



LEAD THE CHANGE

**CHANGE TO LEAD**

Sustainability Report 2019

# About the Report

EXService Holdings, Inc. is proud to publish “Lead the Change, Change to Lead,” our 2019 Sustainability Report, in which we disclose our sustainability imperatives, initiatives, and performance, and showcase our plans to transform ourselves while positively impacting our clients and industry. This report has been prepared in accordance with the Global Reporting Initiative Standards, 2016: Core Option and focuses primarily on the activities undertaken during the reporting period from January 1, 2019 to December 31, 2019.

This report covers operations across all of our locations in 10 countries, unless otherwise stated, and, in line with the GRI Standards, focuses on aspects of EXL’s business that have been identified as “material topics” through stakeholder engagement and materiality assessment. These material topics further align with the United Nations Sustainable Development Goals (SDGs) that are relevant to our business.

This report has been externally assured by Thinkthrough Consulting Pvt. Ltd. (TTC), New Delhi, in accordance with ‘Type 2 Moderate’ criteria as per the AA1000 Assurance Standard (2008).

We would welcome feedback, questions, or comments on any of the information discussed within this report. Please email us at: [lookdeeper@exlservice.com](mailto:lookdeeper@exlservice.com)

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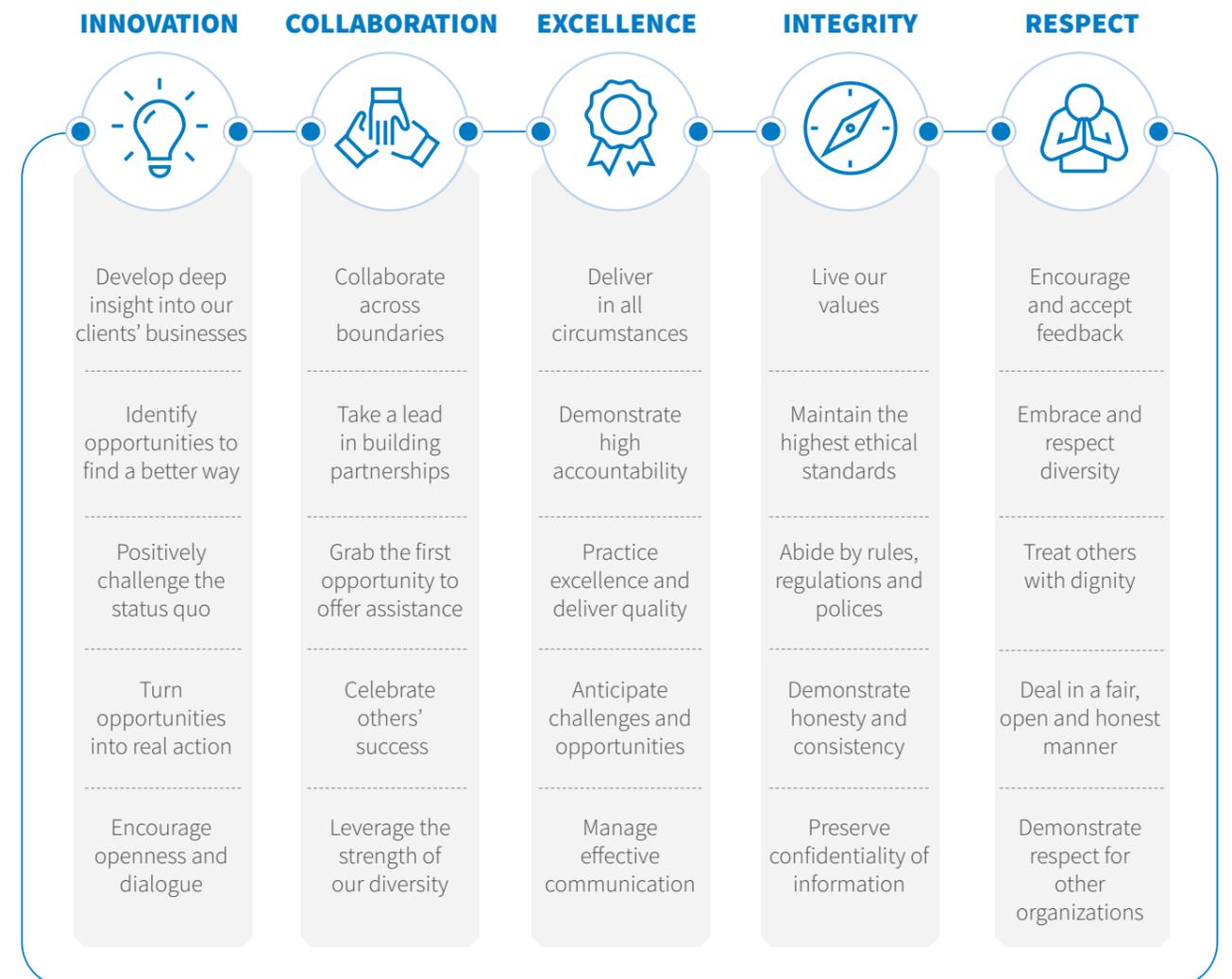
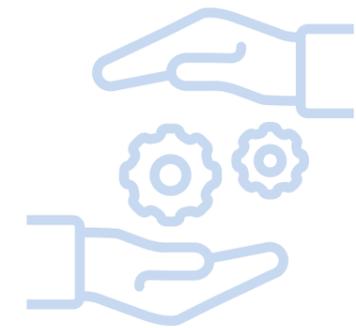
# Our Purpose

“We believe there is always a better way. We look deeper, we find it, and we make it happen.”



# Our Values

“We created a culture founded on the core values of innovation, collaboration, excellence, integrity, and respect.”



# Message from the CEO



**Rohit Kapoor,**

Vice Chairman and  
Chief Executive Officer

In 2019, we gave name to a new guiding philosophy that would drive everything we do at EXL - "Lead the Change, Change to Lead". This became our mantra as we celebrated the dual milestones of our 20th anniversary and our first time surpassing USD \$1 billion in annualized revenue. Our new philosophy emphasizes that if we want to continue to be an industry leader, we need to be nimble and flexible.

That mindset has become even more crucial in 2020. As we confront historic new operational, social, and environmental challenges, we have all seen first-hand that agility, resilience, and sustainability are some of the most valuable commodities a business can have. The experience of the last several months has forced us all to dig deeper, look harder at the status quo and commit ourselves to business strategies that foster growth beyond bottom line financial metrics. At the center of our strategy is promoting the good health and growth potential of our employees, managing our environmental footprint, and continuing being a positive force in the communities in which we operate.

Accordingly, I am pleased to present our first Annual Sustainability Report developed as per the Global Reporting Initiative (GRI) Standards, 2016.

As evidenced by the discussions at the 2020 World Economic Forum, sustainability and climate change have steadily emerged as key urgent imperatives facing corporates today. At EXL, we have affirmed our commitment to this global cause by aligning our sustainability initiatives with the United Nations' Sustainable Development Goals (UN SDGs). This report maps our impact on and contribution to the SDGs most relevant to our business.

To address our sustainability risks, we have developed several policies and have created board oversight to ensure positive environmental and social performance in the following areas:

- **Environment and workplace safety:** We have strengthened our commitment to sustainability and workplace safety, undertaking a company-wide review of emissions and water and paper

use so that we can meet key reduction objectives. We also continue to provide training to all employees on health and safety, and to receive industry certifications and other recognition for these efforts. A major focus now is on re-evaluating the traditional office environment in light of recent growth in remote work capabilities: we need to think differently about the de-centralization of facilities and create a local hub model that supports continued organizational development. As we continue to refine our long-term approach to work-from-anywhere capabilities, sustainability and environmental considerations will be at the heart of our decision-making process.

- **Talent development:** Our achievements over the past 20 years are the result of the imagination, dedication, and effort of our employees at EXL. Our employees are our business's primary asset. One of EXL's defining characteristics is our active learning culture, which is realized through our learning academies that enhance our employees' domain expertise and digital skills. In 2019, 99+% of our employees were trained in "Digital Intelligence" and EXL's proprietary "Digital EXLerator" framework for delivering digital transformation to our clients. We continue to emphasize the importance of talent and leadership development within our ranks by training our future team leaders.
- **Workforce diversity:** We believe that embracing diversity of thought and experience best allows us to deliver exceptional results for our clients and aim to foster, both through policies and practice, an inclusive work environment. We are committed to hiring a diverse workforce and to improving diversity in our senior leadership. Diversity and inclusion are among the guiding principles of our talent acquisition, training, and retention practices. Here again, as we think about the growth of remote work, we see an opportunity to tap a much more diverse talent pool and create work opportunities for individuals from geographically isolated areas and new options for part-time workers. We also plan to ensure we have the structures in place to support functions like recruitment, onboarding and training, performance management, engagement, and collaboration among our remote workers.
- **Corporate social responsibility:** We continue to invest in the communities around us to develop market-relevant technical and life skills, to help people from our communities position themselves as leaders in the job market. We create and implement initiatives to bridge the skills gap in a digital world for high school students as well as college graduates. EXL and its employees are also committed to help drive social change. In 2019, we invested in several initiatives focused on education and assisted our community members in market-relevant skill development, and we have continued in 2020 to actively support community initiatives, and to participate in several COVID-19-related relief efforts around the world.

Each of these areas are covered in a greater detail in this report, which provides key initiatives and achievements across corporate social responsibility, energy efficiency, water use, waste management, talent management, health and safety, customer excellence and corporate governance. This report is a first step and serves as a precursor to future sustainability efforts in line with our guiding philosophy to "Lead the Change, Change to Lead".

**Rohit Kapoor,**

Vice Chairman and Chief Executive Officer

# About EXL

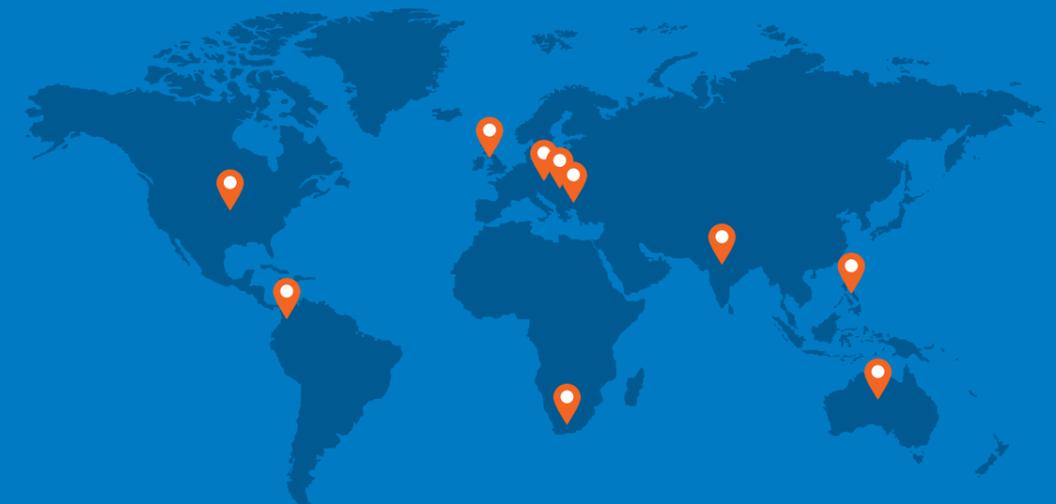
ExlService Holdings, Inc., better known as EXL, is a leading operations management and analytics company. At EXL, we help our clients build and grow sustainable businesses. By orchestrating our domain expertise, data, analytics and digital technology, we look deeper to design and manage agile, client-centric operating models to improve global operations, drive profitability, enhance client satisfaction, increase data-driven insights, and manage risk and compliance. We serve clients in multiple industries, including insurance, healthcare, banking and financial services, utilities, travel, transportation and logistics, media and retail, among others.

Our deep expertise in analytics, operations management, technology, and industry domains allows us to look deeper to identify and capitalize on opportunities to outperform. EXL applies Digital Intelligence, the combination of digital and domain knowledge, human and technology to create breakthrough results.

Headquartered in New York, as of December 31, 2019, we had more than 31,900 professionals in locations throughout the United States, the United Kingdom, Europe (Bulgaria, Czech Republic and Romania), India, the Philippines, Colombia, Australia and South Africa. Our global network works through 58 delivery centers in 25+ languages. EXL is a publicly traded company on the NASDAQ (EXLS).

