# SUSTAINABILITY
# REPORT 2010/2011

virtusa®

*Accelerating Business Outcomes*

# Contents

**"We don't just think for today.
We're also planning for tomorrow..."**

## PEOPLE

- 5000+ Virtusans worldwide
- 99% of senior management are local hires
- HR Awards and Recognition
  - Certified by the Corporate Research Foundation Institute as one of Britain's Top Employers for 2011.
  - Ranked among the Top 20 IT Best Employers in India, for the second consecutive year in the Dataquest- IDC Annual Survey.
  - Awarded Gold for HR Practices at the HRM Awards 2010 by Sri Lanka Association of Human Resource Professionals and Hewitt Associates India.
- Average training hours per head in FY11 - 95.6315
- Total learning opportunities utilized in FY11 - 33575
- Our Awards Schemes
  - Delivery Excellence Awards
  - Recognize and Value Everyone (RAVE) Awards
  - Long Service Awards
  - CAPs

## COMMUNITY

- 17,200+ campus training hours
- 500+ internships
- 30 placement engineer scholarships
- 15,000 students across India and Sri Lanka gained access to IT education
- 70 IT labs have been set up in rural schools

## ENVIRONMENT

- 22% reduction in per capita energy consumption
- Our Hyderabad campus is being submitted for LEED Gold Certification.
- In Sri Lanka, calculations have already been verified by the EU SWITCH-Asia Funded EEPEx Project

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# Chief Executive Officer's Statement

## A MESSAGE FROM KRIS CANEKERATNE CHAIRMAN & CEO

Virtusa Corporation has evolved over the last decade into a publicly traded global operation that specializes in Information Technology Services. As a NASDAQ traded company (NASDAQ:VRTU) we are more than aware of the transparency imperative in building credibility and respect in the global corporate sphere. We recognize and accept the need to be transparent in organizational and sustainability activities and to be accountable to a diverse range of stakeholders. Virtusa has reported on its sustainability initiatives over the last two years and this report for the year 2010/2011 is effectively our third publication of sustainability disclosures.

Sustainability reporting demonstrates our commitment towards sustainability; it underlies our responsiveness to those who want to know us better. Our greatest pride in undertaking sustainability reporting stems from the fact that as a corporate, we are now able to through the integration of strategic CSR to our business strategy, cater to wider stakeholder needs through the integration of in a reportable and quantifiable manner. This is especially true in light of the fact that in this year's sustainability report we adopt the framework laid out by the Global Reporting Initiative (GRI) as the primary basis for disclosure. The report seeks to disclose on Level C with the objective of moving to a higher level of disclosure over the next two years. Through the adoption of GRI criteria, we have in effect enhanced the comparability of our sustainability efforts across the industry on a global platform, benchmarked sustainability performance against performance standards and demonstrated our commitment to sustainable development through the consistent integration of sustainability with corporate objectives.

We firmly believe that the integration of sustainability into our core business strategy will yield and drive future growth. In 2010 we continued to focus on Virtusa's key pillars of sustainability; Digital Reach, Campus Reach, Tech Reach and Code Green. By cascading our insight from previous years, in the year under review, we tightened our focus on delivering greater value through these initiatives. The scope and scale of our sustainability efforts have been enlarged through collaboration with a diverse range of partners – from customers and suppliers to governments and NGOs - all of who have added value and assisted us towards making a bigger and more profound impact on.

Employee volunteerism has been at the crux of our sustainability drive. Through selfless dedication our employees have played a pivotal role in successfully implementing Virtusa's sustainability initiatives and brought to reality many of our sustainability targets.

As a signatory to the United Nations Global Compact (UNGC) we remain committed to protect and promote principles endorsed by the UNGC in our sphere of influence.

As the principal steward of sustainability at Virtusa, it gives me great pleasure to present the Sustainability Report for 2010/2011.

Kris Canekeratne
Chairman & CEO

## MISSION STATEMENT

To be the partner of choice for corporations in creating a competitive advantage through technology excellence.

To create the conditions for professional success and quality of life for all Virtusans.
To be a socially conscious and responsible corporate citizen in all countries of operation.

## OUR VALUES

**PURSUIT OF EXCELLENCE:** Expand the contours of our customer experience through innovation and acceleration of business outcomes
**INTEGRITY:** Be forthright and honest in all our interactions
**RESPECT:** Treat our stakeholders, environment & our diversity with respect
**LEADERSHIP:** Lead by serving those being led and be accountable when things go awry

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# Organization Profile



Virtusa Corporate Headquarters

Founded in 1996, the Virtusa Corporation (NASDAQ: VRTU) is a global information technology (IT) services company providing IT consulting, technology and outsourcing services. Using our enhanced global delivery model, innovative software platforming approach and industry expertise, we provide high-value IT services that enable our clients to enhance business performance, accelerate time-to-market, increase productivity and improve customer service.

Headquartered in Massachusetts, USA we have offices in the United States, United Kingdom, Hungary and the Netherlands and global delivery centers in Bangalore, Hyderabad and Chennai, India and Colombo, Sri Lanka.

Our enhanced global delivery model leverages a highly-efficient onsite-to-offshore service delivery mix and proprietary tools and processes to manage and accelerate delivery, foster innovation and promote continual improvement. Our global service delivery teams work seamlessly at our client locations and at our global delivery centers in India and Sri Lanka to provide value-added services rapidly and cost-effectively. This is achieved through the utilization of our enhanced global delivery model, which we manage to a 20/80, or better, onsite-to-offshore service delivery mix.

We provide IT services primarily to enterprises engaged in the following industries: communications and technology; banking, financial services and insurance ("BFSI"); and media and information. Our client portfolio mainly consists of repeat business. This is proven by the fact that during the financial year ended March 31, 2011, approximately 89% of revenue was generated from clients to whom we had been providing services for at least one year.

Virtusa employs approximately 5,056 employees across all locations. In the financial year 2010/2011 the Company posted a turnover of $217.9 million whilst in the year 2009/2010 the company's turnover stood at $164.4 million.

## SERVICES AND OPERATIONAL STRUCTURE

We provide a broad range of IT services, either individually or as part of an end-to-end solution, from business and IT consulting and technology implementation to application outsourcing. Our IT consulting services include strategic activities such as up front business case development and ROI, technology roadmaps, architecture services, and application portfolio assessment. Our technology implementation services include application development, systems integration, legacy system conversion and enablement, and quality assurance ("QA") and testing. Our application outsourcing services include application enhancement, maintenance and infrastructure management. We also use our solution based service offerings, which are based on specialty skills and domain expertise in areas such as enterprise content management, data warehousing and business intelligence, business process management, mobility, cloud computing and social media, to accelerate business outcomes and improve customer experience.

On November 4, 2009, we expanded our service offerings and domain expertise in the insurance and healthcare industries through the acquisition of InSource Holdings, Inc. ("InSource") and we now offer additional services such as evaluation, assessment and remediation services for health care payers and providers related to The International Statistical Classification of Diseases and Related Health Problems 10th Revision ("ICD-10").

On February 1, 2010, we extended our enterprise application, rationalization and modernization capabilities and service offerings through the acquisition of the business of ConVista Consulting, LLC ("ConVista") and now offer a wide range of financial transformation services built on the SAP platform.

On September 9, 2010, Virtusa was given the opportunity to ring the closing bell at the NASDAQ Marketsite in New York's Times Square. The closing bell was rung by Chairman & CEO Kris Canekeratne. Tom Holler (EVP & Chief Strategy Officer), Keith Modder (EVP and Chief Operating Officer), Raj Rajgopal (EVP of Business Development and Client Services) and Ranjan Kalia (SVP & Chief Financial Officer, Treasurer and Secretary) were also present at the event.

More in-depth information on the service portfolio is available online and can be accessed via our website:http://www.virtusa.com/

We have operations primarily in India, Sri Lanka and the United Kingdom and we serve clients across North America, Europe, the Middle East and Asia. For the fiscal years ended March 31, 2011, 2010 and 2009, revenue generated outside of the United States accounted for 26%, 26% and 28% of total revenue, respectively.
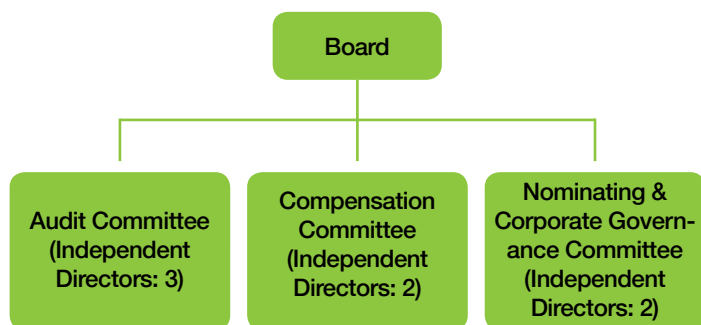
Our corporate structure also spans multiple jurisdictions, with Virtusa Corporation incorporated in Delaware and its operating subsidiaries organized in India, Sri Lanka, the United Kingdom, Hungary and the Netherlands.

In January 2011, we opened an Advanced Technology Center in Bangalore in addition to our existing Indian operations in Hyderabad and Chennai.

## OWNERSHIP

The table in the following page sets forth certain information regarding beneficial ownership of our common stock as of July 9, 2010: (i) by each person who is known by us to beneficially own more than 5% of the outstanding shares of common stock; (ii) by each director or nominee; (iii) by each named executive officer; and (iv) by all directors and executive officers as a group.

Unless otherwise noted, the address of each person listed on the table is c/o Virtusa Corporation, 2000 West Park Drive, Westborough, Massachusetts 01581.

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                    ┌─────────────┐
                    │    Board    │
                    └─────────────┘
         ┌────────────────┼────────────────┐
┌─────────────┐  ┌─────────────┐  ┌─────────────┐
│    Audit    │  │Compensation │  │ Nominating &│
│  Committee  │  │  Committee  │  │Corporate    │
│(Independent │  │(Independent │  │Governance   │
│Directors: 3)│  │Directors: 2)│  │Committee    │
└─────────────┘  └─────────────┘  │(Independent │
                                  │Directors: 2)│
                                  └─────────────┘
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| | Number of Shares Beneficially Owned (1) | Percentage Beneficially Owned (2) |
|---|---|---|
| Name of Beneficial Owner | | |
| Five percent stockholders: | | |
| Sigma Partners (3)<br>1600 Camino Real, Suite 280<br>Menlo Park, CA 94025 | 3,394,177 | 13.35% |
| Columbia Wanger Asset Management, L.P. (4)<br>227 West Monroe Street, Suite 3000<br>Chicago, IL 60606 | 2,123,661 | 8.35% |
| Frontier Capital Management Co., LLC (5)<br>99 Summer Street<br>Boston, MA 02110 | 2,096,032 | 8.24% |
| FMR, LLC (6)<br>82 Devonshire Street<br>Boston, MA 02019 | 1,847,300 | 7.26% |
| All executive officers, directors and nominees as a group (18) (13 persons) | 7,612,122 | 29.19% |

## MARKETS SERVED

Virtusa markets and provides its services primarily to companies in North America and Europe. A majority of our revenue for the fiscal year ended March 31, 2011 was generated from Forbes Global 2000 firms or their subsidiaries.

