Activating Corporate Climate Action

zendesk

The purpose of this guide is to help activate your companies' climate action journey.

You will learn more about:

1 Zendesk's sustainability commitments and how you can help advance progress towards our shared goals.

2 The business, scientific, and regulatory imperatives for all companies to taking immediate climate action.

3 Key milestones of corporate climate action journey, important steps to take, and useful tactics to consider.

4 Additional resources and guidance on how to build and implement your climate action programs.

Content

Zendesk Sustainability

We believe that the environment is a key stakeholder and business plays a critical role in creating a sustainable and thriving planet. That's why **we're committed to decarbonizing our entire value chain and contributing to a 1.5°C-aligned future.** We made big strides over the years:

Purchasing 100% renewable electricity for our global offices

Carbon neutral product and employee travel

Set ambitious **science-based climate targets** approved by the SBTi

Accelerating **innovative carbon removal technologies**

Learn more about Zendesk's sustainability efforts in our FY23 Global Impact Report.

> **We firmly believe businesses have a critical role to play in creating a sustainable world that thrives.**

Tom Eggemeier
CEO & Board Member

Suppliers play a big role in Zendesk's sustainability journey

We recently announced ambitious Science-Based Targets, including a commitment to engage suppliers to set science-based targets by 2027.

The achievement of this goal will ultimately require our suppliers to build climate action and sustainability programs, set science-aligned climate targets, and track and report progress. We know this is no easy task, **and we are committed to helping our suppliers in this journey with toolkits, resources, and knowledge sharing.**

We look forward to deeply collaborating with companies who share our values and to building a net-zero future together for all!

The Business Case for Climate

The climate crisis needs a collaborative 'all-hands-on-deck' approach, and every company has a responsibility and role to play. But besides the 'why' for the planet, you will want to start with the 'why' for the business and your company. The climate crisis is a considerable risk, but it can also be a massive opportunity for companies.

In the next few slides, we will highlight the key business value, benefits, and impact of taking climate action, aiming to help you make strong business cases.

Climate action is an increasingly growing expectation of all business stakeholders.

Customers

Customers are looking for products and services that allow them to help promote positive environmental impact.

Investors

Sustainability is now a core component of risk management strategy when evaluating and safeguarding financial investments.

Employees

Strong climate action can attract and retain top talent, as employees want to be involved in a company that aligns with their personal values.

Policy & Regulations

Legislative trends indicate that climate reporting and disclosure is no longer voluntary, it is increasingly being mandated globally.

Customer Expectations

80%

of companies are increasing their emphasis on working towards a sustainable supply chain, according to a recent EY survey of business leaders.

Key questions to explore when building your business case for climate:

- Which customers have sustainability commitments that will require suppliers' support?
- Are you getting customer inquiries asking about your carbon emissions, or other related data requests such as EcoVadis and CDP climate questionnaires? *Note that you may receive more such requests as more customers set their targets to reduce value chain emissions. It is beneficial to begin preparing your teams for developing a baseline emissions inventory.*
- How does your climate performance, at both company and product/service level, compare against your competitors? And how is this factored into your customers' decision-making processes (e.g. in RFPs/contract/agreement with sustainability provisions or climate clauses)?

Investor Demand

85%

of Chief Investment Officers recently [surveyed by McKinsey](#) stated that ESG issues such as climate change are important decision-making factors.

Key questions to explore when building your business case for climate:

- Have your investors committed to a carbon emissions reduction target, or are mandated to publish climate disclosures in the jurisdictions where you operate?
- How does your climate strategy and performance affect your investors' evaluations and decisions? What are their key expectations?
- How are your investors incentivizing climate actions financially, such as providing preferential financing rates based on carbon reduction progress?

Employee Retention & Engagement

>60%

of employees want their employers to take action on issues like climate change, according to a recent study.

