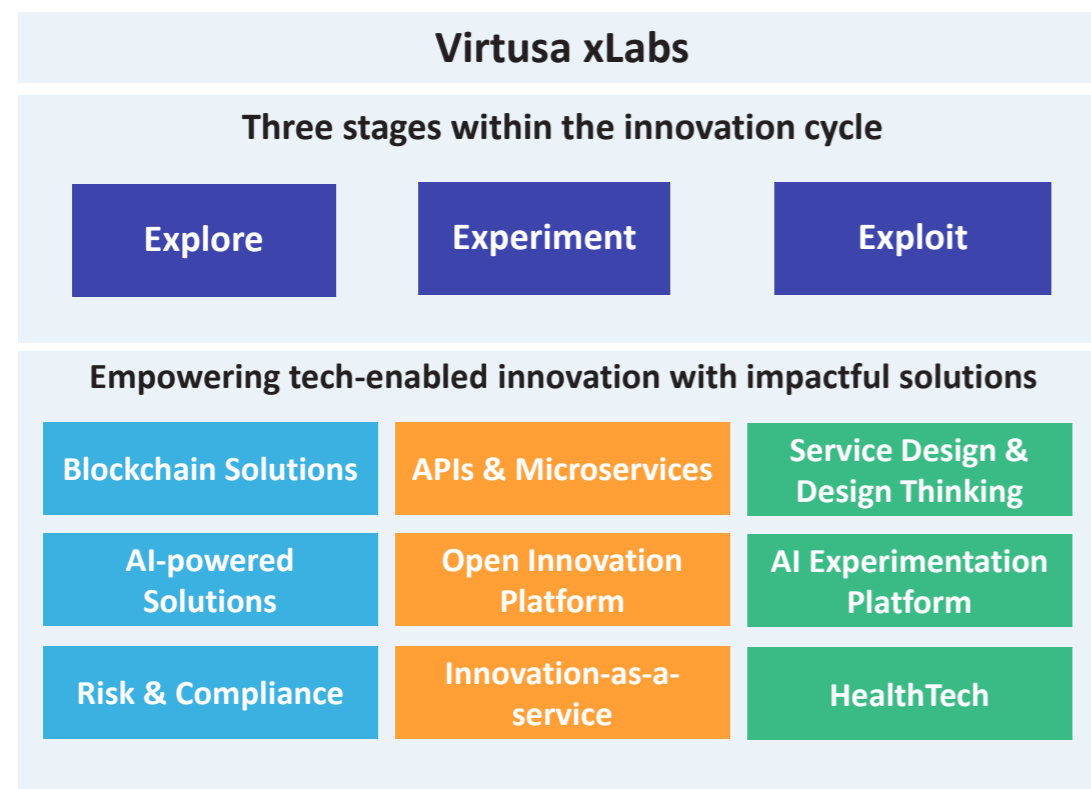
Along with the CDI, we also gather information on the Net Promoter Score (NPS). This metric is also reviewed at board level on a quarterly basis. The average NPS for FY18 was 72%.

## Technology and Innovation

New advances in areas like internet of things (IoT), artificial intelligence (AI), machine learning (ML), and robotics process automation (RPA) are now pushing the boundaries of how technology can disrupt traditional business models and deliver significant value in several areas, including delivering new products and services, enhancing consumer experience, and improving operational efficiencies of the business. We have invested in developing deep capabilities in these new areas, fostering a strong partner ecosystem and building a rich platform for nurturing innovation and rapidly constructing prototypes that use IoT, AI, and/or RPA to solve specific business problems for our clients. We have created innovation centers focused on certain technologies like IoT, AI, and ML, which offer a robust ecosystem for clients to participate and innovate in creating new solutions to their business challenges. Through these innovation centers, we have been able to deliver award-winning solutions to some of our marquee clients in healthcare, communications, and insurance sectors.

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

We continue to invest in our award-winning developer engagement and gamification platform and are extending gamification across the software delivery lifecycle and across all roles involved in the software delivery process. We are working with several clients on adopting enterprise-wide gamification strategies.



## Global Innovation Process

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

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

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

All of our major delivery centers, located in Hyderabad, Chennai and Bangalore in India; Colombo in Sri Lanka; have been reassessed at CMMI Level 5 maturity. During our fiscal year ended March 31, 2018, we launched a Global CMMI Program to re-assess all of our delivery centers in Hyderabad, Chennai, Bangalore, Pune, Mumbai, and Gurugram in India; and Colombo in Sri Lanka against CMMI-DEV v1.3 ML5 and CMMI-SVC v1.3 ML3. This would be the first of the initiatives to cover multi-locations and multi-models (CMMI-DEV and CMMI-SVC). We are on track to complete re-assessment by the middle of September 2018. CMMI is a process improvement model used to improve a company's ability to manage project deliveries to ensure predictable results. CMMI's process levels are regarded as the standard in the industry for evolutionary paths in software and systems development and management.



A man in a dark suit, white shirt, and red tie is shown from the chest up, holding a pen and writing in a small notebook. The background is a blurred cityscape with tall buildings under a bright sky. The overall tone is professional and business-oriented.

# Ethics and Compliance

**8** independent members on the board of directors

**ISO 27001:2013** certified information security management system

**ISO 22301:2012** certified business continuity management system

*\* All data is for FY18 unless indicate*

## Corporate Governance

### Board of Directors

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

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

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

The board of directors has four standing committees: audit committee; compensation committee; nominating and corporate governance committee; and finance committee. The finance committee was formed and approved by our board on June 29, 2017. Each committee operates pursuant to a separate charter that has been approved by the board of directors. A current copy of each charter is available at the Corporate Governance section of our website at: <http://www.virtusa.com/investors/corporate-governance/>.

### More Information

More detailed information on corporate governance is available in our [Proxy Statement](#), filed with the U.S. Securities and Exchange Commission on August 1, 2018, and the [DEFA14A](#) filed on August 27th, 2018. In addition, the Corporate Governance Guidelines provides information on director qualification standards, board structure, responsibilities, and more.