#### Where We Work

58 global delivery centers and 25+ languages supported



## Our Operations

Our clients span a diverse range of industries



Banking and Financial Services



Healthcare



Insurance



Transportation and Logistics



Travel and Leisure



Utilities

## Services Offered by EXL



### Operations Management

We solve complex business challenges by combining our deep understanding of clients' needs and process expertise acquired through years of experience.



### Analytics

We use artificial intelligence, machine learning and modeling tools to help clients devise competitive marketing strategies and agile customer experience, manage risk and compliance, and optimize business operations.



### Digital

Using our approach of combining analytics and data with innovative technology, we offer digital solutions that help our clients stay relevant and win in their markets.



### Finance and Accounting

We help our clients transform their finance and accounting functions, including technical accounting, corporate accounting, and finance, by bringing together latest digital technology and experienced industry professionals.



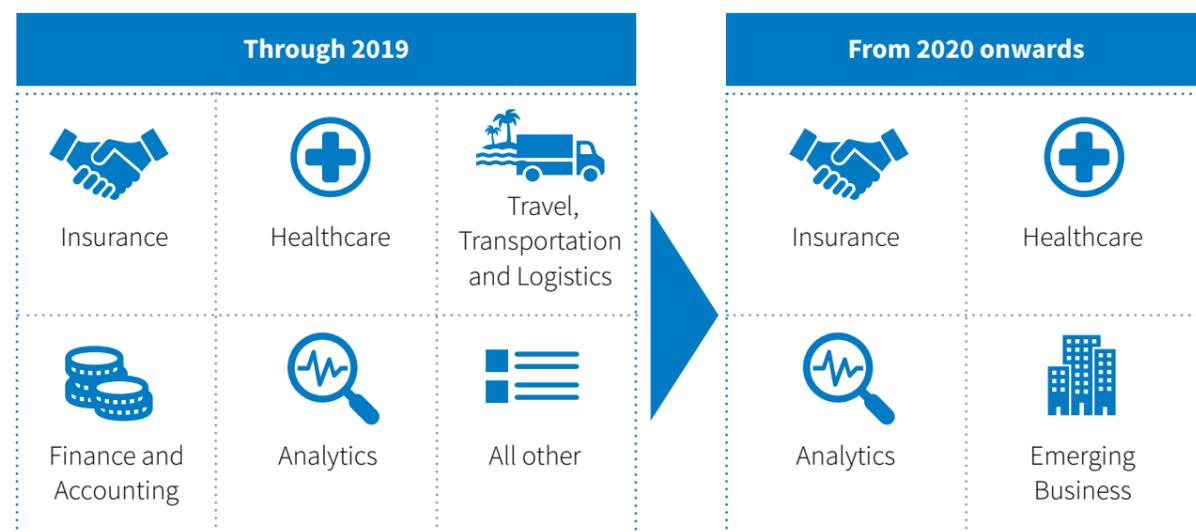
### Consulting

Our consulting practice works with clients across industries to increase profitability, accelerate revenue growth, and future proof business models.

Through the end of 2019, our operations were divided into eight strategic business units (operating segments): **Insurance, Healthcare, Travel, Transportation and Logistics, Banking and Financial Services, Utilities, Finance and Accounting, Consulting, and Analytics.** These eight operating segments were then reported into six revenue segments - operations management services to the **Insurance** industry, the **Healthcare** industry, the **Travel, Transportation and Logistics** industry, **Finance and Accounting, Analytics, and All others** (which consisted of **Consulting** and operations management services to **Banking and Financial Services** industry and **Utilities** industry).

We made certain operational and structural changes to integrate our businesses and simplify our organizational structure. We now manage and report financial information through our four strategic business units: **Insurance, Healthcare, Analytics** and **Emerging Business.** These business units will develop client-specific solutions, build capabilities, maintain a unified go-to-market approach and be integrally responsible for service delivery, customer satisfaction, growth, and profitability.

EXL's Revenue Segments



## Industry Associations

We place great importance on building sustainable partnerships within our industry to foster mutually beneficial exchange of knowledge and expertise and to share insights and experiences. Our guiding philosophy of “Lead the Change, Change to Lead” is predicated upon being able to positively influence and be positively influenced by our peers and, to achieve this, EXL has become a member of several industry associations, including:

- **NASSCOM** – A not-for-profit industry association, NAASCOM is the apex body for the U.S. \$180 billion Indian IT BPM industry
- **IBPAP** – IBPAP is the enabling association for the information technology and business process management industry in the Philippines
- **BPESA** – BPESA is a not-for-profit company that serves as the industry body and trade association for global business services in South Africa serving the international and domestic markets
- **Fortune CEO Initiative** – The Fortune CEO Initiative is a forum for corporate leaders who are committed to addressing major social problems as part of their core business strategies

## Digital Innovation for a Better Future

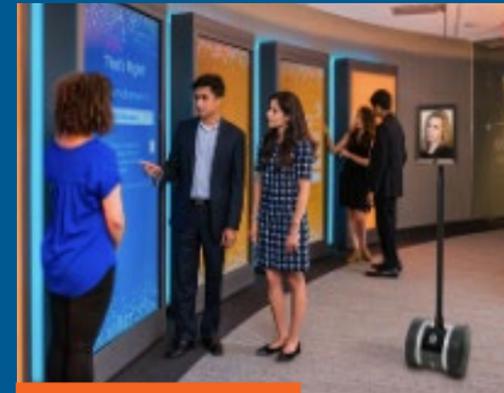
The expectations of our clients are changing rapidly in a changing global environment. They are looking for end-to-end ownership of business processes to improve business agility and enhance customer experience. Digitization is being deployed globally as an enabler of value creation, bringing operational efficiency, enhancing customer experience, and managing big data. This global shift requires EXL to respond to the evolving expectations of customers who themselves are operating at the cutting-edge of their respective sectors. Companies that successfully execute digital transformation are placed in the top quartile of their industries, while others risk losing relevance. In this environment, a company's digital strategy needs to remain at the foundation of its overall corporate strategy. Many organizations have yet to leverage the full potential of digitization. EXL collaborates with clients to blueprint, implement, manage, and execute successful digital transformation programs that deliver tangible business outcomes and better customer experiences.

Today, we are a trusted Strategic Digital Transformation partner for our clients. We employ our industry domain expertise and technology to help our clients generate value by enabling them to apply digital technologies and analytics to transform their business models, better understand and use their data assets, and efficiently run their operations. Digital Intelligence is the foundation of everything we do, and the inspiration for our ideas and research. We bring Digital Intelligence to life through an approach that brings together humans and technology to drive tangible business outcomes. EXL also uses Digital Intelligence to build data modeling and attestation frameworks that enhance our clients' process efficiency.

EXL has built a network of partners through **EXL's Connected Intelligence Partner Program** which enables us to use the latest technology and tools in our solutions. We have strategic partnerships with academic institutions and world-class training academies for our professionals. A significant initiative by EXL to accelerate innovation in the domain of digital technology is the **iEXLerator Investment Program**, which is a fund that facilitates the incubation and launch of new innovative solutions to serve companies in our domains, and lead the next wave of digital transformation.

Disruptive innovations emerge out of discovery, co-creation, imagination and building real-world Digital Intelligence solutions. To facilitate this conducive environment, we have devised future-ready, highly collaborative Digital Innovation Labs, including our **Digital Experience Center, Advanced Automation and Robotics Lab, Advanced Analytics Lab, and Customer Engagement Lab.**

### EXL's Digital Innovation Labs



The **EXL Digital Experience Center in Jersey City, NJ** is designed to bring together clients and partners to experiment with advanced digital technologies and techniques to accelerate transformation.



Our **Advanced Automation & Robotics Lab in Noida, India** allows clients to see how these technologies can transform processes and deliver real results using the power of advanced automation and robotics process.



Our **Advanced Analytics Lab in Gurugram, India** makes digital transformation more tangible as clients come together for ideation, co-creation and innovation through the orchestration of domain and data.



EXL reimagines end-to-end customer journeys in our **Customer Engagement Lab in the Philippines**. We consult with our clients to build innovative solutions that combine analytics, cognition and digital communication channels.

## Recognition for Our Efforts

During 2019, EXL was the recipient of several major industry awards that recognized our contributions towards fostering technology and innovation, creating a safer workplace, and promoting diversity, among others:



Leader and Star Performer Status in Everest Group PEAK Matrix™ Assessment 2019 for Life and Pensions Insurance BPO Services



Three Leader Placements in ISG Provider Lens™ Quadrant Report for Insurance BPO Digital Services 2019



Leader Status in Everest Group PEAK Matrix™ Assessment 2019 for P&C Insurance BPO for Fifth Straight Year



Leader Status in Everest Group PEAK Matrix™ Assessment 2019 for Clinical and Care Management BPS Services and Healthcare Analytics Services



Recognized as a Leader in the IDC MarketScape: Worldwide Analytics for Business Operations Services 2019 Vendor Assessment



EHS Excellence Award – 2019, 3 star rating by CII – South Region, India



NASSCOM Annual Technology Conference Award for AI and Machine Learning with Digital Clinical Assistant (DigiCA)



Safety Excellence Award for Women Safety, 2019 and Industry Level Safety Award, 2019 by International Institute for Safety and Security Management, Global Conclave



Healthy Workplace Award 2019 – Silver level recognition award by Arogya



# Our Sustainability Strategy



At EXL we approach every new initiative in a systematic and thoughtful manner. Our focus on sustainability is no different. We felt the need to develop a strategy that would help enhance our actions in this domain. This strategy provides us with a framework that will enable us to “Lead the Change, Change to Lead”.

**Rohit Kapoor,**  
Vice Chairman and CEO

Our guiding philosophy of “Lead the Change, Change to Lead” includes a focus on finding a better way. This business strategy makes us a partner of choice for our clients in their growth stories, and simultaneously helps us to create value for our stakeholders, mitigate potential risks, and manage our environmental footprint. The key to our approach on sustainability is therefore the development of a robust and flexible strategy to manage our environmental impacts that blends seamlessly with our business objectives.

Our sustainability strategy was developed using a systematic approach beginning with stakeholder consultation designed to capture and distill critical feedback from external and internal stakeholders. The feedback from our stakeholders informed the selection of material topics in sustainability that are critical for EXL through a formal materiality assessment. Once the material topics were identified, they were grouped into five key focus areas that we plan to address progressively over the coming years. We have also mapped our material topics and key focus areas to the UN Sustainable Development Goals (SDGs) to ensure positive contribution to the global sustainability agenda.