Key questions to explore when building your business case for climate:

- How can you link your sustainability vision and strategy to your company's mission, values, and purpose?
- How does your company's sustainability progress impact employee satisfaction?
- What relevant concerns do your employees have? What resonates most with employees?
- In which areas are your employees expecting further actions?
- How to best mobilize employees to support sustainability efforts?
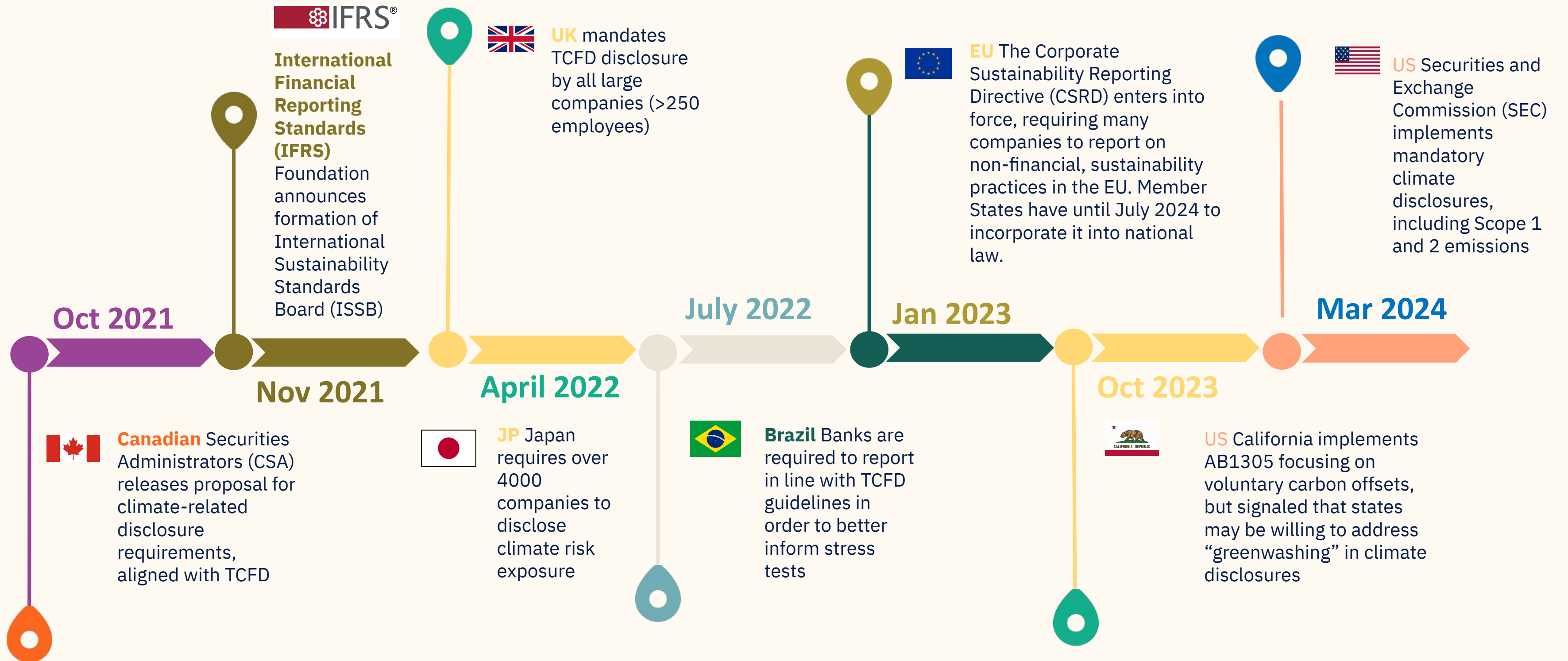
Compliance Requirements

9+

Jurisdictions [(EU, US, Canada, Brazil, Hong Kong, Japan, New Zealand, Singapore, and the UK)](#) have already mandated climate action and disclosures, with focus on financial institutions and publicly traded companies. [More are underway](#).

Key questions to explore when building your business case for climate:

- What existing or upcoming regulations on climate disclosures may apply directly to your business or industry?
- What existing or upcoming regulations on climate disclosures may apply indirectly to you through your key stakeholders, such as investors and customers?
- What does your organization's strategy and readiness look like to comply with these regulations?
- What are your potential gaps, and what does your compliance roadmap look like?
- What regulations need to be considered if expanding to new products, services, or regions?