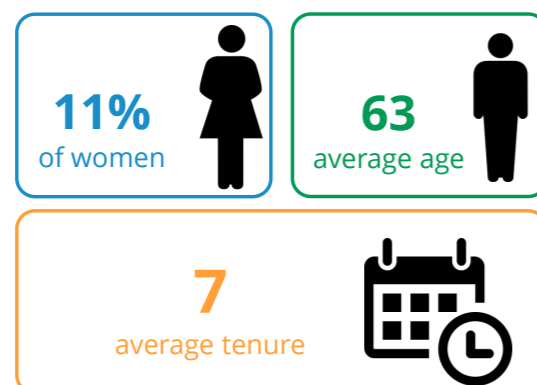


Figure: Board of Directors at a Glance

Inside Directors			
<b>Kris Canekeratne</b>	52	<i>Chairman and Chief Executive Officer and Class III Director</i>	
Outside Directors			
<b>Izhar Armony</b>	54	<i>Class II Director</i>	
<b>Joseph G. Doody</b>	65	<i>Class I Director</i>	
<b>Deborah C. Hopkins</b>	63	<i>Class II Director</i>	
<b>Rowland T. Moriarty</b>	71	<i>Class II Director</i>	
<b>Barry R. Nearhos</b>	60	<i>Class III Director</i>	 
<b>William K. O'Brien</b>	73	<i>Class I Director</i>	  
<b>Vikram S. Pandit</b>	61	<i>Series A Director</i>	 
<b>Al-Noor Ramji</b>	64	<i>Class I Director</i>	

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

Figure: Board of Directors

## Ethics and Compliance

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

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

POLICIES	CERTIFICATION
<ul style="list-style-type: none"> <li>Code of Business Conduct and Ethics</li> <li>Anti-Bribery and Corruption Policy</li> <li>Foreign Corrupt Practices Act Policy</li> <li>Whistleblower Policy</li> <li>Business Continuity Management Policy</li> <li>Information Security Management Policy</li> <li>Intellectual Property</li> <li>Harassment-Free Workplace Policy</li> <li>Privacy Policy</li> <li>Grievance Policy</li> <li>Sustainability Policy</li> <li>Environment, Health and Safety Policy</li> <li>Energy Policy</li> <li>Climate Change Policy</li> <li>Waste Policy</li> <li>Water Policy</li> <li>Social Responsibility Policy</li> </ul>	<ul style="list-style-type: none"> <li>CMMI Level 5</li> <li>ISO 22301:2012</li> <li>BS OHSAS 18001:2007</li> <li>ISO/IEC 27001:2013</li> <li>ISO 14001:2015</li> <li>SOC 1 and SOC 2</li> </ul>

## Code of Business Conduct and Ethics

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

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

A copy of the Code is available to all directors, officers, and employees. It is maintained on the company's web-site <http://www.virtusa.com/investors/corporate-governance/>. Copies may also be accessed on our V+ platform or requested through the Compliance Officer or Human Resources department.

## Anti-Bribery and Corruption Policies

[103-1, 103-2]

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

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

## Training on Ethics and Compliance

[103-2]

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

- We maintain a comprehensive set of policies on our V+ platform that clearly establishes and communicates the standards in which we hold employees accountable for and how they may seek guidance.
- All employees and contractors are required to complete a mandatory Code of Conduct training/certification upon joining Virtusa, which also includes the Anti-Bribery and Corruption policies. In FY18, 84% of team members completed the certification. In FY19, we introduced an annual recertification requirement for 5% of specifically targeted team members, including management and those engaging with third parties.

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

## Reporting Procedures

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

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

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

- Speak directly to their supervisor, human resources, or the Senior Vice President; or an internal audit.
- Report complaints anonymously and in a protected manner by using a web-based submission tool: <https://virtusa.silentwhistle.com/ethfeedback/index.jsp>, or by calling the Whistleblower Hotline at 1-800-698-2816.
- Contact Virtusa's General Counsel and Compliance Officer.
- Report concerns involving accounting, internal controls, or auditing matters to the Audit Committee of the Board of Directors.

Complaints received through the web tool and hotline are handled by the Compliance Officer. Any-accounting related issue is directed to the Chairman of the Audit Committee as soon as reasonably practicable following receipt of the complaint.

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

## Risk Management

**[102-18]**

### Risk Assessment

Our Business Continuity Risk Assessment program is guided by ISO 22301. The Risk Management Team, led by the Head of Risk Management, is responsible for assessing business risks including legal, regulatory, reputational, customer behavior, extreme weather, and climate change related risks. While these risks are considered at the company level, we also undertake significant advanced planning at contract, asset, and geographic location level. The results of risks analysis and the action plans are presented annually to the Executive Board and to the Audit Committee, and the conclusions are reported to the Board of Directors.

### Board of Directors Role in Risk Management

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

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

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

### Risks and Opportunities due to Climate Change

**[201-2]**

Information on the financial implications and risks and opportunities due to climate change is provided in our CDP response, which is available at: <https://www.cdp.net/en/responses/20186>.

## Information Security

[103-1, 103-2, 103-3, 418-1]

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

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

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

The Chief Information Security Officer's organization monitors and reports any incidents and breaches to the senior leadership, the enterprise risk management team, client representatives, relevant business unit heads, and human resources teams for corrective action. We did not have any instances of breaches of customer data during the reporting period ending March 31, 2018.

### Certification

Our Information Security Management Program is certified for ISO 27001:2013. The Enterprise Security Team ensures that the annual re-certification is performed by a qualified external third-party agency. The review examines our information security framework and comments on its strengths and weaknesses.

Since the original certification in 2008, the external third-party agency has not reported any material or significant observations. The most recent review was performed in August 2017.

### Data Privacy

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

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

### Training

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

### External Penetration Program

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

### Data Loss Prevention

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

### Software Compliance

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

### Periodic Auditing

Our internal audit department (IAD) conducts periodic audits of the information technology infrastructure and the information security framework based on risks and request. IAD's reports are provided to the Global Head of Information Technology and the Chief Information Security Officer for review and correction, and updates are provided to the audit committee during quarterly meetings.

A hand in a white sleeve holds a globe of the Earth. A network of white lines connects various points on the globe's surface, with some points highlighted as larger white circles. The background is a blurred cityscape with tall buildings under a blue sky with light clouds.

# Environmental Stewardship

**B** Carbon Disclosure  
Project Performance Band

**36%** reduction in Scope 1  
and Scope 2 emissions per  
employee since FY13

**24%** reduction in energy per  
employee since FY13

**44%** water used was  
recycled

*\* All data is for FY18 unless indicated.*



## Our Strategy and Approach

[102-11, 103-1, 103-2, 103-3]

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

Our environmental strategy focuses on three areas: operating energy efficient facilities that reduce our environmental footprint, reducing the environmental footprint of software developed for clients, and utilizing energy efficient technologies. Our Global Head of Administration and Facilities is responsible for managing our climate strategy and reports directly to the COO on all matters related to our environmental footprint. The facilities management teams in each location manage day-to-day activities related to environmental management such as tracking emissions, energy and water usage, recycling activities, ISO14001 certification, and other aspects of environmental reporting.

We seek certification to ensure transparency and adherence to international standards. Our technology centers in India and Sri Lanka, which constitute 84% of our real estate, are certified for ISO 14001 by the British Standards Institute. In addition, 35% of our real estate is Leadership in Energy and Environmental Design (LEED) certified.

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

### Goals and Targets

	Description	Target Year
Medium Term	Reduce Scope 1 and Scope 2 emissions by 40%	2030
Long Term	Reduce Scope 1 and Scope 2 emissions by 70%	2050

## Data Computational Methods

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

Environmental data is only gathered and monitored for our technology centers in India and Sri Lanka, which account for approximately 75% of our total headcount.

