Salesforce

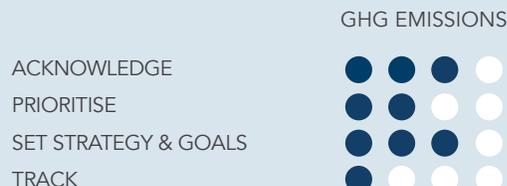GHG EMISSIONS

ACKNOWLEDGE
PRIORITISE
SET STRATEGY & GOALS
TRACK

Background on Salesforce

Salesforce is an American cloud computing company that is headquartered in San Francisco, California. Founded in 1999, Salesforce generates most of its revenue (US$6.6 billion in 2016) through its Customer Success Platform and CRM software, which enables its customers to connect to their customers in a whole new way. It has offices in 8 countries, employs 20,000 people, and is a publicly traded company listed on the New York Stock Exchange.

How did Salesforce come to start thinking about context?

Since 2009, Salesforce has been disclosing its annual carbon emissions data through the CDP[1]. The company has been widely recognised for the environmental efficiencies that its cloud based technologies offer its customers. Salesforce believed that it could do more to reduce its emissions and, in March 2013, formally committed to steadily increase the amount of renewable energy used to power its data centers[2]. This commitment was reinforced in July 2014, when Salesforce became one of forty-three companies who supported the development of the Corporate Renewable Energy Buyers' Principles, aimed at resolving the challenges faced by the business community when sourcing renewable energy[3].

In early 2015, Salesforce worked with the Rocky Mountain Institute to support the launch of the Business Renewables Centre[4]. The Centre was aimed at reducing the learning curve for companies seeking to access the renewables energy market by giving members access to resources and lessons learned from other companies who were already using renewable energy[5]. Salesforce also extended its renewables energy commitment in September 2015 by

1   Salesforce (2015). Stakeholder Impact Report FY15-16. Accessed at: http://www.salesforce.com/assets/pdf/misc/salesforce-stakeholder-impact-report-fy15-fy16.pdf
2   Salesforce (2014). Sustainability Commitment. Accessed at: http://www2.sfdcstatic.com/assets/pdf/misc/Sustainability_Commitment.pdf
3   World Research Institute (2014). Corporate Renewable Energy Buyers' Principles – Increasing Access to Renewable Energy. Accessed at: http://www.wri.org/publication/corporate-renewable-energy-buyers-principles
4   Medium Corporation (2015). Salesforce Expands Environmental Commitment with Net-Zero Carbon Emissions Pledge. Accessed at: https://medium.com/@salesforce/salesforce-expands-environmental-commitment-with-net-zero-carbon-emissions-pledge-49fac75a7f40

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joining [RE100](#) when it committed to powering 100% of its global operations with renewable energy[3]. Then, in October 2015, the White House announced that Salesforce had joined the [American Business Act on Climate](#) initiative, which requires signatories to demonstrate a commitment to act against climate change[6]. Salesforce closed out 2015 by signing up to the [BTeam](#) "Net-Zero by 2050" pledge to achieve net zero carbon emissions by 2050[4].

What does context look like at Salesforce?

1 **ACKNOWLEDGE** the need to operate within global, regional, and/or local socio-ecological thresholds.

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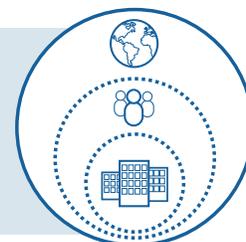
GHG emissions: Salesforce acknowledges that the business community needs to play a key role in combatting climate change and that, by switching to renewable energy, it can help accelerate the transformation of the energy market and the transition to a low carbon economy[7]. It also acknowledges that climate change impacts the whole world and that its effects are compounded in the world's poorest regions, amplifying inequality[8]. In the Salesforce Stakeholder Impact Report, Marc Benioff, Chairman and CEO of Salesforce, reiterates the company's commitment to achieving net zero emissions by 2050[1]. The report then goes on to acknowledge that Salesforce understands "that making progress on climate change means measuring, taking responsibility for, and mitigating our own emissions[1]."

Other thresholds: Salesforce acknowledges the relevance of other socio-ecological issues including water use and waste but does not yet discuss them in a way that references thresholds.

2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

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Salesforce appears to use what we call a 'classic' materiality approach, whereby stakeholder interviews and industry benchmarks serve as the foundation for a materiality assessment conducted every two years to evaluate its top business drivers and sustainability impact areas[1].