The global momentum to mandate climate action & disclosures

Oct 2021

Nov 2021

April 2022

July 2022

Jan 2023

Oct 2023

Mar 2024

IFRS®

International Financial Reporting Standards (IFRS) Foundation announces formation of International Sustainability Standards Board (ISSB)

UK mandates TCFD disclosure by all large companies (>250 employees)

EU The Corporate Sustainability Reporting Directive (CSRD) enters into force, requiring many companies to report on non-financial, sustainability practices in the EU. Member States have until July 2024 to incorporate it into national law.

US Securities and Exchange Commission (SEC) implements mandatory climate disclosures, including Scope 1 and 2 emissions

Canadian Securities Administrators (CSA) releases proposal for climate-related disclosure requirements, aligned with TCFD

JP Japan requires over 4000 companies to disclose climate risk exposure

Brazil Banks are required to report in line with TCFD guidelines in order to better inform stress tests

US California implements AB1305 focusing on voluntary carbon offsets, but signaled that states may be willing to address "greenwashing" in climate disclosures

Climate action drives business value, impact, and innovation

Technological Innovation	Risk Mitigation	Brand Differentiation	Cost Optimization

The transition to a low carbon economy can drive technological innovation that delivers environmentally beneficial products and services.

Taking proactive climate actions can help mitigate and adapt to potential climate-related risks to companies, including both physical and transition risks.

Companies can differentiate themselves by demonstrating strong climate performance and therefore the ability to help customers to decarbonize.

Sustainable measures that improve resource efficiency and minimize the natural resource use can optimize companies' operational costs.

Think about:
- How does your product strategy align with sustainability goals?
- What are your key innovations or development opportunities that can advance both sustainable and financial value?

Think about:
- How can the climate crisis impact your operations, business and continuity?
- How can your sustainability strategy and goals help improve business resilience?

Think about:
- How are your competitors and peers acting on climate?
- How can you align with best practices?
- How can you help accelerate your customers' climate goals?

Think about:
- What are potential opportunities for your company to improve efficiency of energy and resource use?
- How can these opportunities lead to both reduced carbon footprints and reduced financial costs?

Getting Started: Building a Climate Program

In this section, we are introducing key steps and milestones of building your climate program:

1. **Company Value Alignment:** Evaluate company mission and values to incorporate climate action
2. **Identify Stakeholders/Partners:** Find internal and external stakeholders to inform, lead, and support
3. **Develop Strategies:** Bring stakeholders along to strategize and align on climate action priorities for the business
4. **Set Targets:** Establish robust and meaningful climate goals to work towards
5. **Measure Impact:** Quantify company's carbon footprint and environmental impact
6. **Track and Disclose Progress:** Report on progress for transparency, compliance, and engagement

We will expand upon each step in this section, to help guide your company's processes.

Value Alignment

Reviewing your company values and looking for ways to incorporate a sustainability lens can help gain buy-in and traction for climate action.

- Review company mission, values, and strategies.
- Identify current sustainability drivers and initiatives within the organization.
- Assess how climate action can align with and help strengthen your company's mission and values.
- Develop strong messaging around vision and values of your climate program.

Climate Action can formally or informally become a company value, even if it isn't currently.

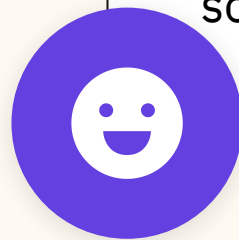| Company Value Alignment | Identify Stakeholders/Partners | Measure Impact | Develop Strategies | Set Targets | Track/Disclose Progress |

Identify Key Stakeholders and Partners

Set the foundation for success by identifying key internal stakeholders, as well as potential strategic partners outside of your company's boundaries. Build strategic relationships with them.

Identify your internal climate champions. Seek to include someone from Senior Leadership.

Identify potential stakeholders throughout the organization:

- Decision Makers: The senior leaders who approve decisions, such as C-Suite.
- Data Owners: The subject matter experts who manage relevant data and information, such as accounting, facility managers, etc.
- Business Leaders: The leaders who can help implement sustainability measures in key business functions, such as Product and Procurement managers.
- External partners: The external organizations who can help execute on the vision of a climate program, such as suppliers, consultants, service providers, etc.

