

SUSTAINABILITY REPORT 2011/2012



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ABOUT US

PEOPLE

WORKFORCE | PROPORTION OF SENIOR
5800+ | **MANAGEMENT**
99% | **HIRED FROM LOCAL**
COMMUNITY

PLANET

FY12 Performance



21% Carbon Footprint* per Revenue



8% Carbon Footprint* per Person



13% Energy Consumption per Person



12% Water Consumption per Person

* Scope 1 and Scope 2

PROFIT

REVENUE FOR FY12
USD 277.8 Million



“ At Virtusa, our aim is ‘to reduce our environmental footprint with Ethical Maturity, Respect and Dignity to all’. Our approach is to reduce the environmental footprint of our services delivered to clients by leveraging tools and processes to improve the following quality metrics: ‘reduce cycle time’, ‘increase right-first-time’ and ‘reuse at source’. ”

A Message from Kris Canekaratne

It gives me great pleasure to present our Sustainability Report for 2011/2012. At Virtusa, our aim is “to reduce our environmental footprint with Ethical Maturity, Respect and Dignity to all”. Our approach is to reduce the environmental footprint of our services delivered to clients by leveraging tools and processes to improve the following quality metrics: “reduce cycle time”, “increase right-first-time” and “reuse at source.” Our sustainability report is a mechanism to ensure transparency and accountability in our organizational activities.

In 2011/2012, we further integrated sustainability into our practices. We strengthened our Environmental Management System through the external verification of environment data for Sri Lanka and India. We also made progress towards obtaining ISO 14001:2004 and BS OHSAS 18001:2007 certifications for our facilities in Hyderabad, Chennai and Bangalore.

During the reporting period we introduced several people initiatives. Women of Virtusa (WoV) was launched in March 2012 to encourage and facilitate more diversity across all tiers and geographies Virtusa operates in. We also introduced a Management Trainee program to nurture emerging leaders. As part of talent recognition, we revamped the Recognize and Appreciate Everyone (RAVE) Awards and introduced the Personal Excellence Awards (PEP).

We will continue to improve our practices to be more sustainable. As a signatory to the United Nations Global Compact (UNGC), we remain committed to practicing and promoting the principles endorsed by the UNGC in our sphere of influence.

Kris Canekaratne
Chairman & CEO

OUR MISSION

TO BE THE PARTNER OF CHOICE for corporations in creating 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 OPERATIONS.

Founded in 1996, Virtusa Corporation (NASDAQ: VRTU) is a global information technology (IT) services company providing IT consulting, technology and outsourcing services.

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

OUR VALUES

PURSUIT OF EXCELLENCE - Expand the contours of what is possible through pursuit of excellence.

INTEGRITY - Be forthright and honest in all interactions ensuring integrity.

RESPECT - Respect clients and fellow team members.

LEADERSHIP - Inspire others through empowerment and leadership.





Operational Structure

We view our operations and manage our business as one operating segment. Our primary operations are in India, Sri Lanka and the United Kingdom. Our corporate structure also spans multiple jurisdictions, with Virtusa Corporation incorporated in Delaware and its operating subsidiaries organized in India, Sri Lanka, the United Kingdom, Hungary, Germany, Singapore, and the Netherlands.

On July 1, 2011, we acquired ALaS Consulting LLC, a provider of consulting and advisory services to financial services companies. The acquisition expanded our position within the banking and financial services industries (BFS) by adding capital markets and investment banking domain expertise, and consulting and program management skills. ALaS provided Virtusa with approximately 150 practitioners, including former senior Wall Street professionals with significant industry experience, driving critical initiatives in areas such as regulatory compliance; trading desk operations improvement and controls; software package selection, program management and functional testing; and increasing automation to reduce costs.

For more information, visit:

<http://www.virtusa.com/aboutus/management-board.asp>



Primary Services

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. Using our enhanced global delivery model, innovative platforming approach and industry expertise, we provide cost-effective services that enable our clients to use IT to enhance business performance, reduce their total cost of ownership, accelerate time-to-market, increase productivity and improve their end customers' experience.

We apply our innovative platforming approach across all of our services. We help our clients combine common business processes and rules, technology frameworks and data into reusable application platforms that can be leveraged across the enterprise to build, enhance and maintain existing and future applications. Our platforming approach enables our clients to continually improve their software platforms and applications in response to changing business needs and evolving technologies while also improving business agility and realizing long-term and ongoing cost savings.