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5   Business Renewables Centre (2015). RMI Launches Business Renewables Center. Accessed at: http://blog.rmi.org/blog_2015_02_02_rmi_launches_business_renewables_center
6   Fortune (2015). Big tech firms, food companies commit to White House climate change pledge. Accessed at: http://fortune.com/2015/10/19/white-house-climate-pledge/
7   Salesforce (2016). Salesforce Takes Biggest Step Yet Toward Achieving 100% Renewable Energy Goal. Accessed at: https://www.salesforce.com/blog/2015/12/salesforce-renewable-energy.html
8   Salesforce (2017). Salesforce's Journey to Net-Zero Greenhouse Gas Emissions. Accessed at: https://www.salesforce.com/blog/2017/04/salesforce-net-zero-greenhouse-gas.html

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However, beyond GHG emissions, Salesforce does not explain whether or how it takes other socio-ecological thresholds into account in its materiality process.

GHG emissions: Salesforce explains that as a cloud based service provider, its rapid growth means that the energy consumption of its data centers now forms one of the largest and fastest growing areas of its environmental impacts[9,10]. Salesforce also recognises that the cloud is powered by electricity, which is predominately reliant on fossil fuels which in turn are a major contributor to global GHG emissions[8]. Like many other cloud technology companies, Salesforce does not own its data centers, which limits the control it has over how these centres are powered[9]. Salesforce outlines the steps it is taking to mitigate the impacts of this limited control in its environmental policy.

3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

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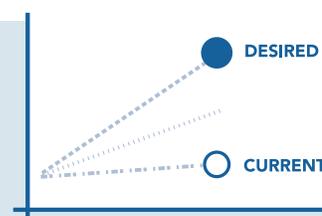
GHG emissions: Salesforce committed to achieving net zero GHG emissions arising from its own business activities and those data centers under its operational control[1]. To deliver this net zero goal, Salesforce has also committed to powering all its global operations with 100% renewable energy by 2050 and has instigated a carbon credits program[1,8]. Salesforce achieved its 2050 net zero GHG emissions goal in 2017[8]. While Salesforce has a contextual GHG emissions goal, it has yet to outline the assumptions and rationale it used to set its net zero GHG emissions goal. Salesforce announced the achievement of its net zero GHG emissions through a company blog in April 2017 and states that it used carbon credits to offset the GHG emissions (scope 1 and 2) that it was unable to avoid or reduce[8]. However, Salesforce has yet to outline specific details of this carbon credits program. With respect to influencing others, Salesforce has committed to "encouraging data center energy providers to increase the supply of renewable energy" but has not yet set any goals for influencing conversion[2]. When Salesforce announced its achievement of net zero GHG emissions, it also commented that it had purchased carbon credits equal to some of it indirect GHG emissions (including manufacturing servers, data center operations, and the impact of our customers using Salesforce on their personal device)[8].

Other thresholds: Salesforce has not yet set contextual goals in relation to any other thresholds.

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[9] RE100 (n.d.). Salesforce is committed to using 100% renewable electricity across its global operations. Accessed at: http://there100.org/salesforce

[10] Salesforce (2015). Salesforce Announces First Major Renewable Energy Agreement. Accessed at: http://investor.salesforce.com/about-us/investor/investor-news/investor-news-details/2015/Salesforce-Announces-First-Major-Renewable-Energy-Agreement/default.aspx

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4 Transparently **TRACK** performance against realistic trajectory targets.

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GHG emissions: Salesforce notes that it has set short-term and long-term trajectory targets that will help it to achieve the net zero emissions goal by 2050; however, these targets are not transparently disclosed on its website or in its reports[4]. Salesforce provides an update on its progress towards net zero emissions in its Stakeholder Impact Report FY15-16, revealing that it has reduced its GHG emissions impacts by 23% over a "business-as-usual state", but does not disclose details about its estimation method[1]. Salesforce also presents a "Road to Renewable Energy" within the same report that outlines its current sources of energy supply (i.e. nuclear, fossil fuels, clean, and renewable) but does not discuss how it plans to manage the transition to cleaner forms of energy. Additionally, it has yet to outline how it will assess the effectiveness of its "encouragement" of data centres to increase their ratios of renewable energy[2].

Other thresholds: Salesforce reports on its performance on other socio-ecological issues including water use and waste but does not yet contextualise this information in its reports.

What is the road ahead for context at Salesforce?

While Salesforce has committed to powering all its operations with renewable energy, it has yet to set out the timeline for achieving this goal beyond saying that it intends to achieve this goal as quickly as possible[9]. Salesforce has yet to outline if its recent announcement of achieving net zero GHG emissions will change or influence the company's future work related to this threshold. Salesforce will also need to consider how it can incorporate the consideration of other socio-ecological thresholds into its prioritisation process.

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