Company Value Alignment — Identify Stakeholders/Partners — Measure Impact — Develop Strategies — Set Targets — Track/Disclose Progress

Measure Carbon Emissions and Other Impacts

Understand the impacts of your operations by collecting data and completing a greenhouse gas (GHG) inventory, or other relevant metrics. This provides a foundation from which to set targets.

The Greenhouse Gas (GHG) Protocol is the most widely accepted emissions reporting structure.
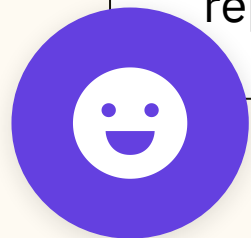
- Identify business activities that consume natural resources and energy, and generate greenhouse gas emissions. This can include:
  - Facility use
  - Manufacturing
  - Procurement
  - Employee travel
  - Shipping and logistics
- Collect relevant data from relevant business functions.
- Quantify emissions in alignment with the GHG Protocol.
  - This is often a complicated process and bringing in a third party expert and/or software platform can be easier
- Develop a Carbon Inventory Management Plan (IMP) to formalize a structure to the process and identify areas for improved tracking and calculating in future years.

| Company Value Alignment | Identify Stakeholders/Partners | Measure Impact | Develop Strategies | Set Targets | Track/Disclose Progress |

Develop Strategies

Grounded on robust environmental impact data, collaborate with your internal stakeholders to develop climate strategies that can be embedded into key business functions.

As part of your strategies, consider developing a formal climate action plan to support your company's short- to medium-term climate priorities.

- Discuss with your stakeholders about where and how your company can make the most meaningful and effective impact to mitigate climate change.
- Identify key levers your company can pull for climate action, such as:
  - Energy efficiency
  - Onsite renewable generation
  - Renewable energy procurement
  - Fleet electrification
  - Supplier engagement
  - Climate technology investing
- Explore what targets you can establish to drive progress.
- Prioritize potential initiatives and develop a roadmap for actions.

Company Value Alignment — Identify Stakeholders/Partners — Measure Impact — **Develop Strategies** — Set Targets — Track/Disclose Progress

Set a Science-Based Target and Validate through SBTi

Set science-based targets to commit and set your company on a path to action. For increased commitment and action, validate your targets with key organizations (e.g. the Science Based Targets Initiative - SBTi) to ensure rigor and ambition.

- Align with the most recent climate science by setting a near-term science-based targets (SBTs) for emission reductions.
- Validate the target through a third-party organization.
  ○ SBTi is the most recognized organization internationally for validating SBTs.
- Consider a net-zero commitment by 2050 or sooner as well, and align near-term targets with a net-zero pathway.
- *More on SBTs in the following section.*

SBTi provides clear and concise guidance for companies and also has the Small and Mid-Sized company (SME) route for streamlined target validation.
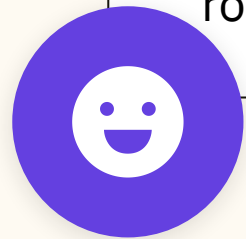
| Company Value Alignment | Identify Stakeholders/Partners | Measure Impact | Develop Strategies | Set Targets | Track/Disclose Progress |

Track Progress and Report Publicly

Continue collecting relevant data to track progress, evolve your strategies, and report to the public at least on an annual basis.

Setting a SBT is not the end goal, but a concrete starting point of your climate journey.

- Share your climate commitments and targets to demonstrate your ambition and inspire others to join.
- Progress towards science-based targets should be reported annually for transparency and accountability.
  - Disclosure through platforms such as CDP (formerly known as Carbon Disclosure Project) is encouraged, along with annual sustainability reports.
- Once targets are achieved, consider setting new targets to continue progress towards Net Zero by 2050.
  - Reevaluate your targets every few years to ensure alignment with most recent climate science.
  - Regulations are rapidly evolving and are likely to influence targets.