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



Our Clients

We serve clients in the communications and technology; banking, financial services and insurance ("BFSI"); and media and information industries. A majority of our revenue for the fiscal year ended March 31, 2012 was generated from Forbes Global 2000 firms or their subsidiaries.



IT Services Market

The IT services market is highly competitive and includes offshore IT outsourcing firms and consulting and systems integration firms. We also occasionally compete with in-house IT departments, smaller vertically-focused IT service providers and local IT service providers based in the geographic areas where we compete. We expect additional competition from offshore IT outsourcing firms in emerging locations such as Eastern Europe, Latin America and China, as well as offshore IT service providers with facilities in less expensive geographies within India.

AWARDS & RECOGNITION

Ranked 42 in The Boston Globe's Globe 100 List,

a prestigious ranking of the best-performing publicly traded corporations in Massachusetts. The 2012 Globe 100 honors companies that delivered exceptional financial results during 2011.

Named to Forbes' List of the "100 Best Small Public Companies in America."

The list recognizes 100 companies across the U.S. that have withstood economic challenges to achieve impressive sales and earnings growth.

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.

Top Ten Gold Award Winner at the Sri Lankan National HRM Awards, organized by the Association of Human Resource Professionals. Virtusa also won the Employee Relation and People Administration award.

Recognized as a key R&D service provider for 2012, in the category of Independent Software Vendors (ISV) - Enterprise Software by Zinnov.

Virtusa was recognized in the prestigious "Execution Zone" of Zinnov Zones for its high level of R&D practice maturity and distinguished innovative practices for the second year in a row.

Presented with a Silver Stevie® Award in the Human Resources Department of the Year category in the 10th Annual American Business Awards.

Recognized by American Banker, Bank Technology News, and IDC Financial Insights on the 2011 FinTech 100 List.

The list ranks the most successful financial services technology vendors around the world based on their calendar year 2010 revenue from financial services. This is the fourth time in five years that Virtusa has been named in the ranking.

Recognized for the 3rd consecutive year amongst Top 20 Best IT Employers in India.

Dataquest (DQ)-CMR in its 2011 Best Employer Survey ranked Virtusa at the 9th position.





AWARDS & RECOGNITION

Certified by the Corporate Research Foundation (CRF) Institute, for the second year in a row, as one of Britain's Top Employers for 2012. Virtusa scored exceptionally well in the categories of Secondary Benefits and Working Conditions, Training and Development, and Career Development.

Recipient of Pegasystems' first annual Partner Excellence Awards.

The awards recognize Pegasystems' partner organizations that drive customer success by delivering solutions that increase customers' agility and competitive edge. Virtusa was acknowledged for excellence in the category of solution delivery.

Recognized in the 2011 Global Services 100 List (GS100) by Global Services, in association with NeoGroup.

The company was also featured in the category of Top Specialty Product Engineering Vendors. The GS100, which honored Virtusa for the fourth consecutive year, represents companies that demonstrate excellence in delivering IT outsourcing (ITO) and BPO services globally using matured models of service delivery.

Honored by the Project Management Institute Atlanta (PMI) as the winner of its 2011 Manufacturing Project of the Year Award.

The award recognizes the accomplishments of a Project and the involved Project team for superior performance and execution of exemplary Project Management.

Ranked as the most preferred IT/BPO Employer in Sri Lanka, in the first Employer Branding Study in Sri Lanka conducted by TNS.

The study also listed Virtusa within the top five preferred employers in Sri Lanka.

Virtusa's Solution for a Global Bank was selected as a Finalist in 2011 Adaptive Case Management Global Excellence Awards.

Co-sponsored by the Workflow Management Coalition (WfMC) and KMWorld magazine, these prestigious awards recognize user organizations that have demonstrably excelled in implementing innovative adaptive case management (ACM) solutions. Virtusa was recognized in the highly-contested "Customer Facing" category for its work on behalf of a global banking firm.

ABOUT THE REPORT



DATE OF PREVIOUS REPORT November, 2011

REPORTING CYCLE Annual

the G3.1 Guidelines and Indicator Protocols, while the previous report was based on the G3 Guidelines and Indicator Protocols. As our previous report, this report also conforms to Level C of the GRI Report Application Levels. Pages 35-36 contain the applicable GRI Index.

