



Virsaе ESG Report

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Contents

Table of Contents

1.0 Virsae Limited	3
1.1. Virsae Head Office	3
1.2. Post-Pandemic Mode Shift	4
2.0 The VSM Platform	5
3.0 The New Zealand Context	6
3.1. ESG is an Emerging Discipline	6
3.2. Labor Laws	7
3.3. Corruption	7
4.0 Information Security Management System	8
4.1. ISMS	8
4.2. Customer Perspectives	8
5.0 Summary	9
5.1. Environmental	9
5.2. Social.....	9
5.3. Governance.....	9

1.0 Virsae Limited

Virsae Limited provides the Virsae Service Management (VSM) platform as a Software-as-a-Service (SaaS) application and develops and operates it from New Zealand. Virsae is primarily a software development company with approximately 60% of the staff associated with technical IT roles and the remaining staff associated with Sales, Marketing and Management.

This paper summarizes Virsae's current position in relation to our developing Environmental, Social and Governance (ESG) strategy.

1.1. Virsae Head Office

The Virsae Head office is located in the "B:Hive", one of Auckland's ground-breaking business parks in terms of environmental awareness and sustainability objectives. The B:Hive facility provides an office environment for Virsae that actively manages and measures environmentally related consumption, with the goal of reduction and optimization.

Key points related to the B:Hive building design:

☞ Energy Efficiency

- Mixed mode ventilation systems using solar chimneys
- Sunshade façade reduces solar gain and energy requirements
- Programmed LED lighting

☞ Biophilic Design

- Ample sunlight for natural lighting and light distribution
- Hundreds of indoor plants, improving wellbeing and air quality
- Ventilation system to maintain optimum CO₂ concentrations

☞ Energy Sources

- The B:Hive solar water heaters provide 80% of hot water
- Gas use is limited to "top-up" requirements
- Active program to increase use of renewable energy sources

Commercial buildings use 21 percent of New Zealand's electricity, costing business \$NZ 800 million every year. NABERSNZ™ is a tool to rate and improve the energy efficiency of New Zealand's office buildings. The B:Hive has a [NABERS 5.5 star base building rating](#) (max possible 6) for energy use.

Other B:Hive sustainability initiatives include:

☞ Waste Management

- Waste separated into bins at source (general, recycling, organics)
- Waste hand-sorted after collection
- E-waste, ink and battery recycling
- Environmentally friendly cleaning products
- Rubbish statistics collected and monitored
- Recycling via a community group provides work for disadvantaged people

☞ Transport

- The B:Hive is located adjacent to the Northern Express Busway, and only two stops from the Auckland CBD, providing excellent public transport opportunities for workers.
- Electric vehicle charging available on-site
- Storage, changing and shower facilities to promote cycling, walking and running, either for commuting or exercise

- Local lunch and entertainment facilities, reduce need for travel beyond the business park
- ☞ Maintenance
 - Regular maintenance of all building equipment to minimize carbon footprint
 - Tracked use of refrigerants in the buildings
 - Real-time water metering connected to the energy management system
 - Packaging
 - Coffee beans delivered in compostable packaging
 - Refillable “Ecostore” products in all bathrooms
 - Compostable teabags in all kitchens
 - Source locally to reduce delivery-related emissions
 - Use of recycled paper at print stations

1.2. Post-Pandemic Mode Shift

The COVID-19 pandemic and subsequent lockdowns, which were extensive in Auckland, had an unexpected benefit, allowing Virsae to stress-test its Business Continuity Planning (BCP) and prove that the business could continue to operate successfully, despite being completely locked out of the Office premises for several months.

The main contributors to this successful business continuity were:

- ☞ Planning: BCP and remote working were already well established
- ☞ SaaS: Virsae uses only SaaS applications to support back-office functions (e.g. Accounting, Payroll, HR, Service Desk, CRM)
- ☞ Nature of our work: All staff can operate successfully from a remote workstation
- ☞ Nature of our people: Our staff are flexible and adaptable, and willing to change mode
- ☞ Technology: Virsae’s IT environment is designed to support staff working from any location, using Cloud and VPN solutions.
- ☞ Familiarity: Virsae has some staff located in the US and UK and it is normal for staff to work from home, in compatible time zones outside of normal business hours, using online collaboration tools like Microsoft Teams

Aligned with a global trend, many Virsae staff now choose to work from home several days a week, and this mode has become the new normal. In terms of ESG benefits this has advantages including:

- ☞ Less commuting and long distance travel
- ☞ Contributes to lowering of peak traffic demands
- ☞ Travel is more considered
- ☞ Energy demand is flatter: heating and cooling is lessened overall
- ☞ Staff can be flexible at home and better accommodate family and social commitments
- ☞ Staff are more present in their own communities, supporting local cafes and shops
- ☞ Virsae does not provide company vehicles for staff, with the single exception of the CEO.

Notwithstanding the flexibility offered to staff, many staff groups do elect to congregate in the Virsae office on certain days to attend face-to-face meetings and to have closer informal communication with colleagues.