## Stakeholder Engagement

Our stakeholders influence our business in a variety of ways and are, in turn, impacted either directly or indirectly by our operations and our economic, environmental, social and governance activities. Accordingly, we periodically engage with our stakeholders to understand their priorities, challenges, and needs, which form a key part of our strategy and decision-making. Stakeholder engagement is also critical to achieving our goal of “Leading the Change” by positively influencing our stakeholders, and “Changing to Lead” by being positively influenced by them. Based on a prioritization exercise undertaken in consultation with our management, we have identified six key stakeholder groups: **employees, customers, stockholders and investors, suppliers, communities, government and regulatory bodies.**

### Our Stakeholder Engagement Process

EXL follows a formal four-step stakeholder engagement process:

- **Planning:** Defining the scope and objective of the engagement as well as the means by which to engage with our stakeholders
- **Stakeholder Identification:** Identification of specific internal and external stakeholders from all stakeholder groups by seeking inputs from functional heads that engage with specific stakeholder groups
- **Direct Engagement:** Direct engagement with specific stakeholders
- **Documentation and Reporting:** Review, document and report on the feedback received from our stakeholders

#### Documentation And Reporting

- Ensuring documentation of process
- Exercising transparency in collation of responses
- Reporting on feedback received from our stakeholders

#### Direct Engagement

- Building capacity of internal stakeholders on stakeholder engagement process
- Ensuring stakeholder engagement process is material to environmental, economic and social issues



#### Planning

- Defining the scope and objective of engagement
- Allocating time and resources
- Arranging means of engagement such as surveys and questionnaires

#### Stakeholder Identification

- Identifying internal and external stakeholders
- Involving key functional heads of the organization

### Modes of Stakeholder Engagement Across Stakeholder Groups

Stakeholder	Why are they important?	Mode of engagement	Key concerns
<b>Employees</b>	High productivity, professional development and personal well-being are important drivers of our business performance	<ul style="list-style-type: none"> <li>• Engagement surveys</li> <li>• Town hall meetings</li> <li>• Newsletters/ internal communications</li> <li>• Chat sessions</li> <li>• Daily huddles</li> <li>• Email feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Career growth</li> <li>• Suitable learning and development opportunities</li> <li>• Performance appraisal and fair remuneration</li> <li>• Effective and efficient grievance redressal mechanism</li> </ul>
<b>Customers</b>	Customer retention, loyalty and satisfaction are critical to sustained business expansion and success	<ul style="list-style-type: none"> <li>• Sales and business development team’s meeting with customers worldwide</li> <li>• Net Promoter’s Score (NPS) survey</li> <li>• Operations team’s interaction</li> <li>• Quarterly business review meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Timely and efficient services</li> <li>• Service level agreements</li> <li>• Prompt redressal of customer complaints</li> <li>• Data privacy</li> <li>• Pricing of services</li> </ul>
<b>Stockholders and Investors</b>	Stockholders and investors are key to business growth and influence our financial strategy	<ul style="list-style-type: none"> <li>• Regularly meet with institutional investors and banks’ analysts at industry conferences</li> <li>• Face-to-face meetings and on roadshows</li> <li>• Annual General Meeting</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Improved financial performance</li> <li>• Increasing market value of investment</li> <li>• Strengthening revenue streams</li> <li>• Effective corporate governance</li> <li>• Consistent stockholder return</li> </ul>

Stakeholder	Why are they important?	Mode of engagement	Key concerns
<b>Suppliers</b>	Supplier engagement can build long-term associations, bring in opportunities for collaboration, knowledge, and infrastructural support	<ul style="list-style-type: none"> <li>The procurement team maintains close relationships and regularly meets with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Drive sustainability in the supply chain</li> <li>Fair and accountable business practices</li> <li>Impact on service quality</li> </ul>
<b>Local Communities</b>	Strengthening relations with the local communities in which we operate provides a social license to operate and drives intangible benefits to the Company	<ul style="list-style-type: none"> <li>Participatory dialogue, site visits</li> <li>Grievance mechanisms</li> <li>Diverse communication channels</li> </ul>	<ul style="list-style-type: none"> <li>Developing market-relevant skills</li> <li>Creating jobs and promoting local procurement</li> <li>Investing in community development and environmental initiatives</li> </ul>
<b>Government and Regulatory Bodies</b>	Cordial relations with government and compliance with rules and regulations ensure smooth business operations	<ul style="list-style-type: none"> <li>Strictly subject to the engagement mechanisms of governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with applicable regulations</li> <li>Keeping pace with sudden alterations</li> <li>Management of social and environmental impact</li> </ul>

## Materiality Assessment

To define the scope of this report and identify the building blocks of our sustainability strategy, we initiated a formal materiality assessment process involving our senior executive and leadership team. The process helped us to identify and prioritize key sustainability topics from our stakeholders' and the Company's perspective. This report discloses our performance against these identified key topics that we consider to be of critical significance in ensuring we achieve our business goals and maintain business continuity without compromising our responsibility towards our environment and society.

### Our Materiality Assessment Process

As a part of the materiality assessment process, we developed a detailed questionnaire on material topics aligned to the GRI Standards. The questionnaire was shared with internal stakeholders, including functional heads and our leadership team to obtain their inputs on what topics are material to our business as well as key stakeholder groups. The respondents rated each topic on a pre-graded scale. After consolidating responses, we ranked the importance of topics from medium to high. The material topics were also validated against feedback received through our stakeholder engagement process to ensure that no major topics were omitted. The findings of the materiality assessment were categorized into five key focus areas, or pillars, to form the foundation of our sustainability strategy.

We have provided disclosures on all material topics, and wherever quantitative data were not available, we provided qualitative disclosures in line with the GRI Standards' reporting requirements.



## The Pillars of Our Sustainability Strategy

As a result of our materiality assessment process, we identified 19 material topics that are categorized into 5 focus areas. The focus areas are Business Integrity, Our People, Environmental Stewardship, Operational Excellence, and Community Engagement. They also serve as pillars of our sustainability strategy.

**Key Focus Areas of Our Sustainability Strategy**



## Impact Boundary for EXL

As per the GRI Standards' guidance, we have also identified and disclose in the table below the impact boundary, whether within and/or outside of EXL, for each material topic. The table also maps focus areas and material topics to the UN SDGs.

**Impact Boundary of Our Material Sustainability Topics and Linkage to the SDGs**

Focus Area	Material Sustainability Topic	Boundary of Impact	SDG Linkage
Business Integrity	Governance - Corporate Governance - Regulatory Compliance	Within and Outside EXL	
	Ethics and Integrity		
	Supply Chain Sustainability		

Our People	Employee Well-being	Within EXL	
	Talent Management		
	Training and Development		
	Health and Safety		
	Diversity and Equal Opportunity		
Environmental Stewardship	Energy	Within and Outside EXL	
	Water		
	Greenhouse Gas (GHG) Emissions		
	Waste and Effluents		
Operational Excellence	Economic Performance	Within and Outside EXL	
	Customer Satisfaction		
	Innovation		
	Digital Transformation		
	Cybersecurity and Data Privacy		
Community Engagement	Social Responsibility	Outside EXL	

The subsequent sections of this report delve deeper into each of the respective focus areas, highlighting the existing systems and processes, and the metrics of measuring performance in line with the GRI Standards.



# Business Integrity

At EXL, we believe that maintaining business integrity through effective and honest practices in corporate governance, ethics and business partner management is integral to our long-term success, continued growth and ability to build and maintain strong relationships with our employees, clients, communities and investors. To ensure that business integrity guides our day-to-day governance and operational decisions at all enterprise levels, we have adopted a set of Corporate Governance Guidelines and a Code of Conduct and Ethics, both of which can be found on our website at <https://ir.exlservice.com/corporate-governance>.

## Governance



A sharp focus on corporate governance is part of the foundation on which responsible businesses are built. At EXL we have adopted sound governance practices influenced not only by regulatory requirements but also best-in-class practices that allow us to operate successfully across the globe.

**Ajay Ayyappan,**  
General Counsel



We are driven by high standards of ethical conduct and ensure compliance in all our operations



We encourage the empowerment of women and ensure equal opportunities for leadership by people of all genders at all levels of decision making, which is evident in the gender mix of our Board, Committees, and managerial positions



We strive to prevent any form of discrimination against and harassment of our employees through stringent implementation of our Code of Conduct

## Corporate Governance

Effective corporate governance practices create a strong foundation on which successful enterprises are built. Corporate governance at EXL entails strong oversight of business strategies, ensuring fiscal accountability, ethical corporate behavior, and transparency. As a global organization, we pride ourselves on our unwavering commitment to integrity and ethical business practices. Our clients choose to work with us because we provide them with services that drive business value in an ethical, honest, and transparent manner, supported by a strong governance framework, which infuses our values into our business relationships and practices, and contributes to sustainable growth and business excellence. Our regular and rigorous review processes and auditing practices ensure that we maintain our corporate governance standards across our global operations.

At EXL, we have developed corporate governance guidelines to assist the Board and its directors in the execution of their responsibilities. The guidelines specify the requirements for corporate governance-related issues, ranging from membership of the Board, conduct, and management succession, as well as methods for resolving conflicts of interest.

These guidelines can be found on the Corporate Governance section of our website (<https://ir.exlservice.com/corporate-governance>), which also features detailed information on our Board members.

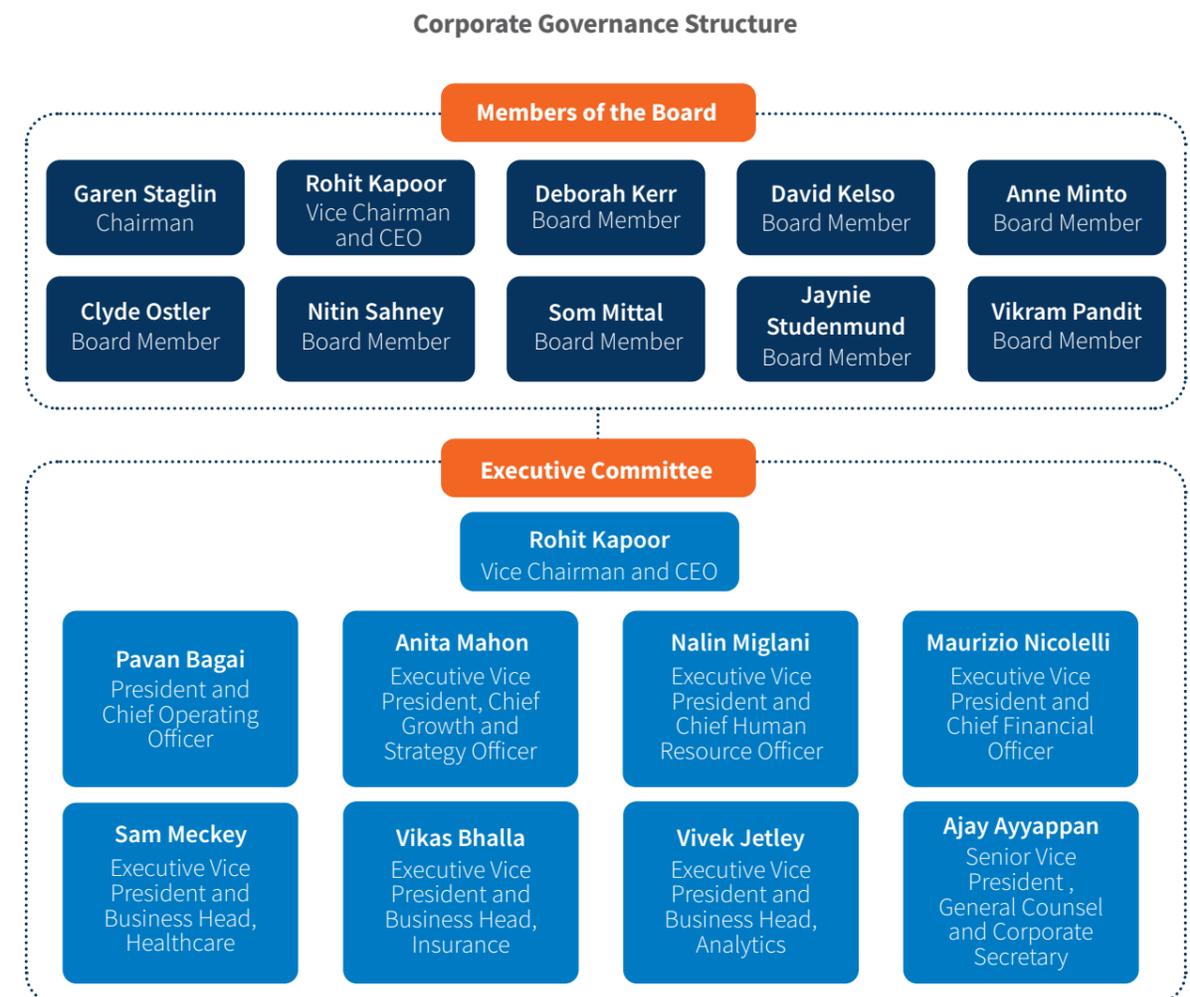
### Our Board

Our Board of Directors plays a pivotal role in ensuring good governance with clearly defined roles, responsibilities, and accountability of our Board members. Our Board of Directors oversees our business affairs to ensure they are aligned with the Company's mission and long-term strategy, and risk appetite. Our Board also monitors and provides input on the Company's environmental, social and governance initiatives. The Board and its Committees guide the management team in achieving the Company's objectives and enhancing stakeholder value. Members of the Board are all professionals selected based on their expertise in areas relevant to the Company's business and their ability to advise on matters of strategy as well as financial, environmental, social and governance matters, including human capital management.

Our Nominating and Governance Committee provides annual reports to the Board on the Directors' self-assessment of the Board's performance, and on our CEO's performance in respect of certain established goals and objectives. In 2019, we engaged the National Association of Corporate Directors to assist in this process by providing a third-party assessment of the Board and its Committees.

