SUSTAINABILITY
REPORT | 2009/2010

virtusa®
Accelerating Business Outcomes

Contents

THE GLOBAL COMPACT

WE SUPPORT

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.

http://www.unglobalcompact.org

SCOPE OF THE REPORT

This is our second sustainability report publication, but our first to be reported in accordance to the 10 Global compact principles. The report discloses information on our company activities and significant achievements for the financial year 2009/2010 in areas ranging from economic performance, society and the environment.

More information on financial and economic performances is available in our annual report on www.virtusa.com

ORGANIZATION PROFILE

Headquarters

Westborough, Massachusetts, USA

Company

Founded in 1996

Offices

US, Europe and Asia

Number of Employees

Over 3600

Organization Profile

Virtusa is an industry leader with a solid track record of software solution delivery success, as evidenced by our highly referenceable client base. We pride ourselves on delivering a measurable delta in productivity, profitability and shareholder value for our clients.

Founded in 1996 and headquartered in Massachusetts, we have offices and technology centers throughout the US, UK and Asia.

Mission Statement

To be the partner of choice for corporation 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 operation.

Our Company Values

Our core values form the nucleus of our corporate culture. They make up the common thread that permeates our entire global organization. In our fast-paced, dynamic environment, our values guide us to do the right thing in every situation:

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 global team members

Leadership

Inspire others through empowerment and leadership

MESSAGE FROM THE CEO

In just over a decade, Virtusa has developed into a global operation, providing information technology (IT) services in consulting, technology implementation and outsourcing. Through the years, we have succeeded in building trusted partnerships with our clients by using IT to improve their overall efficiency, agility and end customers experience.

We are also proud to announce that we became a NASDAQ traded company (NASDAQ: VRTU), and joined the UN Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the ten universally-accepted principles in human rights, labor, the environment and anti-corruption. Aligning with this partnership, we are proud to present our first Sustainability Report in accordance to the Global Compact standards. We sat down with Kris Canekeratne, our Chairman and CEO to speak a few words on how Virtusa's sustainability efforts impact the company and in turn, the global economy.

How does a sustainability project help companies in varying business climates?

Our sustainability efforts are unique in creating opportunities, and bridging digital divides while simultaneously sustaining a positive social impact. Leading global companies concentrate not only on generating profit but also giving back to society. I believe our sustainability efforts provide the sound foundation our company needs to be world class.

How does sustainability impact the way Virtusa approaches client projects?

As a socially responsible organization, the Digital Reach, Campus Reach and Code Green initiatives sum up our sustainability efforts, and we plan on using the knowledge and experience gained thus far to increase our impact and provide better services for those that matter most to us, the future generations. We also build strong credibility with our clients because of these efforts. The recognition we receive from our clients and industry reflects the strength of our team, and Virtusans continue to be very focused on practicing and deepening our core values. That is the fabric of the organization that holds us together. These values ensure excellence in everything we do, and our clients are confident that we show the same level of concentration to giving something more to society.

What are the long term benefits of corporate sustainability?

The importance for our company to be a socially responsible organization ultimately builds sustainable business relationships with our clients while ensuring that we adhere to ethical strategies in sustaining our businesses. We have set high standards for ourselves within the industry and within the communities in which we operate. We look forward to building an enduring IT services organization with our great line of clients around the world, building the careers of outstanding team members, promoting good corporate citizenship, innovation and democratic principles, and making the communities we work in better places to live.

Chairman and CEO
Kris Canekeratne

STAKEHOLDERS

*Client base increased to 68
(VRTU 55, INSRC 7, FT 6)*

32 new clients won in FY10

36 clients continued from FY09 to FY10

Our stakeholders are any individuals and entities who have a significant impact on our business or are affected by it. They are:

- Clients • Employees • Investors
- Suppliers/Vendor partners • Financial analysts
- Government • NGOs • Trade Associations/Academia
- Society • Environment

Academic/Industry Partnerships

- University of Moratuwa - Sri lanka
- University of Colombo - Sri lanka
- University of Peradeniya - Sri lanka
- University of Sri Jayawardenapura - Sri lanka
- University of Kelaniya - Sri lanka
- University of Sabaragamuwa - Sri lanka
- University of Ruhuna - Sri lanka
- Uwa Wellasa University - Sri lanka
- Informatics Institute of Technology - Sri lanka
- Asia Pacific Institute of Technology - Sri lanka
- IDM - Sri lanka
- Sri Lanka Institute of Information Technology - Sri lanka
- National Institute of Business Management - Sri lanka
- Sri Lanka Institute for Advance Technology Education - Sri lanka
- Imperial Institute of Higher Education - Sri lanka
- NIIT
- Sri Lanka Association of Software and Service Companies (SLASSCOM) – Sri Lanka
- NASSCOM
- American Chamber of Commerce (AMCHAM)
- Hyderabad Software Exporters Association (HYSEA) – India
- St. Joseph College of Engineering, Chennai – India
- Siddhartha College of Engineering, Vijayawada, Andhra Pradesh – India
- Koneru Lakshmaiah College (KLC) of Engineering, Vijayawada – India

Client/Vendor Partnerships

- IBM InfoSphere (DataStage) Practice
- Virtusa's Microsoft SharePoint Service Offerings
- Pegasystems Practice
- Vignette Practice