This report also outlines our progress in embedding the ten principles of the United Nations Global Compact.



Process for Defining Report Content

The reporting period for this report is April 2011 to March 2012. We have made every effort to submit a comprehensive report with regard to dimensions of scope and boundary for the reporting period.

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

This is the second sustainability report we have produced based on the Global Reporting Initiative (GRI) framework. There have been no significant changes in the scope, boundary, or data measurement methods from the previous report. However, this report complies with



Materiality

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 table outlines the indicators that are material to our operations:

Applicability	Economic	Social	Environment
Very Important	EC1 EC3 EC7 EC8	LA1 LA4 LA10 LA11 LA12 LA13 PR5 PR8 S02	EN3 EN4 EN5 EN7 EN8 EN16 EN 18 EN28 EN29
Important	EC2 EC6	LA2 HR5 HR6 HR7 SO5 PR6	EN24

As a company with global operations, the scope disclosure differs in each operational center. While economic, labor, and product responsibility indicators are reported at a global level, human rights,

social and environmental indicators reported are relevant only for our operations in India and Sri Lanka.

Operational Focus	Area of Disclosure
Global	Financial Human Resources and Human Resource Development Product Responsibility
India and Sri Lanka	Societal Performance – Campus Reach, Tech Reach, Digital Reach and other community based initiatives Environmental Performance - Code Green



Data Measurement Techniques

CO2 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. The calculations are verified by the EU SWITCH-Asia Funded EEPEX Project.

During the reporting period, we were able to extend data verification to include our ATCs in India. Previously, it was carried out only at our Sri Lanka ATC.

Data related to activities such as human resource development and training is collected on a daily basis as well as periodically through surveys, etc. In 2011, for the first time, the Global Team Member Survey was conducted with the assistance of a firm of external consultants, AEON Hewitt.

Contact Point for Questions

Rasika Withanage

Manager–Marketing, Sustainability & Communications

RWithanage@Virtusa.com

PEOPLE



WORKFORCE
5800+ | **99%**
 PROPORTION OF SENIOR
 MANAGEMENT
 HIRED FROM LOCAL
 COMMUNITY

Employee Engagement

Engagement Method/Policy
• GTMS
• Open Door Policy
• Yammer
• Code of Business Conduct and Ethics
• Harassment-Free Workplace Policy
• Environment, Health and Safety Policy
• Whistleblower Policy
• Intellectual Property

As an equal opportunity employer, our policy is to recruit and reward based on individual capabilities, merit, achievements and experience. Our people management strategy is based on six key components: recruitment, performance management, training and development, employee engagement and communication, compensation and retention.



Recruitment

We recruit from leading universities in India and Sri Lanka. Through our Campus Reach program, we maintain a visible position in universities through a variety of specialized programs, including IT curriculum development, classroom teaching and award sponsorships. We also

recruit and hire laterally and use employee referrals as a significant part of our recruitment process.



Performance Management

All employees in our permanent cadre have regular performance appraisals, on which career development, compensation and promotions are based. Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance.

In addition to compensation, other schemes for employee recognition include Personal Excellence Awards (PEP), Recognize and Value Everybody Awards (RAVE) and Long Service Awards. The Delivery Excellence Awards recognize contribution at team level.



Training and Development

We conduct training for all campus hires and lateral hires through a focused Onboarding program. Apart from this, all employees have access to training programs covering both technical subjects and soft skills so that they can gain the skill competencies needed for career management.

Employee Category	Training Hours Per Year Per Employee		
	India	Sri Lanka	US & Europe
Tier 4	92558.7	16881.75	263.5
Tier 3	32549.9	4181.45	688.5
Tier 2	15385.2	5015.8	1572.5
Tier 1	5258.3	1837.3	1488.5
Tier 0	2577.5	558	1385.5

Table: Average hours of training per year per employee by employee category

We do not track training hours by gender as we provide equal training opportunities for our male and female employees.



Employee Engagement and Communication

We have 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 with management. We also have open forums such as Yammer, No Meeting Fridays, where the Management Committee is available for discussion and Europe Voice.

The Global Team Member Survey (GTMS) is one of the main mechanisms through which our Human Resources team obtains feedback on HR processes. In 2011, for the first time GTMS was conducted with the assistance of external consultants, AON-Hewitt. Based on the GTMS results, nine work groups representing a cross section of employees were formed to analyze feedback from GTMS and develop recommendations based on them. The recommendations were then presented to the Management Committee and organized according to priority areas.