We view our operations and manage our business as one operating segment. However, total revenue is attributed to geographic areas based on the location of the client. Information regarding net revenue by geographic regions is as follows:

| Year Ended March 31<br>Customer Revenue: in USD'000 | 2011 | 2010 | 2009 |
|---|---|---|---|
| North America | 162,528 | 121,727 | 124,582 |
| Europe | 45,065 | 39,322 | 44,368 |
| Other | 10,386 | 3,316 | 3,992 |
| Consolidated revenue | 217,979 | 164,365 | 172,942 |

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# Awards and Recognition



During the year 2010/2011 Virtusa continued to garner recognition and accolades for its operations as a global IT solutions enterprise.

● Certified by the Corporate Research Foundation (CRF) Institute as one of Britain's Top Employers for 2011, the company was recognized for its outstanding HR policies and exceptional working conditions.

● Ranked in 2010 FinTech 100 in recognition of its capabilities as a Top Technology Vendor serving the Financial Services Industry.

● Named in Deloitte's 2010 Technology Fast 500™ List of Fastest Growing Companies in North America.

● Ranked among the Top 20 IT Best Employers in India, for the second consecutive year in the Dataquest-IDC Annual Survey. The company was ranked number 15 in 2010 in the areas of HR Practice and Employee Satisfaction.

● Awarded Gold for Organizational IT Security and Compliance at the ISACA Security Awards 2010 in Sri Lanka.

● Recognized by Everything Channel on the CRN Fast Growth 100 list for the third consecutive year.

●Laureate in the Emerging Technology category at Computerworld's HONORS Program 2011.

● Named in the 2010 Global Services 100 (GS100), an exhaustive survey conducted by Global Services in association with NeoAdvisory, a globalization and sourcing advisory firm. Companies were evaluated across various criteria including Management Excellence, Customer Maturity, Global Delivery Maturity and Breadth of Services Portfolio.

● Awarded Gold for HR Practices at the HRM Awards 2010 and placed within the "Super 10" a listing of top ten best HR practitioners by Sri Lanka Association of Human Resource Professionals (HRP) and Hewitt Associates India. Additionally, the company also received a special recognition award for its Performance Management Process.

● Recognized in IAOP's 2010 Global Outsourcing 100® sub-list: the International Association of Outsourcing Professionals (IAOP) named Virtusa within the Best 10 Leaders for the Entertainment and Media Industry.
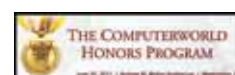
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# Report Parameters



## REPORT BOUNDARY & SCOPE
We have made every effort to submit a comprehensive report with regard to dimensions of scope and boundary for the reporting period. The report covers the period of April 2010 to March 2011.

### Principles and Reporting Guidelines:
### Global Reporting Initiative (GRI) and UN Global Compact (UNGC)

This sustainability report has been produced based on the reporting framework developed by the Global Reporting Initiative (GRI). Through the adoption of this universally applicable, comparable framework for disclosure of information, Virtusa strives to comply with the specific "Reporting Principles" and "Reporting Guidance" in its sustainability reporting as laid out by the G3 guidelines and indicator protocols for economic, environment, human rights, labor, product responsibility and societal performance.

This report conforms to the C Level of the sustainability reporting framework developed by the Global Reporting Initiative (GRI). Refer pages 51-57 for the applicable GRI Index. It is Virtusa's intention to gradually adjust and improve our reporting systems to allow us to report against a greater number of disclosure criteria in the medium term as

well as work towards obtaining external assurance. This report also outlines our progress in embedding the ten principles of the United Nations Global Compact.

## MATERIALITY
The report covers topics and indicators that reflect Virtusa's significant economic, environmental and social impacts or that substantively influence the assessments and decisions of its stakeholders. Given the nature of Virtusa's business -as a services company providing software development and consulting services, not all of the GRI core indicators are applicable or directly relevant. The following diagram outlines the indicators that are material to our operations:

| Applicability | Economic | Social | | | Environment | | |
|---|---|---|---|---|---|---|---|
| Very Important | EC1 | LA1 | LA4 | LA10 | EN3 | EN4 | EN5 |
| | EC7 | LA11 | LA12 | LA13 | | EN7 | |
| | EC8 | | HR4 | | | EN16 | |
| | | PR5 | PR8 | S02 | EN 18 | EN19 | EN29 |
| | | | SO4 | | | | |
| Important | EC2 | HR5 | | HR6 | | | |
| | | | LA2 | | | | |
| | | | PR6 | | | | |

Virtusa Campus in Hyderabad

As an entity with global operations the scope and nature of disclosure differs in each operational centre. However, a conscious effort has been made to ensure consistency of disclosure on economic, labor, and product responsibility indicators from a global operations perspective. Human rights, society and environmental indicators are relevant for our operations in India and Sri Lanka.

**Materiality of Disclosure Based on Operational Focus**

| Operational Focus | Area of Disclosure |
|---|---|
| Global | Financial, Human Resources and Human Resource Development |
| India and Sri Lanka | Societal performance – Campus Reach, Tech Reach, Digital Reach including other community based initiatives<br><br>Environmental performance - Code Green |

## DATA MEASUREMENT TECHNIQUES

Data measurement and data collection is embedded into Virtusa's daily operations. Specific processes aimed at the documentation of sustainability related activities is undertaken on a daily basis and are critical components of our overall administrative and operational processes. Other measures are collated on a periodical basis.

$CO_2$ emissions monitoring is carried out using the guidelines and procedures of the Green House Gas Protocol Initiative for purchased electricity, shuttle transport and business air travel.

## STAKEHOLDER FEEDBACK
For queries on the Sustainability Report contact:
**Rasika Withanage**
Marketing, Sustainability & Communications
RWithanage@Virtusa.com

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# Principles. Objectives. Priorities.



Keith Modder, EVP & Chief Operating Officer

## THE PHILOSOPHY AND THE APPROACH

We adopt a strategic approach to sustainability. Virtusa recognizes that through the strategic alignment of corporate and sustainability objectives and the integration of sustainable concepts to core business processes, we are able to foster a strong foundation for social and corporate value creation. This approach is epitomized in our corporate philosophy to "do well and do good", an ideology that is built on the precept that as a global company Virtusa looks beyond the commercial profit to give back to society. Virtusa's approach to sustainability is therefore to create a positive impact through business conduct on each of the company's key stakeholders, in a sustainable manner.

The company's sustainability efforts are unique in creating opportunities, and bridging digital divides whilst simultaneously sustaining positive social and environmental impact. Through strategic sustainability

efforts – primarily the core initiatives in Campus Reach, Tech Reach, Digital Reach and Code Green – Virtusa has effectively built strong credibility with its stakeholders.

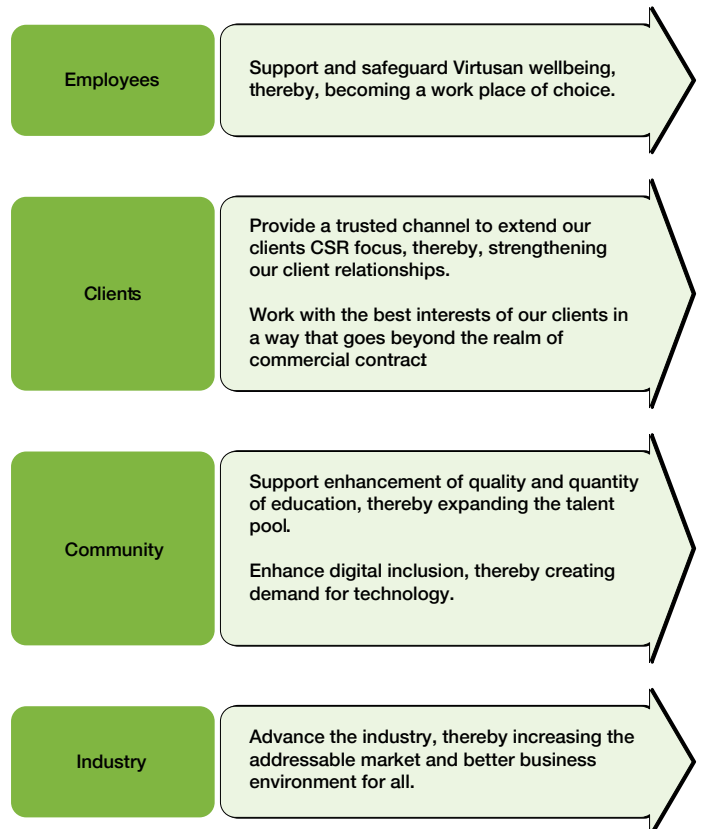## SUSTAINABILITY STEWARDSHIP AND STRUCTURE

The criticality of integrating sustainability into the overall business strategy is addressed by Virtusa through its sustainability stewardship structure. Sustainability is given leadership from the very top with Chief Operating Officer, Keith Modder leading the drive for integration of strategic sustainability into business practice.

The Center Heads for India and Sri Lanka drive the sustainability efforts at each respective location. Smaller teams at each geographic location oversee and implement components of the sustainability strategy that are specific to their operations.

This sustainability structure has proven to be effective not only in driving the sustainability strategy but also in creating a viable base for effective monitoring of sustainability efforts; thereby enabling Virtusa to better mould and shape the drive for long-term sustainable behavior.

## SUSTAINABILITY OBJECTIVES

The following diagram outlines Virtusa's overall sustainability objectives for each of the stakeholder groups.

| Employees | Support and safeguard Virtusan wellbeing, thereby, becoming a work place of choice. |
|---|---|
| Clients | Provide a trusted channel to extend our clients CSR focus, thereby, strengthening our client relationships. Work with the best interests of our clients in a way that goes beyond the realm of commercial contract |
| Community | Support enhancement of quality and quantity of education, thereby expanding the talent pool. Enhance digital inclusion, thereby creating demand for technology. |
| Industry | Advance the industry, thereby increasing the addressable market and better business environment for all. |

## SUSTAINABILITY FOCUS AND KEY INITIATIVES

Virtusa's sustainability focus revolves around the areas of digital literacy, education, environment and development of software for the betterment of society.