OUR CLIENTS/CUSTOMERS

What others say:

" *Through this system transformation we will be able to introduce and market more customized products and also initiate a novel online booking system resulting in a richer user experience for its customers. It is a pleasure working with a highly motivated and dedicated team at Virtusa.* "

Andrew Reeves
Chief Information Officer − P&O Ferries UK

" *Thanks to your professionalism and thoroughness we were well prepared. On Saturday 18th July this hard work paid off and we took a big step forward as a business. My thanks to everyone.* "

Andrew Jones
Managing Director, Service Design, Openreach − BT

Our Clients/Customers

Virtusa partners with some of the world's largest financial services, communications services, and media information companies, as well as leading software companies, to deliver customized solutions that address their most complex business challenges. Most of our clients are Global 1,000 members. In 2008 we expanded into new markets in the Middle East and South Asia.

Our current clients include leading global enterprises such as:

- Aetna Life Insurance Company
- British Telecommunications plc (BT)
- ING North America Insurance Corporation
- International Business Machines Corporation (IBM)
- Iron Mountain Incorporated
- JPMorgan Chase Bank
- N.A. and Thomson Healthcare Inc.
- P&O Ferries.

Our Services

We provide IT consulting, technology implementation and application outsourcing services.

Our IT services include - business and technology consulting, systems integration, application development, software development, maintenance, re-engineering, IT infrastructure services, business process outsourcing and testing services.

Our services provide clients with consultative and high-value services associated with large consulting and systems integration firms, the cost effectiveness associated with offshore IT outsourcing firms, and the ability to streamline and continually improve their software platforms and applications.

Our service offerings include:

- IT Consulting Services `
  - Assessment and planning services
  - Architecture and design services
  - Governance-related services
- Software Development Services
- Product Development Services
- Legacy Asset Management Services
- Application Outsourcing Services
  - Application and platform management services
  - Infrastructure management services
  - Quality assurance and management services

ONE GLOBAL TEAM

36% of our team members were promoted in FY09

14 Virtusans celebrated 10 years of service

" *Virtusa has a multi pronged approach towards Learning & Development, which enables Virtusans to enhance their skills & competencies.* "

Roshan Joseph
Associate Director − Training & Development

Our Philosophy

To attract, retain and develop globally-savvy Virtusans who sustain our leading position in the IT industry as well as to provide an environment where the individual thrives in a team-oriented culture.

Global Team Member Survey

This survey is the primary means by which our Human Resources team is guided in their initiatives and strengthens our ability to build high performance global teams and to create sustainable value for our clients.

- We achieved a response rate of 90%.
- The survey rated "Respect to the individual" as the number one reason for employee satisfaction.
- The most recommended practices to be continued within Virtusa were:
  - Open and friendly culture
  - Accessibility and transparency of senior management
  - Great values
  - Team spirit
  - RAVE program

Employment Focus

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.

Employee Engagement

RAVE Day

The RAVE Day is held quarterly to recognize and reward those Virtusans who go the extra mile. RAVE awards are presented based on the RAVE points individuals receive from their colleagues.

Global Update

Virtusa strongly believes that our employees, who are our main stakeholders, are entitled to timely access to information about our performance as a company. The CEO's Quarterly Global Update gives each team member a detailed description of our progress. The update includes recognition awards for teams for service excellence.

Team Outings/Events

Virtusa sponsors team outings and team building activities that help to create greater synergy. These events are also a reward for our teams for all their hard work.

Long Service Awards

Virtusa recognizes its team members who have contributed their time and effort towards the growth of the company. Each year team members completing five/ten years of service are rewarded for their contribution.

ONE GLOBAL TEAM

Learning and Development

Virtusa makes an organizational commitment to team members to offer 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.

Total Person Days of Technical Training Provided at Entry Level   **25, 541**

Total Person Days of Training Provided to the Entire Company

	Person Days
Technical	32,832
Process	1,167
Organizational	5,447
Soft Skills	1,151

Certifications Used   **9,099**

Training Days Per Person	10
Opportunities Created	62,688

ACHIEVEMENTS

"I nominated Virtusa because of its commitment to assist with disaster relief. I am also impressed by Virtusa's continued dedication to helping local Sri Lankans gain the necessary IT skills to compete in the global business environment. The company's devotion to Sri Lanka and its corporate culture of "giving back" to the local community are examples that I encourage others to emulate. "

Robert Blake
Former U.S. Ambassador to Sri Lanka

Achievements and awards in the fiscal year 2009 /2008

Virtusa was selected as 2008 Finalist for the U.S. Secretary of State Award for Corporate Excellence. The Award recognizes the important role U.S. businesses play abroad as good corporate citizens (September 2008).

Virtusa wins Information Management's Innovative Solution Award for Excellence in Enterprise Content Management **(Nov 2009)**.

Dataquest-IDC Best Employers Survey Endorses Virtusa as one of the Top 20 IT Employers in India. The company was ranked No. 20 in the survey, which is an industry wide employee satisfaction survey **(September 2009)**.

Global Services 100 ranked Virtusa as a top Global Services provider for the second consecutive year **(February 2009)**.

For the second consecutive year, Virtusa was ranked in the FinTech 100 **(November 2008)**.

Virtusa won the Indo-American Corporate Excellence (I-ACE) Award 2008 in the category of Technology, Communications & Entertainment **(July 2008)**.