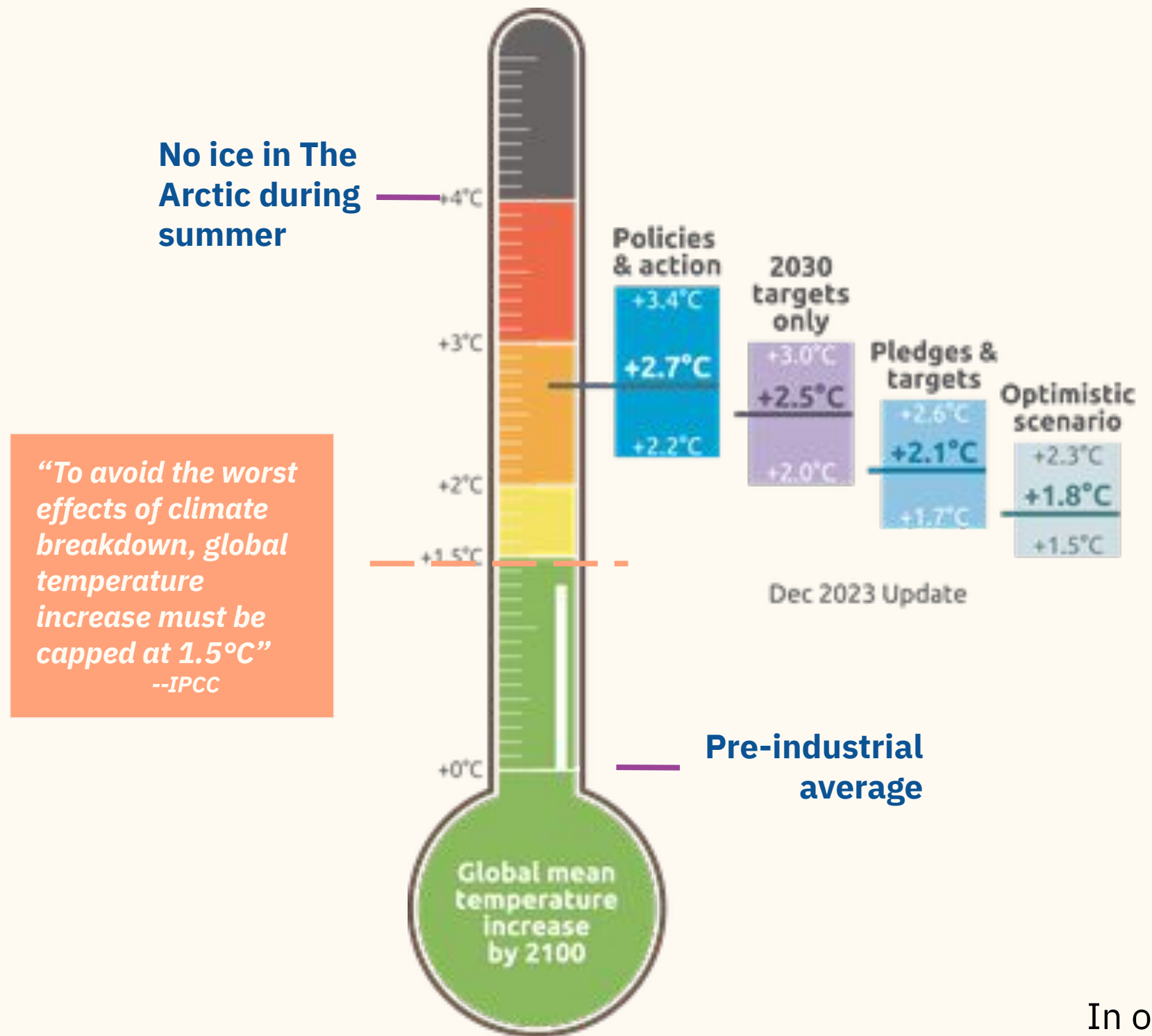Company Value Alignment — Identify Stakeholders/Partners — Measure Impact — Develop