## Our Governance Structure

The Executive Committee, which is comprised of senior officers holding strategic positions in the Company, supports the CEO. The Executive Committee is responsible for overall business deliverables and meets regularly to review and monitor the implementation of annual plans and budgets, discuss cross-functional matters and address business challenges. Our governance hierarchy is set forth in more detail in the figure below:



### Our Committees

Our Board of Directors currently has three standing committees - the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. The Board has determined that each member of the Audit, Nominating and Governance and Compensation Committees meets the independence and experience requirements of the Nasdaq Stock Market and the U.S. federal securities laws. Copies of our Committee Charters can be found on the Investor Relations page of our website at: <https://ir.exlservice.com/corporate-governance>.

These Board Committees have been formed to perform specific roles and their key functions are described in the figure below:

**Board Committees and their Key Functions**

Committee	Key functions
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>Oversees and assists our Board of Directors in fulfilling its oversight responsibilities with respect to:                             <ul style="list-style-type: none"> <li>Accounting and financial reporting processes</li> <li>Compliance with legal and regulatory requirements</li> <li>Independent registered public accounting firm’s qualifications and independence</li> <li>The audit of our financial statements</li> <li>The performance of our internal audit function and independent registered public accounting firm</li> <li>Cyber security program and cyber strategy-related risks</li> </ul> </li> <li>The Audit Committee has direct responsibility for the appointment, compensation, retention (including termination) and oversight of our independent registered public accounting firm, and our independent registered public accounting firm reports directly to the Audit Committee</li> <li>The Audit Committee reviews and approves specified related-party transactions as required by the rules of the Nasdaq Stock Market</li> <li>The Audit Committee annually reviews and assesses the adequacy of the Audit Committee Charter and its own performance</li> </ul>
<b>Compensation Committee</b>	<ul style="list-style-type: none"> <li>Reviews and recommends policies relating to compensation and benefits of our directors, officers and employees and is responsible for approving the compensation of our Vice Chairman and CEO and other executive officers</li> <li>Reviews, evaluates and makes recommendations to our Board of Directors with respect to our incentive compensation plans and equity-based plans and administers the issuance of awards under our equity incentive plans</li> <li>Annually reviews and assesses the adequacy of the Compensation Committee Charter and its own performance</li> </ul>

Committee	Key functions
<b>Nominating and Governance Committee</b>	<ul style="list-style-type: none"> <li>Identifies and recommends candidates for election to our Board of Directors using selection criteria approved by our Board of Directors</li> <li>Reviews and makes recommendations regarding the composition of our Board of Directors in order to ensure that the Board has an appropriate breadth of expertise and its membership consists of persons with sufficiently diverse and independent skill sets and backgrounds</li> <li>Develops and recommends to our Board of Directors Corporate Governance Guidelines for our Company</li> <li>Oversees our Board of Director and management evaluations</li> <li>Oversees our director onboarding and training program, which provides new directors with training regarding the Company’s policies and procedures and specific requirements that may be needed based on the director’s committee memberships</li> <li>Reviews our corporate social responsibility goals, policies and programs and our corporate governance policies and practices regularly</li> <li>Annually reviews and assesses the adequacy of the Nominating and Governance Committee Charter and its own performance</li> </ul>

## Risk Management

Our Board of Directors provides risk oversight. Our management assists the board in identifying strategic and operating risks that could affect the achievement of our business goals and objectives, assessing the likelihood and potential impact of these risks and proposing courses of action to mitigate and/or respond to these risks. These risks are reviewed and discussed periodically with the full Board of Directors as part of the Board’s business and operating review.

Our management is responsible for management of our day-to-day risks, and, because we are exposed to financial risks in multiple areas of our business, day-to-day risk management activities and processes are performed by multiple members of our senior and other management. Our Board primarily relies on the Audit Committee for oversight of our risk management and cyber security risk. The Audit Committee regularly reviews and discusses with management our major financial risk and cyber security exposures and the steps management has taken to monitor, control

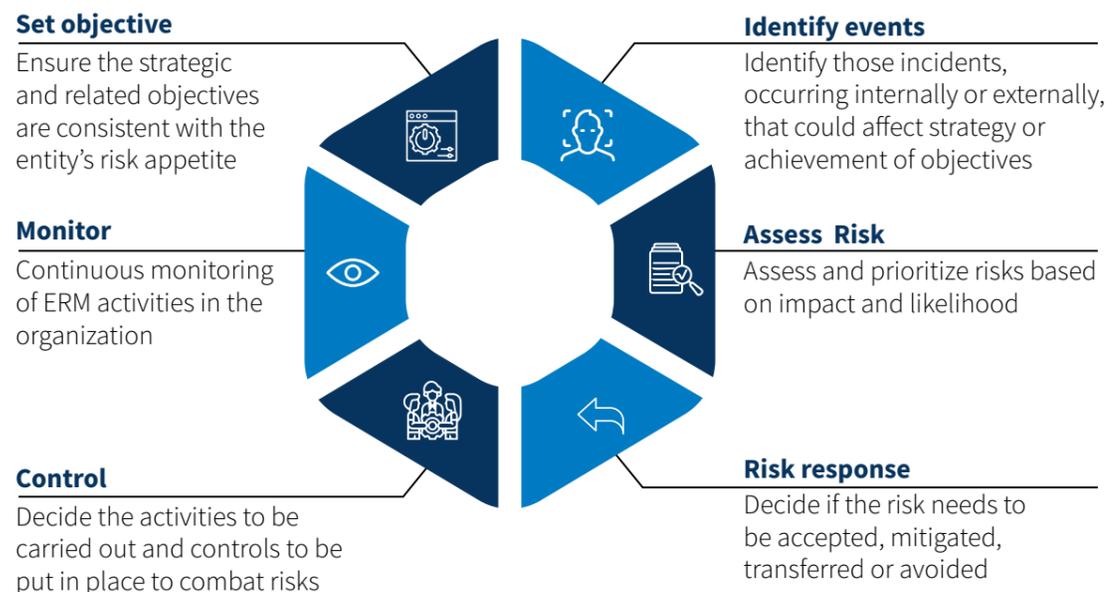
and manage such exposures, including our risk assessment and risk management guidelines and policies. In addition, our management maintains, as part of our disclosure controls and procedures, a separate disclosure committee that, as part of its review of our quarterly and annual reports, helps facilitate understanding by the Audit Committee and our full Board of Directors of new or changing risks that may affect us.

The Board receives periodic reports from management on the Company’s readiness and capability to prevent, detect and respond to a cyber-attack.

In addition, we maintain Risk Appetite Guidelines that describe certain categories of risk and qualitative and quantitative thresholds considered by the Company to be consistent with our strategic objectives. These guidelines are designed to serve as a reference for our leadership and board in assessing and implementing strategy, and to be actionable by management such that they are meaningful from an operational perspective.

Our risk management framework is well-equipped to protect both the short-term and long-term objectives of our stockholders and has been described in detail in the figure below:

**Our Enterprise Risk Management (ERM) Framework**



We have identified many important risk factors, which are applicable both nationally and internationally, that could have a significant impact on EXL. In the table below, we describe in detail the major business risks for EXL and their potential impacts on our business:

**Our Business Risks and Potential Impacts**

Principal risks	Impact on our business
<b>Economic and Political Conditions</b>	Political conditions across the globe can adversely influence the business of our clients and the markets they serve. The volatility and disruptions experienced by the capital and credit markets in recent years could lead to uncertainty in many of our client industries, such as banking, financial services, and insurance (BFSI).
<b>Data Privacy Regulations</b>	The global nature of our operations may require that personal data originating from a region with stringent data privacy laws be processed in another part of the world with an emerging privacy regulatory regime. It is, therefore, imperative that no matter where data processing takes place, we take adequate measures for compliance with applicable data protection laws. We ensure compliance with various national and international regulations on data privacy including the European General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA).
<b>Intellectual Property</b>	We recognize the growing importance of intellectual property in our daily business. Using our intellectual property effectively allows us to maintain our competitive advantage.
<b>Information Security and Cyber Breaches</b>	Information and cyber security breaches could result in systemic failures, loss, and the disclosure of confidential information. By implementing and maintaining a cyber security program and capabilities to identify, respond to, and protect and recover from cyber threats, we reduce vulnerabilities and minimize the impact of potential cyber incidents. EXL has adopted a robust set of policies, processes, tools, technologies, and trainings to address the evolving cyber threat landscape.
<b>Conflicting Legal and Regulatory Requirements</b>	Considering our global client base, we are subject to numerous, and sometimes conflicting, legal rules on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, internal and disclosure control obligations, and labor relations. We closely monitor the regulatory landscape in all countries of operation and try to keep ourselves prepared for any future changes.

Principal risks	Impact on our business
<b>Rapid Technological Change</b>	Our industry is driven significantly by technology and our business success is dependent on it. It is vital that we maintain pace with rapid technological changes and invest in new technology to avoid our services becoming uncompetitive or obsolete.
<b>Service Delivery Risks</b>	Service delivery risks relate to complex programs providing end-to-end business solutions for our clients. As we expand our service offerings and industry coverage, we may take on larger and more complex projects for our clients. Our ability to provide effective service delivery depends on a number of factors including the development of industry knowledge and strong skillsets in technology and analytics in our employees and management to enable us to establish strong client relationships. Our failure to deliver services could result in contract termination or project delay which will negatively impact on our profitability and cash flows.

### Business Opportunities

As digital technologies intersect, a whole new world of opportunities opens for businesses that can be used to gain a much-needed competitive advantage. Technologies like artificial intelligence, machine learning and big-data analytics, used in innovative combinations, are sparking a bold new way in which organizations interact, communicate, collaborate, and conduct business. The confluence of these technologies, along with regulatory changes and social media are further causing a major shift in the way businesses operate. With customer needs and market dynamics undergoing rapid change, organizations need to generate actionable insight from raw data with minimal delay. We recognize these emerging business opportunities and have tailored our services to meet these needs.

## Ethics and Compliance



At EXL, ethics is deeply rooted in our business philosophy. Our Code of Conduct and Ethics guides us to incorporate our core values – integrity and respect – in everything we do. Our strong ethical foundation is key to our long-lasting relationships with our clients, investors and employees.”

**Sonila Pokharia,**  
Chief Compliance & Ethics Officer

Our Code of Conduct and Ethics (the “Code”) documents our organizational commitment to conducting our business with the utmost integrity, honesty and accountability. The Code delineates expectations with respect to the conduct of our employees toward our internal and external stakeholders, and outlines the basic principles and policies that all employees, officers and directors are expected to comply with when dealing with fellow employees, clients, suppliers, competitors, and the public at large. We apply the Code to our operations worldwide.

### Key Areas Covered in our Code of Conduct and Ethics

Key Areas	Aspects Covered
<b>The Workplace</b>	<ul style="list-style-type: none"> <li>• Equal opportunity</li> <li>• Anti- harassment</li> <li>• Human rights</li> <li>• Pay practices</li> <li>• Immigration</li> <li>• Privacy</li> <li>• Safety</li> <li>• Drugs and alcohol</li> </ul>
<b>Confidentiality and Information/Data Security</b>	<ul style="list-style-type: none"> <li>• Confidential information</li> <li>• Protection and use of company assets</li> <li>• Client and company data</li> <li>• Electronic communications</li> <li>• Social media</li> </ul>
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>• Selecting business partners</li> </ul>
<b>Conflicts of Interest</b>	<ul style="list-style-type: none"> <li>• Conflicts of interest</li> <li>• Corporate opportunities</li> <li>• Related person transactions</li> </ul>

Key Areas	Aspects Covered
<b>Governance</b>	<ul style="list-style-type: none"> <li>• New legal developments and international trade</li> <li>• Compliance with environmental laws</li> <li>• Accounting and estimations</li> <li>• Audits and inspections</li> <li>• Record keeping and record retention</li> <li>• Zero tolerance for bribery and kickbacks</li> <li>• Public disclosures</li> <li>• Insider trading</li> <li>• Political activity and contributions</li> </ul>
<b>Gifts and Entertainment</b>	<ul style="list-style-type: none"> <li>• Giving and receiving of gifts, bribes, political payments, and undue influence</li> </ul>
<b>Clients, Sales, and Marketing</b>	<ul style="list-style-type: none"> <li>• Contract compliance</li> <li>• Understanding Clients' regulatory obligations</li> <li>• Antitrust and fair competition</li> <li>• Dealing with existing or prospective clients</li> <li>• Government contracts</li> </ul>

EXL has created a protocol for reporting ethical violations to ensure our operating practices conform to the Code. This protocol outlines key areas of organizational misconduct and contains informal and formal procedures for reporting any ethical violations through whistleblowing procedures. Our Chief Compliance and Ethics Officer's office handles concerns regarding any kind of ethical misconduct in the organization, while the Audit Committee reviews violations relating to accounting or auditing matters. We encourage our employees to voice their concerns regarding improper or illegal behaviors exhibited by anyone inside the Company or connected with it. We also have an Ethics Hotline for our employees to report anonymously any ethical violations observed within the organization.