ECONOMY

Fiscal year revenue was US$172.9 million, 5% higher than the US$165.2 million in FY08

The tax expense decreased by $4.0 to US$0.8 million in FY09 from US$4.9 million in FY08

"*Our quarterly fiscal year 2009 results demonstrate our focus on improving operational effectiveness as evidenced by increased utilization, enhanced offshore effort mix and ongoing cost efficiencies. We continued to maintain a strong balance sheet and increased our cash position to $107.1 million. As we look forward to fiscal 2010, we expect our clients' budgets to remain under pressure near term, but we will stay focused on operational efficiencies and maintaining profit margins for the full fiscal year.*"

Ranjan Kalia
Chief Financial Officer

"*In the face of a challenging economic environment, we made good progress on our fiscal 2009 goals. We strengthened our client relationships, added a significant number of new clients, and maintained our high levels of client delight. Our value proposition continues to resonate well with clients due to our ability to drive down their costs and improve business outcomes.*"

Kris Canekeratne
Virtusa's Chairman and CEO

Economic Performance

Financial Review

	Revenue	Net Income	Total Tax
FY08	$ 165,198	$ 17,771	$ 4,857
FY09	$ 172,942	$ 12,057	$ 809
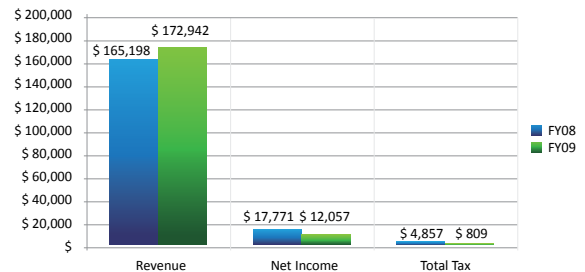
Making Financial Headlines

On the Boston Business Journal's "100 Fastest Growing Public Companies" List

Being listed in the Boston Business Journal's list of the "100 Fastest Growing Public Companies" was a significant financial landmark for Virtusa. The recognition honors Massachusetts-based companies that saw substantial increases in revenue from 2006 to 2008. Virtusa's ranking amongst the '100 Fastest Growing Public Companies' is a testament to the financial success of the company in its commitment to deliver business results to our customers.

Ranked in Everything Channel's "Fast Growth 100" List

Virtusa made the ranks of Everything Channel's Fast Growth 100 list, claiming the 33rd position on the list, which honors the fastest-growing integrators in the industry. This independent recognition is not only an honor but a clear indicative of Virtusa's solid financial foundation and firm footing in the market. Virtusa's growth reflects the business value addition that our clients receive through our specialized expertise and services.

CAMPUS REACH

Provided a total of 17,016 campus training hours across Sri Lanka

To date 451 interns have worked across all our locations in Asia

19 Placement engineers were selected for the scholarship program in Sri Lanka

" *Campus Reach is an industry-academia correlation launched by Virtusa, and over the years, we have been able to set benchmarks and lead the way when it comes to Industry-Academia ties. It is our aim of being the model corporate contributor to academia on the growth of future generations of IT professionals by sharing our world-class industry expertise whilst creating new opportunities for Virtusans, that leads the Campus Reach initiative to greater heights.* **"**

Vindya Cumaratunga
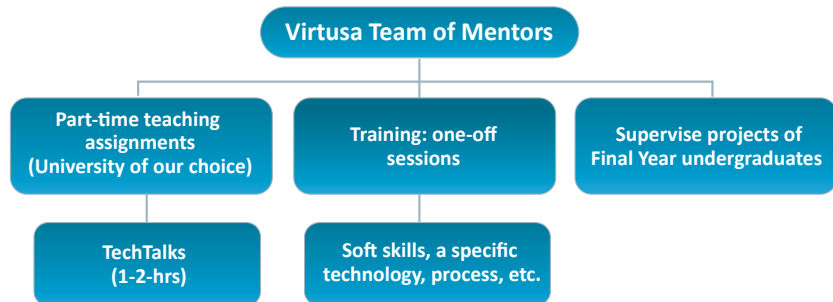*Manager − Human Resources*

Mission

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.

Career Days and Career Guidance

Virtusa is actively involved in Career Days and Job Fairs at the leading universities where company Human Resources representatives and interviewers attend and conduct first-level interviews to help the students secure jobs prior to their graduation.

Campus Mentor Programs

Virtusa has partnered with the University of Moratuwa to contribute to the growth of future generations of IT professionals. We share our knowledge and expertise and gain a sense of achievement in guiding and mentoring them.

Virtusa Team of Mentors

- **Part-time teaching assignments (University of our choice)**
  - **TechTalks (1-2-hrs)**
- **Training: one-off sessions**
  - **Soft skills, a specific technology, process, etc.**
- **Supervise projects of Final Year undergraduates**

Campus Mentor Program Statistics (Sri Lanka) – 2009	
Number of Programs	04
Total Reach	25
Volunteers	05

CAMPUS REACH

What others say:

" *The relationship with Virtusa is a milestone in our aim to provide industry-oriented coursework, technology and facilities for our students. The Virtusa campus visits and the Campus Reach program have given our students a first-hand feel of the industry.* "

Dr. B Babu Manoharan
Director − St. Joseph's College of Engineering − Chennai

" *We are extremely happy that Virtusa is offering a challenging career for the students of JNTU KAKINADA. We also feel happy that the working environment appears to be congenial, challenging and security assured with a good hope of future growth.* "

Dr. E.V Prasad
Principal & Professor of C.S.E
Jawaharlal Nehru Technological University − Kakinada

Virtusa Academic Excellence Awards

Virtusa maintains an active Academic Excellence Awards program, which recognizes top students in leading university IT programs.