New employees can provide feedback through the Two Month Completion Survey and Five Month Completion Survey.



Compensation

Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance.



Retention

We remain committed to improving and sustaining our voluntary attrition levels in-line with our long-term stated goals. During the twelve months ended March 31, 2012, we experienced voluntary team member attrition at a rate of 15.5% and involuntary team member attrition at a rate of 5.0%. We define attrition as the ratio of the number of team members who have left us during a defined period to the total number of team members that were on our payroll at the end of the period.

Workforce

Category	India		Sri Lanka		US & Europe		US Other	
	Female	Male	Female	Male	Female	Male	Female	Male
Permanent Cadre	26%	74%	31%	69%	10%	90%	24%	76%
Contract	33%	67%	47%	53%	12%	88%	11%	89%
Outsourced	16%	84%	19%	81%	8%	92%	0%	0%

Table: Total workforce by employment type, employment contract, and region, broken down by gender

Employee Turnover

Category	India		Sri Lanka		US & Europe		US Other	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	36%	64%	33%	67%	33%	67%	50%	50%
30-49	20%	80%	28%	72%	14%	86%	32%	68%
Over 50	0%	100%	0%	100%	15%	85%	11%	89%

Table: Total number and rate of employee turnover by age group, gender, and region

New Hires

Category	India		Sri Lanka		US & Europe		US Other	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	28%	72%	37%	63%	9%	91%	4%	96%
30-49	16%	84%	21%	79%	9%	91%	13%	88%
Over 50	0%	100%	-	-	5%	95%	0%	100%

Table: Total number and rate of new employee hires by age group, gender, and region

None of our team members are covered by a collective bargaining agreement or are represented by a labor union. This is partly due to the open communication and cordial relations maintained with employees. A flat structure and open door policy are the main factors contributing to such positive relations. In addition, in India and Sri Lanka where the majority of our workforce is, labor unions are rare in white collar industries.



Diversity and Equal Opportunity

Participation of women is low across the IT industry. Of Virtusa's global workforce, 30% are women. While Virtusa encourages all its employees to accept challenging roles and leadership positions, statistics show that the number of women holding executive positions is low.

The Women of Virtusa (WoV) initiative was launched in March 2012 in an effort to facilitate longer, more fruitful careers for the women of Virtusa. WoV was launched under the patronage of Kris Canekeratne, Chairman and CEO of Virtusa.



Challenges

As a constantly growing organization, Virtusa strives to balance the needs of the company against those of its employees. Working on large projects of a global scale, spanning geographies and time zones requires flexibility. One of the challenges that arise due to this is managing extended work hours and project deadlines while ensuring that employee burnout does not occur. Employee work hours are tracked with weekly reports being sent to managers, and safeguards are in place to ensure no employee works long hours consistently. Employees who are part of projects that are working to meet tight deadlines are encouraged to take paid leave subsequent to the end of the project. The management constantly engages with clients to manage client expectations in order to negotiate manageable deadlines. Furthermore, employees have been given the opportunity to work from home or carry forward leave that is unutilized.

Industry and Social Partnerships

Sri Lanka	India
Sri Lanka Association of Software and Service Companies (SLASSCOM)	National Association of Software and Services Companies (NASSCOM)
AMCHAM Sri Lanka	AMCHAM India
Sarvodaya Fusion	Information Technology & Services Industry Association of Andhra Pradesh (ITsAP)
Central Environment Authority	

Many of our executive officers are on the boards of industry associations and academic institutions and are therefore conduits in shaping public policy.

Roger Keith Modder, President, Asia and Executive Vice President Global Services, is a member of the National Council for Economic Development (IT/BPO cluster) in Sri Lanka whilst Darshana Pai, Vice President and Delivery Head of Hyderabad ATC was nominated to the NASSCOM's Diversity and Inclusion (D&I) core team. Madu Ratnayake, Vice President and General Manager of Virtusa Sri Lanka, is the Director and the Vice Chairman of SLASSCOM.

PEOPLE



Virtusa's Campus Reach goes from Strength to Strength



During FY11/FY12 we continued to partner with universities and academic institutions across India and Sri Lanka to provide curriculum enhancements, internships, teacher training seminars and knowledge sharing sessions. Overall, we provided 90 internships and reached 5700+ undergraduate students through 78 events.

