Sustainability Report
2012/2013
Hardwiring sustainability in
the Millennial Enterprise

virtusa®
Accelerating Business Outcomes

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Message from the CEO

I am delighted to present our FY13 Sustainability Report to you and share some highlights of a program that we are very proud of and is very close to our hearts. Virtusa's sustainability strategy is focused on conducting business in an ethical manner, reducing our environmental footprint, providing excellent service to our clients, creating a work environment that is safe and conducive to our workforce, and using information technology for the benefit of the communities we operate in.

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. As such, I am happy to report that during the fiscal year ended March 31, 2013, we took many strides in achieving our sustainability goals.

While you will find detailed information on all our sustainability initiatives within this report, I want to take a few moments to highlight some of our achievements over the past year.

Business Integrity: The Virtusa Anti-Corruption Policy was implemented in December 2012 reaffirming our commitment to "work against corruption in all its forms" and to comply with applicable anti-corruption laws in all geographies of operation.

Client Service Excellence: During FY13, we leveraged our technology expertise to help our clients build millennial businesses and to transform their businesses to meet the emerging millennial experience demands from consumers and employees. In 2012, all our major delivery centers attained CMMi Level 5 status, reinforcing our commitment to process maturity, delivery excellence and service quality in our client engagements.

Environmental Stewardship: We manage environmental impacts through Code Green, our environmental management system. During the reporting period, our Advanced Technology Centers in Hyderabad, Chennai and Bangalore obtained ISO 14001:2004 and BS OHSAS 18001:2007certifications. We also took the initial steps towards promoting sustainability in our supply chain with the Virtusa Supplier Guidelines and the Supplier Sustainability Assessment.

People Excellence: We increased our headcount by 1239 team members and improved retention with attrition dropping by 2.2%. Virtusa was named a top employer in all major geographies of operation and the continued success of V+, our social business platform, helped to provide our team members with a rich millennial work place.

Social Responsibility: Virtusa is committed to using "IT for Good" through our CSR pillars Tech Reach, Digital Reach and Campus Reach. One of our Tech Reach projects, Àkura, an open source school management system is being used by the leading schools in Sri Lanka such as S. Thomas' College, St. Joseph's College and Zahira College, while many schools around the world have also shown interest in the application. We also started the second stage of the Sahana project, an open-source disaster management platform, by extending it to facilitate epidemic management. In addition, we continued to collaborate with academia through Campus Reach in order to improve the quality of IT education at the university level.

IN FY14, we will continue to improve our sustainability practices. Our goal is to increase the scope of our environmental reporting to include more geographic locations and reporting indicators. With an expanding global footprint our challenge is to implement the same strategies in all our global operations. However, we remain strongly committed to achieving and surpassing our sustainability goals, and look forward to reporting improved sustainability performance in the coming years.

Kris Canekeratne
Chairman & CEO

Organizational Profile

Virtusa Corporation (NASDAQ: VRTU) is a global information technology services company with offices in North America, Europe and Asia.

FY13 Fast Facts

6900+ Virtusans across the globe

1200+ new hires

More than **80%** of our workforce are Millennials

99% of senior management hired from local community

Revenue: **$333.2 million**

Net income: **$28.4 million**

92 Clients

18 new clients added

90% of our revenue is from repeat business

Carbon Footprint* per person **Reduced by 5%**

Energy Consumption per person **Reduced by 9%**

Water Consumption per person **Reduced by 17%**

* Scopes 1 and 2

About Virtusa

Virtusa Corporation (NASDAQ: VRTU) is a global information technology services company. Headquartered in Massachusetts, we have offices in the United States, the United Kingdom, the Netherlands, Germany, Austria, Singapore and Malaysia, with global delivery centers in India (Hyderabad, Bangalore and Chennai), Sri Lanka (Colombo) and Hungary (Budapest).

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

While there were no significant changes in structure or ownership during the reporting period, new technology centers were opened in Singapore in FY13 and New York and Pune in FY14.

Our Services

We use an enhanced global delivery model to provide end-to-end information technology (IT) services to Global 2000 companies. These services, which include IT and business consulting, application support and maintenance, development, systems integration and managed services, leverage our unique platforming methodology that transforms our clients' businesses through IT rationalization. We have targeted our solution offerings to enable our clients to simultaneously reduce their IT operations cost, while increasing their ability to meet changing business needs.

We use our broad expertise in emerging technology areas like mobile, social, cloud and big data, to provide targeted IT solution offerings, to respond to the growing needs of our clients to "millennial" enable their businesses, i.e., leverage these technological advancements to transform their business to meet the demands of customers and employees belonging to the millennial generation.
Detailed information of our service offerings is available on our website, www.virtusa.com.
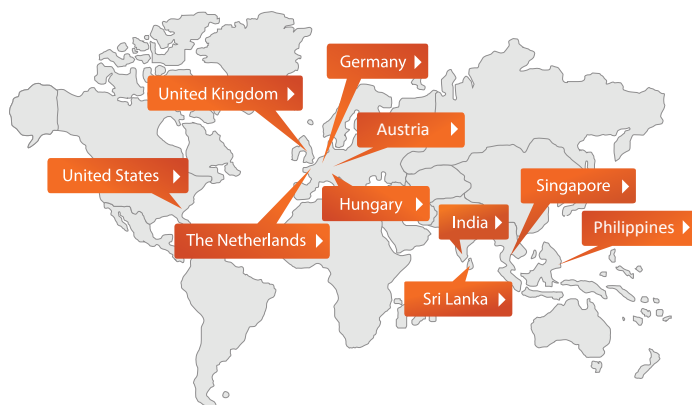
Our Mission

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.

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 and our diversity with respect.

Leadership - Lead by serving those being led and be accountable when things go awry.

Economic Performance

For the fiscal year ended March 31, 2013, we had revenue of $333.2 million and income from operations of $32.9 million. In the fiscal year ended March 31, 2013, revenue increased by $55.4 million, or 20%, to $333.2 million, as compared to $277.8 million in the fiscal year ended March 31, 2012. Our net income increased from $20.0 million in the fiscal year ended March 31, 2012 to $28.4 million in the fiscal year ended March 31, 2013.

Our Consolidated Statements of Income Data from our 2013 Annual Report is given below.

Table: Consolidated Statements of Income Data

	2013	2012	2011
Revenue	$ 333,175	$ 277,771	$ 217,979
Costs of revenue	215,866	177,434	134,496
Gross profit	117,309	100,337	83,483
Operating expenses:			
Selling, general and administrative expenses	84,450	76,438	65,697
Income from operations	32,859	23,899	17,786
Other income (expense):			
Interest income	2,977	2,478	1,974
Foreign currency transaction (losses) gains	(68)	227	(1,436)
Other, net	91	(158)	(97)
Total other income	3,000	2,547	441
Income before income tax expense	35,859	26,446	18,227
Income tax expense	7,461	6,411	2,027
Net income	$ 28,398	$ 20,035	$ 16,200
Net income per share of common stock:			
Basic	$ 1.14	$ 0.81	$ 0.68
Diluted	$ 1.11	$ 0.79	$ 0.66

We serve clients in the communications and technology, banking, financial services and insurance ("BFSI"), and media and information industries. Our clients are located across North America, Europe and Asia. For the fiscal years ended March 31, 2013, 2012 and 2011, revenue generated outside of the United States accounted for 25%, 22% and 26% of total revenue, respectively.

Table: Revenue breakdown according to geographic location

	2013	2012	2011
Customer revenue:			
North America	$ 251,219	$ 215,723	$ 162,528
Europe	65,863	49,839	45,065
Other	16,093	12,209	10,386
Consolidated revenue	$ 333,175	$ 277,771	$ 217,979

Our Advanced Technology Centers in India and Sri Lanka help contribute to the economic development of these countries through job creation. We are the largest IT service company in Sri Lanka and contribute to the development of the IT/BPO industry which is one of the top five export revenue earners for the country. Virtusa was recognized as the highest foreign exchange revenue earner in the IT/BPO sector when we won the gold award for 'Export of Business & Professional Services Sector' in the 'extra-large' category at the National Chamber of Exporters Awards in Sri Lanka in 2012.

We provide indirect economic benefits in two areas. Through our Campus Reach program we collaborate with the academia to advance IT education in India and Sri Lanka. Through our Tech Reach program we develop software applications for social good at zero cost to stakeholders. These programs are described in detail in the section "IT for Good". While we have not made direct donations and other community investments, the opportunity cost funding our volunteer projects such as the Àkura school management system, is approximately US$ 190,000 in FY13.

We do not make any political donations as per our corporate policy.

Sustainability at Virtusa

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

Our sustainability program is based on the following core elements.

Area	Framework	Status
Health & Safety	OHSAS 18001	**C**
Environmental, Water & Waste Management (Code Green)	ISO 14001	**C**
Business Continuity Management	BS 25999-2:2007*	**C** *Replaced with ISO 22301:2012 in 2013.*
Information Security	ISO27001	**C**
Labor Standards	SA 8000	**G**
Anti-Bribery and Corruption	Foreign Corrupt Practices Act of 1977 (FCPA) Bribery Act 2010 (UK)	**P**
Climate Change Management (Code Green)	ISO 14064 CDP Reporting	**M** *Quantification being done under the GHG protocol.*
Energy Reduction (Code Green)	ISO 50001 Guidance	**M**
Management Engagement	ISO 26000 Guidance	**G**
Social Impact & Diversity	ISO 26000 Guidance	**G**

C   On track. All ATCs certified.

G   Standard used as guidance for policy formulation

P   Policy implemented

M   Targets set and monitored

Our Chief Operating Officer reporting to the Board is responsible for all aspects of sustainability. Cross-functional teams at each geographic location oversee and implement components of the sustainability strategy that are specific to their operations.