In 2009, several graduates were conferred the Virtusa Academic Excellence Award for reaching the top of their respective batches and excelling in their final-year projects.

Virtusa Internship Programs

The Virtusa Internship Program provides students with exposure to real-life IT projects in a world-class organization.

Placement Engineer Scholarship Program Sri lanka

This is a scholarship program to encourage and provide well deserving part-time IT undergraduates the opportunity to establish themselves as well rounded IT professionals. This program ensures that these students complete their degree along with industry experience and exposure to the latest technology.

Thought Leadership

Virtusa believes in sharing our knowledge with the wider community. As such Virtusans participate in industry conferences, contribute to government / academic / industry initiatives and volunteer their time to lecture and mentor university students. The Virtusa Practitioner Series is a program where volunteers from Virtusa conduct short seminars for university students. Many Virtusans also serve on boards and committees of IT educational institutions and other non-profit organizations in Sri Lanka.

CAMPUS REACH

What others say:

" The cordial and congenial relationship existing between the college and Virtusa is solely because of the professionalism displayed by Virtusa in every dealing. Whether it is the training offered to faculty members or the training given to students or signing ceremony of MoU or be it the recruitment event - every activity is done with utmost diligence and meticulous planning. Interfacing the industry with the academic world can't be any better! We at VR Siddhartha are proud to be associated with Virtusa. "

Vijay Maruti Babu
Training & Placement Officer – V R Siddhartha Engineering College

A short list of conferences and government/academic/industry initiatives include:

- MIT Technology Forum
- Presidential Task Force on English and IT - Sri Lanka
- ADB City Cluster Economic Development Forum
- e-Asia 2009
- Computer Society of Sri Lanka Conference
- e-business Conference organized by the International Chamber of Commerce (ICC) Sri Lanka
- Sponsorship of Sahana 2009 Conference
- WHO representation in Geneva
- International Conference on Information Systems for Crisis Response and Management (ISCRAM) Conference held in Sweden

MoU with Koneru Lakshmaiah College (KLC) of Engineering – India

As part of the our Campus Reach initiative, Virtusa signed a Memorandum of Understanding (MOU) with Koneru Lakshmaiah College (KLC) of Engineering, Vijayawada, Andhra Pradesh, to align its curriculum to IT industry needs and to initiate the Launch Pad (LP) training program at the college campus for all students who have been selected to join Virtusa.

The MoU includes Virtusa-led guest lectures and training for Virtusa-selected students at the campus. KLC students will interact with experts from Virtusa. In addition, the college's faculty will benefit from Virtusa training. Further, the MoU provides opportunity for students to gain firsthand IT experience at Virtusa.

Technology Session at Chennai – India

Virtusa organized a get-together for faculty members of various engineering colleges at Chennai ATC. Professors and lecturers from KSR College of Engineering, Dhanalak-shmi College of Engineering and St. Joseph College of Engineering attended the session. A total of 10 professors representing the computer engineering faculty partici-pated in the workshop.

DIGITAL REACH

12,000 students benifited from our Digital Reach initiatives in FY10

The total reach of teachers who gained from our initiatives are 65 in FY10

To date, we have set up 70 IT labs in rural areas.

" *Digital Reach is intended to provide the foundation for opportunities and to create a pool of employable youth from all around the country. To date, the program has reached out to more than 12,000 youth, arming them to face an ever changing and fast paced IT world.* "

Madu Ratnayake
General Manager − Sri Lanka

" *Back to School is an initiative that provided me an opportunity to support Virtusa help students and offer them an insight to the many benefits and advantages of the IT Industry. I understand the importance of the guidance that students need during this time so that they can choose a career which they can flourish in, and to help them reach this goal through Back to School has been a wonderful opportunity for me.* "

Shihan Chinthaka
Engineer Specialist − Marketing & Communications

Mission

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

The Uva Digital Reach Project – Sri Lanka

Almost 80% of Sri Lanka is deemed rural with limited access to IT infrastructure. Virtusa's Digital Reach project attempts to improve digital literacy in rural schools in Sri Lanka. In the current phase of the project, Virtusa created 50 IT labs in schools in the Uva Province. The project was implemented in partnership with the Uva Wellassa University.
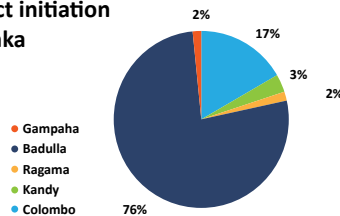
The schools were selected from all eight educational divisions of the Uva Province, namely: Bandarawela, Badulla, Monaragala, Wellawaya, Mahiyanganaya, Passara, Bibile and Welimada.