We follow the guidelines set by the Greenhouse Gas (GHG) Protocol to calculate Scope 1 and Scope 2 emissions. We have used FY13 (April 2012 to March 2013) as our baseline year. Information on employee numbers is based on the employee's current location. This provides a more accurate figure than using the headcount based on the permanent location as it takes into account employees who are working at client sites and who do not contribute to emissions in our offices. For FY18, we used the following emission factors:

Location	Emission Factor	Unit	Reference
India	820	grams CO2/kWh	CEA CO2 Baseline Database for the Indian Power Sector (2017)
Sri Lanka	690	grams CO2/kWh	Sri Lanka Energy Balance 2015

To calculate Scope 3 emissions from air travel and employee commute, we used the World Resources Institute (2015) GHG Protocol tool for mobile combustion version 2.6.

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

## Managing Impacts

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

### Emissions

Our main sources of emissions are from the usage of purchased electricity, and business travel (both air and road travel). Emissions from the usage of diesel generators form a minute percentage of our emissions (see Chart: Percentage Breakdown of Emission for FY18).

As of FY18, we were able to reduce our Scope 1 and Scope 2 emissions per employee by 36% from our baseline year of FY13 from 1.62 MTCO2eq to 1.03 MTCO2eq. This was due to energy saving measures implemented throughout the year as well as a decrease in emission factors. Emissions factors for India decreased from 960 to 820 and emissions factors for Sri Lanka decreased from 720 to 690. In order to further reduce our Scope 1 and Scope 2 emissions, future goals include purchasing renewable energy to offset 10% of our total energy consumption.

In FY18, we included data from our operations in the United States, the United Kingdom, and Europe in air travel calculations (as these regions account for the bulk of our air travel). As a result, emissions from air travel increased from 4,600.569 MTCO2eq in FY17 to 10,364.512 MTCO2eq in FY18. Due to this increase, Scope 3 emissions now account for 46% of our emissions. Measures to reduce the impact from business air travel include the use of audio and video conferencing. Measures to reduce impact from road travel include the use of an automated system to track and manage shuttle services, the use of optimized transport routes, and where possible, the use of hybrid vehicles for transporting employees.

## Energy

### [302-3]

In FY18, approximately 54% of our emissions were generated from the use of electricity in our offices. We initiated our energy management program in April 2008. Strategies for energy optimization include space and server consolidation use of building management systems (BMS) and use of energy efficient products. In 2012, we implemented an initiative to convert the lighting systems in the technology centers to LED. Now, LED lighting has been adopted as our standard lighting and will be used for all new spaces. In FY18, much of the significant energy savings were obtained through conversion to LED lighting at our newly acquired facilities. For example, approximate energy savings at Navallur and Hyderabad Capital campuses were 351.60 GJ and 882.97 GJ respectively.

Due to the above measures, we achieved a 24% reduction in per employee energy consumption over our baseline year of FY13. The intensity of energy consumption per employee reduced from 187 kWh in FY13 to 143 kWh in FY18.

## Water

### [303-1, 303-2, 303-3]

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

In F18, per employee water usage increased by 1.52% from 0.66kl in our baseline year of FY13 to 0.67kl in FY18. However, when compared to per employee water usage in FY17 (0.69kl), this was a decrease of 2.9%. Total water used in FY18 amounted to 108,217.96kl. Strategies for water management include more efficient water usage in facilities maintenance and creating awareness among employees about conserving water.

At present, we are able to recycle waste water only at company owned facilities and not at rented spaces. In FY18, 47,460kl of water was recycled, which amounted to 44% of our total use. The Hyderabad Campus also has rain water harvesting facilities with two tanks of 50kl and 75kl.

## Waste

### [103-2, 306-2]

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

Another source of waste from our operations is paper. We have reduced paper usage through several measures such as duplex printing and purchasing farmed paper. All departments are encouraged to use paperless forms, notifications, and reports wherever possible. Waste paper is handed over to a certified vendor for recycling.

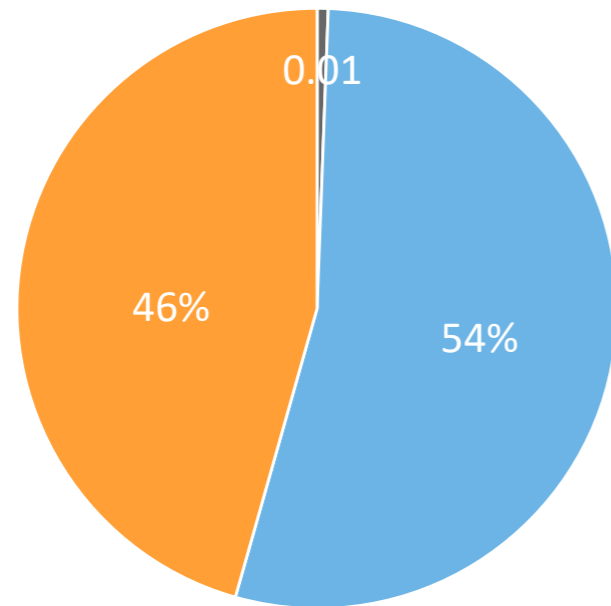
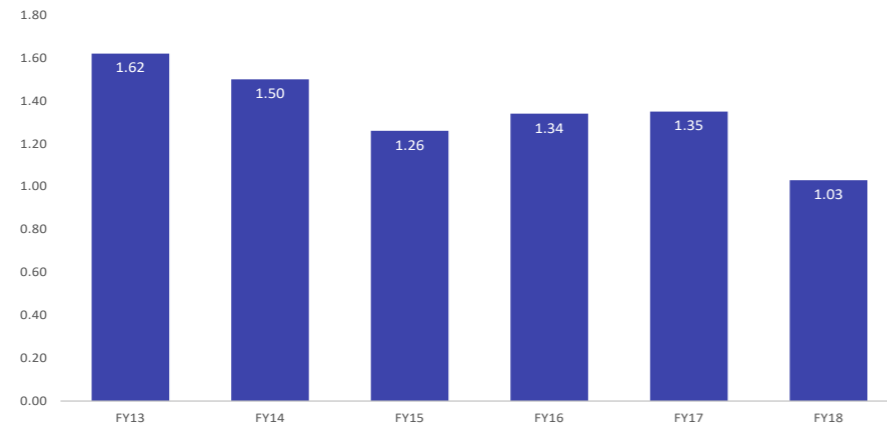
We also initiated activities for limiting the use of and recycling plastics. For example, Virtusa Sri Lanka established a collection point for polyethylene terephthalate (PET) bottles. The bottles will be donated to a recycler that provides environmentally friendly monofilaments and yarn for cleaning tools and fabric manufacturers worldwide. In addition, food service providers in the cafeteria have been advised to use alternatives to plastic bags.