Virtusa lends helping hand to students through "Pen Your Future"

Virtusa extended a helping hand to students in Cuddalore, Tamil Nadu, India through the "Pen Your Future" program. The destruction caused by cyclone Thane in the Cuddalore district in December 2011 left many students who were facing their board exams without even basic writing material and books. To help them get their education back on track, Virtusa took the initiative to provide basic necessities to 225 Standard X students and 75 Standard XII students at Anna Gramam Higher Secondary School.

Virtusa donated writing material and notebooks to over 300 students in the cyclone hit village of Anna Gramam through the "Pen Your Future" program. Volunteers from the Chennai Advanced Technology Center visited Anna Gramam Higher Secondary School on Friday, January 27, 2012 and handed over the material to the students.



Virtusa assists 2000 children in the South of Sri Lanka

A team of Virtusans visited Paraliya Jinarathana Maha Vidyalaya and Dutugamunu Maha Vidyalaya, Lunama, Ambalanthota in the Southern Province in early 2012, to hand over computers which would be used in the maths labs of the respective schools. Digital Reach aims to promote digital literacy by creating access to Information Technology and seeks to build a more digitally-inclusive society, gearing them towards an all-inclusive knowledge economy.

Virtusa develops open source School Management System

AKURA, a school management system, developed at the request of St Joseph's College, Sri Lanka is now being used in schools all over the world. Built entirely by a team of Virtusa volunteers, the intention behind AKURA is to provide schools with an efficient system to manage the daily administrative tasks and monitor student progress. Due to its success in Sri Lanka, AKURA has been made available as free and open source software and has seen 5000+ downloads from <http://Sourceforge.net> throughout the world, with most downloads being from India. In a region where many schools have limited budgets, AKURA provides a cost effective and efficient solution.

Virtusa joins battle against Cancer by participating in the PMC bike-a-thon

Virtusan Michael Picard along with his POWERCure team members completed their 7th Pan-Massachusetts bike-a-thon challenge. This annual event is nationally recognized as a model in fundraising efficiency where "every rider raised dollar" goes directly to the Jimmy Fund to support Dana-Farber Cancer Research activities.

PLANET



FY12 Performance

 **21%** Carbon Footprint* per Revenue

 **8%** Carbon Footprint* per Person

 **13%** Energy Consumption per Person

 **12%** Water Consumption per Person

* Scope 1 and Scope 2

During the reporting period, we continued to reinforce our Environmental Management Framework so as to responsibly manage the impact of our operations. We are currently on the path to certifying this framework for ISO 14001 across all our Advanced Technology Centers (ATCs). During the period of reporting, the Sri Lanka Center was certified by the British Standards Institute.

The statistics reported herein (except for water) involve our operations within our ATCs, which host about 90% of our headcount.



Climate Change Management

In 2011, we made our first submission to the Carbon Disclosure Project. We report under the GHG Protocol and have calculated our emissions for Scopes 1, 2 and 3. Our scope 3 emissions result from business travel and transport.

The emissions footprints (MT of CO₂e) are given below:

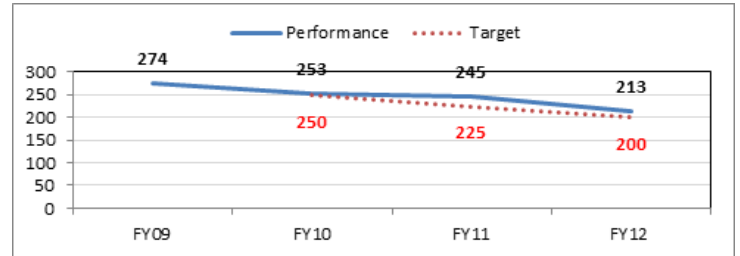
Scope 1	Scope 2	Scope 3	Total Emissions
472	9,536	2,509	12,517

The total of our Scope 1 and 2 emissions reduced by 21% per revenue, and 8% over the year.



Energy Management

We have had a targeted per capita energy reduction of 22% over the last four years.