Stakeholder Engagement

The stakeholder groups with which we engage include clients, investors, employees, academia, suppliers, governments, NGOs and local communities. As such, clients, investors and employees have the greatest impact on our operations.

Our clients receive services that are based on an end-to-end approach. Through our industry leading platforming process, we focus on delivering business results by modernizing, rationalizing and consolidating the critical applications that support our clients' core business processes. Forms of client engagement include the Client Delight Index which allows clients to rate the Virtusa services every quarter.

Investors of Virtusa are able to witness and receive the benefits of our steady growth, both fiscally and through responsible business development. A major factor in this has been our ability to continue providing world-class services to existing and new clients.

At Virtusa, we aim to give our employees a connected and nurturing environment where innovation and creativity are encouraged. Utilizing the latest technologies and platforms we strive to give Virtusans the opportunity to work with Forbes Global 2000 firms, where they can create world-class applications and realize their career aspirations.

Academia, suppliers and governments are also important stakeholder groups. We collaborate with the academia to ensure a pool of employment ready, skilled IT graduates. Suppliers are an important stakeholder group as we seek to ensure sustainable and ethical business practices in our supply chain. Governments impact our operations through laws and regulations that govern labor, business operations, taxation and environmental practices. NGOs and local communities have less impact on our operations.

The following table lists the channels of engagement we use with each of our stakeholders as well as the key concerns for each stakeholder group.

Stakeholder	Engagement Mode	Key Concerns
Clients	- Request for proposal - Client visits and meetings - Client Delight Index (CDI) - Client initiated surveys and audits - Sustainability Report - Media interactions	- Business value - Business continuity - Good corporate governance - Ethical business practices - Environmental responsibility
Investors	- Annual General Meeting - Media interactions	- Revenue growth - Profit margins - Good corporate governance - Ethical business practices - Transparency
Employees	- Global Team Member Survey - Internal Support Group Framework - EHS Committee - Open Door policy - Social media - Two Month Completion and Five Month Completion surveys for employees on probation - Exit interviews for employees leaving the company	- Career growth - Compensation - Work/life balance - Safe work environment
Academia	- Curriculum development and advice - Virtusa Internship Program - Career guidance and awareness - Mentoring for final year projects - Scholarship Program - Industrial visits - Career fairs - Social media - Media interactions	- Internship opportunities for students - Curriculum advice
Suppliers	- Supplier Survey - Supplier Guidelines - Supplier awareness sessions - Media interactions	- Business opportunities - Ethical business practices
Governments	- Membership in global associations - Collaborations with government bodies on sustainability - Media interactions	- Good corporate governance - Ethical business practices - Environmental responsibility - Development of IT industry in India/Sri Lanka
NGOs and Local Communities	- Media interactions	- Ethical business practices - Responsible corporate citizenship - Job opportunities

External Commitments

Our public policy objectives mainly focus on sustainability and the growth of the IT industry.

We have been a signatory to and a member of the United Nations Global Compact (UNGC) since 2008. We embody and practice the 10 Global Compact Principles through our management approach to sustainability and sustainable business. Virtusa has been a member of the Steering Committee of the UN Global Compact Network - Sri Lanka, since 2010. The Board of Directors of the UN Global Compact Network - Sri Lanka, on which a representative from Virtusa sits, was formalized in early 2011. Through its work, Virtusa has supported and encouraged the adoption and growth of both the Network and the UNGC principles in Sri Lanka.

We engage with industry associations in Sri Lanka and India to support the growth of the IT industry in these countries. Many Virtusans are on the boards of such associations and actively participate in shaping public policy.

Partnerships

- National Association of Software and Services Companies (NASSCOM)
- Sri Lanka Association of Software and Service Companies (SLASSCOM)
- American Chamber of Commerce, India
- American Chamber of Commerce, Sri Lanka
- Information Technology & Services Industry Association of Andhra Pradesh (ITsAP)
- United Nations Global Compact
- Central Environmental Authority of Sri Lanka

Roger Keith Modder
EVP and Chief Operating Officer

Keith is a member of the National Council for Economic Development (IT/BPO cluster) in Sri Lanka. He is also an Advisory Board Member of SLASSCOM.

Darshana Pai
VP and Delivery Head of Hyderabad ATC

Darshana is a member of NASSCOM's Diversity and Inclusion (D&I) core team. Some of the focus areas covered under this initiative involve supporting cultural and gender diversity, differently abled persons, child care, and inclusive work environment.

At Virtusa, Darshana spearheads the Gender Diversity Initiative (Women of Virtusa) providing mentorship and career guidance to fellow women associates.

Madu Ratnayake
Senior Vice President and General Manager of Virtusa-Sri Lanka

Madu is the Chairman of SLASSCOM, the Sri Lankan IT-BPO Industry Chamber. As a founder director of SLASSCOM, Madu has provided strategic leadership to SLASSCOM and the growth of the Sri Lankan IT industry. The aim of SLASSCOM is to act as the catalyst of growth for the Sri Lankan IT and BPO industry by facilitating trade and business, propagating education and employment, encouraging research and innovation, and supporting the creation of a progressive national policy framework for the development of the IT/BPO industry.

Denver De Zylva
Head – Strategic Sustainability Initiatives, EHS and Administration Facilities Management

As Head–Strategic Sustainability Initiatives at Virtusa, Denver has presented on Virtusa's sustainability and CSR initiatives at several forums including the Google Ideas Summit 2011 in Dublin, Ireland. Denver was also instrumental in initiating and directing a Virtusa CSR project to support the Sri Lankan Government in its efforts to reintegrate war rehabilitees into civil society. He is also a Steering Committee member of the National E-waste Management Forum of the Central Environment Authority (CEA) of Sri Lanka.

Rasika Withanage
Manager – Marketing, Sustainability & Communications

Rasika is a Board Director, Steering Committee member and an Expert Group member for Responsible Business & Investment in High-Risk Areas of United Nations Global Compact. He is also a Steering Committee member of the National E-waste Management Forum of the Central Environment Authority (CEA) of Sri Lanka and the Capacity Building Forum (Career Development and Education) of the Information and Communication Technology Agency (ICTA) of Sri Lanka.

Supply Chain Management

We believe in cascading our sustainability best practices through our supply chain. We follow ethical practices in all our sourcing activities and attempt to ensure that our suppliers adhere to accepted standards in labor, human rights, and anti-bribery and anti-corruption policies. We review our suppliers' sustainability practices using the Virtusa Supplier Survey. During the reporting period we formulated our Supplier Guidelines which set out the standards and practices that Virtusa's suppliers are required to uphold.

Our policy is to depend on local suppliers at all locations of operations unless to do so would be a cost disadvantage.

About this Report

This report is based on the Global Reporting Initiative (GRI) 3.1 reporting framework and conforms to Level C of the GRI Report Application Levels. This report also forms our Communication on Progress (COP) in embedding the UN Global Compact principles in our operations.

Since we manage our business as one operating segment, data related to economic, labor, human rights, society and product responsibility indicators are reported at a global level for all geographic locations. However, environmental data is reported only for our technology centers in India and Sri Lanka as the majority of our workforce is located in these geographies.

Report Quick Facts

Reporting period: April 2012 to March 2013

Date of previous report: November 2012

Reporting cycle: Annual

Contact point for questions:
Roger Keith Modder
EVP and Chief Operating Officer
keith@virtusa.com

As an IT services company, not all of the GRI core indicators are directly relevant to our business operations. The diagram below outlines the indicators that are material to our operations, which we have rated as very important or important. Indicators not considered to be material are not listed.

	Very Important	Important
Economic	EC1 EC3 EC7 EC8 EC9	EC2 EC4 EC6
Environment	EN3 EN4 EN5 EN7 EN8 EN9 EN10 EN16 EN18 EN22 EN28 EN29	EN24
Social: Labor and Decent Work	LA1 LA2 LA6 LA10 LA12 LA13 LA14	LA4
Social: Human Rights		HR6 HR7
Social: Society	SO2 SO3 SO5 SO7 SO8	SO1 SO6
Social: Product Responsibility	PR5 PR8 PR9	PR6

With regards to data measurement techniques, we follow the guidelines set by the Greenhouse Gas Protocol to calculate carbon emissions and the Defra GHG Reporting Guidance to calculate emission from air travel. Data related to human resource development and training is collected on a daily basis as well as periodically through surveys, etc.

There have been no significant changes in the scope, boundary or data measurement methods from the previous report, other than the change in emission factors noted in the Environmental Stewardship section. During FY13 we expanded environmental reporting to our facility in Bangalore. Also, two facilities in Chennai and Sri Lanka were closed down, consolidating our workforce in one central facility in each location. Since both facilities were old and had high rates of energy consumption, moving to a central facility has helped to reduce our carbon emissions. The new facilities in New York and Pune are not included in this report as they became operational in FY14.

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

Awards and Recognition

March 2013

- **Corporate Research Foundation (CRF) Institute certified Virtusa, as one of Britain's Top Employers for 2013, for the third year in a row.** Virtusa was assessed based on the key HR-related areas including primary benefits, secondary benefits and working conditions, training and development, career development, and culture management.

- **The Worcester Business Journal (WBJ) named Virtusa's Chairman & CEO, Kris Canekeratne, as 2013 Large Business Leader of the Year.** The award recognized Kris Canekeratne for his role in driving continued success at Virtusa and for helping transform the IT industry as whole. WBJ noted that "As customers shift toward more online and mobile services, Virtusa could be on the brink of another boom."