Through the enhancement of digital literacy, Virtusa promotes access to technology across communities to bridge the digital divide and to enable youth to enhance their skills for life and career progression. Through the provision of enhanced access to quality education, Virtusa believes that it can play a progressive role in creating future leaders. By supporting environmental sustainability, Virtusa is cognizant of its role as a steward of environmental practice. By leveraging technology for the improvement of society, Virtusa propagates the cause of "software for good".

The key initiatives that embody the areas of sustainability focus are:

Over the years the impact of these initiatives has been pervasive and profound. Through these initiatives Virtusa has set up over 70 IT laboratories across Sri Lanka and India, benefiting children and youth from a cross-section of society, and bringing greater access to IT. We have reached out with our expertise to bridge the digital divide by training over 15,000 students and teachers across Asia. In addition, we have provided over 17,200 hours of mentoring and training to our beneficiaries in India and Sri Lanka across a wide spectrum of areas. As a leader in IT and corporate stewardship we have provided internships to over 500 university students in Sri Lanka for periods of three months to one year and given them the tools and the know-how to be better equipped to progress in their careers.

### DIGITAL REACH
Promote digital literacy through access to useful information technology and to help build a more digitally-inclusive society, thereby, improving the quality of life in the communities in which we operate.

### CAMPUS REACH
To be the model corporate contributor to academic institutions to advance the growth of future generations of IT professionals by sharing our world-class industry expertise, while creating opportunities for Virtusans to build leadership skills.

### TECH REACH
To apply our skills for the greater good and support various projects of social benefits.

### CODE GREEN
In line with UN Global Compact, Virtusa will be driving several key environment initiatives, e.g., Reducing Carbon Footprint; E-waste Programs, Eco Efficiency.

## KEY IMPACTS, RISKS AND OPPORTUNITIES

### RISKS RELATING TO OUR BUSINESS

- Our revenue is highly dependent on a small number of clients and the loss of, or material reduction in, revenue from any one of our major clients could significantly harm our results of operations and financial condition.

- If we cannot attract and retain highly-skilled IT professionals, our ability to obtain, manage and staff new projects and expand existing projects may result in loss of revenue and an inability to expand our business.

- The IT services market is highly competitive and our competitors may have advantages that may allow them to compete more effectively than we do to secure client contracts and attract skilled IT professionals.

- We depend on clients primarily located in the United States and the United Kingdom, as well as clients concentrated in specific industries, such as BFSI, and are therefore subject to risks relating to developments affecting these clients and industries that may cause them to reduce or postpone their IT spending.

- Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, the United Kingdom, or other countries, which could result in lost revenue and delays in client engagements and otherwise adversely affect our ability to meet our growth and revenue projections.

- Changes, and proposed changes, in U.S. immigration law, if approved into law, may increase our cost of revenue and may substantially restrict or eliminate our ability to obtain visas to use offshore resources onsite, which could have a material adverse impact on our business, revenue, profitability and utilization rates.

- Negative public perception in the markets in which we sell services regarding offshore IT service providers and proposed anti-outsourcing legislation may adversely affect demand for our services.

- The international nature of our business exposes us to several risks, such as significant currency fluctuations and unexpected changes in the regulatory requirements of multiple jurisdictions.

- Currency exchange rate fluctuations may materially and negatively affect our revenue, gross margin, operating margin, net income and cash flows.

- Our operating results may be adversely affected by our use of derivative financial instruments. There is no guarantee that our financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by us to engage in currency hedging activities will be effective. In addition, in some countries we could be subject to strict restrictions on the movement of cash and the exchange of foreign currencies, which could limit our ability to use this cash across our global operations.

- We may face damage to our professional reputation if our services do not meet our clients' expectations.

- Acquisitions that we have completed and any future acquisitions, strategic investments, partnerships or alliances could be difficult to integrate and/or identify, divert the attention of key management personnel, disrupt our business, dilute stockholder value and adversely affect our financial results, including impairment of goodwill and other intangible assets.

- We may be subject to certain liabilities assumed in connection with our acquisitions that could harm our operating results.

- We may be subject to certain liabilities assumed in connection with our acquisitions that could harm our operating results.

- We are investing substantial cash in new facilities and our profitability could be reduced if our business does not grow proportionately.

- We may not be able to continue to maintain or increase the profitability, and growth rates of previous fiscal years.

## RISKS RELATING TO OUR BUSINESS

- Our inability to manage to a desired onsite-to-offshore service delivery mix may negatively affect our gross margins and costs and our ability to offer competitive pricing.

- We may lose revenue if our clients terminate, reduce, or delay their contracts with us.

- Our profitability is dependent on our billing and utilization rates, which may be negatively affected by various factors.

- We may be required to spend substantial time and expense before we can recognize revenue, if any, from a client contract.

- We may not be able to recognize revenue in the period in which our services are performed, which may cause our revenue and margins to fluctuate.

- Unexpected costs or delays could make our contracts unprofitable.

- Our quarterly financial position, revenue, operating results and profitability are challenging to predict and may vary from quarter to quarter, which could cause our share price to decline significantly.

- Adverse or uncertain conditions in the global economy and disruption of financial markets could negatively impact our clients and therefore our results of operations.

- A significant or prolonged economic downturn in the IT services industry, or industries in which we focus, may result in our clients reducing or postponing spending on the services we offer.

- The loss of key members of our senior management team may prevent us from executing our business strategy.

- Our failure to anticipate rapid changes in technology may negatively affect demand for our services in the marketplace.

- We may not be able to obtain, develop or implement new systems, infrastructure, procedures and controls that are required to support our operations, maintain cost controls, market our services and manage our relationships with our clients.

- Interruptions or delays in service from our third-party providers could impair our global delivery model, which could result in client dissatisfaction and a reduction of our revenue.

- Some of our client contracts contain restrictions or penalty provisions that, if triggered, could result in lower future revenue and decrease our profitability.

- Our services may infringe on the intellectual property rights of others, which may subject us to legal liability, harm our reputation, prevent us from offering some services to our clients or distract management.

## RISKS RELATED TO OUR COMMON STOCK

- Any claims or litigation involving intellectual property, whether we ultimately win or lose, could be extremely time-consuming, costly and injure our reputation.

- We may face liability if we inappropriately disclose confidential client information.

- Regulatory compliance may divert our attention from the day-to-day management of our business. The market price of our common stock continues to be volatile.

- Provisions in our charter documents and under Delaware law may prevent or delay a change of control of us and could also limit the market price of our common stock.

- Our existing stockholders and management control a substantial interest in us and thus may influence certain actions requiring stockholder vote.

## RISKS RELATED TO OUR INDIAN AND SRI LANKAN OPERATIONS

- Political instability or changes in the central or state government in India could result in the change of several policies relating to foreign direct investment and repatriation of capital and dividends. Further, changes in the monetary and economic policies could adversely affect economic conditions in India generally and our business in particular.

- Changes in the policies or political stability of the government of Sri Lanka adversely affect economic conditions in Sri Lanka, which could adversely affect our business.

- Our net income may decrease if the governments of the United Kingdom, the United States, Netherlands, Hungary, India or Sri Lanka adjust the amount of our taxable income by challenging our transfer pricing policies.

- Our net income may decrease if the governments of India or Sri Lanka levy new taxes or reduce or withdraw tax benefits and other incentives provided to us.

- Wage pressures and increases in government mandated benefits in India and Sri Lanka may reduce our profit margins.

- Our facilities are at risk of damage by earthquakes, tsunamis and other natural disasters.

- The laws of India and Sri Lanka do not protect intellectual property rights to the same extent as those of the United States and we may be unsuccessful in protecting our intellectual property rights. Unauthorized use of our intellectual property rights may result in loss of clients and increased competition.

- Any changes in U.S. corporate income tax law to impose U.S. tax on untaxed foreign profits could result in a higher effective income tax rate for us and adversely impact net income.

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# Management Approach



Samir Dhir, SVP/Global Delivery Head & Head of India Operations

## CORPORATE GOVERNANCE & RISK MANAGEMENT

Virtusa looks upon corporate governance as a subject, as an objective and as a regime to be followed for the good of shareholders, employees, customers, suppliers and indeed, every stakeholder. It is a means by which Virtusa, over the years, has earned respect and a reputation as a corporate of the highest standing. Virtusa believes that corporate governance is about promoting corporate fairness, transparency, and accountability.

Corporate governance and enterprise risk management are core components of the overall culture and business practice at Virtusa. Whilst good governance practices define the company's accountability, responsibility and promote soundness and credibility, enterprise risk management enables the company's management to undertake a holistic and enterprise-wide risk assessment to formulate strategic risk responses.

The underlying principle of governance and risk management at Virtusa is the belief that the Company exists to realize value for our stakeholders. We are cognizant of the reality that value is created, preserved or eroded by management decisions across the corporate function – from strategy formulation to operational tactics. As such, Virtusa adopts a precautionary approach in risk management.

The Company's Board of Directors currently consists of eight members. Our seventh amended and restated certificate of incorporation divides the Board of Directors into three classes. One class is elected each year for a term of three years. The directors are elected by a plurality of votes cast by stockholders.

## GOVERNANCE STRUCTURE

At the annual meeting of shareholders held on Wednesday, September 8, 2010 in Westborough Massachusetts, the Company's shareholders re-elected Kris Canekeratne and Ronald T. Maheu, both class III directors, to each serve for a three year term or until a successor is elected or qualified or until his earlier resignation or removal. The Board of Directors is also composed of (i) three (3) class I directors (Robert E. Davoli and William K. O'Brien and Al-Noor Ramji) whose terms expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2011 and (ii) three (3) class II directors (Izhar Armony, Rowland T. Moriarty and Martin Trust) whose terms expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2012.

Mr. Canekeratne is Virtusa's Chief Executive Officer and the Chairman of the Board.

On February 4, 2011, based on the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors of Virtusa Corporation increased the number of members of the Board of Directors from seven to eight and elected Al-Noor Ramji as a class I director of the Company to serve until the Company's annual meeting of stockholders in 2011 or until his successor is duly elected and qualified. Mr. Ramji has also been appointed to the Compensation Committee of the Board of Directors.

On May 10, 2011, the Board of Directors of the Company made the following promotions: Samir Dhir, who was serving as the Company's Senior Vice President, Global Delivery Head and Head of India Operations, was promoted to an executive officer of the Company under the same title; Thomas R. Holler, who was serving as the Company's Executive Vice President and Chief Operating Officer, was promoted to Executive Vice President and Chief Strategy Officer; and Keith Modder who was serving as the Company's President, Asia and Executive Vice President, Global Services was promoted to Executive Vice President and Chief Operating Officer.

## EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the executive officers, director nominees elected at the annual meeting, and the directors of the Company and the positions currently held by each such person.

| Name | Position |
|------|----------|
| Kris Canekeratne | Chairman and Chief Executive Officer and Class III Director |
| Thomas R. Holler | Executive Vice President and Chief Strategy Officer |
| Roger Keith Modder | Executive Vice President and Chief Operating Officer |
| Raj Rajgopal | Executive Vice President, Business Development and Client Services |
| Ranjan Kalia | Senior Vice President, Chief Financial Officer, Treas urer and Secretary |
| Samir Dhir | Senior Vice President /Global Delivery Head and Head of India Operations |
| Robert E. Davoli (1) | Class I Director |
| William K. O'Brien (3) | Class I Director |
| Al-Noor Ramji (1) | Class I Director |
| Izhar Armony (2) | Class II Director |
| Martin Trust (1)(3) | Class II Director |
| Rowland T. Moriarty (1)(2) | Class II Director |
| Ronald T. Maheu (2)(3) | Class III Director |
| (1) Member of the compensation committee | |
| (2) Member of the nominating and corporate governance committee | |
| (3) Member of the audit committee | |

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 on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risk and the assessments 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 of the Board of Directors has been initially appointed by our Board of Directors to administer the enterprise risk management process.

The Nominating and Corporate Governance Committee provides oversight of the recommendations of management and associated timeline, to identify and assess the severity of enterprise risks, the prioritization of such risks and the development of any action plans to mitigate such risks.

Our Audit Committee focuses on risks and issues related to accounting, internal controls, and financial and tax reporting. The Audit Committee also assesses economic and business risks and monitors compliance with ethical standards.

The Compensation Committee identifies and oversees risks and issues associated with our executive compensation policies and practices, and 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.

| | Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee |
|---|---|---|---|
| Outside Directors | | | |
| Izhar Armony | | | Member |
| Robert E. Davoli | | Member | |
| Ronald T. Maheu | Chairperson | | Member |
| Rowland T. Moriarty | | Member | Chairperson |
| William K. O'Brien (Financial Expert) | Member | | |
| Martin Trust | Member | Chairperson | |
| Inside Directors | | | |
| Kris Canekeratne | | | |
| Al-Noor Ramji | | Member | |

● / C Chairperson    ▮ Member    ▦ Financial Expert
**The Board of Directors and its Committees**

All of 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.

## INDEPENDENCE OF MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors has determined that Messrs. Armony, Davoli, Maheu, Moriarty, Trust, O'Brien and Ramji are independent within the meaning of the director independence standards of The NASDAQ Stock Market, Inc., or NASDAQ, and the Securities and Exchange

Commission, including Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Furthermore, the Board of Directors has determined that each member of each of the committees of the Board of Directors is independent within the meaning of the director independence standards of NASDAQ and the Securities and Exchange Commission.

## EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS

Executive sessions of the independent directors are generally held immediately after each regularly scheduled in-person meeting of the Board of Directors. Executive sessions do not include any of our non-independent directors and are chaired by a lead independent director who is appointed annually by the Board of Directors from our independent directors.

Mr. Martin Trust currently serves as the lead independent director. In this role, Mr. Trust serves as chairperson of the independent director sessions and assists the Board in assuring effective corporate governance. The independent directors of the Board of Directors met in executive session four (4) times in our fiscal year ended March 31, 2011.

## POLICY GOVERNING STOCKHOLDER COMMUNICA-TIONS WITH THE BOARD OF DIRECTORS

The Board of Directors provides to every stockholder the ability to communicate with the Board of Directors as a whole and with individual directors on the Board of Directors through an established process for stockholder communication.

Any of our stockholders who wish to communicate directly with the Board of Directors or an individual member of the Board of Directors may do so by sending such communication by U.S. Mail (including courier or expedited delivery service) addressed to the chairman of the Board, as a representative of the entire Board of Directors, or to the individual director or directors, in each case, c/o Secretary, Virtusa Corporation, 2000 West Park Drive, Westborough, Massachusetts 01581.

Such stockholder communication will be forwarded to the Chairman of the Board of Directors, as a representative of the Board of Directors, or to the director to whom the communication is addressed, on a periodic basis.

## COMMITMENT TO EXTERNAL INITIATIVES

Virtusa has been a signatory and a member of the United Nations Global Compact (UNGC) since the year 2008. The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Essentially a voluntary disclosure process, the UNGC has been adopted by corporates across the world as a common platform for the participants to advance their commitments to sustainability and corporate citizenship.

The United Nations Global Compact was initiated in Sri Lanka in 2007/2008. Virtusa has been a member of the Steering Committee of the Sri Lankan Network since 2010 and the Board of Directors of the Network on which a representative from Virtusa sits, was formalized in early 2011.

Virtusa embodies and practices the 10 principles through its management approach to sustainability and sustainable business and in view of its intention to adopt the precautionary approach to management. With employee commitment gained through awareness building and orientation of the work ethic towards the adoption of the 10 principles, Virtusa has embedded the sustainability precepts laid out by the UNGC into the approach in which it conducts its daily business. As a requirement of membership to the UNGC, Virtusa issues an annual Communication on Progress (COP), a public disclosure to stakeholders on progress made in implementing the 10 principles of the UN Global Compact, and in supporting broad UN development goals. Our last COP was in August 2010.

## POLICIES THAT DEFINE THE APPROACH TO SUSTAINABLE PRACTICE

The management approach to sustainable practice is defined and driven by a range of policies that formalize the management processes. At Virtusa, given the diversity of the locations of operation varying policies are adopted to ensure compliance with the legal and social requirements of each location. However, in terms of the policy framework for core processes, a globally applicable policy approach is undertaken.

Our Environment, Health and Safety Policy, formulated in 2010, sets out our commitment to ensuring the wellbeing of our people and protecting the environment. In the reporting period, Virtusa's SLATC obtained ISO 14001:2004 and BS OHSAS 18001:2007 certification from the British Standards Institute (BSI) and Virtusa remains the first and only IT Company in Sri Lanka to receive this certification from the British Standards Institute.

**Policies that Govern Stakeholder Engagement**

| Stakeholder Interest | Policy | Location of Applicability |
|---|---|---|
| Employees | Code of Business Conduct and Ethics | Global |
| | Harassment-Free Workplace Policy | Global |
| | Certification/Tuition Reimbursement Policy | Sri Lanka, India, UK, USA |
| | Environment, Health and Safety Policy | Global |
| | Whistleblower Policy | Global |
| Suppliers | Green Procurement Policy | Sri Lanka, India |
| | Policy on Procurements | Sri Lanka, India |
| | Environment, Health and Safety Policy | Global |
| Customers | Client Delight Index | Global |
| Environment | Environment, Health and Safety Policy | Global |
| | 3R policy (Reuse, Reduce, Recycle) | Sri Lanka, India |

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# Stakeholder Management

Virtusa partners with people, governments and NGOs who have made "doing good" their primary business. Through collaborative efforts and engagement with these stakeholders we strive to attain better sustainability through greater accountability and acceptability by a wider and more diverse stakeholder audience. The company engages with customers such as BT and IBM to provide a trusted channel for them to "do good" and therefore acts as a conduit for enlargement of the impact of sustainability efforts. This assists Virtusa to forge better client relations and provides an accountable channel for clients to participate in global sustainability issues. By partnering with the government and NGOs such as Sarvodaya and Rotary International, Virtusa is able to enlarge the scope and impact of its sustainability.

| Customers | Employees | Investors | Government /NGOs | Academia | Suppliers | Local Communities |
|---|---|---|---|---|---|---|
| Client Delight Index (CDI) | Global Team Member Survey | Annual General Meeting | Membership in global associations | Internship program | Procurement policy | Media interactions |
| | Internal Support Group Framework | | Partnerships and collaborations with government bodies on sustainability | Scholarships | | |
| | EHS Committee | | Media interactions | Academic advisory and curriculum enhancement programs | | |
| | Open Door policy | | | Training programs for teachers and students | | |
| | Virtusa Group on Face book<br><br>Virtusa Code Green and EHS Groups on Yammer | | | Mentor programs | | |

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# Economic Sustainability

Asia rebounded and western economies commenced slow recovery in 2010, however, many structural problems remained: Financial markets remained weak and high unemployment persisted. The financial year remained one of economic and commercial challenge to most businesses around the world, including that of Virtusa.

While the United States and European economies marginally improved, if a weakening or slowing of these economies or a deterioration in these financial markets occurs, pricing for our services may be depressed and our clients may reduce or postpone their technology spending significantly, which may in turn lower the demand for our services and negatively affect our revenue and profitability. Additionally, any prolonged recession or weakening of the growth rates and economies in the United States and/or Europe could have an adverse impact on our revenue as a large portion of our revenue is derived from the United States and Europe. In addition, in our fiscal year ended March 31, 2011, we derived substantially all of our revenue from clients in three industries: BFSI, communications and technology, and media and information. During our fiscal year ended March 31, 2011, we earned approximately 54% of our revenue from clients in the BFSI industries and our revenue from this industry vertical grew by approximately 52% from the prior fiscal year. Any decline in the growth of the BFSI industries, particularly the financial services industry, significant consolidation in these industries or decrease in growth or consolidation in other industry verticals on which we focus, could materially reduce the demand for our services and negatively affect our revenue and profitability. If economic conditions weaken or slow, particularly in the United States, Europe or any of the geographies or industries in which we focus, our clients may significantly reduce or postpone their IT spending. Reductions in IT budgets, increased consolidation

or increased competition in these geographic locations or industries could result in an erosion of our client base and a reduction in our target market. Any reductions in the IT spending of companies in any one of these industries may reduce the demand for our services and negatively affect our revenue and profitability.

For the fiscal year ended March 31, 2011, we had revenue of $218 million and income from operations of $17.8 million. In our fiscal year ended March 31, 2011, our revenue increased 33% to $218 million, as compared to $164.4 million in our fiscal year ended March 31, 2010. Our net income increased from $12.1 million in our fiscal year ended March 31, 2010 to $16.2 million in our fiscal year ended March 31,2011.