Strategies — Set Targets — Track/Disclose Progress
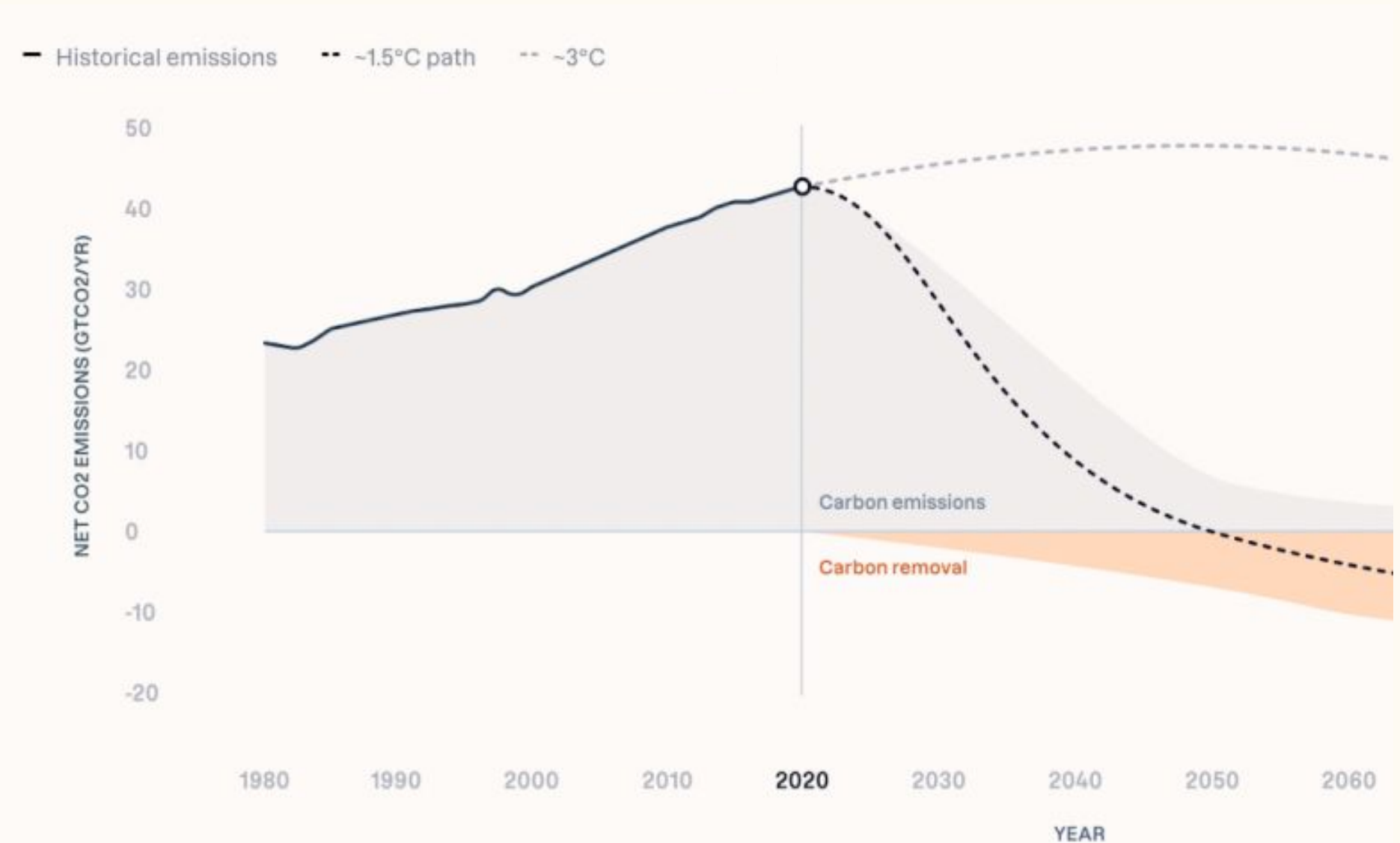
Science-Based Targets (SBTs)