December 2012

- **Won the Bronze Trophy in the Private Institute category at the Sri Lanka National Green Awards 2012.**

November 2012

- **Zinnov rated Virtusa as a key R&D Service Provider for Enterprise Mobility.** The company was recognized in the "Execution Zone" of 'Zinnov Zones' for Enterprise Mobility, illustrating its high level of R&D practice maturity.

- **Dataquest-CMR (DQ CMR) ranked Virtusa no. 5 in the Best IT Employers Survey 2012.** Virtusa was featured in the Best IT Employers Survey for the 4th consecutive year and rated high on the 'Company Image', 'Culture', 'Training', ' Job content' and 'People' and made significant presence across all other categories.

- **Won the Silver Stevie at the 2012 International Business Awards in the category "Human Resources (HR) Department of the Year".** Virtusa was recognized among more than 3,200 nominations submitted this year for consideration from organizations in more than 50 nations and territories in virtually every industry. The International Business Awards trophy is one of the world's most coveted prizes.

October 2012

- **Won the Gold award for 'Export of Business & Professional Services Sector'** in the 'extra-large' category at the 20th Annual National Chamber of Exporters Awards, Sri Lanka.

- **Named in 2012 FinTech 100 List of Top Global Technology Providers to the Financial Services Industry.** Virtusa ranked 64th on the list of financial technology companies that were judged according to their global revenues.

- **Won Bronze for 'B2B Brand of the Year' at SLIM Brand Excellence 2012.**

September 2012

- **Recognized in the 2012 Global Services 100 List (GS100) by Global Services, in association with NeoGroup.** The GS100, which honored Virtusa in its 2012 list for the fifth consecutive year, represents companies that demonstrate excellence in delivering IT outsourcing (ITO) and business process outsourcing (BPO) services globally using matured models of service delivery. It is considered a benchmark for identifying service provider leadership because of its thorough evaluation and selection process.

- **Won Gold Award at Sri Lanka's National HRM Awards 2012.** Virtusa also won the Employee Relation and People Administration award at the event. The National HRM Awards aims to provide a platform to companies in Sri Lanka to evaluate the effectiveness of their HRM practices against internationally accepted guidelines.

- **Zinnov Management Consulting recognized Virtusa as a key R&D service provider** for 2012 for the second year in a row. Virtusa was recognized in the prestigious "Execution Zone" of Zinnov Zones for its high level of R&D practice maturity and distinguished innovative practices.

June 2012

- **Presented with a Silver Stevie® Award in the Human Resources Department of the Year category in the 10th Annual American Business Awards.** The Stevie® Award is one of the world's most coveted prizes, which honors organizations of all types and sizes and the people behind them; the Stevies recognize outstanding performances in the workplace worldwide.

May 2012

- **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.

Our Clients

A majority of our revenue for the fiscal year ended March 31, 2013 was generated from Forbes Global 2000 firms or their subsidiaries. Our expertise in core technology services allows us to help our clients lower total cost of ownership of their overall IT investments. We also combine industry specialization with our core services to deliver high-impact solutions in critical business functions that help our clients transform their business performance and gain competitive advantage in the markets in which they operate.

In FY13 we made solid progress on the three key pillars of our growth platform — millennial enablement, transformational services and IT rationalization. These consulting and IT outsourcing services are highly targeted towards attracting Global 2000 enterprise clients, providing value-added solutions, and establishing trusted advisor relationships.

Providing Strategic Business Value to Clients

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

The strength of our relationships has resulted in significant recurring revenue from existing clients. During each of the fiscal years ended March 31, 2013 and 2012, 90% of our revenue came from clients to whom we had been providing services for at least one year.

Client Delight Index

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 CDI helps us to identify areas of client engagement that may need attention. Internally, all negative responses require action plans from our staff, ensuring that any problems are corrected. The survey can be customized depending on the project or project phase.

Global Innovation Process

Our enhanced global delivery model is built around our proprietary Global Innovation Process (GIP). During the initial process-tailoring phase of an engagement, we work with the client to define the specific approach and tools that will be used for the engagement. This process-tailoring takes into consideration the client's business objectives, technology environment and currently-established development approach.

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

In 2012 all our major delivery centers attained CMMi Level 5 (software development version 1.3), a validation of Virtusa's commitment towards process maturity, delivery excellence and service quality.

Platforming Approach

Platforming is a structured approach to software development that organizes discrete software components into related functions in a layered architecture of common services. This enables development teams to write code once and utilize it multiple times.
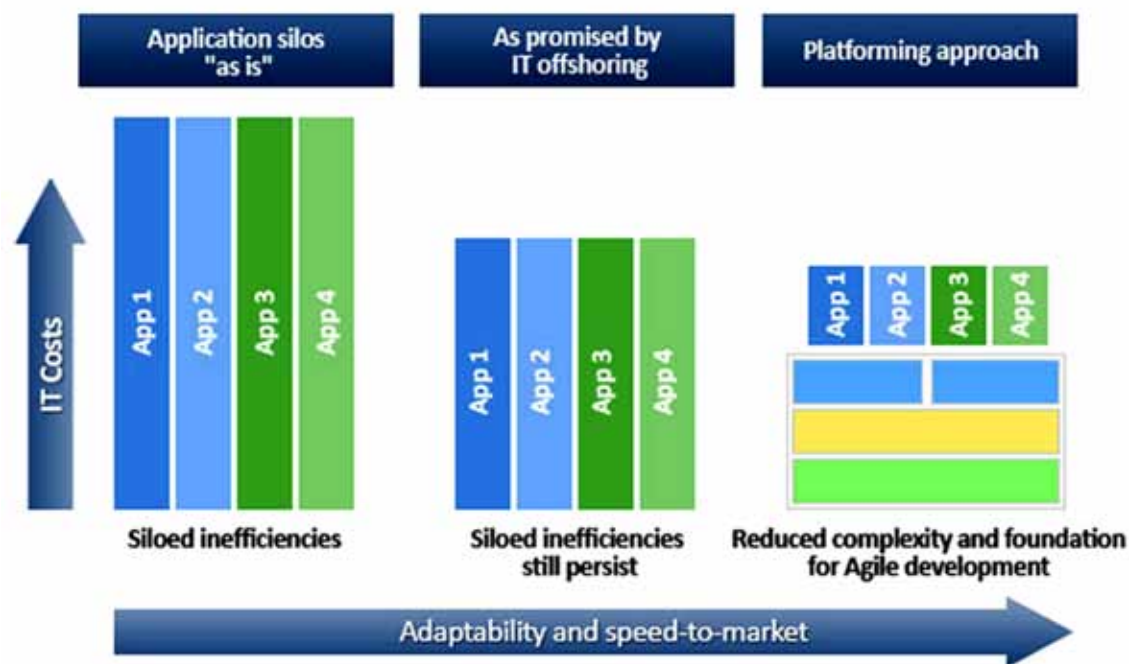
Unlike in traditional enterprise application development where different applications remain isolated, thus replicating business logic, technology frameworks and enterprise data, Platforming helps to combine common business processes and rules, technology frameworks and data into reusable application platforms that can be leveraged across the enterprise.

Through Platforming our clients are able 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.

Governance and Compliance

Virtusa's core values – Pursuit of Excellence, Integrity, Respect and Leadership (PIRL) – are the guiding principles in all our interactions. Sound governance along with strong policies have helped to maintain a reputation of corporate excellence.

Instilling our business ethics and culture in our people forms an important part of people development. All employees are educated on the PIRL values and corporate policies through several mediums from the on-boarding program to info mailers. Corporate policies are also available on the company intranet for easy reference.

As a responsible corporate citizen, Virtusa adheres to the laws and regulations relevant to our operations. During the reporting period there were no instances of monetary or non-monetary sanctions for non-compliance with laws and regulations related to any aspects of our business operations including the provision of services, anti-competitive behavior and environmental regulations.

Policies

- Code of Business Conduct and Ethics
- Virtusa Anti-Bribery Policy
- Whistleblower Policy
- Business Continuity Management Policy
- Information Security Management Policy
- Intellectual Property
- Harassment-Free Workplace Policy
- Environment, Health and Safety Policy
- Policy on Procurements
- Policy Governing Director Qualifications and Nominations

Certification

- CMMI Level 5
- BS 25999-2:2007*
- BS OHSAS 18001:2007
- ISO/IEC 27001:2005
- BS EN ISO 14001:2004

*Replaced with ISO 22301:2012 in 2013.

Governance
The Board of Directors

Kris Canekeratne	Chairman and Chief Executive Officer and Class III Director	
Robert E. Davoli	Class I Director	👤
William K. O'Brien	Class I Director	👤📅
Al-Noor Ramji	Class I Director	👤
Izhar Armony	Class II Director	👤
Martin Trust	Class II Director	👤 C
Rowland T. Moriarty	Class II Director	👤 C
Ronald T. Maheu	Class III Director	👤 C 📅

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

Board Leadership Structure

The Board of Directors currently consists of eight members. Kris Canekeratne, our Chief Executive Officer, serves as Chairman of the Board. As a founder of Virtusa and the Chief Executive Officer, Kris Canekeratne has first-hand knowledge of our operations and the major issues facing the company. Thus, he is most capable of effectively identifying strategic priorities, and leading the discussion and execution of strategy. Kris Canekeratne acts as the key link between the Board of Directors and other members of the management team, facilitating more effective decision making.

To maintain effective independent oversight, the Board annually appoints a lead independent director. The combined role of Chief Executive Officer and Chairman, together with a lead independent director serves in the best interest of stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

Independence of Members of the Board of Directors

Seven members of the Board of Directors 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, 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.

Committees of the Board of Directors

The Board of Directors has three standing committees: Audit Committee; Compensation Committee; and Nominating and Corporate Governance Committee.