The key drivers of the increase in revenue in our fiscal year ended March 31, 2011, as compared to our fiscal year ended March 31, 2010, were as follows:

- Higher revenue contribution from our existing clients, including two of our largest clients

- Broad based growth across all of our industry groups, particularly BFSI, which grew 52% and contributed 54% of our total revenue for the fiscal year ended March 31, 2011

- Larger contributions from clients located in geographies other than North America and Europe

- Full fiscal year revenue contribution of clients acquired in the ConVista and InSource acquisitions

- Continued expansion of the markets in which we operate and increased demand for global IT services

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

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Revenue | $ 217,979 | $ 164,365 | $ 172,942 |
| Costs of revenue | 134,496 | 94,142 | 105,100 |
| Gross profit | 83,483 | 70,223 | 67,842 |
| Operating expenses | 65,697 | 57,330 | 57,864 |
| Income from operations | 17,786 | 12,893 | 9,978 |
| Other income | 441 | 56 | 2,888 |
| Income before income tax expense (benefit) | 18,227 | 12,949 | 12,866 |
| Income tax expense (benefit) | 2,027 | 820 | 809 |
| Net income | $16,200 | $ 12,129 | $ 12,057 |
| Net income per share of common stock | | | |
| Basic | $ 0.68 | $ 0.52 | $ 0.53 |
| Diluted | $0.66 | $0.50 | $0.50 |
| Weighted average number of common shares outstanding | | | |
| Basic | 23,783,457 | 23,153,973 | 22,763,759 |
| Diluted | 24,714,808 | 24,032,675 | 24,136,716 |

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# Performance Indicators



Madu Ratnayake, Vice President & General Manager Sri Lanka

## PRODUCT RESPONSIBILITY

As a service oriented company, Virtusa strives towards the delivery of excellence in service provision. Quality service provision is one of the fundamental pillars that assists towards defining the service ethos of Virtusa. Our global delivery process ensures quality is built into the software development lifecycle from inception to completion.

## CUSTOMER SATISFACTION

Measuring and ensuring high customer satisfaction is a key delivery activity at Virtusa and is defined as part of the Client Delight Index (CDI) process. The CDI score has Board-level visibility and is a key performance measure. Client feedback is collected each quarter from stakeholders identified for each account and a consolidated report is published for each Advanced Technology Center.

## MARKETING & COMMUNICATION ETHICS

Virtusa ensures that it complies with and adheres to laws and standards that are applicable in each of its operational environments/ geographic locations. We take a measured and formalized approach towards regulating our marketing and communications efforts, and follow a voluntary code to ensure responsible advocacy.

## CUSTOMER PRIVACY

During the year under review no complaints were recorded related to breaches of customer privacy, loss of customer data, and non-compliance with laws and regulations with regard to our services.

## SOCIAL PERFORMANCE

At Virtusa we are well aware that as industry leaders we need to lead by example. We believe in assisting the creation of pervasive empathy and we embrace the best practices which if adopted globally across the board by our peers in industry, can impact the social system, thereby creating a responsive and responsible society.

The adoption of the UNGC principles on human rights, labor standards, environment and anti-corruption and the means by which we have integrated these principles with how we do business have assisted us to create a more transparent and compliant work ethic

## REPORTED INCIDENTS OF ANTI-CORRUPTION

All of Virtusa's Finance and Administrative systems are regulated to ensure that anti-corruption practices are maintained in all transactions performed within. As a direct outcome of this structured approach to ensure transparency and accountability, Virtusa recorded no instances of reported corruption.

## MEASURES TOWARDS ERADICATION OF CORRUPTION FROM THE WORK PLACE

Virtusa has adopted a code of ethics, as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act, that applies to all of our directors and employees worldwide, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. A current copy of the Code of Business Conduct and Ethics is available at the Corporate Governance section of our website at http://www.virtusa.com.  A copy of the Code of Business Conduct and Ethics may also be obtained free of charge from us upon a request directed to: Virtusa Corporation, 2000 West Park Drive, Westborough, Massachusetts 01581, Attention: Investor Relations.

We intend to disclose any amendment to or waiver of a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website available at http://www.virtusa.com and/ or in our public filings with the Securities and Exchange Commission.

## WHISTLEBLOWER POLICY

Virtusa adopts a whistleblower policy that encourages our employees to report instances of corruption and behavior that contravene the code of ethics.

## INTEGRATING HUMAN RIGHTS TO THE WORKPLACE

We recognize and adopt the universal standards as per the tenets laid out in the United Nations Universal Declaration of Human Rights and its protocols; United Nations Convention Against Corruption, the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights; as well as the ILO Declaration on Fundamental Principles and Rights at Work of 1998 and the Vienna Declaration and Programme of Action. By integrating these specific tenets of human rights into the work place and our work ethic we have instituted a cohesive approach that identifies and examines human rights practices within the frameworks of our suppliers, contractors and customers.

Our vendor partner selection process takes into consideration the human rights best practices of potential vendors. We give preference to vendors who are open to the integration of a more liberal work ethic. The issues of forced labor and child labor are not within the purview of Virtusa's risk framework given that our focus lies on software development. However, we are cognizant of these same risks when dealing with our suppliers and contractors across the globe.

## NON-DISCRIMINATION

Virtusa follows a policy of non-discrimination and has a formal mechanism in place to ensure that employees have a non-biased forum to express their grievances and to report incidences of discrimination. During the year, there were no reported cases of grievances.

## LABOR PRACTICES AND DECENT WORK

We recognize our employees as our greatest strength. Our human capital is our greatest asset and one of the key competencies. In view of this, we follow labor practices that are not only equitable but also participative. Through this approach we give our employees the opportunity to determine the elements that in their opinion, create a conducive work place.

We remain committed to equal employment. Our policy is to recruit and reward based on individual capabilities, merit, achievements and

experience. We value the positive influence a diverse workforce offers through background, skills and experience and are appreciative of the role a diverse workforce plays in enriching the work ethic of the company.

As of March 31, 2011, we had 5,056 members worldwide. Approximately 99% of our senior management are local hires. We also retain outside contractors from time to time to supplement our services when required. None of our team members are covered by a collective bargaining agreement or are represented by a labor union due in large part to the exceptionally cordial relations that are maintained with all employees. The participative approach to HR has assisted towards creating this scenario of mutual trust and respect. A flat structure, an open door policy and the Global Team Member Survey are the main contributors to such positive relations.

**Location-wise Employee Percentages**

|  | FY2011 | FY2010 | FY2009 |
|---|---|---|---|
| Asia | 95.50% | 92.90% | 94.30% |
| US & Europe | 4.50% | 7.10% | 5.70% |

**HR Data**

|  | FY2011 | FY2010 | FY2009 |
|---|---|---|---|
| Workforce | 5,056 | 4,038 | 3,764 |
| New hires (net additions) | 1,018 | 274 | 501 |
| Attrition rate | 27.7% | 18.6% | 35.6% |
| Percentage of female employees | 27% | 25% | 26% |

## EMPLOYEE ENGAGEMENT

Employees are our biggest asset and thus we believe that open communication is essential to our team-oriented culture. We maintain multiple communication forums, such as regular company-wide updates from senior management, complemented by team member sessions at the regional, local and account levels, as well as regular town hall sessions to provide team members a voice to communicate with management.

The Global Team Member Survey is one of the main means of employee engagement through which our Human Resources team obtains feedback on HR processes. New employees can provide feedback through the Sixth Month Completion Survey and Confirmation Survey. Throughout our locations, we have an "open door" policy where top management is accessible to any Virtusan who may wish to bring up concerns.

## EMPLOYEE CAREER DEVELOPMENT AND SUPPORT

Training Data

|  | FY11 | FY10 | FY09 | Total |
|---|---|---|---|---|
| Total Continuous Training Delivered | 151779 | 96473 | 117851.6 | 58258 |
| Total Examination Hours | 16783.45 | 13531.05 | 9770.7 | 39609.2 |
| Total learning Opportunities Utilized | 33575 | 20497.5 | 35943 | 88633.5 |
| Total Distinct Participants | 16336 | 12274 | 14956 | 43041 |
| Coverage as % of Headcount | 81.34 | 59.99 | 91.07 | 232.03 |
| Average Training Hours Per Head | 95.63 | 87.00 | 128.56 | 310.79 |
| Induction Hours | 15419.95 | 8725.55 | 13790 | 37755.5 |
| Onboarding Dev | 373518 | 110591.5 | 207608 | 691717.5 |
| Onboarding QA | 13964.5 | 4346 | 44264 | 62574.5 |
| Onboarding BA | 2655 | 0 | 0 | 2655 |
| Total Training Delivered | 624207 | 266585 | 444403 | 1324787 |

| | | | | |
|---|---|---|---|---|
| Average Trainer Feedback | 4.35 | 4.16 | 4.15 | |
| Average Program Feedback | 4.33 | 4.12 | 4.10 | |

Training Breakdown by Category

|  | FY2011 | FY2010 | FY2009 |
|---|---|---|---|
| Domain | 223 | 196 | 1,284.5 |
| Leadership | 158 | 612.5 | 860.5 |
| E-Learning | 5,053.5 | 837.7 | 1,389.47 |
| Organizational | 18,060.25 | 8,798.05 | 101,92 |
| Process | 7,671.65 | 6,773.8 | 8,695.1 |
| QA | 7225 | 5,479 | 14,736.1 |
| Soft Skills | 52,27 8.4 | 34,300 | 27,886.7 |
| Technical | 90,669.8 | 56,997.05 | 65,044.37 |
| (In training hours) | | | |

Our performance management system provides for regular appraisals where each team member's performance is assessed, along with their potential. We create and manage development plans, adjust compensation and promote team members based on these assessments.

Our performance management system won the Special Recognition Award at the 2010 HRM Awards conducted by the Sri Lanka Association of Human Resource Professionals and Hewitt Associates India.

We consistently benchmark our compensation and benefits with relevant market data and make adjustments based on market trends and individual performance. Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance.

In addition to compensation, we have several awards schemes in place to recognize contributions at team level and individual level. These include the Delivery Excellence Awards, RAVE Awards, Long Service Awards and CAPs.

Our Career Development Model (CDM) has been designed to support employees in their career planning and development. We have several processes in place to support employee career development and to nurture top talent. This includes formalized mentoring and role based training and certification reimbursement programs.

Virtusa makes an organizational commitment to team members to offer them an abundance of learning opportunities and initiatives. Training programs and opportunities cover the full spectrum ranging from technology to managerial and behavioral components and use a wide range of methodologies. In addition, we conduct a training program for all lateral hires, that teaches them our culture and value system. We provide a comprehensive training program for our campus hires that combines classroom training with on-the-job learning and mentoring. We strive to continually measure and improve the effectiveness of our training and development programs based on team member feedback.

### VIRTUSA CLUB - "TEAM SPIRIT"
The Virtusa Club provides team members with ample opportunity to enjoy social events. The Club is open to all Virtusans, and organizes a wide range of social events and community service projects throughout the year. Virtusans also receive membership for swimming and badminton at local clubs.

Annual social events organized by the Virtusa Club include the Virtusa Night, celebrations for religious festivals such as Diwali, Vesak and Christmas and sports events such as cricket, carrom and basketball tournaments.

In addition to such social activities, the Club also organizes charitable activities such as blood donation camps and collections for charitable causes.

### PUBLIC POLICY
We engaged with a cross-section of stakeholders to mould public policy and to directly impact the lives of those communities within which we operate. We partner with establishments that are reputed, have a long-standing relationship with communities and which have the wherewithal to support us to extend our reach to communities to whom we would otherwise not have access to.