Through these mechanisms, we encourage our employees to report any instances of:

- Criminal conduct
- Fraud, misappropriation, or other questionable accounting practices
- Failure to comply with legal or regulatory obligations
- Failure to comply with our internal compliance policies or internal controls
- Actions that endanger health or safety, or might cause environmental damage
- Violations of our Code of Conduct and Ethics
- Actions designed to conceal any of the foregoing

Detailed information on ethics at EXL is available at <https://ir.exlservice.com/corporate-governance>.

## Responsible Supply Chain

At EXL, we engage with over 4,800 suppliers of goods and services. They consist of vendors who supply us with IT and non-IT related products, support staff and consultants. It is a business imperative for us to engage with each of them and drive the sustainability agenda throughout our supply chain. For this reason, we not only have policies and controls to ensure our suppliers meet our standards, but we also seek out new suppliers that meet our sustainability and diversity standards, all with the aim to create a sustainable ecosystem for the industry. A central corporate purchasing team defines and consolidates common procurement practices and procedures, as well as the standards and good practices required of suppliers.

We carry out preliminary background verification on all our new suppliers prior to awarding a contract. The verification is done through a screening questionnaire that collects information on supplier policies and performance with respect to economic, environmental, human rights, data privacy, product safety, and working conditions. There have been no major changes in our supply chain in 2019.

At EXL, we seek to conduct our business in a thriving local environment. We select suitable suppliers from the local communities and help them in developing their skills to help improve their commercial, financial, and human resource capabilities. As part of this local integration, we procure our materials from local suppliers to the extent feasible.

## Supplier Diversity

We are committed to building a strong network of diverse suppliers. To this end, we have a supplier diversity program that ensures suppliers from diverse backgrounds have an equal opportunity to participate in our procurement sourcing process. At EXL, we encourage engagement with vendors that are owned by people belonging to minority groups, the gay, lesbian, bisexual and transgender community, and women, veterans, specially-abled people, and small business enterprises.



# Our People



At EXL, we learn at a rate faster than the market. How do we do that? We encourage self-learning and active conversations. This creates a culture in which every individual has the motivation to spot trends, embrace technology and understand that no progress is possible without collaboration. We learn by doing new and interesting work. The diversity of our workforce amplifies this culture. Our capability development effort is backed by research and is directed in a segmented way to the right audiences. Above all, we love the business we are in and our leaders exhibit this passion every day.

**Nalin Kumar Miglani,**  
Chief Human Resource Officer



We have adopted several health and safety initiatives for our employees, contractors, clients, visitors, and the communities in which we operate



We strengthen and broaden the skill sets of our employees through our training and education programs



We continue to maintain healthy gender diversity in the Company



Our skill development initiatives help our people perform better

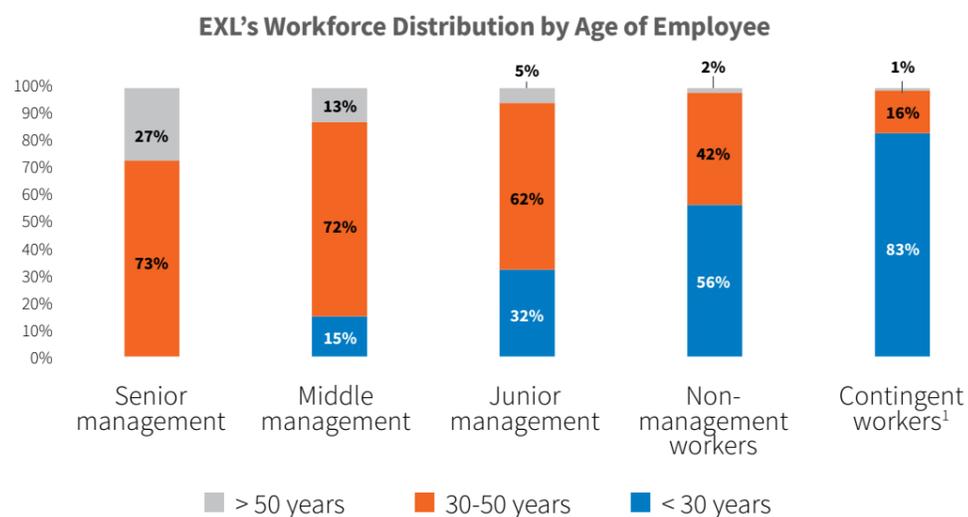


We are committed to being an equal opportunity employer and do not discriminate on the basis of race, nationality, religion, sexual orientation or disability

Talent is a primary value creator and therefore belongs at the top of an organization’s strategic agenda. At EXL, we view employee development and growth as the key to maintaining a high-performance, sustainable organization that meets its strategic goals and provides value for our employees. We combine a set of integrated organizational processes, systems and initiatives designed to attract, develop, motivate, and retain productive and engaged employees.

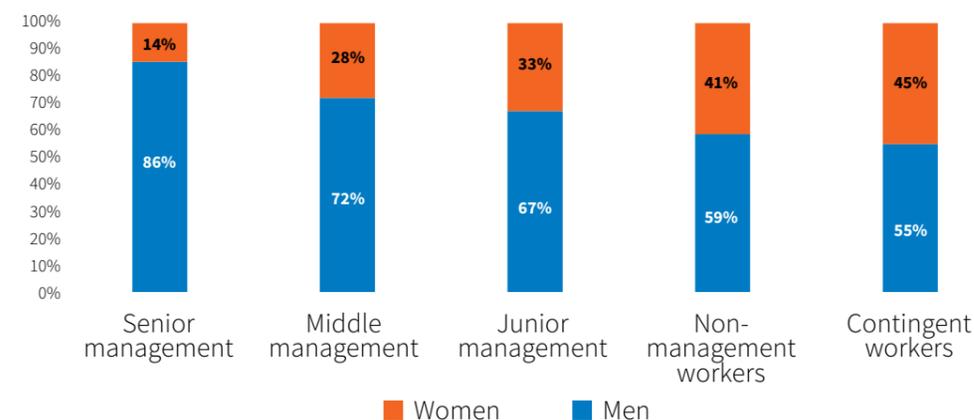
## Employee Retention

The Human Resources policies at EXL are employee-friendly and strive to ensure a comfortable work-life balance for our workforce. Along with competitive compensation package, we offer numerous benefits that include life insurance, health insurance for employees and their dependents, parental leave, appropriate meal and travel allowances. We also contribute to the Employees’ Pension Scheme (EPS), Employees’ Provident Fund Scheme (EPFS) and Employees’ Deposit Linked Insurance Scheme (EDLIS) as applicable according to local laws. EXL is an equal opportunity employer and does not discriminate against any employee or applicant because of race, age, sex, religion, caste, marital status, disability or any other category. A detailed breakdown of our workforce has been provided in the charts and table below:



<sup>1</sup> Contract workers that have limited engagement with EXL

EXL's Workforce Distribution by Gender of Employee



Workforce Details - 2019

Employee Category	<30 Years	30-50 Years	>50 Years	Men	Women	Total
<b>Total workforce as on 31st December 2019</b>						
Senior management	0	249	92	292	49	341
Middle management	491	2,361	414	2,355	911	3,266
Junior management	1,692	3,241	284	3,512	1,705	5,217
Non-management workers	12,952	9,581	395	13,493	9,489	22,928
Contingent workers	189	36	2	125	102	227

Organization attrition details are available on our Investor Relations site at <https://ir.exlservice.com/>.

## Talent Development

EXL has institutionalized a comprehensive set of practices, processes and programs to create an active learning culture. Our leadership is focused on prioritizing learning and we have set a high premium for learning agility, outside-in thinking and innovation, and diversity of talent and perspectives. As the business and technology environment shifts rapidly, we have established mechanisms to anticipate talent needs and take swift actions to build market-relevant talent. We have developed a systematic talent development process comprised of initiatives undertaken during each employee’s pre-joining and onboarding training. It also includes job-readiness training aimed at ensuring that new joiners to our Company are sufficiently equipped to deliver in their roles. In addition to these training initiatives for new joiners, we have several ongoing development initiatives spanning capability development, career management and research and thought leadership, providing real-time reviews and feedback to our employees and conducting strategic talent reviews, talent inventory assessment and succession planning exercises regularly. Further details regarding these initiatives can be found on the next page:

### Talent Development Process at EXL



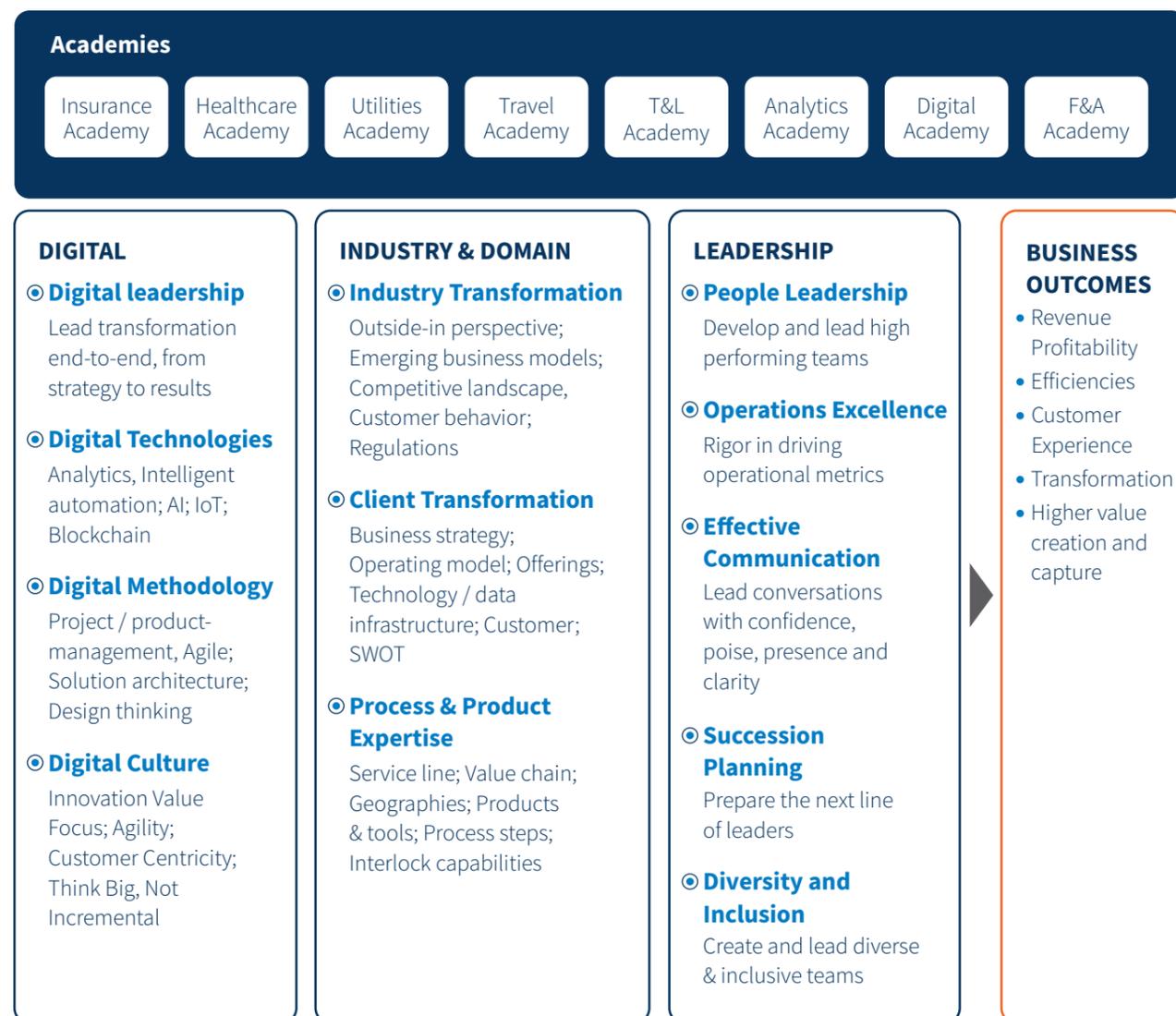
We maintain a strong focus on capability development, with an emphasis on digital transformation, domain expertise and leadership development. Our talent and learning strategies are aligned to our overall business strategy. This creates thought leaders with high industry acumen who are better able to address our clients' needs. We also provide a career-linked learning path to our employees from new hires to tenured employees to senior levels of leadership.