Committees of the Board of Directors

Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
• Oversees our accounting and financial reporting processes, internal controls and audit functions. • Focuses on risks and issues related to accounting, internal controls, and financial and tax reporting. • Assesses economic and business risks and monitors compliance with ethical standards.	• Responsible for developing executive compensation policies and advising the board of directors with respect to such policies and administering the Company's cash incentive, stock option and equity incentive plans • Identifies and oversees risks and issues associated with our executive compensation policies and practices.	• Developing and recommending to the board criteria for board and committee membership • Administers enterprise risk management program • 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.

Each committee operates pursuant to a separate charter that has been approved by the Board of Directors. A current copy of each charter is available at the Corporate Governance section of our website at http://www.virtusa.com/investors/corporate-governance/.

Role in Risk Oversight by the Board of Directors

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 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 the Board to administer the enterprise risk management process as the Enterprise Risk Management Committee. The Enterprise Risk Management Committee provides oversight of the recommendations of management and associated timeline to identify and assess severity of enterprise risks, the prioritization of such risks and development of any action plans to mitigate such risks.

Communication with the Board of Directors

Virtusa's stockholders who wish to communicate directly with the Board of Directors or an individual member of the Board may do so by sending such communication by U.S. Mail (including courier or expedited delivery service).

Attention To:

- Chairman of the Board (as a representative of the entire board of directors);
- OR to the individual director or directors.

U.S. Mailing Address:

c/o Secretary
Virtusa Corporation
2000 West Park Drive,
Westborough, Massachusetts 01581

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

Additional Information

Detailed information on corporate governance is available in the Proxy Filings on our website http://www.virtusa.com/investors/sec-filings/.

Information on the members of the Board of Directors and Executive Officers is available at: http://www.virtusa.com/investors/corporate-governance/management-and-board/.

Monitoring and Compliance

Discipline and Transparency

Discipline and transparency are the premise of Virtusa's daily business. These founding principles are reflected in three specific policies which are enforced across the global organization — Code of Business Conduct and Ethics, Anti-Bribery and Corruption Policy, and the Whistle Blower Policy.

Code of Business Conduct and Ethics

Virtusa's Code of Business Conduct and Ethics provides a disciplined approach for conducting business ethically. The Code applies to all directors and employees worldwide. Day-to-day responsibility for administering the Code rests with the Compliance Officer who is also the General Counsel. A current copy of the Code is available at http://www.virtusa.com/investors/corporate-governance/. Deviations to the established code may result in penalties.

Anti-Bribery and Corruption Policy

The Virtusa Anti-Bribery Policy, which was implemented in 2012, is endorsed by our Global HR Head and CEO. The Policy sets out a zero tolerance approach to acts of bribery and corruption and reaffirms our commitment to complying with all relevant anti-bribery legislation wherever we do business. The Policy applies to all our employees in all locations of operations.

An awareness campaign was done following the launch and the Policy is available on the company intranet for easy reference by employees. All employees are educated on the Code of Business Conduct and Ethics and the Anti-Bribery Policy.

Virtusa's Internal Audit Department periodically audits, monitors and reviews the extent of compliance with the Policy through scheduled, as well as random, Anti-Bribery Legislation Audits. Our Finance and Administrative systems are regulated to ensure that anti-corruption practices are maintained in all transactions performed within.

Whistleblower Policy

Employees and other interested parties can report any behavior that contravenes the Code of Ethics, any accounting irregularities or conduct that undermines the integrity of the Company's financial statements or the Anti-Bribery Policy using the Whistleblower Hotline, through a web-based submission tool or in writing. Complaints are forwarded to the Chairman of the Audit Committee as soon as reasonably practicable following receipt of such Complaint.

More information on the Whistleblower Hotline is available in the Audit Committee Complaints Procedure at http://www.virtusa.com/investors/corporate-governance/.

Confidence in Financial Information

The Sarbanes-Oxley Act

As a publicly traded company in the US (NASDAQ: VRTU), Virtusa is subject to the Sarbanes-Oxley Act of 2002 ("SOX"). Virtusa's Internal Audit Department monitors compliance with the Sarbanes-Oxley act throughout the financial year. Since the implementation of the Sarbanes-Oxley Act (in 2007), Virtusa's independent registered accountants have audited Virtusa to validate compliance with SOX and provided an unqualified opinion with respect to Virtusa's financial statements and internal controls. Details of the Company's annual reports and audited financial statements are available at http://www.sec.gov/edgar/searchedgar/companysearch.html (enter Virtusa).

Internal Auditor

The Internal Audit Department (IAD) is supervised by the Senior Director of Internal Audit based at Virtusa's corporate office in Westborough, MA, with teams extending to Colombo, Sri Lanka and Hyderabad, India. The IAD reports to the Audit Committee of the Board of Directors and administratively reports to the Chief Financial Officer of Virtusa.

Independent Registered Public Accountant

KPMG LLP, Boston, MA, is Virtusa's external independent registered public accountants. KPMG provides an independent assertion of the Company's financial standing as of financial year close which is on the thirty first day of March every calendar year. KPMG's independent assertion supports the Sarbanes-Oxley Act and is reported in Virtusa's Annual Report on Form 10-K as filed with the Securities and Exchange Commission of the United States.

People Policies

Virtusa's Commitment to People
Virtusa is committed to ensuring the protection of human rights and maintaining a harassment free workplace. As such, Virtusa conforms and maintains a workplace that complies with all applicable laws and regulations. As a technology services company child labor, forced labor and bonded labor are not significant risk factors in our operations.

Virtusa has a Harassment Free Workplace Policy to prevent against any form of discrimination based on age, race, color, national origin and ancestry, religion, sex or gender, sexual orientation, disability and other areas protected by law.

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

Privacy and Confidentiality of Personal Information
Virtusa's relationships with its employees and clients are based on integrity and trust. Virtusa is committed to maintaining this trust by protecting the privacy of personal information disclosed by its employees and received from other sources at any time before, during, and after employment by Virtusa. As part of this commitment, Virtusa will comply in all material respects with all applicable privacy laws, rules, and regulations that apply to the Company and where the Company conducts business.

Virtusa's Vice President of Human Resources has primary responsibility for managing and enforcing the Corporate Privacy Program with the guidance of the Corporate General Counsel.

Information Security

Our information assets and those of our clients are paramount at Virtusa. The Director of Information Technology and the Director of Information Security jointly ensures that these information assets are adequately secured and protected through various governance structures, periodic monitoring and compliance programs. Virtusa's Information Security Management Policy provides the foundation for these reviews.

The Enterprise Risk Management Committee
The Enterprise Risk Management Committee is responsible for establishing a risk governance structure for Virtusa. The Committee allocates responsibilities, assesses security risks, threats, and vulnerabilities on a regular basis, and implements procedures and action plans to mitigate and/or address risks facing Virtusa, along with Virtusa's strategic and operational goals.

ISO 27001 Certification
The Director of Information Security ensures that the annual re-certification is performed by a qualified external third party agency. The review examines Virtusa's information security framework and comments on its strengths and weaknesses. Since the original certification in 2008 the reviewer has not reported any material or significant observations.

External Penetration Program
The Penetration Testing Program is governed by Virtusa's Global Penetration Testing policy and is administered by the Risk Management Team at the direction of the Director of Information Security. An external penetration is performed by a selected and qualified ethical hacker twice every financial year. Ethical hackers are rotated to optimize the program. The program provides confidence that Virtusa's external infrastructure is hardened to industry standards.

Data Leakage Prevention

An industry accepted Data Leakage Prevention (DLP) solution is implemented to ensure that both business critical and personally identifiable information and health information is not disclosed to parties external to Virtusa. The DLP program which is jointly administered by the Risk Management and Information Technology Teams provides Virtusa and its clients the essential confidence and security on sensitive information.

Software Compliance

Virtusa has in place a strong Software Compliance framework, which received "Green" status in the latest assessment by KPMG as per the CSS(O) KPI parameters.

Periodic Auditing

The Internal Audit Department of Virtusa conducts periodic audits of the information technology infrastructure based on risk and request. IAD's reports are provided to the Director of Information Technology for review and correction and updates are provided to Virtusa's Audit Committee during quarterly meetings.

Incident Management

The IT and Administrative teams monitor and report any breaches to the Information Security & Risk Management Team, relevant business unit heads and human resources teams for corrective action. During the year under review no complaints were recorded related to breaches of client privacy or loss of customer data.

Safeguarding Intellectual Property

We also have processes and procedures to ensure that the software we use has proper licenses and we have the right to use such software. We also have non-disclosure and assignment of inventions agreements with all of our employees to ensure the confidentiality of our work product and title to work that we create for us or our clients. We also monitor and have rigorous software engineering standards designed to prevent or detect any use of software or intellectual property not properly owned or licensed to Virtusa.

Business Continuity

Business continuity is critical for us, our clients and employees. While our Business Continuity Management System is currently BS 25999-2:2007 certified, we are working towards ISO 22301:2012 certification. The Information Security & Risk Management Team headed by our Chief Information Security Officer is responsible for business continuity at a global level, while location specific teams are responsible for day-to-day monitoring.

Marketing & Communication

Our sales and marketing strategy is based on developing strong relationships with IT and business executives at prospective and existing clients to establish long-term business relationships. We also have a strong marketing campaign targeted at recruitment.

Virtusa ensures that it complies with the laws applicable in each of its geographic locations as well as adhering to standard industry practices. We follow a voluntary code to ensure responsible marketing and communication.

Environmental Stewardship

Mission: To be a socially conscious and responsible corporate citizen in all countries of operations.