2.0 The VSM Platform

Virsaе Service Management (VSM) is delivered to customers as Software-as-a-Service (SaaS), with the entire platform built and running in the cloud, hosted securely on Microsoft Azure. This approach allows Virsaе to leverage the significant capability of Microsoft Azure in terms of physical infrastructure, physical security, compliance, geographic diversity, scale, and reliability.

In addition to these technical benefits, Microsoft has made significant investments in ESG and compliance aspects of the Azure platform.

- ☞ Microsoft claims Azure has been Carbon Neutral since 2012:
Refer: [https://azure.microsoft.com/en-us/explore/global-infrastructure/sustainability#:~:text=What%20does%20Azure%20mean%20when,offsetting\)%20or%20reducing%20carbon%20emissions.](https://azure.microsoft.com/en-us/explore/global-infrastructure/sustainability#:~:text=What%20does%20Azure%20mean%20when,offsetting)%20or%20reducing%20carbon%20emissions.)
- ☞ Microsoft claims the Microsoft Cloud is up to 93 percent more energy efficient than traditional enterprise data centers.
Refer: <https://www.microsoft.com/en-us/sustainability/azure>
- ☞ Four main drivers contribute to the smaller energy and carbon footprint of the Microsoft Cloud.
 - The first three—IT operational efficiency, IT equipment efficiency, and data center infrastructure efficiency—reduce the energy required to deliver the services
 - The fourth is the purchase of renewable electricity, which will power 100 percent of electricity consumed in Microsoft data centers, buildings, and campuses by 2025
 - The remaining carbon emissions associated with the Microsoft Cloud are primarily from aspects of the life cycle outside Microsoft datacenters (that is, embedded carbon in the raw materials, equipment assembly, transportation, data flows, and end-of-life disposal)

Microsoft provides guidelines and tools for their customers (i.e. Virsaе) to conceive, architect, develop, operate and monitor solutions with a focus on sustainability outcomes:

Refer: <https://learn.microsoft.com/en-us/azure/cloud-adoption-framework/strategy/business-outcomes/sustainability>

Azure has certified compliance for all relevant global information security and data privacy standards: Refer: <https://learn.microsoft.com/en-us/azure/compliance/>

Virsaе’s VSM leverages this capability and inherits many of the benefits, in terms of ESG, that were associated with traditional data centers.

Similar to Virsaе using the B:Hive as an office facility, using Azure as an Infrastructure platform, allows Virsaе to leverage state of the art sustainability technology, and economies of scale, not traditionally possible for a relatively small organization.

3.0 The New Zealand Context

3.1. ESG is an Emerging Discipline

Without specific directives or regulation, Virsae has embarked on an ESG-aware strategy for the business as outlined above, i.e.:

- ✔ Accommodating shift in work modes
- ✔ Operating in a sustainable office facility
- ✔ Optimized infrastructure in Azure
- ✔ Minimized travel
- ✔ Increased awareness for staff of the importance of ESG concerns

This strategy gives Virsae confidence it is well positioned as an organization and compared to other peer organizations in New Zealand.

In the regulatory context, the New Zealand Government is starting to focus on broader ESG concerns, particularly Climate Change, Carbon Footprints and Emission baselines. In the social area, there is current focus on Modern Slavery and Anti-Bribery legislation. It could be argued that both Virsae as a business, and New Zealand as a country, are not early adopters because we already have or had a base level of environmental awareness, and New Zealand prides itself on being a green “100% pure” tourist destination.

The New Zealand Ministry for the Environment has published the Emissions Reduction Plan, that sets the strategic context for climate action in the next 15 years and establishes specific sector targets.

Refer: <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/emissions-reduction-plan/>

Carbon footprint, baseline and emissions reporting is mandated for approximately 200 of New Zealand’s largest organizations but is not yet mandated for the SME sector that Virsae lies in. To date, Virsae has not been obliged to report on carbon emissions.

However, due to both local social responsibility concerns and alignment with international trends, the Government is actively encouraging New Zealand Business to tackle climate change and develop their own Carbon Footprint programs. A natural starting point in New Zealand is the “[Climate Action Toolbox](#)” that provides templates and tools in the New Zealand context.

Virsae plan to initiate a program in early 2024, based on the New Zealand Government’s recommendations and templates, to formalize our sustainability and climate change initiatives, establish our own carbon footprint baseline and embark on a mitigations program.

3.2. Labor Laws

New Zealand has a robust regulatory framework for:

- 🌱 Labor
- 🌱 Diversity and Inclusivity
- 🌱 Health & Safety

While not historically a major issue in New Zealand, the government is developing new legislation to help fight modern slavery in supply chains:

Refer: <https://www.mfat.govt.nz/en/trade/nz-trade-policy/combating-modern-slavery/>

3.3. Corruption

In 2022 New Zealand ranked second equal with Finland (out of 176 countries) in the Transparency International Corruption Perception Index.