## Emissions Data

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



■ Scope 1: Fuel (Diesel) ■ Scope 2: Grid power ■ Scope 3: Business air travel and road travel

Percentage Breakdown of Emissions for FY18 (Metric Tonnes CO2e)

	FY18	FY17	FY16	FY15	FY14	FY13
Scope 1: Fuel (Diesel)	<b>166.808</b>	412.151	102.981	71.51	44.38	350.12
Scope 2: Grid power	<b>15,137.908</b>	192,82.219	11,830.786	9,487.94	9,341.69	9,317.55
Scope 3: Business air travel and road travel	<b>12,832.642</b>	6,781.382	4,616.684	2,503.73	2,171.01	2,340.24
<b>Total GHG emissions</b>	<b>28,137.358</b>	<b>26,475.752</b>	<b>16,550.451</b>	<b>12,063.18</b>	<b>11,557.08</b>	<b>12,007.91</b>

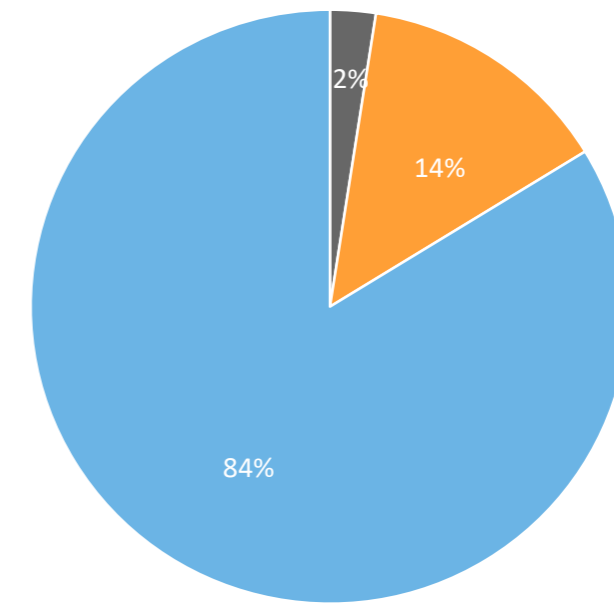
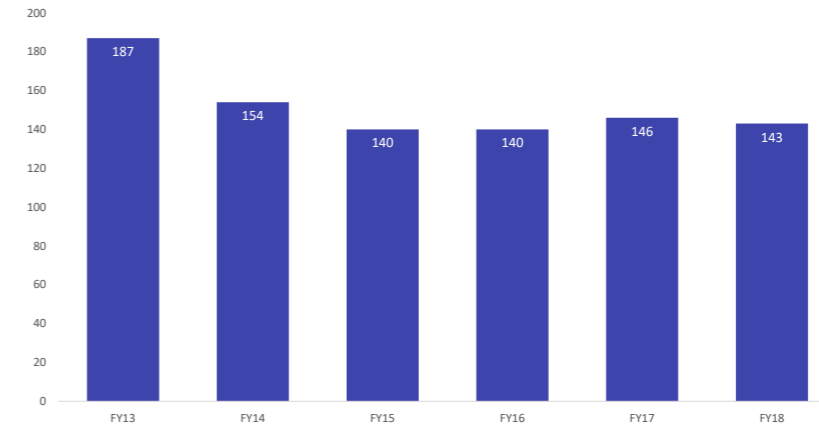
Table: Total Direct and Indirect Greenhouse Gas Emissions by Weight (Metric Tonnes CO2e)

	FY18	FY17	FY16	FY15	FY14	FY13
Emissions from air travel	<b>10,364.512</b>	4,600.569	3,006.880	1,302.65	1,922.54	2,115.21
Emissions from road travel	<b>2,468.130</b>	2,180.813	1,609.804	1,201.08	248.47	225.03
<b>Total Scope 3 emissions</b>	<b>12,832.642</b>	<b>6,781.382</b>	<b>4,616.684</b>	<b>2,503.73</b>	<b>2,171.01</b>	<b>2,340.24</b>

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

## Energy Data

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



■ Diesel fuel ■ Renewable - wind ■ Non-renewable

Chart: Percentage Breakdown of Energy for FY18

	FY18	FY17	FY16	FY15	FY14	FY13
Fuel consumption from non-renewable sources - diesel fuel	<b>2,251.304</b>	5,562.503	1,389.869	965.106	598.932	4,697.784
Electricity from renewable sources - wind	<b>12,609.409</b>	12,696.167	0.000	0.000	0.000	0.000
Electricity from non-renewable sources	<b>76,573.979</b>	73,807.182	52,392.633	45,066.290	43,493.400	43,580.916
<b>Total energy consumption</b>	<b>91,434.692</b>	<b>92,065.852</b>	<b>53,782.503</b>	<b>46,031.396</b>	<b>44,092.332</b>	<b>48,278.700</b>

Table: Direct and Indirect Energy Consumption in Gigajoules

## Water Data

[303-1, 303-3]

	FY18	FY17	FY16	FY15	FY14	FY13
Total water used	<b>108,217.96</b>	106,757.00	36,024.13	39,279.00	29,929.00	31,414.02
Total water recycled*	<b>47,460.00</b>	45,218.00	11,113.00	14,284.00	9,173.00	1,528.00

Table: Water Used and Recycled in Kiloliters

\*Water is recycled only at three technology centers.

## E-waste Data

[306-2]

	FY18	FY17	FY16	FY15	FY14	FY13
E-waste	<b>4,995.00</b>	10,269.42	19,520.80	9,561.96	2,314.50	7,519.50

Table: Hazardous Waste Recycled in Kilograms

## Paper Data

[306-2]

	FY18	FY17	FY16	FY15	FY14	FY13
Paper used	<b>16,183.90</b>	18,994.00	15,073.00	10,033.00	3,620.00	4,820.00
Paper recycled	<b>8,969.50</b>	10,184.00	10,263.00	4,476.00	2,487.00	4,234.00
Percentage recycled	<b>55%</b>	54%	68%	44%	69%	88%

Table: Paper Recycled in Kilograms

## Spreading the Green Message

### Carbon Zero Challenge

Virtusa sponsored the Carbon Zero Challenge hosted by the Indian Institute of Technology Madras (IIT Madras) jointly with Industrial Waste Management Association (IWMA), in collaboration with the U.S. Consulate General, Chennai.

The challenge is a green business idea competition that aims to accelerate innovations that address climate change and help achieve the larger goal of fostering a sustainable ecosystem.



### Earth Hour

Employees in all locations observe Earth Hour as an annual event. As the official Earth Hour is held on a Saturday, non-essential lights and equipment are switched off for one hour during a working day. Some locations observe Earth Hour at the official time. In 2018, we were able to save 2,496.44kWh. Many employees also pledged to observe Earth Hour individually at their homes and took part in the tree planting campaigns organized at several of our offices.