As the next step Virtusa plans to develop an IT curriculum for the schools since it was a need highlighted by many schools in the project audit.
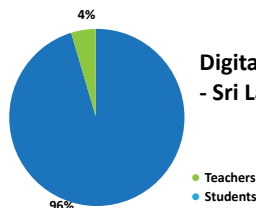
DIGITAL REACH

Digital Reach Project initiation by Districts - Sri Lanka

- Gampaha
- Badulla
- Ragama
- Kandy
- Colombo

2%, 17%, 3%, 2%, 76%

Digital Reach Total Reach - Sri Lanka

- Teachers
- Students

4%, 96%

What others say:

" *Virtusans have shown a ray of hope to more than 900 students from two government schools in Hyderabad by supporting them with basic amenities over the last 5 years and spending their precious time motivating the children.* "

M.R. Shantaram
Project Convenor − Project 511

" *At Virtusa, the Sustainability group's initiative and support for the Wealth out of Waste program has been a success. We are now able to adopt a planned approach to dispose of waste and plough back the money from the initiative into our sustainability activities.* "

Debasish Patra
Senior Engineer − Technology

Applying Our Skills for the Greater Good – Sri Lanka

One Laptop Per Child (OLPC) project, a project that strives to provide a laptop to every child in the developing world and help bridge the digital divide that exists today. Members of the Virtusa QA discipline are using their professional skills to test the new OLPC applications, providing the OLPC community with valuable feedback and helping to improve the quality of the next release that will be distributed globally to developing countries that subscribe to the program. The OLPCs are also being deployed in Sri Lanka and Virtusa contributed customized server machines to the Ministry of Education to complement the OLPC laptops being piloted in nine schools.

Virtusa played a pivotal role in the incubation of Free and Open Source Software R&D for the Lanka Software Foundation. Initially the Tech Reach team led development of AXIS C++ for Apache Web Services representing leadership with Microsoft and IBM. As a part of the Tech Reach initiative we frequently participate and sponsor Open Source events such as FOSS4Gov, National FOSS Week and Open Source CIO Conferences providing insights to the community.

School Adoption in Hyderabad – India

For the last 5 years, Virtusa has been supporting the needs of two government schools in Hyderabad: Zilla Parishad High School and Central Primary School Raidurg. The activity is coordinated through Project 511, a non-profit, charitable organization. Virtusa's funding to the schools has gone towards improving the infrastructure and education levels of the schools. Further, Virtusans volunteer to visit the schools on important occasions such as Children's Day and organize cultural and interaction programs for the students.

About 30 volunteers from Virtusa visited Central Primary School. During the visit, Virtusans interacted and entertained more than 250 students. About a week prior to the event, Virtusans coordinated with Project 511 to conduct competitions for the students in drawing, singing and dancing. Prizes were given to the winners on the day of the visit.

DIGITAL REACH

Virtusa Sponsored a state of the art Digital Learning Center in Vavuniya for Ex–combatants : Sri Lanka

Virtusa sponsored a Digital Learning Center to assist the Commissioner General of Rehabilitation (CGR), in its task of rehabilitating and reintegrating ex-combatants with civil society. The opening ceremony was held at Pompaimadu, Vavuniya and was officially declared open by
His Excellency, President Mahinda Rajapaksa.

The ceremony was graced by several Ministers, the Secretary to the President, Mr. Lalith Weeratunga; Army Chief of Staff, Major General Daya Ratnayake; Inspector General of Police, Mahinda Balasuriya and Northern Province Governor,
Major General G. A. Chandrasiri, along with all Divisional Heads of the Army. Virtusa General Manager, Madu Ratnayake and members of the management committee and operations committee were also present at the event.

The Digital Learning Center is intended to provide education and training for ex-combatants. In addition, a curriculum is being designed to carry out IT education programs for different levels of IT experience. The learning center includes state of the art equipment, the network infrastructure and furniture to provide the rehabilitees every opportunity to utilize IT to better their vocational skills.

VIRTUSA CLUB

Mission

The Virtusa Club strives to provide Virtusans with the opportunity to enjoy recreational activities to maintain a work-life balance. The Club is open to all Virtusans and organizes a wide range of social events and community services throughout the year.

Support for Orissa Flood Victims

In September 2008, Virtusans joined hands with a local non-governmental organization, Goonj, to provide relief for the flood victims of Orissa. Our team members donated clothes, utensils and money for the noble cause. More than eight large cartons, containing clothes, utensils and medicines, were shipped to Goonj for delivery to the affected people in Orissa. Additionally, many Virtusans showed their support to the cause by donating money to the relief activities. The total amount pledged from team members was approximately Rs. 92,000. The company matched an equivalent amount for the relief initiative.

Medical and Dental Camps for Orphanages

Virtusans organized medical and dental camps for the children of "Save a Child" orphanage. More than 45 children from the orphanage benefitted from the camps. Virtusans distributed medicines to the children during the camps. The free health check-up program also included eye and dental checkups.

Blood Donation Camps

There were several blood donation camps across all ATCs . A total of 150 Virtusans donated blood.

Ice Cream Day

Ice Cream Day allowed Virtusans to enjoy the best ice cream in town. The mouthwatering flavors, games and surprises caused much excitement amongst all present.

Christmas

Secret Santa, where Virtusans anonymously exchanged gifts with each other, heralded the Christmas celebrations at Virtusa. The project teams eagerly participated in the Christmas Decorations competition adding to the seasonal cheer. The Christmas Carols were a hit, with the audience demanding an encore and the choir happily obliging.