Our domain academies focus on building domain expertise through certifications and specializations. These include our Insurance Academy, Healthcare Academy, Utilities Academy, Travel Academy, Transportation and Logistics Academy, Analytics Academy, Digital Academy, and Finance & Accounting Academy. Our training also includes behavioral and functional components to enhance and ensure job-readiness, as well as to boost ongoing productivity and effectiveness. We focus on promoting diversity and inclusion through our training programs such as a mandatory training for all employees on unconscious bias. Given our global presence, we cater to the specific learning requirements of each geography. We provide learning through our blended-learning methodology comprised of classroom, on-the-job coaching and technology-led learning. The key objectives for capability development at EXL are:

- Create capabilities to lead transformation at the intersection of domain and digital
- Develop leaders who are proficient in both business and technology
- Build talent with end-to-end integrated capabilities
- Create specialists to design and execute transformative digital solutions
- Encourage outside-in thinking
- Lift the entire Company's motivation to self-learn

We have a well-defined capability development framework designed to achieve these objectives through our eight learning academies, which are further organized across key topics for capability development, Digital, Industry & Domain and Leadership. Our capability development framework structure is described in the figure below:

### Our Capability Development Framework



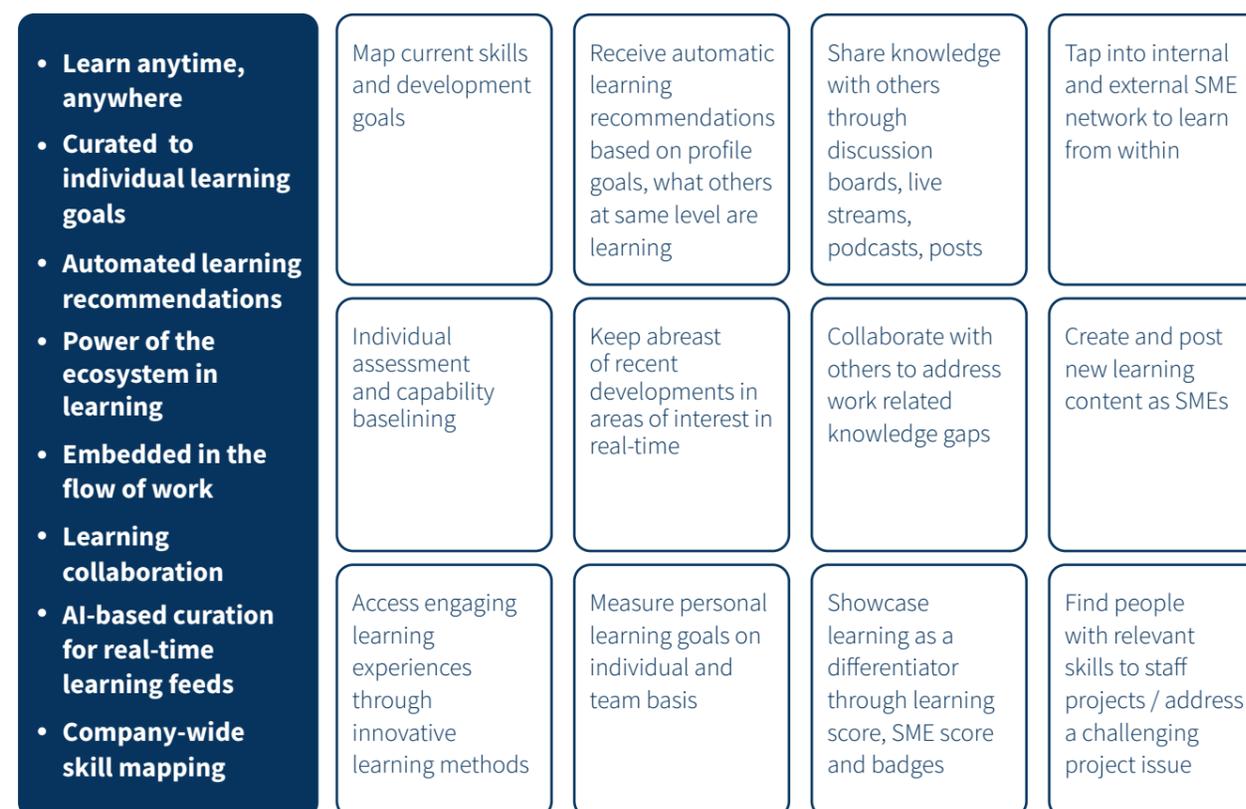
We bring the finest expertise in training through partnership programs with industry organizations, institutes, business schools and consulting firms. This helps our employees build deep expertise in areas relevant to EXL's growth. During 2019, EXL employees participated in 481,073 hours of training worldwide, with overall average training of 15.07 hours per employee.

We achieved several milestones in talent development in 2019, as follows:

Training Factsheet				
<b>100%</b> Employees trained on Digital Intelligence and Digital EXLerator	<b>250+</b> Trained practitioner in intelligent automation	<b>2,100+</b> Trained in analytics tools and technologies	<b>850+</b> Trained in digital methodologies	<b>150+</b> Vice-presidents certified in leadership training
<b>450+</b> New team leads trained	<b>100+</b> Account leaders trained	<b>180</b> Management trainees onboarded	<b>1,000+</b> Certified in domain trainings	<b>550+</b> Certified in operational excellence

Offering targeted, individualized learning opportunities is critical to achieving business outcomes today. EXL has taken significant steps towards enabling quick skilling and reskilling opportunities for its employees. Towards this goal, roll out of an intelligent learning platform has enabled democratization of learning by providing employees the resources and flexibility to engage in continuous learning from anywhere at any time.

### Our Intelligent and Responsive Learning Platform



## Diversity and Inclusion

EXL has operations across the globe. Our 31,900+ employees, as of December 31, 2019, come from diverse backgrounds and experiences. We value diversity and strive to create a culture that makes everyone feel included and valued, by adhering to the following workplace principle: **“Where everyone grows and flourishes to their full potential. Where we enjoy working with differences and know that differences make us grow.”** We nurture a culture that aims to make everyone feel included and valued. Our diversity and inclusion philosophy is to create an inclusive work environment and leverage diversity to enable us to effectively capitalize on the differing views and contributions that each employee brings to the workplace. Diversity is core to everything we do, and it is one of our key value. Our diversity and inclusion framework has three pillars:



### Capability Development

We assess our current gaps, develop awareness, and advance capabilities through in-person workshops, virtual sessions, and e-learning programs. We also conduct workshops for our senior leadership and all other employees worldwide.



### Communication

Our Company engages at all levels, generates visibility, and encourages a culture of diverse views through sustained communication and employee resource groups.



### Recruitment and Talent

We prioritize hiring a diverse workforce in both gender and nationalities. We are taking steps to build higher diversity in leadership positions.

### Diversity and Inclusion Council

Our D&I Council is a body consisting of a global, diverse mix of leaders for global diversity and inclusion initiatives. The Council provides inputs to the design of our diversity and inclusion initiatives to bring in diverse perspectives, collaborates with external partners for customization inputs, conducts periodic reviews of the progress of our diversity program and provides execution leadership for specific diversity initiatives.

EXL has several Company-wide initiatives as part of a comprehensive diversity and inclusion program:

- We have trained our entire workforce of 31,900+ employees, as of December 31, 2019, on managing unconscious bias
- Our **Springboard** program is a platform for women leaders to develop key leadership traits through real life experiential learning and to provide guidance on building individual leadership brands
- Our **Super Mom** program in India aims to provide much needed flexibility and support to new mothers through parental leave policies, flexible and reduced working hours, a reorientation program for after parental leave, extra breaks, and nursing stations, among others

**WE (Women at EXL)** is EXL's first global Employee Resource Group that supports the professional growth of women through discussion, collaboration, networking, training, development, and mentorship opportunities. WE also manages the following initiatives:

- **WE Champions** enables women to reach out to senior women employees with any queries and for guidance
- **WE Nurture** is a mentoring program for women colleagues to support each other in their career journey at EXL

The key achievements of our diversity and inclusion program for 2019 are summarized below:

#### Gender Diversity Factsheet



## Workplace Safety

We are committed to creating a safe and healthy workplace and we do this through health and safety initiatives for our employees, contractors, clients, visitors, and the communities in which we operate. Our leadership is dedicated to continuous improvement of our systems and our approach to health and safety.

We have established workplace safety objectives for our Company and individual worksites, which are integrated into our Environment, Health and Safety Management System:

- **38 of our delivery centers** worldwide are **OHSAS 18001:2007 certified**, meeting international standards for effective occupational health and safety management systems.



# Environmental Stewardship



Our environmental stewardship has the dual focus of reducing consumption of natural resources where feasible and improving the efficiency of resource use. We have adopted annual targets for reducing our energy consumption, water and paper use and single-use plastic consumption, which demonstrate our commitment to minimizing the environmental impact of our business.

**Jai Agnani,**  
Global Head of Facilities, CRE & Logistics



We have adopted several energy efficient practices at our office locations



We strive to increase water use efficiency at our office facilities and ensure that wastewater is not discharged into freshwater sources



We look to reduce our ecological footprint through effective waste management and recycling practices



We are committed to reducing our carbon footprint by reducing our energy consumption

At EXL, we endeavor to keep the environmental impact of our operations to a minimum. We strive to continuously improve in our environmental stewardship, with a focus on reducing our carbon footprint, improving energy conservation, minimizing waste, and developing green infrastructure and operations. Our approach to environmental stewardship is also informed by the precautionary principle.

Key performance indicators for energy, GHG emissions, water and waste are recorded and assessed by our Environment, Health and Safety (EHS) team on periodic basis. We engage third party experts to assess our emissions and paper and water consumption. We have committed ourselves to year-on-year targets for reducing our environmental footprint from 2017 levels, except for waste generation, which is measured from 2018. These targets are:

- Optimize electrical consumption by 2% per employee and reduce our carbon footprint
- Reduce water consumption by 2%
- Avoid use of single-use plastic commodities
- Reduce paper consumption by 2%

## Energy Consumption

Our delivery centers in India and the Philippines have an environmental management systems based on the ISO 14001:2015 standards. Five delivery centers in India are ISO 50001:2011 certified, meeting international standards for systemic approaches aimed at energy management and performance. We plan to implement these management systems across all our locations in phases.

As a service industry company, our energy consumption is primarily from office facilities. Electricity is used for lighting, cooling, powering computers and other related systems. Almost 95% percent of our energy consumption is attributable to electricity (39,919,791 kWh) and 5% to diesel (2,128,200 kWh) and natural gas (78,995 kWh).

## Improving our Energy Efficiency

Over the years, we have taken measures to reduce energy consumption at our office facilities. This involves streamlining of our energy consumption portfolio and initiatives such as adopting energy efficient lighting, automatized control of lights and electrical equipment and, improving our maintenance practices. These practices have helped us achieve a significant reduction in our energy consumption year-on-year. The objective of implementing energy management systems and having them certified under ISO 50001 is to make continuous progress. Some of the key measures we have implemented to improve energy efficiency are:

- Replacement of compact fluorescent light (CFL) to light emitting diode (LED) lighting
- Installation of efficient water faucets & flow restrictors for reduction in water consumption
- Installation of variable frequency drives (VFD) in air handling units (AHU)
- Installation of water-cooled chillers
- Installation of motion sensors in office corridors
- Initiation of automatic hibernation of computers
- Use of thin film transistor (TFT) and thin liners in display systems
- Installation of solar water heaters in our centers in Pune, India and working on feasibility study for other centers
- Installation of reverse osmosis (RO) treated water systems at one of our Noida, India centers to avoid the use of plastic containers

## Climate Change

We monitor our GHG emissions using the GHG Protocol framework. Our Scope 1 emissions<sup>2</sup> comprise stationary emissions from diesel used in diesel generator (DG) sets for power back-up, mobile emissions from diesel and petrol used in company-owned vehicles and fugitive emissions from refrigerants. Our Scope 2 emissions<sup>3</sup> consist of emissions from purchased electricity and heat for our offices. We have also started monitoring our Scope 3 emissions<sup>4</sup> in which we quantify emissions from the use of paper and water bottles within our operations.