Through academic partnerships we have effectively pushed the threshold of IT education and IT literacy in Sri Lanka and India and assisted towards the creation of greater acceptance of IT as a tool for economic wealth creation.

Our initiatives towards public policy have been directed through the following institutions:

Industry and Social Partnerships

| Sri Lanka | India |
|---|---|
| • Sri Lanka Association of Software and Service Companies (SLASS-COM) | • NASSCOM |
| • American Chamber of Commerce (AMCHAM) | • Hyderabad Software Exporters Association (HYSEA) |
| • Sarvodaya Fusion | |
| • Central Environment Authority | |

**Academic Partnerships**

| Sri Lanka | India |
|---|---|
| • University of Moratuwa | • St. Joseph College of Engineering, Chennai |
| • University of Colombo | |
| • University of Peradeniya | • Siddhartha College of Engineering, Vijayawada, Andhra Pradesh |
| • University of Sri Jayawardenapura | • Koneru Lakshmaiah College (KLC) of Engineering, Vijayawada |
| • University of Kelaniya | |
| • University of Sabaragamuwa | |
| • University of Ruhuna | |
| • Uwa Wellasa University | |
| • Informatics Institute of Technology | |
| • Asia Pacific Institute of Technology | |
| • IDM | |
| • Sri Lanka Institute of Information Technology | |
| • National Institute of Business Management | |
| • Sri Lanka Institute for Advanced Technology Education | |
| • Imperial Institute of Higher Education | |
| • NIIT | |

In addition many Virtusans contribute to academia through lecturing or mentoring of university students, thereby propagating the value of IT and its capability in creating sustainable career opportunities for young people. Many of our executive officers are on the boards of industry associations and academic institutions and are therefore conduits in shaping public policy and in changing the framework of IT education in Asia.

For example, Roger Keith Modder, President, Asia and Executive Vice President Global Services, is a government nominated member of the Board of Directors of Nanco (a public - private partnership for Nano technology initiatives in Sri Lanka) and a member of the National Council for Economic development (IT/BPO cluster) in Sri Lanka whilst Madu Ratnayake, Vice President and General Manager of Virtusa Sri Lanka, is the Director and Vice President of the Sri Lanka Association of Software and Service Companies (SLASSCOM) for the year 2011/2012. Previously Madu acted as the Director and General Secretary of SLASSCOM. He is also a member of the Sri Lanka Institute of Information Technology (SLIIT) Industry Advisory Board, which advises on the content, quality and relevance of the degree programs and curricula development.

Madu is also a founding member of the Board of Sarvodaya – Fusion and was appointed Chairman in 2011. Fusion is the ICT4Dev group of Sarvodaya, which is the largest NGO in Sri Lanka.

## COMMUNITY RELATIONS

Virtusa's community relations efforts are underpinned by three focal initiatives – Campus Reach, Digital Reach and Tech Reach. The collaborative impact of these initiatives been colossal to the economy and to communities. They have paved the way in creating sustainable livelihoods for those effected by them.

**Key Initiative 1**

# Campus Reach



Campus Reach is an industry-academia partnership launched by Virtusa to set benchmarks and lead the way in establishing mutually beneficial ties with the academia and the community, and is a strategic sustainability initiative designed to increase the quality and quantity of IT graduates. In addition Campus Reach, creates remarkable opportunities for students to grow their leadership and other skills. With the mission "to be the model corporate contributor to academia on growth of future generations of IT professionals by sharing world-class industry expertise whilst creating new opportunities for innovation", Campus Reach has matured efficiently since its foundation with a total of 800 interns benefiting from it. Campus Reach has transformed it self into a unique sustainability initiative with the focus of the program on sharing knowledge and educating skilled IT graduates.

Virtusa Campus Reach contributes to academia primarily along three avenues: 'Student Mentoring', 'Internships and Career Guidance', and 'Academic Enablement'.

The fundamental components of the program consist of diverse forms of knowledge sharing. Visiting lecturers from Virtusa provide insight into cutting edge technologies and the latest standards and trends in the industry, covering a wide variety of subjects like Software Architecture, Software Quality Assurance, Requirements Engineering, CMMI and ISO Standards and Project Management. TechTALKs and seminars are conducted from time to time on more focused technical aspects such as design patterns, game development, Web Services and programming languages. TechTALKs touch on non-technical subjects such as leadership and team building, public speaking, market segmenting, targeting and positioning. The workshops provide hands-on experience in industry standards and concepts. The program continues to maintain the bond with the students in to their final year by guiding them to relevant project ideas and providing supervision.

Internships and career guidance were inspired with the intention of adding more value to the initiatives taken by universities and governing bodies to empower students. Campus Reach ensures that interns are exposed to a highly interesting industry through global experience. A selected set of students who have completed the first two years in their degree programs gain opportunity to be a part of Virtusa while studying up to the point of their graduation. This converts into an educative environment for the students, ensuring that they graduate from a university with professional experience from a reputed IT services organization.

The Virtusa Academic Teaching Fellowship Programme escalates the impact of the program by focusing more on academic professionals and curricula. The program provides opportunities to teaching professionals to experience and grasp live project knowledge. The program also plays an important curriculum advisory role by providing review and direction to the curricula and potential courseware of diverse IT related courses.

| Project Components | Methodology |
|---|---|
| Curriculum development | Curriculum development with the Open University, University of Moratuwa, University of Colombo, SLIATE and several other universities.  Full subject curriculum for software quality assurance, software architecture, human computer interaction |
| Teaching | Volunteer Virtusans teach multiple subjects at many universities in Sri Lanka |
| Teacher development | Open access to Virtusa training programs for university lecturers. Funding  of training seats at leading training pro-grams for university lecturers |
| Career guidance & awareness | Career guidance seminars across the country along with SLASSCOM, Ministry of Education and ICTA to educate rural students about the possibilities of the future |
| Student Mentoring | Provide mentoring for top campus students by the Virtusa leadership team |
| Virtusa Academic Excellence Awards | Recognizes top students in leading university IT programs |
| Virtusa Internship Program | Virtusa Internship Program provides students with exposure to real-life IT  projects in a world-class organization |
| Placement Engineer Scholarship Program | Financial support for deserving undergraduates. Students complete their degree along with industry exposure |
| Knowledge Sharing – TechTALKs | A program where volunteers from Virtusa conduct short seminars for  university students |
| Academic Advisory | Virtusa leaders serve in many university and institute boards and academic councils to help shape their future direction |

**Key Initiative 2**

# Digital Reach



The impact of the DLC, Vavuniya can be quantified as follows:

20,000 training hours were provided in four months
80 rehabilitees receive training each month

400 students completed a Fundamentals IT course

120 students completed the Advanced IT course

1200 rehabilitees were released after attending the program

Digital Reach aims to promote digital literacy through access to useful information technology thereby helping to create of a more digitally-inclusive society, with the objective of improving the quality of life in the communities in which we operate.

Since inception, Digital Reach has helped to enable IT in many rural schools in Sri Lanka and India.

In 2010/2011 the key project objectives were to support national peace building in Sri Lanka. With respect to this, Virtusa sponsored a Digital Learning Center (DLC) in Pompaimadu, Vavuniya, equipped with 30 computers, network infrastructure and furniture. The Learning Center enabled ex-combatants to gain IT skills and knowledge, thus increasing their chances of finding gainful employment.

Consequent to the success of the Digital Reach–Uva project in 2009, Digital Reach ventured into Sri Lanka's Eastern province, to donate computers to Parameswara Vidyalaya, Vavunatheevu in the Batticaloa district. In January 2011, two more schools in the Eastern Province received donations of computers. Both schools, Dematamal Pelessa Kanishta Vidyala and Karangawa Maha Vidyalaya, are in Ampara. Approximately 2500 students will get the opportunity to learn IT skills with the IT labs in these schools serving as conduits for IT awareness and literacy.

**Key Initiative 3**

# Tech Reach



Tech Reach aims to apply the skills of Virtusans to support various projects of social benefit. In 2010/2011, Tech Reach contributed to two projects: One Laptop Per Child and the Rehabilitation Management System.

## ONE LAPTOP PER CHILD (OLPC)

Virtusa applied its quality assurance practices to help improve the overall product stability of OLPC laptops at zero cost to the OLPC initiative. OLPC provides each child with a rugged, low-cost, low-power, connected laptop with content and software for self-empowered learning, thus reducing the digital divide.

Virtusa performed a combination of both software and hardware testing on the XO-1.5s laptops, and multiple versions of their customized Red Hat-based operating system. The team dedicated 40 man-months of testing that resulted in 800+ test scenarios for the laptops.

## REHABILITATION MANAGEMENT SYSTEM (RMS)

After the conclusion of Sri Lanka's three-decade long conflict in May 2009, the rehabilitation of thousands of ex-combatants is a huge responsibility, both logistically and politically. Virtusa developed RMS to expedite the re-integration of the rehabilitees and to manage their vocational training needs. RMS has been utilized to release 4000+ ex-combatants so far.

Virtusa's RMS was chosen as a Laureate in the Emerging Technology category at Computerworld's HONORS Program 2011. The annual award program honors visionary applications of information technology promoting positive social, economic and educational change.

# Other Community Initiatives



## VIRTUSA FLOOD RELIEF PROGRAM

Virtusans in Sri Lanka lent a helping hand to fellow Sri Lankans affected by floods in January 2011. Goods worth nearly US$ 3,000 were donated to a village in Ampara in the Eastern Province of Sri Lanka. Donations made by Virtusans were matched by the company.

Virtusans from Chennai ATC Volunteer to Support Tamil Nadu State-Level Sports for People with Disabilities

Virtusans from Chennai ATC volunteered to support the State-level sports meet for people with disabilities organized by the Tamil Nadu Handicapped Federation Charitable Trust. More than 800 people participated in the event, many of whom had come from rural areas. Virtusans formed the largest volunteer group, compared to a few other corporates who had offered help to coordinate the event.

## VIRTUSA INDIA SUPPORTS DEVELOPMENT OF A COMMUNITY HALL FOR A FLOOD AFFECTED VILLAGE

In October 2009, Andhra Pradesh suffered from devastating floods that rendered thousands of people homeless. Virtusans from Chennai and Hyderabad as well as the company donated approximately $11,000 to address the immediate and subsequent needs of the flood-affected people.

As part of the relief activities, Virtusa collaborated with the Jawaharlal Nehru National Youth Centre (JNNYC) to help develop the community hall in the village of Kalugotla. The foundation stone was laid on July 6, 2010. Virtusa's support will be in the form of financial assistance towards the construction of the Community Hall. Out of the total estimated cost of approximately $14000, Virtusa will contribute approximately $10000 for the construction of this building.