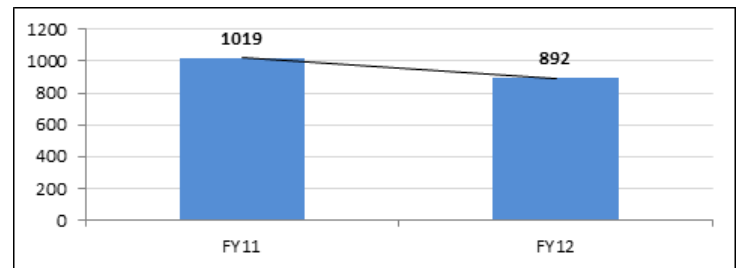
Though we failed to achieve the reductions we had intended to, we believe that the aggressive targets that we set ourselves have yielded the reductions we have seen.



Water Management

The water management data given below is for our operations in Sri Lanka and our "Campus" facility in Hyderabad. This water does not include drinking water, which we do not target to reduce.

We have reduced our per capita water usage by 12% through efficient housekeeping measures, raising awareness and wastewater recycling (in our Campus facility).



General purpose water consumption – SLATC and Hyderabad Campus



PLANET

E-Waste Management

We were a pioneer company in Sri Lanka to sign up with the government's e-waste program.

Last year, we submitted over 3611 kg of e-waste for disposal.



Virtusans Participate in Chennai Beach Cleanup

More than 50 volunteers from Virtusa Chennai took part in the beach cleanup activity in Besant Nagar on Saturday, 7th July 2012. The theme for this event was - Our Place...Our Planet...Our Responsibility.

Gaps and Continual Improvement

Scope	Gap Identified	Continual Improvement for FY13
Environmental Management	Not standardized across locations	Have all ATCs certified for ISO 14001 in FY13.
Targets for Environmental Management	Targets for Environmental Performance set only for Energy	Set reduction targets for FY13 for CO2 emissions, water and e-waste provided in the next section.
Water Management	Water consumption not measured for all geographies	Measure consumption across all ATCs.

There were no instances of monetary or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period.

Performance Targets for FY 13

The following reduction targets have been set for FY13:

Per capita CO2 Emissions	10% reduction on FY12 levels
Per capita Energy Consumption	10% reduction on FY12 levels
Per capita Water Consumption	10% reduction on FY12 levels
Waste sent for landfill	5% reduction on FY12 levels

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, 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. Virtusa has been a signatory and a member of the United Nations Global Compact (UNGC) since the year 2008.

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 10 principles of the UN Global Compact, and in supporting broad UN development goals.

The United Nations Global Compact was initiated in Sri Lanka in 2007/2008 and formed into 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.

Category	UNGC Principle	Relevant GRI Indicators Disclosed	Page
Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; And</p> <p>Principles 2: Businesses should make sure that they are not complicit in human rights abuses.</p>		
Labour Standards	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: Businesses should uphold the elimination of all forms of forced or compulsory labour;</p> <p>Principle 5: Businesses should uphold the effective abolition of child labour;</p> <p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>LA4</p> <p>HR7</p> <p>HR6</p> <p>LA2, LA14, HR2, HR4</p>	
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	EN4, EN5, EN18	
Anti - Corruption	<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	SO2	



**Global Compact Network
Sri Lanka**

PROFIT



REVENUE FOR FY12

USD 277.8 Million

We aim to conduct our business operations in a sustainable and ethical manner, and this is embedded in our corporate governance, business practices and client engagements.

We adhere to International Labor Organization standards and internationally proclaimed human rights in our day to day operations. As a technology services company, child labor, forced labor and bonded labor are not significant risk factors in our operations.



Board Leadership Structure

Kris Canekeratne, a founder of our company, serves as our Chief Executive Officer and Chairman of the Board. The Board of Directors believes that having our Executive Officer as Chairman of the Board facilitates the Board of Directors' decision-making process because Kris Canekeratne has first-hand knowledge of our operations and the major

issues facing us, and is most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. This also enables Kris Canekeratne to act as the key link between the Board of Directors and other members of management. To assure effective independent oversight, the Board of Directors annually appoints a lead independent director. Mr. Martin Trust currently serves as the lead independent director.



Executive Officers and Directors

The following table sets forth the executive officers and the directors of Virtusa, and the positions currently held by each such person.

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, Treasurer 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

Table: Executive Officers and Directors

(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 and its Committees

The Board of Directors has the following standing committees: Audit Committee; Compensation Committee; and Nominating and Corporate Governance Committee, each of which operates pursuant to a separate charter that has been approved by the board of directors.