Virtusa Night

Virtusa night, an event held annually gives opportunity for all Virtusans to get-together and have fun with their friends and families. Virtusans who have completed 5 and 10 years are also recognized for their commitment through Long service awards.

Vesak and Poson

Virtusans commemorated Vesak and Poson by decorating their project areas with lights and Vesak lanterns. The top three projects with the most creative decorations won generous prizes. An art competition was held for both Virtusans and their children, which brought in many beautiful paintings and drawings. The commemorations concluded with the Poson Bakthi Gee with the blessings of voices singing in harmony.

Carom Tournament

Heading the sports calendar of the year was the Carom Tournament with around 30 teams participating. Matches were held on a daily basis which further heightened the competitive team spirit.

Let's Extend a Lending Hand Campaign

The Let's Extend a Lending Hand Campaign drew unprecedented support from employees in terms of donating essential items, medicines and cash to aid displaced civilians, disabled soldiers and children in IDP camps.

CODE GREEN

We reduced our CO$_2$ emission across Asia by 5.3% from 554.55 metric tons to 525.00 metric tons

Our Per Capita CO$_2$ Emission across Asia dropped by 6% from FY09Q4 to FY10Q4

Mission

"Code Green" is evidence of our commitment to improve our processes, combat climate change and protect the environment.

Virtusa believes that environmental accountability is an integral part of our corporate values. We have taken tangible steps to help protect our environment and make our work places eco-friendly, while maintaining or even improving cost efficiencies and service levels. By doing so, we hope to inspire our contractors, clients and other associates and lead by example.

In FY10 we would be targeting to reduce our emissions by a further 10% across Virtusa Asia by focusing on.

- Reducing Air Travel – Increasing onsite/offshore ratios, using conference calls and limiting travel to when absolutely necessary.

- Reducing power consumption – Energy saving from retrofitting lights with energy saving lights, improve air conditioning efficiency by better zoning and smaller units.

- Reducing company provided land transport – Optimizing vehicle usage with right size vehicles.

CO$_2$ Emissions Monitoring:

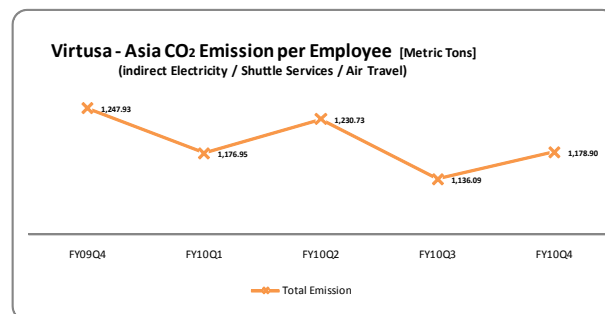CO$_2$ emissions monitoring was carried out using the guidelines and procedures of the "Green House Gas Protocol Initiative" for:

- Purchased Electricity
- Vehicle Transport (provided by Virtusa)
- Business Air Travel

In Asia (India and Sri Lanka) CO$_2$ emissions were reduced by 7% from January 2009 to March 2010. A reduction of 0.91 metric tons per head of CO$_2$ emissions were achieved.

Virtusa - Asia CO$_2$ Emission per Employee [Metric Tons]
(indirect Electricity / Shuttle Services / Air Travel)

FY09Q4	FY10Q1	FY10Q2	FY10Q3	FY10Q4
1,247.93	1,176.95	1,230.73	1,136.09	1,178.90

Total Emission

Avarage emission per head per month
- Sri Lanka ATC – 1.77 metric tons
- Hyderabad ATC – 0.81 metric tons
- Chennai ATC - 1.29 metric tons

" The Information and Communications Technology industry is responsible for almost 2% of global CO$_2$ emissions, most resulting from the power consumption of PCs, servers and cooling systems. "
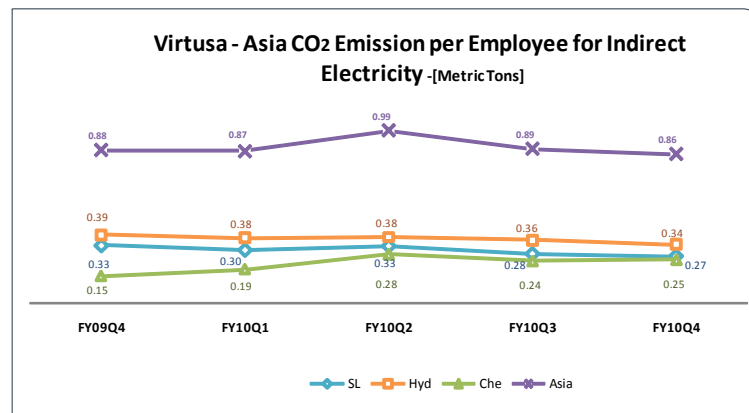
UNEP Climate Neutral Network

ASIA CODE GREEN REPORT

Energy Conservation

Virtusa Asia

Per capita energy consumption was managed at an average of 250kWh per month between FY09Q4 to FY10Q04, across ATCs in Asia whilst the general industry leaders are reporting a per capita consumption between 270 – 350 kWh.