FY13 Performance

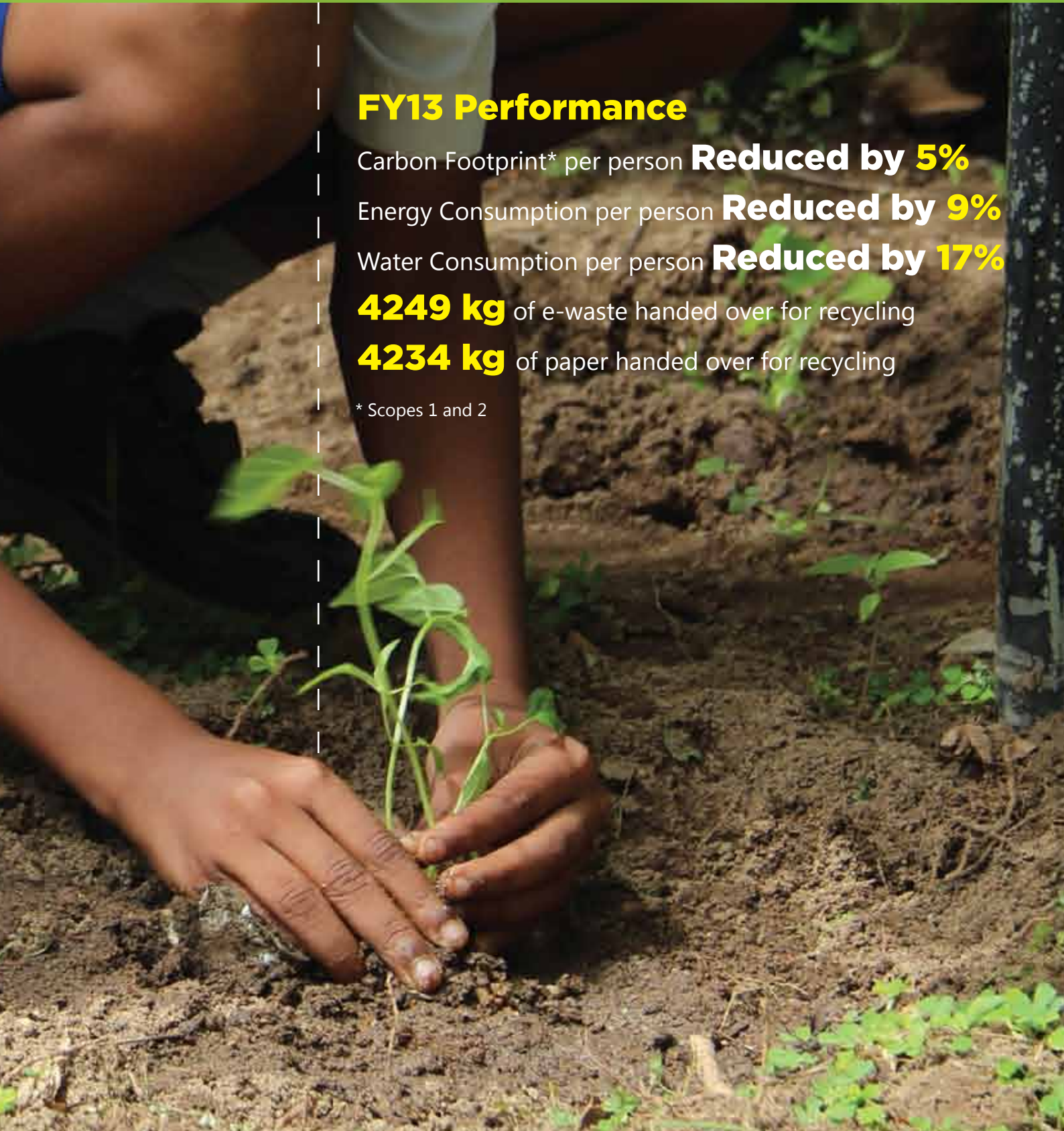Carbon Footprint* per person **Reduced by 5%**

Energy Consumption per person **Reduced by 9%**

Water Consumption per person **Reduced by 17%**

4249 kg of e-waste handed over for recycling

4234 kg of paper handed over for recycling

* Scopes 1 and 2

We take a precautionary approach to managing our environmental impacts. As such our Environment, Health and Safety policy sets out our commitment to minimizing our environmental footprint and adhering to all environmental regulations.

Our environmental management system, Code Green, was initiated in 2009. Code Green encompasses measures to manage the significant environmental aspects of our business operations: emissions, energy and water usage, and disposal of waste material. In 2010 we initiated a process to obtain ISO 14001 certification, which resulted in our Sri Lanka ATC being certified in 2011 and all India ATCs being certified in 2012. We have been submitting to the Carbon Disclosure Project since 2011.

Risks and Opportunities from Climate Change

Climate change can have a serious impact on several aspects of our business operations, which are detailed below.

- **Risks Driven by Changes in Regulation:** While we anticipate minimal climate change management related regulatory risk, we are aware that climate change regulations could affect some markets that we may wish to explore and we are keen to be in a position to enter them fully compliant with their regulations.

- **Risks Driven by Changes in Physical Climate Parameters:** India and Sri Lanka where most of our operations are located have a high representation of hydropower in their national grids. As per 2010 statistics, hydropower sourced 45% and 22% of electricity in Sri Lanka and India respectively. Low rainfall induces power shortages. This impacts our fuel cost to run our diesel generator. Additionally, going forward, it will increase the costs of meeting our greenhouse performance targets because of the high emission factors associated with internal combustion.

- **Risks Driven by Changes in Other Climate-Related Developments:** An increasing number of clients request information on our emissions and climate change management process. In the event that we cannot match our competitors' climate change management programs, we will risk loss of business as well as reputation.

While climate change poses many risks, it has also created opportunities for us to reassess resource usage and improve our business processes.

- **Opportunities Driven by Changes in Physical Climate Parameters:** In order to reduce our impact on climate change, we have followed an aggressive program since FY11 to reduce emissions and maximize resource usage.

- **Opportunities Driven by Changes in Other Climate-Related Developments:** Climate change has created the need for Green IT and energy management solutions. As an IT services company we may explore the possibility of offering such solutions in the future.

Organizational Responsibility

The Facilities Management teams in each location manage day to day activities related to environmental management such as tracking emissions, energy and water usage, recycling activities, ISO14001 certification and aspects of environmental reporting.

Emissions Management

We calculate emission using the guidelines of the Greenhouse Gas Protocol (GHG Protocol). Our emissions footprints (MT of CO2eq) are given below:

Table: Total Direct and Indirect Greenhouse Gas Emissions by Weight (metric tonnes CO2e)

Emissions	FY13	FY12
Scope 1: Fuel (Diesel)	350.12	472
Scope 2: Grid Power	9317.55	9,536 (9573.4)
Scope 3: Business Air Travel and Business Road Travel	2340.24	2,509
Total GHG Emissions	**12007.91**	**12,517**

Note: The Scope 2 Emissions for FY12 were retroactively adjusted with the emission factors for India and Sri Lanka derived from the IEA 2012 — CO2 Emissions from Fuel Combustion.

Percentage Breakdown of Emission for FY13

- Scope 1: Fuel (Diesel)
- Scope 2: Grid Power
- Scope 3: Business Air Travel and Business Riad Travel

3%
19%
78%
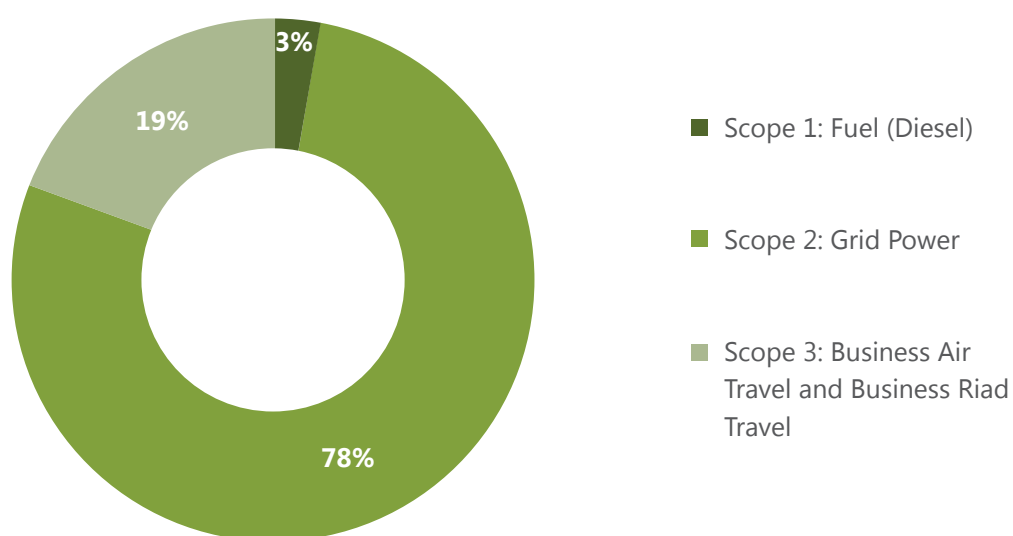
The total of our Scope 1 and Scope 2 emissions reduced by 16% per revenue, and 5% over the year.

Energy Management

We initiated our energy management program in April 2008. We have had a per capita energy reduction of 27% over our baseline year of FY11.