 Chairperson

 Member

 Financial Expert











	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Izhar Armony			
Robert E. Davoli			
Ronald T. Maheu			
Rowland T. Moriarty			
William K. O'Brien			
Martin Trust			
Kris Canekeratne			
Al-Noor Ramji			

Table: The Board of Directors and its Committees



Communication with the Board of Directors

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.

We will forward any such stockholder communication 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.



Code of Ethics

We have 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>.



Whistleblower Policy

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



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.



Anti-corruption

Our Finance and Administrative systems are regulated to ensure that anti-corruption practices are maintained in all transactions performed within.



Economic Sustainability

Currently, we have not formalized the integration of Climate Change Management with our business processes. We are working towards this outcome in FY13. However, Climate Change has figured prominently as part of our Environmental Management. Since we are a services company, Climate Change is one of our key environmental aspects and we have been working towards managing our impact on the climate as part of our environmental impact management.

For FY12, the primary risk we assessed was customer behavior changes - during the year, we provided six of our clients with details of our climate change and our environmental management system. We recognized the significance of the subject for our clients.

For the fiscal year ended March 31, 2012, we had revenue of \$277.8 million and income from operations of \$23.9 million. In our fiscal year ended March 31, 2012, our revenue increased by \$59.8 million, or 27.4%, to \$277.8 million, as compared to \$218.0 million in our fiscal year ended March 31, 2011. Our net income increased from \$16.2 million in our fiscal year ended March 31, 2011 to \$20.0 million in our fiscal year ended March 31, 2012.

The key drivers of the increase in revenue in our fiscal year ended March 31, 2012, as compared to our fiscal year ended March 31, 2011, were as follows:

- Broad based growth of our clients existing at March 31, 2011, including our top ten clients collectively.
- Broad based revenue growth from clients in our banking, financial services and insurance ("BFSI") and communications and technology ("C&T") industries.
- Revenue from clients obtained in connection with the acquisition of ALaS in July 2011.

The key drivers of our increase in net income in our fiscal year ended March 31, 2012, as compared to our fiscal year ended March 31, 2011, were as follows:

- Higher revenue, partially offset by higher onsite effort, increased use of subcontractors, increased compensation costs related to our IT professionals and an increase in visa costs.
- Increased efficiencies in selling, general and administrative expenses over a larger revenue base, partially offset by higher tax expense due to expiration of certain of our tax holidays in India.

High repeat business and client concentration are common in our industry. During our quarter ended March 31, 2012, 90% of our revenue was derived from clients who had been using our services for more than one year.

Consolidated Statements of Income Data

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

	2012	2011	2010
Revenue	\$ 277,771	\$ 217,979	\$ 164,365
Costs of revenue	177,434	134,496	94,142
Gross profit	100,337	83,483	70,223
Operating expenses	76,438	65,697	57,330
Income from operations	23,899	17,786	12,893
Other income	2,547	441	56
Income before income tax expense	26,446	18,227	12,949
Income tax expense	6,411	2,027	820
Net income	\$ 20,035	\$ 16,200	\$ 12,129
Net income per share of common stock			
Basic	\$ 0.81	\$ 0.68	\$ 0.52
Diluted	\$ 0.79	\$ 0.66	\$ 0.50
Weighted average number of common shares outstanding			
Basic	24,643,063	23,783,457	23,153,973
Diluted	25,383,650	24,714,808	24,032,675

Table: Consolidated Statements of Income Data

For the fiscal year ending March 31, 2013, we plan to:

- Continue to invest in our talent base, including new onsite campus recruitment programs.
- Continue our focus on client generation and expansion of revenue gained from existing clients.
- Invest in healthcare solutions as well as leverage our expertise in customer relations management and business process management.
- Deepen our domain expertise in our service offerings related to mobile applications, social media and cloud computing.
- Broaden our consulting and solutions capabilities related to our service offerings.
- Pursue opportunistically acquisitions that would improve or broaden our overall service delivery capabilities, domain expertise and / or service offerings.
- Implement resource and operating optimization initiatives to improve operating efficiencies.



Markets Served

We serve clients across North America, Europe, the Middle East and Asia. For the fiscal years ended March 31, 2012, 2011 and 2010, revenue generated outside of the United States accounted for 22%, 26% and 26% of total revenue, respectively.