Virtusa - Asia CO_2 Emission per Employee for Indirect Electricity -[Metric Tons]

	FY09Q4	FY10Q1	FY10Q2	FY10Q3	FY10Q4
Asia	0.88	0.87	0.99	0.89	0.86
Hyd	0.39	0.38	0.38	0.36	0.34
SL	0.33	0.30	0.33	0.28	0.27
Che	0.15	0.19	0.28	0.24	0.25

Legend: SL, Hyd, Che, Asia

Green IT

This initiative has focused on energy efficient measures such as implementing

- Consolidated server rooms/data centers and related resources such as air conditioning.

- Consolidated PCs through the virtualization of servers.

- Green IT procurement policies (purchasing only energy efficient equipment) including the phasing out of CRT monitors and replacing them with LCD monitors.

- Energy Star's Power Management software is used on all desktops to switch the monitors into a low-power sleep mode after a period of inactivity.

- An automated centralized power management project is underway to switch off idle machines. Users have a self service portal to indicate if their machine needs to be exempted from automatic shutdown if they have some scheduled work.

- Installed duplex printers along with usage tracking to reduce paper consumption. Printer usage is tracked on a monthly basis where employees who take printouts over a set threshold are requested to reassess their printer usage.

GREEN PROCUREMENT

We implemented the following Green Procurement Policies:

- Stopped purchasing CRT (Cathode-Ray-Tube) monitors.

- Stopped purchasing fluorescent light bulbs and instead purchased only energy efficient CFL light bulbs and LCD (Liquid-Crystal-Display) monitors. Research is being carried out on LED lighting in order to increase energy efficiency.

- Encourage all suppliers and third parties to the business to share our Green initiatives and policies.

- Started using the environmentally friendly paper manufactured by Double A for printing and photocopies.

Double A

"Farmed Trees-model Double A Paper has developed a worldwide unique model for the production of its paper: the Farmed Trees-model. This model is based on sustainability of the environment, society and economy."


Paper from Farmed Trees.

TRANSPORTATION OPTIMIZATION

Transportation Optimization

Business Air Travel

We reduced CO_2 emissions by 2.87 metric tons per head from FY09Q4 to FY10Q4, which was a reduction of 5% in real terms. This was achieved through a collective effort from all our ATCs across Asia.

Virtusa - Asia CO_2 Emission per Employee for Transport - Air Travel- [Metric Tons]
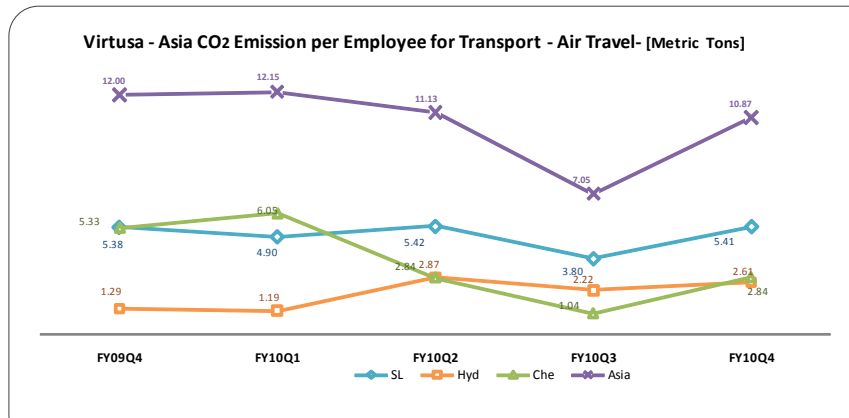
Vehicle Transport

Although we were not able to achieve a real reduction of CO_2 emissions by reducing the vehicle transportation provided by Virtusa, we have assessed and monitored the level at which we stand and we plan to incorporate measures and practices that would help and enable us to lower our CO_2 emissions.

The transport provided by Virtusa for its employees further reduces CO_2 emissions, as it enables Virtusans to travel collectively (optimized usage like car pooling) rather than use individual transport. This transport service is provided across all our ATCs in Asia.

Virtusa - Asia CO_2 Emission per Employee for Transport - Shuttle Travel -[Metric Tons]
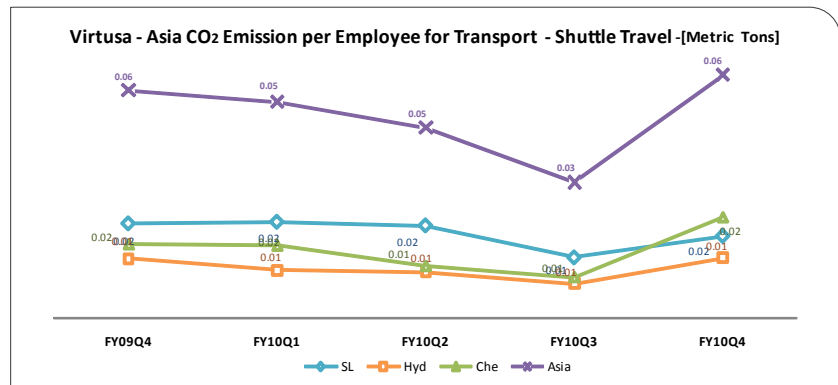
GREEN FACILITIES/WASTE MANAGEMENT

Green Facilities

Our new Hyderabad Campus is designed to achieve LEED (Leadership in Energy & Environmental Design) certification. Phase I of construction is completed and Phase II is under construction. LEED certification is to be achieved through the effective use of soil and landscapes, water, efficient and eco-friendly equipment, efficient control and building management systems, renewable energy, the use of recycled or recyclable materials, and improved indoor air quality for health and comfort. Our existing infrastructure, facilities and operations are being continuously monitored and optimized to reduce our energy consumption, emission levels and waste management. Some of the initiatives taken are:

- Installation of Building Management Systems (BMS) in our facilities.
- Retrofitting existing lighting to energy efficient lights.
- Consolidating space utilization in data centers/work floor areas, and UPS rooms.
- Optimized air conditioning operations with temperature monitoring and control
- Waste segregation for recycling and reuse, including e-waste.