## VIRTUSA PARTICIPATES IN EMPLOYABILITY 2010, INDIA

Virtusa participated in the EmployABILITY Job Fair, a platform to bring employers face to face with qualified and skilled persons with disabilities. Over 1000 differently-abled people attended the event. Speaking on the occasion, Ajith K N, Senior Director – HR (India & ME) said "Virtusa is an equal opportunity employer, and we firmly believe in providing opportunities to the differently-abled people. Our policy of attracting and encouraging talented people is built on a framework of providing a facilitative environment, where deserving individuals are able to showcase their talent and grow in the organization."

## VIRTUSAN ADDRESS ASIA'S LARGEST OPEN SOURCE CONFERENCE

Chamindra De Silva - Head of Strategic Initiatives, Global Technology Office, Virtusa Corporation presented on "Licensing with regards to Open Source alignment to the Cloud" at Asia's Largest Open Source Conference "Open Source India 2010" (OSI Days). OSI Days 2010 is the 7th and latest conference in the rich legacy established by the Linux Asia series of conference in India. Organised by the Forum for Open Source Initiatives in India (FOSII) and the Linux for You magazine (part of the EFY Group), OSI Days serves as the focal point for the convergence of the Open Source Community and Industry in Asia. The conference was targeted at the policy and decision makers in a technological ecosystem – Government, academia, CXOs, SMEs, developers and hardcore hackers. OSI Days 2010 brought together over 3000 of the finest individuals in the open source domain together to discuss and confer on varied and relevant topics.

**Thinking today. Planning tomorrow.**

# Environmental Management

## MANAGEMENT APPROACH TO SUSTAINABILITY



Denver DeZylva, Associate Director-Shared Services

We did not launch any of our environmental initiatives under legal or client duress. Nor did we seek accolades and certifications. We began our conservation efforts only because we recognized that our business activities impact the environment; that altering our attitude and behavior could result in a better future; that it was possible to do more - and better - with less.

## POLICY AND GOVERNANCE

Our environmental impact management is administered under three frameworks:
- Our Environment, Health and Safety Policy
- Our Environment Management System – certified ISO 14001:2004 in Sri Lanka.
- Code Green – Virtusa's environmental driver

Raw data and calculations are under 3rd party verification. In Sri Lanka, calculations have already been verified by the EU SWITCH-Asia Funded EEPEx Project.

We focus on:
- Targeted action plans for continual improvement.
- Monitoring key performance indicators.
- Internal and external verification and audit of environmental reporting.

All environmental practices detailed in this report follow this framework of management.

### CLIMATE CHANGE MANAGEMENT

Code Green began at our Sri Lankan Advanced Technology Center (ATC) during the Financial Year 2009-2010 (FY09), to reduce our climate change footprint. At that time, we focused on managing our most obvious environmental impact: electricity usage. Today, we regulate our energy management across all our ATCs, which together comprise over 5000 employees.

In the first quarter of FY09, each seat that we utilized at one of ATCs, consumed on average, 275 kWh of electricity per month. By the end of FY11, we managed a seat with an energy consumption of approximately 215 kWh of consumption - a reduction of 22%.

All ATCs contributed in this efficiency transformation (table: Per Capita Energy Consumption.). We achieved this by innovating locally and sharing globally, thereby, facilitating the dissemination of ideas and best practices. Some of the developments that we are most proud of are:

• A state-of-the-art data center that was able to sustain a virtualization policy to reduce the number of machines.

• A centrally managed shutdown and hibernation policy that slashed idle power consumption of standalone machines.

### Table: Per Capita Energy Consumption

|  | Asia average per seat (kWh) | SL average per seat (kWh) | HYD average per seat (kWh) | CHN average per seat (kWh) |
|---|---|---|---|---|
| April 2008 | 275 | 279 | 285 | 260 |
| March 2011 | 215 | 192 | 215 | 240 |
|  | 22% | 31% | 25% | 7% |

• The enhancement and installation of precision A/C systems and an A/C management system for 24x7 support service teams.

• A procurement policy to prohibit the purchase of high energy lights and peripheral equipment.

• A policy to promote the continued energy efficiency of our lighting systems.

We strive for transparent reporting of all energy related carbon foot printing and follow the Green House Gas (GHG) Protocol Initiative. Accordingly, as per the Protocol, since FY11 we have begun separate calculations of our emissions related to energy under Scopes 1 and 2 to cover energy sourced from stationary combustion and purchased electricity respectively.

We have augmented our reporting by including emissions from business related air travel and business shuttle travel under Scope 3 of the Protocol. Land travel increased by 57% over the financial year under review (FY11) and we are reviewing targets to mitigate the impact of this for the coming financial year. Business air travel decreased by 39% during the same period.

We have achieved a significant reduction in air travel by providing and encouraging our employees to adopting greener alternatives such as:
• Optimizing meeting room capacity and facilitating virtual conferencing.

• Enhancing the VOIP and audio conferencing infrastructure.

• Expanding the potentials of video conferencing.

While managing our energy and travel related climate change impact is significant to the way we engage in our corporate behavior, we also proactively promote the use of greener alternatives amongst our stakeholders. Some of the cases in point include maintaining e-bike charging points at our facilities, promoting the use of e-bikes for office transportation services and raising awareness amongst our suppliers regarding the use of more climate friendly products such as Energy Star rated products and farmed paper.

**Asia: Electricity Consumption**
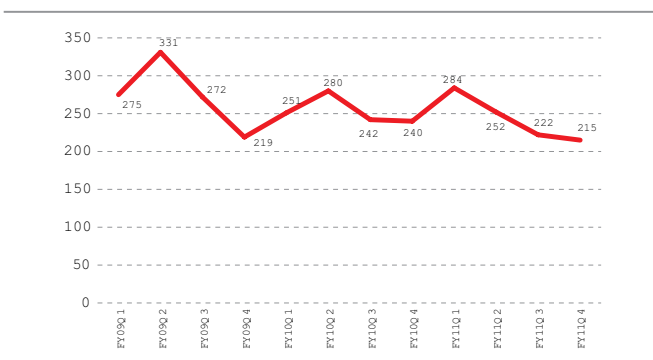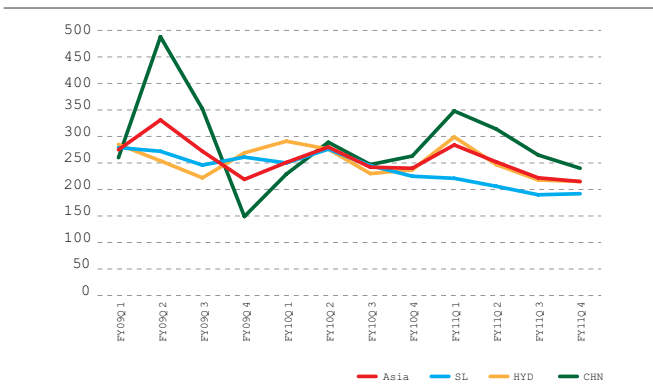
**Asia: Emissions from Business Air Travel**
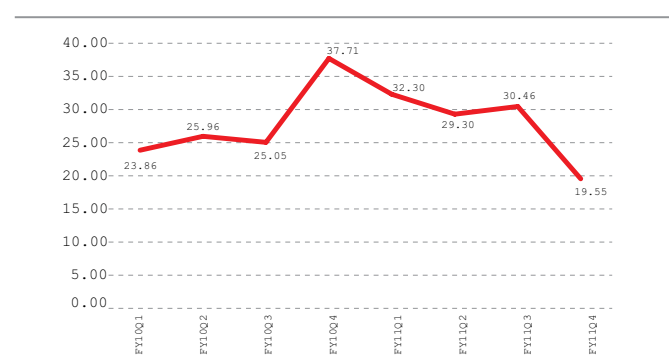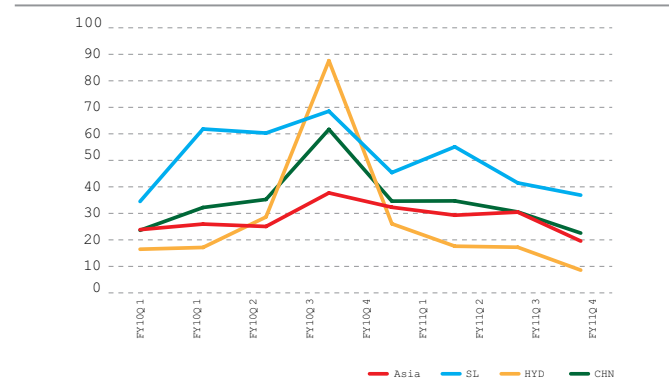
| Scope 1 Emissions | Scope 2 Emissions | (Scope 1+2) Emissions |
|---|---|---|
| 1,028 tonnes CO2eq | 9,553 tonnes CO2eq | 10,581 tonnes CO2eq |
| 18.9 kgsCO2eq per utilized seat | 175.8 kgsCO2eq per utilized seat | 194.7 kgsCO2eq per utilized seat |

**Asia: Emissions from Business Land Travel**



Legend: ● Asia ● SL ● HYD ● CHN



Data points: 9.81, 10.61, 8.66, 11.02, 12.30, 18.36, 32.69, 19.32
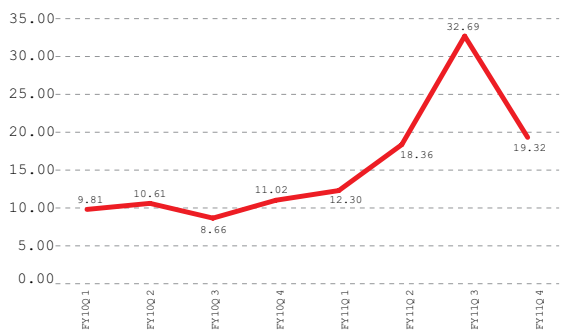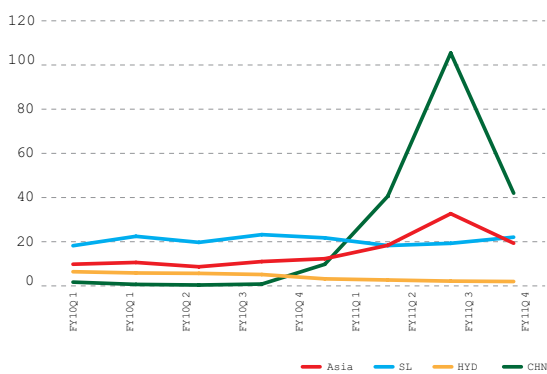
## REDUCE, REUSE, RECYCLE

Our policy is to reduce, recycle and reuse our products, with two objectives: minimizing the adverse effects of hazardous waste and saving resources by reusing non-hazardous material.