## Organic Gardens

Organic gardens have been planted in the technology centers in Colombo, Hyderabad Campus, and Navallur. Food waste from the cafeterias is composted for use in the gardens, which contain over 2500 plants.



## Forest Restoration

In February 2018, we signed an MOU with the Biodiversity Sri Lanka (BSL) as a partner in BSL's forest restoration program. The aim of the program is to restore 10 hectares of degraded land in the Kanneliya Forest Reserve in Sri Lanka to a functional protected forest. The project will be carried out under the guidance of the Forest Department Sri Lanka and the technical expertise of the International Union for Conservation of Nature (IUCN). A parallel project is to develop a biodiversity credit accrual system for Sri Lanka. The multi-member partnership includes some of the leading corporates in Sri Lanka.



## Albany Technology Center Gives Back to the Community Through Recycling

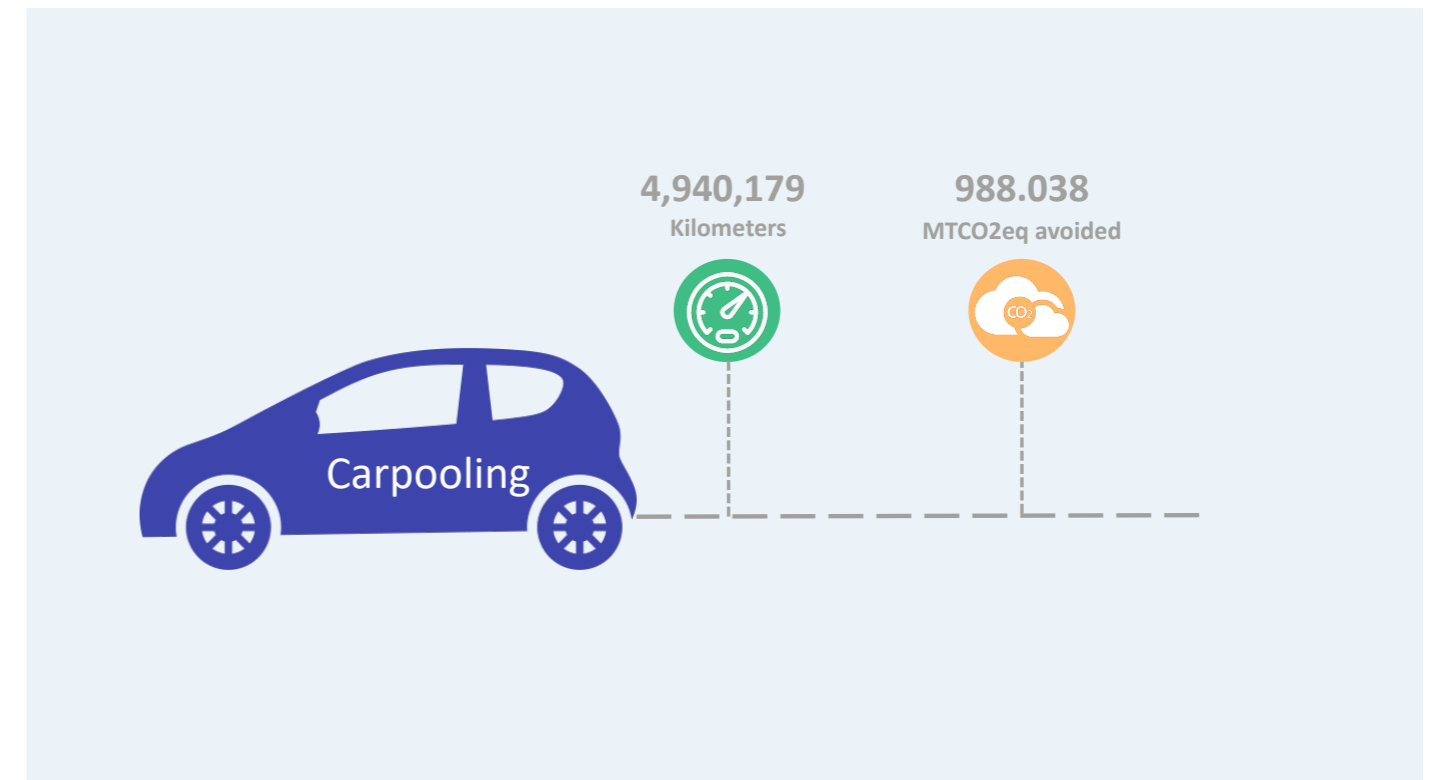
Cans and bottles collected for recycling at the Albany Technology Center are donated to the local humane society – Mohawk Hudson Humane Society (MHHS). The Society has a program called “Empties for Animals,” and many businesses donate their recyclables. The program was started in April 2017 and an estimated 640 cans and bottles have been donated.

## World Environment Day

World Environment Day (WED) is an annual event that our employees across the globe observe. Activities for WED include tree planting, vehicle emission testing, walkathons, and more.

## Carpooling

In January 2016, we initiated a project to promote carpooling among employees at our Hyderabad Campus. This initiative has been extended to other technology centers in India. In FY18, carpooling helped employees to avoid 988.038 MTCO<sub>2</sub>eq.





# Our People

**20,491** full-time employees

**69%** average employee delight index for FY18

**75%** target of growing leadership from within

*\* All data is for FY18 unless indicated.*

## Our Strategy and Approach

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

Our success depends upon our ability to attract, develop, motivate, and retain highly-skilled and multi-dimensional team members. As of March 31, 2018, we had 20,491 team members, an increase from 17,750 at March 31, 2017. Topics material to our people management strategy includes labor standards and human rights, employee engagement, diversity and inclusion, training and skill development, and health and safety.

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

## Labor Standards and Human Rights

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

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

Our Equal Employment Opportunity Policy prohibits any form of discrimination based on race, color, religion, creed, national origin, ancestry, sex, age, qualified mental or physical disability, sexual orientation, genetic carrier status, any veteran status, any military service, any application for any military service and other areas protected by law. We also have geo-specific harassment free workplace policies to ensure compliance with legal requirements.

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

Our Grievance Policy and Grievance Policy Guidelines set out the procedure for reporting complaints related to discrimination, new work practices, and other violations of human rights. The main channel of communicating grievances is through the line manager, HR partners, and HR managers. Complaints regarding harassment are covered by our harassment free workplace policies and are handled by the HR team.