Zendesk expects our valued suppliers to set robust SBTs. SBTs are targets and goals set in alignment with the most recent climate science and ensure that action is taken to reduce emissions in order to avoid the worst effects of climate change.

The Science Based Targets Initiative (SBTi) has become the globally acceptable standard for having SBTs validated, providing credibility and transparency for companies' climate targets and progress.

The Science is clear: Global temperature increase must be capped at 1.5°C and every fraction of a degree counts

No ice in The Arctic during summer

"To avoid the worst effects of climate breakdown, global temperature increase must be capped at 1.5°C"
--IPCC

Pre-industrial average

Policies & action
+3.4°C
+2.7°C
+2.2°C

2030 targets only
+3.0°C
+2.5°C
+2.0°C

Pledges & targets
+2.6°C
+2.1°C
+1.7°C

Optimistic scenario
+2.3°C
+1.8°C
+1.5°C

Dec 2023 Update

Global mean temperature increase by 2100

Global Warming Projections

In order to achieve the 1.5 degree future, we must drastically reduce our GHG emissions, and remove the already emitted CO2 out of the atmosphere.

Science-Based Target initiative (SBTi)

The SBTi is a global framework for corporate climate actions, based on a partnership founded by 4 leading non-profit organizations (CDP, WRI, WWF and UNGC). The SBTi call to action is one of the We Mean Business Coalition commitments.

SBTi provides trusted guidance for each company to chart their own path to a 1.5°C future. SBTs are corporate goals to reduce GHG emissions in line with what climate science deems necessary to limit global warming to 1.5°C.

In simple terms: **imagine dividing the global carbon budget to limit warming across individual businesses**.

By committing and submitting targets for validation with the Science-Based Targets Initiative (SBTi), your targets become science-based and verified by an international recognized initiative.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CDP
DRIVING SUSTAINABLE ECONOMIES

WORLD RESOURCES INSTITUTE

WWF

UN GLOBAL COMPACT
United Nations
Global Compact

What are Science-Based Targets

According to SBTi:

"Science-based targets give companies a clearly-defined path to reduce greenhouse gas emissions in line with limiting global warming to 1.5°C. They define how much and how quickly a business must reduce its emissions to be in line with the Paris Agreement goals."
"
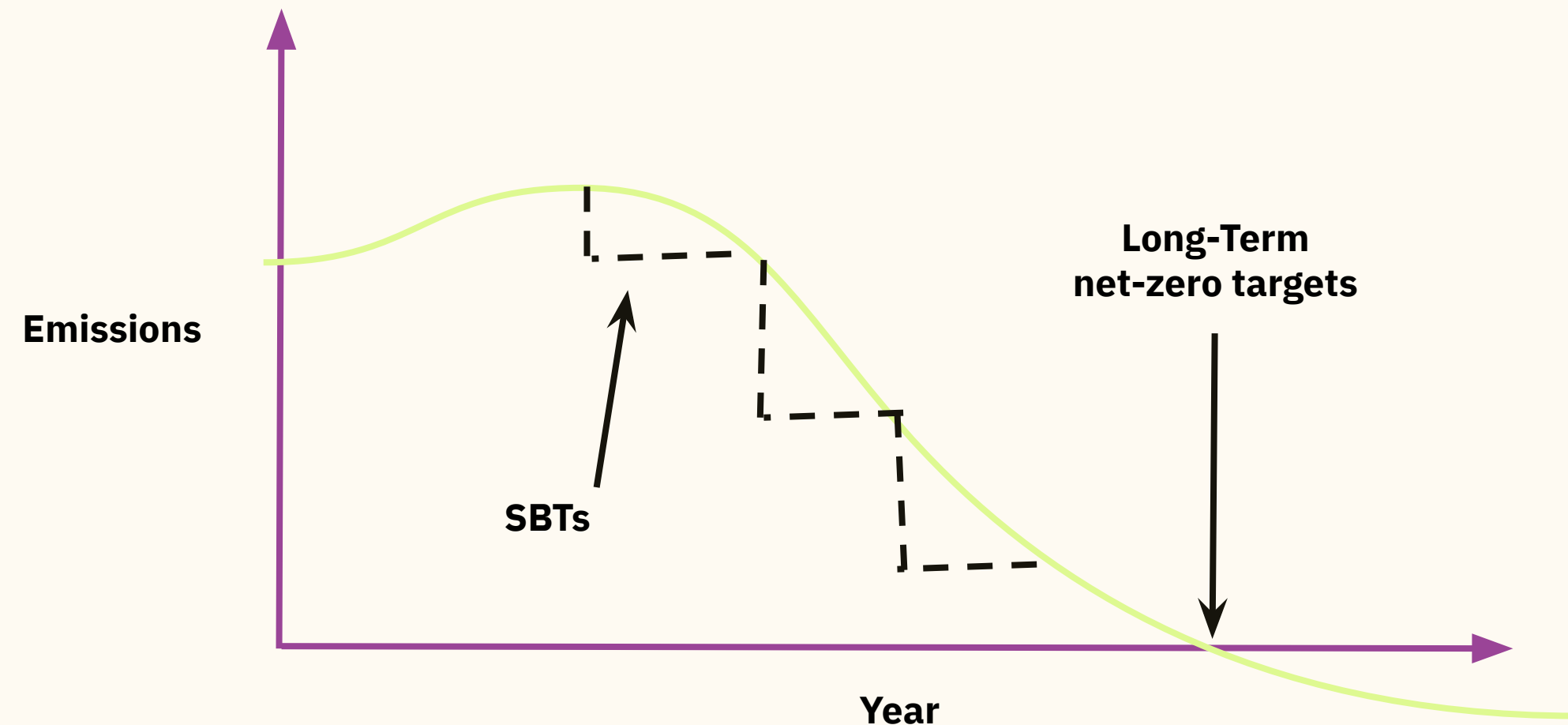
Near-term SBTs provide a framing and course on the rapid, deep cuts to direct and value chain emissions that companies must prioritize over the next 5-10 years. They are a step on the way to long-term net-zero targets.