Per Capita Energy Consumption (kWh)

Year	Value
FY11	245
FY12	213
FY13	193
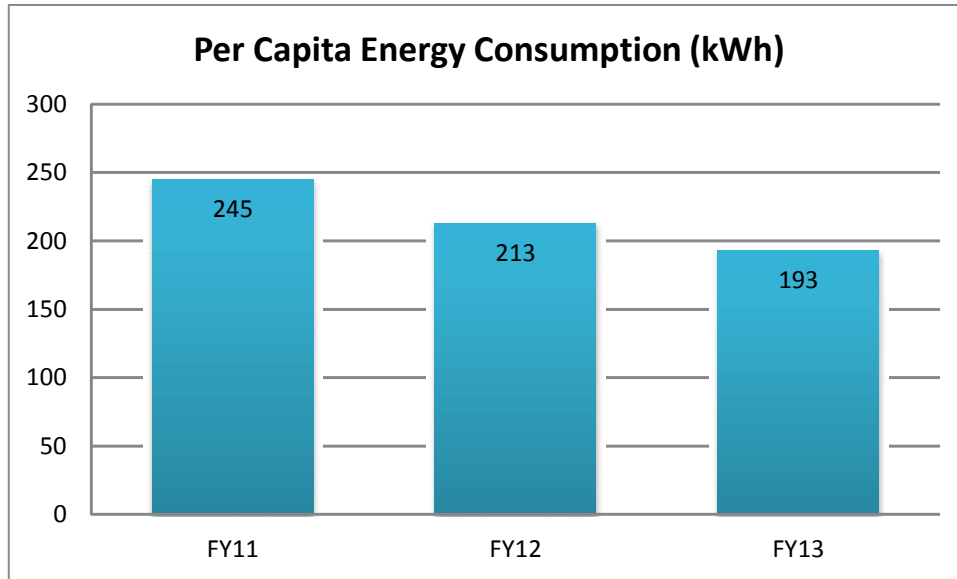
Table: Direct and Indirect Energy Consumption

Energy Consumption	Giga Joules
Direct Energy Consumption (renewable source — solar)	22
Direct Energy Consumption (non–renewable source — diesel fuel)	1,4768
Indirect Energy Consumption (purchased electricity)	12,9662
Total Energy Consumption	**14,4452**

We have optimized our energy usage through space and server consolidation as well as the use of building management systems (BMS), renewable energy sources and energy efficient products. In 2012 we implemented a policy to replace CFL bulbs with LED bulbs, and sunset the use of CRT monitors in 2009. We also a have a policy to hibernate or switch-off idle machines wherever possible.

Business Travel Management

We have reduced the impact from business air travel through the use of audio and video conferencing. An automated system helps to track and manage shuttle services provided for employees working late or during weekends. Use of optimized transport routes has also helped to reduce emissions from road travel.

Water Management

As a services company water is used mainly for drinking, hygiene, facility operations and landscaping. Our main source of water is the municipal water supply and our operations do not affect any local water body significantly as water is not used for production. The water management data given below is for our operations in Sri Lanka and our "Campus" facility in Hyderabad. This data does not include drinking water, which we do not target for reduction.

Per capita water usage reduced by 17% from 0.79 m^3 in FY12 to 0.66 m^3 in FY13. Total water used at our facilities in Hyderabad and Sri Lanka in FY13 amounted to 31,414.02 m^3.

Per Capita Water Usage (in m³)

FY11	1.019
FY12	0.892
FY13	0.74
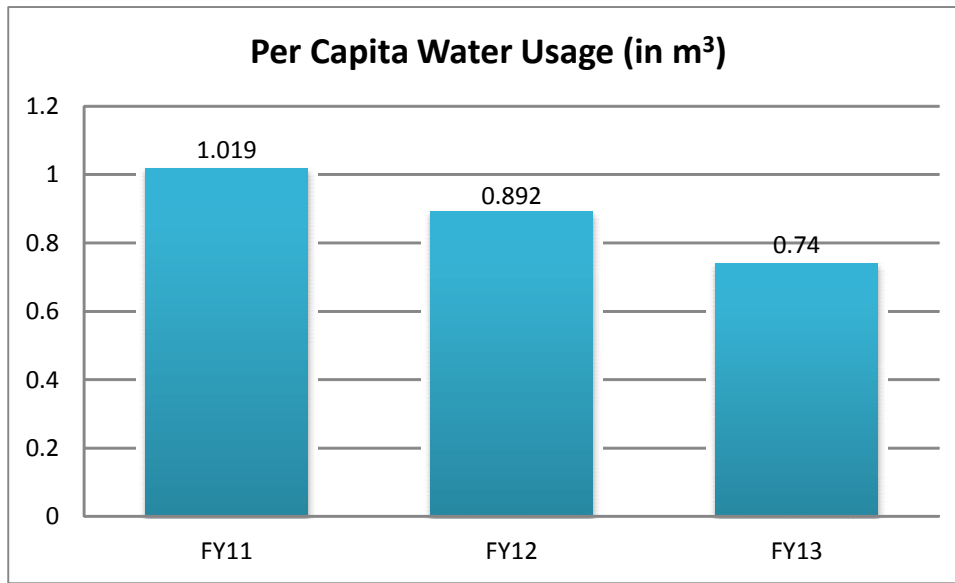
Strategies for water management include more efficient water usage in facilities maintenance and creating awareness among employees about conserving water. At present, we are able to recycle waste water only at the Hyderabad Campus where approximately 60% of water used is recycled.

Waste Management

The Sri Lankan ATC has in place a program where e-waste is handed over to a certified vendor, which is then shipped internationally for recycling. Virtusa is a member of the Co-operate E-waste Management Project initiated by the Central Environmental Authority (CEA) of Sri Lanka. We are the first IT company in Sri Lanka to receive a Scheduled Waste License from the CEA.

Other hazardous waste such as CFL bulbs are also disposed of by handing over to authorized recycling vendors. Non-hazardous waste such as glass and plastic is disposed of through authorized recycling vendors as well.

Table: Hazardous Waste			Table: Non-hazardous Waste	
Waste Category	**Quantity**		**Waste Category**	**Quantity**
E-waste	3600 kg		Glass	295 kg
CFL Bulbs	1404 bulbs		Metal	675 kg
FTL Bulbs	50 bulbs		Plastic	5461 kg

Paper Usage

We have reduced paper usage through several measures such as duplex printing with usage and paying for farmed paper. All departments are encouraged to use paperless forms, notifications and reports wherever possible.

In FY13, 4234 kg of used paper was given for recycling, which amounted to 43% of our paper usage.

43% of used paper recycled

4234 kg of paper
= 102 trees saved

Based on the assumption that 1kg of paper saves 0.024 trees (http://conservatree.org/)

Gaps and Performance Targets for FY14

FY12 Status	FY13 Status	FY14
Environmental management not standardized across locations	Sri Lanka, Bangalore, Chennai and Hyderabad ATCs ISO 14001 certified	Third party audits of environmental performance
Targets for environmental performance set only for energy	Targets set and achieved for CO_2, water* and waste	Implement waste management in in Chennai, Hyderabad and Bangalore
Water consumption not measured in all locations	Water consumption measured only for Hyderabad and Colombo	Extend to Chennai and Bangalore

■ Achieved   ■ Partially Achieved

Our People

Virtusa aims to provide a work environment that nurtures our predominantly millennial workforce. With over 80% of our workforce consisting of Millennials, our people strategy is geared to enable innovation, create world class knowledge workers and nurture global leaders, while leveraging the most dynamic technological platforms. This is exemplified in out "gamified" engagement formula embedded in the themes of Work, Home, University and Play.

Play
• Bonding/Networking/Family/
  Social Capital

Work
• Delivery/Project
  Execution
• Managed by PM
• Business Ethics

University
• Functional Expertise
• Process Expertise

Home
• Career Guidance
• Performance Appraisal and
  Compensation
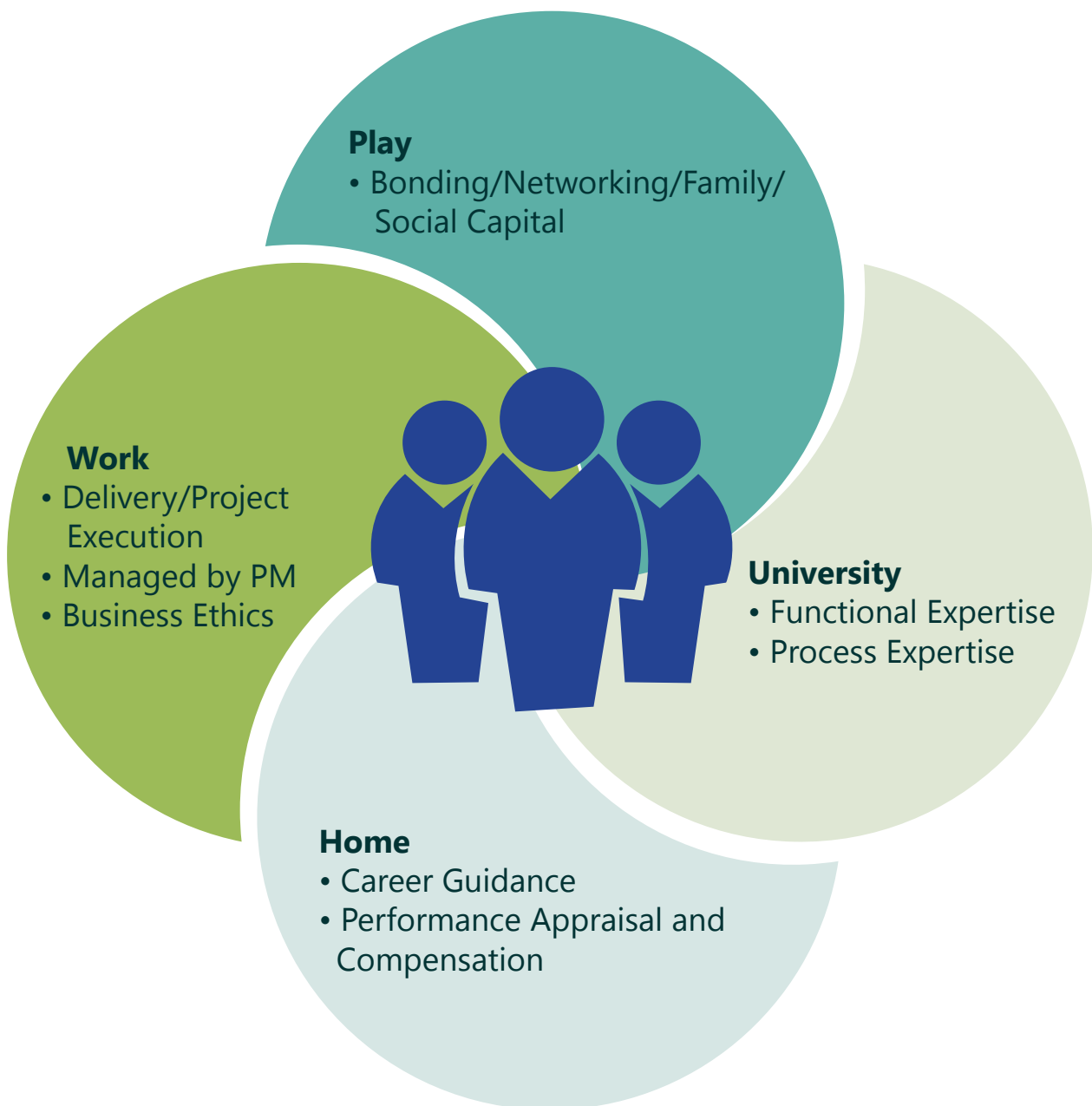
Detailed information on our headcount by geographic location is given below.