# Our Workforce



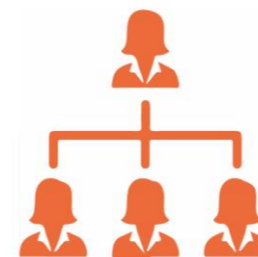
### Total number of full-time employees\* by region

North America	2,532
Europe	434
Asia Pacific and Middle East	17,525



### Information on employees and other workers

Permanent Cadre	20,491
Contract/Outsourced/Other	1,997



### Percentage of women by level

Management	13%
Professional	33%
<b>Total</b>	<b>27%</b>



### Average hours of training per year per employee

Tier 0	Tier 1	Tier 2	Tier 3	Tier 4
3.6	5.4	6.3	7.1	21.5

\* Employees in permanent cadre

## Talent Engagement

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

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

None of our team members are covered by a collective bargaining agreement or are represented by a labor union. This is partly due to the open communication and cordial relations maintained with employees, which includes an open door policy as well as the transparent and open channels of communication that are encouraged across all levels.

### V+ Platform

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

### Yammer

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

### RAVE

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

## Employee Delight Index

[103-3]

The Employee Delight Index (EDI) is an index of a combination of key metrics that the HR management and the business tracks based on the employee lifecycle. The direct feedback on engagement from an HR management perspective gives a snapshot of how well received the engagement initiatives have been.

A series of structured employee engagement surveys measured on a quarterly basis is incorporated into the EDI. Each geographic location, strategic business unit (SBU), and practice is measured quarterly on the EDI score to measure employee engagement. The surveys used to compute the EDI include the: onboarding survey, five month completion survey, 18 month survey, exit survey and internal service excellence survey (for shared services). The average EDI for FY18 was 69%. Employee engagement levels are measured through a Net Promoter Score (NPS).

## Diversity and Inclusion

[103-1, 103-2]

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

### Women of Virtusa

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

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

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

The focus for FY18 was the development of the Women in Leadership (WIL) program. The program, which focuses on leadership skills such as smarter communication, confidence building, and emotional intelligence, augments the leadership grooming programs within the company.

We also have a second career initiative where women are offered to initiate a new career after a break (family reasons) of a few years. This has enhanced the retention of women and ensures long careers with us.

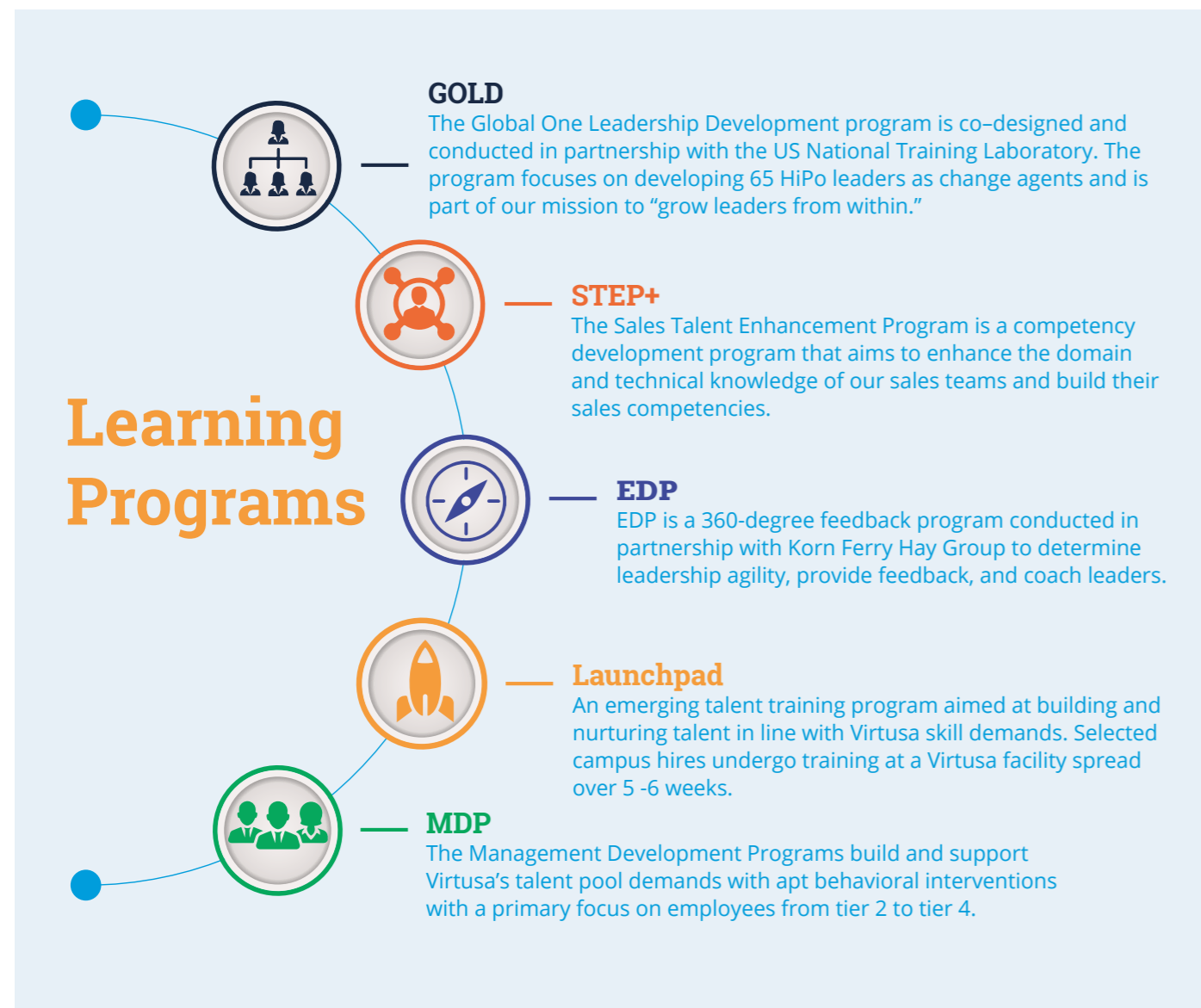
## Training and Skill Development

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

Each team member has a practice and segment, which identifies the technical skills and domain skills required for the current role. Role-based training is available to ensure that any team member can get the required training for current and future job roles. Role-based training runs the gamut of domain-related programs, technical upskilling, and soft skills such as professional and leadership skills.

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

To ensure continued employability, we have initiatives for job rotations and track change. Job rotation opportunities are provided to ensure employees have the opportunity to cross skill in numerous job verticals, ensuring the next level of leaders are consistently groomed internally. Any employee has the opportunity to change their track by following the formal track change process.



## Performance Management

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

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

In addition, we have also created platforms where individual achievement is highlighted, such as the Personal Excellence Program (PEP) for all our engineers to promote engineering excellence and the opportunity to recognize innovations through vInnovate. We also have leaderboards, which provide transparent performance scores, visibility, and ranking. They drive competition, thereby, improving overall performance and building a reputation for agile revenue growth. Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance.