The forecasted tangible benefits we will achieve due to the above measures are: reduced operating costs, energy saving of 40% to 50%, and savings on water by 20% to 30%.

The international standards and guidelines that we would benefit from, due to the measures taken above are:

- NBC Guidelines (Soil Erosion)
- ASHRAE 90.1 2004/ECBC (Energy)
- ASHRAE 62 2004 (Indoor Air Quality)
- IPMVP (For Monitoring Performance)
- MACNA (For Construction IAQ)

Hyderabad Campus

Waste Management

"Reuse, Reduce, Recycle" are key waste management focus areas.

- Containers for recycling glass, steel, paper and plastic were placed at strategic locations in our facilities.
- 239 unused computers were donated to schools in order to increase the IT literacy level in Asia.
- E-waste management is also in progress at the Asia ATC.
- By recycling and reusing material we designed and created a stage as well as chairs for use at team events.
- In the Hyderabad ATC, IT and non-IT waste is being disposed off to ITC, under their concept "Wealth from Waste". It has so far generated funds to the tune of 40,000 INR. The same process will soon be implemented in the Chennai ATC.

GREENING THE COMMUNITY

Greening the Community

Virtusa has initiated its own environmental group as a part of our sustainability initiatives. Contractors and suppliers have been encouraged to take environmental initiatives and as per our Green procurement policy preference would be given to such suppliers. The Sri Lanka ATC held the Virtusa Environment Day on April 3, 2009 in order to create environmental awareness among the staff. At the event, CO_2 emission tests were performed for all staff vehicles. A total of 200 vehicles were tested and the majority of them passed the test. Discounted rates were offered to staff members as an incentive to purchase electric bikes and energy efficient lights.

Benefits of Our Green Initiatives

Our Code Green initiative will enable Virtusa to better integrate with the climate change agendas of our clients. In addition, Certified Emission Reductions (CERs) are climate credits or carbon credits issued by the Clean Development Mechanism (CDM) Executive Board for emission reductions. CERs can be used by countries in order to comply with their emission limitation targets and achieve operational efficiency across all geographies with significant cost savings.

"*Being green and lean with a sustainability focus would be one of the key differentiators for any enterprise to stay ahead of the pack in the growing Green Economy.*"

Denver DeZylva
Associate Director – Administration

Zero Emission Electric Bike

Direct Impact of Code Green

- Total net financial contribution to the company from Code Green is over US$ 8,671 from January to December 2009 in savings, achieved through the reduction of vehicle transport and electricity consumption.

- Over US$ 12,010 was saved by conserving energy.

Future Focus

Improve Emissions Accounting, Auditing and Reporting Services in line with the GHG Protocol, ISO 14001 & ISO 14040. Develop "Carbon Footprint Reporting" and "Low Carbon Labeling" for Virtusa products and services.

Explore Certification Options – LEED-Existing Building Operations & Maintenance (EBOM). The Virtusa Hyderabad Campus is being built to be environmentally friendly and our objective is to obtain the highest possible LEED certification.

Strategic Emissions Policy Development & Capacity Building: Explore investing in renewable energy options to achieve Low/Zero Emissions & Carbon Credits for Trading. Alternative energy sources such as solar energy, hydropower systems and other renewable/Green energy sources are being considered for generating power, instead of non-renewable energy sources. The concept of setting up a "Green Data Center" with Zero Emissions at the remote site is also being considered.

- Explore "Thin Client Computing" as it would help to minimize costs (i.e. reduce hardware costs), provide for easier maintenance (only one server machine), and reduce space usage and power consumption.

- Explore the concept of virtualizing all the test desktops and providing self-service portals where the developer or anybody can perform their own system configuration with the required software, memory and hard disk space and use it as long as they need it. Over a period, this initiative will eliminate the need for having an additional desktop sitting next to the developer for testing purposes.

- Research the benefits of using natural elements and resources such as low temperatures to reduce energy consumption by cooling air conditioning chillers with a mix of mini hydro, wind and solar energy for power generation.

virtusa®

Accelerating Business Outcomes

Virtusa is a global information technology (IT) services company providing IT consulting, systems integration and application outsourcing. Virtusa focuses on simplifying IT by consolidating, rationalizing and modernizing core customer facing processes into one or more core systems. We leverage a global delivery model to offer solutions at a cost effective price point and employ new methods such as Agile and Accelerated Solution Design methods to ensure that the right system is delivered the first time. As a result, organizations can reduce the cost of their IT operations while increasing their ability to meet the changing needs of the business.

For more information on how Virtusa can take your enterprise from where it is to where it needs to be, please contact salesinquiries@virtusa.com or visit us at www.virtusa.com

This report is available on Virtusa's Corporate website : www.virtusa.com

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