We were one of the select IT services companies to enter into a Memorandum of Understanding with the Central Environmental Authority (CEA) of Sri Lanka, thereby, becoming a member of the Co-operate E-waste Management Project initiated by the CEA. We were the first IT Company to follow up on our commitment and obtain a license to handle e-waste segregation. We were thereby able to process, store and transport over 1200kgs of e-waste material for recycling as per the Basel Convention.

Under non-hazardous waste management, we continuously recycle paper, plastic, glass and metal. Our Hyderabad ATC partners with the ITC's Wealth Out of Waste (WOW) project for recycling office paper waste and the revenue generated from it is used for CSR activities.

## GREEN BUILDINGS AND SMART CONSTRUCTION

Virtusa's new state-of-the-art Advanced Technology Center in Gachibowli, Hyderabad was inaugurated in September, 2010. Built on over six acres, the new campus supports an eco-friendly environment including the effective use of soil, landscape and water, use of efficient and eco-friendly equipment, efficient building management systems, use of renewable energy and use of recycled or recyclable material.

We are submitting the campus for Leadership in Energy & Environmental Design (LEED) Gold Certification within this financial year. We are targeting Platinum Certification for upcoming construction.

In the Sri Lanka facilities, we use a building management system to efficiently manage lighting, air conditioning and elevators. A compact fluorescent lamp (CFL) conversion project has already been completed successfully, to reduce the consumption of electricity.

## SPREADING THE MESSAGE
### Virtusans from Chennai ATC Support "Save the Turtle" Campaign

On 18th March, 2011, Virtusans from Chennai ATC joined together with the TREE Foundation, an NGO that drives turtle conservation, to save turtles along the coastline of Chennai. Virtusans helped more than 40 hatchlings to go back to the sea where they belong.

### Chennai ATC Organizes a Cyclathon

About 50 Virtusans participated in the Cyclathon, which covered a distance of around 35-40kms. The event focused on encouraging more people to use the bicycle as a mode of transport, thus, reinforcing the importance of reducing carbon emissions and also emphasizing the importance of cycling for health and fitness.

### Virtusans join hands with Clean Up Sri Lanka

Virtusa teamed up with Clean Up Sri Lanka to create awareness and encourage participation in their launch program. Clean Up Sri Lanka provides a forum for people to learn about individual responsibility in limiting environmental mishaps and encourages volunteerism for cleanup activities.

### Recycling E-waste

The Virtusa E-Waste Collection Week was organized from the 21st - 25th of March, 2011 to enable Virtusans to dispose of e-waste in a way that is not harmful to the environment. Old computers, laptops, mobile phones, CDs, televisions and other e-waste was collected during the week so that they could be recycled according to international standards.

# The UN Global Compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Essentially a voluntary disclosure process, the UNGC has been adopted by corporates across the world as a common platform for the participants to advance their commitments to sustainability and corporate citizenship. Virtusa has been a signatory and a member of the United Nations Global Compact (UNGC) since the year 2008.

The United Nations Global Compact was initiated in Sri Lanka in 2007/2008 and formed as a legal entity in 2011, known as the Global Compact Network Ceylon (GCNC). Virtusa has been a member of the Steering Committee of the Sri Lankan Network since 2010. The Board of Directors of the Network, on which a representative from Virtusa sits, was formalized in early 2011. Through its work with the GCNC, Virtusa has supported and encouraged the activation of both the network and the UNGC principles in Sri Lanka.
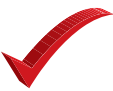
Virtusa embodies and practices the 10 principles through its management approach to sustainability and sustainable business and in view of its intention to adopt the precautionary approach to management. With employee commitment gained through awareness building and orientation of the work ethic towards the adoption of the 10 principles, Virtusa has embedded the sustainability precepts laid out by the UNGC into the approach in which it conducts its daily business. As a member of the UNGC, Virtusa issues an annual Communication on Progress (COP), a public disclosure to stakeholders on progress made in implementing the ten principles of the UN Global Compact, and in supporting broad UN development goals.

Integrating the 10 principles of the UNGC to the management approach to sustainability:

| Category | UNGC Principle | Relevant GRI Indicators Disclosed | General practices at Virtusa |
|---|---|---|---|
| Human Rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and<br><br>Principles 2: Businesses should make sure that they are not complicit in human rights abuses. | | • Virtusa supports. respects and upholds internationally proclaimed and accepted human rights policies. |
| Labour Standards | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;<br><br>Principle 4: Businesses should uphold the elimination of all forms of forced or compulsory labour;<br><br>Principle 5: Businesses should uphold the effective abolition of child labour; and<br><br>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation. | LA5, HR2<br><br>HR2<br><br>HR2<br><br>LA2, LA14, HR2, HR4 | • We strive to build a company where the individual thrives in a team oriented culture that encourages clear, open communication and independent thought.<br><br>• We source our employees from wide-ranging academic and professional backgrounds, as we value the positive influence of a diverse workforce in thought, background, skill and experience as well as gender, ethnicity and nationality. We have well defined polices against discrimination. |
| Environment | Principle 7: Businesses should support a precautionary approach to environmental challenges;<br><br>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and<br><br>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. | EN4, EN5, EN18 | • At Virtusa we believe that environmental accountability is an integral part of our corporate values. We have taken several measures to help protect our environment and make our work places eco-friendly while maintaining or even improving costs and service levels. Our objective is to assess our current levels of emissions and reduce them. "Code Green" is evidence of our commitment to improve our processes, combat climate change and protect the environment.<br><br>• Virtusa's Environmental Group was initiated on January 26, 2009. Environmental/green awareness programs, such as the Virtusa Environment Day, have been conducted in order to create awareness among the staff.<br><br>• Considerable steps have been taken in order to reduce our carbon footprint within the infrastructure available. For example, the consolidation of data centers, server rooms, networks and UPS rooms in order to optimize infrastructure, installation of duplex printers along with usage tracking to reduce paper consumption. Building Management Systems (BMS) have been installed to efficiently manage lighting, A/Cs and elevator operations. |
| Anti - Corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | SO2 | • Finance and Administrative systems are regulated to ensure that anti-corruption practices are maintained in all transactions performed within. |

# Report Application Levels



|  |  | C | C+ | B | B+ | A | A+ |
|---|---|---|---|---|---|---|---|
| **Mandatory** | **Self Declared** | ✔ | | | | | |
| **Optional** | **Third Party Checked** | | | | | | |
| | **GRI Checked** | | | | | | |

# GRI Index

## STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

| Profile Disclosure | Description | Cross-reference/ Direct answer |
|---|---|---|
| **Strategy and Analysis** | | |
| 1.1 | Statement from the most senior decision-maker of the organization. | Page 04 |
| 1.2 | Description of key impacts, risks, and opportunities. | Page 13-14 |
| **Organizational Profile** | | |
| 2.1 | Name of the organization. | Page 05 |
| 2.2 | Primary brands, products, and/or services. | Page 04-05 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Page 05–07 |
| 2.4 | Location of organization's headquarters. | Page 05 |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Page 05-07 |
| 2.6 | Nature of ownership and legal form. | Page 05-07 |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Page 07 |
| 2.8 | Scale of the reporting organization. | Page 05-07 |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | Page 05-06 |
| 2.10 | Awards received in the reporting period. | Page 08 |
| **Report Parameters** | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | Page 09 |
| 3.2 | Date of most recent previous report (if any). | page 17 |
| 3.3 | Reporting cycle (annual, biennial, etc.) | Annual, Page 09 |
| 3.4 | Contact point for questions regarding the report or its contents. | Page 10 |
| 3.5 | Process for defining report content. | Page 09 |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | Page 10 |
| 3.7 | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | Page 09-10 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | Page 09-10 |
| 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Page 10 |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Page 35 |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | Page 04 |
| **Governance, Commitments, and Engagement** | | |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | Page 04-06 & 15-17 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | Page 15-16 |
| 4.3 | State the number of members of the highest governance body that are independent and/or non-executive members. | Page 15-17 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Page 17 |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | Page 15-17 |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Page 15-17 |
| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics. | Page 15-17 |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Page 18 |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Page 17, 22 |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | Page 17, 24 |
| 4.14 | List of stakeholder groups engaged by the organization. | Page 11, 18 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | Page 11-12 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Page 18 |

| ECONOMIC PERFORMANCE | | |
|---|---|---|
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Page 20 |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | Page 30-32 |
| Market Presence | | |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant | Page 22 |
| | locations of operation. | Page 27-28 |
| Indirect Economic Impacts | | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Page 30-32 |
| ENVIRONMENTAL PERFORMANCE | | |
| Energy | | |
| EN3 | Direct energy consumption by primary energy source. | Page 30-32 |
| EN4 | Indirect energy consumption by primary source. | Page 30-32 |
| EN5 | Energy saved due to conservation and efficiency improvements. | Page 30-32 |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | Page 30-32 |
| Emissions, Effluents and Waste | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | Page 30-32 |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Page 30-32 |
| EN19 | Emissions of ozone-depleting substances by weight. | Page 30-32 |
| EN22 COMM | Total weight of waste by type and disposal method. | Page 30-32 |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | Page 30-32 |
| Transport | | |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | Page 30-32 |
| SOCIAL: LABOR PRACTICES AND DECENT WORK | | |
| Employment | | |
| LA1 | Total workforce by employment type, employment contract, and region. | Page 22 |
| LA2 | Total number and rate of employee turnover by age group, gender, and region. | Page 22 |
| Labor / Management Relations | | |
| LA4 | Percentage of employees covered by collective bargaining agreements. | Page 22 |
| Training and Education | | |
| LA10 | Average hours of training per year per employee by employee category. | Page 23-24 |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Page 23-24 |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | Page 23-24 |
| SOCIAL: HUMAN RIGHTS | | |
| Non-discrimination | | |
| HR4 | Total number of incidents of discrimination and actions taken. | Page 22 |
| Freedom of Association and Collective Bargaining | | |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | Page 22-23 |
| Child Labor | | |
| HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | Page 34 |
| Forced and Compulsory Labor | | |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. | Page 34 |
| SOCIAL: SOCIETY | | |
| Corruption | | |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | Page 21 |
| Public Policy | | |
| SO5 | Public policy positions and participation in public policy development and lobbying. | Page 24-25 |
| SOCIAL: PRODUCT RESPONSIBILITY | | |
| Product and Service Labelling | | |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | Page 21 |
| Marketing Communications | | |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Page 21 |
| Customer Privacy | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Page 21 |

US - Boston, New York     UK - Windsor, London     India - Hyderabad, Chennai     Sri Lanka - Colombo     The Netherlands - Amsterdam     Hungary - Budapest