## Retention

[401-1]

We closely monitor our overall attrition rates and patterns to ensure our people management strategy aligns with our growth objectives. During the twelve months ended March 31, 2018, we experienced voluntary team member attrition at a rate of 11.8% and involuntary team member attrition at a rate of 7%, which includes 3.4% related to the implementation of certain cost-saving and restructuring initiatives. We remain committed to improving and sustaining our voluntary attrition levels consistent with our long-term stated goals. We follow a systemic approach to control attrition and increase retention. We have a robust tool called “Proactive Attrition Warning System” that is rigorously managed by the business unit HR teams. This lever enables us to stall attrition and plug it with appropriate customized developmental initiatives. Our amicable exit policy consists of a formal granular exit interview which is more than a retention discussion.

## Health and Safety

**[103-2, 103-3]**

We strive to provide a safe and secure work environment for our employees. Eleven of our technology centers in India and Sri Lanka are certified for OHSAS 18001. The HR and facilities teams in each location are responsible for the health and safety aspects within the organization.

Training on environment, health, and safety is provided as part of our onboarding program, and all employees are assessed on their knowledge of these tools. Basic training on first aid and fire safety is available to employees on a voluntary basis.

## Work-Life Balance

We have multiple policies that support work-life balance. These include flexible time and work-from-home policies, paid maternity, extended maternity leave (on a case by case basis), and child adoption leave. Paternity leave is available as sanctioned by the legal requirements of the applicable geography.





# IT for Good

**232** internships

**33** TechTalks

**33** career guidance sessions

**20** industrial visits

*\* All data is for FY18 unless indicated*

## Our Strategy and Approach

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

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

The projects carried out under these pillars are described in the sections that follow.

### Campus Reach



Campus Reach  
Supports the SDGs



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

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

### Digital Reach



Digital Reach  
Supports the SDGs



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

## Tech Reach



Tech Reach  
Supports the SDGs



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



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

#### Rehabilitation Management System

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



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

#### 117 Disaster Management App

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



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

#### Clean Chennai App

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

## CSR Committee

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

In 2015, we set up a CSR Committee to oversee corporate social responsibility activities across our Indian operations. Virtusa Corporation and Polaris Consulting have carried out the following corporate social responsibility activities during FY18.

### Carbon Zero Challenge

Virtusa sponsored the “Carbon Zero Challenge” hosted by the Indian Institute of Technology Madras (IIT Madras). More information is provided in the Environmental Stewardship section.

### Computer Shiksha

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

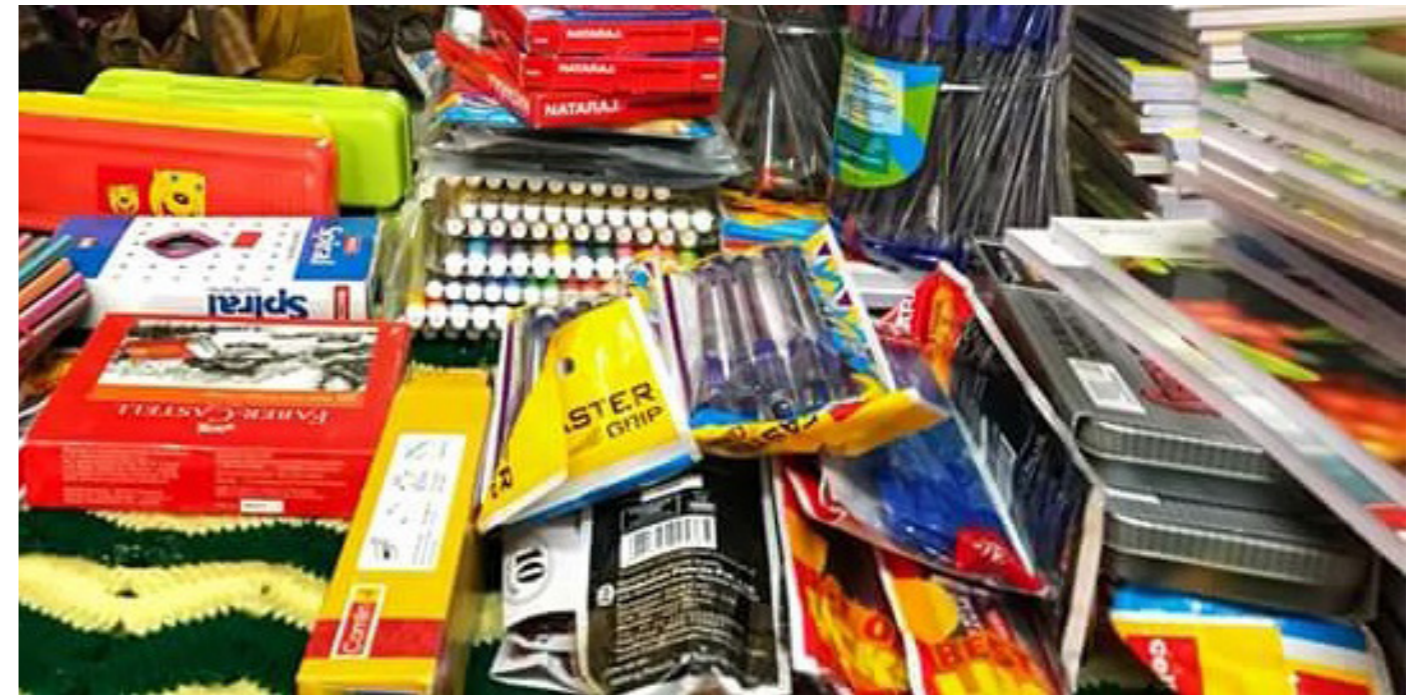
### Ullas Trust

Virtusa extended support for Ullas Trust, which was started in 1997 by Polaris Consulting to recognize academic excellence in students from economically challenged areas and focuses on students from grades nine to 12. Over the two decades, Ullas has awarded merit scholarships to more than 52,000 students. In addition, the SUMMIT weekend enrichment programs provide five interventions of three hours per year for all four years the child is associated with Ullas.

## Community Outreach Projects

### Stationery Donation

Virtusans from the technology centers in Chennai came together to donate stationery items to the students sponsored by Anaikkum Karangal. Anaikkum Karangal is a non-profit focusing on care for the elderly, destitute women, and underprivileged children. Around 15 Virtusans visited the home to donate the collected items. Overall, 260+ notebooks were donated along with pens, pencils, erasers, crayons, mathematical instrument boxes, and pencil sharpeners.



## Virtusa Gives Back

In November 2016, Jerald "Jerry" Robbins, owner of Weldon Worldwide and a very dear friend of Virtusa, passed away unexpectedly. During his lifetime, Jerry was actively involved in many philanthropic ventures - serving on the board of directors for the New Hampshire Society for the Prevention of Cruelty to Animals; providing support services for patients undergoing treatment for breast cancer, including providing free transportation to the Dana Farber Cancer Institute and fundraising; and raising funds for the Boys & Girls Club.