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

	India		Sri Lanka		US & Europe		US Other		Singapore	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Permanent Cadre	3156	1067	1404	720	379	54	93	26	11	1
Contract	44	28	22	15	97	4	44	5	19	
Outsourced	74	12	27	5	21	3	1			

Our people practices have received industry recognition with Virtusa being named a top employer in all major geographies of operation, which are detailed in the Awards and Recognition section.

Recruitment

We recruit from leading universities. Through our Campus Reach program, we maintain a visible position in universities in India and Sri Lanka through a variety of specialized programs, including IT curriculum development, classroom teaching and award sponsorships. Our lateral hire program is fuelled by an employee referral scheme.

We have in place stringent assessment criteria for recruitment. During the last year, our assessment criteria for core technical recruitments was revamped by following the Harrison methodology and Harrison Assessment tools which helps to identify the best candidate for the job.

During the reporting period we added 1239 team members to our total headcount as shown in the table below.

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

	India		Sri Lanka		US & Europe		US Other		Singapore	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Under 30	707	281	443	257	31	7	15	1	5	
30-49	333	69	52	21	70	12	4	2	8	1
Over 50	30	4	3		247	19	37	4	15	

Performance Management

In creating a work environment for Knowledge Workers, Virtusa works within a performance driven culture. All employees in our permanent cadre have regular performance appraisals, on which career development, compensation and promotions are based. We recruit, develop, measure and reward based on a structured, performance based approach. Our performance philosophy is deeply embedded in the achievement of business goals, competency assessments (behavioral and technical) as well as employee engagement in the case of senior managers. The recently launched Oracle-based talent management tool assists employees to own their career from Hire to Retire. We strongly believe that our employees are provided with top of the range career and individual development support through the tools and processes that we have invested in. In addition, we have also created platforms where individual achievements are highlighted such as the Personal Excellence Program (PEP) and the opportunity to recognize innovations through VInnovate.

Training and Development

As a knowledge hub, we invest in refining functional expertise and skills development in order to constantly up-skill our knowledge base and our employees. Competency Excellence Groups (CEGs) for numerous skill types and domains have been identified and development interventions are being carried out through a coach facilitated competency (technical) development framework. We have skills and CEGs identified to drive focused training and development. Our Role Based Training interventions offer several courses of online training modules and licensed training, which are all investments made with strategic business and people objectives.

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

	India	Sri Lanka	US & Europe
Tier 0	30.38	8.97	82.51
Tier 1	31.79	18.73	45.28
Tier 2	33.32	11.29	19.65
Tier3	34.34	67.49	74.58
Tier 4	41.19	39.20	979.37
Tier 5	447.00	36.28	42.50

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

Employee Engagement and Communication

Channels of employee engagement range from company-wide updates and town hall sessions to open fora such as Yammer. Our "Open Door" policy means that employees can approach management with their concerns at any time.

The Global Team Member Survey (GTMS) is the main mechanism through which our employees can provide feedback on HR processes. The Internal Service Group Survey allows for employees to provide feedback on all service groups within the Company.

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. Also, in India and Sri Lanka where the majority of our workforce is, collective bargaining is not a common practice in white collar industries.

Channels of Employee Engagement

- Company updates
- Global Team Member Survey
- Two Month Completion Survey and Five Month Completion Survey for new team members
- Internal Service Group Survey
- Exit interviews
- Yammer
- Facebook
- Voice of Europe
- Recognize and Value Everyone (RAVE)

V+

V+ is our social business platform, created with the vision to transform the way Virtusans work, learn, share and connect with each other. This is achieved by embracing the web 2.0/social practices that possess gamification, crowd sourcing, video, micro-blogging and enterprise search under a common social platform. Not only does V+ help to find information more quickly, but also serves as a platform that drives employee engagement, innovation, agility, and employee appreciation, while extending it to co-create and collaborate with our customers. V+ has truly transformed the way Virtusans work creating a more social and a fun environment.

Recognize and Value Everyone (RAVE)

If a Virtusan wants to thank a colleague, they don't send a simple e-mail, they send a RAVE! RAVE is a gamified and fun method of employee appreciation that allows Virtusans unlock badges and win prizes among other things.

Silver Pixels

Silver Pixels is an annual exhibition where photography enthusiasts at Virtusa can showcase their talent. Leading up to the exhibition, there are photography workshops and special offers on equipment. Photographs from the exhibition are used in the corporate calendar, which is shared with Virtusa clients and employees.

Sports and Leisure Activities

Sports and extra-curricular activities are an important part of employee engagement at Virtusa. Cricket, Rugby, Football, Badminton and Athletics are all sports where Virtusans take part in mercantile championships. Apart from sports, Virtusans have excelled in International Toastmaster competitions.

Mobility Hackathon

The Mobility Hackathon is an annual event where Virtusans form teams and compete to develop the most innovative mobile app. The event is a hothouse of innovation and creativity, with teams trying to surpass each other in 24 hours of straight coding.

Compensation

Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance. Benefit plans vary by location, depending on legal requirements. More information on Benefit Plans is available in our Annual Report.

As an equal opportunity employer, we ensure that men and women receive equal pay for similar work, unless there are differences in skill levels and experience.

Table: Ratio of basic salary and remuneration of women to men

	India		Sri Lanka		US & Europe	
	Female	**Male**	**Female**	**Male**	**Female**	**Male**
Tier 0	1	0.92	1	1.25	1	1.12
Tier 1	1	0.95	1	1.06	1	1.05
Tier 2	1	0.98	1	1.16	1	1.03
Tier 3	1	1.02	1	1.05	1	1.05
Tier 4	1	1.10	1	1.07	1	1.13

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, 2013, we experienced voluntary team member attrition at a rate of 13.3% and involuntary team member attrition at a rate of 3.1%. 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.

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

	India		Sri Lanka		US & Europe		US Other	
Age Group	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Under 30	313	155	127	64	8	4	14	2
30-49	202	51	81	37	33	5	12	5
Over 50	1	0	0	0	13	1	5	2

Diversity

As an equal opportunity employer, we respect diversity in nationality, gender or the differently-abled. We have in place a Harassment Free Workplace Policy to ensure a workplace free from discrimination, harassment or any type of abuse.

While we aim to have a balanced ratio of men to women in the workforce, the participation of women is low in the IT industry as a whole. At present, women comprise 27% of our overall global workforce.

Table: Percentage of employees by gender and by level

	India		Sri Lanka		US & Europe		US Other		Singapore	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Tier 0 to Tier 1	89%	11%	86%	14%	90%	10%	78%	22%	100%	0%
Tier 2 to Tier 4	73%	27%	64%	36%	87%	13%	84%	16%	96%	4%

The Women of Virtusa (WoV) initiative was launched in March 2012 in an effort to facilitate longer, more fruitful careers for the women at Virtusa.

Employee Health and Safety

We strive to provide a safe and secure work environment for all Virtusans. Our Advanced Technology Centers in India and Sri Lanka are OSHAS 18001 certified. Health and safety committees at each location are responsible for the Environment, Health and Safety initiatives at their respective location. These committees consist of members from the HR and Admin teams as well as volunteers from across the organization.

Training on environment, health and safety is provided as part of our on-boarding program and all employees are tested on their knowledge. Basic training on First Aid and Fire Safety are available to employees on a voluntary basis.

An important aspect of employee health and safety is managing the work/life balance of Virtusans. To this end, weekly Extended Work Hours reports are sent to Department and Functional Heads to ensure that no employee works long hours continuously. Virtusa also has a flexi-time policy as well as a Work from Home Policy, which will be formalized within the year. Furthermore, employees have the option to carry forward unutilized leave.

IT for Good

We believe in using our skills and knowledge to create a digitally inclusive society. Our strong culture of volunteerism means that many Virtusans offer their time, knowledge and skills to drive our corporate social responsibility projects.

Total reach to date

70 IT labs with a student reach of **7000+**

700+ Internships

17,240 Campus training hours

Campus Reach

Our Campus Reach initiative is an industry-academia partnership designed to support the next generation of IT professionals to be workforce ready, and thereby, contribute to the growth of the IT/BPO industry.