As most of our emissions are from purchased electricity, our energy efficiency measures are designed to reduce our energy consumption and, in turn, our GHG emissions. The table below summarizes our Scope 1, Scope 2 and Scope 3 emissions for 2017, 2018 and 2019.

<sup>1</sup> Scope 1 emissions are direct emissions from owned and controlled sources.

<sup>2</sup> Scope 2 emissions are indirect emissions from the generation of purchased energy.

<sup>3</sup> Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the Company, including both upstream and downstream emissions.

GHG Emission (tCO<sub>2</sub>e)\*

GHG Emission*	2017	2018	2019
	tCO <sub>2</sub> e	tCO <sub>2</sub> e	tCO <sub>2</sub> e
Scope 1	1,000	1,656	1,567
Scope 2	33,285	28,146	30,988
Scope 3	768	788	747
<b>Total Emission</b>			<b>33,302</b>

\*Reporting boundary for GHG emission in this table is for all operations, except our operations in the United States. In future reporting years, we will continue to strengthen our data collecting mechanism and expand reporting to include all of our operations.

## Waste Management

We are committed to reducing use of resources and recycling materials across our operating facilities. As treatment and disposal of waste has to follow local guidelines and regulations, each of our locations has a separate waste management team, which is responsible for sorting, classifying, and handing over waste to government-authorized recyclers, as well as securing relevant permits for various types of waste.

Used lubricant oil from diesel generators and e-waste such as CPUs, printers, networking equipment, laptops, and cartridges, constitute a significant volume of our hazardous waste. At EXL, 100% of generated e-waste and hazardous wastes are disposed of through authorized agencies and we track and maintain a record of the same.

### Waste recycled\*

Waste Category	2018		2019	
	Quantity (nos.)	Weight (kg)	Quantity (nos.)	Weight (kg)
Hazardous waste - Batteries	136	3,000	1,931	65,210
E-waste - IT & Non-IT	2,039	10,940	12,426	41,804

\* Reporting boundary for waste in this table is only for our operations in India. In future reporting years, we will continue to strengthen our data collecting mechanism and expand reporting to include all of our operations.

## Water Management

Our water consumption is mainly from domestic water usage at our office facilities. Most of our total freshwater consumption is sourced either from municipal water supplies or through purchase from private suppliers. We do not withdraw ground water at any of our operations. None of our operations have any impact on water conservation areas that have been designated and notified to us by national or international bodies.

## Water withdrawal by source\*

Total Water Withdrawal	2017	2018	2019
	(kl)	(kl)	(kl)
Municipal Water	183,969	154,546	163,893

Most of our offices are in urban areas and are in buildings that are shared by multiple tenants. Wastewater in these offices is discharged to common sewage treatment plants or directly to the municipal sewer systems. This ensures that our wastewater is not discharged into subsurface waters, surface waters or sewers that lead directly to rivers, oceans, lakes, wetlands, and ground water.

\* Reporting boundary for water withdrawal in this table is only for our operations in India and the Philippines. In future reporting years, we will continue to strengthen our data collecting mechanism and expand reporting to include all of our operations.

## Compliance

We seek to comply with all applicable environmental regulations. In 2019, there were no instances of environmental fines imposed or other negative consequences related to the environmental impact due to our operations.

# Operational Excellence



Operational excellence is indelibly connected to business profitability but is also critical to the sustainability of our business. We are a client-centric business and seek to provide the highest quality service and deliver value to all our clients. In this pursuit, we leave no stone unturned when it comes to ensuring the robustness of our solutions. Data security of our clients is of utmost importance.

**Pavan Bagai,**  
President and Chief Operating Officer



We are committed to sharing prosperity with our stakeholders enabling an inclusive growth economy



We work on technological innovations that give us tools to build a resilient information infrastructure and ensure data privacy



We maintain high standards of responsibility and accountability while handling data and other sensitive information related to our clients

We interact with our clients on a regular basis across multiple platforms and conduct a global annual survey to assess client satisfaction. The annual survey is designed to consider several aspects of client satisfaction, including service delivery, innovation, and capability to create value. We primarily carry our client engagement activities in the United States and Europe, where most of our clients are located.

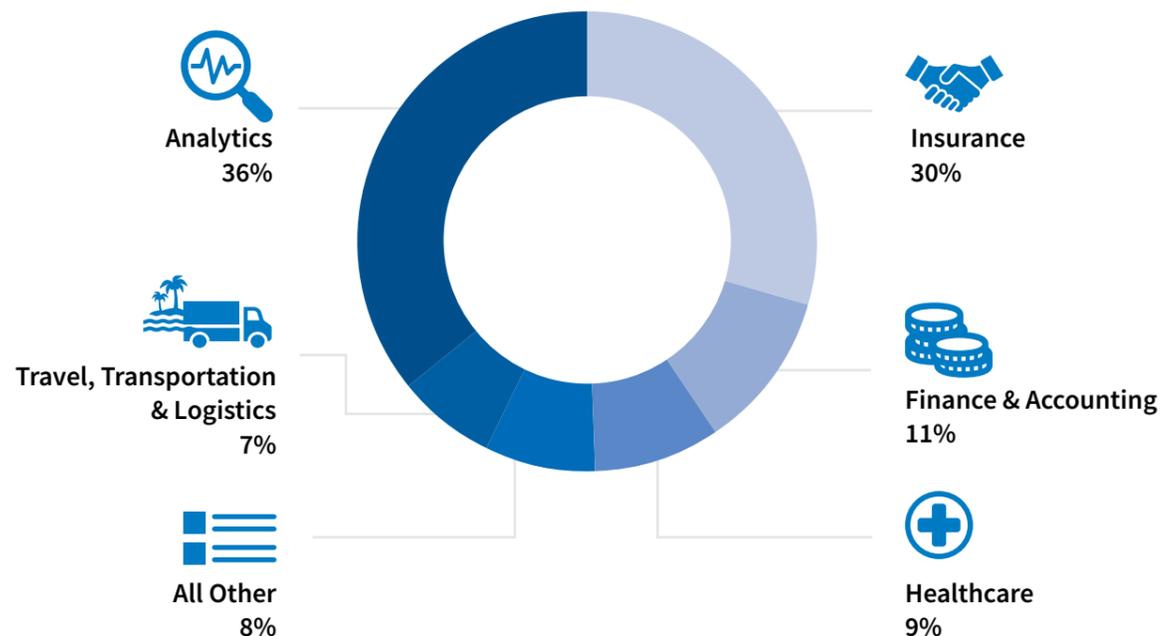
## Creating Economic Value

EXL is a fast-growing company with an annual revenue of USD 991.3 million in 2019. Our year-on-year growth from 2018 to 2019 was 12.25 percent. Much of our revenue comes from our Analytics segment, followed by our Insurance segment, at 36% and 30%, respectively, as depicted below. Our earnings per share (EPS) in 2019 was USD 1.97 at basic, as compared to USD 1.65 in 2018. We won 28 new clients in 2019, 14 in Operations Management, and 14 in Analytics. Detailed figures of economic value generated and distributed are provided in the following table:

**Economic Performance in Numbers (in thousand USD)**

Direct Economic Value Generated	2019	2018
Revenue	991,346	883,112
Other income	16,507	12,989
Economic Value Distributed	2019	2018
Operating cost	259,403	248,436
Interest charges	13,612	7,227
Taxes and royalties (given to various governments)	15,172	3,397

**Contribution to Revenue by Segment - 2019<sup>5</sup>**



<sup>5</sup>For more details, please visit [ir.exlservice.com/node/17506/html](http://ir.exlservice.com/node/17506/html)

## Information Security and Data Privacy

The Global Risk Report 2019 of the World Economic Forum included cyber-attacks and data fraud/theft among the top ten risks faced by individuals and organizations worldwide.

We recognize that the globalized nature of the internet, as well as intensive virtual interactions and extensive data storage makes this a significant risk to corporate organizations, especially our clients. "Big data" can create big impacts, and brings with it big responsibilities. Any leaks or misuse or unauthorized access of information could expose us to legal and reputational risks.

We firmly believe that protecting the data of our clients, our Company and our people is one of the most important responsibilities we have. We exercise appropriate caution whenever we access the confidential data of clients and our people, safeguarding technology and information through threat identification, risk mitigation and other information security protocols. Overseen by management and our Board of Directors, we maintain a comprehensive program that focuses on information security, cyber security, data privacy and the protection of our clients' and their customers' confidential and sensitive information. We have invested in our information security and cyber security protocols to support compliance with our contractual obligations with clients, as well as the laws and regulations governing our activities in order to protect information throughout its life cycle.

EXL takes into account guidance for cyber security practices from relevant regulatory and governance bodies, including but not limited to the Cyber Security Framework of the National Institute of Standards and Technology of the U.S. Department of Commerce. These guiding principles are followed in designing controls and policies regarding security for sensitive and confidential information of EXL's clients, employees, partners, third parties and EXL's owned products and services.

### Information Security Policy

EXL is committed to protecting the confidentiality, integrity, availability and privacy of the information assets of its clients, its employees, its vendors and any other third parties, provided to EXL and for which EXL is responsible, by implementing Information Security, Cyber Security and Privacy controls, safeguards and enabling measures designed to support information security, cyber security, data privacy and business continuity in accordance with applicable laws and regulations and information security standards.

EXL is focused on implementing and maintaining tools and capabilities to identify, protect, detect, respond and recover from cyber threats, incidents and attacks; reduce vulnerabilities; and minimize the impact from cyber incidents. EXL has an established culture of compliance and a governance program built upon and supported by policies and processes, tools and technologies, and periodic knowledge and awareness training.

Over the years, EXL has developed robust information security and data privacy procedures designed to secure our clients' data while maintaining ease of access to authorized users, these have been described in detail below:

#### Information security and data privacy procedures

Physical Security	
<b>Facility access and control</b>	EXL defines secure areas such as server rooms, network management centers, hub rooms, operation/production floors, generator facilities, back-up facilities and communication rooms. Client service delivery centers are subject to these physical security measures.
<b>Security for non-electronic information</b>	EXL personnel are expected to protect sensitive and confidential information in non-electronic forms (e.g., paper, microfilm, and microfiche). Measures for information deemed significantly sensitive or vulnerable to misappropriation (including personally identifiable information) include information storage in locked file cabinets or similar locations or in file cabinets or other storage areas that clearly state that they contain confidential information and that are located in offices that are kept secure both during and after business hours.

### Physical Security

<b>Workstation and device security</b>	Devices, modems, electronic cards (motherboard/modem cards/ PCMCIA), camera cell phones/cameras/PDAs with camera and any recording devices (data and voice) are not allowed inside on production floors (except as expressly authorized by an EXL supervisor and the applicable client). Mobile phones may not be used on operation/production floors, except in designated areas. Unless explicit authorization is granted for an exception, persons seeking access to production facilities must leave any such devices with the security guards at the entrance.
<b>Removal/disposal of data</b>	Destruction of materials that contain confidential information must be completed by shredding (if hard copy), or in a secure manner (if stored in an electronic format). All electronic media (computers, hard disks, and back-up tapes) must be destroyed at end-of-life using techniques, such as degaussing.

### Technical Safeguards

<b>Access controls</b>	EXL personnel responsible for designing, implementing or managing systems are required to protect confidential information by using measures like password protection, authorization protocols, electronic measures (such as file protection or encryption) and common-sense procedures to minimize the possibility of theft or unauthorized access, change or interruption.
<b>Security of network and information technology infrastructure</b>	Sensitive and confidential information may not be transmitted between EXL personnel, between EXL service delivery centers, between EXL and its clients, or between EXL and third parties, without binding non-disclosure agreements and associated liabilities.
<b>Integrity controls/ business continuity/back-up</b>	EXL has an established business continuity management system based on international standards and industry best practices. This system was established in order to minimize the risk of identified disruptions to an agreed level through a combination of resilience and redundancy in all relevant resources. Business Continuity Planning (BCP) frameworks cover technology (network and systems), facilities (service delivery centers, power, and transportation) and human resources (employee health and safety).