	2012	2011	2010
Customer Revenue			
North America	\$ 215,723	\$ 162,528	\$ 121,727
Europe	49,839	45,065	39,322
Other	12,209	10,386	3,316
Consolidated revenue	\$ 277,771	\$ 217,979	\$ 164,365

Table: Revenue Breakdown According to Geographic Breakdown



Post-retirement Benefits

Virtusa has noncontributory defined benefit plans (the “Benefit Plans”) covering its employees in India and Sri Lanka as mandated by the Indian and Sri Lankan governments. Benefits are based on the employee’s years of service and compensation at the time of termination. The Company uses March 31 as the measurement date for its plans. The Company’s plan assets are being managed by insurance companies in India and Sri Lanka.

The Company’s benefit obligations are described in the following tables. Accumulated and projected benefit obligations (“ABO” and “PBO”, respectively) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

	2012	2011
Accumulated benefit obligation	\$ 1,404	\$ 1,385
Projected benefit obligation		
Balance at April 1, 2011	\$ 2,178	\$ 1,404
Service cost	502	363
Interest cost	176	124
Actuarial (gain) loss	70	487
Benefits paid	(427)	(362)
Other adjustments	—	129
Exchange rate adjustments	(317)	33
Balance at March 31, 2012	\$ 2,182	\$ 2,178

Table: Accumulated Benefit Obligation and Projected Benefit Obligation

(15) 401(k) Plan

Virtusa sponsors a defined contribution retirement savings plan, qualified under Section 401(k) of the Internal Revenue Code (the “401(k) Plan”). Eligible employees may defer a portion of their compensation into the Company’s 401(k) Plan on a pre-tax and/or Roth basis. The Company’s 401(k) Plan currently offers a safe harbor match feature that provides Company matching contributions for certain employee contributions. For the periods ended March 31, 2012 and 2011, the Company recorded \$614 and \$456 for the employer match, respectively. The Company’s 401(k) Plan may be amended at the direction of the Company’s Board of Directors to discontinue the safe harbor match program at any time.

Effective January 1, 2011, the Company’s subsidiary, InSource, froze their 401(k) Plan and all eligible employees can now participate in the Company’s 401(k) Plan.



Supply Chain

As a services company our supply chain is minimal. However, we follow ethical practices in all our sourcing and attempt to ensure that our suppliers adhere to accepted standards in labor and human rights. Our policy is to depend on local suppliers at all locations of operations unless doing so would be a cost disadvantage.



Client Satisfaction

As a services company, Virtusa strives towards excellence in all aspects of delivery. Our global delivery process ensures quality is built into the software development lifecycle from inception to completion. Measuring and ensuring high client satisfaction is an integral part of delivery at Virtusa. The Client Delight Index (CDI) is a key performance measure that has Board-level visibility. Client feedback is collected each quarter from stakeholders identified for each account and a consolidated report is published for each Advanced Technology Center. The survey can be customized depending on the project or project phase.



Intellectual Property and Client Data

Our clients usually own the intellectual property in the software applications we develop for them. We generally implement safeguards designed to protect our clients’ intellectual property in accordance with their needs and specifications.

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



Policies

A range of policies define our approach to sustainable business practice. Whilst most are applicable globally some are specific to a geographic location.

Stakeholder	Policy	Location of Applicability
Employees	Code of Business Conduct and Ethics	Global
	Whistleblower Policy	Global
	Policy Governing Director Qualifications and Nominations	Global
	Environment, Health and Safety Policy	Global
	Harassment-Free Workplace Policy	Global

Stakeholder	Policy	Location of Applicability
Suppliers	Green Procurement Policy	Sri Lanka, India
	Policy on Procurements	Sri Lanka, India
	Environment, Health and Safety Policy	Global

Stakeholder Interest	Policy	Location of Applicability
Clients	Client Delight Index	Global

Stakeholder Interest	Policy	Location of Applicability
Environment	Environment, Health and Safety Policy	Global
	3R policy (Reuse, Reduce, Recycle)	Sri Lanka, India



More Information

Detailed information on corporate governance is available in the Proxy Filings under Investors/SEC Filings of our website <http://www.virtusa.com/>


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Report Application Levels

		C	C+	B	B+	A	A+
Mandatory	Self Declared						
	Third Party Checked						
Optional	GRI Checked						

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