Campus Reach Activities

- Curriculum development and advice
- Virtusa Internship Program
- Teaching
- Teacher training
- Career guidance and awareness
- Mentoring for final year projects
- Virtusa Academic Excellence Awards
- Placement Engineer Scholarship Program
- Knowledge sharing through TechTalks
- Industrial visits

FY13 Campus Reach Stats

- Internships: 121
- Career guidance and awareness sessions: 12
- TechTalks: 16
- Excellence Awards: 5
- Industrial

Tech Reach

Through Tech Reach we utilize our software development and consulting expertise to contribute to projects of social benefit.

Àkura

Mission: Ensure that no child is left behind and to apply information technology to help improve teaching capacity and quality.

Virtusa developed the Àkura open source school management system in order to help schools manage their administrative tasks more efficiently.

In Sri Lanka, where Àkura was first developed for use, teachers spend a substantial amount of time on tasks such as creating report cards, tracking student attendance and calculating grade averages. This has a significant impact on the time teachers spend on educating students, especially since the free education system results in high student enrollment. Àkura also helps parent/teacher interaction. Parents can use the Àkura web module to access their child's attendance records, marks, etc.

After its success in Sri Lankan schools, Àkura was made it available on http://sourceforge.net so that any school around the world could benefit from Àkura.

- **Winner:** Digital Opportunity Award at the WITSA Global ICT Excellence Awards 2012
- **Total downloads:** 8500+
- **Total number of countries:** 142

Sahana

80+ Virtusa volunteers built the coordination portal for the Government of Sri Lanka (CNO) within two weeks of the 2004 tsunami. Sahana has since been donated for public good.

- **Finalist:** 2008 Secretary of State Award for Corporate Excellence
- **Winner:** 2006 Free Software Foundation Award for Projects of Social Benefit Social Benefit
- Sahana is now being extended as an epidemic management system for the Ministry of Health in Sri Lanka.

Rehabilitation Management System

A software solution to expedite the re-integration of the war rehabilitees in Sri Lanka and manage their vocational training needs

- **Nominee:** Computerworld Honors Program Laureate (2011)
- **Case Study:** UN Global Compact

One Laptop Per Child (OLPC)

Virtusa provided software and hardware testing services at zero cost to OLPC. A 20 member team dedicated 40 man-months of testing, which resulted in 800+ test scenarios.

Digital Reach

Through Digital Reach we aim to create a digitally inclusive society by IT enabling communities in Sri Lanka and India

Virtusa Helps to Provide 200,000+ Training Hours to War Rehabilitees
In 2010 Virtusa set up a fully-equipped Digital Training Center (DLC) to help war rehabilitants in Sri Lanka to gain IT skills.

Following the end of the ethnic conflict in Sri Lanka, there were as many as 12,000 rehabilitants who needed to be re-integrated into society. A main requirement was providing vocational training for these rehabilitants whose education had been affected due to the war.

The DLC was used to provide a variety of IT skills training, covering over 200,000 training hours.

Once the rehabilitation process was completed, the DLC was handed over to the local higher education authorities to offer IT education to university students in the area.

IT Labs for Rural Schools
Since inception, Digital Reach has helped to set up IT labs in rural schools in Sri Lanka and India.

So far more than 70 IT labs have been set up with a student reach of 7000+.

The Digital Reach model was adopted by the Sri Lanka Association of Software and Service Companies (SLASSCOM) for a country wide community outreach program.

Community Outreach Projects

International Friendship Day 2013

Virtusans in Hyderabad marked International Friendship Day by donating rice, blankets, fruits, and medical kits to the Mahima Ministries Orphanage. The orphanage is home to more than 70 children and the food, music and entertainment provided by the Virtusa team brought a smile to their faces.

Earth Hour 2013

Virtusa celebrated Earth Hour 2013 on 22nd March 2013 by switching off non-essential lights and computers for one hour. During the hour, there were presentations on environmental conservation.

The event was made memorable by the participation of students from Northwood Global College who joined Virtusa to share the message of Earth Hour.

World Environment Day 2013

Virtusa marked WED 2013 with activities in several of its locations. Virtusans in Sri Lanka organized a tree planting campaign at a neighborhood school. Leading up to the event, stationery items were collected to donate to the school, which has approximately 700 students, many who are underprivileged.

Virtusans in India marked the day with a tree planting campaign, vehicle emission testing and car/bike pooling campaign among other activities.

Distribution of School Kits in Partnership with Youth for Seva

Virtusa donated 184 school kits to students of Sri Saraswati Shishu Mandir in Hyderabad. The donation was made by Virtusa through the Youth for Seva (YFS) organization as a part of its school kit drive. Despite many subsidies towards education, students are unable to afford basic schooling needs such as writing material and school bags. Due to this and a combination of other financial problems, children tend to drop out of school. With a focus to put their education back on track, Virtusa took the initiative to provide these basic necessities to the students of Standard I to Standard X.

Global Compact Principles and GRI Indicator Mapping

Category	UNGC Principle	GRI Indicators	Page
Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; And	HR6, HR7, SO5	10, 20
	Principles 2: Businesses should make sure that they are not complicit in human rights abuses.	HR6, HR7, SO5	11, 20
Labour Standards	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	LA4	30
	Principle 4: Businesses should uphold the elimination of all forms of forced or compulsory labour;	HR7	20
	Principle 5: Businesses should uphold the effective abolition of child labour;	HR6	20
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	E7, LA1, LA2, LA14	4, 20, 29, 32
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges;	4.11	22-27
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and	EN3, EN4, EN5, EN7, EN8 EN9, EN10, EN16, EN18, EN22, EN24	22-27
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN18	24
Anti - Corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	SO2, SO3	19

GRI Application Level

		C	C+	B	B+	A	A+
Mandatory	Self Declared	Level C	Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured

GRI Reporting Framework 3.1: Content Index

1. Strategy and Analysis					
Profile Disclosure	**Description**	**Reported**	**Page**	**Reason for Omission**	**Explanation**
1.1	Statement from the most senior decision-maker of the organization.	Fully	2		

2. Organizational Profile					
Profile Disclosure	**Description**	**Reported**	**Page**	**Reason for Omission**	**Explanation**
2.1	Name of the organization.	Fully	4		
2.2	Primary brands, products, and/or services.	Partially	4		Full description available at: http://www.virtusa.com/services/
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	4		
2.4	Location of organization's headquarters.	Fully	4		
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.	Fully	4		
2.6	Nature of ownership and legal form.	Fully	4		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	5		
2.8	Scale of the reporting organization.	Fully	4, 5, 29		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	4		
2.10	Awards received in the reporting period.	Fully	12-13		

3. Report Parameters					
Profile Disclosure	**Description**	**Reported**	**Page**	**Reason for Omission**	**Explanation**
3.1	Reporting period	Fully	10		
3.2	Date of most recent previous report.	Fully	10		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	10		
3.4	Contact point for questions regarding the report or its contents.	Fully	10		
3.5	Process for defining report content.	Fully	8, 10, 11		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	10, 11		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	10, 11		
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.	Fully	10		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	11, 24		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	9, 10		
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	41-48		

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Page	Reason for Omission	Explanation
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.	Partially	16, 17		Detailed information is available in the Proxy Statement (http://www.virtusa.com/investors/sec-filings/)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	16, 17		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Partially	16, 17		Detailed information is available in the Proxy Statement (http://www.virtusa.com/investors/sec-filings/)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	18		
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.	Fully	16, 19, 20		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	23		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	9		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Fully	9		
4.14	List of stakeholder groups engaged by the organization.	Fully	8		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Partially	7		

2. Organizational Profile				
Description	**Reported**	**Page**	**Reason for Omission**	**Explanation**
Category: Economic	Fully	5-7, 14, 20, 21		Detailed information is available in the Annual Report (http://www.virtusa.com/investors/sec-filings/)
Category: Environmental	Fully	6, 16, 22-27		
Category: Labor Practices and Decent Work	Fully	6, 16, 20, 28-33		
Category: Human Rights	Fully	6, 16, 20		
Category: Society	Fully	6, 9, 16-21		
Category: Product Responsibility	Fully	6, 14, 20, 21		

Economic			
Performance Indicator	**Description**	**Reported**	**Page**
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.	Fully	4, 5
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	23
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	32 Detailed information is available in the Annual Report (http://www.virtusa. com/investors/sec-filings/)
EC4	Significant financial assistance received from government.	Partially	Detailed information is available in the Annual Report (http://www.virtusa. com/investors/sec-filings/)
Market presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	10
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partially	2
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.	Fully	5, 35-38
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	4, 5

Environmental			
Performance Indicator	**Description**	**Reported**	**Page**
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	25
EN4	Indirect energy consumption by primary source.	Fully	25
EN5	Energy saved due to conservation and efficiency improvements.	Fully	24, 25
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	25
Water			
EN8	Total water withdrawal by source.	Fully	26
EN9	Water sources significantly affected by withdrawal of water.	Fully	26
EN10	Percentage and total volume of water recycled and reused.	Partially	26
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	24
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	24, 25
EN22	Total weight of waste by type and disposal method.		26, 27
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.	Fully	27
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	16
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.	Fully	24, 25

Social: Labor Practices and Decent Work			
Performance Indicator	**Description**	**Reported**	**Page**
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	29
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	29
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	30
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Partially	33
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	30
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	30
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	16
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	32

Social: Human Rights			
Performance Indicator	**Description**	**Reported**	**Page**
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	10, 20
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	10, 20

Social: Society			
Performance Indicator	**Description**	**Reported**	**Cross-reference/ Direct answer**
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partially	35-38
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	19
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	19
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	9
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	5
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	16
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	16

Social: Product Responsibility			
Performance Indicator	**Description**	**Reported**	**Page**
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	14
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	21
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	21
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	16