While in high school, Jerry started a program in his hometown to feed the homeless and those less fortunate on Thanksgiving. For more than 40 years, Jerry's program served food to thousands during the holiday season. To honor Jerry and to continue his spirit of giving, we created Virtusa Gives Back - a program to help feed the hungry during Christmas. The local food pantry closes for two weeks every December, and many families go without food during this time. So, Virtusans and their family members packed grocery bags for 120 local families to help bridge the two weeks' gap. We will continue to run it every year.



# Global Compact Principles

Category	UNGC Principle	Section and Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> <li>Our Sustainability Framework (page 15)</li> <li>Labor Standards and Human Rights (page 55)</li> </ul>
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>Our Sustainability Framework (page 15)</li> <li>Supply Chain Management (page 23)</li> </ul>
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>Talent Engagement (page 57)</li> </ul>
	Principle 4: Businesses should uphold the elimination of all forms of forced or compulsory labour;	<ul style="list-style-type: none"> <li>Our Sustainability Framework (page 15)</li> <li>Supply Chain Management (page 23)</li> <li>Labor Standards and Human Rights (page 55)</li> </ul>
	Principle 5: Businesses should uphold the effective abolition of child labour; and	<ul style="list-style-type: none"> <li>Our Sustainability Framework (page 15)</li> <li>Supply Chain Management (page 23)</li> <li>Labor Standards and Human Rights (page 55)</li> </ul>
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>Labor Standards and Human Rights (page 55)</li> </ul>
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> <li>Environmental Stewardship (pages 43-49)</li> </ul>
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> <li>Environmental Stewardship (pages 43-49)</li> <li>Supply Chain Management (page 23)</li> </ul>
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>Environmental Stewardship (pages 43-49)</li> </ul>
Anti - Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>Ethics and Compliance (pages 35-37)</li> </ul>

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<b>GENERAL DISCLOSURES</b>			
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	102-2 Activities, brands, products, and services	8	Full details available at: <a href="http://www.virtusa.com/">http://www.virtusa.com/</a>
	102-3 Location of headquarters	7	
	102-4 Location of operations	8	
	102-5 Ownership and legal form	8	
	102-6 Markets served	8	
	102-7 Scale of the organization	6, 8, 9, 10, 56	
	102-8 Information on employees and other workers	55, 56	
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	102-11 Precautionary Principle or approach	43	
	102-12 External initiatives	16, 22	
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Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	35-36	
	102-17 Mechanisms for advice and concerns about ethics	37	
Governance	102-18 Governance structure	33-34, 38	Full details available in <a href="#">Proxy Statement</a>
	102-22 Composition of the highest governance body and its committees	33-34	
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Reporting practice	102-44 Key topics and concerns raised	19	
	102-45 Entities included in the consolidated financial statements	20	
	102-46 Defining the report content and the topic boundaries	20	<a href="#">SEC Filings - 2018 Form 10K (Page 168 - Exhibit 21.1)</a>
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<b>MATERIAL TOPICS</b>			
<b>ECONOMIC PERFORMANCE</b>			
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	103-2 The management approach and its components	9	Full details available in <a href="#">Form 10-K</a> .
	103-3 Evaluation of the management approach	9	
<b>GRI 201: Economic Performance</b>	201-1 Direct economic value generated and distributed	10	
	201-2 Financial implications and other opportunities due to climate change	38	Available in our <a href="#">CDP response</a> .
<b>INDIRECT ECONOMIC IMPACTS</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9, 20, 65	
	103-2 The management approach and its components	9, 65	
	103-3 Evaluation of the management approach	9, 65	
<b>GRI 203: Indirect Economic Impacts</b>	203-1 Infrastructure investments and services supported	65-67	
<b>ANTI-CORRUPTION</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 35	
	103-2 The management approach and its components	35-37	
	103-3 Evaluation of the management approach	35-37	
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	36	
<b>ENERGY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 43	
	103-2 The management approach and its components	17, 43, 45	
	103-3 Evaluation of the management approach	43, 44	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	48	
	302-3 Energy intensity	45, 48	
	302-4 Reductions of energy consumption	45, 48	
<b>WATER</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 43	
	103-2 The management approach and its components	17, 43, 45	
	103-3 Evaluation of the management approach	43, 44	
<b>GRI 303: Water 2016</b>	303-1 Water by source	45, 49	Reported partially
	303-2 Water sources significantly affected by withdrawal	45	
	303-3 Water recycled and reused	45, 49	

<b>EMISSIONS</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 43	
	103-2 The management approach and its components	17, 43, 44	
	103-3 Evaluation of the management approach	43, 44	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	44, 47	
	305-2 Energy indirect (Scope 2) GHG emissions	44, 47	
	305-3 Other indirect (Scope 3) GHG emissions	44, 47	
	305-4 GHG emissions intensity	44, 47	
	305-5 Reduction of GHG emissions	44	
<b>EFFLUENTS AND WASTE</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 43	
	103-2 The management approach and its components	17, 43, 46	
	103-3 Evaluation of the management approach	43, 44	
<b>GRI 306: Effluents and Waste 2016</b>	306-2 Waste by type and disposal method	49	
<b>ENVIRONMENTAL COMPLIANCE</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 43	
	103-2 The management approach and its components	17, 43	
	103-3 Evaluation of the management approach	43, 44	
<b>307: Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	35, 43	
<b>EMPLOYMENT</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 55	
	103-2 The management approach and its components	35, 55	
	103-3 Evaluation of the management approach	58, 60	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	55, 60	Reported partially
<b>LABOR/MANAGEMENT RELATIONS</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 55	
	103-2 The management approach and its components	17, 57-58	
	103-3 Evaluation of the management approach	58, 61	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 61	
	103-2 The management approach and its components	17, 61	
	103-3 Evaluation of the management approach	61	
<b>TRAINING AND EDUCATION</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 59	
	103-2 The management approach and its components	17, 59	
	103-3 Evaluation of the management approach	59	
	404-1 Average hours of training per year per employee	56	

<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	59	
	404-3 Percentage of employees receiving regular performance and career development reviews	60	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 58	
	103-2 The management approach and its components	35, 55, 58	
	103-3 Evaluation of the management approach	55, 58	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	33	We report diversity statistics by gender only.
<b>NON-DISCRIMINATION</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 55	
	103-2 The management approach and its components	35, 55, 58	
	103-3 Evaluation of the management approach	55	
<b>CHILD LABOR</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 55	
	103-2 The management approach and its components	23, 35, 55	
	103-3 Evaluation of the management approach	24, 55	
<b>FORCED OR COMPULSORY LABOR</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 55	
	103-2 The management approach and its components	23, 35, 55	
	103-3 Evaluation of the management approach	24, 55	
<b>ASPECT: CUSTOMER PRIVACY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	15, 20, 39	
	103-2 The management approach and its components	39-40	
	103-3 Evaluation of the management approach	39-40	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	39	



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