### Administrative Safeguards

<b>Audit controls and monitoring</b>	Authorized EXL representatives may monitor any Company system's usage from time to time. This may include, but is not limited to, inspecting log reports of system access, accessing stored voicemail messages, retrieving e-mail messages, portable electronic devices and inspecting any other EXL system or file for evidence of unauthorized access to or use of sensitive and confidential information.
<b>Security management process</b>	EXL undertakes efforts to identify and analyze potential risks to electronic sensitive and confidential information, and to implement security measures that reduce risks and vulnerabilities. Such efforts include utilization of network monitoring and intrusion detection systems, as well as periodic risk assessments conducted by EXL or independent third parties to identify the effectiveness of existing security measures and to take into account new or changing risks to EXL confidential information and Company systems.
<b>Information access management</b>	EXL personnel should access confidential information only when such access is required based on the user or recipient's role. Such role-based access is designed to limit access to items of sensitive and confidential information only to those EXL personnel who have a legitimate business need, consistent with their job function, to access such items of sensitive and confidential information.
<b>Employee awareness and training</b>	Awareness training includes, among other things, guidelines on information handling, physical and logical access controls, clear desk management, password management, email and internet usage, use of portable devices, including laptops and cell phones, security practices for travel and training regarding security incident management.
<b>Workforce management</b>	EXL personnel are required to report any suspicious or unauthorized activities involving access to or use of information or systems of EXL or its clients. Reports are made to EXL's Information Security Group or otherwise in accordance with our Information Security and Incident Management Process.





# Community Engagement



EXL is a global company with operations across five continents, so it is critical for us to be mindful of the needs of the local communities in which we operate. For this purpose, we have a well-defined corporate social responsibility strategy with clear oversight intended to respond to the needs of local stakeholders and ensure that there are no disruptions to our social license to operate.



**Manishi Saxena Bansal,**  
Global Leader Business HR



A large proportion of our corporate social responsibility (CSR) program beneficiaries belong to vulnerable and marginalized communities and we help lift them out of poverty



We partner with non-profits and our clients to support CSR initiatives in education and skills, global health and disaster relief



We strive to ensure access to quality education for all and our initiatives have impacted the lives of students across primary and secondary schools



Our skill development initiatives have helped our CSR beneficiaries secure jobs



We have assisted members of low-income groups in entering the formal job market, thereby increasing their incomes

We seek to find meaningful ways to help the communities in which we operate.

Based on feedback received from local communities and guidance from the Board of Directors and the leadership team, we have developed our CSR strategy to develop market-relevant skills in communities around us.

## Corporate Social Responsibility Strategy

With our understanding of this new technology- and data-driven world, and the skills that can make one successful in this world, our corporate social responsibility is driven by the mission of developing market-relevant skills in communities around us.

We focus our CSR efforts on:

- Development of market-relevant skills
- Education as a foundation for market-relevant skills

Our CSR activities are also aligned with our business strategy and the SDGs.

We started investing in our communities more than a decade ago and our mission is realized by a diverse group of people at EXL. Our people bring their experience of working on advanced digital technologies to make a significant impact on the lives of people in the communities in which we operate and live.

## Development of Market-Relevant Skills

This initiative, which we launched as “Skills to Win”, seeks to bridge the gap between the skills that the market demands and the skills that people in our communities have. “Skills to Win” is opening new doors for employment and earnings to communities in the **United States, the Philippines, India, and South Africa**

Over the past five years, we have continuously evolved the “Skills to Win” initiative to keep pace with the market. Starting with foundational employability skills required for a back-office role, we have added finance and accounting, data and analytics, and digital skills courses to “Skills to Win.” An essential part of our skill development program is life skills with a sharp focus on developing collaboration, creativity, critical thinking, and communication skills. This program also offers placement assistance to successfully trained participants. In 2019, our skill development initiative helped 2,400+ people acquire market-relevant skills.

### Case study: Building ‘Future Skills’ in New York City

To seed the idea of data and analytics as a career in young people, we partnered with buildOn to create a Technology Track Program for 12th grade students attending New York City schools. The program aims to expand the students’ awareness about the technology industry and the rapidly growing role of data and analytics across workplaces and industries through a co-developed curriculum.

The Tech Career Readiness Partnership Program provides a better understanding of career opportunities in the field of data and analytics and how to reach career goals. The first batch involved ten people from our data and analytics business unit coaching 15 students over the course of six three-hour sessions. The participants will formally share with a minimum of 200 additional high school students what they learned through the program, their career explorations, and new knowledge about the industry.



## Education as a Foundation for Market-Relevant Skills

For the last ten years, through this initiative, we have provided school-aged students with a foundation in skills that will enable them to position themselves as future leaders. We are building the next generation of creators and innovators by introducing and laying a strong foundation of data and analytics skills for students in **India, the Philippines** and **the United States**. Like our skill development initiatives, our education initiatives also include collaboration, creativity, critical thinking, and communication skills as integral components of their curricula. This education initiative has impacted 2,700+ students globally in 2019, building data and analytical skills and life-skills.

### Case Study: Impact Created by Our Philippines Team

The volunteers from our Philippines team work with secondary schools and colleges to prepare students for the job market. We also support the education of select students at City University of Pasay through scholarship grants. Our people in our Philippines offices participated in helping these students get job-ready by providing career guidance and training on market relevant skills. The pictures to the right provide glimpses of these initiatives.



Career Guidance  
Counselling  
**680 Students**



Communications Skills  
Enhancement  
**1,000 Students**



Design Thinking  
Learning Session  
**12 Teachers**

## Employee Participation

At EXL, our professionals work on smart technologies and help our clients solve their complex problems. They are equally passionate about CSR and are willing to apply their intellect and expertise to create meaningful impact. For this reason, our employees are an integral part of our CSR strategy. Employees contribute time and share their earnings through payroll giving. EXL encourages payroll giving through a matching contribution.

We instituted **Social Impact Awards** in 2018 to create a culture of giving and community impact, and celebrate the contribution of our people in our CSR initiatives. **The Award recognizes EXL's Social Impact Champions for their contributions and inspires others to join the mission.**



## Partners who think like us

We work with multiple partners on our CSR initiatives with a high level of credibility in the skills and education space.

### India

In India, we work with multiple partners, including **EduBridge, MagicBus, Centum Foundation, American India Foundation, Akanksha Foundation** and **OM Foundation School**.



## The United States

In the United States, we work with **buildOn**, an international non-profit organization that empowers youth to take action through their service-learning programs in high schools in underserved communities.



## The Philippines

In the Philippines, we work with the **University City of Pasay**.



## Client and Employee Partners

We work with our clients and engage our employees as key partners for some of our CSR projects.

## Awards

In 2019, we were recognized for our CSR initiatives by IAOP, an international association of outsourcing professionals and for payroll giving in Bulgaria.

### CSR awards in 2019



#### Responsible Company - Responsible Employees

Awarded to companies that promote payroll giving in Bulgaria



#### The best of the Global outsourcing 100 TOP CSR

# Way Forward

EXL has had a strong internal focus on sustainability for several years and this report marks the beginning of our journey of enhancing communication of our performance to our stakeholders. This report follows from the dedicated efforts toward sustainability put forth by all our major internal functions during 2019 and is intended to showcase EXL's drivers for improving our sustainability and our approach, plans, targets, and performance toward that goal. There are certain aspects of sustainability where we are performing satisfactorily and others where we still have some room for improvement. We understand that one way to improve is to transparently disclose our performance toward sustainability, which will help us to engage more effectively with our stakeholders and respond to their feedback. We plan to continue reporting our sustainability performance in the coming years as we improve our internal sustainability processes and expand upon our initiatives. We look forward to progressing on this journey with guidance and inputs from our stakeholders, both internal and external.

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**Independent Assurance Statement**

**EXLSERVICE Holdings, Inc.**  
320 Park Avenue, 29<sup>th</sup> Floor,  
New York

**Introduction and objective of engagement**

Thinkthrough Consulting Private Limited (TTC) was engaged by EXLSERVICE Holdings, Inc. (the 'Company') to provide independent assurance to its Sustainability Report (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019. The Company has prepared the Report in accordance with the GRI Standards: Core option.

**Respective responsibilities**

The Report content and its presentation are the sole responsibilities of the management of the Company. The Company management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement.

TTC's responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Scope of assurance' below. We do not accept or assume any responsibility for any other purpose or to any other person or organization.

**Assurance standard**

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2<sup>1</sup>, Moderate<sup>2</sup> level of assurance.

**Scope of assurance**

The scope of our work for this assurance engagement was limited to review of sustainability data and information in the Report, pertaining to environmental and social performance for the period 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019. The sustainability disclosures covered in our sample review included:

- Energy consumption
- Water withdrawal
- Hazardous waste disposal
- Greenhouse Gas (GHG) emissions
- Training hours for employees
- Select CSR initiatives

**Methodology for assurance**

We conducted review and verification of data collection, collation and calculation methodologies and general review of the logic of inclusion/ omission of relevant information/ data in the Report. Our review was limited to:

- Evaluation of the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report;
- Review of consistency of data/information within the Report as well as between the Report and source;
- Execution of an audit trail of claims and data streams, on a selective basis, applying our professional judgement, to determine the level of accuracy in collection, transcription and aggregation;
- Review of sustainability data collection and management procedures.

<sup>1</sup> Type 2 Assurance: an engagement in which the assurance provider gives findings and conclusions on the principles of Inclusion, Materiality and Responsiveness, and verifies the reliability of specified sustainability performance information AA1000AS (2008) Standard.

<sup>2</sup> A moderate level of assurance as per AA1000AS (2008) Standard is commensurate with "limited" assurance as defined in the International Standard on Assurance Engagements (ISAE) 3000.



Due to the outbreak of the COVID-19 pandemic, and the resulting travel and meeting restrictions, data assurance was done through remote assessments using appropriate web-enabled tools. Audit trails and review were conducted through remote discussion with officials of the Company, and gathering of evidences on sample basis.

#### Limitations of our assurance

The assurance scope excludes:

- Data and information outside the defined reporting period (1st January 2019 to 31st December 2019);
- Review of the financial performance parameters included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

#### Our assurance team and independence

TTC is a professional services firm that specializes in accountability on sustainability issues. The assurance was performed by our multi-disciplinary competent team of experts across domains of sustainability as well as global sustainability reporting standards and AA1000 Assurance Standard. This team has extensive experience in conducting independent assurance of sustainability data, systems and processes across sectors and geographies. We have implemented measures to ensure that we follow the applicable independence procedures.

#### Observations and opportunities for improvement

During our review process, we observed that:

- The sustainability disclosures in the Report, as defined under scope of assurance, are broadly in alignment with GRI Standards, 2016;
- While the sustainability disclosures of the Company as defined under the scope of assurance are fairly reliable, the Company has scope to augment the robustness of its data management system, including internal review mechanism.

#### Conclusion

Based on the scope of our review, our conclusions are outlined below:

- **Inclusivity:** We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with the key stakeholder groups. The Company has described its stakeholder engagement approach and activities in the Report.
- **Materiality:** Nothing has come to our attention that causes us to believe that any material topic has been excluded from reporting by the Company. The company has described the process for materiality analysis and key material issues in the Report.
- **Responsiveness:** Nothing has come to our attention that would lead us to conclude that the Company has not applied the responsiveness principle for engaging with its stakeholders on material topics covering its sustainability performance.

**Dipankar Ghosh, Partner**  
Thinkthrough Consulting Private Limited  
New Delhi

Date: 2<sup>nd</sup> September 2020



EXL (NASDAQ: EXLS) is a leading operations management and analytics company that designs and enables agile, customer-centric operating models to help clients improve their revenue growth and profitability. Our delivery model provides market-leading business outcomes using EXL's proprietary Business EXLerator Framework®, cutting-edge analytics, digital transformation and domain expertise. At EXL, we look deeper to help companies improve global operations, enhance data-driven insights, increase customer satisfaction, and manage risk and compliance. EXL serves the insurance, healthcare, banking and financial services, utilities, travel, transportation and logistics industries. Headquartered in New York, New York, EXL has more than 27,000 professionals in locations throughout the United States, Europe, Asia (primarily India and Philippines), South America, Australia and South Africa.

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