Refer: <https://www.transparency.org/en/cpi/2022>

The New Zealand Ministry of Justice plays a key role in anti-corruption initiatives:

Refer: <https://www.justice.govt.nz/about/news-and-media/news-and-media-archive/news-archive/nz-reclaims-top-spot-in-anti-corruption-rankings/>

Virsaе runs internal Anti-bribery and Corruption, Computer Based Training (CBT) for all staff, refreshed at least annually.

4.0 Information Security Management System

4.1. ISMS

A key component of Virsae's internal governance is the Information Security Management System (ISMS) that is based on ISO 27001 guidelines.

In 2021 and 2022, Virsae spent significant effort reviewing the ISMS and better realigning the policy library to the risk-based framework. The COVID-19 pandemic period provided an opportunity to execute and assess both Business Continuity Planning (BCP) and [technical] Disaster Recovery Planning (DRP).

Previous focus of the governance framework and the ISMS was on risk management, technical security, and continuity planning. More recently the perspective has broadened to include:

- ✔ An updated **Human Resources** policy, including topics related to Modern Slavery, Diversity, and Inclusivity
- ✔ An **Environmental, Social and Governance (ESG)** policy that supersedes the previous "Sustainability" policy and expands and aligns it to global ESG trends. ESG is still an emerging discipline in New Zealand with minimal established standardization.
- ✔ **Data Privacy** is continuously reviewed to accommodate international requirements, with GDPR being a fundamental benchmark, along with specific privacy legislation in New Zealand, Australia, and the United States.
- ✔ Virsae has embarked on a more comprehensive **staff training program**, utilizing an online CBT solution to provide courses across a wide range of related topics, with the ability to personalize training programs and to track completion and certification.

The Virsae Information Security Management System policy document provides an overview of the ISMS and the related policy library.

4.2. Customer Perspectives

Virsae operates in a global marketplace with the current customer base located in the United States, the United Kingdom, Europe, South Africa, Australia, and New Zealand. It is becoming normal that each customer engagement involves both a "Supply Chain" validation process and a "Solution" validation process.

The Supply Chain validation process is generally derived from the requirements of ISO 27036 and looks at the organization as an entity. Implementation of an ISMS based on ISO 27001 and the related ISO 27002 controls, will satisfy most of these requirements, though to date each customer may present Virsae validation questionnaires using different sets, standards and formats.

A customer's process requirements for Solution validation (i.e. VSM) are more technical and cybersecurity oriented. The ISO 27002 controls provide high-level guidance for addressing these, but Virsae also recognizes the US Fed-RAMP and State-RAMP controls, the Australian ISM controls, CIS Controls, and various other commonly used, or proprietary control sets.

Providing evidence of compliance with these various control set formats takes significant effort and Virsae looks to leverage compliance reporting capability built into Azure to simplify this task. While validation via certification is an accepted approach, a challenge for Virsae is to invest in certification that provides the best coverage, or relevance, for our international customer base.

Currently Virsae is in the early stages of assessment for ISO 27001 and IRAP (ISM) certification processes.

5.0 Summary

In 2023 Virsae has made good progress in the primary ESG areas:

5.1. Environmental

In summary, the Virsae business has strategically chosen to leverage proven sustainability platforms and approaches maximizing our opportunities to take a responsible position with regard to climate change and environmental sustainability.

In the New Zealand regulatory context, Carbon Emissions reporting is not yet required for all business, though there is both increasing encouragement for, and adoption of, emissions baselines and mitigation programs.

Virsae is in the early phases of a formal Carbon Footprint measurement program. We recognize that many of our customers want to – or are mandated to – establish a supply chain that reinforces their own climate change and ESG initiatives.

We believe we are already in a healthy position with regard to our carbon footprint and will prioritize our carbon program, aligned with New Zealand government recommendations.

5.2. Social

Virsae is an inclusive and non-discriminatory employer. In 2023 Virsae significantly broadened its training capability and can now offer a wide range of content to its staff.

Our head office is located in a vibrant business park that provides ample opportunity for socializing and is adjacent to one of New Zealand's major health centers, based around the North Shore Hospital. This provides easy access to many social, physical, and mental health resources. Health Insurance is offered to employees as part of the remuneration package.

As a SaaS provider, Virsae does not have significant physical (human) presence in our customer localities outside of New Zealand. Conversely, our corporate profile is low in New Zealand without a need for intensive local marketing.

Our social goals are achieved by encouraging and allowing staff to take time to pursue initiatives that are meaningful to them and have relevance in their own local communities.

5.3. Governance

Virsae is continuously improving its cyber-security posture, taking advantage of Azure native capability for both tooling and compliance reporting (e.g. compliance blueprints).

Virsae's governance program includes regular review of the policy library and compliance across the related aspects of information security.

Virsae has invested in a more structured staff training capability that will provide content for a broader range of both cyber-security and socially oriented courses.

Virsae's customers frequently look for evidence of compliance with security standards applicable to their markets. This process consumes considerable effort in Virsae and we look to be able to both better demonstrate a baseline compliance and reduce our engagement overhead by embarking on certification programs, most notably TX-RAMP, ISO 27001 and IRAP/ISM.