Setting Science-Based Targets is the New Normal

Science-Based Targets validated by the SBTi are becoming commonplace across the globe in almost every industry.

In addition, setting a net-zero commitment is best practice, especially as more companies successfully set near-term SBTs and look to increase their ambition.

Having validated SBTs are becoming a **standard**, not an exception.

8240
Companies Taking Action

5400
Science-Based Targets

3190
Net Zero Commitment

SBTi's process of setting SBTs

Commit	Develop	Submit	Communicate	Disclose

Submit a letter establishing your intent to set a science-based target

Develop your emissions reduction target in line with the SBTi's criteria

Submit your target to the SBTi for official validation

Announce your target and inform your stakeholders

Report company-wide emissions and progress against targets on an annual basis

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

For additional information on setting validated SBTs, see the second presentation, or view the [SBTi's resource library](#).

Resources for Continued Supplier Support

While our goal is to guide you to activate your climate journey, we recognize that this is only a starting point on a larger pathway. To help you dive deeper into climate action program implementation, we have compiled a list of relevant resources that can be helpful for developing action.

In addition, we are hosting a sustainability webinar titled '*Partnering for the Planet: Guide to Corporate Climate Action*', to provide live support to suppliers. We will explore the topics outlined in the guide in greater detail and be available to answer questions.

Additional resources

Carbon Accounting

The Greenhouse Gas Protocol (GHGP): dashboard for any updates to greenhouse gas accounting methodology for calculating emissions.

GHGP Corporate Standard: provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory.

GHGP Value Chain (Scope 3) Standard: provides requirements and guidance for companies to assess their entire value chain emissions impact and identify where to focus reduction activities.

SME Climate Hub Business Carbon Calculator: A free tool designed for small/medium size companies to quickly estimate carbon footprint and find quick-win actions to reduce emissions.

Setting Science-based Targets

The Science-Based Targets Initiative (SBTi): your home base for all of the most up-to-date SBT information.

SBTi Criteria v5.1 (April 2023): the latest criteria for developing a science-based target.

Science-Based Targets e-Learning: an online learning course presented by SBTi.

SBTi Corporate Manual: provides guidance, criteria, and recommendations to support corporates in setting net-zero targets that are aligned with the latest climate science and to be validated by the SBTi.

Reporting and Disclosure

CDP: A global platform for organizations to disclose environmental impact information.

SASB and **TCFD:** SASB Standards and the TCFD help companies identify relevant and material risks, opportunities and impacts related to sustainability and climate.

Global Reporting Initiative (GRI): Sector-specific standards for reporting, including, but not limited to, sustainability.

Partnering for the Planet: Guide to Corporate Climate Action

Time: 9-10am PST, Wednesday June 12

Shengyuan Su
Sustainability Director
at Zendesk

Tim Major
VP, Procurement
at Zendesk

Janine Berger
Senior Consultant
at Anthesis

Join this webinar to **learn about Zendesk's science-based supplier engagement target**, and what your companies can do to take collective actions for the planet. We **will provide resources, tools, and expertise** to help you kick start your sustainability and climate action journey.

RSVP here.

We look forward to seeing you!